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Interim Consolidated Report BBVA Group 2024

Auditors' Report, Condensed Interim Consolidated Financial Statements and Interim Consolidated Management Report as of and for the six-months ended June 30, 2024

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

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.
AND SUBSIDIARIES
Condensed Interim Consolidated Financial Statements
and Interim Consolidated Management Report
for the six-month period from 1 January to 30 June 2024

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

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails. See note 49)

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

Audit report on the Condensed Interim Consolidated Financial Statements

Opinion

We have audited the condensed interim consolidated financial statements of Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter, the "Bank") and its subsidiaries which, together with the Bank, form the Banco Bilbao Vizcaya Argentaria Group (hereinafter, the "Group"), which comprise the condensed consolidated balance sheet at 30 June 2024, the condensed consolidated income statement, the condensed consolidated statement of recognised income and expenses, the condensed consolidated statement of total changes in equity, the condensed consolidated cash flow statement and the notes thereto for the six-month period then ended.

In our opinion, the accompanying condensed interim consolidated financial statements of the Group for the six-month period ended 30 June 2024 have been prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, pursuant to article 12 of Royal Decree 1362/2007 as regards the preparation of condensed interim financial information.

Basis for opinion

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

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

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

Key audit matters

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

Estimate of impairment losses due to credit risk on the portfolio of loans and advances to customers at amortized cost	
Description	The Group's portfolio of loans and advances to customers at amortized cost presented a balance of Euros 393,803 million at June 30, 2024, net of valuation adjustments. Valuation adjustments included Euros 11,218 million of provisions for impairment losses due to credit risk, as disclosed in note 6.2.1 to the accompanying condensed interim consolidated financial statements. Estimating provisions for impairment on the portfolio of loans and advances to customers at amortized cost is significant and complex. It considers a number of variables, such as classification of the financial assets, the use of measurement methods and models, and the estimate of assumptions used in the calculation. Allowances and provisions are calculated on both an individual and collective basis. This calculation requires high degree of judgment by management according to the principles and policies applied by the Group, as described in note 6.2 to the accompanying condensed interim consolidated financial statements and disclosed in greater detail in note 7 to the consolidated financial statements for the year ended December 31, 2023. For the purpose of estimating impairment, financial assets classified as loans and advances to customers measured at amortized cost are classified into three categories or stages according to whether a significant increase in credit risk since their initial recognition has been identified (stage 2), whether the financial assets are credit-impaired (stage 3), or whether neither of these circumstances has arisen (stage 1). Establishing this classification is a relevant process for the Group as the calculation of allowances and provisions for credit risk varies depending on the stage in which the financial asset has been included. Individual estimates of impairment losses consider the borrower's payment capacity based on estimates of its future business performance and the market value of the collateral provided for credit transactions. Meanwhile, collective estimates of impairment losses are performed by means of internal models that use large databases, different macroeconomic scenarios, and present, past and future information. Estimating impairment losses is a highly automated and complex process that relies on segmentation criteria for exposures and the use of judgment in determining exposure at default (EAD) and the parameters of expected loss: probability of default (PD) and loss given default (LGD). The Group periodically recalibrates and performs contrast tests on its internal models carried out by an Internal Validation Unit, and analyzes sensitivity to macroeconomic scenarios with a view to improving their predictive power on the basis of actual past experience. Moreover, as described in note 6.2.3 to the accompanying condensed interim consolidated financial statements, the Group may supplement temporarily the expected losses determined using the aforementioned models to account for the effects that may not be included in them, either by considering additional risk factors, or by the incorporation of sectorial particularities or particularities that may affect a set of operations or borrowers.

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

Our response

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

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

- Credit risk management framework, including the design and approval of accounting policies, and of the methodologies and models for estimating expected loss.
- Classification of transactions into stages based on credit risk, whether or not there has been a significant in credit risk since their initial recognition or whether they are credit-impaired based on criteria defined by the Group.
- The methods and assumptions used to estimate EAD, PD and LGD and to determine the macroeconomic variables and the integrity, accuracy and updating of the databases used to calculate expected loss.
- The control framework on internal models for the collective estimate of impairment losses and the variables used to estimate impairment losses calculated individually.
- The governance framework on the identification, calculation and allocation of additional adjustments to impairment losses identified in the general process and, where applicable, adaptation of the estimate accordingly.
- Activities by the Internal Validation Unit in relation to the recalibration and contrast testing of the models for estimating collective impairment losses.

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

- We assessed the suitability of accounting policies applied by the Group in accordance with the applicable financial reporting framework.

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

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

Fair value measurement of financial instruments

Description

At June 30, 2024, the Group had financial assets and financial liabilities recognized at fair value determined as the market price of a financial instrument. As disclosed in note 7 to the accompanying condensed interim consolidated financial statements and disclosed in greater detail in note 8 to the consolidated financial statements for the year ended December 31, 2023, for many of the financial assets and liabilities of the Group, especially in the case of derivatives, there is no market price available, so its fair value is estimated by management on the basis of the price established in recent transactions involving similar instruments or, in the absence thereof, by using mathematical valuations models. These financial assets and liabilities for which there is no available market price are classified, for valuation purposes, in level 2 and 3 of the fair value hierarchy as defined in note 7 to the accompanying condensed interim consolidated financial statements.

The estimates of the fair value derived from the use of such models take into consideration the specific features of the asset or liability to be measured and, in particular, the various types of risk associated with such asset or liability. However, the limitations inherent in the measurement models and possible inaccuracies in the assumptions and parameters required by these models may mean that the estimated fair value of an asset or liability does not exactly match the price for which the asset or liability could be exchanged or settled on the date of its measurement. These measurements are compared, as much as possible, against other sources such as the measurements obtained by the business teams and/or those obtained by other market participants.

In the absence of a quoted price in an active market, determining the fair value of financial instruments requires an estimate using mathematical valuations models which involves a high degree of judgment by management, either in determining the model and/or in estimating the hypotheses and parameters required by them. Therefore, we determined the estimate of fair value using this valuation method to be a key audit matter.

Our response

Our audit procedures focused on assessing the models and valuation methods used by the Group to estimate fair value of financial instruments for which there is no available market price. To do so, we obtained an understanding of the process followed by management to measure these financial instruments, assessed the design and implementation of the relevant controls established by the Group in that process, and tested the operating effectiveness of those controls. We also performed tests of detail on the estimates made by the Group, with the involvement of our financial instrument valuation specialists.

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

- Risk management framework and controls related to operations in financial markets.
- The design and approval of accounting policies, and of the methodologies and models for measuring fair value of financial instruments, and its effect on the fair value hierarchy.
- Analysis of the integrity, accuracy and updating of the data used for measuring financial instruments, and of the control and management process in place with regard to existing databases.

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

- We assessed the reasonableness of the most significant valuation models used by the Group, and of the significant assumptions applied, particularly inputs not directly observable in the market, such as interest rates, issuer credit risk, volatility and correlations between these factors.
- For a sample of financial instruments for which there is no market price available measured at fair value, we assessed the correctness of their classification for measurement purposes in the fair value hierarchy, the appropriateness of the valuation criteria applied and the reasonableness of their valuation either by contrasting this with a valuation performed independently by our specialists in valuation of financial instruments, in the case of derivatives and debt instruments, or by reviewing third-party valuation reports, in the case of unlisted equity instruments, contrasting the hypotheses used with those estimated independently by our valuation specialists.

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

Risks associated with information technology

Description	The continuity of the Group's business operations is highly dependent upon its IT infrastructure. In this respect, the Group has a complex technological operating environment, with large data processing centers in Spain and Mexico providing support to the various countries in which the Group operates, as well as local data processing centers. This technological environment must reliably and efficiently satisfy business requirements and ensure that the Group's financial information is processed correctly. In this environment, it is essential to assess issues such as the organization and risk management framework of the Technology area, which must ensure appropriate management of technological risks that could impact on information systems, as well as controls on physical and logical security and managing, developing and exploiting systems, databases and applications used in the financial reporting process. We have therefore determined the risks associated with information technology to be a key audit matter.
Our response	Within the context of our audit, we obtained an understanding, with the assistance of our specialists in information systems, of the information flows and the internal control environment of the Group regarding the operating systems, databases and applications involved in the financial reporting process evaluating both the design and implementation and the operational effectiveness of the general controls of information technologies and automatic application controls. Our audit procedures included, among others, the following: ▶ Evaluating the risk management framework related to technological risks. ▶ Testing access controls and logical security to key operating systems, databases and applications for generating financial information. ▶ Testing controls over maintenance, development and use of applications and systems that are relevant to processing financial information. ▶ Testing automated controls operating in relevant processes used in generating financial information. ▶ Evaluating the design, implementation and effectiveness of the changes made by Management to strengthen access controls in the environment of certain applications, as well as testing compensating controls established by Management when necessary or other mitigating factors.

Emphasis of matter paragraph

We draw attention to note 1.2 of the accompanying explanatory notes, where it is stated that the accompanying condensed interim consolidated financial statements do not include all the information required in a complete set of consolidated financial statements prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, and therefore the accompanying condensed interim consolidated financial statements should be read in conjunction with the Group's consolidated annual accounts for the year ended December 31, 2023. Our opinion is not modified in respect of this matter.

Other information: interim consolidated management report

Other information refers exclusively to the interim consolidated management report for the six-month period ended 30 June 2024, the preparation of which is the responsibility of the Bank's Directors and is not an integral part of the condensed interim consolidated financial statements.

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

Based on the work performed, as described in the above paragraph, the information contained in the interim consolidated management report is consistent with that provided in the condensed interim consolidated financial statements for the six-month period ended 30 June 2024 and its content and presentation are in conformity with applicable regulations.

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

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

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

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

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

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

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

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

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

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

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the condensed interim consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Bank's Audit Committee, we determine those matters that were of most significance in the audit of the condensed interim consolidated financial statements for the six-month period ended 30 June 2024 and are therefore the key audit matters.

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

Report on other legal and regulatory requirements

Term of engagement

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

Services provided

The services in addition to the statutory audit provided by Ernst & Young, S.L. to the Group during the six-month period ended 30 June 2024 comprised limited review work on the interim financial statements, comfort letters in debt issuance processes and work related to regulatory requirements imposed by supervisory bodies.

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

(Signed on the original version in Spanish)

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

July 30, 2024

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

LEGAL DISCLAIMER

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Condensed consolidated balance sheets as of June 30, 2024 and December 31, 2023

ASSETS (Millions of Euros)	Notes	June 2024	December 2023 [1]
CASH, CASH BALANCES AT CENTRAL BANKS AND OTHER DEMAND DEPOSITS	**8**	**45,055**	**75,416**
FINANCIAL ASSETS HELD FOR TRADING	**9**	**123,821**	**141,042**
Derivatives		33,183	34,293
Equity instruments		7,699	4,589
Debt securities		31,947	28,569
Loans and advances to central banks		1,227	2,809
Loans and advances to credit institutions		38,560	56,599
Loans and advances to customers		11,204	14,182
NON-TRADING FINANCIAL ASSETS MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS	**10**	**10,584**	**8,737**
Equity instruments		9,646	7,963
Debt securities		653	484
Loans and advances to customers		285	290
FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	**11**	**856**	**955**
Debt securities		856	955
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	**12**	**60,691**	**62,205**
Equity instruments		1,382	1,217
Debt securities		59,284	60,963
Loans and advances to credit institutions		25	26
FINANCIAL ASSETS AT AMORTIZED COST	**13**	**481,213**	**451,732**
Debt securities		58,450	49,462
Loans and advances to central banks		7,355	7,151
Loans and advances to credit institutions		21,604	17,477
Loans and advances to customers		393,803	377,643
DERIVATIVES - HEDGE ACCOUNTING	**14**	**1,212**	**1,482**
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	**14**	**(96)**	**(97)**
JOINT VENTURES AND ASSOCIATES	**15**	**964**	**976**
Joint ventures		92	93
Associates		872	883
INSURANCE AND REINSURANCE ASSETS	**22**	**206**	**211**
TANGIBLE ASSETS	**16**	**9,650**	**9,253**
Properties, plant and equipment		9,404	9,046
For own use		8,494	8,295
Other assets leased out under an operating lease		910	751
Investment properties		245	207
INTANGIBLE ASSETS	**17**	**2,379**	**2,363**
Goodwill		760	795
Other intangible assets		1,620	1,568
TAX ASSETS	**18**	**18,111**	**17,501**
Current tax assets		3,323	2,860
Deferred tax assets		14,788	14,641
OTHER ASSETS	**19**	**4,017**	**2,859**
Insurance contracts linked to pensions		—	—
Inventories		267	276
Other		3,750	2,583
NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE	**20**	**871**	**923**
TOTAL ASSETS	**5**	**759,534**	**775,558**

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

The Notes and Appendices are an integral part of the condensed interim consolidated financial statements as of and for the six months ended June 30, 2024.

Condensed consolidated balance sheets as of June 30, 2024 and December 31, 2023

LIABILITIES AND EQUITY (Millions of Euros)	Notes	June 2024	December 2023 (1)
FINANCIAL LIABILITIES HELD FOR TRADING	**9**	**93,546**	**121,715**
Derivatives		31,321	33,045
Short positions		15,249	15,735
Deposits from central banks		4,518	6,397
Deposits from credit institutions		19,166	43,337
Customer deposits		23,291	23,201
FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	**11**	**14,935**	**13,299**
Deposits from central banks		—	—
Deposits from credit institutions		46	—
Customer deposits		953	717
Debt certificates issued		4,455	3,977
Other financial liabilities		9,481	8,605
Memorandum item: Subordinated liabilities		*—*	*—*
FINANCIAL LIABILITIES AT AMORTIZED COST	**21**	**565,752**	**557,589**
Deposits from central banks		15,638	20,309
Deposits from credit institutions		33,798	40,039
Customer deposits		430,984	413,487
Debt certificates issued		69,061	68,707
Other financial liabilities		16,271	15,046
Memorandum item: Subordinated liabilities		*17,751*	*15,867*
DERIVATIVES - HEDGE ACCOUNTING	**14**	**2,525**	**2,625**
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	**14**	**—**	**—**
LIABILITIES UNDER INSURANCE AND REINSURANCE CONTRACTS	**22**	**11,520**	**12,110**
PROVISIONS	**23**	**4,658**	**4,924**
Pensions and other post-employment defined benefit obligations		2,434	2,571
Other long term employee benefits		407	435
Provisions for taxes and other legal contingencies		773	696
Commitments and guarantees given		653	770
Other provisions		392	452
TAX LIABILITIES	**18**	**3,050**	**2,554**
Current tax liabilities		718	878
Deferred tax liabilities		2,332	1,677
OTHER LIABILITIES	**19**	**6,457**	**5,477**
LIABILITIES INCLUDED IN DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE	**20**	**—**	**—**
TOTAL LIABILITIES		**702,443**	**720,293**

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

The Notes and Appendices are an integral part of the condensed interim consolidated financial statements as of and for the six months ended June 30, 2024.

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 balance sheets as of June 30, 2024 and December 31, 2023

LIABILITIES AND EQUITY (Continued) (Millions of Euros)	Notes	June 2024	December 2023 (1)
SHAREHOLDERS' FUNDS		**69,656**	**67,955**
Capital	**25**	**2,824**	**2,861**
Paid up capital		2,824	2,861
Unpaid capital which has been called up		—	—
Share premium		**19,184**	**19,769**
Equity instruments issued other than capital		**—**	**—**
Other equity		**32**	**40**
Retained earnings	**26**	**40,895**	**36,237**
Revaluation reserves		**—**	**—**
Other reserves	**26**	**1,833**	**2,015**
Reserves or accumulated losses of investments in joint ventures and associates		(231)	(237)
Other		2,063	2,252
Less: treasury shares		**(106)**	**(34)**
Profit or loss attributable to owners of the parent		**4,994**	**8,019**
Less: Interim dividends		**—**	**(951)**
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	**27**	**(16,416)**	**(16,254)**
Items that will not be reclassified to profit or loss		**(2,027)**	**(2,105)**
Actuarial gains (losses) on defined benefit pension plans		(1,112)	(1,049)
Non-current assets and disposal groups classified as held for sale		—	—
Share of other recognized income and expense of investments in joint ventures and associates		—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income		(960)	(1,112)
Hedge ineffectiveness of fair value hedges for equity instruments measured at fair value through other comprehensive income		—	—
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk		45	55
Items that may be reclassified to profit or loss		**(14,389)**	**(14,148)**
Hedge of net investments in foreign operations (effective portion)		(2,489)	(2,498)
Foreign currency translation		(11,286)	(11,419)
Hedging derivatives. Cash flow hedges (effective portion)		219	133
Fair value changes of debt instruments measured at fair value through other comprehensive income		(833)	(357)
Hedging instruments (non-designated items)		—	—
Non-current assets and disposal groups classified as held for sale		—	—
Share of other recognized income and expense of investments in joint ventures and associates		—	(8)
MINORITY INTERESTS (NON-CONTROLLING INTERESTS)	**28**	**3,851**	**3,564**
Accumulated other comprehensive income (loss)		(2,947)	(3,321)
Other items		6,798	6,885
TOTAL EQUITY		**57,091**	**55,265**
TOTAL EQUITY AND TOTAL LIABILITIES		**759,534**	**775,558**

MEMORANDUM ITEM (OFF-BALANCE SHEET EXPOSURES) (Millions of Euros)	Notes	June 2024	December 2023 (1)
Loan commitments given	30	187,331	152,868
Financial guarantees given	30	20,464	18,839
Other commitments given	30	49,521	42,577

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

The Notes and Appendices are an integral part of the condensed interim consolidated financial statements as of and for the six months ended June 30, 2024.

BBVA

Condensed consolidated income statements for the six months ended June 30, 2024 and 2023

CONDENSED CONSOLIDATED INCOME STATEMENTS (Millions of Euros)

	Notes	June 2024	June 2023 (1)
Interest and other income	32.1	30,680	21,897
Interest income using effective interest rate method		*27,328*	*19,459*
Other interest income		*3,352*	*2,438*
Interest expense	32.2	(17,687)	(10,487)
NET INTEREST INCOME		**12,993**	**11,410**
Dividend income	33	76	73
Share of profit or loss of entities accounted for using the equity method		20	14
Fee and commission income	34	6,149	4,498
Fee and commission expense	34	(2,307)	(1,590)
Gains (losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	35	128	(1)
Financial assets at amortized cost		*9*	*35*
Other financial assets and liabilities		*119*	*(36)*
Gains (losses) on financial assets and liabilities held for trading, net	35	991	283
Reclassification of financial assets from fair value through other comprehensive income		—	—
Reclassification of financial assets from amortized cost		—	—
Other gains (losses)		*991*	*283*
Gains (losses) on non-trading financial assets mandatorily at fair value through profit or loss, net	35	53	(35)
Reclassification of financial assets from fair value through other comprehensive income		—	—
Reclassification of financial assets from amortized cost		—	—
Other gains (losses)		*53*	*(35)*
Gains (losses) on financial assets and liabilities designated at fair value through profit or loss, net	35	219	150
Gains (losses) from hedge accounting, net	35	98	73
Exchange differences, net	35	398	304
Other operating income	36	310	333
Other operating expense	36	(2,415)	(1,944)
Income from insurance and reinsurance contracts	37	1,800	1,645
Expense from insurance and reinsurance contracts	37	(1,066)	(1,065)
GROSS INCOME		**17,446**	**14,148**
Administration costs		(6,100)	(5,262)
Personnel expense	*38.1*	*(3,633)*	*(3,081)*
Other administrative expense	*38.2*	*(2,467)*	*(2,181)*
Depreciation and amortization	39	(759)	(676)
Provisions or reversal of provisions	40	(38)	(129)
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss or net gains by modification	41	(2,839)	(1,993)
Financial assets measured at amortized cost		*(2,781)*	*(1,958)*
Financial assets at fair value through other comprehensive income		*(59)*	*(35)*
NET OPERATING INCOME		**7,708**	**6,088**
Impairment or reversal of impairment of investments in joint ventures and associates	42	52	10
Impairment or reversal of impairment on non-financial assets	43	30	(13)
Tangible assets		*45*	*3*
Intangible assets		*(11)*	*(10)*
Other assets		*(5)*	*(6)*
Gains (losses) on derecognition of non-financial assets and subsidiaries, net		(1)	8
Negative goodwill recognized in profit or loss		—	—
Gains (losses) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	44	(10)	29
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**7,780**	**6,122**
Tax expense or income related to profit or loss from continuing operations		(2,525)	(1,978)
PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS		**5,255**	**4,144**
Profit (loss) after tax from discontinued operations		—	—
PROFIT (LOSS)		**5,255**	**4,144**
ATTRIBUTABLE TO MINORITY INTERESTS (NON-CONTROLLING INTERESTS)	**28**	**261**	**266**
ATTRIBUTABLE TO OWNERS OF THE PARENT		**4,994**	**3,878**

	June 2024	June 2023 (1)
EARNINGS (LOSSES) PER SHARE (Euros)	**0.83**	**0.62**
Basic earnings (losses) per share from continuing operations	0.83	0.62
Diluted earnings (losses) per share from continuing operations	0.83	0.62
Basic earnings (losses) per share from discontinued operations	—	—
Diluted earnings (losses) per share from discontinued operations	—	—

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

The Notes and Appendices are an integral part of the condensed interim consolidated financial statements as of and for the six months ended June 30, 2024.

BBVA

Condensed consolidated statements of recognized income and expense for the six months ended June 30, 2024 and 2023

CONDENSED CONSOLIDATED STATEMENTS OF RECOGNIZED INCOME AND EXPENSE (Millions of Euros)	June 2024	June 2023 (1)
PROFIT (LOSS) RECOGNIZED IN INCOME STATEMENT	**5,255**	**4,144**
OTHER RECOGNIZED INCOME (EXPENSE)	**213**	**568**
ITEMS NOT SUBJECT TO RECLASSIFICATION TO INCOME STATEMENT	**79**	**(79)**
Actuarial gains (losses) from defined benefit pension plans	(86)	(208)
Non-current assets and disposal groups held for sale	—	—
Share of other recognized income and expense of entities accounted for using the equity method	—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income, net	158	116
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	(14)	(19)
Income tax related to items not subject to reclassification to income statement	20	32
ITEMS SUBJECT TO RECLASSIFICATION TO INCOME STATEMENT	**134**	**647**
Hedge of net investments in foreign operations (effective portion)	**9**	**(794)**
Valuation gains (losses) taken to equity	9	(794)
Transferred to profit or loss	—	—
Other reclassifications	—	—
Foreign currency translation	**558**	**1,358**
Translation gains (losses) taken to equity	555	1,358
Transferred to profit or loss	3	—
Other reclassifications	—	—
Cash flow hedges (effective portion)	**113**	**288**
Valuation gains (losses) taken to equity	113	288
Transferred to profit or loss	—	—
Transferred to initial carrying amount of hedged items	—	—
Other reclassifications	—	—
Debt securities at fair value through other comprehensive income	**(806)**	**(186)**
Valuation gains (losses) taken to equity	(746)	(253)
Transferred to profit or loss	(60)	67
Other reclassifications	—	—
Non-current assets and disposal groups held for sale	**—**	**—**
Valuation gains (losses) taken to equity	—	—
Transferred to profit or loss	—	—
Other reclassifications	—	—
Entities accounted for using the equity method	**10**	**14**
Income tax relating to items subject to reclassification to income statements	**250**	**(34)**
TOTAL RECOGNIZED INCOME (EXPENSE)	**5,468**	**4,712**
Attributable to minority interests (non-controlling interests)	**636**	**118**
Attributable to the parent company	**4,833**	**4,594**

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

The Notes and Appendices are an integral part of the condensed interim consolidated financial statements as of and for the six months ended June 30, 2024.

Condensed consolidated statements of changes in equity for the six months ended June 30, 2024 and 2023

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

June 2024	Capital (Note 25)	Share Premium	Equity instruments issued other than capital	Other Equity	Retained earnings (Note 26)	Revaluation reserves	Other reserves (Note 26)	Treasury shares	Profit or loss attributable to owners of the parent	Interim dividend (Note 4)	Accumulated other comprehensive income (Note 27)	Non-controlling interest: Accumulated other comprehensive income (Note 28)	Non-controlling interest: Other (Note 28)	Total
Balances as of January 1, 2024 [(1)]	**2,861**	**19,769**	**—**	**40**	**36,237**	**—**	**2,015**	**(34)**	**8,019**	**(951)**	**(16,254)**	**(3,321)**	**6,885**	**55,265**
Total income (expense) recognized	—	—	—	—	—	—	—	—	4,994	—	(161)	374	261	5,468
Other changes in equity	(37)	(585)	—	(8)	4,658	—	(182)	(72)	(8,019)	951	(1)	—	(348)	(3,642)
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	(37)	(585)	—	—	29	—	(189)	781	—	—	—	—	—	—
Dividend distribution (shareholder remuneration)	—	—	—	—	(2,245)	—	—	—	—	—	—	—	(340)	(2,585)
Purchase of treasury shares	—	—	—	—	—	—	—	(1,332)	—	—	—	—	—	(1,332)
Sale or cancellation of treasury shares	—	—	—	—	—	—	9	479	—	—	—	—	—	488
Reclassification of other equity instruments to financial liabilities	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Reclassification of financial liabilities to other equity instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers among components of equity	—	—	—	8	7,062	—	(1)	—	(8,019)	951	(1)	—	—	—
Increase/Reduction of equity due to business combinations	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share based payments	—	—	—	(25)	—	—	—	—	—	—	—	—	—	(25)
Other increases or (-) decreases in equity	—	—	—	8	(188)	—	(1)	—	—	—	—	—	(8)	(189)
Balances as of June 30, 2024	**2,824**	**19,184**	**—**	**32**	**40,895**	**—**	**1,833**	**(106)**	**4,994**	**—**	**(16,416)**	**(2,947)**	**6,798**	**57,091**

(1) Balances as of December 31, 2023 as originally reported in the consolidated financial statements for the year 2023.

The Notes and Appendices are an integral part of the condensed interim consolidated financial statements as of and for the six months ended June 30, 2024.

BBVA

Condensed consolidated statements of changes in equity for the six months ended June 30, 2024 and 2023

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

June 2023 [1]	Capital (Note 25)	Share Premium	Equity instruments issued other than capital	Other Equity	Retained earnings (Note 26)	Revaluation reserves	Other reserves (Note 26)	Treasury shares	Profit or loss attributable to owners of the parent	Interim dividend (Note 4)	Accumulated other comprehensive income (Note 27)	Non-controlling interest		Total
												Accumulated other comprehensive income (Note 28)	Other (Note 28)	
Balances as of January 1, 2023 [2]	**2,955**	**20,856**	**—**	**63**	**32,536**	**—**	**2,345**	**(29)**	**6,420**	**(722)**	**(17,432)**	**(3,112)**	**6,736**	**50,615**
Effect of changes in accounting policies	**—**	**—**	**—**	**—**	**175**	**—**	**—**	**—**	**(62)**	**—**	**(210)**	**4**	**(4)**	**(98)**
Adjusted initial balance	**2,955**	**20,856**	**—**	**63**	**32,711**	**—**	**2,345**	**(29)**	**6,358**	**(722)**	**(17,642)**	**(3,109)**	**6,732**	**50,517**
Total income (expense) recognized	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**3,878**	**—**	**716**	**(148)**	**266**	**4,712**
Other changes in equity	**(32)**	**(342)**	**—**	**(16)**	**3,668**	**—**	**(95)**	**8**	**(6,358)**	**722**	**7**	**—**	**(224)**	**(2,661)**
Issuances of common shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Issuances of preferred shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Issuance of other equity instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Settlement or maturity of other equity instruments issued	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Conversion of debt on equity	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Common Stock reduction	(32)	(342)	—	—	25	—	(74)	422	—	—	—	—	—	—
Dividend distribution (shareholder remuneration)	—	—	—	—	(1,857)	—	—	—	—	—	—	—	(227)	(2,084)
Purchase of treasury shares	—	—	—	—	—	—	—	(922)	—	—	—	—	—	(922)
Sale or cancellation of treasury shares	—	—	—	—	—	—	(2)	508	—	—	—	—	—	506
Reclassification of other equity instruments to financial liabilities	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Reclassification of financial liabilities to other equity instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers among components of equity	—	—	—	2	5,648	—	(21)	—	(6,358)	722	7	—	—	—
Increase/Reduction of equity due to business combinations	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share based payments	—	—	—	(28)	—	—	—	—	—	—	—	—	—	(28)
Other increases or (-) decreases in equity	—	—	—	10	(148)	—	2	—	—	—	—	—	3	(133)
Balances as of June 30, 2023	**2,923**	**20,514**	**—**	**47**	**36,379**	**—**	**2,250**	**(21)**	**3,878**	**—**	**(16,919)**	**(3,257)**	**6,774**	**52,568**

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

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

The Notes and Appendices are an integral part of the condensed interim consolidated financial statements as of and for the six months ended June 30, 2024.

Condensed consolidated statements of cash flows for the six months ended June 30, 2024 and 2023

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF CASH FLOWS (Millions of Euros)	Notes	June 2024	June 2023 (1)
A) CASH FLOWS FROM OPERATING ACTIVITIES (1 + 2 + 3 + 4 + 5)		**(27,098)**	**(7,503)**
Of which hyperinflation effect from operating activities		1,550	970
1. Profit for the period		**5,255**	**4,144**
2. Adjustments to obtain the cash flow from operating activities		**7,623**	**5,868**
Depreciation and amortization		759	676
Other adjustments		6,864	5,192
3. Net increase/decrease in operating assets		**(29,193)**	**(58,259)**
Financial assets held for trading		15,918	(28,423)
Non-trading financial assets mandatorily at fair value through profit or loss		(2,246)	(487)
Other financial assets designated at fair value through profit or loss		126	(91)
Financial assets at fair value through other comprehensive income		(985)	1,619
Financial assets at amortized cost		(41,110)	(29,117)
Other operating assets		(895)	(1,760)
4. Net increase/decrease in operating liabilities		**(8,350)**	**43,235**
Financial liabilities held for trading		(27,368)	29,643
Other financial liabilities designated at fair value through profit or loss		1,980	1,199
Financial liabilities at amortized cost		16,132	12,640
Other operating liabilities		905	(247)
5. Collection/Payments for income tax		**(2,433)**	**(2,490)**
B) CASH FLOWS FROM INVESTING ACTIVITIES (1 + 2)		**(728)**	**(630)**
Of which hyperinflation effect from investing activities		624	389
1. Investment		**(903)**	**(778)**
Tangible assets		(559)	(464)
Intangible assets		(330)	(310)
Investments in joint ventures and associates		(1)	(5)
Subsidiaries and other business units		(14)	—
Non-current assets classified as held for sale and associated liabilities	20	—	—
Other settlements related to investing activities		—	—
2. Divestments		**175**	**148**
Tangible assets		7	4
Intangible assets		—	—
Investments in joint ventures and associates		21	31
Subsidiaries and other business units		6	6
Non-current assets classified as held for sale and associated liabilities	20	142	106
Other collections related to investing activities		—	—
C) CASH FLOWS FROM FINANCING ACTIVITIES (1 + 2)		**(2,023)**	**(289)**
Of which hyperinflation effect from financing activities		—	—
1. Payments		**(6,063)**	**(3,425)**
Dividend distribution (shareholders remuneration)		(2,245)	(1,857)
Subordinated liabilities		(1,949)	(249)
Treasury stock amortization		(37)	(32)
Treasury stock acquisition		(1,295)	(891)
Other items relating to financing activities		(537)	(397)
2. Collections		**4,040**	**3,136**
Subordinated liabilities		3,584	2,659
Treasury shares increase		—	—
Treasury shares disposal		456	478
Other items relating to financing activities		—	—
D) EFFECT OF EXCHANGE RATE CHANGES		**(513)**	**524**
E) NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (A+B+C+D)		**(30,362)**	**(7,898)**
F) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		**75,416**	**79,756**
G) CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (E+F)		**45,055**	**71,858**

COMPONENTS OF CASH AND EQUIVALENT AT END OF THE PERIOD (Millions of Euros)	Notes	June 2024	June 2023 (1)
Cash	8	6,714	6,951
Balance of cash equivalent in central banks	8	29,205	58,888
Other financial assets	8	9,135	6,019
Less: Bank overdraft refundable on demand		—	—
TOTAL CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**8**	**45,055**	**71,858**

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

The Notes and Appendices are an integral part of the condensed interim consolidated financial statements as of and for the six months ended June 30, 2024.

BBVA

Notes to the condensed interim consolidated financial statements as of and for the six months ended June 30, 2024

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, 2023 were approved by the shareholders at the Annual General Meeting (“AGM”) on March 15, 2024.

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

The BBVA Group’s condensed interim consolidated financial statements (hereinafter, the “Consolidated Financial Statements”) as of and for the six months ended June 30, 2024 are presented in accordance with the International Accounting Standard 34 “Interim Financial Reporting” (hereinafter “IAS 34”), pursuant to article 12 of Royal Decree 1362/2007 as regards the preparation of condensed interim financial information and taking into account the requirements of Circular 3/2018, of June 28, of the Spanish Securities and Exchange Commission (hereinafter, "CNMV") and have been approved by the Board of Directors at its meeting held on July 30, 2024. In accordance with IAS 34, the interim financial information is prepared solely for the purpose of updating the last annual consolidated financial statements, focusing on new activities, events and circumstances that occurred during the period without duplicating the information previously published in those consolidated financial statements.

Therefore, the Consolidated Financial Statements do not include all information required by a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards endorsed by the European Union (hereinafter, “EU-IFRS”), consequently for an appropriate understanding of the information included in them, they should be read together with the consolidated financial statements of the Group as of and for the year ended December 31, 2023.

The aforementioned annual consolidated financial statements were prepared in accordance with the EU-IFRS applicable as of December 31, 2023, considering the Bank of Spain Circular 4/2017, as well as its successive amendments, and with any other legislation governing financial reporting which is applicable and with the format and mark-up requirements established in the EU Delegated Regulation 2019/815 of the European Commission.

The Consolidated Financial Statements were prepared applying principles of consolidation, accounting policies and valuation criteria, which, as described in Note 2, are the same as those applied in the consolidated financial statements of the Group as of and for the year ended December 31, 2023, except for the new Standards and Interpretations that became effective from January 1, 2024 (see Note 2.1), so that they present fairly the Group’s consolidated equity and financial position as of June 30, 2024, together with the consolidated results of its operations and the consolidated cash flows generated by the Group during the six months ended June 30, 2024.

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

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

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

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

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

1.3. Comparative information

The information included in the Consolidated Financial Statements and the Notes relating to December 31, 2023 and June 30, 2023, is presented for the purpose of comparison with the information for June 30, 2024.

1.4. Seasonal nature of income and expense

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

1.5. Responsibility for the information and for the estimates made

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

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

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

In general, the BBVA Group is working to consider and include in its financial analysis models how climate risk and other climate-related matters can affect the financial statements, cash flows and financial performance of the Group. Where these risks are being considered, the relevant estimates and judgments, to the extent that they are material, are also being considered when preparing the financial statements of the BBVA Group and they are disclosed in the corresponding Notes to the Consolidated Financial Statements.

The prevailing geopolitical and economic uncertainties (see Note 6.1) entail a greater complexity in developing reliable estimations and applying judgment. Estimates have been made on the basis of the best available information on the matters analyzed, as of June 30, 2024. However, it is possible that events may take place subsequent to such date which could make it necessary to amend these estimations (upward or downward), which would be carried out prospectively, recognizing the effects of the change in estimation in the corresponding consolidated financial statements.

During the six-month period ended June 30, 2024 there have been no significant changes in the estimates made at the end of the 2023 financial year, other than those indicated in these Consolidated Financial Statements.

1.6. Separate condensed interim financial statements

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

Appendix I, attached to these Consolidated Financial Statements, shows the interim financial statements of Banco Bilbao Vizcaya Argentaria, S.A. as of and for the six-months ended June 30, 2024.

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

The accounting policies and methods applied for the preparation of the Consolidated Financial Statements do not differ significantly to those applied in the consolidated financial statements of the Group for the year ended December 31, 2023 (as set forth in Note 2 thereto), except for the entry into force of new standards and interpretations in the year 2024, among which the following should be highlighted:

2.1. Standards and interpretations that became effective in the first six months of 2024

Amendment to IFRS 16 "Leases"

The International Accounting Standard Board (hereinafter, "IASB") has issued an amendment to IFRS 16 that clarifies the requirements for sale-and-leaseback transactions. The new requirements established that the seller-lessee shall determine 'lease payments' or 'revised lease payments' in a way such that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments have become effective on January 1, 2024. The standard has not had any significant impact on the consolidated financial statements of the BBVA Group.

2.2. Standards and interpretations issued but not yet effective as of June 30, 2024

The following new International Financial Reporting Standards together with their Interpretations or Modifications had been published at the date of preparation of the Consolidated Financial Statements, which are not mandatory as of June 30, 2024. 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.

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

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

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

The modification to the standard will come into force on January 1, 2025. Early application is permitted, although the BBVA Group has not adopted it as of June 30, 2024.

IFRS 18 - "Presentation and Disclosures in Financial Statements"

On April 9, 2024, the IASB issued IFRS 18 "Presentation and Disclosures in Financial Statements" which introduces new requirements to improve the quality of information presented in financial statements and to promote analysis, transparency and comparability of companies' performance.

Specifically, IFRS 18 introduces three predefined expense categories (operating, investing, financing) and two subtotals ("operating profit" and "profit before financing and income taxes") to provide a consistent structure in the income statement and facilitate the analysis of the income statement. Additionally, it introduces disclosure requirements for management-defined performance measures (MPM). Finally, it establishes requirements and provides guidance on aggregation/disaggregation of the information to be provided in the primary financial statements.

This new standard will come into force on January 1, 2027, with early application permitted once it is adopted by the European Union.

Amendments to IFRS 9 and IFRS 7: Amendments to the classification and measurement of financial instruments

On May 30, 2024 the IASB issued amendments to IFRS 9 and IFRS 7 to clarify how to assess the contractual cash flow characteristics of financial assets that include contingent features such as environmental, social and governance (ESG). Additionally, they clarify that a financial liability should be derecognized on the 'settlement date' and introduce an accounting policy option to derecognize before that date financial liabilities that are settled using an electronic payment system. Finally, additional disclosures are required in IFRS 7 for financial instruments with contingent characteristics and equity instruments classified at fair value through other comprehensive income.

The amendments will come into force on January 1, 2026, although they may be applied earlier once they have been adopted by the European Union.

2.3. Other standards

Amendments to IAS 12 - Project on international tax reform of GloBE standards (Pillar Two)

On December 20, 2021, the OECD (Organization for Economic Co-operation and Development) published an international tax initiative which sets forth a framework of rules ("GloBE - Global Anti-Base Erosion Rules") for the application of the "Pillar Two Model Rules", establishing a supplementary tax system (top-up tax) that makes the effective tax rate, in those jurisdictions where certain multinational groups are present, reach the minimum rate of 15%.

In May 2023, the IASB published an amendment to IAS 12 to clarify the accounting treatment of this initiative on the results arising from tax legislation enacted or substantively enacted in relation to Pillar Two in those jurisdictions where the aforementioned groups are present. This amendment:

- Sets a mandatory temporary exception to the accounting of deferred taxes in relation to the implementation of the rules of the Pillar Two model.

- Requires qualitative and quantitative disclosures that allow users to understand the entities' exposure to taxes that may arise from this initiative.

Likewise, in the event that the Pillar Two tax regulations have come into force, separate information is provided related to the tax expense, if applicable, derived from its application.

The BBVA Group applies the mandatory exception to the recognition and disclosure of deferred tax assets and liabilities in relation to Pillar Two. The information required by IAS 12 on the expected impact of this new regulation on the Group is provided below.

In the European Union, in December 2022, the Council adopted Directive 2022/2523 (hereinafter "the Directive"), incorporating the Model Rules into the European legal framework. The Directive includes, with some exceptions, the content of the aforementioned standards and sets December 31, 2023 as the deadline for their transposition by the Member States. Likewise, it provides that the corresponding provisions must enter into force with respect to the financial years beginning on or after that date. As a result, affected groups (those with a consolidated net turnover equal to or greater than €750 million in two of the last four years) must calculate their effective tax rate for Pillar Two purposes, for each jurisdiction in which they operate. In those cases in which the effective rate, calculated in accordance with the provisions of the Directive, is less than 15% for any jurisdiction, they will have to pay a complementary tax (top-up tax) in order to reach that 15%.

In Spain, the process of transposing the Directive into Spanish legislation is still ongoing. In this regard, on June 14, 2024, the draft law establishing a complementary tax (top-up tax) to guarantee a global minimum level of taxation of 15% for multinational groups and large national groups was published. Once the law is approved, it will foreseeably have effects, in general terms, for the tax periods that begin after December 31, 2023. In addition, Pillar Two legislation has been approved or is in the process of being approved, among others, in the other Member States of the European Union, including certain jurisdictions in which the Group operates. With regard to the jurisdictions of greatest relevance to the Group, in the case of Mexico, the corresponding legislation is still pending and there is no certainty, at the date of preparation of these Consolidated Financial Statements, as to whether approval thereof will take place and, if so, what will the effective date of the resulting legislation be, while in the case of Turkey, on July 16, 2024, the Government transmitted to Parliament a draft regulation that, among others, contemplates the implementation of Pillar Two tax regulation in the country.

BBVA Group is within the scope of application of the Pillar Two legislation. Once the legislation is approved in Spain, which is expected to occur at the end of year 2024, BBVA, S.A., as the ultimate parent entity, in general terms, must pay the complementary tax (top-up tax) that accrues, if applicable, in relation to those jurisdictions where the minimum effective tax rate of 15% is not reached. Notwithstanding this, in those countries in which a domestic complementary tax (top-up tax) is approved in accordance with the rules of Pillar Two, the Group entities will be subject to it.

Regarding the 2024 financial year, in order to estimate the potential impact of the Pillar Two legislation on the consolidated financial statements, the Group has carried out a preliminary evaluation of its exposure to the legislation related to Pillar Two, taking into account the application of transitional safe harbor and based on figures from the consolidated financial statements of the Group in each of the jurisdictions that comprise it.

As a result of this preliminary evaluation, as indicated in the consolidated financial statements for the year ended December 31, 2023, the effective tax rate, in the majority of the jurisdictions in which the Group operates, with the exception of a small number of countries representing a non-material percentage of the BBVA Group's pre-tax profit, is expected to exceed 15%. In accordance with the above, based on the analysis carried out, for the financial year 2024 the Group does not anticipate significant economic impacts derived from the complementary tax (top-up tax) that would arise as a consequence of the application of Pillar Two. In this regard, it should be noted that this is a preliminary evaluation based on accounting information existing to date. The Group continues to monitor the legislative developments that are taking place in the jurisdictions where it is present, as well as analyzing the implications derived from the regulations.

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, 2023:

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

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

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

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

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

Significant transactions in the first six months of 2024

On April 30, 2024, due to a media report, BBVA published an inside information notice (*información privilegiada*) stating that it had informed the chairman of the Board of Directors of Banco de Sabadell, S.A. (the "Target Company") of the interest of BBVA’s Board of Directors in initiating negotiations to explore a possible merger between the two entities. On the same date, BBVA sent to the chairman of the Target Company the written proposal for the merger of the two entities. The content of the written proposal sent to the Board of Directors of the Target Company was published on May 1, 2024 by BBVA through the publication of an inside information notice (*información privilegiada*) with the CNMV.

On May 6, 2024, the Target Company published an inside information notice (*información privilegiada*) informing of the rejection of the proposal by its Board of Directors.

Following such rejection, on May 9, 2024, BBVA announced, through the publication of an inside information notice (*información privilegiada*) (the "Prior Announcement"), the decision to launch a voluntary tender offer (the "Offer") for the acquisition of all of the issued shares of the Target Company, being a total of 5,440,221,447 ordinary shares with a par value of €0.125 each (representing 100% of the Target Company’s share capital). The consideration offered by BBVA to the shareholders of the Target Company consists of one (1) newly issued share of BBVA for each four and eighty-three hundredths (4.83) ordinary shares of the Target Company (the "Consideration"), subject to certain adjustments in the case of dividend distribution in accordance with what was indicated in the Prior Announcement.

Pursuant to the provisions of Royal Decree 1066/2007, of July 27, on the rules governing tender offers ("Royal Decree 1066/2007"), the Offer is subject to mandatory clearance by the CNMV. Additionally, pursuant to the provisions of Law 10/2014 and Royal Decree 84/2015, the acquisition by BBVA of control of the Target Company resulting from the Offer is subject to the duty of prior notification to the Bank of Spain and the obtention of the non-opposition of the European Central Bank. In accordance with the provisions of article 26.2 of Royal Decree 1066/2007, the CNMV will not authorize the Offer until the express or tacit non-opposition of the European Central Bank has been obtained and evidenced.

In addition, completion of the Offer is also subject to the satisfaction of the conditions specified in the Prior Announcement, in particular (i) the acceptance of the Offer by holders of shares representing at least 50.01% of the share capital of the Target Company, (ii) approval by BBVA’s General Shareholders’ Meeting of the increase of BBVA’s share capital through the issue of new ordinary shares through non-cash contributions in an amount that is sufficient to fully cover the Consideration offered to the shareholders of the Target Company (which condition was satisfied on July 5, 2024, as described below), (iii) the express or tacit authorization of the economic concentration resulting from the Offer by the Spanish antitrust authorities, and (iv) the express or tacit authorization of the indirect acquisition of control of the Target Company’s banking subsidiary in the United Kingdom, TSB Bank PLC, by the United Kingdom Prudential Regulation Authority (PRA).

On July 5, 2024, the BBVA’s Extraordinary General Shareholders' Meeting resolved to authorize, with 96% votes in favor, an increase in the share capital of BBVA of up to a maximum nominal amount of €551,906,524.05 through the issuing and putting into circulation of up to 1,126,339,845 ordinary shares of €0.49 par value each to fully cover the Consideration offered to the shareholders of the Target Company (see Note 25).

