

A low-angle photograph of the BBVA building, a modern skyscraper with a distinctive semi-circular, ribbed facade. The building is white with dark window frames. The BBVA logo is visible on one of the upper floors. The sky is clear blue. In the foreground, there are some green trees and a white curved structure.

BBVA

Creating Opportunities

Prudential Relevance Report Pillar III 2Q 2019

Index

Table index.....	4
Chart Index.....	6
Glossary of terms.....	7
1. Introduction.....	10
1.1. Executive summary.....	10
1.2. Regulatory environment.....	10
2. Corporate name and differences in the consolidated group for the purposes of the solvency regulations and the accounting criteria.....	17
2.1. Corporate name and scope of application.....	17
2.2. Differences in the consolidated group for the purposes of the solvency regulations and accounting criteria.....	17
2.3. Reconciliation of the Public Balance Sheet from the accounting perimeter to the regulatory perimeter.....	19
3. Information of eligible capital resources and transitional arrangements for IFRS9	21
3.1. Characteristics of eligible capital resources.....	21
3.2. Details of total eligible capital.....	23
3.3. IFRS9 transitional arrangements.....	26
4. Information on capital requirements.....	27
4.1. Bank's profile risk.....	27
4.2. Details of capital requirements.....	28
5. Credit risk and counterparty credit risk.....	31
5.2. Information on counterparty risk.....	54
5.3. Information on securitizations.....	64
6. Market Risk.....	68
6.1. Information about capital requirements by market risk.....	68
6.2. Backtesting.....	71
7. Leverage Ratio.....	76
7.1. Definition of the leverage ratio.....	76
7.2. Details of the leverage ratio.....	76
8. Liquidity Risk.....	78
9. Subsequent events.....	79

The English language version of this report is a free translation from the original, which was prepared in Spanish. All possible care has been taken, to ensure that the translation is an accurate presentation of the original. However, in all matters of interpretation, views or opinion expressed in the original language version of the document in Spanish take precedence over the translation.

Table index

Table 1. Geographical breakdown of relevant credit exposures for the calculation of the countercyclical capital buffer

Table 2. CC2 – Reconciliation of the regulatory capital with the public balance sheet

Table 3. Amount of capital

Table 4. IFRS9-FL: summary of the own funds, main capital and leverage ratios with and without the application of IFRS9 transitional arrangements or similar Expected Credit Losses (ECL)

Table 5. EU OV1 – Overview of RWAs

Table 6. Capital requirements by risk type and exposure class

Table 7. Credit risk exposure

Table 8. EU CR1-C – Credit quality of exposures by geography

Table 9. EU CR2-B – Changes in the stock of defaulted and impaired loans and debt securities

Table 10. EU CR2-A – Changes in the stock of general and specific credit risk adjustments

Table 11. RWA flow statements of credit and counterparty exposures under the standardized approach

Table 12. EU CR8 – RWA flow statements of credit and counterparty exposures under the IRB approach

Table 13. EU CR1-A – Credit quality of exposures by exposure class and instrument

Table 14. EU CR1-B – Credit quality of exposures by industry or counterparty types

Table 15. EU CR1-D – Ageing of past-due exposures

Table 16. EU CR1-E – Non-performing and forborne exposures

Table 17. EU CR3 – CRM techniques – Overview

Table 18. EU CR4 – Standardized approach – Credit risk exposure and CRM effects

Table 19. Standardized approach - Exposure values before the application of credit risk mitigation techniques

Table 20. EU CR5 – Standardized approach - Exposure values after the application of credit risk mitigation techniques

Table 21. EU CR6 – IRB approach - Credit risk exposures by exposure class and PD range

Table 22. EU CR10 (1) – IRB: specialized lending

Table 23. EU CR10 (2) – IRB: equity

Table 24. Positions subject to counterparty credit risk in terms of OE, EAD and RWAs

Table 25. EU CCR1 – Analysis of CCR exposure by approach

Table 26. EU CCR2 – CVA capital charge

Table 27. EU CCR8 – Exposures to CCPs

Table 28. EU CCR5-A – Impact of netting and collateral held on exposure values

Table 29. EU CCR5-B – Composition of collateral for exposures to CCR

Table 30. EU CCR6 – Credit derivatives exposures

Table 31. EU CCR3 – Standardized approach - CCR exposures by regulatory portfolio and risk