The closing of the Offer is expected to be completed in between approximately 6 and 8 months from the date of the Prior Announcement and the detailed terms of the Offer will be set out in the prospectus, which was submitted to CNMV together with the request for the authorization of the Offer on May 24, 2024, and will be published after obtaining the mandatory clearance of the CNMV.

Significant transactions in 2023

During the year 2023, no significant corporate transactions were carried out.

4. Shareholder remuneration system

The Annual General Shareholder's Meeting of BBVA held on March 15, 2024, approved, under item 1.3 of the Agenda, a cash distribution against the 2023 results as a final dividend for the 2023 fiscal year, for an amount equal to €0.39 (€0.3159 net of withholding tax) per outstanding BBVA share entitled to participate in this distribution, which was paid on April 10, 2024. The total amount paid, excluding treasury shares held by the Group's companies, amounted to €2,245 million.

Share buyback program

On March 1, 2024, after receiving the required authorization from the European Central Bank (hereinafter "ECB"), BBVA announced through an inside information notice *(información privilegiada)* the execution of a time-scheduled buyback program for the repurchase of own shares, all in accordance with the provisions of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse and Commission Delegated Regulation (EU) No. 2016/1052 of March 8, 2016, aimed at reducing BBVA's share capital by a maximum monetary amount of €781 million. The execution was carried out externally by Citigroup Global Markets Europe AG.

By means of an Other Relevant Information notice dated April 9, 2024, BBVA announced the completion of the share buyback program upon reaching the maximum monetary amount, having acquired 74,654,915 own shares, between March 4 and April 9, 2024, representing, approximately, 1.28% of BBVA's share capital as of such date.

On May 24, 2024, BBVA notified through an Other Relevant Information notice a partial execution of the share capital reduction resolution adopted by the Annual General Shareholders' Meeting of BBVA held on March 15, 2024, under item 3 of the agenda through the reduction of BBVA's share capital in a nominal amount of €36,580,908.35 and the consequent redemption, charged to unrestricted reserves, of 74,654,915 own shares of €0.49 par value each acquired derivatively by BBVA in execution of the own share buyback program scheme and which were held as treasury shares (see Notes 25 and 26).

5. Operating segment reporting

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

As of June 30, 2024, the structure of the information by operating segment reported by the BBVA Group remains the same as that of the closing of 2023 financial year.

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

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

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

The breakdown of the BBVA Group's total assets by operating segments and the Corporate Center as of June 30, 2024 and December 31, 2023, is as follows:

Total Group assets by operating segments (Millions of Euros)

	June 2024	December 2023 (1)
Spain	421,032	457,573
Mexico	170,505	173,489
Turkey	75,456	68,329
South America	67,749	64,779
Rest of Business	61,564	64,274
Subtotal assets by operating segments	**796,306**	**828,445**
Corporate Center and adjustments	(36,771)	(52,886)
Total assets BBVA Group	**759,534**	**775,558**

(1) In the first quarter of 2024 the Group changed its allocation criteria for certain expenses, mainly related with global international projects between the Corporate Center and the operating segments. Therefore, in order to make those year-on-year comparisons homogeneous, the figures for year 2023 have been revised, which has not affected the consolidated financial information of the Group.

The following table sets forth the main margins and profit by operating segment and the Corporate Center for the six months ended June 30, 2024 and 2023:

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

		Operating Segments					
	BBVA Group	**Spain**	**Mexico**	**Turkey**	**South America**	**Rest of Business**	**Corporate Center and adjustments**
June 2024							
Net interest income	12,993	3,211	5,968	605	3,075	335	(201)
Gross income	17,446	4,626	7,910	1,892	2,639	678	(300)
Operating profit /(loss) before tax	7,780	2,603	3,938	914	625	306	(606)
Attributable profit (loss) (1)	**4,994**	**1,790**	**2,858**	**351**	**317**	**235**	**(557)**
June 2023 (2)							
Net interest income	11,410	2,544	5,264	980	2,503	260	(140)
Gross income	14,148	3,630	6,774	1,480	2,415	566	(716)
Operating profit /(loss) before tax	6,122	1,794	3,570	786	772	277	(1,077)
Attributable profit (loss) (1)	**3,878**	**1,212**	**2,604**	**524**	**361**	**216**	**(1,039)**

(1) See Note 47.

(2) In the first quarter of 2024 the Group changed its allocation criteria for certain expenses, mainly related with global international projects between the Corporate Center and the operating segments, therefore, in order to make those year-on-year comparisons homogeneous, the figures for year 2023 have been revised, which has not affected the consolidated financial information of the Group.

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

6. Risk management

The principles and risk management policies, as well as tools and procedures established and implemented in the Group as of June 30, 2024 do not differ significantly from those included in Note 7 of the consolidated financial statements of the Group for the year ended December 31, 2023.

6.1. Risk factors

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

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

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

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

In this context, there are a number of emerging risks that could affect the evolution of the Group's business, including the below and those mentioned in Note 7.1 to the consolidated financial statements of the Group for the year ended December 31, 2023:

– Macroeconomic and geopolitical risks

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

The global economy is currently facing a number of extraordinary challenges. The war between Ukraine and Russia and the armed conflict in the Middle East have caused significant disruptions, instability and volatility in global markets, particularly in energy markets. Uncertainty about the future development of these conflicts is high. The main risk is that they could generate new supply shocks, pushing growth downward and inflation upward, and paving the way for macroeconomic and financial instability episodes.

Geopolitical and economic risks have also increased in recent years as a result of trade tensions between the United States and China, Brexit, and the rise of populism, among other factors. Growing tensions may lead, among other things, to a deglobalization of the world economy, an increase in protectionism, a general reduction of international trade in goods and services and a reduction in the integration of financial markets. Moreover, some political events, such as the upcoming presidential elections in the United States and the recent elections in France, could be a source of tensions in the coming months. Any of these factors could materially and adversely affect the Group's business, financial condition and results of operations.

In the current context, one of the main risks is that inflation remains higher than expected, either due to new supply shocks, related for example to the previously mentioned geopolitical and political risks or climate events, or due to demand factors, caused by an excessively expansionary fiscal policy, the robustness of labor markets, or other factors. Significant inflationary pressures could lead to interest rates remaining higher than currently forecasted and could lead to a potential slowdown in economic growth as well as financial tensions.

In recent years, the Group's results of operations have been particularly affected by the increases in interest rates adopted by central banks in an attempt to tame inflation, contributing to the rise in both interest revenue and interest expenses. The persistence of high interest rates could adversely affect the Group by reducing the demand for credit and leading to an increase in the default rate of its borrowers and other counterparties. On the other hand, the process of reducing interest rates has already begun in many geographies. The ECB cut the interest rate of its deposit facility from 4.0% to 3.75% in June 2024 and more cuts are expected to be gradually announced in the future. In the United States, the Federal Reserve is expected to start a cautious monetary easing cycle during the second half of 2024. Moreover, the Group's results of operations have been affected by inflation in all countries in which BBVA operates, especially Turkey and Argentina.

Another global macroeconomic risk is the possibility of a sharp growth slowdown in China, which could lead to lower GDP expansion than currently expected in many geographies. Although it may be possible to offset, eventually, part of the expected growth slowdown through the adoption of certain fiscal, monetary and regulatory measures by the authorities, there are risks related to tensions in the real estate markets and the possible effects of the United States economic sanctions, among others.

The Group is exposed, among others, to the following general risks with respect to the economic and institutional environment in the countries in which it operates: a deterioration in economic activity in the countries in which it operates, including recession scenarios; more persistent inflationary pressures, which could trigger a more severe tightening of monetary conditions; stagflation due to more intense or prolonged supply shocks; changes in exchange rates; an unfavorable evolution of the real estate market; a significant increase in oil and gas prices, which would have a negative impact on disposable income levels in areas that are net energy importers, such as Spain or Turkey, to which the Group is particularly exposed; changes in the institutional environment of the countries in which the Group operates, which could give rise to sudden and sharp drops in GDP and/or changes in regulatory or government policy, including in terms of exchange controls and restrictions on the distribution of dividends or the imposition of new taxes or charges; growth in the public debt or in the external deficit could lead to a downward revision of the credit ratings of the sovereign debt and even a possible default or restructuring of such debt; and episodes of volatility in the financial markets, which could cause significant losses for the Group. In particular, in Spain, political, regulatory and economic uncertainty has also increased since the July 2023 general elections; there is a risk that policies could have an adverse impact on the economy or the Group. There is also a risk that the impact on financial conditions of political tensions in other European countries, such as those observed after the recent elections in France, could to some extent affect Spain. In Mexico, there is high uncertainty on the policies that will be adopted following the June 2024 general elections, which has recently caused significant financial volatility. There is also the risk that the U.S. presidential election process may be a source of volatility in the Mexican markets. In Turkey, there are increasing signs of normalization in economic policy in general, and monetary policy in particular, since the general elections held in May 2023, which may lead to a gradual correction of the current distortions. Despite the gradual improvement of macroeconomic conditions, the situation remains relatively unstable, characterized by pressures on the Turkish lira, high inflation, a significant trade deficit, low central bank's foreign reserves and high external financing costs. Continuing unfavorable economic conditions in Turkey may result in a potential deterioration in the purchasing power and creditworthiness of the clients of the Group (both individuals and corporations). In addition, official interest rates, the regulatory and macroprudential policies affecting the banking sector and the currency depreciation have affected and may continue to affect the Group's results. In Argentina, the risk of economic and financial turbulence persists in a context in which the new government has substantially modified the economic policy framework and has focused its efforts on implementing strong fiscal and monetary adjustments to reduce inflation. Finally, in Colombia and Peru, climate factors, political tensions and greater social conflict could eventually have a negative impact on the economy.

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

– Regulatory and reputational risks

Financial institutions are exposed to a complex and ever-changing regulatory environment defined by governments and regulators. Regulatory activity in recent years has affected multiple areas, including changes in accounting standards; strict regulation of capital, liquidity and remuneration; bank charges and taxes on financial transactions; regulations affecting mortgages, banking products and consumers and users; recovery and resolution measures; stress tests; prevention of money laundering and terrorist financing; market abuse; conduct in the financial markets; anti-corruption; and requirements as to the periodic publication of information. Governments, regulatory authorities and other institutions continually make proposals to strengthen the resistance of financial institutions to future crises. Further, there is an increasing focus on the climate-related financial risk management capabilities of banks. Any change in the Group's business that is necessary to comply with any particular regulations at any given time, especially in Spain, Mexico or Turkey, could lead to a considerable loss of income, limit the Group's ability to identify business opportunities, affect the valuation of its assets, force the Group to increase its prices and, therefore, reduce the demand for its products, impose additional costs on the Group or otherwise adversely affect its business, financial condition and results of operations.

The financial sector is under ever closer scrutiny by regulators, governments and society itself. In the course of activities, situations which might cause relevant reputational damage to the Group could arise and might affect the regular course of business.

– New business and operational risks and legal risks

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

Technological risks and security breaches: The Group is exposed to new threats such as cyber-attacks, theft of internal and customer databases, fraud in payment systems, etc. that require major investments in security from both the technological and human point of view. The Group gives great importance to the active operational and technological risk management and control. Any attack, failure or deficiency in the Group’s systems could, among other things, lead to the misappropriation of funds of the Group’s clients or the Group itself and the unauthorized disclosure, destruction or use of confidential information, as well as prevent the normal operation of the Group and impair its ability to provide services and carry out its internal management. In addition, any attack, failure or deficiency could result in the loss of customers and business opportunities, damage to computers and systems, violation of regulations regarding data protection and/or other regulations, exposure to litigation, fines, sanctions or interventions, loss of confidence in the Group’ s security measures, damage to its reputation, reimbursements and compensation, and additional regulatory compliance expenses and could have a significant adverse impact on the Group’ s business, financial condition and results of operations.

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

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

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

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

As of June 30, 2024, the Group had €773 million in provisions for the proceedings it is facing (included in the line "Provisions for taxes and other legal contingencies" in the consolidated balance sheet) (see Note 23), of which €612 million correspond to legal contingencies and €160 million to tax related matters. However, the uncertainty arising from these proceedings (including those for which no provisions have been made, either because it is not possible to estimate them or for other reasons) makes it impossible to guarantee that the possible losses arising from these proceedings will not exceed, where applicable, the amounts that the Group currently has provisioned and, therefore, could affect the Group's consolidated results in a given period.

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

Spanish judicial authorities are investigating the activities of Centro Exclusivo de Negocios y Transacciones, S.L. (“Cenyt”). Such investigation includes the provision of services by Cenyt to BBVA. On July 29, 2019, BBVA was named as an investigated party (investigado) in a criminal judicial investigation (Preliminary Proceeding No. 96/2017 – Piece No. 9, Central Investigating Court No. 6 of the National High Court) for alleged facts which could constitute bribery, revelation of secrets and corruption. Certain current and former officers and employees of the Group, as well as former directors, have also been named as investigated parties in connection with this investigation. Since the beginning of the investigation, BBVA has been proactively collaborating with the Spanish judicial authorities, including sharing with the courts information obtained in the internal investigation hired by the entity in 2019 to contribute to the clarification of the facts.

By order of the Criminal Chamber of the National High Court, the pre-trial phase ended on January 29, 2024. On June 20, 2024, the Judge issued an order authorizing the continuation of abbreviated criminal proceedings against the Bank and certain current and former officers and employees of the Bank, as well as against some former directors, for alleged facts which could constitute bribery and revelation of secrets. It is not possible at this time to predict the possible outcomes or implications for the Group of this matter, including any fines, damages or harm to the Group's reputation caused thereby.

6.2. Credit risk

Credit risk arises from the probability that one party to a financial instrument will fail to meet its contractual obligations for reasons of insolvency or inability to pay and cause a financial loss for the other party. The general principles governing credit risk management in the BBVA Group, as well as the credit risk management in the Group as of June 30, 2024 do not differ significantly from those included in Note 7 of the consolidated financial statements of the Group for the year ended December 31, 2023.

6.2.1. Credit risk exposure

In accordance with IFRS 7 "Financial Instruments: Disclosures", the BBVA Group's credit risk exposure by headings in the consolidated balance sheets as of June 30, 2024 and December 31, 2023 is provided below. It does not consider the loss allowances and the availability of collateral or other credit enhancements to ensure compliance with payment obligations. The details are broken down by category of financial instruments:

Maximum credit risk exposure (Millions of Euros)

	Notes	June 2024	*Stage 1*	*Stage 2*	*Stage 3*
Financial assets held for trading		**90,638**			
Equity instruments	9	7,699			
Debt securities	9	31,947			
Loans and advances	9	50,992			
Non-trading financial assets mandatorily at fair value through profit or loss		**10,584**			
Equity instruments	10	9,646			
Debt securities	10	653			
Loans and advances	10	285			
Financial assets designated at fair value through profit or loss	**11**	**856**			
Derivatives (trading and hedging)		**50,321**			
Financial assets at fair value through other comprehensive income		**60,820**			
Equity instruments	12	1,382			
Debt securities		59,413	56,944	2,448	21
Loans and advances to credit institutions	12	25	25	—	—
Financial assets at amortized cost		**492,523**	**440,370**	**37,441**	**14,712**
Debt securities		58,518	58,326	157	35
Loans and advances to central banks		7,367	7,367	—	—
Loans and advances to credit institutions		21,617	21,193	420	4
Loans and advances to customers		405,021	353,484	36,864	14,672
Total financial assets risk		**705,742**			
Total loan commitments and financial guarantees		**257,316**	**247,913**	**8,443**	**960**
Loan commitments given	30	187,331	181,227	5,907	197
Financial guarantees given	30	20,464	19,466	785	214
Other commitments given	30	49,521	47,220	1,751	550
Total maximum credit exposure		**963,058**			

Maximum credit risk exposure (Millions of Euros)	Notes	December 2023	Stage 1	Stage 2	Stage 3
Financial assets held for trading		**106,749**			
Equity instruments	9	4,589			
Debt securities	9	28,569			
Loans and advances	9	73,590			
Non-trading financial assets mandatorily at fair value through profit or loss		**8,737**			
Equity instruments	10	7,963			
Debt securities	10	484			
Loans and advances	10	290			
Financial assets designated at fair value through profit or loss	**11**	**955**			
Derivatives (trading and hedging)		**48,747**			
Financial assets at fair value through other comprehensive income		**62,289**			
Equity instruments	12	1,217			
Debt securities		61,047	60,255	771	21
Loans and advances to credit institutions	12	26	26	—	—
Financial assets at amortized cost		**463,130**	**410,590**	**38,061**	**14,478**
Debt securities		49,544	49,403	108	32
Loans and advances to central banks		7,176	7,176	—	—
Loans and advances to credit institutions		17,498	17,478	18	2
Loans and advances to customers		388,912	336,533	37,935	14,444
Total financial assets risk		**690,606**			
Total loan commitments and financial guarantees		**214,283**	**204,842**	**8,411**	**1,030**
Loan commitments given	30	152,868	147,376	5,326	165
Financial guarantees given	30	18,839	17,612	998	229
Other commitments given	30	42,577	39,854	2,087	636
Total maximum credit exposure		**904,889**			

The breakdown by geographical area and stage of the maximum credit risk exposure, the accumulated allowances recorded and the carrying amount of the loans and advances to customers at amortized cost as of June 30, 2024 and December 31, 2023 is shown below:

June 2024 (Millions of Euros)	Gross exposure				Accumulated allowances				Carrying amount			
	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
Spain (1)	222,339	192,728	21,575	8,035	(4,518)	(501)	(606)	(3,411)	217,821	192,227	20,970	4,625
Mexico	92,707	83,478	6,704	2,525	(3,037)	(1,138)	(597)	(1,302)	89,671	82,340	6,108	1,223
Turkey (2)	43,816	38,287	3,775	1,754	(1,643)	(179)	(304)	(1,160)	42,174	38,108	3,472	594
South America (3)	45,026	37,889	4,791	2,346	(2,010)	(296)	(349)	(1,364)	43,016	37,593	4,442	982
Others	1,132	1,102	18	13	(11)	—	(1)	(9)	1,122	1,101	17	4
Total (4)	**405,021**	**353,484**	**36,864**	**14,672**	**(11,218)**	**(2,115)**	**(1,857)**	**(7,246)**	**393,803**	**351,369**	**35,007**	**7,426**
Of which: individual					*(1,562)*	*(14)*	*(390)*	*(1,158)*				
Of which: collective					*(9,656)*	*(2,101)*	*(1,466)*	*(6,089)*				

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

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

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

(4) The amount of the accumulated impairment includes the provisions recorded for credit risk over the remaining expected lifetime of purchased financial instruments. Those provisions were determined at the moment of the Purchase Price Allocation (PPA) and were originated mainly in the acquisition of Catalunya Banc S.A. (as of June 30, 2024, the remaining balance was €122 million). These valuation adjustments are recognized in the consolidated income statement during the residual life of the instrument or applied as allowances in the value of the financial instrument when the losses materialize.

December 2023 (Millions of Euros)

	Gross exposure				Accumulated allowances				Carrying amount			
	Total	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**
Spain [1]	214,522	183,503	22,953	8,066	(4,593)	(503)	(714)	(3,375)	209,929	183,000	22,239	4,690
Mexico	91,086	81,619	6,995	2,472	(3,049)	(1,097)	(620)	(1,332)	88,037	80,522	6,375	1,140
Turkey [2]	39,058	34,105	3,234	1,719	(1,641)	(167)	(314)	(1,160)	37,416	33,938	2,920	559
South America [3]	43,151	36,237	4,738	2,176	(1,976)	(319)	(377)	(1,280)	41,175	35,918	4,362	896
Others	1,094	1,069	15	11	(10)	—	(1)	(8)	1,085	1,068	14	2
Total [4]	**388,912**	**336,533**	**37,935**	**14,444**	**(11,269)**	**(2,087)**	**(2,026)**	**(7,156)**	**377,643**	**334,446**	**35,909**	**7,287**
Of which: individual					*(1,665)*	*(15)*	*(471)*	*(1,179)*				
Of which: collective					*(9,604)*	*(2,072)*	*(1,555)*	*(5,977)*				

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

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

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

(4) The amount of the accumulated impairment includes the provisions recorded for credit risk over the remaining expected lifetime of purchased financial instruments. Those provisions were determined at the moment of the Purchase Price Allocation (PPA) and were originated mainly in the acquisition of Catalunya Banc S.A. (as of December 31, 2023, the remaining balance was €142 million). These valuation adjustments are recognized in the consolidated income statement during the residual life of the instrument or applied as allowances in the value of the financial instrument when the losses materialize.

The breakdown by counterparty and product of the maximum credit risk exposure, the accumulated allowances recorded, as well as the carrying amount by type of product, classified in different headings of the assets as of June 30, 2024 and December 31, 2023 is shown below:

June 2024 (Millions of Euros)

	Central banks	**General governments**	**Credit institutions**	**Other financial corporations**	**Non-financial corporations**	**Households**	**Total**	**Gross carrying amount**
On demand and short notice	—	9	—	57	2,739	1,596	4,402	4,566
Credit card debt	—	1	—	3	1,958	22,574	24,536	26,232
Commercial debtors		815	95	766	24,576	101	26,353	26,568
Finance leases	—	198	—	11	9,241	278	9,728	9,977
Reverse repurchase loans	287	—	8,548	65	—	—	8,900	8,902
Other term loans	6,673	22,093	7,008	10,078	140,595	151,829	338,275	347,130
Advances that are not loans	396	205	5,978	3,047	879	374	10,879	10,941
LOANS AND ADVANCES	**7,355**	**23,321**	**21,629**	**14,028**	**179,988**	**176,751**	**423,072**	**434,315**
By secured loans								
Of which: mortgage loans collateralized by immovable property		*256*	*—*	*699*	*26,938*	*97,719*	*125,612*	*128,382*
Of which: other collateralized loans	*286*	*6,721*	*7,319*	*496*	*10,972*	*2,491*	*28,284*	*28,550*
By purpose of the loan								
Of which: credit for consumption						*63,240*	*63,240*	*67,868*
Of which: lending for house purchase						*98,776*	*98,776*	*100,419*
By subordination								
Of which: project finance loans					*7,013*		*7,013*	*7,551*

December 2023 (Millions of Euros)								
	Central banks	General governments	Credit institutions	Other financial corporations	Non-financial corporations	Households	Total	Gross carrying amount
On demand and short notice	—	6	—	73	1,933	1,028	3,040	3,175
Credit card debt	—	1	—	2	1,927	20,959	22,890	24,454
Commercial debtors		960	76	586	23,462	88	25,171	25,346
Finance leases	—	225	—	12	8,940	285	9,463	9,714
Reverse repurchase loans	1,345	—	5,786	92	—	—	7,223	7,234
Other term loans	4,878	21,662	5,329	9,300	134,024	147,491	322,683	331,813
Advances that are not loans	927	412	6,312	3,186	956	324	12,116	12,164
LOANS AND ADVANCES	**7,151**	**23,265**	**17,502**	**13,251**	**171,241**	**170,175**	**402,586**	**413,901**
By secured loans								
Of which: mortgage loans collateralized by immovable property		*271*	*—*	*526*	*24,829*	*96,772*	*122,397*	*125,328*
Of which: other collateralized loans	*1,347*	*6,933*	*4,558*	*465*	*10,938*	*2,430*	*26,671*	*26,963*
By purpose of the loan								
Of which: credit for consumption						*59,892*	*59,892*	*64,303*
Of which: lending for house purchase						*97,555*	*97,555*	*99,224*
By subordination								
Of which: project finance loans					*7,181*		*7,181*	*7,743*

The value of guarantees received as of June 30, 2024 and December 31, 2023, is as follows:

Guarantees received (Millions of Euros)		
	June 2024	December 2023
Value of collateral	**140,616**	**136,141**
Of which: guarantees normal risks under special monitoring	*13,890*	*14,274*
Of which: guarantees impaired risks	*3,985*	*4,035*
Value of other guarantees	**55,952**	**53,462**
Of which: guarantees normal risks under special monitoring	*4,848*	*4,864*
Of which: guarantees impaired risks	*1,306*	*1,226*
Total value of guarantees received	**196,568**	**189,602**

6.2.2. Impaired secured loans

The breakdown of loans and advances, within the heading "Financial assets at amortized cost", including their gross carrying amount, impaired loans and advances, and accumulated impairment, by counterparties as of June 30, 2024 and December 31, 2023, is as follows:

June 2024 (Millions of Euros)				
	Gross carrying amount	Impaired loans and advances	Accumulated impairment	Impaired loans and advances as a % of the total
Central banks	7,367	—	(11)	— %
General governments	23,341	28	(20)	0.1 %
Credit institutions	21,617	4	(14)	— %
Other financial corporations	14,052	12	(25)	0.1 %
Non-financial corporations	183,914	5,524	(4,102)	3.0 %
Households	183,713	9,109	(7,070)	5.0 %
LOANS AND ADVANCES	**434,005**	**14,677**	**(11,242)**	**3.4 %**

December 2023 (Millions of Euros)	Gross carrying amount	Impaired loans and advances	Accumulated impairment	Impaired loans and advances as a % of the total
Central banks	7,176	—	(25)	— %
General governments	23,294	25	(29)	0.1 %
Credit institutions	17,498	2	(21)	— %
Other financial corporations	13,271	12	(20)	0.1 %
Non-financial corporations	175,337	5,520	(4,274)	3.2 %
Households	177,009	8,886	(6,946)	5.0 %
LOANS AND ADVANCES	**413,585**	**14,446**	**(11,316)**	**3.5 %**

The changes during the six months ended June 30, 2024, and the year ended December 31, 2023 of impaired financial assets (financial assets and guarantees given) are as follows:

Changes in impaired financial assets and guarantees given (Millions of Euros)	June 2024	December 2023
Balance at the beginning	**15,362**	**14,521**
Additions	6,114	11,066
Decreases [(1)]	(3,027)	(5,795)
Net additions	**3,087**	**5,272**
Amounts written-off	(2,426)	(3,770)
Exchange differences and other	(529)	(660)
Balance at the end	**15,495**	**15,362**

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

6.2.3. Measurement of Expected Credit Loss (ECL)

As of June 30, 2024, the models for calculating expected losses used by the Group to prepare the attached Consolidated Financial Statements do not differ significantly from those detailed in Note 7 to the consolidated financial statements of the Group for the year ended December 31, 2023, except for the application of the new scenarios derived from the macroeconomic and geopolitical situation in the first half of 2024.

BBVA Research forecasts a maximum of five years for the macroeconomic variables. The following estimates for the next five years of the Gross Domestic Product (GDP) growth, of the unemployment rate and of the House Price Index (HPI), for the most relevant countries where it represents a significant factor, are determined by BBVA Research and have been used at the time of the calculation of the ECL as of June 30, 2024:

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

	Spain			Mexico			Turkey	
Date	GDP	Unemployment	HPI	GDP	Unemployment	HPI	GDP	Unemployment
2024	2.90 %	9.94 %	2.07 %	2.95 %	2.77 %	5.06 %	5.00 %	9.24 %
2025	4.37 %	8.72 %	4.96 %	4.68 %	2.98 %	5.29 %	7.67 %	9.50 %
2026	6.23 %	8.01 %	7.38 %	4.57 %	2.89 %	4.87 %	6.97 %	9.12 %
2027	7.07 %	7.54 %	7.98 %	4.29 %	2.76 %	5.10 %	5.55 %	9.20 %
2028	6.93 %	7.25 %	7.40 %	3.88 %	2.65 %	5.16 %	5.13 %	9.37 %
2029	6.20 %	7.18 %	6.25 %	3.64 %	2.77 %	5.38 %	5.00 %	9.52 %

	Peru		Argentina		Colombia	
Date	GDP	Unemployment	GDP	Unemployment	GDP	Unemployment
2024	3.11 %	7.02 %	(1.99) %	10.25 %	2.65 %	10.69 %
2025	4.02 %	6.73 %	14.61 %	8.09 %	4.51 %	10.64 %
2026	4.13 %	6.59 %	15.37 %	6.27 %	4.74 %	9.93 %
2027	4.19 %	6.47 %	13.85 %	4.98 %	4.33 %	9.20 %
2028	3.77 %	6.38 %	12.85 %	4.18 %	4.29 %	8.59 %
2029	3.59 %	6.29 %	12.04 %	3.79 %	4.64 %	8.01 %

Estimate of GDP, unemployment rate and HPI for the main geographical areas

	Spain			Mexico			Turkey	
Date	**GDP**	**Unemployment**	**HPI**	**GDP**	**Unemployment**	**HPI**	**GDP**	**Unemployment**
2024	2.54 %	11.35 %	1.77 %	2.50 %	2.79 %	5.03 %	3.50 %	9.40 %
2025	2.08 %	10.80 %	2.34 %	2.44 %	3.15 %	5.32 %	3.47 %	10.58 %
2026	2.05 %	10.28 %	2.34 %	2.58 %	3.15 %	4.43 %	3.79 %	10.80 %
2027	1.93 %	9.88 %	1.92 %	2.52 %	3.06 %	4.42 %	3.45 %	10.98 %
2028	1.77 %	9.58 %	1.56 %	2.21 %	2.97 %	4.32 %	3.54 %	11.00 %
2029	1.65 %	9.49 %	1.39 %	2.02 %	3.08 %	4.40 %	3.53 %	11.00 %

	Peru		Argentina		Colombia	
Date	**GDP**	**Unemployment**	**GDP**	**Unemployment**	**GDP**	**Unemployment**
2024	2.88 %	7.03 %	(3.99) %	10.38 %	1.76 %	10.79 %
2025	2.74 %	6.82 %	6.02 %	8.80 %	2.83 %	11.07 %
2026	2.70 %	6.77 %	4.51 %	7.55 %	3.36 %	10.56 %
2027	2.88 %	6.71 %	3.45 %	6.58 %	3.05 %	9.96 %
2028	2.57 %	6.66 %	3.47 %	5.85 %	3.04 %	9.46 %
2029	2.46 %	6.61 %	3.51 %	5.35 %	3.41 %	8.96 %

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

	Spain			Mexico			Turkey	
Date	**GDP**	**Unemployment**	**HPI**	**GDP**	**Unemployment**	**HPI**	**GDP**	**Unemployment**
2024	2.18 %	12.76 %	1.46 %	2.11 %	2.80 %	5.02 %	2.71 %	9.49 %
2025	0.01 %	12.86 %	(0.04) %	0.69 %	3.29 %	5.32 %	0.58 %	11.25 %
2026	(1.72) %	12.51 %	(2.08) %	0.89 %	3.37 %	4.10 %	1.34 %	11.98 %
2027	(2.81) %	12.19 %	(3.48) %	1.03 %	3.32 %	3.85 %	2.19 %	12.20 %
2028	(3.10) %	11.89 %	(3.76) %	0.75 %	3.24 %	3.62 %	2.77 %	12.04 %
2029	(2.65) %	11.66 %	(3.04) %	0.57 %	3.36 %	3.58 %	2.53 %	11.93 %

	Peru		Argentina		Colombia	
Date	**GDP**	**Unemployment**	**GDP**	**Unemployment**	**GDP**	**Unemployment**
2024	1.84 %	7.08 %	(5.21) %	10.45 %	0.71 %	10.89 %
2025	0.34 %	7.03 %	1.59 %	9.19 %	0.27 %	11.66 %
2026	0.51 %	7.10 %	(0.75) %	8.23 %	1.40 %	11.47 %
2027	0.83 %	7.14 %	(1.73) %	7.42 %	1.40 %	11.03 %
2028	0.63 %	7.16 %	(1.50) %	6.75 %	1.48 %	10.64 %
2029	0.60 %	7.16 %	(1.32) %	5.96 %	1.87 %	10.22 %

Sensitivity to macroeconomic scenarios

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

Variation in expected loss is determined both by re-staging (that is: in worse scenarios due to the recognition of lifetime credit losses for additional operations that are transferred to stage 2 from stage 1 where 12 months of losses are valued; or vice versa in improvement scenarios) as well as variations in the collective risk parameters (PD or probability of default and LGD or loss given default) of each financial instrument due to the changes defined in the macroeconomic forecasts of the scenario. The variation in the expected loss for the Group and the main portfolios and geographical areas as of June 30, 2024 and December 31, 2023, is shown below:

Expected loss variation as of June 2024 (1)

	BBVA Group				Spain			Mexico			Turkey		
GDP	**Total Portfolio**	**Retail**	**Companies**	**Debt securities**	**Total Portfolio**	**Companies**	**Retail**	**Total Portfolio**	**Companies**	**Retail**	**Total Portfolio**	**Companies**	**Retail**
-100 bps	208	180	*24*	4	53	11	42	100	3	96	21	9	11
+100 bps	(197)	(161)	*(14)*	(4)	(52)	(11)	(41)	(94)	(2)	(90)	(19)	(8)	(10)
Housing price													
-100 bps						—	26						
+100 bps						—	(25)						

(1) Last available data as of May 31, 2024 including macroeconomic scenarios of June 2024.

Expected loss variation as of December 31, 2023

	BBVA Group				Spain			Mexico			Turkey		
GDP	**Total Portfolio**	**Retail**	**Companies**	**Debt securities**	**Total Portfolio**	**Companies**	**Retail**	**Total Portfolio**	**Companies**	**Retail**	**Total Portfolio**	**Companies**	**Retail**
-100 bps	222	188	*28*	2	61	14	47	94	2	92	22	9	11
+100 bps	(191)	(165)	*(23)*	(2)	(58)	(13)	(45)	(89)	(2)	(87)	(21)	(9)	(11)
Housing price													
-100 bps						—	32						
+100 bps						—	(32)						

Additional adjustments to expected losses measurement

To estimate expected losses, what is described in Note 7 of the 2023 consolidated financial statements on individual and collective estimates of expected losses must be taken into account, as well as macroeconomic estimates.

The Group periodically reviews its individual estimates and its models for the collective estimate of expected losses as well as the effect of macroeconomic scenarios on them. In addition, the Group may supplement the expected losses to account for the effects that may not be included, either by considering additional risk factors, or by the incorporation of sectorial particularities or particularities that may affect a set of operations or borrowers, following a formal internal approval process established for this purpose, including evaluation by the relevant Global Risk Management Committee (among the GRMC committees) as described in the general risk management and control model chapter of the 2023 Consolidated Management Report.

Thus, in Spain, the Loss Given Default (LGD) of certain specific operations considered unlikely to pay has been reviewed upwards, with a remaining adjustment as of June 30, 2024 of €269 million (€227 million as of December 31, 2023), a €42 million increase compared with the end of the year 2023 mainly related to the mortgage portfolio. In addition, due to the earthquakes that affected an area in the south of Turkey, during the month of February 2023 the classification of the credit exposure recorded in the five most affected cities was reviewed, which led to its reclassification to Stage 2. As of June 30, 2024 the amounts recorded in Stage 2 amounted to €205 million on-balance sheet and €497 million off-balance sheet exposure, with allowances for losses of approximately €20 million at contract level (€273 million, €406 million and €25 million, respectively as of December 31, 2023).

On the other hand, as of June 30, 2024 and December 31, 2023, the complementary adjustments pending allocation to specific operations or customers were not significant after the utilization and/or release of most of the adjustments during 2023.

6.2.4. Loss allowances

Below are the changes in the six months ended June 30, 2024, and the year ended December 31, 2023 in the loss allowances recognized on the condensed consolidated balance sheets to cover the estimated impairment or reversal of impairment on loans and advances of financial assets at amortized cost:

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

	June 2024	December 2023
Balance at the beginning of the period	**(11,316)**	**(11,291)**
Increase in loss allowances charged to income	(6,149)	(9,366)
Stage 1	*(949)*	*(1,738)*
Stage 2	*(886)*	*(1,940)*
Stage 3	*(4,314)*	*(5,688)*
Decrease in loss allowances charged to income	3,305	5,072
Stage 1	*840*	*1,389*
Stage 2	*908*	*1,317*
Stage 3	*1,557*	*2,366*
Transfer to written-off loans, exchange differences and other	2,918	4,270
Balance at the end of the period	**(11,242)**	**(11,316)**

6.3. Liquidity and funding risk

Liquidity and funding management at BBVA promotes the financing of the recurring growth of the banking business at suitable maturities and costs using a wide range of funding sources. BBVA's business model, risk appetite framework and funding strategy are designed to reach a solid funding structure based on stable customer deposits, mainly retail (granular). As a result of this model, deposits have a high degree of assurance in each geographical area, close to 55% in Spain and Mexico. It is important to note that, given the nature of BBVA's business, lending is mainly financed through stable customer funds.

One of the key elements in the BBVA Group's liquidity and funding management is the maintenance of high-quality liquidity buffers in all geographical areas. In this respect, the Group has maintained during the last 12 months an average volume of high-quality liquid assets (HQLA) of €132.7 billion, of which 97% corresponded to maximum quality assets (level 1 in the liquidity coverage ratio, LCR).

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

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

– The LCR requires banks to maintain a volume of high-quality liquid assets sufficient to withstand liquidity stress for 30 days. BBVA Group's consolidated LCR remained above 100% during the first half of 2024 and stood at 148% as of June 30, 2024. It should be noted that, given the MPE nature of BBVA, this ratio limits the numerator of the LCR for subsidiaries of BBVA S.A. to 100% of their net outflows, therefore, the resulting ratio is below that of the individual units (the LCR of the main components was 178% in BBVA, S.A., 154% in Mexico and 162% in Turkey). Without considering this restriction, the Group's LCR ratio was 179%.

– The net stable funding ratio (NSFR) requires banks to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities. The BBVA Group's NSFR ratio stood at 129% as of June 30, 2024.

The main wholesale financing transactions carried out by the BBVA Group during the first half of 2024 are listed below:

Issuer	Type of issue	Date of issue	Nominal (millions)	Currency	Coupon	Early redemption	Maturity date
BBVA, S.A.	Senior preferred	Jan-24	1,250	EUR	3.875 %	—	Jan-34
	Tier 2	Feb-24	1,250	EUR	4.875 %	Nov-30 to Feb-31	Feb-36
	Senior preferred	Mar-24	1,000	USD	5.381 %	—	Mar-29
	Senior non-preferred	Mar-24	1,000	USD	6.033 %	—	Mar-35
	Senior preferred (green bond)	Mar-24	1,000	EUR	3.500 %	—	Mar-31
	Senior preferred	Jun-24	1,000	EUR	3 month Euribor rate + 45 basis points	—	Jun-27
	Senior preferred	Jun-24	750	EUR	3.625 %	—	Jun-30
	AT1 (CoCo)	Jun-24	750	EUR	6.875 %	Dec-30 to Jun-31	Perpetual

Additionally, BBVA, S.A. redeemed two capital issuances in the first half of 2024: in February 2024, a Tier 2 issuance of subordinated bonds issued in February 2019, for an amount of €750m and, in March 2024, an AT1 issued in 2019 on its first date of optional redemption, for an amount of €1 billion.

BBVA Mexico issued in January 2024 Tier 2 bonds for USD 900m with a maturity of 15 years and an early repayment option in 10 years with a coupon of 8.125%. Additionally, on April 10 2024, BBVA Mexico issued bank stock certificates for 15 billion Mexican pesos in two tranches. The first one was placed at a term of three and a half years, with a variable TIIE rate (Interbank Equilibrium Interest Rate) for one-day Funding plus 32 basis points, amounting to a total of 8.4 billion Mexican pesos. The second tranche was issued for seven years, with a fixed rate of 10.35%, for a total of 6.6 billion Mexican pesos.

In Turkey, Garanti BBVA issued in February 2024 Tier 2 10-year bonds for an amount of USD 500m, with a coupon of 8.375% and an early redemption option in 5 years. Additionally, in June 2024, Garanti BBVA renewed the total syndicated loan based on environmental, social and governance (ESG) criteria, which consists of two separate tranches of USD 241m (SOFR+2.5) and €179m (Euribor+2.25), respectively.

For its part, BBVA Peru issued Tier 2 bonds in the international market for USD 300m, with a 6.20% coupon, a 10.25-year maturity and an early redemption option in the fifth year.

BBVA Colombia, together with the International Finance Corporation (IFC) and the Inter-American Development Bank (IDB) announced the launch of a green biodiversity bond for an amount of up to USD 70m and a term of 3 years. On 12 July 2024, thereunder a first tranche of USD 15m was announced..

7. Fair value of financial instruments

The criteria and valuation methods used to calculate the fair value of financial assets as of June 30, 2024 do not differ significantly from those included in Note 8 from the consolidated financial statements for the year ended December 31, 2023.

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, 2023.

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, 2023.

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

The fair value of the Group's financial instruments recognized at fair value from the attached condensed consolidated balance sheets is presented below, broken down according to the valuation method used to determine their fair value, and their respective book value as of June 30, 2024 and December 31, 2023:

Fair value of financial instruments recognized at fair value by level. June 2024 (Millions of Euros)

	Notes	Book value	Fair value		
			Level 1	Level 2	Level 3
ASSETS					
Financial assets held for trading	9	123,821	25,730	95,191	2,900
Derivatives		33,183	520	32,168	496
Equity instruments		7,699	7,447	89	163
Debt securities		31,947	17,763	13,894	291
Loans and advances		50,992	—	49,041	1,951
Non-trading financial assets mandatorily at fair value through profit or loss	10	10,584	8,890	376	1,318
Equity instruments		9,646	8,340	50	1,256
Debt securities		653	550	54	50
Loans and advances to customers		285	—	273	12
Financial assets designated at fair value through profit or loss	11	856	849	7	—
Debt securities		856	849	7	—
Financial assets at fair value through other comprehensive income	12	60,691	49,831	9,852	1,008
Equity instruments		1,382	1,140	53	188
Debt securities		59,284	48,691	9,773	820
Loans and advances to credit institutions		25	—	25	—
Derivatives – Hedge accounting	14	1,212	—	1,212	—
LIABILITIES					
Financial liabilities held for trading	9	93,546	15,223	77,034	1,289
Trading derivatives		31,321	734	29,815	772
Short positions		15,249	14,488	648	113
Deposits		46,976	—	46,571	405
Financial liabilities designated at fair value through profit or loss	11	14,935	—	12,841	2,094
Deposits from credit institutions		46	—	46	—
Customer deposits		953	—	953	—
Debt certificates issued		4,455	—	2,361	2,094
Other financial liabilities		9,481	—	9,481	—
Derivatives – Hedge accounting	14	2,525	—	2,490	35

Fair value of financial Instruments recognized at fair value by level. December 2023 (Millions of Euros)

	Notes	Book value	Fair value		
			Level 1	Level 2	Level 3
ASSETS					
Financial assets held for trading	9	141,042	21,972	116,905	2,165
Derivatives		34,293	144	33,880	269
Equity instruments		4,589	4,494	24	71
Debt securities		28,569	17,333	11,081	155
Loans and advances		73,590	—	71,921	1,669
Non-trading financial assets mandatorily at fair value through profit or loss	10	8,737	7,028	493	1,216
Equity instruments		7,963	6,742	72	1,148
Debt securities		484	286	132	66
Loans and advances to customers		290	—	288	2
Financial assets designated at fair value through profit or loss	11	955	908	47	—
Debt securities		955	908	47	—
Financial assets at fair value through other comprehensive income	12	62,205	52,987	8,335	883
Equity instruments		1,217	1,026	52	139
Debt securities		60,963	51,961	8,258	745
Loans and advances to credit institutions		26	—	26	—
Derivatives – Hedge accounting	14	1,482	—	1,482	—
LIABILITIES					
Financial liabilities held for trading	9	121,715	14,133	106,382	1,201
Trading derivatives		33,045	191	32,111	743
Short positions		15,735	13,942	1,750	44
Deposits		72,935	—	72,520	415
Financial liabilities designated at fair value through profit or loss	11	13,299	—	11,073	2,227
Deposits from credit institutions		—	—	—	—
Customer deposits		717	—	717	—
Debt certificates issued		3,977	—	1,751	2,227
Other financial liabilities		8,605	—	8,605	—
Derivatives – Hedge accounting	14	2,625	—	2,586	39

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

Below is shown the fair value of the Group's financial instruments from the attached condensed consolidated balance sheets recognized at amortized cost, broken down according to the valuation method used to determine their fair value, and their respective book value as of June 30, 2024 and December 31, 2023:

Fair value of financial instruments recognized at amortized cost by level. June 2024 (Millions of Euros)

			Fair value				
	Notes	**Book value**	**Carrying amount presented as fair value (1)**	**Level 1**	**Level 2**	**Level 3**	**Total**
ASSETS							
Cash, cash balances at central banks and other demand deposits	8	45,055	45,055	—	—	—	45,055
Financial assets at amortized cost	13	481,213	32,486	46,146	24,410	375,789	478,831
Debt securities		*58,450*	*—*	*46,146*	*10,437*	*545*	*57,128*
Loans and advances		*422,762*	*32,486*	*—*	*13,974*	*375,244*	*421,703*
LIABILITIES							
Financial liabilities at amortized cost	21	565,752	363,010	45,016	54,478	103,299	565,803
Deposits		*480,420*	*346,742*	*—*	*34,028*	*99,058*	*479,828*
Debt certificates issued		*69,061*	*—*	*45,016*	*20,450*	*4,240*	*69,707*
Other financial liabilities		*16,271*	*16,268*	*—*	*—*	*—*	*16,268*

(1) Financial instruments whose book value is presented as an approximation to their fair value, mainly short-term financial instruments.

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

			Fair value				
	Notes	**Book value**	**Carrying amount presented as fair value (1)**	**Level 1**	**Level 2**	**Level 3**	**Total**
ASSETS							
Cash, cash balances at central banks and other demand deposits	8	75,416	75,416	—	—	—	75,416
Financial assets at amortized cost	13	451,732	34,826	41,950	10,533	359,062	446,371
Debt securities		*49,462*	*—*	*41,950*	*6,244*	*759*	*48,952*
Loans and advances		*402,270*	*34,826*	*—*	*4,290*	*358,303*	*397,418*
LIABILITIES							
Financial liabilities at amortized cost	21	557,589	358,657	42,742	86,390	68,127	555,915
Deposits		*473,835*	*343,611*	*1,269*	*62,049*	*64,601*	*471,530*
Debt certificates issued		*68,707*	*—*	*41,472*	*24,341*	*3,526*	*69,339*
Other financial liabilities		*15,046*	*15,046*	*—*	*—*	*—*	*15,046*

(1) Financial instruments whose book value is presented as an approximation to their fair value, mainly short-term financial instruments.

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

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

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

	June 2024	**December 2023**
Cash on hand	6,714	7,751
Cash balances at central banks (1)	29,205	60,750
Other demand deposits	9,135	6,916
Total	**45,055**	**75,416**

(1) The variation is mainly due to the evolution of the balances held in the Bank of Spain.

9. Financial assets and liabilities held for trading

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

Financial assets and liabilities held for trading (Millions of Euros)	Notes	June 2024	December 2023
ASSETS			
Derivatives		33,183	34,293
Equity instruments	6.2	7,699	4,589
Debt securities	6.2	31,947	28,569
Issued by central banks		678	740
Issued by public administrations		28,170	24,766
Issued by financial institutions		1,682	1,824
Other debt securities		1,417	1,239
Loans and advances	6.2	50,992	73,590
Loans and advances to central banks		1,227	2,809
Reverse repurchase agreement		*1,227*	*2,809*
Loans and advances to credit institutions [1]		38,560	56,599
Reverse repurchase agreement		*38,535*	*56,569*
Loans and advances to customers		11,204	14,182
Reverse repurchase agreement		*9,380*	*13,615*
Total assets	**7**	**123,821**	**141,042**
LIABILITIES			
Derivatives		31,321	33,045
Short positions		15,249	15,735
Deposits		46,976	72,935
Deposits from central banks		4,518	6,397
Repurchase agreement		*4,518*	*6,397*
Deposits from credit institutions [1]		19,166	43,337
Repurchase agreement		*19,010*	*42,676*
Customer deposits		23,291	23,201
Repurchase agreement		*23,250*	*23,157*
Total liabilities	**7**	**93,546**	**121,715**

(1) The variation is mainly due to the evolution of "Reverse repurchase agreement" and the evolution of "Repurchase agreement" mainly due to BBVA, S.A.

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

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

Non-trading financial assets mandatorily at fair value through profit or loss (Millions of Euros)	Notes	June 2024	December 2023
Equity instruments	6.2	9,646	7,963
Debt securities	6.2	653	484
Loans and advances to customers	6.2	285	290
Total	**7**	**10,584**	**8,737**

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

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

Financial assets and liabilities designated at fair value through profit or loss (Millions of Euros)			
	Notes	June 2024	December 2023
ASSETS			
Debt securities	6.2 / 7	856	955
LIABILITIES			
Deposits from credit institutions		46	—
Customer deposits		953	717
Debt certificates issued		4,455	3,977
Other financial liabilities: Unit-linked products		9,481	8,605
Total liabilities	**7**	**14,935**	**13,299**

12. Financial assets at fair value through other comprehensive income

12.1. Breakdown of the balance

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

Financial assets at fair value through other comprehensive income (Millions of Euros)			
	Notes	June 2024	December 2023
Equity instruments	6.2	1,382	1,217
Debt securities		59,284	60,963
Loans and advances to credit institutions	6.2	25	26
Total	**7**	**60,691**	**62,205**
Of which: loss allowances of debt securities		*(129)*	*(84)*

12.2. Gains/losses

Changes in gains (losses)

The changes in the unrealized gains/losses (net of taxes) during the six months ended June 30, 2024 and in the year ended December 31, 2023 of debt securities recognized under the equity heading "Accumulated other comprehensive income – Items that may be reclassified to profit or loss – Fair value changes of debt instruments measured at fair value through other comprehensive income" and equity instruments recognized under the equity heading "Accumulated other comprehensive income – Items that will not be reclassified to profit or loss – Fair value changes of equity instruments measured at fair value through other comprehensive income" in the condensed consolidated balance sheets are as follows:

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

		Debt securities		Equity instruments	
	Notes	June 2024	December 2023	June 2024	December 2023
Balance at the beginning		**(356)**	**(809)**	**(1,112)**	**(1,194)**
Valuation gains and losses		(769)	659	155	80
Amounts transferred to income		51	5		
Amounts transferred to Reserves				(1)	2
Income tax and other		241	(211)	(2)	(1)
Balance at the end	**27**	**(833)**	**(356)**	**(960)**	**(1,112)**

13. Financial assets at amortized cost

13.1. Breakdown of the balance

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

Financial assets at amortized cost (Millions of Euros)

	Notes	June 2024	December 2023
Debt securities		**58,450**	**49,462**
Loans and advances to central banks		**7,355**	**7,151**
Loans and advances to credit institutions		**21,604**	**17,477**
Loans and advances to customers		**393,803**	**377,643**
Government		23,321	23,265
Other financial corporations		14,028	13,251
Non-financial corporations		179,812	171,063
Other		176,643	170,063
Total	**7**	**481,213**	**451,732**
Of which: impaired assets of loans and advances to customers	*6.2*	*14,672*	*14,444*
Of which: loss allowances of loans and advances	*6.2*	*(11,242)*	*(11,316)*
Of which: loss allowances of debt securities		*(68)*	*(82)*

13.2. Loans and advances to customers

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

Loans and advances to customers (Millions of Euros)	June 2024	December 2023
On demand and short notice	4,402	3,040
Credit card debt	24,535	22,889
Trade receivables	26,258	25,096
Finance leases	9,728	9,463
Reverse repurchase agreements	65	92
Other term loans	324,310	312,186
Advances that are not loans	4,506	4,877
Total	**393,803**	**377,643**

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

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

Derivatives – Hedge accounting and fair value changes of the hedged items in portfolio hedge of interest rate risk (Millions of Euros)	June 2024	December 2023
ASSETS		
Derivatives - Hedge accounting	1,212	1,482
Fair value changes of the hedged items in portfolio hedges of interest rate risk	(96)	(97)
LIABILITIES		
Derivatives - Hedge accounting	2,525	2,625
Fair value changes of the hedged items in portfolio hedges of interest rate risk	—	—

15. Investments in joint ventures and associates

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

Joint ventures and associates (Millions of Euros)	June 2024	December 2023
Joint ventures	92	93
Associates	872	883
Total	**964**	**976**

16. Tangible assets

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

Tangible assets. Breakdown by type (Millions of Euros)

	June 2024	December 2023
Property, plant and equipment	**9,404**	**9,046**
For own use	**8,494**	**8,295**
Land and buildings	6,600	6,405
Work in progress	164	199
Furniture, fixtures and vehicles	6,672	6,424
Right to use assets	2,376	2,212
Accumulated depreciation	(7,149)	(6,738)
Impairment	(170)	(206)
Leased out under an operating lease	**910**	**751**
Assets leased out under an operating lease	974	800
Accumulated depreciation	(64)	(49)
Investment property	**245**	**207**
Building rental	204	154
Other	1	1
Right to use assets	211	238
Accumulated depreciation	(93)	(110)
Impairment	(77)	(76)
Total	**9,650**	**9,253**

17. Intangible assets

17.1. Goodwill

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

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

	Mexico	Turkey	Colombia	Chile	Other	Total
Balance as of December 31, 2022	**559**	**—**	**118**	**25**	**5**	**707**
Additions	—	—	—	—	—	—
Exchange difference	64	—	25	(1)	—	88
Impairment	—	—	—	—	—	—
Companies held for sale	—	—	—	—	—	—
Other	—	—	—	—	—	—
Balance as of December 31, 2023	**623**	**—**	**143**	**24**	**5**	**795**
Additions	—	—	—	—	—	—
Exchange difference	(27)	—	(7)	(1)	—	(35)
Impairment	—	—	—	—	—	—
Companies held for sale	—	—	—	—	—	—
Other	—	—	—	—	—	—
Balance as of June 30, 2024	**596**	**—**	**136**	**23**	**5**	**760**

Goodwill

As of June 30, 2024 and December 31, 2023, the principal amount of the goodwill relates to the CGU of Mexico for an amount of €596 million and €623 million, respectively.

Impairment Test

As mentioned in Note 2.2.7 of the consolidated financial statements for the year 2023, the CGUs to which goodwill has been allocated are periodically tested for impairment by including the allocated goodwill in their carrying amount. This analysis is performed at least annually or whenever there is any indication of impairment. As of and for the six months ended June 30, 2024, no indicators of impairment have been identified in any CGU.

17.2. Other intangible assets

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

Other intangible assets (Millions of Euros)

	June 2024	December 2023
Computer software acquisition expense	1,595	1,535
Other intangible assets with an infinite useful life	9	8
Other intangible assets with a definite useful life	16	25
Total	**1,620**	**1,568**

18. Tax assets and liabilities

18.1. Consolidated tax group

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

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

18.2. Current and deferred taxes

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

Tax assets and liabilities (Millions of Euros)

	June 2024	December 2023
Tax assets		
Current tax assets	3,323	2,860
Deferred tax assets	14,788	14,641
Total	**18,111**	**17,501**
Tax liabilities		
Current tax liabilities	718	878
Deferred tax liabilities	2,332	1,677
Total	**3,050**	**2,554**

19. Other assets and liabilities

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

Other assets and liabilities (Millions of Euros)

	June 2024	December 2023
ASSETS		
Inventories	267	276
Transactions in progress	167	41
Accruals	1,853	1,368
Other items	1,731	1,174
Total	**4,017**	**2,859**
LIABILITIES		
Transactions in progress	383	133
Accruals	2,840	2,878
Other items	3,234	2,466
Total	**6,457**	**5,477**

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

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

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

	June 2024	December 2023
ASSETS		
Foreclosures and recoveries	881	943
Other assets from tangible assets	950	1,026
Companies held for sale	43	43
Other assets classified as held for sale	—	—
Accrued amortization	(77)	(84)
Impairment losses	(925)	(1,005)
Total	**871**	**923**
LIABILITIES		
Companies held for sale	—	—
Total	**—**	**—**

21. Financial liabilities at amortized cost

21.1. Breakdown of the balance

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

Financial liabilities at amortized cost (Millions of Euros)

	Notes	June 2024	December 2023
Deposits		480,420	473,835
Deposits from central banks		15,638	20,309
Demand deposits		*135*	*159*
Time deposits and other		*8,168*	*12,203*
Repurchase agreement		*7,334*	*7,947*
Deposits from credit institutions		33,798	40,039
Demand deposits		*8,767*	*6,629*
Time deposits and other		*14,794*	*12,871*
Repurchase agreement		*10,237*	*20,539*
Customer deposits		430,984	413,487
Demand deposits		*316,246*	*317,543*
Time deposits and other		*100,921*	*91,740*
Repurchase agreement		*13,816*	*4,204*
Debt certificates issued		69,061	68,707
Other financial liabilities		16,271	15,046
Total	**7**	**565,752**	**557,589**

As of June 30, 2024 all drawdowns of the TLTRO III program have been repaid. As of December 31, 2023, the amount recorded in "Deposits from central banks - Time deposits and other" included the drawdowns of the TLTRO III facilities of the ECB, mainly by BBVA, S.A., amounting to €3,660 million.

21.2. Deposits from credit institutions

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

Deposits from credit institutions (Millions of Euros)	Demand deposits	Time deposits and others (1)	Repurchase agreements	Total
June 2024				
Spain	1,965	2,988	621	5,574
Mexico	733	808	26	1,566
Turkey	673	769	190	1,632
South America	349	2,282	—	2,630
Rest of Europe	4,119	3,268	9,325	16,712
Rest of the world	929	4,679	76	5,684
Total	**8,767**	**14,794**	**10,237**	**33,798**
December 2023				
Spain	1,252	2,434	899	4,585
Mexico	789	642	—	1,431
Turkey	16	535	37	587
South America	416	2,242	—	2,659
Rest of Europe	3,011	2,742	19,344	25,097
Rest of the world	1,145	4,277	259	5,681
Total	**6,629**	**12,871**	**20,539**	**40,039**

(1) Subordinated deposits are included amounting to €48 million and €35 million as of June 30, 2024 and December 31, 2023, respectively.

21.3. Customer deposits

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

Customer deposits (Millions of Euros)	Demand deposits	Time deposits and others	Repurchase agreements	Total
June 2024				
Spain	178,807	23,615	9,045	211,467
Mexico	72,051	13,598	736	86,385
Turkey	21,208	23,294	2,553	47,054
South America	28,459	19,193	—	47,652
Rest of Europe	14,222	15,910	1,482	31,614
Rest of the world	1,499	5,312	—	6,812
Total	**316,246**	**100,922**	**13,816**	**430,984**
December 2023				
Spain	179,825	17,952	4	197,780
Mexico	76,122	15,067	1,638	92,828
Turkey	20,423	21,485	1,331	43,239
South America	26,888	17,349	—	44,237
Rest of Europe	12,863	16,257	1,231	30,350
Rest of the world	1,422	3,630	—	5,052
Total	**317,543**	**91,740**	**4,204**	**413,487**

21.4. Debt certificates

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

Debt certificates issued (Millions of Euros)	June 2024	December 2023
In Euros	**40,289**	**44,622**
Promissory bills and notes	2,521	5,416
Non-convertible bonds and debentures	19,022	16,256
Covered bonds	5,691	6,734
Hybrid financial instruments (1)	632	800
Securitization bonds	2,119	2,168
Wholesale funding	3,073	6,182
Subordinated liabilities	7,232	7,066
Convertible perpetual certificates	2,750	3,000
Other non-convertible subordinated liabilities	4,482	4,066
In foreign currencies	**28,772**	**24,086**
Promissory bills and notes	923	336
Non-convertible bonds and debentures	10,568	8,684
Covered bonds	101	99
Hybrid financial instruments (1)	4,754	4,722
Securitization bonds	—	—
Wholesale funding	1,956	1,479
Subordinated liabilities	10,470	8,766
Convertible perpetual certificates	2,804	2,715
Other non-convertible subordinated liabilities	7,666	6,051
Total	**69,061**	**68,707**

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

21.5. Other financial liabilities

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

Other financial liabilities (Millions of Euros)	June 2024	December 2023
Lease liabilities	1,455	1,507
Creditors for other financial liabilities	3,575	3,439
Collection accounts	4,672	3,642
Creditors for other payment obligations	6,569	6,458
Total	**16,271**	**15,046**

22. Assets and liabilities under insurance and reinsurance contracts

As of June 30, 2024 and December 31, 2023, the balance under the heading "Insurance and reinsurance assets" amounted to €206 million and €211 million, respectively.

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

Liabilities under insurance and reinsurance contracts (Millions of Euros)	June 2024	December 2023
Liabilities for remaining coverage	10,310	10,900
Liabilities for incurred claims	1,211	1,210
Total	**11,520**	**12,110**

23. Provisions

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

Provisions. Breakdown by concepts (Millions of Euros)

	Notes	June 2024	December 2023
Provisions for pensions and similar obligations		2,434	2,571
Other long term employee benefits		407	435
Provisions for taxes and other legal contingencies	6.1	773	696
Commitments and guarantees given	30	653	770
Other provisions (1)		392	452
Total		**4,658**	**4,924**

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

Ongoing legal proceedings and litigation

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

On the basis of the information available, the Group considers that, at June 30, 2024, the provisions made in relation to judicial proceedings and arbitration, where so required, are adequate and reasonably cover the liabilities that might arise, if any, from such proceedings. Furthermore, on the basis of the information available and with the exceptions indicated in Note 6.1 "Risk factors", BBVA considers that the liabilities that may arise from such proceedings will not have, individually, a significant adverse effect on the Group's business, financial situation or results of operations.

24. Pension and other post-employment commitments

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

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

Condensed consolidated income statement impact (Millions of Euros)

	Notes	June 2024	June 2023
Interest income and expense		71	66
Personnel expense		117	92
Defined contribution plan expense	*38.1*	*86*	*69*
Defined benefit plan expense	*38.1*	*31*	*23*
Provisions or (reversal) of provisions	40	3	32
Total expense (income)		**191**	**191**

25. Capital

As of June 30, 2024 and December 31, 2023 BBVA's share capital amounted to €2,824,009,877.85 and €2,860,590,786.20 divided into 5,763,285,465 and 5,837,940,380 shares, respectively. The variation is due to the partial execution, notified on May 24, 2024, of the share capital reduction resolution adopted by the Ordinary General Shareholders' Meeting of BBVA held on March 15, 2024, under item 3 of the agenda (see Note 4).

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

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

Resolutions of the Extraordinary General Shareholders' Meeting

The Extraordinary General Shareholders' Meeting of BBVA held on July 5, 2024 resolved, under item one of the agenda, to authorize an increase in its share capital for up to a maximum nominal amount of €551,906,524.05 by issuing and putting into circulation up to 1,126,339,845 ordinary shares with a par value of €0.49 each, of the same class and series, and with the same rights as the outstanding shares at such date, represented in book-entry form, with non-cash contributions for the purposes of covering the consideration of the voluntary tender offer for the acquisition of up to 100% of the shares of Banco de Sabadell, S.A. announced by BBVA.

26. Retained earnings and other reserves

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

Retained earnings and other reserves (Millions of Euros)

	June 2024	December 2023
Retained earnings	40,895	36,237
Other reserves	1,833	2,015
Total	**42,728**	**38,251**

27. Accumulated other comprehensive income

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

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

	Notes	June 2024	December 2023
Items that will not be reclassified to profit or loss		**(2,027)**	**(2,105)**
Actuarial gains (losses) on defined benefit pension plans		(1,112)	(1,049)
Non-current assets and disposal groups classified as held for sale		—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income	12.2	(960)	(1,112)
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk		45	55
Items that may be reclassified to profit or loss		**(14,389)**	**(14,148)**
Hedge of net investments in foreign operations (effective portion)		(2,489)	(2,498)
Mexican peso		*(3,047)*	*(3,147)*
Turkish lira		*576*	*670*
Other exchanges		*(19)*	*(21)*
Foreign currency translation		(11,286)	(11,419)
Mexican peso		*(1,650)*	*(640)*
Turkish lira		*(6,291)*	*(6,908)*
Argentine peso		*(684)*	*(1,296)*
Venezuela Bolívar		*(1,854)*	*(1,865)*
Other exchanges		*(807)*	*(711)*
Hedging derivatives. Cash flow hedges (effective portion)		219	133
Fair value changes of debt instruments measured at fair value through other comprehensive income	12.2	(833)	(357)
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		—	(8)
Total		**(16,416)**	**(16,254)**

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

28. Non-controlling interests

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

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

	June 2024	December 2023
Garanti BBVA	1,224	1,129
BBVA Peru	1,571	1,586
BBVA Argentina	741	544
BBVA Colombia	78	82
BBVA Venezuela	118	108
Other entities	118	115
Total	**3,851**	**3,564**

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

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

	June 2024	June 2023
Garanti BBVA	64	92
BBVA Peru	128	129
BBVA Argentina	61	46
BBVA Colombia	—	(3)
BBVA Venezuela	5	13
Other entities	3	(11)
Total	**261**	**266**

29. Capital base and capital management

The eligible capital instruments and the risk-weighted assets of the Group (phased-in) are shown below, calculated in accordance with the applicable regulation, considering the entities in scope required by such regulation, as of June 30, 2024 and December 31, 2023:

Capital ratios

	June 2024 (1)	December 2023
Eligible Common Equity Tier 1 capital (millions of Euros) (a)	48,861	46,116
Eligible Additional Tier 1 capital (millions of Euros) (b)	5,915	6,033
Eligible Tier 2 capital (millions of Euros) (c)	9,467	8,182
Risk Weighted Assets (millions of Euros) (d)	383,179	363,915
Common Tier 1 capital ratio (CET 1) (A)=(a)/(d)	12.75 %	12.67 %
Additional Tier 1 capital ratio (AT 1) (B)=(b)/(d)	1.54 %	1.66 %
Tier 1 capital ratio (Tier 1) (A)+(B)	14.30 %	14.33 %
Tier 2 capital ratio (Tier 2) (C)=(c)/(d)	2.47 %	2.25 %
Total capital ratio (A)+(B)+(C)	**16.77 %**	**16.58 %**

(1) Provisional data.

The BBVA Group's earnings have contributed to achieving a consolidated fully loaded CET1 ratio of 12.75% as of June 30, 2024, which allows maintaining a large management buffer over the Group's CET1 requirement as of that date (9.11%[1]), and which is also above the Group's target management range of 11.5 - 12.0% CET1.

Fully-loaded risk-weighted assets (RWA) increased in the first half of the year by €19,264 million, mainly as a result of organic growth of activity in constant terms, mainly in loans and advances to customers and debt securities.

The consolidated fully-loaded additional Tier 1 (AT1) capital ratio stood at 1.54% as of June 30, 2024, -12 basis points lower than as of December 31, 2023. In this period, BBVA, S.A completed an issuance for an amount of €750 million of Contingent Convertible

[1] Considering the last official update of the countercyclical capital buffer, calculated on the basis of exposure as of March 31, 2024.

instruments (CoCos) in June 2024. In addition, in March 2024, the call for redemption of another issuance of contingent convertible instruments for a total amount of €1.0 billion was made.

The consolidated fully loaded Tier 2 ratio stood at 2.47% as of June 30, 2024, which represents an increase of 22 basis points compared to December 31, 2023, mainly due to the issuance of a subordinated bond in Spain for €1,250 million in February 2024, and, to a lesser extent, the issuance in Mexico, Turkey and Peru of subordinated debt for amounts of USD 900, 500 and 300 million, respectively in the first quarter of 2024. By its part, a subordinated debt issuance for an amount of €750 million was redeemed in Spain.

As a consequence of the foregoing, the consolidated fully loaded total capital ratio stood at 16.77% as of June 30, 2024.

As of June 30, 2024 there are no differences between the consolidated fully-loaded ratios and the phased-in ratios given that the impact associated with the transitional adjustments associated with IFRS 9 is nil.

The breakdown of the leverage ratio as of June 30, 2024 and December 31, 2023, calculated according to CRR (Capital Requirements Regulation), is as follows:

Leverage ratio

	June 2024 (1)	December 2023
Tier 1 (millions of Euros) (a)	54,776	52,150
Exposure to leverage ratio (millions of Euros) (b)	809,063	797,888
Leverage ratio (a)/(b) (percentage)	6.77 %	6.54 %

(1) Provisional data.

As of June 30, 2024, the phased-in leverage ratio stood at 6.77%. It is worth highlighting the increase in Tier 1 capital due to the generation of results, partially offset by the growth in exposure supported by off-balance sheet assets which together resulted in an increase of 23 basis points compared to December 31, 2023 (6.54% phased-in).

On March 27, 2024 the Group made public that it had received a communication from the Bank of Spain regarding its MREL[2] requirement, established by the Single Resolution Board ("SRB"). According to this communication, BBVA must maintain, as from March 27, 2024, an MREL in RWA of 22.79%[3]. In addition, BBVA must reach, also as from March 27, 2024, a volume of own funds and eligible liabilities in terms of total exposure considered for purposes of calculating the leverage ratio of 8.48% (the "MREL in LR")[4]. These requirements do not include the current combined capital requirement, which, according to current regulations and supervisory criteria, is 3.62%[5].

With respect to the MREL ratios[6] achieved as of June 30, 2024, these were 28.42% and 11.95%, respectively for MREL in RWA and MREL in LR, reaching the subordinated ratios of both 22.18% and 9.32%, respectively.

Given the structure of the resolution group's own funds and eligible liabilities, as of June 30, 2024, the Group meets the aforementioned requirements.

[2] Minimum Requirement for Own Funds and Eligible Liabilities.

[3] The subordinated requirement in RWA is 13.50%.

[4] The subordinated requirement in LR is 5.78%.

[5] Considering the last official update of the countercyclical capital buffer, calculated on the basis of exposure as of March 31, 2024.

[6] Calculated at subconsolidated level according to 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. That implies the ratios are calculated under the subconsolidated perimeter of the resolution group.

30. Commitments and guarantees given

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

Commitments and guarantees given (Millions of Euros)

	Notes	June 2024	December 2023
Loan commitments given	**6.2.1**	**187,331**	**152,868**
Of which: impaired		*197*	*165*
Central banks		—	—
General governments		2,435	3,115
Credit institutions		31,418	15,595
Other financial corporations		8,872	7,063
Non-financial corporations		73,704	71,303
Households		70,903	55,791
Financial guarantees given	**6.2.1**	**20,464**	**18,839**
Of which: impaired (1)		*214*	*229*
Central banks		—	—
General governments		142	74
Credit institutions		932	978
Other financial corporations		2,802	2,177
Non-financial corporations		16,448	15,460
Households		140	150
Other commitments given	**6.2.1**	**49,521**	**42,577**
Of which: impaired (1)		*550*	*636*
Central banks		—	—
General governments		301	327
Credit institutions		6,184	3,607
Other financial corporations		3,703	1,837
Non-financial corporations		39,189	36,681
Households		145	125
Total	**6.2.1**	**257,316**	**214,283**

(1) Impaired financial guarantees given amounted to €763 million and €865 million, respectively, as of June 30, 2024 and December 31, 2023, respectively.

As of June 30, 2024 and December 31, 2023, the provisions for loan commitments given, financial guarantees given and other commitments given, recorded in the consolidated balance sheet amounted €310 million, €147 million and €195 million; and €277 million, €190 million and €303 million, respectively (see Note 23).

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

31. Other contingent assets and liabilities

As of June 30, 2024 and December 31, 2023, there were no material contingent assets or liabilities other than those disclosed in these Notes.

32. Net interest income

32.1. Interest and other income

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

Interest and other income. Breakdown by origin (Millions of Euros)	June 2024	June 2023
Financial assets held for trading	3,079	2,093
Financial assets at fair value through other comprehensive income	1,575	1,913
Financial assets at amortized cost (1)	24,758	17,305
Insurance activity	696	493
Adjustments of income as a result of hedging transactions	340	(57)
Other income	231	149
Total	**30,680**	**21,897**

(1) Includes interest on demand deposits at central banks and credit institutions.

32.2. Interest expense

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

Interest expense. Breakdown by origin (Millions of Euros)	June 2024	June 2023
Financial liabilities held for trading	2,890	1,532
Financial liabilities designated at fair value through profit or loss	90	51
Financial liabilities at amortized cost	13,404	8,215
Adjustments of expense as a result of hedging transactions	674	296
Insurance activity	488	294
Cost attributable to pension funds	85	59
Other expense	57	40
Total	**17,687**	**10,487**

33. Dividend income

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

Dividend income (Millions of Euros)	June 2024	June 2023
Non-trading financial assets mandatorily at fair value through profit or loss	9	10
Financial assets at fair value through other comprehensive income	66	63
Total	**76**	**73**

34. Fee and commission income and expense

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

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

	June 2024	June 2023
Bills receivables	10	13
Demand accounts	150	165
Credit and debit cards and POS	3,273	1,968
Checks	86	89
Transfers and other payment orders	455	422
Insurance product commissions	224	180
Loan commitments given	169	139
Other commitments and financial guarantees given	258	225
Asset management	793	670
Securities fees	184	148
Custody securities	105	100
Other fees and commissions	441	379
Total	**6,149**	**4,498**

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

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

	June 2024	June 2023
Demand accounts	3	2
Credit and debit cards	1,630	1,022
Transfers and other payment orders	80	75
Commissions for selling insurance	27	24
Custody securities	42	42
Other fees and commissions	524	425
Total	**2,307**	**1,590**

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

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

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

	June 2024	June 2023
Gains (losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	128	(1)
Financial assets at amortized cost	*9*	*35*
Other financial assets and liabilities	*119*	*(36)*
Gains (losses) on financial assets and liabilities held for trading, net	991	283
Reclassification of financial assets from fair value through other comprehensive income	—	—
Reclassification of financial assets from amortized cost	—	—
Other gains (losses)	*991*	*283*
Gains (losses) on non-trading financial assets mandatorily at fair value through profit or loss, net	53	(35)
Reclassification of financial assets from fair value through other comprehensive income	—	—
Reclassification of financial assets from amortized cost	—	—
Other gains (losses)	*53*	*(35)*
Gains (losses) on financial assets and liabilities designated at fair value through profit or loss, net	219	150
Gains (losses) from hedge accounting, net	98	73
Subtotal gains (losses) on financial assets and liabilities and hedge accounting	**1,489**	**469**
Exchange differences, net	398	304
Total	**1,886**	**773**

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

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

	June 2024	June 2023
Debt instruments	73	259
Equity instruments	289	467
Trading derivatives and hedge accounting	(17)	(865)
Loans and advances to customers	256	46
Customer deposits	(17)	(17)
Other	906	579
Total	**1,489**	**469**

36. Other operating income and expense

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

Other operating income (Millions of Euros)	June 2024	June 2023
Gains from sales of non-financial services	157	184
Other operating income	153	149
Total	**310**	**333**

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

Other operating expense (Millions of Euros)	June 2024	June 2023
Change in inventories	70	69
Contributions to guaranteed banks deposits funds (1)	314	457
Hyperinflation adjustment (2)	1,214	822
Other operating expense (3)	817	595
Total	**2,415**	**1,944**

(1) In 2024, contributions to the European Single Resolution Fund (SRF) have ceased as the constitution phase of the fund has ended.

(2) In the six months ended June 30, 2024, it includes €1,020 million due to Argentina and €190 million due to Turkey. In June 2023, it included €571 million due to Argentina and €237 million due to Turkey.

(3) In the six months ended June 30, 2024, it includes €285 million corresponding to the estimated total annual amount of the temporary tax on credit institutions and financial credit establishments, according to Law 38/2022 of December 27, 2022.

37. Income and expense from insurance and reinsurance contracts

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

Income and expense from insurance and reinsurance contracts (Millions of Euros)	June 2024	June 2023
Income from insurance and reinsurance contracts	1,800	1,645
Expense from insurance and reinsurance contracts	(1,066)	(1,065)
Total	**734**	**580**

38. Administration costs

38.1. Personnel expense

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

Personnel expense (Millions of Euros)	Notes	June 2024	June 2023
Wages and salaries		2,731	2,358
Social security costs		486	410
Defined contribution plan expense	24	86	69
Defined benefit plan expense	24	31	23
Other personnel expense		300	221
Total		**3,633**	**3,081**

38.2. Other administrative expense

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

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

	June 2024	June 2023
Technology and systems	881	799
Communications	132	107
Advertising	199	164
Property, fixtures and materials	284	249
Taxes other than income tax	260	228
Surveillance and cash courier services	125	120
Other expense	587	515
Total	**2,467**	**2,181**

39. Depreciation and amortization

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

Depreciation and amortization (Millions of Euros)

	June 2024	June 2023
Tangible assets	483	415
For own use	*308*	*261*
Right-of-use assets	*173*	*152*
Investment properties and other	*2*	*2*
Intangible assets	276	261
Total	**759**	**676**

40. Provisions or reversal of provisions

In the six months ended June 30, 2024 and 2023 the net provisions recognized in this condensed income statement line item were as follows:

Provisions or reversal of provisions (Millions of Euros)

	Notes	June 2024	June 2023
Pensions and other post-employment defined benefit obligations	24	3	32
Commitments and guarantees given		(110)	14
Pending legal issues and tax litigation		104	72
Other provisions		41	11
Total		**38**	**129**

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

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

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

	June 2024	June 2023
Financial assets at fair value through other comprehensive income - Debt securities	59	35
Financial assets at amortized cost	2,781	1,958
Of which: recovery of written-off assets by cash collection	*(211)*	*(174)*
Total	**2,839**	**1,993**

42. Impairment or reversal of impairment of investments in joint ventures and associates

The heading "Impairment or reversal of the impairment of investments in joint ventures or associates" included a reversal of impairment of €52 million for the six months ended June 30, 2024 corresponding to investments in associates, while for the six months ended June 30, 2023 it included a reversal of impairment of €10 million.

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

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

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

	June 2024	June 2023
Tangible assets	(45)	(3)
Intangible assets	11	10
Others	5	6
Total	**(30)**	**13**

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

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

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

	June 2024	June 2023
Gains on sale of real estate	20	27
Impairment of non-current assets held for sale	(29)	2
Gains (losses) on sale of investments classified as non-current assets held for sale	—	—
Total	**(10)**	**29**

45. Related-party transactions

As financial institutions, BBVA and other entities in the Group engage in transactions with related parties in the normal course of their business. All of these transactions are not material and are carried out under normal market conditions. As of June 30, 2024 and December 31, 2023, the transactions with related parties are the following:

45.1 Transactions with significant shareholders

As of June 30, 2024 and December 31, 2023 there were no shareholders with significant influence.

45.2 Transactions with entities related to BBVA Group

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

Balances arising from transactions with entities related to the Group (Millions of Euros)

	June 2024	December 2023
Assets		
Loans and advances to credit institutions	10	5
Loans and advances to customers	522	791
Debt securities	2	4
Liabilities		
Deposits from credit institutions	—	—
Customer deposits	114	134
Memorandum accounts		
Financial guarantees given	140	177
Other commitments given	797	595
Loan commitments given	117	119

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

Balances of consolidated income statement arising from transactions with entities related to the Group (Millions of Euros)

	June 2024	June 2023
Income statement		
Interest and other income	21	15
Interest expense	3	2
Fee and commission income	2	2
Fee and commission expense	26	23

There were no other material effects in the Consolidated Financial Statements arising from dealings with these entities, other than the effects from using the equity method (see Note 2.1 to the consolidated financial statements of 2023) and from the insurance policies to cover pension or similar commitments (see Note 25 to the consolidated financial statements of 2023) and the derivatives transactions arranged by BBVA Group with these entities, associates and joint ventures.

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

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

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

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

Balance (thousands of Euros)

	June 30, 2024				December 31, 2023			
	Directors	Related parties of Directors	Senior Management (1)	Related parties of Senior Management	Directors	Related parties of Directors	Senior Management (1)	Related parties of Senior Management
Loans and credits	402	232	5,123	709	531	243	5,553	727
Bank guarantees	—	—	10	—	—	—	10	—

(1) Excluding executive directors.

The information on the remuneration and other benefits for the members of the BBVA Board of Directors and Senior Management is included in Note 46.

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

Note 54 of the consolidated financial statements, for year ended December 31, 2023, details the remuneration and other benefits corresponding to the members of the Board of Directors and of the Bank's Senior Management, including the description of the policy and remuneration system applicable to them, and information regarding the conditions to receive remuneration and other benefits for said financial year. The information on the remuneration and other benefits of the members of the Board of Directors and Senior Management of the Bank corresponding to the first half of 2024 and 2023 is set forth below.

Remuneration of non-executive directors

The remuneration of non-executive directors corresponding to the first half of 2024 and 2023 is as follows, individually and by remuneration item:

Remuneration of non-executive directors (thousands of Euros) (1)

	Board of Directors	Executive Committee	Audit Committee	Risk and Compliance Committee	Remuneration Committee	Appointments and Corporate Governance Committee	Technology and Cybersecurity Committee	Other positions (2)	Total	
									June 2024	June 2023
José Miguel Andrés Torrecillas	64	83	83	—	—	58	—	25	313	280
Jaime Caruana Lacorte	64	83	22	53	—	8	—	—	231	267
Enrique Casanueva Nárdiz (3)	43	—	11	18	—	—	—	—	72	—
Sonia Dulá	64	—	33	53	—	—	—	—	151	72
Raúl Galamba de Oliveira	64	—	—	107	—	23	21	40	256	205
Belén Garijo López	64	83	—	—	36	23	—	—	207	191
Connie Hedegaard Koksbang	64	—	33	—	—	—	—	—	98	75
Lourdes Máiz Carro	64	—	33	—	21	—	—	—	119	119
Cristina de Parias Halcón (3)	43	—	—	—	—	8	7	—	58	—
José Maldonado Ramos (4)	32	42	—	—	—	12	—	—	85	171
Ana Peralta Moreno	64	—	33	—	21	—	—	—	119	119
Juan Pi Llorens (4)	32	—	—	27	—	12	11	—	81	198
Ana Revenga Shanklin	64	—	—	53	32	—	21	—	171	146
Carlos Salazar Lomelín (5)	64	—	—	—	21	—	—	—	86	86
Jan Verplancke	64	—	—	—	21	—	21	—	107	107
Total (6)	**858**	**292**	**249**	**312**	**154**	**143**	**82**	**65**	**2,154**	**2,037**

(1) Includes amounts corresponding to the positions in the Board and its various committees, the composition of which was modified on April 26, 2024.

(2) Amounts corresponding to the positions of Deputy Chair of the Board of Directors and Lead Director.

(3) Directors appointed by the General Shareholders' Meeting held on March 15, 2024. Remuneration in 2024 corresponding to the period in the role during the financial year.

(4) Directors who left office on March 15, 2024. Remuneration in 2024 corresponding to the term of office during the financial year.

(5) In addition, in the six months ended June 30, 2024 and 2023, director Carlos Salazar Lomelín received €65 thousand and €58 thousand, respectively, as per diems for his membership of the management body of BBVA México, S.A. and Grupo Financiero BBVA México, S.A. de C.V. and the strategy forum of BBVA México, S.A.

(6) The total amount reported for the first half of 2023 does not include the amounts corresponding to the roles on the Board and the different Committees received by Susana Rodríguez Vidarte, who left office on March 17, 2023, and whose remuneration for these roles corresponding to 2023 amounted to €112 thousand.

Also, in the first half of 2024 and 2023, a total of €112 thousand €123 thousand were paid out, respectively, in healthcare and casualty insurance premiums for non-executive directors.

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

During the first half of 2024 and 2023, the following theoretical shares derived from the remuneration system with deferred delivery of shares have been allocated to the non-executive directors, in an amount equivalent to 20% of the total annual fixed allowance in cash received by each of them in 2023 and 2022, respectively. The BBVA shares, in a number equivalent to the total theoretical shares accumulated by each non-executive director, will be delivered, if applicable, to each beneficiary, after the end of their respective term of office as a director for any reason other than due to serious dereliction of their duties.

	June 2024		June 2023	
	Theoretical shares allocated (1)	Theoretical shares accumulated at June 30	Theoretical shares allocated (1)	Theoretical shares accumulated at June 30
José Miguel Andrés Torrecillas	13,407	147,455	16,023	134,048
Jaime Caruana Lacorte	11,350	106,310	17,255	94,960
Enrique Casanueva Nárdiz (2)	—	—	—	—
Sonia Dulá (3)	5,042	5,042	—	—
Raúl Galamba de Oliveira	10,423	40,191	10,091	29,768
Belén Garijo López	9,401	110,593	10,603	101,192
Connie Hedegaard Koksbang	3,914	7,177	3,263	3,263
Lourdes Máiz Carro	5,384	76,977	7,237	71,593
Cristina de Parias Halcón (2)	—	—	—	—
José Maldonado Ramos (4)	7,735	—	10,397	146,874
Ana Peralta Moreno	5,384	47,713	7,237	42,329
Juan Pi Llorens (4)	8,157	—	13,943	148,542
Ana Revenga Shanklin	6,947	31,161	8,035	24,214
Carlos Salazar Lomelín	3,882	21,012	5,218	17,130
Jan Verplancke	4,851	40,623	6,521	35,772
Total (5)	**95,877**	**634,254**	**115,823**	**849,685**

(1) The number of theoretical shares allocated has been calculated based on the average of the closing prices of the BBVA share during the 60 trading sessions prior to the dates of the Ordinary General Meetings of March 15, 2024 and March 17, 2023, which were €8.84 and € 6.58 per share, respectively.
(2) Directors appointed by the General Meeting held on March 15, 2024, therefore the allocation of theoretical shares is not due until 2025.
(3) Director appointed by the General Meeting held on March 17, 2023, therefore the first allocation of theoretical shares was made in 2024.

(4) Directors who left office on March 15, 2024. In application of the system, José Maldonado Ramos and Juan Pi Llorens received, after the end of their respective terms of office, a total of 154,609 and 156,699 BBVA shares, respectively, which is equivalent to the total theoretical shares accumulated by each of them until said date.

(5) The total number of theoretical shares allocated during the first half of 2023 does not include the 13,648 theoretical shares assigned to Susana Rodríguez Vidarte, whose term of office ended on March 17, 2023 and, in application of the system, following the end of her term of office, she received a total of 191,423 BBVA shares, which is equivalent to the total theoretical shares accumulated up to that date.

Remuneration of executive directors

The remuneration of executive directors corresponding to the first half of 2024 and 2023 is as follows, individually and by remuneration item:

Annual Fixed Remuneration (thousands of Euros)	June 2024	June 2023
Chair	1,462	1,462
Chief Executive Officer	1,090	1,090
Total	**2,551**	**2,551**

Furthermore, in accordance with the conditions established in the BBVA Directors' Remuneration Policy and contractually, the Chief Executive Officer received the fixed amounts of €327 thousand as "cash in lieu of pension" (equivalent to 30% of his Annual Fixed Remuneration) and €300 thousand as a mobility allowance and the Chair received €20 thousand as fixed allowances corresponding to vehicle leasing and others, in each of the six months ended June 30, 2024 and 2023.

Remuneration in kind (thousands of Euros)

Likewise, in the first half of 2024 and 2023, the executive directors received payments in kind in the form of healthcare insurance premiums and tax payments on account of the employer on insurance premiums worth a total of €138 thousand and €170 thousand in the case of the Chair and €123 thousand and €127 thousand in the case of the Chief Executive Officer, respectively.

Annual Variable Remuneration (thousands of Euros)

The accrual and award of the Annual Variable Remuneration ("AVR"), which since 2023 consists of two components, a Short-Term Incentive and a Long-Term Incentive, occurs, where applicable, after the closing of the corresponding financial year, and therefore no amounts corresponding to the first half of 2024 and 2023 are included in the information shown herein.

The amount of the Annual Variable Remuneration corresponding to 2024 will be determined in 2025.The Upfront Portion of such remuneration (a maximum of 40%) shall be paid, if the applicable conditions are met, in the first half of 2025. All of this would be done in accordance with the rules and conditions applicable to the Annual Variable Remuneration established in the BBVA Directors' Remuneration Policy approved by the General Meeting on March 17, 2023.

In the first half of 2024, executive directors were awarded the Annual Variable Remuneration corresponding to 2023, which includes a Short-Term Incentive in the amount of €2,871 thousand in the case of the Chair and €2,147 thousand in the case of the Chief Executive Officer.

Likewise, as part of the Annual Variable Remuneration for 2023, the executive directors have accrued the right to a Long-Term Incentive for a maximum theoretical amount of €1,929 thousand in the case of the Chair and €1,443 thousand in the case of Chief Executive Officer, which is equivalent, in both cases, to 150% of their Target Long-Term Incentive. Once the measurement period of the long-term indicators established for its calculation has ended (2026 year-end), the final amount thereof will be determined, which may range between 0% and 150% of the Target Long-Term Incentive. On this basis, and as an example, if 100% of the pre-established objectives are met, this incentive will amount to €1,286 thousand in the case of the Chair and €962 thousand in the case of the Chief Executive Officer.

In accordance with the provisions of the BBVA Directors' Remuneration Policy, in the first half of 2024, the executive directors received the Upfront Portion of the Annual Variable Remuneration of 2023, which represents the first payment of the Short-Term Incentive of 2023, in equal parts cash and BBVA shares (€897 thousand and 107,835 shares in the case of the Chair and €671 thousand and 80,650 shares in the case of the Chief Executive Officer).

The remaining Annual Variable Remuneration amount for 2023 (which includes the deferred component of the Short-Term Incentive and the whole of the Long-Term Incentive of 2023) was deferred (40% in cash and 60% in shares or share-linked instruments) over a five-year period (Deferred Portion).

The final amount of the Deferred Portion will depend on the result of the long-term indicators used to calculate the Long-Term Incentive for 2023. Likewise, and as an ex post risk adjustment mechanism, the Deferred Portion may be reduced if the capital and liquidity thresholds established to guarantee that payment only occurs if it is sustainable, in accordance with the Bank's payment capacity, are not reached.

Likewise, the executive directors received, during the first half of 2024, the deferred variable remuneration corresponding to preceding years that was due for payment after the closing of 2023. The payment of these amounts to the Chair and Chief Executive Officer has been made in the percentages applicable in each case in accordance with the vesting and payment rules established in the remuneration policies applicable in each financial year:

- 2022 Deferred AVR: the first payment (20% of the Deferred Portion) was made to the executive directors (€229 thousand and 56,941 shares in the case of the Chair and €176 thousand and 43,793 shares in the case of the Chief Executive Officer), which included the update of the portion in cash. The remaining 80% of the 2022 Deferred AVR was deferred for both executive directors, and, if the applicable conditions are met, will be paid in 2025, 2026, 2027 and 2028.

- 2021 Deferred AVR: the second payment (20% of the Deferred Portion) was made to the executive directors (€222 thousand and 57,325 shares in the case of the Chair and €169 thousand and 43,552 shares in the case of the Chief Executive Officer), which included the update of the portion in cash. The remaining 60% of the 2021 Deferred AVR was deferred for both executive directors and, if the applicable conditions are met, will be paid in 2025, 2026, and 2027.

- 2020 Deferred AVR: given the exceptional circumstances arising from the COVID-19 crisis, executive directors voluntarily waived the accrual of the whole of their AVR corresponding to 2020.

- 2019 Deferred AVR: the second payment (20% of the Deferred Portion) was made to the executive directors (€176 thousand and 45,529 shares in the case of the Chair and €158 thousand and 40,858 shares in the case of the Chief Executive Officer), which included the update of the portion in cash. The remaining 20% of the 2019 Deferred AVR was deferred for both executive directors and, if the applicable conditions are met, will be paid in 2025.

- 2018 Deferred AVR: The third and final payment (20% of the Deferred Portion) was made to the Chair (€132 thousand and 35,795 shares), which included the update of the portion in cash. This completed the payment of the 2018 Deferred AVR of the Chair. This remuneration is linked to his previous position as Chief Executive Officer.