Table 32. EU CCR4 – IRB approach - CCR exposures by portfolio and PD scale

Table 33. SEC1 – Securitization exposures in the banking book

Table 34. SEC3 – Securitization exposures in the banking book and associated regulatory capital requirements (bank acting as originator or as sponsor)

Table 35. SEC4 – Securitization exposures in the banking book and associated capital requirements (bank acting as investor)

Table 36. EU MR1 – Market risk under the standardized approach

Table 37. EU MR3 – IMA values for trading portfolios

Table 38. EU MR2-A – Market risk under the IMA

Table 39. EU MR2-B – RWA flow statements of market risk exposures under the IMA

Table 40. LRSum – Summary reconciliation of accounting assets and exposures corresponding to the leverage ratio

Chart Index

Chart 1. Capital requirements

Chart 2. Semi-annual fully-loaded CET1 ratio

Chart 3. Distribution of RWAs by risk type eligible in Pillar I

Chart 4. Advanced measurement approach: EAD by obligor category

Chart 5. Advanced measurement approach: Average weighted PD by EAD

Chart 6. Advanced measurement approach: Average weighted LGD by EAD

Chart 7. Advanced measurement approach: RWAs by obligor category

Chart 8. Trading Book. Validation of the Market Risk Measurement model for BBVA S.A. Hypothetical Backtesting (EU MR4)

Chart 9. Trading Book. Validation of the Market Risk Measurement model for BBVA S.A. Real Backtesting (EU MR4)

Chart 10. Trading Book. Validation of the Market Risk Measurement model for BBVA Mexico (Bancomer). Hypothetical Backtesting (EU MR4)

Chart 11. Trading Book. Validation of the Market Risk Measurement model for BBVA Mexico (Bancomer). Real Backtesting (EU MR4)

Glossary of terms

ACRONYM	DESCRIPTION
AT1 (Additional Tier 1)	Additional Tier 1 capital consists on hybrid instruments, basically CoCos and preferred shares
Basel III	Set of proposals for reforming banking regulation, published starting December 16, 2010 and to be implemented in a phased approach
BCBS (Basel Committee on Banking Supervision)	An international forum for cooperation in banking supervision, whose mission is to enhance the quality of banking supervision at global level
BIS (Bank for International Settlements)	An independent international organization that promotes international financial and monetary cooperation and acts as a bank for central banks.
CCF (Credit Conversion Factor)	The ratio between the actual amount available for a commitment that could be used, and therefore, would be outstanding at the time of default, and the actual amount available for the commitment.
CCP (Central Counterparty Clearing)	An entity that intervenes between counterparty entities, acting as a buyer against sellers and as a seller against buyers
CET 1 (Common Equity Tier 1)	The entity's highest-quality capital (refer to section 2.1)
CRM (Credit Risk Mitigation)	A technique used to reduce the credit risk associated with one or more of the entity's current exposures
CRR / CRD IV	Solvency Regulation on prudential requirements of credit institutions and investment firms (Regulation EU 575/2013)
CVA (Credit Valuation Adjustment)	Value adjustments for counterparty credit risk
D-SIB (Domestic Systemically Important Bank)	Other systemically important institutions (O-SIIs)
EAD (Exposure at default)	Maximum loss at the counterparty's time of default
EBA (European Banking Authority)	Independent institution responsible for promoting the stability of the financial system, the transparency of markets and financial products, and protecting depositors and investors.
ECAI (External Credit Assessment Institutions)	External Credit Rating Agency designated by the entity
EL (Expected Loss)	Ratio between the amount that is expected to be lost in an exposure, due to potential default by a counterparty or dilution over a one-year period, and the amount outstanding at the time of default
FSB (Financial Stability Board)	An international body that aims to increase the efficiency and stability of the international financial sector, supervising it and making recommendations.
G-SIBs (Global Systemically Important Banks)	Financial institutions that due to their large size, importance in the market and connection to each other, could trigger a serious crisis in the international financial system if they face economic problems.
IAA (Internal Assessment Approach)	Method of internal assessment used for the calculation of securitization exposures in the investment portfolio
IFRS 9	International Financial Reporting Standards 9