Pension commitments with executive directors

Pension systems (thousands of Euros)						
	Contributions (1)				Accumulated funds	
	Retirement		Death and disability			
	June 2024	June 2023	June 2024	June 2023	June 2024	June 2023
Chair	236	239	126	161	25,793	23,691
Chief Executive Officer	—	—	110	115	—	—
Total	**236**	**239**	**236**	**276**	**25,793**	**23,691**

(1) Contributions recorded to meet the commitments assumed regarding pensions with the executive directors in the proportional part corresponding to the first half of 2024 and 2023. In the case of the Chair, these contributions are equal to the sum of the annual contribution to the retirement pension plus the adjustment made to the contributions of the portion classified under "discretionary pension benefits" for 2023 and 2022 to be made in 2024 and 2023, respectively, and with the death and disability premiums for the portion corresponding to the first half of each financial year. In the case of the Chief Executive Officer, these contributions correspond exclusively to the corresponding insurance premiums paid by the Bank in the first half of every year to cover the contingencies of death and disability, given that, in his case, the Bank has not undertaken any commitments to cover the retirement contingency.

Payments for the termination of the contractual relationship

In accordance with the BBVA Directors' Remuneration Policy, the Bank has no commitments to pay severance indemnities to executive directors.

Remuneration of members of Senior Management

The remuneration of the Senior Management team as a whole, excluding executive directors, corresponding to the first half of 2024 and 2023 (15 and 16 members with such status as of June 30, 2024 and June 30, 2023, respectively), are detailed below by type of remuneration:

Fixed remuneration (thousands of Euros)		
	June 2024	June 2023
Senior Management Total	9,521	9,421

Furthermore, in accordance with the conditions established in the BBVA Group General Remuneration Policy and contractually, the entire Senior Management group, excluding executive directors, received during the first half of 2024 and 2023 the total combined amount of €157 thousand and €178 thousand, respectively, as fixed allowances corresponding to leasing of vehicles and others.

Remuneration in kind (thousands of Euros)

In the first half of 2024 and 2023, the Senior Management team as a whole received payments in kind, including insurance premiums, tax payments on account of the employer on insurance premiums and other concepts, for a total of €488 thousand and €578 thousand, respectively.

Variable remuneration (thousands of Euros)

The accrual and award of the Annual Variable Remuneration, which since 2023 consists of two components, a Short-Term Incentive and a Long-Term Incentive, occurs, where applicable, after the closing of the corresponding financial year, and therefore no amounts corresponding to the first half of 2024 and 2023 are included in the information shown herein.

The amount of the Annual Variable Remuneration corresponding to 2024 will be determined in 2025. The Upfront Portion of such remuneration (a maximum of 40%) shall be paid, if the applicable conditions are met, in the first half of 2025. All of this would be done in accordance with the rules and conditions applicable to the Annual Variable Remuneration established in the BBVA Group General Remuneration Policy approved by the Board of Directors on March 29, 2023.

In the first half of 2024, the members of Senior Management, excluding executive directors, were awarded the Annual Variable Remuneration corresponding to year 2023, which includes a Short-Term Incentive for a combined total of €7,122 thousand.

Likewise, as part of the Annual Variable Remuneration corresponding to 2023, the members of Senior Management, excluding executive directors, accrued a Long-Term Incentive for a combined maximum theoretical total of €4,711 thousand, which is equivalent to the sum of 150% of the Target Long-Term Incentive of each beneficiary. Once the measurement period of the long-term indicators established for its calculation has ended (2026 year-end), the final amount of the Long-Term Incentive of each beneficiary will be determined, which may range between 0% and 150% of the Target Long-Term Incentive. On this basis, and as an example, if 100% of the pre-established objectives are achieved, this incentive will amount to a joint total amount of €3,141 thousand.

In accordance with the provisions of the BBVA Group General Remuneration Policy, in the first half of 2024, the members of Senior Management received the Upfront Portion of the Annual Variable Remuneration for 2023, which constitutes the first payment of the

Short-Term Incentive for 2023, in equal parts cash and BBVA shares, the total amount for all members of Senior Management being €2,229 thousand and 267,628 shares.

The remaining amount of the Annual Variable Remuneration corresponding to 2023 (which includes the deferred portion of the Short-Term Incentive and the whole of the Long-Term Incentive for 2023) was deferred (40% in cash and 60% in shares and/or instruments linked to shares) for a period of 5 years (Deferred Portion).

The final amount of the Deferred Portion will depend on the result of the long-term indicators used to calculate the Long-Term Incentive for 2023. Likewise, and as an ex post risk adjustment mechanism, the Deferred Portion may be reduced if the capital and liquidity thresholds established to guarantee that payment only occurs if it is sustainable, in accordance with the Bank's payment capacity, are not reached.

Likewise, the members of the Senior Management team that were beneficiaries received, during the first half of 2024, the deferred variable remuneration corresponding to preceding years that was due for payment after the closing of 2023. The payment of these amounts has been made in the percentages applicable in each case in accordance with the vesting and payment rules established in the remuneration policies applicable in each financial year:

- 2022 Deferred AVR: the first payment (20% of the Deferred Portion) was made. In this respect, the members of the Senior Management team received a combined total of €493 thousand and 122,566 shares, which included the update of the portion in cash. The remaining 80% of the 2022 Deferred AVR was deferred and, if the applicable conditions are met, will be paid in 2025, 2026, 2027 and 2028.

- 2021 Deferred AVR: the second payment (20% of the Deferred Portion) was made. In this respect, the members of the Senior Management team received a combined total of €457 thousand and 116,528 shares, which included the update of the portion in cash. The remaining 60% of the 2021 Deferred AVR was deferred and, if the applicable conditions are met, will be paid in 2025, 2026, and 2027.

- 2020 Deferred AVR: given the exceptional circumstances arising from the COVID-19 crisis, all members of Senior Management voluntarily waived the accrual of the whole of their AVR corresponding to 2020. Without prejudice to the foregoing, two members of the Senior Management, then executives of BBVA USA, were paid the deferred portion of a Success Bonus on the sale of BBVA USA. The totality, in one case, and 60%, in the other, of this deferred portion were paid, in accordance with the vesting and payment rules applicable in each case in accordance with the remuneration policy applicable in the financial year. In this respect, the beneficiaries received a combined total of €1,494 thousand and 289,020 shares, which included the update of the portion in cash.

- 2019 Deferred AVR: the second payment (20% of the Deferred Portion) to the members of Senior Management that were beneficiaries was made. Also, a second payment (20%) of the deferred portion of a retention plan was made to a member of Senior Management. For these concepts, €303 thousand and 77,447 shares have been paid to the members of Senior Management as a whole, which included the update of the portion in cash. The remaining 20% of this remuneration was deferred and, if the applicable conditions are met, will be paid in 2025.

- 2018 Deferred AVR: the third and final payment (20% of the Deferred Portion) to the members of Senior Management that were beneficiaries was made. In this respect, the members of the Senior Management team received a combined total of €139 thousand and 36,454 shares, which included the update of the portion in cash. This amount represented the last and final payment owed in respect of the 2018 Deferred AVR to its beneficiaries.

Pension commitments with members of Senior Management

Pension systems (thousands of Euros)

	Contributions (1)				Accumulated funds	
	Retirement		Death and disability			
	June 2024	June 2023	June 2024	June 2023	June 2024	June 2023
Senior Management Total	2,097	2,048	561	625	37,306	33,182

(1) Contributions recorded to meet the commitments assumed in pension-related matters with the members of Senior Management, excluding executive directors, (15 members as of June 30, 2024 and 16 members as of June 30, 2023) in the proportional portion corresponding to the first half of 2024 and 2023. These amounts are equal to the sum of the annual contributions to the retirement pension plus adjustments on "discretionary pension benefits" for years 2023 and 2022 due to be made in 2024 and 2023, respectively, and to the sum of insurance premiums paid by the Bank for death and disability contingencies for the portion corresponding to the first half of each year.

Payments for the termination of the contractual relationship

With regard to Senior Management, excluding executive directors, the Bank did not make any payments during the first half of 2024 and 2023 in respect of the termination of contractual relationships with any members of this group.

47. Other information

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

Dividends paid

The table below presents the dividends per share paid in cash during the six months ended June 30, 2024 and 2023 (cash basis dividend, regardless of the year in which they were accrued):

Paid Dividends

	June 2024			June 2023		
	% Over nominal	Euros per share	Amount (Millions of Euros) (1)	% Over nominal	Euros per share	Amount (Millions of Euros)
Ordinary shares	79.59 %	0.39	2,249	63.27 %	0.31	1,860
Rest of shares	—	—	—	—	—	—
Total dividends paid in cash	**79.59 %**	**0.39**	**2,249**	**63.27 %**	**0.31**	**1,860**
Dividends with charge to income	79.59 %	0.39	2,249	63.27 %	0.31	1,860
Dividends with charge to reserve or share premium	—	—	—	—	—	—
Dividends in kind	—	—	—	—	—	—

(1) See Note 4.

Ordinary income and attributable profit by operating segment

The detail of the consolidated ordinary income and profit for each operating segment is as follows for the six months ended June 30, 2024 and 2023:

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

	Income from ordinary activities (1)		Profit/ (loss) (2)	
	June 2024	June 2023 (3)	June 2024	June 2023 (3)
Spain	9,934	7,700	1,790	1,212
Mexico	13,133	10,649	2,858	2,604
Turkey	9,183	3,781	351	524
South America	6,499	5,993	317	361
Rest of Business	2,006	1,412	235	216
Subtotal operating segments	**40,755**	**29,534**	**5,551**	**4,917**
Corporate Center	(252)	(618)	(557)	(1,039)
Total	**40,503**	**28,916**	**4,994**	**3,878**

(1) The line comprises interest income; dividend income; fee and commission income; gains (losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net; gains (losses) on financial assets and liabilities held for trading, net; gains (losses) on non-trading financial assets mandatorily at fair value through profit or loss, net; gains (losses) on financial assets and liabilities designated at fair value through profit or loss, net; gains (losses) from hedge accounting, net; other operating income; and income from insurance and reinsurance contracts.
(2) See Note 5.
(3) In the first quarter of 2024 the Group changed its allocation criteria for certain expenses, mainly related with global international projects between the Corporate Center and the operating segments, therefore, in order to make those year-on-year comparisons homogeneous, the figures for year 2023 have been restated, which has not affected the consolidated financial information of the Group.

Interest income and similar income by geographical area

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

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

	Notes	June 2024	June 2023
Domestic		7,621	5,440
Foreign		23,059	16,457
European Union		*766*	*480*
Eurozone		*640*	*378*
Not Eurozone		*126*	*103*
Other countries		*22,293*	*15,977*
Total	**32.1**	**30,680**	**21,897**
Of which BBVA, S.A.:			
Domestic		7,557	5,321
Foreign		1,433	983
European Union		*375*	*236*
Eurozone		*375*	*236*
Not Eurozone		—	—
Other countries		*1,058*	*747*
Total		**8,990**	**6,304**

Average number of employees

The breakdown of the average number of employees in the BBVA Group as of June 30, 2024 and 2023 is as follows:

Average number of employees

	June 2024	June 2023
BBVA Group	**122,179**	**117,320**
Men	58,950	55,863
Women	63,229	61,457
Of which BBVA, S.A.:	**22,888**	**22,065**
Men	11,288	10,799
Women	11,600	11,266

48. Subsequent events

On July 5, 2024, the BBVA's Extraordinary General Shareholders' Meeting resolved to authorize, with 96% votes in favor, an increase in the share capital of BBVA of up to a maximum nominal amount of €551,906,524.05 through the issuing and putting into circulation of up to 1,126,339,845 ordinary shares of €0.49 par value each to fully cover the Consideration offered to the shareholders of the Target Company (see Note 25).

From July 1, 2024 to the date of preparation of these Consolidated Financial Statements, no subsequent event requiring disclosure in these Consolidated Financial Statements has taken place that significantly affect the Group's earnings or its consolidated equity position.

49. Explanation added for translation into English

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

Appendices

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

ASSETS (Millions of Euros)	June 2024	December 2023 (1)
CASH, CASH BALANCES AT CENTRAL BANKS AND OTHER DEMAND DEPOSITS	**21,458**	**49,213**
FINANCIAL ASSETS HELD FOR TRADING	**99,735**	**116,828**
Derivatives	31,112	32,937
Equity instruments	7,293	3,339
Debt securities	12,653	11,018
Loans and advances to central banks	1,227	2,808
Loans and advances to credit institutions	37,400	52,441
Loans and advances to customers	10,050	14,285
NON-TRADING FINANCIAL ASSETS MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS	**927**	**730**
Equity instruments	539	507
Debt securities	388	223
Loans and advances to central banks	—	—
Loans and advances to credit institutions	—	—
Loans and advances to customers	—	—
OTHER FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	**—**	**—**
FINANCIAL ASSETS AT FAIR VALUE THROUGH COMPREHENSIVE INCOME	**17,042**	**19,426**
Equity instruments	1,168	1,019
Debt securities	15,874	18,407
FINANCIAL ASSETS AT AMORTIZED COST	**283,097**	**261,765**
Debt securities	44,177	34,905
Loans and advances to central banks	14	—
Loans and advances to credit institutions	17,429	13,074
Loans and advances to customers	221,477	213,786
DERIVATIVES - HEDGE ACCOUNTING	**776**	**780**
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	**(96)**	**(97)**
INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES	**23,502**	**23,019**
Subsidiaries	23,103	22,637
Joint ventures	24	24
Associates	375	358
TANGIBLE ASSETS	**3,289**	**3,373**
Property, plant and equipment	3,210	3,285
For own use	*3,210*	*3,285*
Other assets leased out under an operating lease	—	—
Investment properties	79	87
INTANGIBLE ASSETS	**918**	**894**
Goodwill	—	—
Other intangible assets	918	894
TAX ASSETS	**12,141**	**12,416**
Current	2,410	2,145
Deferred	9,732	10,271
OTHER ASSETS	**3,014**	**2,023**
Insurance contracts linked to pensions	1,272	1,321
Inventories	853	132
Other	889	569
NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE	**401**	**512**
TOTAL ASSETS	**466,204**	**490,883**

(1) Presented for comparison purposes only.

LIABILITIES AND EQUITY (Millions of Euros)	June 2024	December 2023 (1)
FINANCIAL LIABILITIES HELD FOR TRADING	**74,155**	**108,349**
Trading derivatives	25,785	28,615
Short positions	10,538	11,849
Deposits from central banks	1,378	4,698
Deposits from credit institutions	18,389	42,710
Customer deposits	18,067	20,476
Debt certificates	—	—
Other financial liabilities	—	—
OTHER FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	**2,852**	**2,361**
Deposits from central banks	—	—
Deposits from credit institutions	—	—
Customer deposits	2,852	2,361
Debt certificates	—	—
Other financial liabilities	—	—
Of which: Subordinated liabilities	*—*	*—*
FINANCIAL LIABILITIES AT AMORTIZED COST	**344,863**	**339,476**
Deposits from central banks	7,786	10,962
Deposits from credit institutions	26,249	33,563
Customer deposits	250,968	234,754
Debt certificates	49,262	50,132
Other financial liabilities	10,598	10,065
Of which: Subordinated liabilities	*12,072*	*11,741*
DERIVATIVES - HEDGE ACCOUNTING	**1,777**	**2,075**
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	**—**	**—**
PROVISIONS	**2,936**	**3,131**
Provisions for pensions and similar obligations	1,743	1,871
Other long term employee benefits	373	404
Provisions for taxes and other legal contingencies	413	396
Commitments and guarantees given	167	240
Other provisions	240	221
TAX LIABILITIES	**1,217**	**992**
Current	400	197
Deferred	817	795
OTHER LIABILITIES	**3,622**	**2,808**
LIABILITIES INCLUDED IN DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE	**—**	**—**
TOTAL LIABILITIES	**431,423**	**459,192**

(1) Presented for comparison purposes only.

LIABILITIES AND EQUITY (Continued) (Millions of Euros)	June 2024	December 2023 (1)
SHAREHOLDERS' FUNDS	**36,099**	**33,134**
Capital	**2,824**	**2,861**
Paid up capital	2,824	2,861
Unpaid capital which has been called up	—	—
Share premium	**19,184**	**19,769**
Equity instruments issued other than capital	**—**	**—**
Equity component of compound financial instruments	—	—
Other equity instruments issued	—	—
Other equity	**32**	**40**
Retained earnings	**8,862**	**7,416**
Revaluation reserves	**—**	**—**
Other reserves	**(1,009)**	**(804)**
Less: Treasury shares	**(6)**	**(3)**
Profit or loss of the period	**6,213**	**4,807**
Less: Interim dividends	**—**	**(952)**
ACCUMULATED OTHER COMPREHENSIVE INCOME	**(1,319)**	**(1,443)**
Items that will not be reclassified to profit or loss	**(1,102)**	**(1,212)**
Actuarial gains or (-) losses on defined benefit pension plans	(55)	(54)
Non-current assets and disposal groups classified as held for sale	—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income	(1,092)	(1,213)
Hedge ineffectiveness of fair value hedges for equity instruments measured at fair value through other comprehensive income	—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income (hedged item)	—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income (hedging instrument)	—	—
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk	45	55
Items that may be reclassified to profit or loss	**(217)**	**(230)**
Hedge of net investments in foreign operations (effective portion)	—	—
Foreign currency translation	—	—
Hedging derivatives. Cash flow hedges (effective portion)	124	45
Fair value changes of debt instruments measured at fair value through other comprehensive income	(341)	(275)
Hedging instruments (non-designated items)	—	—
Non-current assets and disposal groups classified as held for sale	—	—
TOTAL EQUITY	**34,781**	**31,691**
TOTAL EQUITY AND TOTAL LIABILITIES	**466,204**	**490,883**

MEMORANDUM ITEM - OFF BALANCE SHEET EXPOSURES (Millions of Euros)	June 2024	December 2023 (1)
Loan commitments given	116,482	98,667
Financial guarantees given	20,161	18,784
Contingent commitments given	36,871	30,013

(1) Presented for comparison purposes only.

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

INCOME STATEMENTS (Millions of Euros)

	June 2024	June 2023 (1)
Interest and other income	8,990	6,304
Interest expense	(5,757)	(3,743)
NET INTEREST INCOME	**3,233**	**2,561**
Dividend income	4,891	3,195
Fee and commission income	1,431	1,345
Fee and commission expense	(311)	(274)
Gains (losses) on recognition of financial assets and liabilities not measured at fair value through profit or loss, net	76	(51)
Financial assets at amortized cost	28	—
Other financial assets and liabilities	48	(51)
Gains (losses) from hedge accounting, net	195	(171)
Reclassification of financial assets from fair value through other comprehensive income	—	—
Reclassification of financial assets from amortized cost	—	—
Other gains or losses	195	(171)
Gains (losses) on on-trading financial assets mandatorily at fair value through profit or loss, net	(8)	22
Reclassification of financial assets from fair value through other comprehensive income	—	—
Reclassification of financial assets from amortized cost	—	—
Other gains or losses	(8)	22
Gains (losses) on financial assets and liabilities designated at fair value through profit or loss, net	174	(2)
Gains (losses) from hedge accounting, net	—	73
Exchange differences,	105	40
Other operating income	285	244
Other operating expense	(426)	(486)
GROSS INCOME	**9,647**	**6,495**
Administration costs	(2,182)	(2,005)
Personnel expense	(1,237)	(1,161)
Other administrative expense	(944)	(844)
Depreciation and amortization	(319)	(320)
Provisions or reversal of provisions	(33)	(43)
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(372)	(259)
Financial assets at amortized cost	(372)	(262)
Financial assets at fair value through other comprehensive income	—	4
NET OPERATING INCOME	**6,740**	**3,869**
Impairment or reversal of impairment of investments in joint ventures and associates	192	31
Impairment or reversal of impairment on non-financial assets	(1)	8
Tangible assets	4	13
Intangible assets	(5)	(5)
Other assets	—	—
Gains (losses) on derecognized assets not classified as non-current assets held for sale, net	37	(1)
Negative goodwill recognized in profit or loss	—	—
Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	(13)	3
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**6,954**	**3,910**
Tax expense or income related to profit or loss from continuing operations	(742)	(337)
PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**6,213**	**3,574**
Profit or loss after tax from discontinued operations	—	—
PROFIT FOR THE PERIOD	**6,213**	**3,574**

(1) 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.

STATEMENTS OF RECOGNIZED INCOME AND EXPENSE (Millions of Euros)	June 2024	June 2023 (1)
PROFIT RECOGNIZED IN INCOME STATEMENT	**6,213**	**3,574**
OTHER RECOGNIZED INCOME (EXPENSES)	**124**	**332**
ITEMS NOT SUBJECT TO RECLASSIFICATION TO INCOME STATEMENT	**110**	**78**
Actuarial gains (losses) from defined benefit pension plans	(1)	(1)
Non-current assets available for sale	—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income, net	122	93
Gains or losses from hedge accounting of equity instruments at fair value through other comprehensive income, net	—	—
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk	(14)	(19)
Income tax related to items not subject to reclassification to income statement	4	6
ITEMS SUBJECT TO RECLASSIFICATION TO INCOME STATEMENT	**14**	**253**
Hedge of net investments in foreign operations [effective portion]	**—**	**—**
Foreign currency translation	**—**	**—**
Translation gains or (losses) taken to equity	—	—
Transferred to profit or loss	—	—
Other reclassifications	—	—
Cash flow hedges [effective portion]	**113**	**256**
Valuation gains or (losses) taken to equity	113	256
Transferred to profit or loss	—	—
Transferred to initial carrying amount of hedged items	—	—
Other reclassifications	—	—
Hedging instruments [non-designated elements]	**—**	**—**
Debt securities at fair value through other comprehensive income	**(94)**	**106**
Valuation gains (losses)	(46)	57
Amounts reclassified to income statement	(47)	49
Reclassifications (other)	—	—
Non-current assets held for sale and disposal groups held for sale	**—**	**—**
Valuation gains (losses)	**—**	**—**
Income tax related to items subject to reclassification to income statement	**(6)**	**(109)**
TOTAL RECOGNIZED INCOME/EXPENSES	6,336	3,905

(1) Presented for comparison purposes only.

Statement of changes in equity for the six months ended June 30, 2024 of BBVA, S.A.

STATEMENTS OF CHANGES IN EQUITY (Millions of Euros)

June 2024	Capital	Share Premium	Equity instruments issued other than capital	Other Equity	Retained earnings	Revaluation reserves	Other reserves	Treasury shares	Profit or loss attributable to owners of the parent	Interim dividends	Accumulated other comprehensive income	Total
Balances as of January 1, 2024	**2,861**	**19,769**	**—**	**40**	**7,416**	**—**	**(804)**	**(3)**	**4,807**	**(952)**	**(1,443)**	**31,691**
Total income (expense) recognized	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**6,213**	**—**	**124**	**6,336**
Other changes in equity	**(37)**	**(585)**	**—**	**(8)**	**1,447**	**—**	**(205)**	**(4)**	**(4,807)**	**952**	**—**	**(3,247)**
Issuances of common shares	—	—	—	—	—	—	—	—	—	—	—	—
Issuances of preferred shares	—	—	—	—	—	—	—	—	—	—	—	—
Issuance of other equity instruments	—	—	—	—	—	—	—	—	—	—	—	—
Period or maturity of other issued equity instruments	—	—	—	—	—	—	—	—	—	—	—	—
Conversion of debt on equity	—	—	—	—	—	—	—	—	—	—	—	—
Common Stock reduction	(37)	(585)	—	—	29	—	(189)	781	—	—	—	—
Dividend distribution	—	—	—	—	(2,249)	—	—	—	—	—	—	(2,249)
Purchase of treasury shares	—	—	—	—	—	—	—	(1,123)	—	—	—	(1,123)
Sale or cancellation of treasury shares	—	—	—	—	—	—	(7)	338	—	—	—	331
Reclassification of financial liabilities to other equity instruments	—	—	—	—	—	—	—	—	—	—	—	—
Reclassification of other equity instruments to financial liabilities	—	—	—	—	—	—	—	—	—	—	—	—
Transfers between total equity entries	—	—	—	8	3,855	—	(8)	—	(4,807)	952	—	—
Increase/Reduction of equity due to business combinations	—	—	—	—	—	—	—	—	—	—	—	—
Share based payments	—	—	—	(35)	—	—	—	—	—	—	—	(35)
Other increases or (-) decreases in equity	—	—	—	18	(189)	—	—	—	—	—	—	(171)
Balances as of June 30, 2024	**2,824**	**19,184**	**—**	**32**	**8,862**	**—**	**(1,009)**	**(6)**	**6,213**	**—**	**(1,319)**	**34,781**

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.

Statement of changes in equity for the six months ended June 30, 2023 of BBVA, S.A.

STATEMENTS OF CHANGES IN EQUITY (Millions of Euros)

June 2023 (1)	Capital	Share Premium	Equity instruments issued other than capital	Other Equity	Retained earnings	Revaluation reserves	Other reserves	Treasury shares	Profit or loss attributable to owners of the parent	Interim dividends	Accumulated other comprehensive income	Total
Balances as of January 1, 2023	**2,955**	**20,856**	**—**	**49**	**5,453**	**—**	**(474)**	**(3)**	**4,816**	**(724)**	**(2,172)**	**30,756**
Total income(expense) recognized	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**3,574**	**—**	**332**	**3,905**
Other changes in equity	**(32)**	**(342)**	**—**	**(18)**	**2,109**	**—**	**(88)**	**—**	**(4,816)**	**724**	**—**	**(2,463)**
Issuances of common shares	—	—	—	—	—	—	—	—	—	—	—	—
Issuances of preferred shares	—	—	—	—	—	—	—	—	—	—	—	—
Issuance of other equity instruments	—	—	—	—	—	—	—	—	—	—	—	—
Period or maturity of other issued equity instruments	—	—	—	—	—	—	—	—	—	—	—	—
Conversion of debt on equity	—	—	—	—	—	—	—	—	—	—	—	—
Common Stock reduction	(32)	(342)	—	—	25	—	(74)	422	—	—	—	—
Dividend distribution	—	—	—	—	(1,860)	—	—	—	—	—	—	(1,860)
Purchase of treasury shares	—	—	—	—	—	—	—	(799)	—	—	—	(799)
Sale or cancellation of treasury shares	—	—	—	—	—	—	(12)	377	—	—	—	364
Reclassification of financial liabilities to other equity instruments	—	—	—	—	—	—	—	—	—	—	—	—
Reclassification of other equity instruments to financial liabilities	—	—	—	—	—	—	—	—	—	—	—	—
Transfers between total equity entries	—	—	—	2	4,092	—	(2)	—	(4,816)	724	—	—
Increase/Reduction of equity due to business combinations	—	—	—	—	—	—	—	—	—	—	—	—
Share based payments	—	—	—	(28)	—	—	—	—	—	—	—	(28)
Other increases or (-) decreases in equity	—	—	—	7	(148)	—	—	—	—	—	—	(141)
Balances as of June 30, 2023	**2,923**	**20,514**	**—**	**31**	**7,562**	**—**	**(562)**	**(3)**	**3,574**	**—**	**(1,841)**	**32,198**

(1) Presented for comparison purposes only.

CASH FLOW STATEMENTS (Millions of Euros)

	June 2024	June 2023 (1)
A) CASH FLOW FROM OPERATING ACTIVITIES (1 + 2 + 3 + 4 + 5)	**(24,209)**	**(7,322)**
1. Profit for the period	**6,213**	**3,574**
2. Adjustments to obtain the cash flow from operating activities:	**328**	**701**
Depreciation and amortization	319	320
Other adjustments	9	381
3. Net increase/decrease in operating assets	**(2,700)**	**(35,453)**
Financial assets held for trading	17,093	(31,963)
Non-trading financial assets mandatorily at fair value through profit or loss	(197)	(80)
Other financial assets designated at fair value through profit or loss	—	—
Financial assets at fair value through other comprehensive income	2,410	3,580
Financial assets at amortized cost	(21,357)	(4,893)
Other operating assets	(648)	(2,098)
4. Net increase/decrease in operating liabilities	**(27,950)**	**24,046**
Financial liabilities held for trading	(34,194)	33,110
Other financial liabilities designated at fair value through profit or loss	492	306
Financial liabilities at amortized cost	5,002	(9,332)
Other operating liabilities	750	(38)
5. Collection/Payments for income tax	**(100)**	**(189)**
B) CASH FLOWS FROM INVESTING ACTIVITIES (1 + 2)	**(419)**	**(278)**
1. Investment	**(574)**	**(404)**
Tangible assets	(43)	(12)
Intangible assets	(190)	(179)
Investments in subsidiaries, joint ventures and associates	(341)	(213)
Other business units	—	—
Non-current assets held for sale and associated liabilities	—	—
Other settlements related to investing activities	—	—
2. Divestments	**155**	**126**
Tangible assets	—	1
Intangible assets	—	—
Investments in subsidiaries, joint ventures and associates	33	17
Other business units	—	—
Non-current assets held for sale and associated liabilities	122	109
Other collections related to investing activities	—	—
C) CASH FLOWS FROM FINANCING ACTIVITIES (1 + 2)	**(2,934)**	**(866)**
1. Investment	**(5,311)**	**(2,952)**
Dividends (or remuneration to partners)	(2,249)	(1,860)
Subordinated liabilities	(1,939)	(198)
Common stock amortization	(37)	(32)
Treasury stock acquisition	(1,086)	(767)
Other items relating to financing activities	—	(95)
2. Divestments	**2,377**	**2,086**
Subordinated liabilities	2,000	1,750
Common stock increase	—	—
Treasury stock disposal	296	336
Other items relating to financing activities	81	—
D) EFFECT OF EXCHANGE RATE CHANGES	**(194)**	**101**
E) NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (A + B + C + D)	**(27,755)**	**(8,364)**
F) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**49,213**	**52,973**
G) CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (E + F)	**21,458**	**44,609**

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

	June 2024	June 2023 (1)
Cash	831	902
Balance of cash equivalent in central banks	16,632	41,569
Other financial assets	3,995	2,139
Less: Bank overdraft refundable on demand	—	—
TOTAL CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**21,458**	**44,609**

(1) Presented for comparison purposes only.

This Appendix is an integral part of Note 1.6 of the Consolidated Financial Statements for the six months ended June 30, 2024.

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

a. Quantitative information on refinancing and restructuring operations

The breakdown of refinancing and restructuring operations as of June 30, 2024 and December 31, 2023, is as follows:

JUNE 2024 BALANCE OF FORBEARANCE (Millions of Euros)

	TOTAL						
	Unsecured loans		Secured loans				Accumulated impairment or accumulated losses in fair value due to credit risk
					Maximum amount of secured loans that can be considered		
	Number of operations	Gross carrying amount	Number of operations	Gross carrying amount	Real estate mortgage secured	Rest of secured loans	
Credit institutions	—	—	—	—	—	—	—
General Governments	39	44	4	1	1	—	(8)
Other financial corporations and individual entrepreneurs (financial business)	281	16	19	8	3	1	(7)
Non-financial corporations and individual entrepreneurs (corporate non-financial activities)	81,538	3,446	8,927	2,118	935	278	(2,163)
Of which: financing the construction and property (including land)	*544*	*409*	*624*	*227*	*104*	*9*	*(396)*
Other households [1]	282,623	1,552	59,493	4,382	3,132	23	(1,719)
Total	**364,481**	**5,059**	**68,443**	**6,509**	**4,072**	**302**	**(3,898)**

	Of which: IMPAIRED						
	Unsecured loans		Secured loans				Accumulated impairment or accumulated losses in fair value due to credit risk
					Maximum amount of secured loans that can be considered		
	Number of operations	Gross carrying amount	Number of operations	Gross carrying amount	Real estate mortgage secured	Rest of secured loans	
Credit institutions	—	—	—	—	—	—	—
General Governments	23	12	4	1	1	—	(3)
Other financial corporations and individual entrepreneurs (financial business)	175	4	15	5	—	1	(4)
Non-financial corporations and individual entrepreneurs (corporate non-financial activities)	60,533	2,390	5,849	1,160	450	29	(1,922)
Of which: financing the construction and property (including land)	*419*	*408*	*485*	*152*	*46*	*7*	*(386)*
Other households [1]	187,863	952	35,300	2,927	1,870	5	(1,565)
Total	**248,594**	**3,358**	**41,168**	**4,093**	**2,322**	**35**	**(3,495)**

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

DECEMBER 2023 BALANCE OF FORBEARANCE (Millions of Euros)

	TOTAL						
	Unsecured loans		Secured loans				Accumulated impairment or accumulated losses in fair value due to credit risk
					Maximum amount of secured loans that can be considered		
	Number of operations	Gross carrying amount	Number of operations	Gross carrying amount	Real estate mortgage secured	Rest of secured loans	
Credit institutions	—	—	—	—	—	—	—
General Governments	50	31	24	7	5	—	(6)
Other financial corporations and individual entrepreneurs (financial business)	292	17	24	11	5	3	(6)
Non-financial corporations and individual entrepreneurs (corporate non-financial activities)	79,943	3,870	10,602	2,395	1,053	264	(2,422)
Of which: financing the construction and property (including land)	*703*	*420*	*717*	*269*	*125*	*10*	*(428)*
Other households [1]	242,532	1,390	63,320	4,642	3,380	20	(1,677)
Total	**322,817**	**5,308**	**73,970**	**7,055**	**4,443**	**287**	**(4,111)**

	Of which: IMPAIRED						
	Unsecured loans		Secured loans				Accumulated impairment or accumulated losses in fair value due to credit risk
					Maximum amount of secured loans that can be considered		
	Number of operations	Gross carrying amount	Number of operations	Gross carrying amount	Real estate mortgage secured	Rest of secured loans	
Credit institutions	—	—	—	—	—	—	—
General Governments	25	14	4	2	1	—	(4)
Other financial corporations and individual entrepreneurs (financial business)	206	5	17	4	1	2	(4)
Non-financial corporations and individual entrepreneurs (corporate non-financial activities)	59,133	2,409	6,483	1,323	473	56	(2,070)
Of which: financing the construction and property (including land)	*491*	*417*	*540*	*196*	*66*	*8*	*(417)*
Other households [1]	158,595	900	36,108	3,001	1,957	4	(1,519)
Total	**217,959**	**3,329**	**42,612**	**4,330**	**2,432**	**62**	**(3,597)**

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

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

The table below provides a breakdown by segments of the forbearance operations (net of provisions) as of June 30, 2024 and December 31, 2023:

Forbearance operations. Breakdown by segments (Millions of Euros)

	June 2024	December 2023
Credit institutions	—	—
Central governments	37	32
Other financial corporations and individual entrepreneurs (financial activity)	17	22
Non-financial corporations and individual entrepreneurs (non-financial activity)	3,401	3,843
Of which: Financing the construction and property development (including land)	*241*	*261*
Households	4,214	4,354
Total carrying amount	**7,670**	**8,251**

NPL ratio by type of renegotiated loan

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

As of June 30, 2024 and December 31, 2023, the non-performing ratio for each of the portfolios of renegotiated loans is as follows:

NPL ratio renegotiated loan portfolio

	June 2024	December 2023
General governments	30 %	42 %
Commercial	64 %	60 %
Of which: Construction and developer	*88 %*	*89 %*
Other consumer	65 %	65 %

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

June 2024 (Millions of Euros)

				Loans to customers. Loan to value				
	Total [1]	Mortgage loans	Secured loans	Less than or equal to 40%	Over 40% but less than or equal to 60%	Over 60% but less than or equal to 80%	Over 80% but less than or equal to 100%	Over 100%
General governments	23,121	256	6,721	1,004	2,736	488	2,148	601
Other financial institutions and individual entrepreneurs	20,791	696	10,501	270	436	110	3,848	6,532
Non-financial institutions and individual entrepreneurs	188,909	25,944	11,172	13,471	7,497	4,532	4,464	7,152
Construction and property development	6,339	4,418	350	1,693	1,284	732	331	727
Construction of civil works	6,678	544	386	222	171	107	47	383
Other purposes	175,892	20,983	10,436	11,556	6,042	3,693	4,086	6,042
Large companies	117,386	8,190	6,347	4,982	1,966	1,421	2,112	4,055
SMEs [2] and individual entrepreneurs	58,506	12,793	4,089	6,573	4,076	2,272	1,974	1,986
Rest of households and NPISHs [3]	167,965	96,131	2,251	21,609	26,285	32,365	13,712	4,411
Housing	98,766	94,884	116	21,051	25,764	32,131	12,199	3,855
Consumption	63,059	443	1,945	183	361	140	1,387	317
Other purposes	6,140	804	190	374	160	94	127	239
TOTAL	**400,787**	**123,027**	**30,645**	**36,354**	**36,954**	**37,495**	**24,172**	**18,697**
MEMORANDUM ITEM:								
Forbearance operations [4]	*7,670*	*4,724*	*223*	*1,024*	*1,080*	*968*	*828*	*1,047*

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

December 2023 (Millions of Euros)

				Loans to customers. Loan to value				
	Total (1)	Mortgage loans	Secured loans	Less than or equal to 40%	Over 40% but less than or equal to 60%	Over 60% but less than or equal to 80%	Over 80% but less than or equal to 100%	Over 100%
General governments	23,025	271	7,104	1,137	2,911	429	2,369	527
Other financial institutions and individual entrepreneurs	23,086	525	13,315	182	378	68	9,304	3,909
Non-financial institutions and individual entrepreneurs	183,279	24,472	10,791	11,930	7,260	4,556	4,230	7,287
Construction and property development	5,788	4,064	248	1,662	1,192	768	239	451
Construction of civil works	5,173	554	382	231	191	87	37	390
Other purposes	172,318	19,854	10,160	10,037	5,877	3,701	3,954	6,446
Large companies	111,122	7,360	5,744	4,092	2,071	1,479	1,882	3,579
SMEs (2) and individual entrepreneurs	61,196	12,494	4,416	5,944	3,806	2,222	2,072	2,867
Rest of households and NPISHs (3)	157,847	95,040	2,166	21,700	25,396	31,265	13,960	4,886
Housing	97,395	93,813	118	21,155	24,954	31,014	12,435	4,374
Consumption	56,520	475	1,879	230	291	137	1,423	273
Other purposes	3,933	753	169	315	152	114	102	239
TOTAL	**387,238**	**120,308**	**33,376**	**34,949**	**35,944**	**36,319**	**29,864**	**16,609**
MEMORANDUM ITEM:								
Forbearance operations (4)	*8,251*	*4,894*	*240*	*1,050*	*1,072*	*1,001*	*953*	*1,058*

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

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

June 2024 (Millions of Euros)

	TOTAL(1)	Spain	European Union Other	America	Other
Credit institutions	145,733	20,894	50,797	38,648	35,394
General governments	155,906	64,948	16,262	63,211	11,485
Central Administration	133,878	50,608	15,764	56,396	11,110
Other	22,027	14,340	498	6,815	375
Other financial institutions and individual entrepreneurs	52,253	6,909	16,926	18,503	9,914
Non-financial institutions and individual entrepreneurs	260,010	83,061	28,771	94,125	54,052
Construction and property development	10,329	3,139	886	2,493	3,812
Construction of civil works	11,560	6,379	1,201	1,423	2,557
Other purposes	238,121	73,543	26,684	90,209	47,684
Large companies	172,349	47,604	25,687	65,871	33,186
SMEs and individual entrepreneurs	65,772	25,939	997	24,338	14,498
Other households and NPISHs	168,512	91,751	2,496	60,268	13,996
Housing	98,766	70,933	1,201	25,313	1,319
Consumer	63,090	15,587	992	34,408	12,103
Other purposes	6,655	5,231	303	546	574
TOTAL	**782,413**	**267,564**	**115,253**	**274,754**	**124,842**

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

December 2023 (Millions of Euros)

	TOTAL (1)	Spain	European Union Other	America	Other
Credit institutions	192,222	54,246	61,342	42,084	34,550
General governments	144,082	59,385	12,198	61,473	11,025
Central Administration	121,149	45,259	11,767	53,640	10,482
Other	22,933	14,125	431	7,833	543
Other financial institutions and individual entrepreneurs	54,064	9,564	18,279	18,097	8,124
Non-financial institutions and individual entrepreneurs	246,103	80,219	23,614	90,342	51,928
Construction and property development	9,256	2,888	640	2,573	3,156
Construction of civil works	9,524	5,988	885	1,558	1,093
Other purposes	227,323	71,344	22,089	86,211	47,679
Large companies	159,906	45,738	21,086	61,867	31,214
SMEs and individual entrepreneurs	67,417	25,606	1,003	24,344	16,464
Other households and NPISHs	158,344	88,561	2,477	58,686	8,620
Housing	97,395	70,073	1,302	24,899	1,120
Consumer	56,521	15,111	956	33,207	7,246
Other purposes	4,428	3,377	218	579	254
TOTAL	**794,814**	**291,975**	**117,910**	**270,682**	**114,247**

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

This appendix is an integral part of the Note 6.2 of the Consolidated Financial Statements for the six months ended June 30, 2024.

APPENDIX III. Additional information on risk concentration

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

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

Lending for real estate development of the loans as of June 30, 2024, and December 31, 2023 is shown below:

Financing Allocated by credit institutions to Construction and Real Estate Development and lending for house purchase (Millions of Euros)

	Gross amount		Drawn over the guarantee value		Accumulated impairment	
	June 2024	December 2023	June 2024	December 2023	June 2024	December 2023
Financing to construction and real estate development (including land) (Business in Spain)	**2,224**	**2,105**	**486**	**482**	**(100)**	**(115)**
Of which: Impaired assets	*159*	*183*	*51*	*53*	*(89)*	*(98)*
Memorandum item:	—	—	—	—	—	—
Write-offs	2,098	2,097				
Memorandum item:	—	—	—	—	—	—
Total loans and advances to customers, excluding the General Governments (Business in Spain) (book value)	171,823	168,660				
Total consolidated assets (total business) (book value)	759,534	775,558				
Impairment and provisions for normal exposures	(4,519)	(4,752)				

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

Financing allocated by credit institutions to construction and real estate development and lending for house purchase (Millions of Euros)

	June 2024	December 2023
Without secured loan	**358**	**359**
With secured loan	**1,866**	**1,746**
Terminated buildings	831	857
Homes	663	685
Other	168	172
Buildings under construction	948	749
Homes	906	731
Other	42	18
Land	87	139
Urbanized land	59	92
Rest of land	28	47
Total	**2,224**	**2,105**

The table below provides the breakdown of the financial guarantees given as of June 30, 2024 and December 31, 2023:

Financial guarantees given (Millions of Euros)

	June 2024	December 2023
Houses purchase loans	29	36
Without mortgage	2	3

The information on the retail mortgage portfolio risk (housing mortgage) as of June 30, 2024 and December 31, 2023 is as follows:

Financing allocated by credit institutions to construction and Real Estate development and lending for house purchase (Millions of Euros)

	Gross amount		Of which: impaired loans	
	June 2024	December 2023	June 2024	December 2023
Houses purchase loans	71,931	71,144	3,240	3,267
Without mortgage	1,510	1,415	11	10
With mortgage	70,421	69,729	3,229	3,257

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

LTV breakdown of mortgage to households for the purchase of a home (business in Spain) (Millions of Euros)

	Total risk over the amount of the last valuation available (Loan to value-LTV)					
	Less than or equal to 40%	Over 40% but less than or equal to 60%	Over 60% but less than or equal to 80%	Over 80% but less than or equal to 100%	Over 100%	Total
Gross amount June 30, 2024	17,323	20,749	23,936	5,702	2,711	70,421
Of which: Impaired loans	*346*	*581*	*727*	*622*	*953*	*3,229*
Gross amount December 31, 2023	17,201	20,302	22,850	5,856	3,519	69,729
Of which: Impaired loans	*307*	*464*	*642*	*617*	*1,227*	*3,257*

Outstanding home mortgage loans as of June 30, 2024 and December 31, 2023 had an average LTV of 42% and 42%, respectively.

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

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

	Gross Value (1) (2)		Provisions		Of which: Valuation adjustments on impaired assets, from the time of foreclosure		Carrying amount	
	June 2024	December 2023	June 2024	December 2023	June 2024	December 2023	June 2024	December 2023
Real estate assets from loans to the construction and real estate development sectors in Spain	**347**	**398**	**(271)**	**(307)**	**(169)**	**(183)**	**77**	**92**
Terminated buildings	55	72	(33)	(44)	(19)	(24)	23	28
Homes	24	31	(11)	(16)	(5)	(7)	12	15
Other	32	41	(22)	(28)	(14)	(17)	10	13
Buildings under construction	10	8	(9)	(7)	(3)	(2)	1	1
Homes	9	7	(8)	(6)	(3)	(2)	1	1
Other	1	1	(1)	(1)	—	(1)	—	—
Land	282	318	(230)	(256)	(147)	(156)	53	62
Urbanized land	264	299	(215)	(242)	(136)	(145)	48	57
Rest of land	18	19	(14)	(14)	(11)	(11)	4	5
Real estate assets from mortgage financing for households for the purchase of a home	**419**	**544**	**(223)**	**(299)**	**(74)**	**(99)**	**196**	**245**
Rest of foreclosed real estate assets	**298**	**364**	**(194)**	**(231)**	**(65)**	**(76)**	**104**	**133**
Equity instruments, investments and financing to non-consolidated companies holding said assets	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total	**1,064**	**1,306**	**(688)**	**(837)**	**(308)**	**(358)**	**376**	**469**

(1) Represents original loan value at the time of foreclosure.
(2) The value of real estate assets foreclosed or received in payment of debts should be initially recognized at the lower of the carrying amount of the financial assets and the fair value at the time of foreclosure less estimated sales costs. The gross value of the assets acquired in payment of debts is €684 million and €827 million as of June 30, 2024 and December 31, 2023, respectively.

APPENDIX IV. Consolidated income statements for the six months ended June 30, 2024 and 2023 and for the second quarter of 2024 and 2023

CONDENSED CONSOLIDATED INCOME STATEMENTS (Millions of Euros)

	June 2024	June 2023 (1)	2nd Quarter 2024	2nd Quarter 2023 (1)
Interest and other income	30,680	21,897	15,700	11,328
Interest income using effective interest rate method	*27,328*	*19,459*	*14,099*	*10,178*
Other interest income	*3,352*	*2,438*	*1,602*	*1,151*
Interest expense	(17,687)	(10,487)	(9,219)	(5,560)
NET INTEREST INCOME	**12,993**	**11,410**	**6,481**	**5,768**
Dividend income	76	73	71	69
Share of profit or loss of entities accounted for using the equity method	20	14	10	8
Fee and commission income	6,149	4,498	3,222	2,246
Fee and commission expense	(2,307)	(1,590)	(1,267)	(777)
Gains (losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	128	(1)	52	(24)
Financial assets at amortized cost	*9*	*35*	*(26)*	*24*
Other financial assets and liabilities	*119*	*(36)*	*78*	*(48)*
Gains (losses) on financial assets and liabilities held for trading, net	991	283	718	(48)
Reclassification of financial assets from fair value through other comprehensive income	—	—	—	—
Reclassification of financial assets from amortized cost	—	—	—	—
Other gains (losses)	*991*	*283*	*718*	*(48)*
Gains (losses) on non-trading financial assets mandatorily at fair value through profit or loss, net	53	(35)	(20)	(74)
Reclassification of financial assets from fair value through other comprehensive income	—	—	—	—
Reclassification of financial assets from amortized cost	—	—	—	—
Other gains (losses)	*53*	*(35)*	*(20)*	*(74)*
Gains (losses) on financial assets and liabilities designated at fair value through profit or loss, net	219	150	152	84
Gains (losses) from hedge accounting, net	98	73	(2)	71
Exchange differences, net	398	304	214	325
Other operating income	310	333	181	123
Other operating expense	(2,415)	(1,944)	(972)	(868)
Income from insurance and reinsurance contracts	1,800	1,645	707	901
Expense from insurance and reinsurance contracts	(1,066)	(1,065)	(321)	(615)
GROSS INCOME	**17,446**	**14,148**	**9,227**	**7,189**
Administration costs	(6,100)	(5,262)	(3,093)	(2,585)
Personnel expense	*(3,633)*	*(3,081)*	*(1,855)*	*(1,530)*
Other administrative expense	*(2,467)*	*(2,181)*	*(1,238)*	*(1,054)*
Depreciation and amortization	(759)	(676)	(384)	(337)
Provisions or reversal of provisions	(38)	(129)	19	(115)
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss or net gains by modification	(2,839)	(1,993)	(1,479)	(1,025)
Financial assets measured at amortized cost	*(2,781)*	*(1,958)*	*(1,433)*	*(991)*
Financial assets at fair value through other comprehensive income	*(59)*	*(35)*	*(46)*	*(34)*
NET OPERATING INCOME	**7,708**	**6,088**	**4,291**	**3,128**
Impairment or reversal of impairment of investments in joint ventures and associates	52	10	11	10
Impairment or reversal of impairment on non-financial assets	30	(13)	33	14
Tangible assets	*45*	*3*	*45*	*24*
Intangible assets	*(11)*	*(10)*	*(9)*	*(7)*
Other assets	*(5)*	*(6)*	*(3)*	*(3)*
Gains (losses) on derecognition of non-financial assets and subsidiaries, net	(1)	8	—	4
Negative goodwill recognized in profit or loss	—	—	—	—
Gains (losses) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	(10)	29	(14)	22
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**7,780**	**6,122**	**4,322**	**3,178**
Tax expense or income related to profit or loss from continuing operations	(2,525)	(1,978)	(1,374)	(1,028)
PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**5,255**	**4,144**	**2,949**	**2,150**
Profit (loss) after tax from discontinued operations	—	—	—	—
PROFIT (LOSS)	**5,255**	**4,144**	**2,949**	**2,150**
ATTRIBUTABLE TO MINORITY INTERESTS (NON-CONTROLLING INTERESTS)	**261**	**266**	**154**	**118**
ATTRIBUTABLE TO OWNERS OF THE PARENT	**4,994**	**3,878**	**2,794**	**2,032**

(1) Presented for comparison purpose only.

BBVA
Creating Opportunities

Interim Consolidated Management Report

January - June 2024

6M24 - BBVA reports excellent results

Net Attributable Profit
€4,994 Mn

Outstanding **core revenues** and lending **activity growth**

NII + Fees	Lending activity
23.4% vs. 6M23	**10.7%** vs. Jun 2023[1]

General note: Variations at constant exchange rates.
1. Performing loans under management excluding repos.

Remarkable **profitability** metrics and **leading in efficiency** rankings[1]

Efficiency Ratio	ROTE	ROE
39.3%	**20.0%**	**19.1%**

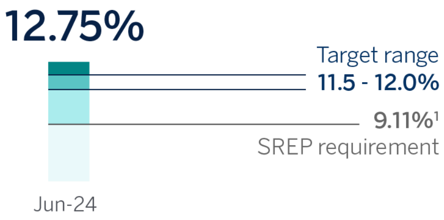
1 European Peer Group: BARC, BNPP, CASA, CABK, DB, HSBC, ING, ISP, LBG, NDA, SAN, SG, UCG. Peers data are based on reported figures as of 3M24. BBVA data as of 6M24.

Risk indicators in line with our expectations

Cost of Risk	NPL ratio	NPL coverage ratio
1.42%	**3.3%**	**75%**
6M24	Jun-24	

Strong **capital position** above our target

CET1 fully-loaded

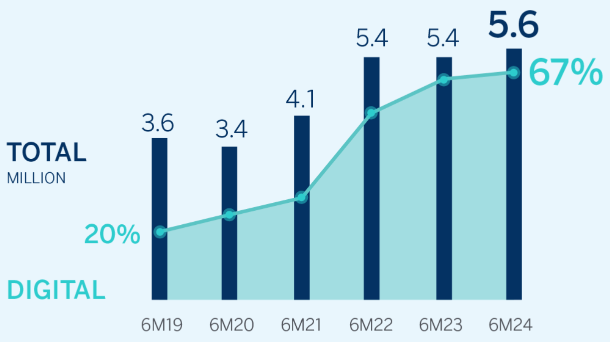


1 Considering the latest official update of the countercyclical capital buffer, calculated on the basis of exposure as of March 31, 2024

TRANSFORMATION

New customers[1]

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

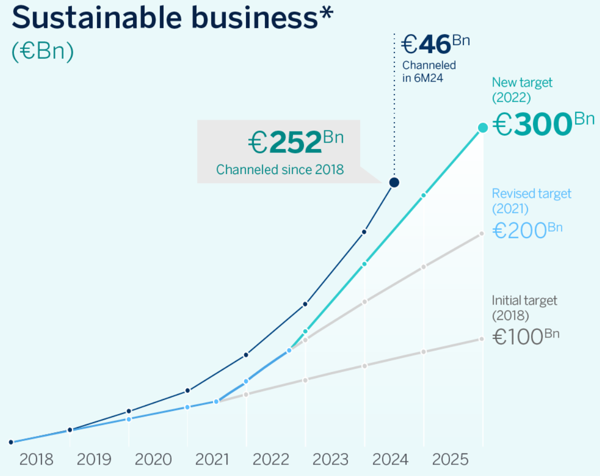


[1] Gross customer acquisition through own channels for retail segment. Excludes the US business sold to PNC.

SUSTAINABILITY

Sustainable business*

(€Bn)



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

#1 FOR FOURTH YEAR IN A ROW EUROPEAN BANKS RANKING

* **Note:** For the purposes of the 2025 Target, sustainable business channeling is considered to be any mobilization of funds, cumulatively, in relation with activities, clients or products considered to be sustainable or promoting sustainability in accordance with internal standards inspired by market standards such as the Green Bond Principles, Social Loan Principles and Sustainability Linked Loan Principles of the Loan Market Association, existing regulations and the best market practices. The foregoing is understood without prejudice to the fact that said mobilization, both at an initial stage or at a later time, may not be registered on the balance sheet. To determine the funds channeled to sustainable business, internal criteria is used based on both internal and external information, either public, offered by customers or by third parties (mainly data providers and independent experts).

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

Main data

BBVA GROUP MAIN DATA (CONSOLIDATED FIGURES)	30-06-24	Δ %	30-06-23	31-12-23
Balance sheet (millions of euros)				
Total assets	759,534	(0.4)	762,456	775,558
Loans and advances to customers (gross)	405,021	6.3	380,949	388,912
Deposits from customers	430,984	7.1	402,344	413,487
Total customer funds	611,959	9.7	558,083	577,853
Total equity	57,091	8.6	52,568	55,265
Income statement (millions of euros)				
Net interest income	12,993	13.9	11,410	23,089
Gross income	17,446	23.3	14,148	29,542
Operating income	10,586	29.0	8,209	17,233
Net attributable profit (loss)	4,994	28.8	3,878	8,019
The BBVA share and share performance ratios				
Number of shares outstanding (million)	5,763	(3.4)	5,965	5,838
Share price (euros)	9.35	33.0	7.03	8.23
Adjusted earning (loss) per share (euros) (1)	0.84	30.6	0.64	1.32
Earning (loss) per share (euros) (1)	0.83	33.5	0.62	1.29
Book value per share (euros) (1)	9.26	12.5	8.23	8.86
Tangible book value per share (euros) (1)	8.84	12.7	7.84	8.46
Market capitalization (millions of euros)	53,898	28.5	41,949	48,023
Significant ratios (%)				
ROE (net attributable profit (loss)/average shareholders' funds +/- average accumulated other comprehensive income) (1)	19.1		16.2	16.2
ROTE (net attributable profit (loss)/average shareholders' funds excluding average intangible assets +/- average accumulated other comprehensive income) (1)	20.0		16.9	17.0
ROA (profit (loss) for the period / average total assets - ATA) (1)	1.35		1.13	1.12
RORWA (profit (loss) for the period / average risk-weighted assets - RWA)(1)	2.80		2.40	2.38
Efficiency ratio (1)	39.3		42.0	41.7
Cost of risk (1)	1.42		1.04	1.15
NPL ratio (1)	3.3		3.4	3.4
NPL coverage ratio (1)	75		80	77
Capital adequacy ratios (%)				
CET1 fully-loaded	12.75		12.99	12.67
CET1 phased-in (2)	12.75		12.99	12.67
Total ratio phased-in (2)	16.77		16.79	16.58
Other information				
Number of active customers (million) (3)	75.5	6.5	70.8	73.1
Number of shareholders (4)	721,403	(7.4)	778,810	742,194
Number of employees	123,295	3.5	119,070	121,486
Number of branches	5,872	(2.3)	6,008	5,949
Number of ATMs	30,725	2.8	29,891	30,301

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

(2) 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. For the periods shown in this table, there are no differences between phased-in and fully-loaded ratios due to the aforementioned temporary treatment.

(3) Reported figures include clients from Italy, as well as an adjustment for homogenization of criteria in Peru and Venezuela with the rest of the countries.

(4) See footnote to table of structural distribution of shareholders in the Capital and shareholders chapter of this report.

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

Highlights

Results and business activity

The BBVA Group generated a net attributable profit of €4,994m in the first half of 2024, again driven by the performance of recurring revenues of the banking business. Thus, the net interest income grew at a year-on-year rate of 13.9% and net fees and commissions by 32.1%. These results represent an increase of 28.8% compared to the same period of the previous year, 37.2% excluding the impact of the evolution of currencies.

Accumulated results at the end of the first half of 2024 include the recording of the total estimated annual amount of the temporary tax on credit institutions and financial credit institutions for €285m, included in the other operating income and expenses line of the income statement.

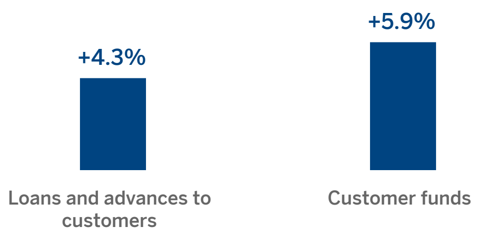
Operating expenses increased by 19.5% at Group level at constant exchange rates, affected by an environment of still high inflation in the countries where the Group has a presence, the growth of the workforce in most of them and the higher level of investments, in line with those made in recent years. Thanks to the remarkable growth in gross income (+30.5%, in constant terms), greater than the growth in operating expenses, the efficiency ratio stood at 39.3% as of June 30, 2024, with an improvement of 362 basis points, in constant terms, compared to the ratio recorded 12 months earlier, in constant terms.

The provisions for impairment on financial assets increased (+42.8% in year-on-year terms and at constant exchange rates), with higher requirements linked to the growth in retail products, the most profitable in line with the Group´s strategy.

Loans and advances to customers recorded an increase of 4.3% compared to the end of December 2023, particularly driven by the evolution of corporate loans (+5.1% at Group level), and by the positive performance of loans of all segments to individuals.

Customer funds increased by 5.9% compared to the end of the previous year. This favorable performance was due to the growth in both deposits from customers, which increased by 4.2%, as well as in the evolution of off-balance sheet funds, that shows a greater dynamism and grew by 10.1%.

LOANS AND ADVANCES TO CUSTOMERS AND TOTAL CUSTOMER FUNDS (VARIATION COMPARED TO 31-12-2023)



Business areas

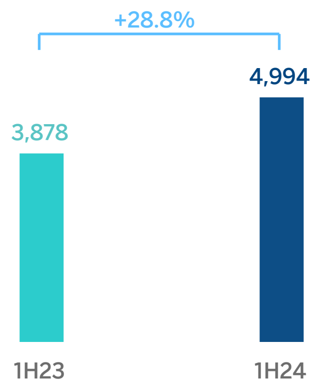
According to the accumulated results of the business areas at the end of the first half of 2024 and excluding the effect of currencies fluctuation in those areas where it has an impact, in each of them it is worth mentioning:

- Spain generated a net attributable profit of €1,790m, that is 47.8% higher than in the same period of the previous year, mainly supported by the favorable evolution of every line item of the gross income. These solid results include the negative impact of €285m due to the recording of the estimated annual amount of the temporary tax on credit institutions and financial credit institutions.
- BBVA Mexico achieved a cumulative net attributable profit of €2,858m, representing an increase of 3.3% compared to the same period of the previous year, mainly due to the strength of the recurring income from the banking business.
- Turkey generated a net attributable profit of €351m, with an improvement in the contribution to the Group's results in the second quarter of the year.
- South America generated a cumulative net attributable profit of €317m, which represents a year-on-year increase of 99.7%, driven by the good performance of recurring income and the net trading income (hereinafter, NTI).
- Rest of Business achieved an accumulated net attributable profit of €235m, 8.3% higher than in the same period of the previous year, favored by the performance of the net interest income and the NTI.

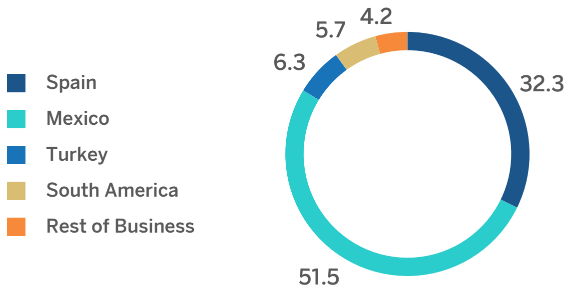
The Corporate Center recorded a net attributable loss of €-557m, which is an improvement compared with the €-1,039m recorded in the same period of the previous year, mainly due to the evolution of the NTI.

Lastly, and for a broader understanding of the Group's activity and results, supplementary information is provided below for the wholesale business, Corporate & Investment Banking (CIB), carried out by BBVA in the countries where it operates. CIB generated a net attributable profit of €1,396m. These results represent an increase of 23.9% on a year-on-year basis and reflect the contribution of the diversification of products and geographical areas, as well as the progress of the Group's wholesale businesses in its strategy, leveraged on globality and sustainability, with the purpose of being relevant to its clients.

NET ATTRIBUTABLE PROFIT (LOSS) (MILLIONS OF EUROS)



NET ATTRIBUTABLE PROFIT BREAKDOWN (1) (PERCENTAGE. 1H24)



(1) Excludes the Corporate Center.

Solvency

The CET1 fully loaded ratio of the BBVA Group stood at 12.75% as of June 30, 2024, which allows maintaining a large management buffer over the Group's CET1 requirement as of that date (9.11%[1]), and which is also above the Group's target management range of 11.5 - 12.0% CET1.

Purchase offer to the Banco Sabadell shareholders

On April 30, 2024, due to a media report, BBVA published an inside information notice (*información privilegiada*) stating that it had informed the chairman of the Board of Directors of Banco de Sabadell, S.A. (the "Target Company") of the interest of BBVA's Board of Directors in initiating negotiations to explore a possible merger between the two entities. On the same date, BBVA sent to the chairman of the Target Company the written proposal for the merger of the two entities. The content of the written proposal sent to the Board of Directors of the Target Company was published on May 1, 2024 by BBVA through the publication of an inside information notice (*información privilegiada*) with the CNMV.

On May 6, 2024, the Target Company published an inside information notice (*información privilegiada*) informing of the rejection of the proposal by its Board of Directors.

Following such rejection, on May 9, 2024, BBVA announced, through the publication of an inside information notice (*información privilegiada*) (the "Prior Announcement"), the decision to launch a voluntary tender offer (the "Offer") for the acquisition of all of the issued shares of the Target Company, being a total of 5,440,221,447 ordinary shares with a par value of €0.125 each (representing 100% of the Target Company's share capital). The consideration offered by BBVA to the shareholders of the Target Company consists of one (1) newly issued share of BBVA for each four and eighty-three hundredths (4.83) ordinary shares of the Target Company (the "Consideration"), subject to certain adjustments in the case of dividend distribution in accordance with what was indicated in the Prior Announcement.

Pursuant to the provisions of Royal Decree 1066/2007, of July 27, on the rules governing tender offers ("Royal Decree 1066/2007"), the Offer is subject to mandatory clearance by the CNMV. Additionally, pursuant to the provisions of Law 10/2014 and Royal Decree 84/2015, the acquisition by BBVA of control of the Target Company resulting from the Offer is subject to the duty of prior notification to the Bank of Spain and the obtention of the non-opposition of the European Central Bank. In accordance with the provisions of article 26.2 of Royal Decree 1066/2007, the CNMV will not authorize the Offer until the express or tacit non-opposition of the European Central Bank has been obtained and evidenced.

In addition, completion of the Offer is also subject to the satisfaction of the conditions specified in the Prior Announcement, in particular (i) the acceptance of the Offer by holders of shares representing at least 50.01% of the share capital of the Target Company, (ii) approval by BBVA's General Shareholders' Meeting of the increase of BBVA's share capital through the issue of new ordinary shares through non-cash contributions in an amount that is sufficient to fully cover the Consideration offered to the shareholders of the Target Company (which condition was satisfied on July 5, 2024, as described below), (iii) the express or tacit authorization of the economic concentration resulting from the Offer by the Spanish antitrust authorities, and (iv) the express or tacit authorization of the indirect acquisition of control of the Target Company's banking subsidiary in the United Kingdom, TSB Bank PLC, by the United Kingdom Prudential Regulation Authority (PRA).

[1] Considering the last official update of the countercyclical capital buffer, calculated on the basis of exposure as of March 31, 2024.

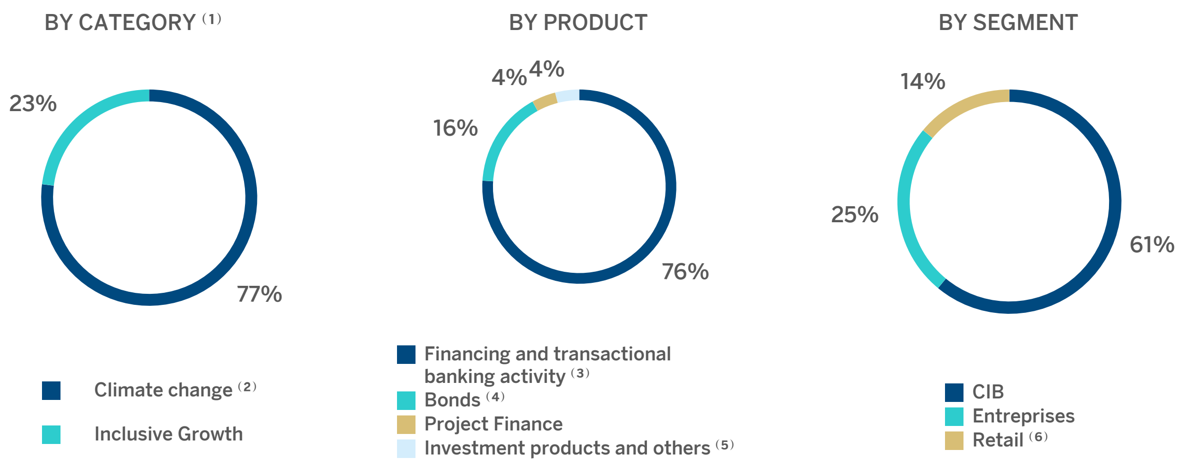
On July 5, 2024, the BBVA's Extraordinary General Shareholders' Meeting resolved to authorize, with 96% votes in favor, an increase in the share capital of BBVA of up to a maximum nominal amount of €551,906,524.05 through the issuing and putting into circulation of up to 1,126,339,845 ordinary shares of €0.49 par value each to fully cover the Consideration offered to the shareholders of the Target Company.

The closing of the Offer is expected to be completed in between approximately 6 and 8 months from the date of the Prior Announcement and the detailed terms of the Offer will be set out in the prospectus, which was submitted to CNMV together with the request for the authorization of the Offer on May 24, 2024, and will be published after obtaining the mandatory clearance of the CNMV.

Sustainability

Channeling sustainable business

SUSTAINABLE BUSINESS BREAKDOWN (PERCENTAGE OF THE AMOUNT CHANNELED 2018-JUNE 2024)



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

(2) Also includes Natural Capital.

(3) Primarily includes products whose funds are used for activities considered sustainable (according to both internal and market standards, existing regulations and best practices), products granted to clients considered sustainable taking into account their revenues from sustainable activities (in accordance with existing regulations and/or internal standards) or in line with company-level certifications of recognized prestige in the market, as well as sustainability linked products (according to both internal and market standards and best practices), such as those linked to environmental and/or social indicators.

(4) Bonds (green, social, sustainability or sustainability-linked) in which BBVA acts as bookrunner.

(5) Investment products art.8 or 9 under Sustainable Finance Disclosure Regulation (SFDR) or similar criteria outside the EU managed, intermediated or marketed by BBVA. "Other" includes deposits under the Sustainable Transaction Banking Framework until its replacement by the CIB Sustainable Products Framework (both Frameworks published on the bank's website), insurance policies related to energy efficiency and inclusive growth and electric vehicle autorenting, mainly.

(6) Includes the activity of the BBVA Microfinance Foundation (BBVAMF), which is not part of the consolidated Group and which has channeled around €8.4 billion in the period from 2018 to June 2024 to support vulnerable entrepreneurs with microcredits.

Regarding the objective of channeling €300 billion between 2018 and 2025[2] as part of the sustainability strategy, the BBVA Group has channeled an approximate total of €252 billion in sustainable business between 2018 and June 2024, of which approximately 77% corresponds to the area of promoting the fight against climate change and the remaining 23% to promote inclusive growth. The amount channeled includes financing, intermediation, investment, off-balance sheet and insurance transactions. These operations have contractual maturity or redemption dates, so the above mentioned accumulated figure does not represent the amount reflected on the balance sheet.

During the first half of 2024, around €46 billion was channeled, of which around €26 billion corresponds to the second quarter of 2024, a new quarterly record for the Group. This channeling of the first half of 2024 represents an increase of around 37% compared to the same half of 2023.

Of the amount channeled in the first half of 2024, around €5.3 billion corresponds to retail business, representing a growth of 12% compared with the same period of the previous year. During the second quarter, around €2.8 billion was channeled. BBVA has continued to promote customized digital solutions aimed at the mass consumer market, offering retail customers a vision of the potential savings they can obtain by adopting energy-saving measures in their homes and transportation. During the second quarter

[2] For the purposes of the Goal 2025, channeling is considered to be any mobilization of financial flows, cumulatively, in relation with activities, clients or products considered to be sustainable or promoting sustainability in accordance with internal standards inspired by existing regulations, market standards such as the Green Bond Principles, the Social Bond Principles and the Sustainability Linked Bond Principles of the International Capital Markets Association, as well as the Green Loan Principles, Social Loan Principles and the Sustainability Linked Loan Principles of the Loan Market Association, existing regulations, and best market practices. The foregoing is understood without prejudice to the fact that said mobilization, both at an initial stage or at a later time, may not be registered on the balance sheet. To determine the financial flows channeled to sustainable business, internal criteria is used based on both internal and external information, either from public sources, provided by customers or by a third party (mainly data providers and independent experts).

of 2024, the good performance of channeling related to the acquisition of hybrid or electric vehicles stands out, with a total of around €164 million channeled, representing a 13% growth compared to the same period of the previous year.

Between January and June 2024, the commercial business (enterprises) mobilized around €15.8 billion, representing a growth of 57% compared to the same period of the previous year. In the second quarter of 2024, approximately €9 billion was channeled, while continuing to advise corporate customers on sustainable solutions that enable potential economic savings with a focus on cross-cutting issues, such as energy efficiency, vehicle fleet renewal or water footprint reduction. It is worth highlighting the financing allocated to agribusiness, water and circular economy with around €655 million during the second quarter of 2024, which represents an increase of 74% compared to the same period of the previous year.

CIB has channeled around €25 billion during the first half of the year, representing a 32% growth compared to the same period of the previous year. During this quarter, around €13.8 billion have been mobilized. In the wholesale segment, BBVA has continued to promote the financing of clean technologies and renewable energy projects, as well as confirming linked to sustainability, among other strategic lines. In terms of channeling in the second quarter of 2024, the financing of renewable energy projects stood out, which contributed around €402 million during the quarter, more than doubled the amount compared to the same period of the previous year.

Relevant advances in the field of sustainability

- **Intermediate emission reduction targets for 2030[3]**

Following the publication of its interim 2030 emissions reduction targets for the aviation and shipping sectors at the end of 2023, and following the defined roadmap, BBVA published in May 2024 interim 2030 funded emissions reduction targets for two additional sectors: aluminum and real estate (both commercial and residential)[4].

In the case of aluminum, BBVA has set its target to align its financing portfolio with the decarbonization trajectory determined by the International Aluminum Institute (IAI) to reduce global emissions by 28% by 2030. This means achieving a percentage deviation of 0% or less from this decarbonization path by 2030.

In the case of the BBVA Group's real estate portfolio, different targets have been set for the Commercial Real Estate segment, where the objective is to reduce the intensity of its financing portfolio by 44% between 2023 and 2030, and for the Residential Real Estate segment, with a reduction target for that period of 30%[5].

- **Issuance of a biodiversity bond**

In May 2024, BBVA Colombia and the International Finance Corporation (IFC) have announced the issuance of a biodiversity bond. BBVA Colombia will issue the bond of up to $70 million and the proceeds will be used to finance projects focused on reforestation, regeneration of natural forests on degraded lands, mangrove conservation or rehabilitation, climate-smart agriculture, and wildlife habitat restoration, among others.

[3] The achievement and progressive progress of the decarbonization targets will depend to a large extent on the actions of third parties, such as customers, governments and other stakeholders, and may therefore be materially affected by such actions, or lack thereof, as well as by other exogenous factors that do not depend on BBVA (including, but not limited to, new technological and regulatory developments, military conflicts, the evolution of climate and energy crises, etc.). Consequently, these objectives may be subject to future revisions.

[4] The geographic scope of the intermediate 2030 emission reduction target for the real estate sector is Spain.

[5] BBVA has established its targets following the CRREM (Carbon Risk Real Estate Monitor) methodology, which defines a metric in terms of emissions intensity (Kg CO_2e per square meter per year).

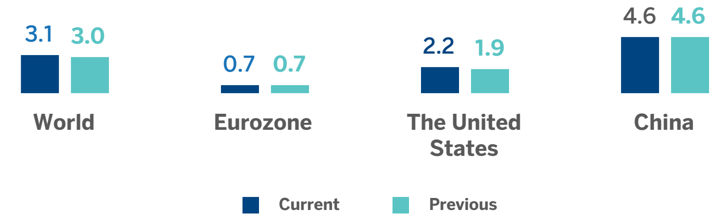
Macroeconomic environment

Economic growth, in general, has been stronger than expected and inflation has stopped its downward trend in recent months. Although restrictive monetary conditions continue to affect the economy through traditional channels, their effects on the dynamics of activity and prices have been partially offset by factors such as the expansionary tone of fiscal policy, the dynamism of the services sector and the still high liquidity.

Despite the recent resilience, according to BBVA Research, it is most likely that further moderation in demand paves the way for relatively low global GDP growth and a slowdown in inflation from its current levels over the coming months. Specifically, global growth would reduce from 3.3% in 2023 to 3.1% in 2024, a sightly higher forecast than previous one (+3.0%). In the United States, growth is expected to continue soften, but better than expected data in recent months supports an upward revision of the GDP growth forecast for 2024 to 2.2%, 30 basis points above the previous forecast and 30 basis points below the growth recorded in 2023. In the Eurozone, the growth forecast for 2024 remains unchanged at 0.7%; activity would continue to recover gradually after remaining practically stagnant for much of 2023, when GDP grew just 0.5%. In China, despite the dynamism of the first months of the year, a series of structural factors are expected to continue to weigh negatively and GDP is expected to grow 4.6% in 2024 with no change compared to the previous forecast and below the growth observed in 2023 (+5.2%).

In this context of moderate growth and prospects for a further slowdown of inflation, the ECB has decided to cut its interest rates by 25 basis points in June, to 3.75% of deposit facility rates, and it is expected that the Fed will begin soon its cycle of easing monetary conditions. Benchmark interest rates would be reduced, according to BBVA Research forecasts, to around 5.0% in the United States and 3.25% in the Eurozone, after two cuts of 25 basis points in each geographic area during the second half of 2024. Interest rates are expected to continue falling throughout 2025. However, they are expected to remain relatively high, above the levels before the coronavirus pandemic, due to potential inflationary pressures caused by the geopolitical factors, such as the war in Ukraine and the armed conflict in Middle East, and to other factors like protectionist policies, an expansionary fiscal stance and climatic shocks. Indeed, these factors, as well as the current political context in the United States and Europe, increase the uncertainty about the evolution of the global economy and the risk of having a higher inflation and interest rates than expected as of the date of publication of this report.

GDP GROWTH ESTIMATES IN 2024 (PERCENTAGE. YEAR-ON-YEAR VARIATION)



Source: BBVA Research estimates.

Group

Quarterly evolution of results

The results obtained by the BBVA Group in the second quarter of 2024 stood at 2,794 million euros, 27.0% above the previous quarter, with the following trends standing out:

- Favorable evolution of recurring income, with Turkey´s performance standing out.
- Excellent performance of NTI, due to the exchange rate hedges of the Corporate Center.
- Favorable evolution of the other operating income and expenses line, mainly explained by a lower hyperinflation adjustment in Argentina, and by the temporary tax on credit institutions and financial credit institutions, recorded in the first quarter of the year 2024.
- Increase of operating expenses and in impairment on financial assets, in line with the growth strategy in the most profitable segments.

CONSOLIDATED INCOME STATEMENT: QUARTERLY EVOLUTION (MILLIONS OF EUROS)

	2024		2023			
	2Q	1Q	4Q	3Q	2Q	1Q
Net interest income	**6,481**	**6,512**	**5,246**	**6,434**	**5,768**	**5,642**
Net fees and commissions	1,955	1,887	1,694	1,685	1,470	1,439
Net trading income	1,114	772	753	658	334	438
Other operating income and expenses	(324)	(952)	(255)	(820)	(383)	(561)
Gross income	**9,227**	**8,218**	**7,438**	**7,956**	**7,189**	**6,958**
Operating expenses	(3,477)	(3,383)	(3,068)	(3,303)	(2,922)	(3,016)
Personnel expenses	*(1,855)*	*(1,778)*	*(1,693)*	*(1,756)*	*(1,530)*	*(1,551)*
Other administrative expenses	*(1,238)*	*(1,229)*	*(1,025)*	*(1,169)*	*(1,054)*	*(1,127)*
Depreciation	*(384)*	*(375)*	*(349)*	*(378)*	*(337)*	*(339)*
Operating income	**5,751**	**4,835**	**4,370**	**4,654**	**4,267**	**3,942**
Impairment on financial assets not measured at fair value through profit or loss	(1,479)	(1,361)	(1,225)	(1,210)	(1,025)	(968)
Provisions or reversal of provisions	19	(57)	(163)	(81)	(115)	(14)
Other gains (losses)	31	40	(49)	2	50	(16)
Profit (loss) before tax	**4,322**	**3,458**	**2,932**	**3,365**	**3,178**	**2,944**
Income tax	(1,374)	(1,151)	(799)	(1,226)	(1,028)	(950)
Profit (loss) for the period	**2,949**	**2,307**	**2,133**	**2,139**	**2,150**	**1,994**
Non-controlling interests	(154)	(107)	(75)	(56)	(118)	(148)
Net attributable profit (loss)	**2,794**	**2,200**	**2,058**	**2,083**	**2,032**	**1,846**
Adjusted earning (loss) per share (euros) (1)	**0.47**	**0.37**	**0.34**	**0.34**	**0.34**	**0.30**
Earning (loss) per share (euros) (1)	**0.47**	**0.36**	**0.33**	**0.33**	**0.33**	**0.29**

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

Year-on-year evolution of results

The BBVA Group generated a net attributable profit of €4,994m in the first half of 2024, again driven by the performance of recurring revenues of the banking business. Thus, the net interest income grew at a year-on-year rate of 13.9% and net fees and commissions by 32.1%. These results represent an increase of 28.8% compared to the same period of the previous year.

These results include the recording for the total annual amount paid for the temporary tax on credit institutions and financial credit institutions[6] for €285m, included in the other operating income and expenses line of the income statement.

CONSOLIDATED INCOME STATEMENT (MILLIONS OF EUROS)

	1H24	Δ %	Δ % at constant exchange rates	1H23
Net interest income	**12,993**	**13.9**	**20.3**	**11,410**
Net fees and commissions	3,842	32.1	35.4	2,909
Net trading income	1,886	144.2	183.0	773
Other operating income and expenses	(1,276)	35.2	35.6	(944)
Gross income	**17,446**	**23.3**	**30.5**	**14,148**
Operating expenses	(6,859)	15.5	19.5	(5,938)
Personnel expenses	*(3,633)*	*17.9*	*22.5*	*(3,081)*
Other administrative expenses	*(2,467)*	*13.1*	*17.9*	*(2,181)*
Depreciation	*(759)*	*12.3*	*11.8*	*(676)*
Operating income	**10,586**	**29.0**	**38.8**	**8,209**
Impairment on financial assets not measured at fair value through profit or loss	(2,839)	42.5	42.8	(1,993)
Provisions or reversal of provisions	(38)	(70.3)	(65.1)	(129)
Other gains (losses)	71	107.8	94.6	34
Profit (loss) before tax	**7,780**	**27.1**	**39.8**	**6,122**
Income tax	(2,525)	27.6	40.4	(1,978)
Profit (loss) for the period	**5,255**	**26.8**	**39.6**	**4,144**
Non-controlling interests	(261)	(1.9)	108.2	(266)
Net attributable profit (loss)	**4,994**	**28.8**	**37.2**	**3,878**
Adjusted earning (loss) per share (euros) (1)	**0.84**			**0.64**
Earning (loss) per share (euros) (1)	**0.83**			**0.62**

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

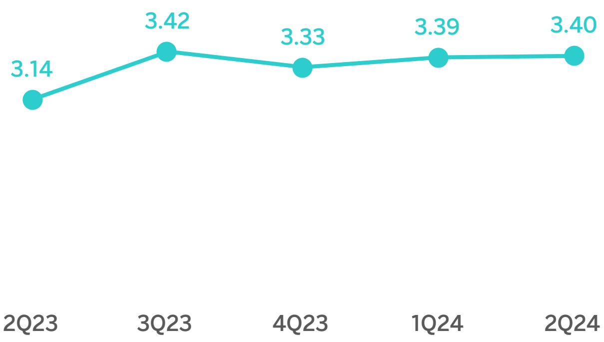
Unless expressly indicated otherwise, for a better understanding of the changes under the main headings of the Group's income statement, the rates of change provided below refer to constant exchange rates. When comparing two dates or periods in this report, the impact of changes in the exchange rates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

The accumulated net interest income as of June 30, 2024 was higher than in the same period of the previous year (+20.3%), with increases in all business areas except for Turkey, as a result of the dynamism that lending activity has shown during the first half of the year. The good evolution in South America and Spain is noteworthy.

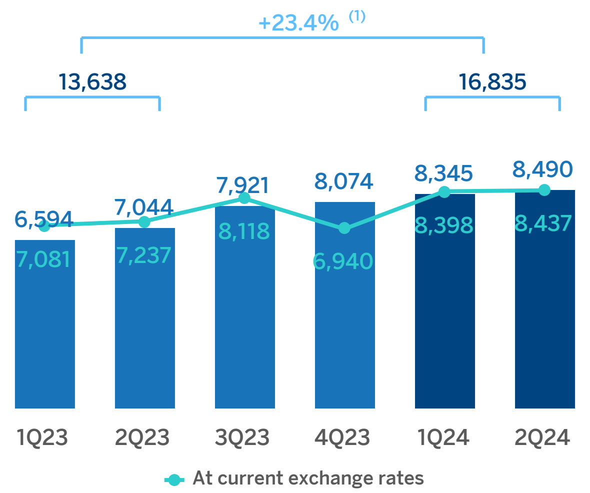
Positive evolution in the net fees and commissions line, which increased by 35.4% in year-on-year terms due to the favorable performance in payment systems and, to a lesser extent, asset management. The contribution of Turkey and, to a lesser extent, of Mexico stand out in this line.

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

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



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

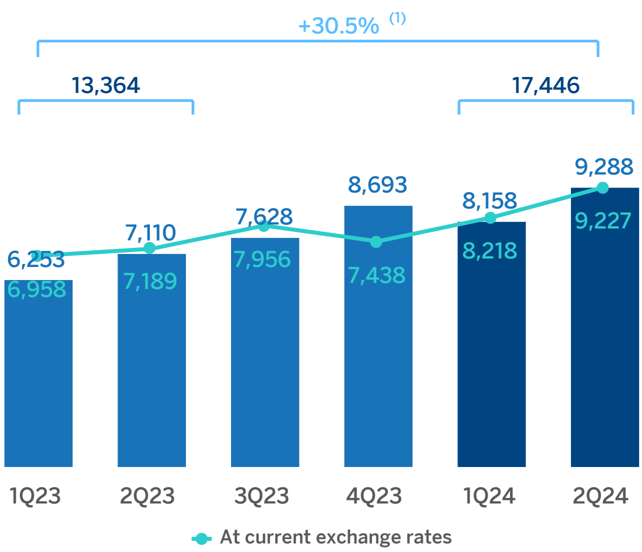


(1) At current exchange rates: +17.6%.

At the end of June 2024, NTI grew by 183.0%, mainly explained by the favorable results from hedging foreign currency positions especially of the Mexican peso, recorded in the Corporate Center and, to a lesser extent, by the positive performance of this line in all business areas. Regarding the contribution of Global Markets, included in this line, the evolution of Spain and Mexico stands out.

The other operating income and expenses line accumulated as of June 30, 2024 a result that compares negatively with the same date of the same period of last year, mainly due to the recording in the line of a more negative adjustment for hyperinflation in Argentina in this exercise, partially offset by the lack of contribution to the European Single Resolution Fund after completion of its construction stage[7]. This line also reflects the total estimated amount of the temporary tax on credit institutions and financial credit institutions for year 2024 registered in the first quarter of the year and 60 million higher than the annual amount estimated for year 2023, registered in the first quarter of that year. For its part, the results of the insurance business had a favorable evolution.

GROSS INCOME (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATES)



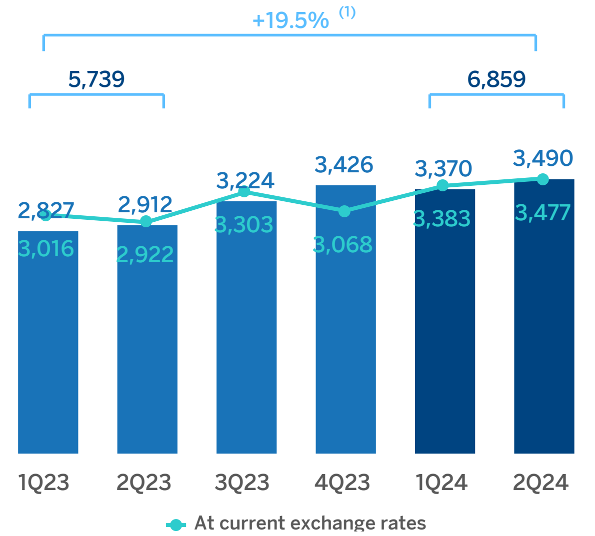
(1) At current exchange rates: +23.3%.

On a year-on-year basis, the increase in operating expenses increased at the Group level stood at 19.5%, a rate that is below the inflation rates observed in the countries in which the Group operates (an average of 21.3% on average in the last 12 months[8]).

Thanks to the remarkable growth in gross income (+30.5%, in constant terms), the efficiency ratio stood at 39.3% as of June 30, 2024, with an improvement of 362 basis points compared to the ratio recorded 12 months earlier.

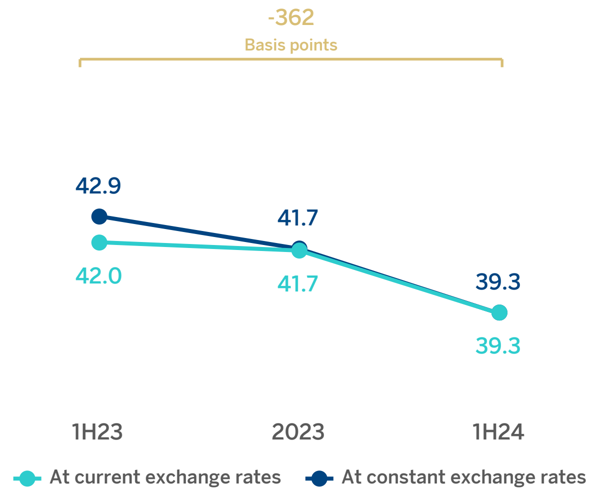
[7] The Single Resolution Fund, whose funds would be allocated to the resolution of financial entities in certain circumstances, has been increasing during a transitional period of eight years (2016-2023) with the objective of reaching at least 1% of the deposits covered by the Member States that make up the Single Resolution Mechanism at the end of 2023.
[8] Weighted by operating expenses and excluding Venezuela.

OPERATING EXPENSES (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATES)



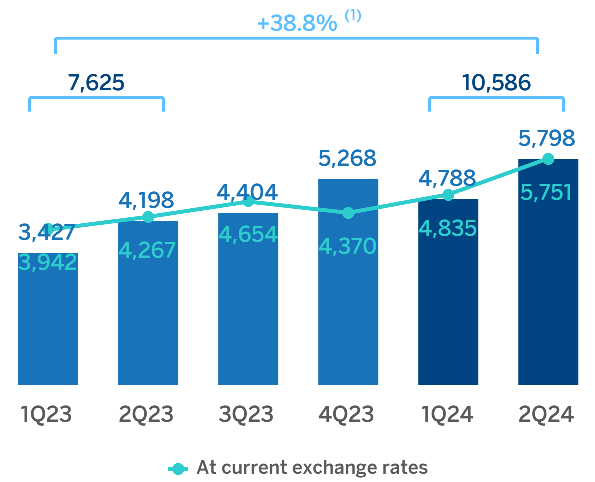
(1) At current exchange rates: +15.5%.

EFFICIENCY RATIO (PERCENTAGE)



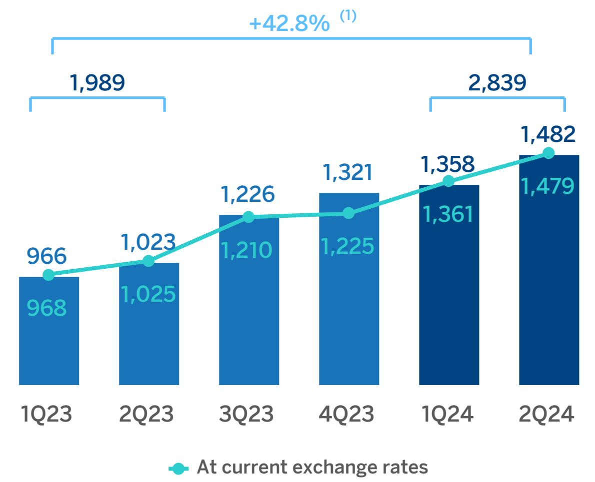
The impairment on financial assets not measured at fair value through profit or loss (impairment on financial assets) at the end of June 2024 was 42.8% higher than in the same period of the previous year, with higher requirements linked to the growth in retail products, the most profitable in line with the Group´s strategy. All business areas required greater loan-loss provisions, highlighting Mexico and South America.

OPERATING INCOME (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATES)



(1) At current exchange rates: +29.0%.

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



(1) At current exchange rates: +42.5%.