ACRONYM	DESCRIPTION
IMA (Internal Model Approach)	Approach that uses internal models to calculate the exposure originated by market risk
IMM (Internal Model Method)	Internal model method used to calculate exposure originated by counterparty risk
IRB (Internal Rating-Based Approach)	Internal model method used to calculate exposure originated by credit risk. This method may be broken down into two types: FIRB (Foundation IRB) and AIRB (Advanced IRB)
IRC (Incremental Risk Capital)	Charge applied to the exposure by market risk calculated using the internal method that quantifies the risk not captured by the VaR model, specifically in migration and default events
LCR (Liquidity Coverage Ratio)	The objective is to ensure the resistance of the entities before a liquidity stress scenario within a period of 30 days.
LGD (Loss Given Default)	Loss in the event of default
LR (Leverage Ratio)	Measurement that indicates the level of debt related to the assets of an entity. It is calculated as Tier1 divided by total exposure.
MREL (Minimum Required Eligible Liabilities)	Minimum requirement for own funds and eligible liabilities
NSFR (Net Stable Funding Ratio)	Minimum requirement for own funds and eligible liabilities
OE (Original Exposure)	The gross amount the entity may lose if the counterparty does not comply with its contractual payment obligations, not taking into account the effect of guarantees or improvements in credit or mitigate credit risk mitigation operations.
PD (Probability of Default)	Probability that a counterparty will default during a one-year period
QCCP (Qualifying central counterparty)	Central counterparty entity that has either been authorized in accordance with Article 14 of Regulation (EU) No 648/2012 or recognized in accordance with Article 25 of Regulation (EU) No 648/2012
RW (Risk Weight)	Level of risk applied to exposures (%)
RWAs (Risk-Weighted Assets)	Risk Exposure of the entity weighted by a percentage obtained by the applicable regulation (Standard Method) or internal models
SFTs (Securities Financing Transactions)	Securities financing transactions
SREP (Supervisory Review and Evaluation Process)	Supervisory Review and Evaluation Process
SVaR (Stressed Value at Risk)	Stress testing model that provides a prediction of a possible maximum loss that the entity's trading portfolios could experience as a result of changes in market prices over a given time horizon and for a given confidence interval, under scenarios of anomalous but plausible conditions

ACRONYM	DESCRIPTION
TIER I (First-Level Capital)	Capital made up of instruments that can absorb losses when the entity is in operation. It is composed of CET1 and AT1
TIER II (Second-Level Capital)	Additional capital formed by instruments, subordinated debt, revaluation reserves and hybrid instruments, which will absorb losses when the entity is not a going concern.
TLAC (Total Loss Absorbing Capacity)	Total loss absorption capacity: A regulatory framework approved by the FSB with the aim of guaranteeing that G-SIBs hold a minimum level of instruments and liabilities to ensure that the essential functions of the entity may be maintained in the resolution procedures and immediately afterward, without endangering taxpayers' funds or financial stability.
VaR (Value at Risk)	The measurement model that forecasts the maximum loss that can be incurred by the entity's trading portfolios stemming from market price fluctuations in a specific time horizon and at a specific level of confidence.

1. Introduction

- 1.1. Executive summary
- 1.2. Regulatory environment

1.1. Executive summary

BBVA Group locates its CET1 fully-loaded ratio in 11.5 % by the end of June 2019 and achieving a leverage ratio of 6.6% (fully- loaded) that keeps comparing in a positive way with the rest of its Peer Group.

1.2. Regulatory environment

Legal framework

As a Spanish credit institution, BBVA is subject to Directive 2013/36/EU of the European Parliament and of the Council dated June 26 2013, and its transposition to the national law, on access to the activity of credit institutions and investment firms ("Directive CRD IV") amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC by means of which the EU began, as of January 1 2014, to implement the capital reforms agreed within the framework of Basel III, thus establishing a period of gradual implementation for certain requirements until January 1 2019.