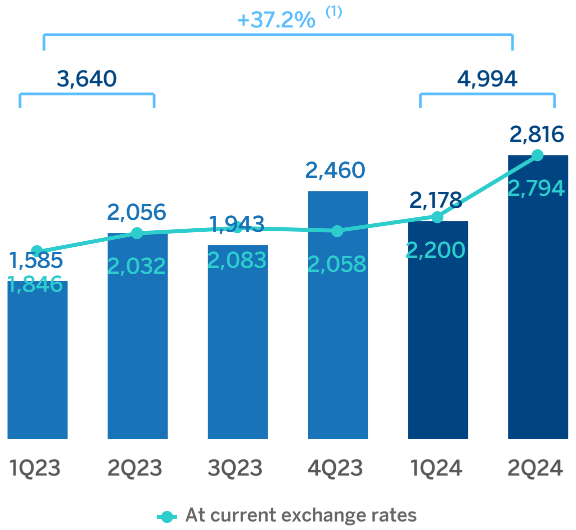
The provisions or reversal of provisions line (hereinafter, provisions) registered at the end of June 30, 2024 lower provisions compared to the same period of the previous year, mainly originated in Turkey.

On the other hand, the other gains (losses) line ended June 2024 with a balance of €71m, which compares favorably with the result of the previous year when collecting the positive impact of the evaluation of real state in Turkey and the reversal of impairments for investments in associates, recorded in Corporate Center.

As a result of the above, the BBVA Group generated a net attributable profit of €4,994m between January and June of the year 2024, which compares very positively with the result of the same period of the previous year (+37.2%). These solid results are supported by the favorable evolution of the banking business recurring income, which offsets the higher operating expenses and the increase in provisions for impairment losses on financial assets.

The cumulative net attributable profits, in millions of euros and accumulated at the end of June 2024 for the business areas that compose the Group were as follows: €1,790m in Spain, €2,858m in Mexico, €351m in Turkey, €317m in South America and €235m in Rest of Business.

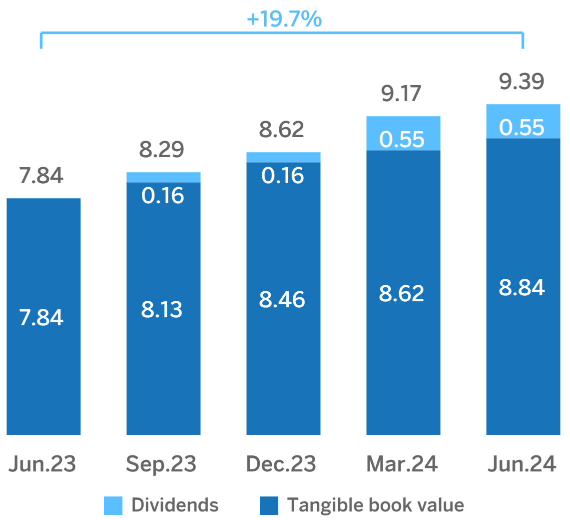
NET ATTRIBUTABLE PROFIT (LOSS) (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATES)



(1) At current exchange rates: +28.8%

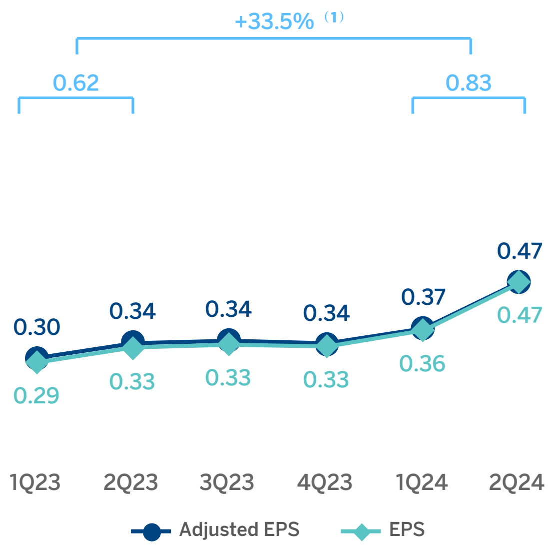
The Group's excellent performance has also allowed to accelerate value creation, as reflected in the growth of the tangible book value per share and dividends, which as of the end of June 2024 was 19.7% higher than in the same period of the previous year.

TANGIBLE BOOK VALUE PER SHARE AND DIVIDENDS (EUROS)



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

EARNING (LOSS) PER SHARE (EUROS)

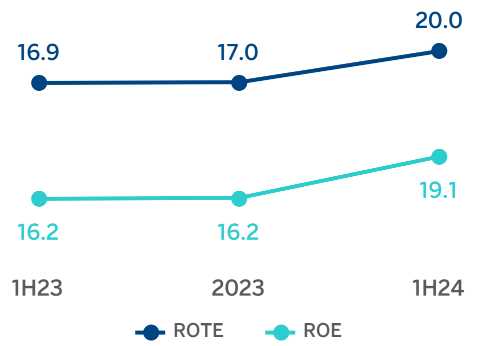


General note: Adjusted by additional Tier 1 instrument remuneration. For more information, see Alternative Performance Measures at the end of this report.

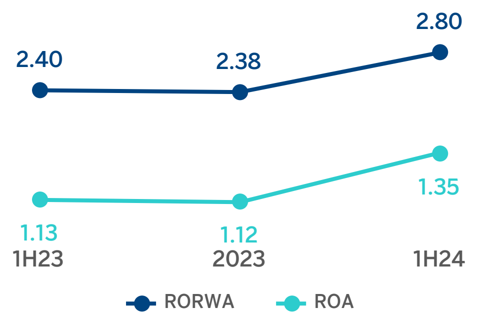
(1) The year-on-year variation of adjusted EPS stand at +30.6%.

Lastly, the Group's profitability indicators improved in year-on-year terms supported by the favorable performance of results.

ROE AND ROTE (PERCENTAGE)



ROA AND RORWA (PERCENTAGE)



Balance sheet and business activity

The most relevant aspects related to the evolution of the Group's balance sheet and business activity as of June 30, 2024 are summarized below:

- Loans and advances to customers recorded an increase of 4.3% compared to the end of December 2023, particularly driven by the evolution of corporate loans (+5.1% at Group level), and by the positive performance of loans of all segments to individuals, especially consumer loans and credit cards, that together grew by 4.9%.
- Customer funds increased by 5.9% compared to the end of 2023. This favorable performance was due to the growth in both deposits from customers, which increased by 4.2% due to both the positive evolution of time deposits in most of the business areas, especially Rest of Business and Turkey, and to the increase in off-balance sheet funds, which grew by 10.1%, outstanding the good performance in Mexico and Spain.

CONSOLIDATED BALANCE SHEET (MILLIONS OF EUROS)

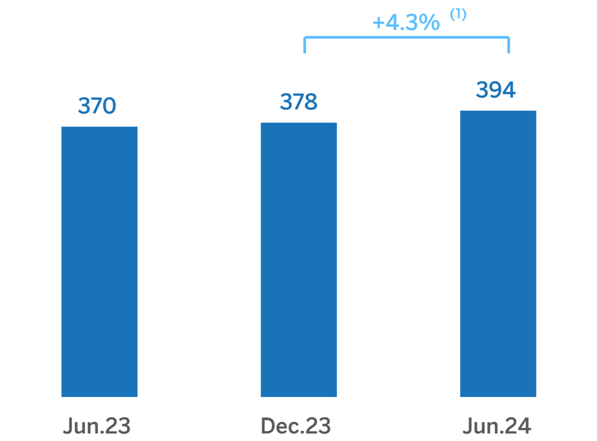
	30-06-24	Δ %	31-12-23	30-06-23
Cash, cash balances at central banks and other demand deposits	45,055	(40.3)	75,416	71,858
Financial assets held for trading	123,821	(12.2)	141,042	141,721
Non-trading financial assets mandatorily at fair value through profit or loss	10,584	21.1	8,737	8,019
Financial assets designated at fair value through profit or loss	856	(10.4)	955	1,004
Financial assets at fair value through accumulated other comprehensive income	60,691	(2.4)	62,205	63,979
Financial assets at amortized cost	481,213	6.5	451,732	438,841
Loans and advances to central banks and credit institutions	*28,959*	*17.6*	*24,627*	*24,311*
Loans and advances to customers	*393,803*	*4.3*	*377,643*	*369,761*
Debt securities	*58,450*	*18.2*	*49,462*	*44,769*
Investments in joint ventures and associates	964	(1.2)	976	929
Tangible assets	9,650	4.3	9,253	8,892
Intangible assets	2,379	0.7	2,363	2,284
Other assets	24,322	6.3	22,878	24,928
Total assets	**759,534**	**(2.1)**	**775,558**	**762,456**
Financial liabilities held for trading	93,546	(23.1)	121,715	127,332
Other financial liabilities designated at fair value through profit or loss	14,935	12.3	13,299	12,577
Financial liabilities at amortized cost	565,752	1.5	557,589	541,671
Deposits from central banks and credit institutions	*49,436*	*(18.1)*	*60,349*	*59,961*
Deposits from customers	*430,984*	*4.2*	*413,487*	*402,344*
Debt certificates	*69,061*	*0.5*	*68,707*	*63,158*
Other financial liabilities	*16,271*	*8.1*	*15,046*	*16,207*
Liabilities under insurance and reinsurance contracts	11,520	(4.9)	12,110	11,537
Other liabilities	16,690	7.1	15,580	16,771
Total liabilities	**702,443**	**(2.5)**	**720,293**	**709,888**
Non-controlling interests	3,851	8.1	3,564	3,517
Accumulated other comprehensive income	(16,416)	1.0	(16,254)	(16,919)
Shareholders' funds	69,656	2.5	67,955	65,970
Total equity	**57,091**	**3.3**	**55,265**	**52,568**
Total liabilities and equity	**759,534**	**(2.1)**	**775,558**	**762,456**
Memorandum item:				
Guarantees given	64,731	7.9	60,019	55,326

LOANS AND ADVANCES TO CUSTOMERS (MILLIONS OF EUROS)

	30-06-24	Δ %	31-12-23	30-06-23
Public sector	**23,313**	**0.2**	**23,269**	**23,729**
Individuals	**174,604**	**3.9**	**168,123**	**165,553**
Mortgages	*94,362*	*1.1*	*93,358*	*92,679*
Consumer	*44,238*	*3.6*	*42,695*	*41,016*
Credit cards	*23,207*	*7.4*	*21,609*	*20,044*
Other loans	*12,797*	*22.3*	*10,461*	*11,813*
Business	**192,431**	**5.1**	**183,076**	**177,881**
Non-performing loans	**14,672**	**1.6**	**14,444**	**13,787**
Loans and advances to customers (gross)	**405,021**	**4.1**	**388,912**	**380,949**
Allowances [1]	(11,218)	(0.5)	(11,269)	(11,188)
Loans and advances to customers	**393,803**	**4.3**	**377,643**	**369,761**

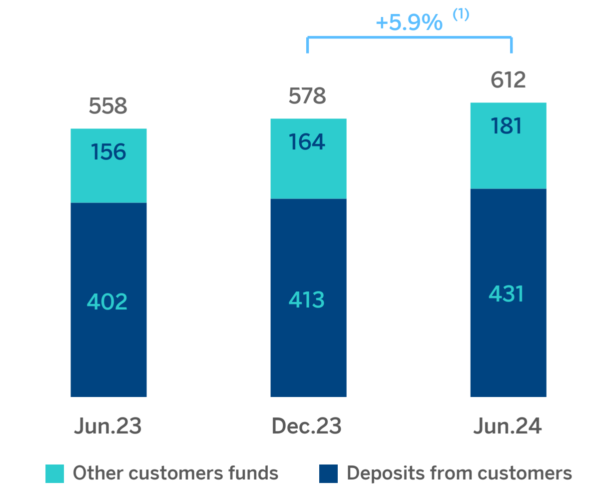
[1] Allowances include valuation adjustments for credit risk throughout the expected residual life in those financial instruments that have been acquired (mainly originating from the acquisition of Catalunya Banc, S.A.). As of June 30, 2024, December 31, 2023 and June 30, 2023 the remaining amount was €122m, €142m and €162m respectively.

LOANS AND ADVANCES TO CUSTOMERS (BILLIONS OF EUROS)



[1] At constant exchange rates: +6.3%.

CUSTOMER FUNDS (BILLIONS OF EUROS)



[1] At constant exchange rates: +8.1%.

CUSTOMER FUNDS (MILLIONS OF EUROS)

	30-06-24	Δ %	31-12-23	30-06-23
Deposits from customers	**430,984**	**4.2**	**413,487**	**402,344**
Current accounts	*316,246*	*(0.4)*	*317,543*	*308,688*
Time deposits	*100,617*	*9.9*	*91,524*	*89,277*
Other deposits	*14,120*	*219.5*	*4,420*	*4,378*
Other customer funds	**180,975**	**10.1**	**164,367**	**155,739**
Mutual funds and investment companies and customer portfolios [1]	*145,599*	*10.4*	*131,849*	*124,793*
Pension funds	*29,948*	*5.7*	*28,326*	*27,051*
Other off-balance sheet funds	*5,427*	*29.5*	*4,192*	*3,895*
Total customer funds	**611,959**	**5.9**	**577,853**	**558,083**

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

Capital and shareholders

Capital base

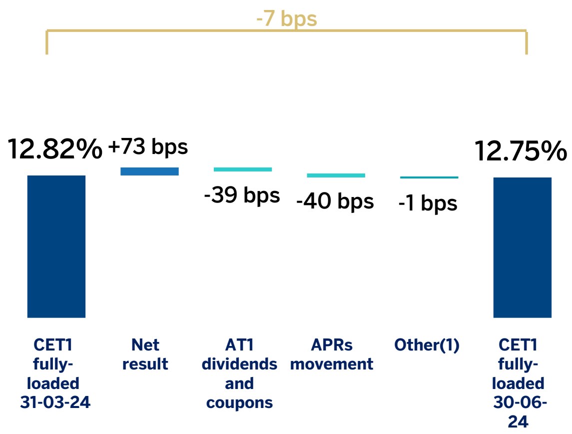
The CET1 fully loaded ratio of the BBVA Group stood at 12.75% as of June 30, 2024, which allows maintaining a large management buffer over the Group's CET1 requirement as of that date (9.11%[9]), and which is also above the Group's target management range of 11.5 - 12.0% CET1.

During the second quarter, the Group's CET1 fully loaded decreased by 7 basis points with respect to the March level (12.82%).

The strong earnings generation during the second quarter, higher than in the first quarter, net of shareholder remuneration and payment of capital instruments (CoCos), generated a positive contribution of +34 basis points to CET1 ratio, which, together with the offsetting in equity of the negative effect in results of value loss of the net monetary position in hyperinflationary economies, made it possible to absorb the growth of risk-weighted assets (RWA) derived from the organic growth of activity in constant terms (consumption of -40 basis points), in line with the Group's strategy of continuing to promote profitable growth.

Among the remaining impacts, in addition to the one referred to from hyperinflationary economies, it is worth highlighting those associated with market variables, which drained -23 basis points of the ratio, where the negative evolution in the quarter due to the evolution of the main currencies (highlighting the impact of the evolution of the Mexican peso), and, to a lesser extent, the valuation of fixed income portfolios stand out.

Quarterly evolution of the CET1 fully-loaded ratio



(1) Includes, among others, FX and mark to market of HTC&S portfolios, minority interests, and a positive impact in OCI equivalent to the Net Monetary Position value loss in hyperinflationary economies registered in results.

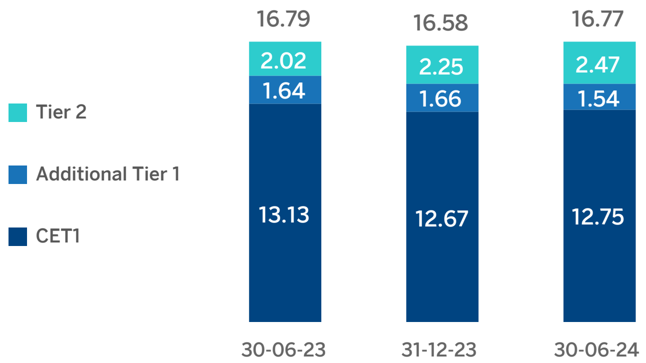
The AT1 fully loaded ratio showed an increase of +19 basis points compared to March 31, 2024. In this period, BBVA S.A completed an issuance for an amount of €750 million Contingent Convertible instruments (CoCos) in June 2024.

The Tier 2 fully loaded ratio has not experienced a significant variation (-2 basis points in the quarter), only impacted by the growth of RWA.

As a consequence of the foregoing, the consolidated fully loaded total capital ratio stood at 16.77% as of June 30, 2024, above the total capital requirements (13.27%).

[9] Considering the last official update of the countercyclical capital buffer, calculated on the basis of exposure as of March 31, 2024.

FULLY-LOADED CAPITAL RATIOS (PERCENTAGE)



CAPITAL BASE (MILLIONS OF EUROS)

	Phased-in [(1)]			Fully-loaded [(1)]		
	30-06-24 [(2)]	31-12-23	30-06-23	30-06-24 [(2)]	31-12-23	30-06-23
Common Equity Tier 1 (CET1)	48,861	46,116	45,146	48,861	46,116	45,146
Tier 1	54,776	52,150	51,316	54,776	52,150	51,316
Tier 2	9,467	8,182	7,021	9,467	8,182	7,021
Total capital (Tier 1 + Tier 2)	**64,243**	**60,332**	**58,337**	**64,243**	**60,332**	**58,337**
Risk-weighted assets	**383,179**	**363,915**	**347,442**	**383,179**	**363,915**	**347,442**
CET1 (%)	12.75	12.67	12.99	12.75	12.67	12.99
Tier 1 (%)	14.30	14.33	14.77	14.30	14.33	14.77
Tier 2 (%)	2.47	2.25	2.02	2.47	2.25	2.02
Total capital ratio (%)	**16.77**	**16.58**	**16.79**	**16.77**	**16.58**	**16.79**

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

(2) Preliminary data.

As of June 30, 2024, the phased-in leverage ratio stood at 6.77%[10] (6.77% fully loaded), increasing 29 basis points since March 2024.

LEVERAGE RATIO (FULLY-LOADED)

	30-06-24	31-12-23	30-06-23
Exposure to Leverage Ratio (Fully-Loaded) (million euros)	809,063	797,888	792,045
Leverage ratio (Fully-Loaded) (%)	**6.77**	**6.54**	**6.48**

With respect to the MREL ratios[11] achieved as of June 30, 2024, these were 28.42% and 11.95%, respectively for MREL in RWA and MREL in LR, reaching the subordinated ratios of both 22.18% and 9.32%, respectively. A summarizing table is shown below:

MREL

	30-06-24	31-12-23	30-06-23
Total own funds and eligible liabilities (million euros)	**54,157**	**49,398**	**51,194**
Total RWA of the resolution group (million euros)	218,340	214,757	207,087
RWA ratio (%)	**28.42**	**26.36**	**28.05**
Total exposure for the Leverage calculation (million euros)	519,267	517,470	516,459
Leverage ratio (%)	**11.95**	**10.94**	**11.25**

[10] Preliminary leverage ratio as of the date of publication

[11] Calculated at subconsolidated level according to 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. That implies the ratios are calculated under the subconsolidated perimeter of the resolution group. Preliminary MREL ratios as of the date of publication

On March 27, 2024 the Group made public that it had received a communication from the Bank of Spain regarding its MREL 22.79%[12]. In addition, BBVA must reach, also as from March 27, 2024, a volume of own funds and eligible liabilities in terms of total exposure considered for purposes of calculating the leverage ratio of 8.48% (the "MREL in LR")[13]. These requirements do not include the current combined capital requirement, which, according to current regulations and supervisory criteria, is 3.62%[14]. Given the structure of the resolution group's own funds and eligible liabilities, as of June 30, 2024, the Group meets the aforementioned requirements.

Likewise, with the aim of reinforcing compliance with these requirements, BBVA has made several debt issuances during the first half of 2024. For more information on these issuances, see "Structural risks" section within the "Risk management" chapter.

Shareholder remuneration

Regarding shareholder remuneration, as approved by the General Shareholders´ Meeting on March 15, 2024, in its first item on the agenda, on April 10, 2024, a cash payment of €0.39 gross per each outstanding BBVA share entitled to receive such amount was made against the 2023 results, as an additional shareholder remuneration for the financial year 2023. Thus, the total amount of cash distributions for 2023, taking into account the €0.16 gross per share that was distributed in October 2023, amounted to €0.55 gross per share.

Total shareholder remuneration includes, in addition to the cash payments mentioned above, the remuneration resulting from BBVA's buyback program for the repurchase of own shares announced on January 30, 2024 for a maximum amount of €781m, and which started being executed on March 1, 2024. BBVA announced the completion of the share buyback program upon reaching the maximum monetary amount, having acquired 74,654,915 own shares, between March 4 and April 9, 2024, representing, approximately, 1.28% of BBVA's share capital as of such date. On May 24, 2024, BBVA notified through an Other Relevant Information notice a partial execution of the share capital reduction resolution adopted by the Annual General Shareholders' Meeting of BBVA held on March 15, 2024, under item 3 of the agenda through the reduction of BBVA's share capital in a nominal amount of €36,580,908.35 and the consequent redemption, charged to unrestricted reserves, of 74,654,915 own shares of €0.49 par value each acquired derivatively by BBVA in execution of the own share buyback program scheme and which were held as treasury shares.

As of June 30, 2024, BBVA's share capital amounted to €2,824,009,877.85 divided into 5,763,285,465 shares.

SHAREHOLDER STRUCTURE (30-06-24)

	Shareholders		Shares outstanding	
Number of shares	**Number**	**%**	**Number**	**%**
Up to 500	310,613	43.1	57,201,029	1.0
501 to 5,000	322,333	44.7	570,781,301	9.9
5,001 to 10,000	47,618	6.6	333,879,512	5.8
10,001 to 50,000	36,834	5.1	704,068,308	12.2
50,001 to 100,000	2,579	0.4	176,073,985	3.1
100,001 to 500,000	1,168	0.2	206,344,567	3.6
More than 500,001	258	0.04	3,714,936,763	64.5
Total	**721,403**	**100**	**5,763,285,465**	**100**

Note: in the case of shares kept by investors through a custodian placed outside Spain, only the custodian will be considered as a shareholder, which is who appears registered in the accounting record of book entries, so the number of shareholders stated does not consider those indirect holders.

On July 5, 2024, BBVA held an Extraordinary General Shareholders' Meeting in Bilbao. Among the agreements adopted was approval of an increase in the share capital of BBVA,S.A. up to a maximum nominal amount of €551,906,524.05, by issuing and putting into circulation of up to 1,126,339,845 ordinary shares with a par value of €0.49 each of them, for the purpose of covering the consideration of the voluntary tender offer for the acquisition of up to 100% of the shares of Banco de Sabadell, S.A. launched by BBVA.

[12] The subordination requirement in RWA is 13.5%.
[13] The subordination requirement in Leverage ratio is 5.78%.
[14] Considering the last official update of the countercyclical capital buffer, calculated on the basis of exposure as of March 31, 2024.

Ratings

During the first half of 2024, BBVA's rating has continued to demonstrate its strength and all agencies have maintained their rating in the A category. In March, Moody´s changed its long-term outlook on the senior preferred debt from stable to positive (maintaining its rating in A3) after a similar action on the Spanish Sovereign rating and reflecting the expectations of the agency that the profitability levels of the bank will continue being high and that the pressures on the quality of assets will remain contained. Also, in March, DBRS communicated the result of its annual revision of BBVA confirming the rating in A (high) with a stable outlook. Additionally, S&P reviewed BBVA´s rating and outlook unchanged in June (A, stable), and for its part, Fitch have maintained without changes BBVA´s rating and outlook (A-, stable), during the first six months of the year. The following table shows the credit ratings and outlooks 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	Positive
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

Uncertainty within the macroeconomic environment remains high, and the geopolitical turbulence at the time of preparation of this report could increase the biases towards more negative scenarios, with higher than expected interest rates, and more persistent inflation, which can affect credit demand and hinder the payment capacity of families and business.

For the estimation of expected losses, the models include individual and collective estimates, taking into account the macroeconomic forecasts in accordance with IFRS 9. Thus, the estimate at the end of the first half of 2024 includes the effect on expected losses of updating macroeconomic forecasts, which take into account the current global environment. Additionally, the Group may complement the expected losses either by considering additional risk drivers, or by incorporating sectorial particularities or those that may affect a set of operations or borrowers, following a formal internal process established for the purpose.

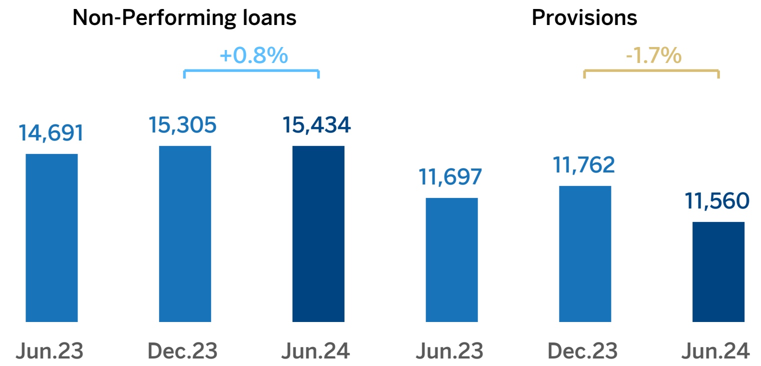
By region, the evolution during the first half of the year has been uneven. In Spain, growth forecasts for 2024 have been revised upwards, and the household debt levels are far from the historical highs, whereas in Mexico, less dynamism in activity is observed while we await a gradual cycle of monetary policy normalization. The uncertainty in Turkey continues, although growth remains solid. Despite changes in economic policy, asset quality indicators for the system remain at limited levels. Finally, South America is moving towards macroeconomic normalization, with inflation gradually approaching the established goals and growth converging towards its potential levels.

BBVA Group's credit risk indicators

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

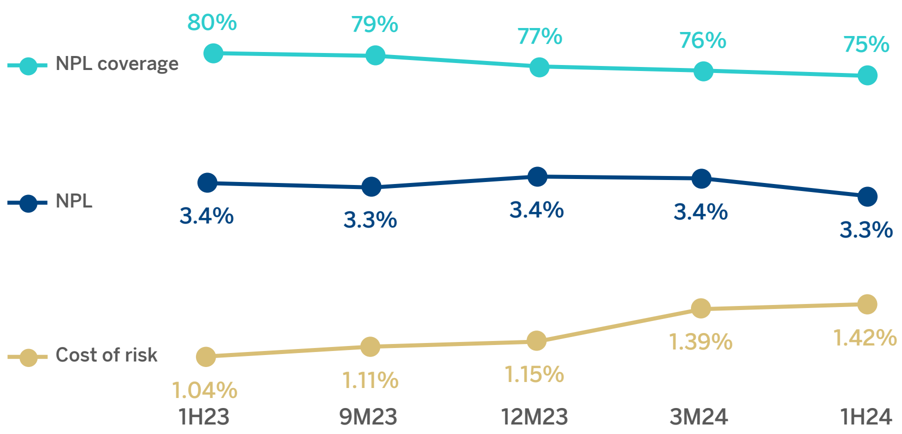
- Credit risk increased in the first half of the year by 1.6% (+3.5% in constant terms), with generalized growth at constant exchange rates in all geographical areas.
- Non-performing loans decreased by -1.8% at the Group level between the end of March and June 2024, favored by the evolution of the exchange rate (+0.1% in constant terms), and leveraged in Spain, which has been favored by the execution of portfolio sales in June, and to a lesser extent, by the evolution of Rest of Business, mainly due to the recovery of a specific client. On the contrary, increases in constant terms in the rest of the geographical areas, where growth was concentrated in retail portfolios.

NON-PERFORMING LOANS AND PROVISIONS (MILLIONS OF EUROS)



- The NPL ratio decreased with respect to the previous quarter, standing at 3.3% at June 30, 2024, favored by the growth of the portfolio and the evolution of the non-performing loans mentioned above.
- The NPL coverage ratio ended the quarter at 75%, at similar levels compared to the previous quarter, with decreases in Spain, Turkey, South America, and increases in Mexico and Rest of Business.
- The cumulative cost of risk as of June 30, 2024 stood at 1.42%, which is above the previous quarter, yet in line with the expectations and associated with the growth in profitable portfolios. By business areas, Spain and South America showed stability, Turkey was at normalized levels and Mexico has been affected by the requirements of the retail portfolios.

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



CREDIT RISK [1] (MILLIONS OF EUROS)

	30-06-24	31-03-24	31-12-23	30-09-23	30-06-23
Credit risk	**469,687**	**462,457**	**448,840**	**444,984**	**436,174**
Stage 1	*414,956*	*405,765*	*392,528*	*394,329*	*386,711*
Stage 2	*39,298*	*40,975*	*41,006*	*35,791*	*34,772*
Stage 3 (non-performing loans)	*15,434*	*15,716*	*15,305*	*14,864*	*14,691*
Provisions	**11,560**	**11,943**	**11,762**	**11,751**	**11,697**
Stage 1	*2,162*	*2,198*	*2,142*	*2,143*	*2,107*
Stage 2	*1,911*	*2,130*	*2,170*	*2,198*	*2,181*
Stage 3 (non-performing loans)	*7,486*	*7,615*	*7,450*	*7,410*	*7,409*
NPL ratio (%)	**3.3**	**3.4**	**3.4**	**3.3**	**3.4**
NPL coverage ratio (%) [2]	**75**	**76**	**77**	**79**	**80**

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

[2] The NPL coverage ratio includes the valuation adjustments for credit risk throughout the expected residual life in those financial instruments that have been acquired (mainly originating from the acquisition of Catalunya Banc, S.A.). If these valuation corrections had not been taken into account, the NPL coverage ratio would have stood at 74% as of June 30, 2024.

NON-PERFORMING LOANS EVOLUTION (MILLIONS OF EUROS)

	2Q24 [1]	1Q24	4Q23	3Q23	2Q23
Beginning balance	**15,716**	**15,305**	**14,864**	**14,691**	**14,141**
Entries	2,925	3,184	3,038	2,898	2,875
Recoveries	(1,497)	(1,530)	(1,373)	(1,538)	(1,394)
Net variation	**1,428**	**1,655**	**1,665**	**1,360**	**1,481**
Write-offs	(1,209)	(1,216)	(983)	(830)	(877)
Exchange rate differences and other	(501)	(27)	(241)	(357)	(54)
Period-end balance	**15,434**	**15,716**	**15,305**	**14,864**	**14,691**
Memorandum item:					
Non-performing loans	14,672	14,938	14,444	13,947	13,787
Non performing guarantees given	761	778	862	918	905

[1] Preliminary data.

Structural risks

Liquidity and funding

Liquidity and funding management at BBVA promotes the financing of the recurring growth of the banking business at suitable maturities and costs using a wide range of funding sources. BBVA's business model, risk appetite framework and funding strategy are designed to reach a solid funding structure based on stable customer deposits, mainly retail (granular). As a result of this model, deposits have a high degree of assurance in each geographical area, close to 55% in Spain and Mexico. It is important to note that, given the nature of BBVA's business, lending is mainly financed through stable customer funds.

One of the key elements in the BBVA Group's liquidity and funding management is the maintenance of large high-quality liquidity buffers in all geographical areas. In this respect, the Group has maintained during the last 12 months an average volume of high-quality liquid assets (HQLA) of €132.7 billion, of which 97% corresponded to maximum quality assets (level 1 in the liquidity coverage ratio, LCR).

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

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

- The LCR requires banks to maintain a volume of high-quality liquid assets sufficient to withstand liquidity stress for 30 days. BBVA Group's consolidated LCR remained comfortably above 100% during the first half of 2024 and stood at 148% as of June 30, 2024. It should be noted that, given the MPE nature of BBVA, this ratio limits the numerator of the LCR for subsidiaries of BBVA S.A. to 100% of their net outflows, therefore, the resulting ratio is below that of the individual units (the LCR of the main components was 178% in BBVA, S.A., 154% in Mexico and 162% in Turkey). Without considering this restriction, the Group's LCR ratio was 179%.
- The net stable funding ratio (NSFR) requires banks to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities. The BBVA Group's NSFR ratio stood at 129% as of June 30, 2024.

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

LCR AND NSFR RATIOS (PERCENTAGE. 30-06-24)

	BBVA, S.A.	Mexico	Turkey	South America
LCR	**178%**	**154%**	**162%**	**All countries >100**
NSFR	**121%**	**133%**	**161%**	**All countries >100**

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

- BBVA, S.A. has maintained a strong position with a large high-quality liquidity buffer, having repaid the entire TLTRO III program, maintaining at all times the regulatory liquidity metrics well above the set minimums. During the first half of 2024, commercial activity has been broadly neutral in terms of liquidity, with growth in both customer deposits and lending activity.
- BBVA Mexico shows a solid liquidity situation, even though the credit gap increased in the first half of the year as a consequence of the outflows of deposits and strong dynamism of credit growth. Despite that, the cost of funds has been efficiently managed.
- In Turkey, in the first half of 2024, the lending gap in local currency remained stable (however, the performance by quarter has been very different, with an increase in the gap in the first quarter and a reduction in the second one). Regarding the credit gap in foreign currency, an increase was recorded, mainly originated by the outflow of deposits during the fist half of the year due to dedollarization. Liquidity buffer has been reduced, mainly due to the increase in the currency gap and the reserve requirement. Garanti BBVA continues to maintain a stable liquidity position with comfortable ratios. On the other hand, the Central Bank of Turkey has continued updating the measures to continue with the dedollarization process of the economy and control the inflation.
- In South America, the liquidity situation remains adequate throughout the region. In BBVA Argentina, the growth of excess liquidity slowed thanks to the increase loans in the quarter, which has equaled the growth of deposits. However, in the second half of the year, the growth in deposits exceeded the loans in local currency and with small differences in foreign currency. In BBVA Colombia, the credit gap decreased in the first half of the year with a growth in deposits much higher than loans. BBVA Peru has shown a decrease in lending gap in the first half of 2024 with a growth in deposits higher than loans.

The main wholesale financing transactions carried out by the BBVA Group during the first half of 2024 are listed below:

Issuer	Type of issue	Date of issue	Nominal (millions)	Currency	Coupon	Early redemption	Maturity date
BBVA, S.A.	Senior preferred	Jan-24	1,250	EUR	3.875%	—	Jan-34
	Tier 2	Feb-24	1,250	EUR	4.875%	Nov-30 to Feb-31	Feb-36
	Senior preferred	Mar-24	1,000	USD	5.381%	—	Mar-29
	Senior non-preferred	Mar-24	1,000	USD	6.033%	—	Mar-35
	Senior preferred (green bond)	Mar-24	1,000	EUR	3.500%	—	Mar-31
	Senior preferred	Jun-24	1,000	EUR	3 month Euribor rate + 45 basis points	—	Jun-27
	Senior preferred	Jun-24	750	EUR	3.625%	—	Jun-30
	AT1 (CoCo)	Jun-24	750	EUR	6.875%	Dec-30 to Jun-31	Perpetual

Additionally, BBVA, S.A. redeemed two capital issuances in the first half of 2024: in February 2024, a Tier 2 issuance of subordinated bonds issued in February 2019, for an amount of €750m and, in March 2024, an AT1 issued in 2019 on its first date of optional redemption, for an amount of €1 billion.

BBVA Mexico issued in January 2024 Tier 2 bonds for USD 900m with a maturity of 15 years and an early repayment option in 10 years with a coupon of 8.125%. Additionally, on April 10 2024, BBVA Mexico issued bank stock certificates for 15 billion Mexican pesos in two tranches. The first one was placed at a term of three and a half years, with a variable TIIE rate (Interbank Equilibrium Interest Rate) for one-day Funding plus 32 basis points, amounting to a total of 8.4 billion Mexican pesos. The second tranche was issued for seven years, with a fixed rate of 10.35%, for a total of 6.6 billion Mexican pesos.

In Turkey, Garanti BBVA issued in February 2024 Tier 2 10-year bonds for an amount of USD 500m, with a coupon of 8.375% and an early redemption option in 5 years. Additionally, in June 2024, Garanti BBVA renewed the total syndicated loan based on environmental, social and governance (ESG) criteria, which consists of two separate tranches of USD 241m (SOFR+2.5%) and €179m (Euribor+2.25%), respectively.

For its part, BBVA Peru issued Tier 2 bonds in the international market for USD 300m, with a 6.20% coupon, a 10.25-year maturity and an early redemption option in the fifth year.

BBVA Colombia, together with the International Finance Corporation (IFC) and the Inter-American Development Bank (IDB) announced the launch of a green biodiversity bond for an amount of up to USD 70m and a term of 3 years. On 12 July 2024, thereunder a first tranche of USD 15m was announced. For more information, see the Sustainability section at the beginning of this report.

In conclusion, the first half of 2024 has turned into one of the historically more actives in terms of issuance of wholesale funding of BBVA, S.A., with €8 billion funded in 8 tranches. If we also consider the issuance activity of BBVA Mexico, BBVA Turkey and BBVA Peru, this access to international markets increases by USD 1.7 billion, which shows the strength of the Group´s access to wholesale markets from its main issuance units.

Foreign exchange

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

The performance of the Group's main currencies during the first half of 2024 has been uneven. Due to its relevance for the Group, it should be noted the evolution of the Mexican peso, which has depreciated 4.3% against the euro due to the results of the June 2024 presidential elections. According to the Chilean peso, the Argentine peso and the Colombian peso registered depreciations of 4.0%, 8.5% and 5.1% respectively, with respect to the euro. Regarding the Turkish lira, this currency accumulates a depreciation of 7.2% which is much lower than the carry-trade of the currency.

The USD and the Peruvian sol registered an appreciation of 3.2% and 0.5% respectively, regards to the euro.

EXCHANGE RATES (EXPRESSED IN CURRENCY/EURO)

	Year-end exchange rates			Average exchange rates	
	30-06-24	Δ % on 30-06-23	Δ % on 31-12-23	1H24	Δ % on 1H23
U.S. dollar	1.0705	1.5	3.2	1.0812	—
Mexican peso	19.5654	(5.1)	(4.3)	18.5017	6.2
Turkish lira (1)	35.1868	(19.5)	(7.2)	—	—
Peruvian sol	4.0857	(3.6)	0.5	4.0485	0.2
Argentine peso (1)	975.85	(71.5)	(8.5)	—	—
Chilean peso	1,018.07	(14.3)	(4.0)	1,016.30	(14.2)
Colombian peso	4,451.25	2.3	(5.1)	4,237.50	17.1

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

In relation to the hedging of the capital ratios, BBVA covers, in aggregate, 70% of its subsidiaries' capital excess. The sensitivity of the Group's CET1 fully-loaded ratio to 10% depreciations in major currencies is estimated at: +18 basis points for the U.S. dollar, -10 basis points for the Mexican peso and -6 basis points for the Turkish lira[15]. With regard to the hedging of results, BBVA hedges between 40% and 50% of the aggregate net attributable profit it expects to generate in the next 12 months. For each currency, the final amount hedged depends on its expected future evolution, the costs and the relevance of the incomes related to the Group's results as a whole.

Interest rate

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

The model is based on assumptions intended to realistically mimic the behavior of the balance sheet. The assumptions regarding the behavior of accounts with no explicit maturity and prepayment estimates are specially relevant. These assumptions are reviewed and adapted at least once a year according to the evolution in observed behaviors.

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

In the first half of 2024, inflation were more persistent than expected. This has caused the market to reduce its interest rate expectations for 2024 in Europe and in the United States and to expect the first rate fall from the Fed towards the fall, while the ECB began its reduction cycle in June. The above, together with some geopolitical uncertainties, has triggered a rise in sovereign bond yields and has led to a negative performance in most debt portfolios of the Group. For their part, peripheral rate curve spreads remain well supported, even slightly narrowing in the first half of the year, although they have suffered some volatility due to the political situation in France. In Mexico, the central bank cut for the first time in three years the official interest rate, in line with the monetary policy actions of most South American countries, where by end-2023 interest rate cuts had begun, which have continued during the first half of 2024. In Turkey, the Central Bank of Turkey has continued the tightening of its monetary policy launched in June 2023.

By area, the main features are:

- Spain has a balance sheet characterized by a lending portfolio with high proportion of variable-rate loans (mortgages and corporate lending) and liabilities composed mainly by customer demand deposits. The ALCO portfolio acts as a management lever and hedge for the balance sheet, mitigating its sensitivity to interest rate fluctuations. In an environment of high rates, the exposure of the net interest income to movements in balance sheet interest rates has been reduced in the last quarters.

  On the other hand, at its June meeting the ECB carried out the first reduction, by 25 basis points, in official interest rates, after nine months in which interest rates had remained unchanged. Thus by the end of June, the reference interest rate stood at 4.25%, the marginal deposit facility rate at 3.75% and the marginal loan facility rate at 4.50%. Additionally, the ECB announced in March the changes on its operative framework, highlighting that, from September on, the spread between the benchmark interest rate and that of the deposit facility will be reduced to 15 basis points, and in June it confirmed that it will reduce holdings of securities acquired under the Pandemic Emergency Purchase Program (PEPP) in the second half of the year, expecting to end reinvestments at the end of 2024.

- Mexico continues to show a balance between fixed and variable interest rates balances, which results in a limited sensitivity to interest rates fluctuations. In terms of assets that are most sensitive to interest rate changes, the commercial portfolio stood out, while consumer loans and mortgages are mostly at a fixed rate. With regard to customer funds, the high proportion of non-interest bearing deposits, which are insensitive to interest rate movements, should be highlighted. The ALCO portfolio is invested primarily in fixed-rate sovereign bonds with limited maturities. The monetary policy rate stood at 11.00% at the end of the first half of 2024, 25 basis points below the end-of-year level of 2023.

- In Turkey, the sensitivity of deposits is offset by the ALCO portfolio and loans (fixed rate and relatively short-term). The sensitivity of the net interest income remains very limited thanks to the different efforts carried out by the Bank. The CBRT

[15] This sensitivity does not include the cost of capital hedges, which are currently estimated at 3 basis points per quarter for Mexican peso and 1 basic point per quarter for Turkish lira.

has recently increased monetary policy rates, taking interest rates from 15.0% by the end of June 2023 to 50.0% by the end of June 2024, unchanged since March 2024.

– In South America, the interest rate risk profile remains low as most countries in the area have a fixed/variable composition and maturities that are very similar for assets and liabilities, with limited net interest income sensitivity. In addition, the in balance sheets with several currencies, the interest rate risk is managed for each of the currencies, showing a very low level of exposure. Regarding benchmark rates, in Peru it stood at 5.75% as of June 2024, 100 basis points below its 2023 closing level. In Colombia, the interest rate was placed by the end of June 2024 in 11.25%, 175 basis points below the end of 2023. In Argentina, the central bank has made several cuts during the quarter the benchmark interest rate at 40%, which is a decrease of 60 basis points compared to the end of December 2023.

INTEREST RATES (PERCENTAGE)

	30-06-24	31-03-24	31-12-23	30-09-23	30-06-23
Official ECB rate	4.25	4.50	4.50	4.50	4.00
Euribor 3 months [(1)]	3.73	3.92	3.94	3.88	3.54
Euribor 1 year [(1)]	3.65	3.72	3.68	4.15	4.01
USA Federal rates	5.50	5.50	5.50	5.50	5.25
TIIE (Mexico)	11.00	11.00	11.25	11.25	11.25
CBRT (Turkey)	50.00	50.00	42.50	30.00	15.00

[(1)] Calculated as the month average.

Business areas

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

The structure of the business areas reported by the BBVA Group as of June 30, 2024, is the same as the one presented at the end of 2023.

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

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

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

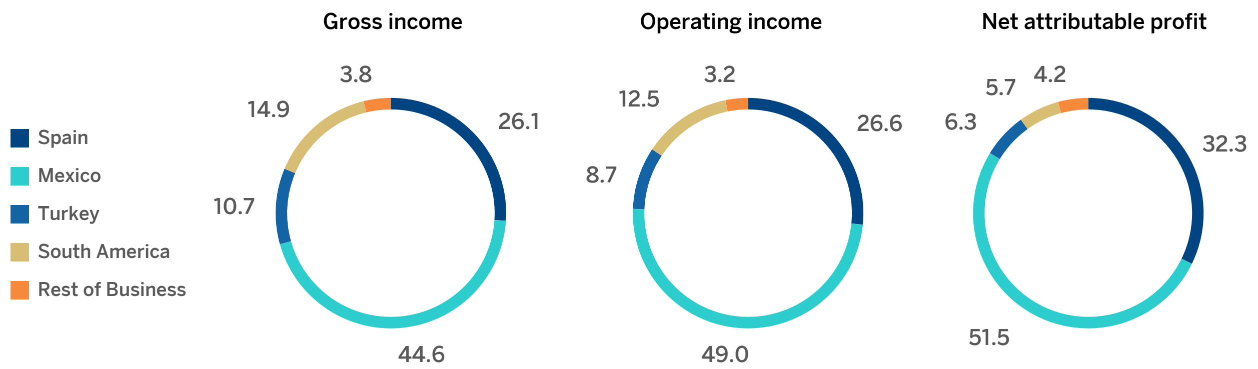
In addition to these geographical breakdowns, supplementary pro forma information is provided for the wholesale business, Corporate & Investment Banking (CIB), carried out by BBVA in the countries where it operates. This business is relevant to have a broader understanding of the Group's activity and results due to the important features of the type of customers served, products offered and risks assumed, even if this is a pro forma information that does not capture the application of the hyperinflation accounting nor the wholesale business of the Group in Venezuela.

To prepare the information by business areas, which is presented under management criteria based on the financial information used in the preparation of the financial statements, the lowest level units and/or companies that make up the Group are taken and assigned to the different areas according to the main region or company group in which they carry out their activity. In regards to the information on the business areas and on the supplementary pro-forma information about CIB, in the first quarter of 2024 the Group changed its allocation criteria for certain expenses, mainly related with global international projects between the Corporate Center and the business areas (where they are currently charged). Consequently, in order to make those year-on-year comparisons homogeneous, the figures for year 2023 have been revised, which has not affected the consolidated financial information of the Group.

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

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

GROSS INCOME [1], OPERATING INCOME [1] AND NET ATTRIBUTABLE PROFIT [1] BREAKDOWN (PERCENTAGE. 1H24)



[1] Excludes the Corporate Center.

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

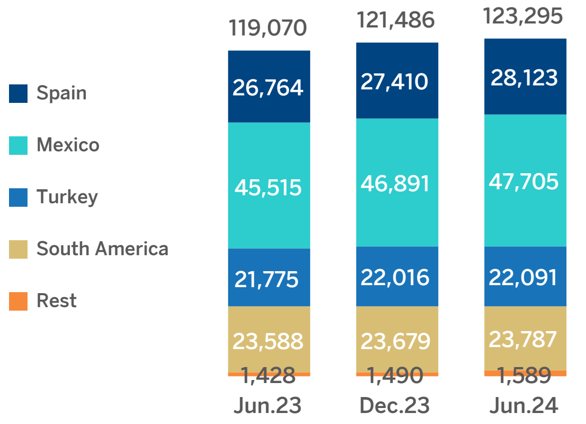
	BBVA Group	Business areas: Spain	Mexico	Turkey	South America	Rest of Business	∑ Business areas	Corporate Center
1H24								
Net interest income	12,993	3,211	5,968	605	3,075	335	13,194	(201)
Gross income	17,446	4,626	7,910	1,892	2,639	678	17,745	(300)
Operating income	10,586	2,990	5,508	983	1,405	355	11,240	(654)
Profit (loss) before tax	7,780	2,603	3,938	914	625	306	8,386	(606)
Net attributable profit (loss)	4,994	1,790	2,858	351	317	235	5,551	(557)
1H23 (1)								
Net interest income	11,410	2,544	5,264	980	2,503	260	11,550	(140)
Gross income	14,148	3,630	6,774	1,480	2,415	566	14,864	(716)
Operating income	8,209	2,086	4,702	888	1,324	293	9,292	(1,083)
Profit (loss) before tax	6,122	1,794	3,570	786	772	277	7,199	(1,077)
Net attributable profit (loss)	3,878	1,212	2,604	524	361	216	4,917	(1,039)

(1) Revised balances.

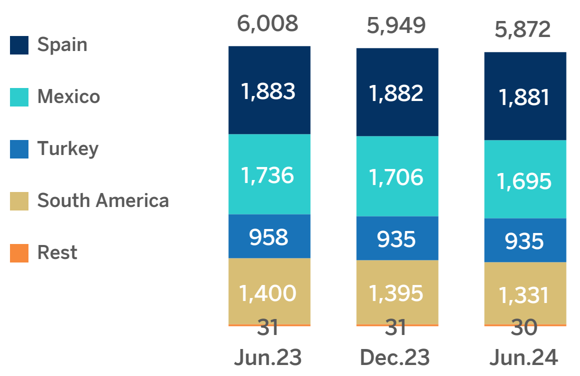
MAIN BALANCE-SHEET ITEMS AND RISK-WEIGHTED ASSETS BY BUSINESS AREA (MILLIONS OF EUROS)

	BBVA Group	Business areas: Spain	Mexico	Turkey	South America	Rest of Business	∑ Business areas	Corporate Center	Deletions
30-06-24									
Loans and advances to customers	393,803	178,273	89,733	42,174	43,055	41,856	395,090	445	(1,732)
Deposits from customers	430,984	225,381	86,048	54,950	45,757	21,397	433,532	188	(2,736)
Off-balance sheet funds	180,975	102,652	59,179	12,180	6,378	585	180,975	0	—
Total assets/liabilities and equity	759,534	421,032	170,505	75,456	67,749	61,564	796,306	24,290	(61,061)
RWAs	383,179	121,668	94,157	62,037	52,338	39,434	369,634	13,545	—
31-12-23									
Loans and advances to customers	377,643	173,169	88,112	37,416	41,213	39,322	379,231	230	(1,819)
Deposits from customers	413,487	217,235	92,564	50,651	42,567	13,056	416,073	181	(2,768)
Off-balance sheet funds	164,367	97,253	53,254	7,768	5,525	566	164,366	1	—
Total assets/liabilities and equity	775,558	457,573	173,489	68,329	64,779	64,274	828,445	23,074	(75,961)
RWAs	363,915	121,779	91,865	54,506	49,117	36,410	353,678	10,237	—

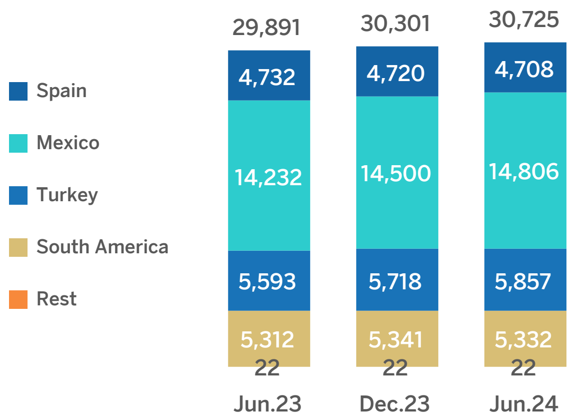
NUMBER OF EMPLOYEES



NUMBER OF BRANCHES



NUMBER OF ATMS

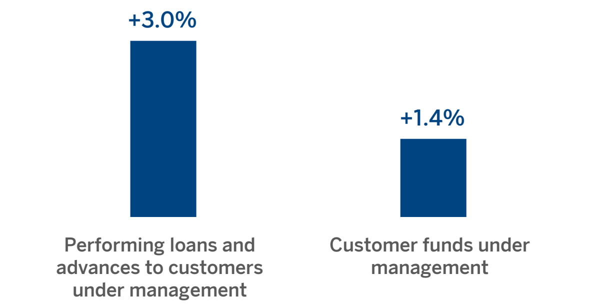


Spain

Highlights

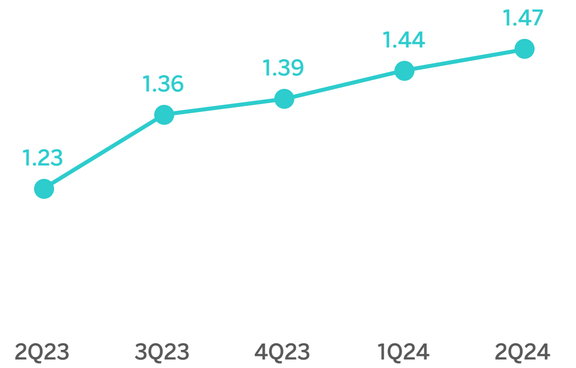
- **Growth in lending and customer funds in the quarter**
- **Good performance of the recurring revenue**
- **Reduction of the NPL ratio and stability of the cost of risk**
- **Improvement of the efficiency ratio and remarkable quarterly results**

BUSINESS ACTIVITY [1] (VARIATION COMPARED TO 31-12-23)

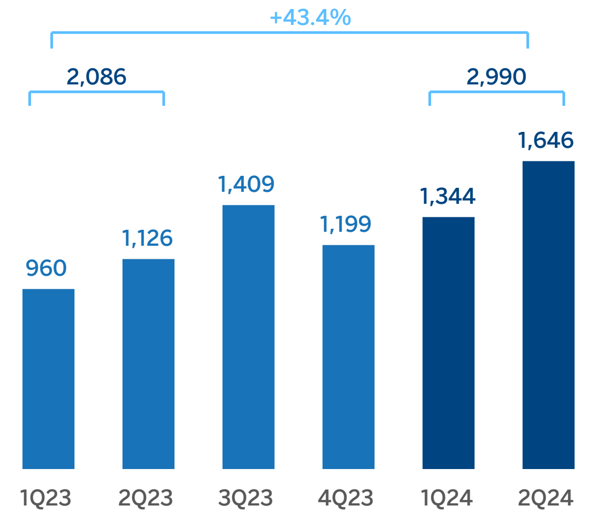


[1] Excluding repos.

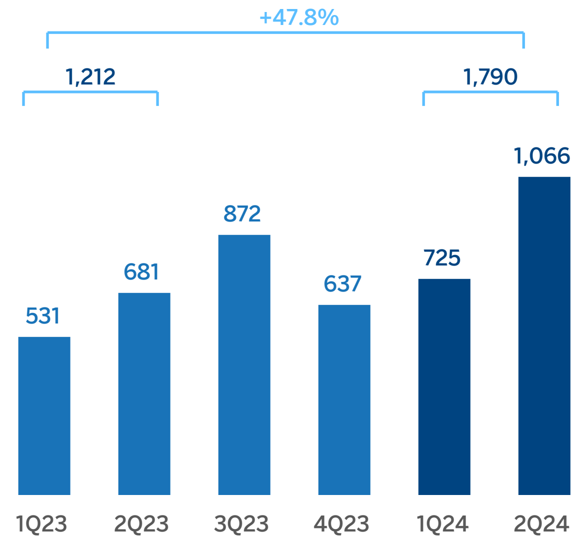
NET INTEREST INCOME / AVERAGE TOTAL ASSETS (PERCENTAGE)



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	1H24	Δ %	1H23 [1]
Net interest income	**3,211**	**26.2**	**2,544**
Net fees and commissions	1,144	4.7	1,093
Net trading income	358	64.3	218
Other operating income and expenses	(88)	(60.7)	(224)
Of which: Insurance activities	*197*	*3.0*	*192*
Gross income	**4,626**	**27.4**	**3,630**
Operating expenses	(1,636)	5.9	(1,545)
Personnel expenses	*(863)*	*1.5*	*(851)*
Other administrative expenses	*(589)*	*16.9*	*(504)*
Depreciation	*(183)*	*(3.8)*	*(190)*
Operating income	**2,990**	**43.4**	**2,086**
Impairment on financial assets not measured at fair value through profit or loss	(335)	39.3	(240)
Provisions or reversal of provisions and other results	(52)	1.0	(51)
Profit (loss) before tax	**2,603**	**45.1**	**1,794**
Income tax	(811)	39.6	(581)
Profit (loss) for the period	**1,792**	**47.8**	**1,213**
Non-controlling interests	(1)	30.2	(1)
Net attributable profit (loss)	**1,790**	**47.8**	**1,212**

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

Balance sheets	30-06-24	Δ %	31-12-23
Cash, cash balances at central banks and other demand deposits	15,991	(64.2)	44,653
Financial assets designated at fair value	127,669	(12.6)	146,136
Of which: Loans and advances	*50,245*	*(28.5)*	*70,265*
Financial assets at amortized cost	234,062	8.2	216,334
Of which: Loans and advances to customers	*178,273*	*2.9*	*173,169*
Inter-area positions	36,426	(15.0)	42,869
Tangible assets	2,816	(2.4)	2,884
Other assets	4,069	(13.4)	4,697
Total assets/liabilities and equity	**421,032**	**(8.0)**	**457,573**
Financial liabilities held for trading and designated at fair value through profit or loss	78,270	(29.9)	111,701
Deposits from central banks and credit institutions	33,865	(22.5)	43,694
Deposits from customers	225,381	3.7	217,235
Debt certificates	49,991	(2.9)	51,472
Inter-area positions	—	—	—
Other liabilities	18,425	(0.8)	18,579
Regulatory capital allocated	15,100	1.4	14,892

Relevant business indicators	30-06-24	Δ %	31-12-23
Performing loans and advances to customers under management [2]	174,783	3.0	169,712
Non-performing loans	8,086	(1.2)	8,189
Customer deposits under management [2]	214,859	(0.5)	216,005
Off-balance sheet funds [3]	102,652	5.6	97,253
Risk-weighted assets	121,668	(0.1)	121,779
Efficiency ratio (%)	35.4		40.5
NPL ratio (%)	3.9		4.1
NPL coverage ratio (%)	54		55
Cost of risk (%)	0.38		0.37

[2] Excluding repos.

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

Macro and industry trends

Financial indicators continue to show dynamism in economic activity, largely due to services exports, fiscal policy, European recovery funds as well as the increase in active population caused by factors such as greater active population. In this context, BBVA Research's forecast for GDP growth in 2024 has been revised upwards from 2.1% to 2.5%, a rate identical to that recorded in 2023 and significantly higher than that forecast for the Eurozone. On the other hand, annual inflation reached 3.4% in June 2024 and it is expected to remain close to this level during the second half of the year.

As for the banking system, data at the end of May 2024 showed that the volume of credit to the private sector declined by 2.5% year-on-year. At the end of May, household and non-financial corporate loan portfolios fell by 1.0% and 2.9% year-on-year, respectively. Customer deposits increased by 7.5% year-on-year as of the end of May 2024, due to a 0.8% increase in demand deposits, and 70.4% time deposits. The NPL ratio stood at 3.6% in May 2024, practically the same as in the same month of the previous year. Furthermore, the system maintains comfortable solvency and liquidity levels.

Activity

The most relevant aspects related to the area's activity during the first half of 2024 were:

- Loan balances were higher than at the end of December (+3.0%), highlighting the growth in the commercial segment (+2.6%), public sector (+16.2%) and mortgages (+1.2%).
- Total customer funds grew in the first half (+1.4%), as a result of the performance of off-balance sheet funds (mutual and pension funds), which increased by 5.6%, mainly favored by net contributions in the first half of the year and a very positive market effect, and by the evolution of time deposits, which grew by 5.3%.

The most relevant aspects related to the area's activity during the second quarter of 2024 were:

- Growth in lending compared to the end of March (+2.4%), with good dynamics in all retail segments, as well as in the SMEs and public sector.
- Regarding credit quality, the NPL ratio decreased compared to the end of the previous quarter and stood at 3.9%, favored by the impact of portfolio sales at the end of June of non-performing loans (mostly unsecured), and with a negative effect on the NPL coverage ratio, which has reduced to 54% as of the end of June 2024.
- Total customer funds remained stable in the second quarter of the year (+0.1%, with respect to the balances at the end of March 2024), with a decrease in time deposits (-10.8%), offset by the growth of demand deposits (+1.0%) and off-balance sheet funds (+2.1%), which registered positive net contributions, as well as a very favorable market effect.

Results

Spain generated a net attributable profit of €1,790m in the first half of 2024, 47.8% higher than in the same period of the previous year, mainly supported by the favorable evolution of every line item of the gross income, especially the net interest income.

The most relevant aspects of the year-on-year changes in the area's income statement at the end of June 2024 were:

- Net interest income increased by 26.2%, mainly supported by the increase in the customer spread in a context of higher benchmark interest rates compared to the first half of 2023, as well as an effective liability management, which has kept the cost of deposits contained.
- Commissions grew by 4.7% compared to the same period of the previous year. The contribution of asset management fees, insurance and securities fees and fees related to CIB operations, with significant transactions in the first quarter of the year, were noteworthy.
- Growth in the NTI contribution (+64.3%), mainly supported by portfolio management and, to a lesser extent, by the contribution of Global Markets.
- The other operating income and expenses line includes the total annual estimated amount for the temporary tax on credit institutions and financial credit institutions for year 2024 of €285m, which is €60m higher than that registered in the same period of the previous year. The year-on-year comparison is mainly affected by the absence of contribution to the SRF in 2024.
- Operating expenses increased by 5.9%, mainly due to an increase in general expenses, as a result of inflation, especially higher IT expenses, and to a lesser extent in personnel expenses. This growth is well under the increase of the gross income (+27.4%), which allowed a very significant improvement of the efficiency ratio by 719 basis points in the last twelve months.
- Impairment on financial assets increased by 39.3%, in line with expectations, mainly due to higher recurrent flows in retail portfolios in the context of high rates. As a result of the above, the cumulative cost of risk at the end of June 2024 stood at 0.38%, remaining stable in comparison with the cumulative cost of risk at the end of March 2024.

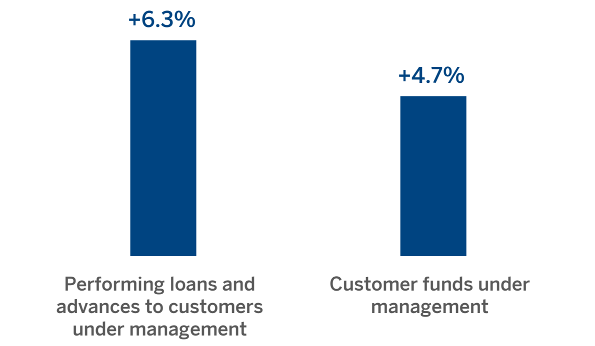
In the second quarter of 2024, Spain generated a net attributable profit of €1,066m, which represents a growth of 47.1% compared to the previous quarter, which included the total estimated annual amount of the temporary levy on credit institutions and financial credit establishments in the other operating revenues and expenses line. Apart from the above, recurring revenues performed well, offset by a lower NTI. On the lower part of the income statement, expenses were in line with the previous quarter and provisions for impairment on financial assets increased, due to a slightly higher recurring entries in the wholesale portfolio, offset by the evolution of the provisions and other results line.

Mexico

Highlights

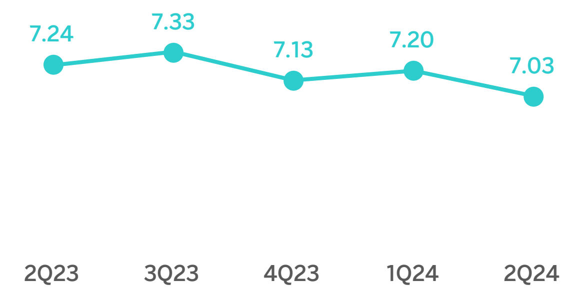
- **Growth in lending activity, with higher dynamism in the wholesale segment in the quarter**
- **Recurring revenue growth in the first half of 2024**
- **Improvement of the efficiency ratio in the first six months of 2024**
- **Quarterly net attributable profit remains at high levels**

BUSINESS ACTIVITY [1] (VARIATION AT CONSTANT EXCHANGE RATE COMPARED TO 31-12-23)

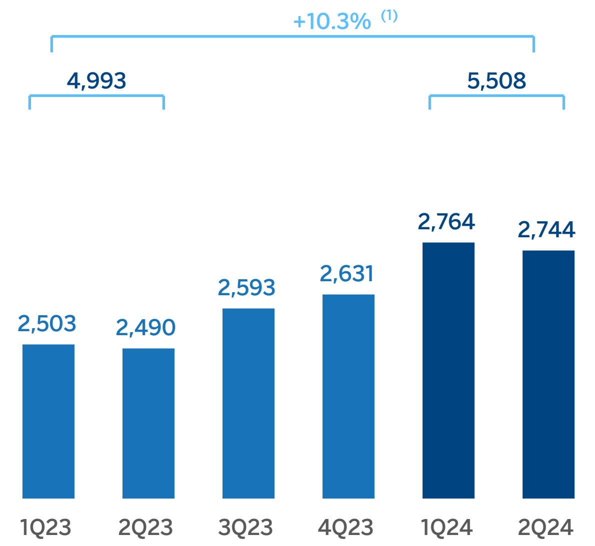


(1) Excluding repos.

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

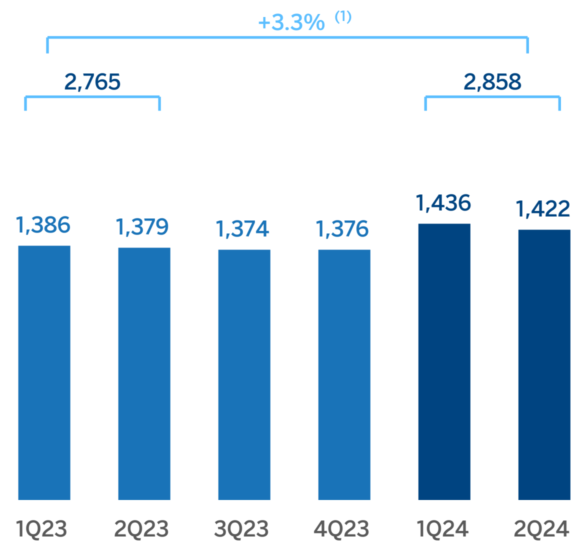


OPERATING INCOME (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATE)



(1) At current exchange rate: +17.1%.

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



(1) At current exchange rate: +9.8%.

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

Income statement	1H24	Δ %	Δ % [2]	1H23 [1]
Net interest income	**5,968**	**13.4**	**6.8**	**5,264**
Net fees and commissions	1,269	24.8	17.5	1,017
Net trading income	397	26.1	18.8	315
Other operating income and expenses	276	54.7	45.7	178
Gross income	**7,910**	**16.8**	**10.0**	**6,774**
Operating expenses	(2,403)	16.0	9.2	(2,072)
Personnel expenses	*(1,144)*	*20.1*	*13.1*	*(953)*
Other administrative expenses	*(1,006)*	*12.2*	*5.7*	*(896)*
Depreciation	*(253)*	*13.4*	*6.7*	*(223)*
Operating income	**5,508**	**17.1**	**10.3**	**4,702**
Impairment on financial assets not measured at fair value through profit or loss	(1,553)	36.6	28.6	(1,136)
Provisions or reversal of provisions and other results	(17)	n.s.	n.s.	5
Profit (loss) before tax	**3,938**	**10.3**	**3.9**	**3,570**
Income tax	(1,079)	11.8	5.2	(966)
Profit (loss) for the period	**2,858**	**9.8**	**3.3**	**2,604**
Non-controlling interests	(1)	8.6	2.3	(0)
Net attributable profit (loss)	**2,858**	**9.8**	**3.3**	**2,604**

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

Balance sheets	30-06-24	Δ %	Δ % [2]	31-12-23
Cash, cash balances at central banks and other demand deposits	7,676	(23.9)	(20.5)	10,089
Financial assets designated at fair value	59,191	(2.0)	2.4	60,379
Of which: Loans and advances	*1,496*	*(71.1)*	*(69.8)*	*5,180*
Financial assets at amortized cost	96,641	0.3	4.8	96,342
Of which: Loans and advances to customers	*89,733*	*1.8*	*6.4*	*88,112*
Tangible assets	2,255	(5.5)	(1.3)	2,387
Other assets	4,742	10.5	15.4	4,293
Total assets/liabilities and equity	**170,505**	**(1.7)**	**2.7**	**173,489**
Financial liabilities held for trading and designated at fair value through profit or loss	34,395	20.7	26.1	28,492
Deposits from central banks and credit institutions	7,411	(15.2)	(11.4)	8,739
Deposits from customers	86,048	(7.0)	(2.9)	92,564
Debt certificates	10,533	8.4	13.2	9,719
Other liabilities	19,664	(13.6)	(9.7)	22,756
Regulatory capital allocated	12,454	11.0	16.0	11,218

Relevant business indicators	30-06-24	Δ %	Δ % [2]	31-12-23
Performing loans and advances to customers under management [3]	90,244	1.8	6.3	88,688
Non-performing loans	2,525	2.2	6.8	2,472
Customer deposits under management [3]	85,312	(6.2)	(2.0)	90,926
Off-balance sheet funds [4]	59,179	11.1	16.1	53,254
Risk-weighted assets	94,157	2.5	7.1	91,865
Efficiency ratio (%)	30.4			30.9
NPL ratio (%)	2.6			2.6
NPL coverage ratio (%)	120			123
Cost of risk (%)	3.34			2.96

[2] At constant exchange rate.

[3] Excluding repos.

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

Macro and industry trends

Economic growth has lost some of its dynamism in the first half of 2024, in a context of economic slowdown in the United States, still high interest rates and slowing investment. Thus, after growing 3.2% in 2023, GDP growth will moderate to 2.5% in 2024 (unchanged from the previous forecast) and would remain supported by robust private consumption. Annual inflation rose temporarily in recent months, to 5.0% in June, but is expected to resume its downward trend soon. According to BBVA Research, inflation will close 2024 at around 4.3%. Policy rates, which stood at 11.0% in June 2024 after a cut of 25 basis points in March, are expected to continue to decrease, albeit at a slower pace than previously expected, to around 10.5% by the end of the year. In addition, following the general elections held in June, turbulence was observed in the financial markets. Although financial volatility has moderated more recently, there is still uncertainty about future public policies.

With respect to the banking system, at the end of May 2024, the volume of outstanding credit to the non-financial private sector increased by 11.4% in year-on-year terms, with a greater boost from the consumer portfolio (+19.9%), followed by mortgages (+8.2%) and loans to businesses (+9.1%). Growth in total (demand and time) deposits remains at similar levels to those of total credit, with a year-on-year growth of 9.9% at the end of April 2024, with greater dynamism in time deposits (+12.4% year-on-year) than in demand deposits (+8.6% year-on-year). The industry's non-performing loans slightly improved at around 2.25% in April 2024 and capital ratios are at comfortable levels.

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

Activity

The most relevant aspects related to the area's activity in the first half of 2024 were:

- Lending activity (performing loans under management) grew by 6.3% between January and June 2024, with a more dynamic growth in the retail portfolio. The wholesale portfolio, which includes large companies and public sector, grew by 6.2% in the first half, with dynamism in the corporate banking segment. For its part, the retail portfolio grew at a rate of 6.4%. Within this segment, consumer loans are noteworthy, which grew by 9.4%.
- Customer deposits under management increased 4.7% in the first half of 2024, as a result of the growth of mutual funds and other off-balance sheet funds, which increased at a rate of 16.1% in the first half of 2024, thanks to the commercial boost in a highly competitive environment to attract liabilities.

The most relevant aspects related to the area's activity in the second quarter of 2024 were:

- Lending activity (performing loans under management) grew by 5.6% in the second quarter of 2024, with greater dynamism in the wholesale portfolio, which grew at a rate of 7.8% favored by the performance of the corporates segment with business strategies which favored its growth at a rate of 9.3%. For its part, the retail portfolio grew 3.9%, highlighting the increase in consumer credits (+5.0%, driven by the product "Nómina y Personales BBVA"), and to a lesser extent mortgage loans (+2.5%) and SMEs (+5.8%). As a result, the weight of the retail portfolio, which is the most profitable for BBVA Mexico, stood at 52.5% at the end of June 2024.
- With regard to the asset quality indicators, the NPL ratio stood at 2.6% at the end of June 2024, which represents a reduction of -6 basis points compared to the end of March, mainly due to the good performance of the wholesale portfolio, as a result of both improved activity and the containment of the non-performing loans. On the other hand, the NPL coverage ratio increased to 120% at the end of June 2024.
- Customer deposits under management increased by 2.8%, mainly favored by the growth of off-balance sheet funds, which increased by 5.7% in the quarter, at the expense of time deposits (-7.8%). With respect to demand deposits, they grew by 2.7%.

Results

BBVA Mexico achieved a cumulative net attributable profit of €2,858m by the end of June 2024, representing an increase of 3.3% compared to the same period of the previous year, mainly due to the strength of the recurring income from the banking business.

The most relevant aspects of the year-on-year changes in the income statement as of the end of June 2024 are summarized below:

- Net interest income increased by 6.8%, as a result of growth in lending activity.
- Net fees and commissions, boosted by greater transactions, continued to increase at double digit (+17.5%), with favorable evolution in almost all commissions types, highlighting credit cards, those derived from mutual funds management and from wholesale activity.
- The contribution from NTI increased (+18.8%) mainly as a result of the performance of Global Markets.
- The other operating income and expenses line grew by 45.7%, driven by the evolution of the insurance business.
- Operating expenses increased (+9.2%), mainly due to higher personnel expenses associated with the increase in the headcount over the course of 2023, and, to a lesser extent, the increase of general expenses, particularly technology expenditure.
- Loan-loss provisions increased (+28.6%), affected by the higher provisioning needs of the retail portfolio, mainly in consumer and credit cards, due to the growth of these profitable segments. Consequently, the cumulative cost of risk at the end of June 2024 stood at 3.34%, which represents a growth of 7 basis points compared to the one registered at the end of March 2024.

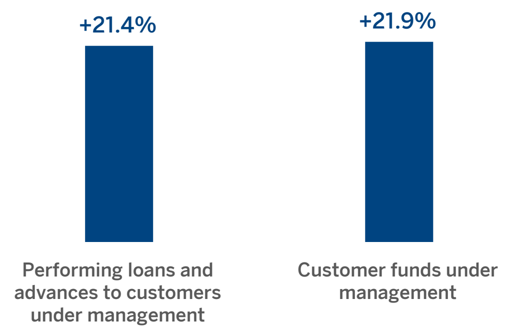
In the quarter, and excluding the effect of exchange rate fluctuations, BBVA Mexico generated net attributable profit of €1,422m, which represents a -1.0% variation with respect to the previous quarter. This evolution is due to lower recurrent revenues and lower NTI, offset by a better performance in the other operating income and expenses line, mainly thanks to the positive performance of the insurance business. On the lower of the income statement, there was an increase in operating expenses and higher provisions for impairment of financial assets.

Turkey

Highlights

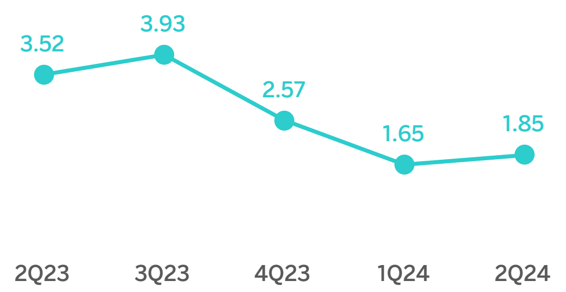
- **Growth in lending and customer funds**
- **The downward trend in NPL ratio continues**
- **Favorable evolution of recurring income in the second quarter**
- **Lower quarterly impact from hyperinflation**

BUSINESS ACTIVITY [1] (VARIATION AT CONSTANT EXCHANGE RATE COMPARED TO 31-12-23)

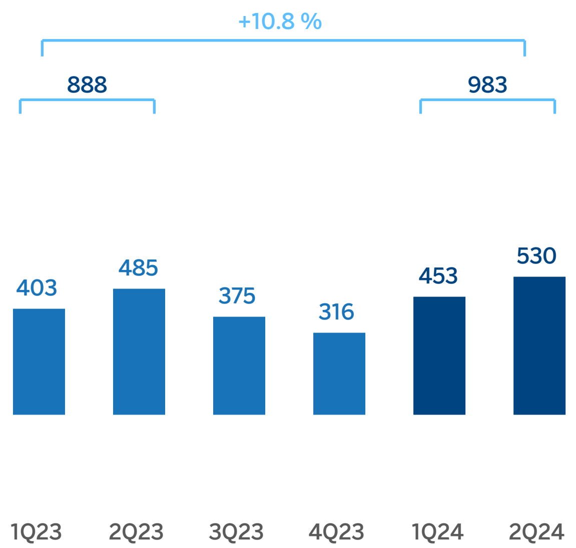


[1] Excluding repos.

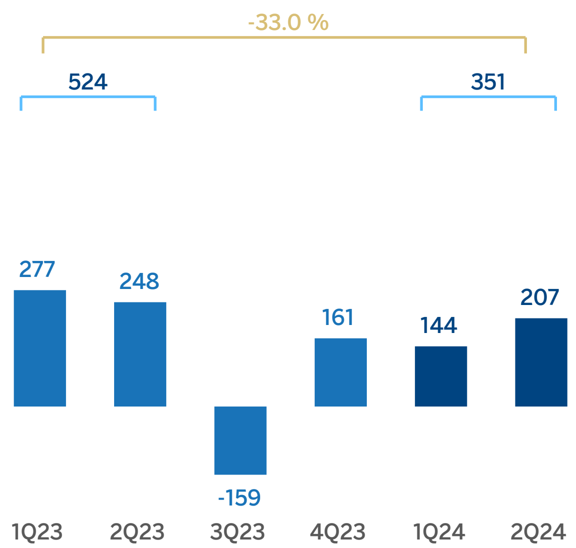
NET INTEREST INCOME / AVERAGE TOTAL ASSETS (PERCENTAGE AT CONSTANT EXCHANGE RATE)



OPERATING INCOME (MILLIONS OF EUROS AT CURRENT EXCHANGE RATE)



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



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

Income statement	1H24	Δ %	Δ % [2]	1H23 [1]
Net interest income	**605**	**(38.3)**	**(22.3)**	**980**
Net fees and commissions	905	217.2	294.7	285
Net trading income	601	52.5	88.5	394
Other operating income and expenses	(219)	21.6	(22.6)	(180)
Gross income	**1,892**	**27.9**	**81.3**	**1,480**
Operating expenses	(909)	53.5	90.9	(592)
Personnel expenses	*(526)*	*62.1*	*103.8*	*(324)*
Other administrative expenses	*(284)*	*37.5*	*72.2*	*(207)*
Depreciation	*(99)*	*62.1*	*86.6*	*(61)*
Operating income	**983**	**10.8**	**73.3**	**888**
Impairment on financial assets not measured at fair value through profit or loss	(152)	178.0	216.6	(55)
Provisions or reversal of provisions and other results	82	n.s.	n.s.	(47)
Profit (loss) before tax	**914**	**16.2**	**89.6**	**786**
Income tax	(498)	192.7	n.s.	(170)
Profit (loss) for the period	**416**	**(32.5)**	**8.0**	**616**
Non-controlling interests	(64)	(29.7)	10.9	(92)
Net attributable profit (loss)	**351**	**(33.0)**	**7.5**	**524**

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

Balance sheets	30-06-24	Δ %	Δ % [2]	31-12-23
Cash, cash balances at central banks and other demand deposits	8,957	(7.7)	(0.5)	9,700
Financial assets designated at fair value	4,106	11.2	19.9	3,692
Of which: Loans and advances	*2*	*0.7*	*8.5*	*2*
Financial assets at amortized cost	58,294	13.1	21.9	51,543
Of which: Loans and advances to customers	*42,174*	*12.7*	*21.5*	*37,416*
Tangible assets	1,827	22.1	28.6	1,496
Other assets	2,271	19.6	28.5	1,899
Total assets/liabilities and equity	**75,456**	**10.4**	**18.9**	**68,329**
Financial liabilities held for trading and designated at fair value through profit or loss	1,957	4.2	12.2	1,878
Deposits from central banks and credit institutions	3,564	54.6	66.6	2,306
Deposits from customers	54,950	8.5	16.9	50,651
Debt certificates	3,143	14.8	23.7	2,737
Other liabilities	4,243	(1.8)	5.0	4,319
Regulatory capital allocated	7,599	18.0	27.1	6,438

Relevant business indicators	30-06-24	Δ %	Δ % [2]	31-12-23
Performing loans and advances to customers under management [3]	42,063	12.7	21.4	37,339
Non-performing loans	1,956	(0.5)	7.3	1,965
Customer deposits under management [3]	52,397	6.2	14.5	49,321
Off-balance sheet funds [4]	12,180	56.8	69.0	7,768
Risk-weighted assets	62,037	13.8	22.5	54,506
Efficiency ratio (%)	48.0			47.0
NPL ratio (%)	3.3			3.8
NPL coverage ratio (%)	94			97
Cost of risk (%)	0.84			0.25

[2] At constant exchange rate.

[3] Excluding repos.

[4] Includes mutual funds and pension funds.

Macro and industry trends

Since the general elections held in May 2023, there are increasing signs of normalization in economic policy, in general, and monetary policy in particular, which point to a gradual reversal of the current macroeconomic distortions. Thus, benchmark interest rates have increased from 8.5% at the beginning of 2023 to 50% in March 2024, and other countercyclical measures have been announced, leading to a relatively stable exchange rate and an incipient moderation in annual inflation, which reached 71.6% in June compared to 75.5% reached in May. Economic growth would moderate from 4.5% in 2023 to 3.5% in 2024 (unchanged from the previous forecasts), despite the resilience of demand which, to some extent, continues to be supported by a expansive fiscal policy. Despite the still high uncertainty, it is most likely that the expected moderation of growth and the more restrictive tone of economic policies will favor a further reduction in inflation, to around 43% by the end of 2024.

As for the Turkish banking system, the effect of inflation remains strong. Total lending in the system increased 45.6% on a year-on-year basis as of May 2024, at similar levels to the previous months. The credit stock continues to be driven by the increase of consumer finance and credit cards (+51.3% year-on-year) while credit to businesses grew slightly less (+46.7% year-on-year). Total deposits maintain their strength from the previous months and increased at the end of May by 54.6% on a year-on-year basis. The growth of Turkish lira deposits remains strong in the same month (+61.0%), while U.S. dollar deposits grew more slowly (+45.0%), The dollarization decreased to 37.5% in May 2024 versus 40.0% a year before. The system's NPL ratio has continued falling in the last months and as of May 2024 it was of 1.6% (24 basis points lower than in the same month of 2023). Capital indicators remained at more than comfortable levels on the same date.

Unless expressly stated otherwise, all comments below on rates of changes for both activity and results, will be presented at constant exchange rates. These rates, together with changes at current exchange rates, can be observed in the attached tables of the financial statements and relevant business indicators. For the conversion of these figures, the end of period exchange rate as of June 30, 2024 is used, reflecting the considerable depreciation by the Turkish lira in the last twelve months. Likewise, the Balance sheet, the Risk-Weighted Asset (RWA) and the equity are affected.

Activity[16]

The most relevant aspects related to the area's activity in the first half of 2024 were:

- Lending activity (performing loans under management) increased by 21.4% between January and June 2024, mainly driven by the growth in Turkish lira loans (+24.7%). This growth was mainly supported by the performance of credit cards and consumer loans. Foreign currency loans (in U.S. dollars) increased by 6.5%, boosted by the increase in activity with customers focused on foreign trade (with natural hedging of exchange rate risk).
- Customer deposits (72.8% of the area's total liabilities as of June 30, 2024) remained the main source of funding for the balance sheet and increased by 14.5% favored by evolution the positive performance of Turkish lira time deposits (+22.0%), which represent a 82.0% of total customer deposits in local currency. Balances deposited in foreign currency (in U.S. dollars) continued their downward path and decreased by 6.5%, with transfers from foreign currency time deposits to Turkish lira time deposits observed under a foreign exchange protection scheme. Thus, as of June 30, 2024, Turkish lira deposits accounted for 65.8% of total customer deposits in the area. For its part, off-balance sheet funds grew by 69.0%.

The most relevant aspects related to the area's activity in the second quarter of 2024 were:

- Lending activity (performing loans under management) increased by 7.1%, mainly driven by the growth in Turkish lira loans (+7.9%, below the quarterly inflation rate) and, to a lesser extent, by the growth of foreign currency loans (+4.5%). Within loans in Turkish liras, the evolution of credit cards (+8.7%) and of consumer loans (+11.0% including auto loans) stand out.
- In terms of asset quality, the NPL ratio decreased 9 basis points from that at the end of March 2024 to 3.3%, and 45 basis points compared to the figure as of the end of December 2023, mainly as a result of the growth in activity, the sale of a retail portfolio and the positive dynamics in the wholesale portfolio in recoveries and repayments, which offset higher net entries in the retail portfolio. The NPL coverage ratio recorded a decrease of 158 basis points in the quarter to 94% as of June 30, 2024.
- Customer deposits increased by 4.7%, with a clear trend towards dedollarization thanks to the growth in Turkish lira deposits (+18.0%), which amply offset the drop in deposits in USD (-11.9%). Additionally, off-balance sheet funds had a remarkable evolution (+22.8%).

Results

Turkey generated a net attributable profit of €351m during the first half of 2024, with an improvement in the contribution to the Group's results in the second quarter of the year.

As mentioned above, the year-on-year comparison of the accumulated income statement at the end of June 2024 at current exchange rate is affected by the strong depreciation of the Turkish lira in the last year (-19.5%). Excluding this effect, the highlights of the results for the year at constant exchange rate are summarized below:

- Net interest income recorded a year-on-year fall, mainly by the decline in the Turkish lira spread and greater wholesale funding costs, partially offset by the growth in lending activity and, the remuneration of certain reserves in Turkish lira from the central bank since February 2024.
- Net fees and commissions increased significantly, favored by the performance in payment systems fees, brokerage activity, guarantees and asset management.

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

- NTI showed an excellent evolution thanks to higher results from derivatives and in foreign exchange operations.
- The other operating income and expenses line showed a balance of €-219m, which compares favorably with the previous year. This line includes, among others, the loss in the value of the net monetary position due to the country's inflation rate, together with its partial offset by the income derived from inflation-linked bonds (CPI linkers). The net impact of both effects was less negative than in the first half of 2023. It is also worth highlighting the improved performance of the results of Garanti BBVA´s subsidiaries, also included in this line.
- Operating expenses increased, mainly due to the growth in personnel expenses, linked to the growth in the workforce in 2023 and salary review in the context of high inflation. On the other hand, general expenses also increase, highlighting the higher technology expenditure.
- Regarding the impairment on financial assets, it increased due to both higher requirements in retail portfolios and to lower recoveries in the wholesale segment, which, despite continuing to be relevant in terms of credit quality and repayments improvement, have not been as high as in the first half of 2023. Thus, the cumulative cost of risk as of June 30, 2024 increased to 0.84%, a more standard level after an abnormally low level in 2023.
- The provisions and other results line closed June 2024 with a release of €82m, linked to remarkable recoveries in wholesale clients, as well as the revaluations on real estate assets.

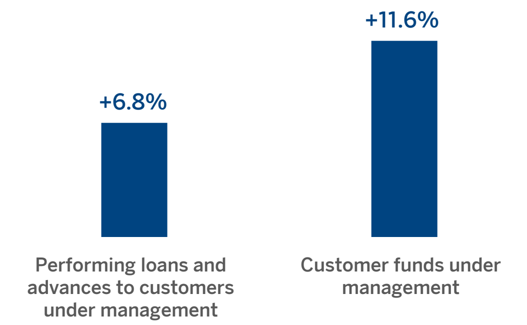
In the second quarter of 2024, the net attributable profit of Turkey stood at €212m, which represents an increase of 44.1% at current exchange rates, with respect to the previous quarter as a result of the favorable performance of net interest income, favored by the remuneration of reserves in the central bank and the better performance of the spread in Turkish lira, as well as the evolution of fees, a less negative net impact due to hyperinflation and the aforementioned effect from the revaluation of real estate assets.

South America

Highlights

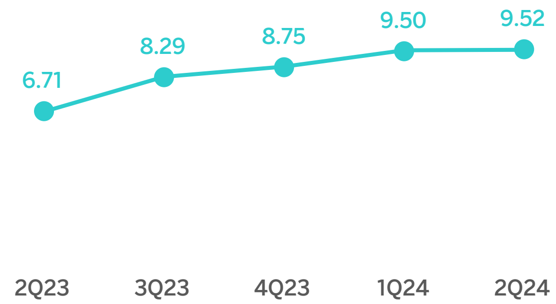
- **Good performance of lending activity and the acquisition of customer funds**
- **Favorable evolution of net interest income and NTI**
- **Year-on-year improvement of the efficiency ratio of the area at constant exchange rates**
- **Lower adjustment for hyperinflation in Argentina in the quarter**

BUSINESS ACTIVITY [1] (VARIATION AT CONSTANT EXCHANGE RATES COMPARED TO 31-12-23)

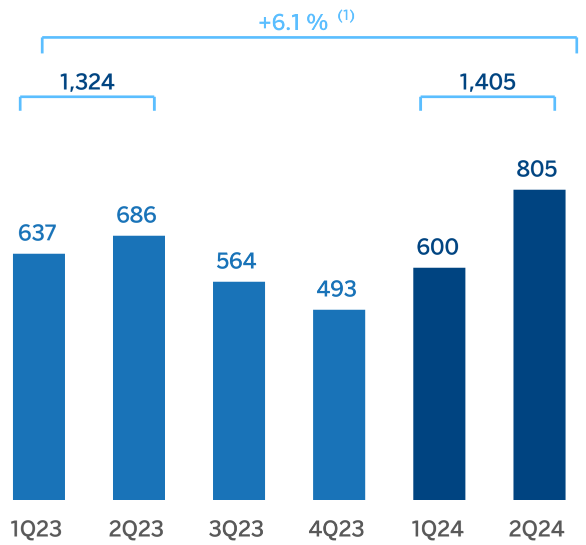


[1] Excluding repos.

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

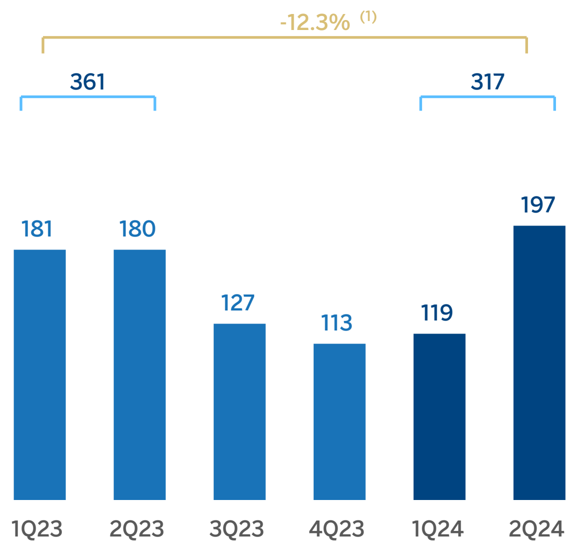


OPERATING INCOME (MILLIONS OF EUROS AT CURRENT EXCHANGE RATES)



[1] At constant exchange rates: +83.2%.

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



[1] At constant exchange rates: +99.7%.

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

Income statement	1H24	Δ %	Δ % [2]	1H23 [1]
Net interest income	**3,075**	**22.8**	**73.9**	**2,503**
Net fees and commissions	410	(0.4)	23.5	411
Net trading income	391	46.0	79.7	268
Other operating income and expenses	(1,236)	61.2	83.7	(767)
Gross income	**2,639**	**9.3**	**60.5**	**2,415**
Operating expenses	(1,234)	13.1	40.6	(1,091)
Personnel expenses	*(565)*	*11.8*	*43.0*	*(505)*
Other administrative expenses	*(566)*	*13.9*	*42.8*	*(497)*
Depreciation	*(103)*	*15.6*	*19.6*	*(89)*
Operating income	**1,405**	**6.1**	**83.2**	**1,324**
Impairment on financial assets not measured at fair value through profit or loss	(755)	40.2	60.4	(539)
Provisions or reversal of provisions and other results	(25)	87.8	n.s.	(13)
Profit (loss) before tax	**625**	**(19.0)**	**111.9**	**772**
Income tax	(116)	(48.6)	98.6	(226)
Profit (loss) for the period	**509**	**(6.8)**	**115.2**	**546**
Non-controlling interests	(192)	3.8	146.4	(185)
Net attributable profit (loss)	**317**	**(12.3)**	**99.7**	**361**

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

Balance sheets	30-06-24	Δ %	Δ % [2]	31-12-23
Cash, cash balances at central banks and other demand deposits	7,061	7.2	10.4	6,585
Financial assets designated at fair value	10,763	2.4	5.6	10,508
Of which: Loans and advances	*266*	*(55.1)*	*(52.6)*	*592*
Financial assets at amortized cost	45,499	2.2	5.0	44,508
Of which: Loans and advances to customers	*43,055*	*4.5*	*7.1*	*41,213*
Tangible assets	1,187	26.4	27.5	939
Other assets	3,239	44.7	48.9	2,239
Total assets/liabilities and equity	**67,749**	**4.6**	**7.5**	**64,779**
Financial liabilities held for trading and designated at fair value through profit or loss	2,090	(36.4)	(33.4)	3,289
Deposits from central banks and credit institutions	5,057	(1.6)	0.1	5,140
Deposits from customers	45,757	7.5	10.4	42,567
Debt certificates	3,075	3.0	6.7	2,986
Other liabilities	5,282	17.3	20.7	4,502
Regulatory capital allocated	6,488	3.1	6.2	6,294

Relevant business indicators	30-06-24	Δ %	Δ % [2]	31-12-23
Performing loans and advances to customers under management [3]	42,719	4.2	6.8	41,013
Non-performing loans	2,471	7.3	9.6	2,302
Customer deposits under management [4]	45,757	7.5	10.4	42,567
Off-balance sheet funds [5]	6,378	15.4	20.8	5,525
Risk-weighted assets	52,338	6.6	9.4	49,117
Efficiency ratio (%)	46.8			45.0
NPL ratio (%)	5.0			4.8
NPL coverage ratio (%)	83			88
Cost of risk (%)	3.12			2.51

[2] At constant exchange rate.

[3] Excluding repos.

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

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

SOUTH AMERICA. DATA PER COUNTRY (MILLIONS OF EUROS)								
	Operating income				Net attributable profit (loss)			
Country	1H24	Δ %	Δ % [1]	1H23 [2]	1H24	Δ %	Δ % [1]	1H23 [2]
Argentina	337	(11.6)	n.s.	381	103	4.5	n.s.	99
Colombia	323	28.1	9.3	252	57	(39.7)	(48.5)	94
Peru	630	18.7	18.5	530	110	1.2	1.0	109
Other countries [3]	116	(27.6)	(24.3)	160	47	(21.7)	(20.1)	60
Total	**1,405**	**6.1**	**83.2**	**1,324**	**317**	**(12.3)**	**99.7**	**361**

[1] Figures at constant exchange rates.

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

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

SOUTH AMERICA. RELEVANT BUSINESS INDICATORS PER COUNTRY (MILLIONS OF EUROS)						
	Argentina		Colombia		Peru	
	30-06-24	31-12-23	30-06-24	31-12-23	30-06-24	31-12-23
Performing loans and advances to customers under management [1] [2]	3,944	2,066	16,294	16,084	17,822	17,257
Non-performing loans [1]	65	35	937	846	1,290	1,208
Customer deposits under management [1] [3]	6,119	3,714	17,713	16,960	17,884	17,015
Off-balance sheet funds [1] [4]	1,944	1,321	2,387	2,378	2,044	1,580
Risk-weighted assets	7,644	4,997	19,100	19,467	19,586	18,825
Efficiency ratio (%)	57.6	54.1	46.8	47.5	35.0	36.7
NPL ratio (%)	1.6	1.6	5.3	4.8	5.8	5.5
NPL coverage ratio (%)	126	136	84	89	77	84
Cost of risk (%)	4.29	2.18	2.83	2.13	3.49	3.04

[1] Figures at constant exchange rates.

[2] Excluding repos.

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

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

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

Activity and results

The most relevant aspects related to the area's activity during the first half of the year 2024 were:

- Lending activity (performing loans under management) increased by 6.8%, with the increase focused on the wholesale portfolio, which grew more than the retail portfolio (+8.4% *versus* +5.1%), mainly favored by the evolution of commercial loans which increased by +8.8%. In the retail portfolio, the growth of credit cards (+18.5%) and mortgage loans (+5.0%) stood out, in line with Group BBVA's strategy which is focused in growing in the most profitable segments.
- Customer funds under management increased (+11.6%) compared to the closing balances at the end of 2023, with an increase both in customer deposits (+10.4%) and off-balance sheet funds (+20.8%).

The most relevant aspects related to the area's activity during the second quarter of the year 2024 have been:

- Lending activity grew by 4.5%, with the same dynamics that explain the evolution of the semester: the dynamism of commercial loans (+5.9%), credit cards (+10.8%) and mortgage loans (+2.8%) stand out.
- With regard to asset quality, the NPL ratio at regional level stood at 5.0%, remaining practically stable with respect to the previous quarter (+4 basis points), favored by the activity evolution. In general, and excluding this effect, the trend of the last few months continues in terms of additions to non-performing loans, which remain mostly focused on the retail portfolio. For its part, the NPL coverage ratio, stood at 83%.
- Customer funds under management increased by 7.6%, supported by higher balances of time deposits (+9.9%), the increase of demand deposits (+5.4%) and, to a lesser extent, the evolution of off-balance sheet funds (+11.1%).

South America generated a cumulative net attributable profit of €317m at the end of the first half of 2024, which represents a year-on-year increase of 99.7%, driven by the good performance of recurring income (+65.9%) and the net trading income, which offset the increase in expenses and the more negative impact of "Other operating income and expenses". This line mainly includes the impact of the adjustment for hyperinflation in Argentina, whose net monetary loss stood at €1,020m in the period from January-June 2024, which is higher than the €571m registered in the period from January-June 2023.

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

Argentina

Macro and industry trends

The significant fiscal consolidation, relative exchange rate stability and the sharp contraction in economic activity have led to a gradual moderation of inflation in recent months. Despite the uncertainty and related risks, it is likely, according to BBVA Research, that ongoing adjustments, eventually complemented by additional measures, could set the bases for an inflation slowdown continuation along the year. On the other hand, although the sharp deterioration of economic activity could be reversed by mid-year if the adjustment plan is successful, it is expected that, after falling by 1.6% in 2023, GDP will be decrease by 4.0% in 2024 (unchanged since the last forecast).

The banking system continues to grow at a stable pace but is affected by high inflation. At the end of June 2024, total credit had grown by 211% compared to the same month in 2023, favored by both consumer and corporate portfolios above all, which reached year-on-year growth rates of 182% and 252% year-on-year, respectively. On the other hand, deposits continued the trend of the previous months and had grown by 144% year-on-year at the end of June. Finally, the NPL ratio improved significantly to 1.8% as of April 2024 (123 basis points below the level of May 2023).

Activity and results

- In the first half of 2024, performing loans under management increased by 90.9%, (+45.4% in the second quarter, with growth in all products), although still well below the year-on-year inflation rate, showing positive evolution in both the corporates portfolio (+97.9%, mainly corporates) and the households portfolio (+83.1%), highlighting in the latter the growth in credit cards (+71.1%). In the second quarter, the NPL ratio stood at 1.6%, remaining stable with respect to the previous quarter (-2 basis points in the quarter), thanks to the positive dynamic of the activity. On the other hand, the NPL coverage ratio stood at 126%, far below the end of March 2024, as a result of the increase in entries to non performing loans in the retail portfolio (mainly in credit cards and consumer).
- Balance sheet funds grew by 64.7% between January and June 2024 (+25.6% in the second quarter), with growth of both demand deposits (+44.3%) and time deposits (+122.9%). Mutual funds (off-balance resources) also had a good performance (+47.2% in the same period).
- The cumulative net attributable profit at the end of June 2024 stood at €103m. Net interest income continued to be driven by both higher activity and better customer spreads. For its part, NTI registered a positive evolution. On the other hand, there was a more negative adjustment for hyperinflation (mainly reflected in the other operating income and expenses line) and higher expenses, both in personnel due to salary revisions in a context of high inflation, and general expenses. The profit of the quarter stood at €82m, which is a significant improvement compared to the previous quarter, as a result of a less negative hyperinflation adjustment.

Colombia

Macro and industry trends

After a period of weakness in economic activity, during the year 2023 and to some extent also at the beginning of 2024, BBVA Research forecasts a recovery starting in the middle of this year. A further decrease in inflation, which reached 7.2% in June and would fall to around 5.4% in December, and in interest rates, from 11.25% in June to around 8.5% in December, would likely allow GDP growth to increase to 1.8% this year (+30 basis points above the previous forecast, mainly due to the first quarter data, which surprised upwards) from 0.6% in 2023.

Total credit growth for the banking system stood at 0.9% year-on-year in April 2024. As in previous months, system's credit continues to be driven by the growth in corporate lending and mortgages at 2.0% and 11.3% respectively. Noteworthy is the slowdown in consumer credit, which changed from a year-on-year growth rate of 20% during 2022, to year-on-year decreases since October 2023. In April 2024, consumer credit has decreased by 4.3% compared to the same month in 2023. On the other hand, total deposits showed a year-on-year growth rate of 9.9% year-on-year at the end of April 2024, with a much more balanced development in portfolios than in previous quarters. Thus, demand and time deposits grew by 8.2% and 12.0% year-on-year respectively. The NPL ratio of the system has increased slightly in recent months to 5.3% at the end of April 2024, 69 basis points higher than in the same month of 2023.

Activity and results

- Lending activity grew 1.3% compared to the end of 2023, mainly due to the favorable evolution during the second quarter of 2024 in corporate loans (+6.6%, +7.6% from December 2023) and mortgage loans (+1.4%, +1.9% from December 2023). that offset the reduction in consumer loans (-2.0%, -3.9% from December 2023). In terms of asset quality, in the second quarter, the NPL ratio stood at 5.3%, increasing compared to the previous quarter (+16 basis points), affected by the NPL entries in the retail portfolio, mainly in the consumer loans, and, to a lesser extent, in credit cards. For its part, the NPL coverage ratio reduced in the quarter to 84% due to the new NPL inflows as mentioned.
- Customer deposits increased by 4.4% compared to the end of 2023, mainly thanks to the favorable evolution of demand deposits (+5.4%, +6.9% in the second quarter).
- The cumulative net attributable profit at the end of June 2024 stood at €57m, that is 48.5% below the result of the same period of the previous year. The significant growth of the net interest income (+22.4%) stood out, favored by the increase in the customer spread accompanied by a greater volume of deposits and a good performance of the securities portfolio, compensated by the provisions for impairment on financial assets, due to higher portfolio requirements (especially in retail). The profit of the quarter stood at €37m, 85.8% above the previous quarter, as a result of good performance of

recurring income, where the 21.3% growth in net fees and commissions stands out (favored by the revenues of Project Finance fees and Investment Banking fees and other atypical elements), lower operating expenses, impairments on financial assets and provisions.

Peru

Macro and industry trends

BBVA Research expects economic activity to continue to recover in 2024, a context of more favorable weather conditions and relatively high prices for the country's exports (particularly metals such as copper). Relatively controlled inflation (2.3% in June, and probably around this level in the second half of 2024) and the gradual reduction of interest rates (from 5.75% in June to around 5.00% in December 2024) should also favor an increase in economic dynamism in the next months. Thus, GDP is expected to grow by around 2.9% this year, 20 basis points above the previous forecast and well above the evolution observed in 2023 (-0.6%).

Total credit in the Peruvian banking system fell by 0.5% year-on-year in May 2024. Performance by portfolios is uneven, with the biggest slowdown in corporate lending, with a year-on-year contraction of 2.5%. In contrast, consumer finance remained buoyant, growing by 0.6% year-on-year as of May 2024, while the mortgage portfolio maintained a stable growth rate of around 5.4% year-on-year, in line with previous months. Total deposits in the system increased at the end of May 2024 by 4.5% year-on-year, with very similar behavior for portfolios. The demand and time deposits grew by 4.8% and 3.9% year-on-year respectively. The NPL ratio across the banking system rose very slightly to 4.5%.

Activity and results

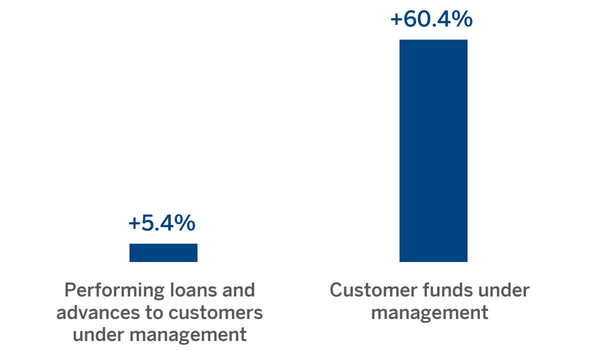
- Lending activity increased compared to the end of December 2023 (+3.3%), mainly due to the positive evolution of corporate loans (+2.7%, favored by CIB operations, and despite the expiration of the Reactiva Perú program), and consumer loans (+5.8%) and mortgages (+5.4%). In terms of credit quality indicators, the NPL ratio increased compared to March 2024 (+12 basis points) standing at 5.8%, as a result of an almost stable activity and NPL inflows in retail portfolio, mainly SMEs, partially mitigated by portfolio sales and write-offs. On the other hand, the NPL coverage ratio stood at 77%, impacted by the increase in NPLs.
- Customers funds under management increased during the first half of 2024 (+7.2%), boosted by both the good performance of customer deposits (+5.1%) and off-balance sheet funds (+29.4%).
- BBVA Peru's net attributable profit stood at €110m at the end of June 2024, in line with the figures achieved at the end of the first half of 2023. Good performance of the net interest income, favored by the higher volume of lending and a growing customer spread, fee income and NTI (with an outstanding quarterly performance thanks to the management of the ALCO portfolios), which together offset the increase in operating expenses, leading to double-digit gross margin growth. The increase of provisions for impairment of financial assets (+55.7%) stands out negatively, with higher requirements mainly due to the impairment of the retail portfolio and at the wholesale one, due to the effect of the cancellation of a one-time customer guarantee (neutral in results as the associated provision was released). The profit of the quarter stood at €67m, which is a variation of 57.8% compared to the previous quarter, mainly as a result of the significant growth in NTI and reduction in operating expenses.

Rest of Business

Highlights

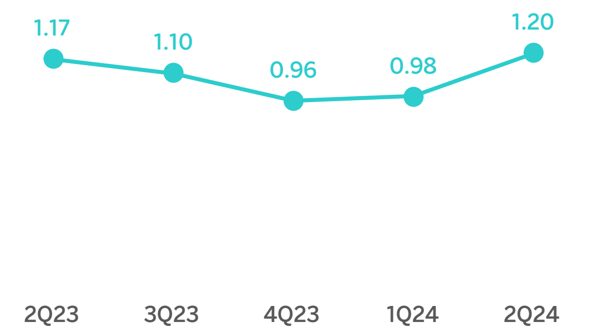
- **Good performance of lending activity and significant growth in customers funds**
- **Dynamism in recurring revenues and NTI in the quarter**
- **Improvement of the NPL ratio and increase in the coverage ratio**
- **Significant improvement of the efficiency ratio**

BUSINESS ACTIVITY [1] (VARIATION AT CONSTANT EXCHANGE RATES COMPARED TO 31-12-23)

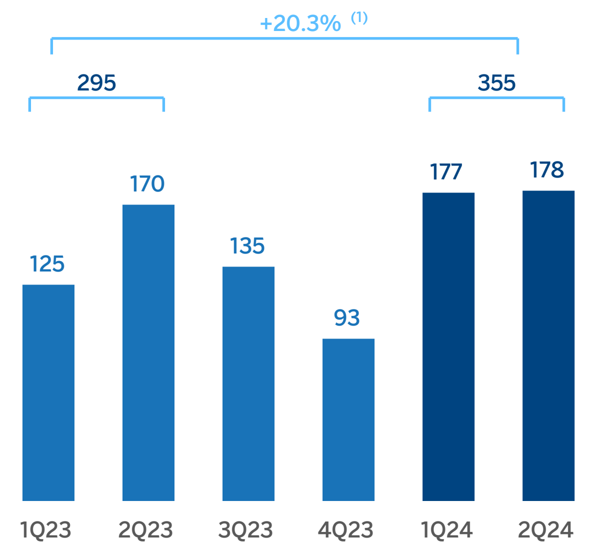


[1] Excluding repos.

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

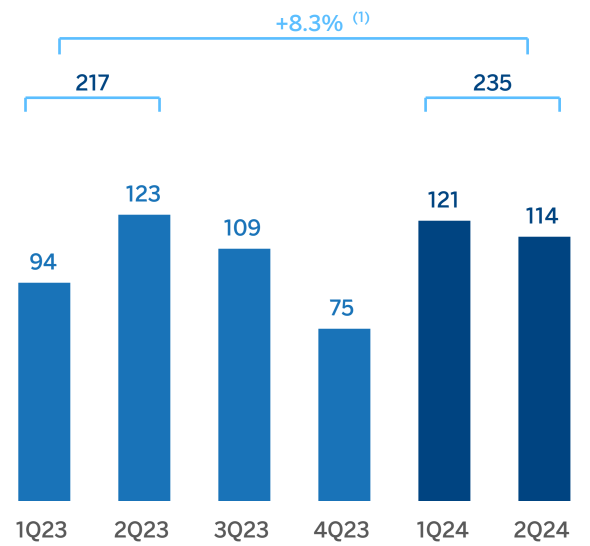


OPERATING INCOME (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATES)



[1] At current exchange rates: +20.9%.

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



[1] At current exchange rates: +8.9%.

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

Income statement	1H24	Δ %	Δ % [2]	1H23 [1]
Net interest income	**335**	**28.9**	**28.3**	**260**
Net fees and commissions	138	4.1	3.4	132
Net trading income	204	17.7	17.1	173
Other operating income and expenses	2	n.s.	n.s.	—
Gross income	**678**	**20.0**	**19.3**	**566**
Operating expenses	(324)	18.9	18.3	(272)
Personnel expenses	*(166)*	*23.4*	*22.7*	*(134)*
Other administrative expenses	*(143)*	*13.8*	*13.3*	*(126)*
Depreciation	*(15)*	*22.5*	*22.0*	*(12)*
Operating income	**355**	**20.9**	**20.3**	**293**
Impairment on financial assets not measured at fair value through profit or loss	(46)	99.9	99.6	(23)
Provisions or reversal of provisions and other results	(3)	n.s.	n.s.	6
Profit (loss) before tax	**306**	**10.5**	**9.9**	**277**
Income tax	(71)	16.4	15.7	(61)
Profit (loss) for the period	**235**	**8.9**	**8.3**	**216**
Non-controlling interests	—	—	—	—
Net attributable profit (loss)	**235**	**8.9**	**8.3**	**216**

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

Balance sheets	30-06-24	Δ %	Δ % [2]	31-12-23
Cash, cash balances at central banks and other demand deposits	5,806	22.3	18.7	4,748
Financial assets designated at fair value	8,398	(45.7)	(47.4)	15,475
Of which: Loans and advances	*7,719*	*(47.8)*	*(49.4)*	*14,783*
Financial assets at amortized cost	46,595	7.5	6.4	43,363
Of which: Loans and advances to customers	*41,856*	*6.4*	*5.4*	*39,322*
Inter-area positions	—	—	—	—
Tangible assets	163	7.8	6.1	151
Other assets	602	12.2	10.0	537
Total assets/liabilities and equity	**61,564**	**(4.2)**	**(5.8)**	**64,274**
Financial liabilities held for trading and designated at fair value through profit or loss	7,450	(49.8)	(51.3)	14,831
Deposits from central banks and credit institutions	2,290	(25.8)	(26.7)	3,085
Deposits from customers	21,397	63.9	62.9	13,056
Debt certificates	1,597	13.0	11.8	1,413
Inter-area positions	22,827	(13.8)	(15.0)	26,466
Other liabilities	1,432	16.2	14.8	1,232
Regulatory capital allocated	4,572	9.1	7.9	4,191

Relevant business indicators	30-06-24	Δ %	Δ % [2]	31-12-23
Performing loans and advances to customers under management [3]	41,742	6.5	5.4	39,202
Non-performing loans	389	5.7	5.7	368
Customer deposits under management [3]	21,397	63.9	62.9	13,056
Off-balance sheet funds [4]	585	3.4	3.4	566
Risk-weighted assets	39,434	8.3	7.1	36,410
Efficiency ratio (%)	47.7			53.1
NPL ratio (%)	0.6			0.7
NPL coverage ratio (%)	72			69
Cost of risk (%)	0.23			0.08

[2] At constant exchange rate.

[3] Excluding repos.

[4] Includes pension funds.

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

Activity

The most relevant aspects of the evolution of BBVA Group's Rest of Business activity between January and June 2024 were:

- Lending activity (performing loans under management) grew 5.4%, thanks to the favorable evolution of project finance as well as corporate lending, both in the New York branch and in Europe. Also noteworthy is the transactional business, which offers integral and personalized financial solutions for clients and collaborates with them to optimize their finances, in both geographic areas through increased participation in factoring programs.
- Customer funds under management grew by 60.4%, favored by the evolution of deposits in both the New York branch and in Europe.

The most relevant aspects of the evolution of BBVA Group's Rest of Business activity during the second quarter of 2024 were:

- Lending activity (performing loans under management) grew at a rate of 2.2%, mainly due to the evolution of corporate loans (+3.4%). In respect of the geographical areas that compose this area, New York and, to a lesser extent, Asia stood out for their good performance once again.
- Compared to the end of 2023, the NPL ratio slightly reduced to 0.6%, thanks to the growth in activity and the reduction of the doubtful balance, favored by the evolution in repayments and recoveries. For its part, the coverage ratio grew to 72% due to the reduction of NPLs and the coverage of individual customers.
- Customer funds under management increased by 2.2% due to the performance of deposits in the European branches.

Results

Rest of Business achieved an accumulated net attributable profit of €235m during the first half of 2024, 8.3% higher than in the same period of the previous year, favored by the performance of the net interest income and the NTI, which offset the increase in operating expenses. and loan-loss provision.

In the year-on-year evolution of the main lines of the area's income statement at the end of June 2024, the following was particularly noteworthy:

- Net interest income increased by 28.3% as a result of increased volume in activity and price management. This growth was observed both in the New York branch and, especially, in Europe, mainly in investment banking.
- Net fees and commissions increased by 3.4%, arising from primary market issuance fees on debt issued by the New York Branch.
- The NTI grew by 17.1% supported by the good results of Global Markets in Europe, especially in credit.
- Increase in operating expenses of 18.3%, with growth mainly in the New York branch and in Europe due to the growth of the workforce and the execution of strategic plans.
- The impairment on financial assets line at the end of June 2024 registered a provision of €-46m, mainly originated in Europe.

In the second quarter of 2024 and excluding the effect of the exchange rates fluctuations, the Group's Rest of Businesses as a whole generated a net attributable profit of €114m, -5.6% below to the previous quarter. In the quarterly evolution, the good performance of recurring income was offset by a lower NTI performance and higher loan-loss provisioning requirements of the wholesale business in Europe.

Corporate Center

FINANCIAL STATEMENTS (MILLIONS OF EUROS AND PERCENTAGE)			
Income statement	**1H24**	**∆ %**	**1H23 [1]**
Net interest income	**(201)**	**43.1**	**(140)**
Net fees and commissions	(24)	(19.9)	(30)
Net trading income	(65)	(89.1)	(595)
Other operating income and expenses	(10)	n.s.	49
Gross income	**(300)**	**(58.2)**	**(716)**
Operating expenses	(355)	(3.2)	(366)
Personnel expenses	*(369)*	*17.6*	*(314)*
Other administrative expenses	*122*	*151.0*	*48*
Depreciation	*(107)*	*6.2*	*(101)*
Operating income	**(654)**	**(39.6)**	**(1,083)**
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	48	n.s.	6
Profit (loss) before tax	**(606)**	**(43.7)**	**(1,077)**
Income tax	51	100.6	25
Profit (loss) for the period	**(555)**	**(47.2)**	**(1,051)**
Non-controlling interests	(2)	n.s.	12
Net attributable profit (loss)	**(557)**	**(46.4)**	**(1,039)**

[1] Revised balances. For more information, please refer to the “Business Areas” section.

Balance sheets	**30-06-24**	**∆ %**	**31-12-23**
Cash, cash balances at central banks and other demand deposits	604	(11.6)	684
Financial assets designated at fair value	3,109	23.8	2,512
Of which: Loans and advances	*—*	*n.s.*	*—*
Financial assets at amortized cost	4,096	13.1	3,622
Of which: Loans and advances to customers	*445*	*93.3*	*230*
Inter-area positions	—	—	—
Tangible assets	1,726	—	1,727
Other assets	14,754	1.5	14,530
Total assets/liabilities and equity	**24,290**	**5.3**	**23,074**
Financial liabilities held for trading and designated at fair value through profit or loss	128	2.1	125
Deposits from central banks and credit institutions	815	6.6	765
Deposits from customers	188	3.5	181
Debt certificates	722	90.2	380
Inter-area positions	8,010	37.9	5,809
Other liabilities	3,548	(0.9)	3,581
Regulatory capital allocated	(46,213)	7.4	(43,033)
Total equity	57,091	3.3	55,265

Results

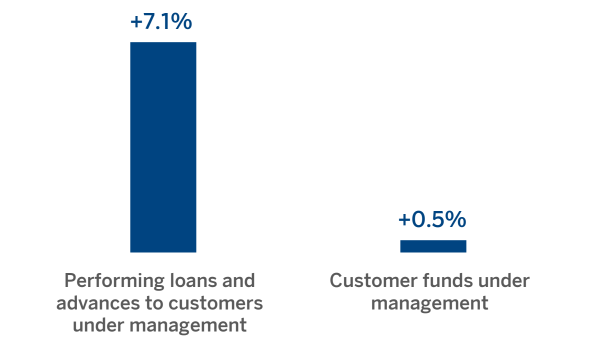
The Corporate Center recorded a net attributable loss of €-557m between January and June of 2024, which is an improvement compared with the €-1,039m recorded in the same period of the previous year, mainly due to the evolution of the NTI. The above is the result of the positive contribution in the second quarter of 2024 from the hedges of foreign currency positions, which contrasts with the negative contribution in the first half of the previous year, originating in both periods in the Mexican peso.

Additional pro forma information: Corporate & Investment Banking

Highlights

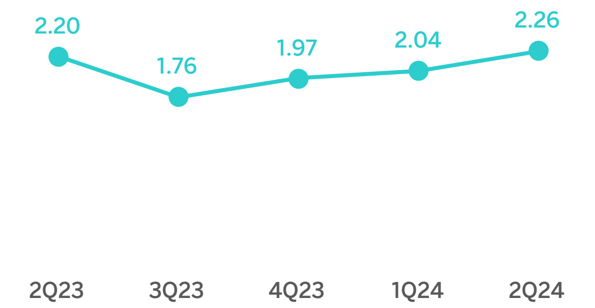
- **Increase in lending activity supported by Investment Banking & Finance and Global Transaction Banking**
- **Favorable evolution of recurring income and NTI continues**
- **Gross margin strength in all businesses and reporting areas**
- **Increase of net attributable profit in the quarter**

BUSINESS ACTIVITY [1] (VARIATION AT CONSTANT EXCHANGE RATES COMPARED TO 31-12-23)

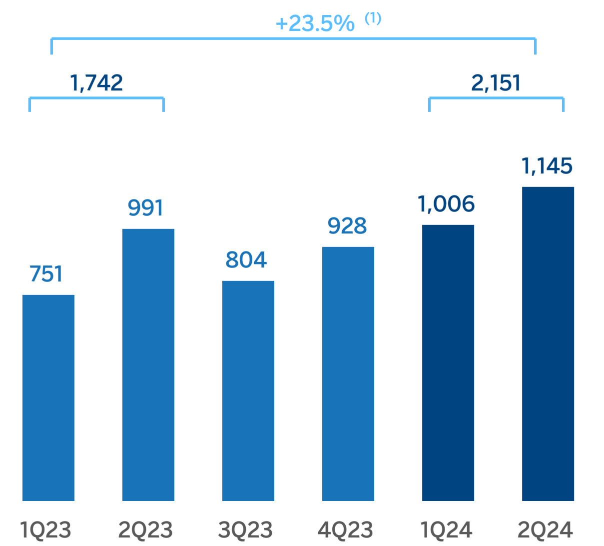


[1] Excluding repos.

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

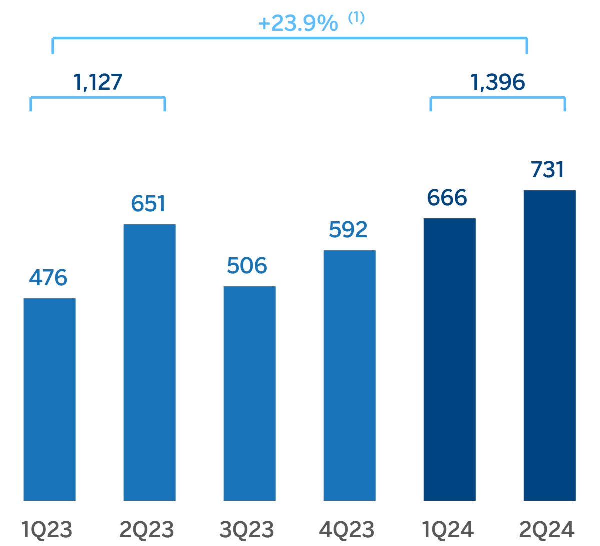


OPERATING INCOME (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATES)



[1] At current exchange rates: +13.5%.

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



[1] At current exchange rates: +16.5%.

The pro forma information of CIB does not include the application of hyperinflation accounting nor the wholesale business of the Group in Venezuela.

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

Income statement	1H24	Δ %	Δ % [2]	1H23 [1]
Net interest income	**1,241**	**26.2**	**35.8**	**983**
Net fees and commissions	613	14.1	16.9	537
Net trading income	1,049	2.4	12.3	1,025
Other operating income and expenses	(31)	(23.4)	(13.8)	(41)
Gross income	**2,872**	**14.7**	**22.9**	**2,505**
Operating expenses	(721)	18.3	21.3	(610)
Personnel expenses	*(343)*	*21.0*	*22.3*	*(284)*
Other administrative expenses	*(322)*	*17.2*	*23.1*	*(275)*
Depreciation	*(56)*	*8.5*	*7.3*	*(52)*
Operating income	**2,151**	**13.5**	**23.5**	**1,895**
Impairment on financial assets not measured at fair value through profit or loss	33	n.s.	n.s.	(19)
Provisions or reversal of provisions and other results	12	(9.4)	(8.1)	13
Profit (loss) before tax	**2,196**	**16.2**	**26.1**	**1,889**
Income tax	(641)	16.7	27.9	(549)
Profit (loss) for the period	**1,555**	**16.0**	**25.4**	**1,340**
Non-controlling interests	(159)	12.0	40.1	(142)
Net attributable profit (loss)	**1,396**	**16.5**	**23.9**	**1,199**

General note: For the translation of the income statement in those countries where hyperinflation accounting is applied, the punctual exchange rate as of June 30, 2024 is used.

[1] Revised balances. For more information, please refer to the “Business Areas” section.

Balance sheets	30-06-24	Δ %	Δ % [2]	31-12-23
Cash, cash balances at central banks and other demand deposits	5,666	15.5	12.4	4,905
Financial assets designated at fair value	137,134	(14.0)	(13.7)	159,372
Of which: Loans and advances	*58,195*	*(30.8)*	*(31.1)*	*84,126*
Financial assets at amortized cost	101,776	4.6	5.7	97,302
Of which: Loans and advances to customers	*82,328*	*5.1*	*6.2*	*78,354*
Inter-area positions	—	—	—	—
Tangible assets	151	7.1	6.0	141
Other assets	14,787	38.9	42.7	10,646
Total assets/liabilities and equity	**259,513**	**(4.7)**	**(4.1)**	**272,366**
Financial liabilities held for trading and designated at fair value through profit or loss	91,002	(30.0)	(30.2)	130,081
Deposits from central banks and credit institutions	42,107	47.7	48.2	28,502
Deposits from customers	60,556	0.9	2.9	60,031
Debt certificates	5,977	(1.6)	(1.3)	6,076
Inter-area positions	43,971	50.0	52.0	29,315
Other liabilities	3,825	(47.7)	(47.4)	7,310
Regulatory capital allocated	12,077	9.3	11.2	11,050

Relevant business indicators	30-06-24	Δ %	Δ % [2]	31-12-23
Performing loans and advances to customers under management [3]	82,171	6.0	7.1	77,510
Non-performing loans	884	(2.3)	3.1	905
Customer deposits under management [3]	53,710	(1.4)	0.4	54,483
Off-balance sheet funds [4]	4,033	(3.7)	1.1	4,189
Efficiency ratio (%)	25.1			26.5

[2] At constant exchange rates.

[3] Excluding repos.

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

Unless expressly stated otherwise, all the comments below on rates of change, for both activity and results, will be given at constant exchange rates. For the conversion of these figures in those countries in which accounting for hyperinflation is applied, the end of period exchange rate as of June 30, 2024 is used. These rates, together with changes at current exchange rates, can be found in the attached tables of financial statements and relevant business indicators.

Activity

The most relevant aspects related to the area's activity in the first half of 2024 were:

- Growth of credit investment balances, which were above the end of 2023 (+7.1%) highlighting the favorable evolution of Investment Banking & Finance, especially in Europe branch, with relevant Project Finance and Corporate Lending, Corporate Lending and Global Transaction Banking, where the factoring campaigns carried out in the second quarter of the year stand out.
- Customer funds slightly increased (+0.5%) in the first half of the year, due to the increase in volumes in an environment of competitive prices, originating from Rest of Business thanks to the evolution of Europe and New York branches.

The most relevant aspects related to the area's activity in the second quarter of 2024 were:

- Rebound in lending activity, which was higher than at the end of March 2024 (+2.9%), highlighting the growth of Mexico and, to a lesser extent, of the New York branch.
- Customer funds reduced by 4.6% in the quarter, driven by due to the customer spread differential management in an environment of the price competition in Spain.

Results

CIB generated a net attributable profit of €1,396m the first half of 2024. These results represent an increase of 23.9% on a year-on-year basis and reflect the contribution of the diversification of products and geographical areas, as well as the progress of the Group's wholesale businesses in its strategy, leveraged on globality and sustainability, with the purpose of being relevant to its clients.[17]

All divisions have achieved good results, particularly highlighting the performance of Global Transaction Banking (GTB), particularly in Mexico and Spain, the contribution of Global Markets supported the reactivation of commercial activity and of Investment Banking & Finance (IB&F), with excellent performance in Project Finance in the Americas.

The most relevant aspects of the year-on-year evolution in the income statement of this aggregate as of end of June 2024 are summarized below:

- Net interest income for the quarter was 35.8% higher than in the same period of the previous year, partly due to the good performance of the business, which benefited from higher volumes and, in certain geographic areas, improved operating margins.
- Net fees and commissions increased 16.9%, with positive evolution in all businesses. The primary market debt issuance activity, the liquidity management in South America and relevant operations in Project Finance and Corporate Lending are noteworthy.
- Excellent NTI evolution (+12.3%), mainly due to the performance of the Global Markets unit. Commercial activity showed significant growth in all areas, with Spain, México and Rest of Business standing out while growth in foreign currency activity in emerging markets moderated compared to the previous year.
- Operating expenses increased by 21.3% due to new personnel hires carried out during 2023. On the other hand, general expenses continue to be affected by inflation and higher technology expenses linked to the execution of strategic projects for the area. Despite this, the efficiency ratio stood at 25.1% at the end of June 2024, which represents an improvement of 33 basis points compared to the figure registered at the end of the first half of 2023.
- Provisions for impairment on financial assets line recorded a net release of €33m, which compares favorably with provisions in the first half of 2023, partly due to the releases in Mexico and Turkey.

In the second quarter of 2024 and excluding the effect of the variation in exchange rates, the Group's wholesale businesses generated a net attributable profit of €731m (+9.8% compared to the previous quarter). This performance was mainly due to the good performance of net interest income together with NTI, due to the results generated by the Global Markets unit, which offset the growth in expenses and loan-loss provisions.

[17] CIB results do not include the application of hyperinflation accounting.

Alternative Performance Measures (APMs)

BBVA presents its results in accordance with the International Financial Reporting Standards (EU-IFRS). Additionally, the Group also considers that some Alternative Performance Measures (hereinafter APMs) provide useful additional financial information that should be taken into account when evaluating performance. They are considered complementary information and do not replace the financial information drafted according to the EU-IFRS. These APMs are also used when making financial, operational and planning decisions within the Entity. The Group firmly believes that they give a true and fair view of its financial information. These APMs are generally used in the financial sector as indicators for monitoring the assets, liabilities and economic and financial situation of entities.

BBVA Group's APMs are given below. They are presented in accordance with the European Securities and Markets Authority (ESMA) guidelines, published on October 5, 2015 (ESMA/2015/1415en). The guideline mentioned before is aimed at promoting the usefulness and transparency of APMs included in prospectuses or regulated information in order to protect investors in the European Union. In accordance with the indications given in the aforementioned guideline, BBVA Group's APMs:

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

Other considerations

When comparing two dates or periods in this report, the impact of changes in the exchange rates against the euro of the currencies of the countries in which BBVA operates is sometimes excluded, assuming that exchange rates remain constant. 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[18] 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.

During the year 2023 and at the end of the first half of 2024, there were no corporate operations, non-recurring impacts or other types of adjustments for management purposes that determine an net attributable profit or a profit for the period different to those disclosed in the condensed interim Consolidated Financial Statements. For this reason, as there are no differences between the condensed Interim Consolidated Financial Statements and the consolidated management results statement, no reconciliation is presented for the periods disclosed in this report. For the same reason, the Group does not present among its Alternative Performance Measures shown below an adjusted profit for the period nor an adjusted net attributable profit, neither does it present the profitability ratios derived from them: i.e. adjusted ROE, adjusted ROTE, adjusted ROA and adjusted RORWA.

ROE

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

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

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

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

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

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

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

ROE			Jan.-Jun.2024	Jan.-Dec.2023	Jan.-Jun.2023
Numerator (Millions of euros)	=	Annualized net attributable profit (loss)	10,043	8,019	7,820
Denominator (Millions of euros)	+	Average shareholders' funds	68,187	65,907	64,979
	+	Average accumulated other comprehensive income	(15,541)	(16,437)	(16,572)
	=	**ROE**	**19.1 %**	**16.2 %**	**16.2 %**

ROTE

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

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

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

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

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

ROTE			Jan.-Jun.2024	Jan.-Dec.2023	Jan.-Jun.2023
Numerator (Millions of euros)	=	Annualized net attributable profit (loss)	10,043	8,019	7,820
Denominator (Millions of euros)	+	Average shareholders' funds	68,187	65,907	64,979
	+	Average accumulated other comprehensive income	(15,541)	(16,437)	(16,572)
	-	Average intangible assets	2,386	2,254	2,201
	=	**ROTE**	**20.0 %**	**17.0 %**	**16.9 %**

ROA

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

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

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

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

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

ROA		Jan.-Jun.2024	Jan.-Dec.2023	Jan.-Jun.2023
Numerator (Millions of euros)	Annualized profit (loss) for the period	10,568	8,416	8,357
Denominator (Millions of euros)	Average total assets	783,275	748,459	736,478
=	**ROA**	**1.35 %**	**1.12 %**	**1.13 %**

RORWA

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

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

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

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

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

RORWA

		Jan.-Jun.2024	Jan.-Dec.2023	Jan.-Jun.2023
Numerator (Millions of euros)	Annualized profit (loss) for the period	10,568	8,416	8,357
Denominator (Millions of euros)	Average RWA	377,305	353,139	347,891
	= RORWA	2.80 %	2.38 %	2.40 %

Earning (loss) per share

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

Earning (loss) per share

			Jan.-Jun.2024	Jan.-Dec.2023	Jan.-Jun.2023
(Millions of euros)	+	Net attributable profit (loss)	4,994	8,019	3,878
(Millions of euros)	-	Remuneration related to the Additional Tier 1 securities (CoCos)	189	345	148
Numerator (millions of euros)	=	Net attributable profit (loss) ex.CoCos remuneration	4,806	7,675	3,730
Denominator (millions)	+	Average number of shares outstanding	5,822	5,988	6,020
	-	Average treasury shares of the period	11	5	6
	-	Share buyback program (average)	27	28	21
	=	Earning (loss) per share (euros)	0.83	1.29	0.62

Additionally, for management purposes, the adjusted earning (loss) per share is presented. As observed in the relevant tables, there is no difference between the numerator and denominator of the Earning (loss) per share and the Adjusted Earning (loss) per share.

Adjusted earning (loss) per share

			Jan.-Jun.2024	Jan.-Dec.2023	Jan.-Jun.2023
Numerator (millions of euros)	=	Net Attributable profit (loss) ex.CoCos	4,806	7,675	3,730
Denominator (millions)	+	Number of shares outstanding (1)	5,763	5,838	5,838
	-	Average treasury shares of the period	11	5	6
	=	Adjusted earning (loss) per share (euros)	0.84	1.32	0.64

(1) For the periods January-December 2023 and January-June 2023, the number of shares outstanding considers the redemption of the two share buyback programs executed in 2023. For the period January-June 2024, the number of shares outstanding considers the redemption of shares made corresponding to the buyback program executed in 2024.

Efficiency ratio

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

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

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

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

Efficiency ratio

			Jan.-Jun.2024	Jan.-Dec.2023	Jan.-Jun.2023
Numerator (Millions of euros)	+	Operating expenses	6,859	12,308	5,938
Denominator (Millions of euros)	+	Gross income	17,446	29,542	14,148
	=	**Efficiency ratio**	**39.3 %**	**41.7 %**	**42.0 %**

Book value per share

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

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

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

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

Book value per share

			30-06-24	31-12-23	30-06-23
Numerator (Millions of euros)	+	Shareholders' funds	69,656	67,955	65,970
	+	Accumulated other comprehensive income	(16,416)	(16,254)	(16,919)
Denominator (Millions of shares)	+	Number of shares outstanding	5,763	5,838	5,965
	-	Treasury shares	11	4	3
	=	**Book value per share (euros / share)**	**9.26**	**8.86**	**8.23**

Tangible book value per share

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

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

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

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

Tangible book value per share			30-06-24	31-12-23	30-06-23
Numerator (Millions of euros)	+	Shareholders' funds	69,656	67,955	65,970
	+	Accumulated other comprehensive income	(16,416)	(16,254)	(16,919)
	-	Intangible assets	2,379	2,363	2,284
Denominator (Millions of shares)	+	Number of shares outstanding	5,763	5,838	5,965
	-	Treasury shares	11	4	3
	=	**Tangible book value per share (euros / share)**	**8.84**	**8.46**	**7.84**

Non-performing loan (NPL) ratio

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

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

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

Non-performing loans are calculated as the sum of “loans and advances at amortized cost” and the “contingent risk” in stage 3[19] and the following counterparties:

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

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

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

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

Non-Performing Loans (NPLs) ratio		30-06-24	31-12-23	30-06-23
Numerator (Millions of euros)	NPLs	15,434	15,305	14,691
Denominator (Millions of euros)	Credit Risk	469,687	448,840	436,174
=	**Non-Performing Loans (NPLs) ratio**	**3.3 %**	**3.4 %**	**3.4 %**

NPL coverage ratio

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

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

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

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

[19] 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.

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

NPL coverage ratio				
		30-06-24	31-12-23	30-06-23
Numerator (Millions of euros)	Provisions	11,560	11,762	11,697
Denominator (Millions of euros)	NPLs	15,434	15,305	14,691
=	NPL coverage ratio	75 %	77 %	80 %

Cost of risk

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

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

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

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

Average loans to customers (gross) is calculated by using the average of the period-end balances of each month of the period analyzed plus the previous month. If the metric is presented on a date before the close of the fiscal year, the numerator will be annualized. By doing this, "Annualized loan-loss provisions" are calculated by accumulating and annualizing the loan-loss provisions of each month of the period under analysis (based on days passed).

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

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

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

Cost of risk				
		Jan.-Jun.2024	Jan.-Dec.2023	Jan.-Jun.2023
Numerator (Millions of euros)	Annualized loan-loss provisions	5,623	4,345	3,880
Denominator (Millions of euros)	Average loans to customers (gross)	395,158	378,402	373,180
=	Cost of risk	1.42 %	1.15 %	1.04 %

Main risks and uncertainties

At the date of formulation of this management report, the main risks and uncertainties to which BBVA Group is exposed are described in Section 6.1 "Risk factors" Note 6 of the attached Condensed Interim Consolidated Financial Statements corresponding to the first half of the financial year 2024.

Subsequent events

On July 5, 2024, the BBVA's Extraordinary General Shareholders' Meeting resolved to authorize, with 96% votes in favor, an increase in the share capital of BBVA of up to a maximum nominal amount of €551,906,524.05 through the issuing and putting into circulation of up to 1,126,339,845 ordinary shares of €0.49 par value each to fully cover the Consideration offered to the shareholders of the Target Company.

From July 1, 2024 to the date of preparation of these Consolidated Financial Statements, no subsequent event requiring disclosure in these Consolidated Financial Statements has taken place that significantly affect the Group's earnings or its consolidated equity position.

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Legal disclaimer

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

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

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

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

Recipients of this document are cautioned not to place undue reliance on such forward-looking statements.

Past performance or growth rates are not indicative of future performance, results or share price (including earnings per share). Nothing in this document should be construed as a forecast of results or future earnings.

BBVA does not intend, and undertakes no obligation, to update or revise the contents of this or any other document if there are any changes in the information contained therein, or including the forward-looking statements contained in any such document, as a result of events or circumstances after the date of such document or otherwise except as required by applicable law.