The major regulation governing the solvency of credit institutions is Regulation (EU) No 575/2013 of the European Parliament and of the Council dated June 26 2013 on prudential requirements for credit institutions and investment firms amending Regulation (EU) No 648/2012 ("CRR" and, jointly with Directive CRD IV and any other CRD IV implementation measure, "CRD IV"), which is complemented by several binding Regulatory Technical Standards that apply directly to EU member states, there being no need to implement national measures.

Directive CRD IV was transposed to Spanish national law by means of Royal Decree-Law 14/2013 dated November 29 ("RD-L 14/2013"), Law 10/2014 dated June 26, Royal Decree 84/2015 dated February 13 ("RD 84/2015"), Bank of Spain Circular 2/2014 dated January 31 and Circular 2/2016 dated February 2 ("Bank of Spain Circular 2/2016").

Regulatory changes

BIS III Reform: In order to strike a balance between risk sensitivity, simplicity and comparability, the Basel Committee has reformed the Basel III framework. The main amendments are focused on internal models, the standard credit risk method, the market risk framework, operational risk and capital floors in the advanced measurement approach based on the standardized approach. The reform has been approved by the Basel Committee meeting on December 8, 2017, with an implementation date of January 1, 2022. In the case of capital floors, its introduction is gradual over a period of 5 years, from a floor of 50% on January 1, 2022 to 72.5% on January 1, 2027. The Committee has also introduced an additional leverage ratio for global systemically important banks (G-SIBs).

Reform of the securitization framework: On 28 December 2017, the reform of the securitization framework was published in the Official Journal of the European Union (OJEU), and its date of application is 1 January 2019 for securitizations issued after that date. For securitizations made

before January 2019, institutions will continue to apply the current regime until 31 December 2019. The reform is composed of 2 regulations:

1. **Regulation (EU) 2017/2401** of the European Parliament and of the Council of 12 December 2017 amending the CRR as regards capital requirements for securitization positions. It gives preferential treatment to securitizations considered simple, transparent and standardized (STS).
2. **Regulation (EU) 2017/2402** of the European Parliament and of the Council of 12 December 2017 establishing a general framework for securitization and creating a specific framework for STS securitization. It details the characteristics that a securitization must meet in order to be considered STS.

Management and framework of NPLs: in July 2017, the European Council published a package of measures to address problematic assets (NPLs) in Europe. To this end, the European Central Bank (ECB) has established Pillar II supervisory expectations on prudential provisions for doubtful exposures classified as such from 1 April 2018. Its application date is from the 2021 Supervisory Review and Examination Process (SREP) exercise. The supervisory expectations on prudential provisions applicable to the stock (doubtful exposures classified as such before 1 April 2018) will be addressed by the ECB in the individual dialogue with each bank.

On 25 April 2019, Regulation 2019/630 of 17 April 2019 amending the CRR as regards the minimum coverage of losses arising from doubtful exposures was published in the OJEU. It applies from 26 April 2019 to exposures arising from that date that become doubtful. With regard to transparency, the European Banking Authority (EBA) has published guidelines on the disclosure of information on NPLs that will apply from 31 December 2019, and guidelines on the management of NPLs that will apply from 30 June 2019.

Declaration of Equivalence of third countries: on April 1, 2019 the EC updated the list of third countries and territories whose supervisory and regulatory requirements are considered equivalent to those of Europe (Commission Execution Decision 2019/536 of 29 March 2019). Argentina has been included in this list as a novelty. The whole list is as follows:

Argentina, Australia, Brazil, Canada, China, Faroe Islands, Greenland, Guernsey, Hong Kong, India, Isle of Man, Japan, Jersey, Mexico, Monaco, New Zealand, Saudi Arabia, Singapore, South Africa, Switzerland, Turkey and the United States.

Application for authorization to calculate emissions: on 30 April 2019, the second transitory provision and the second section of the single derogatory provision of Royal Decree 309/2019 came into force, repealing the first additional provision of RDL 84/2015, which required Spanish entities to request authorization to compute emissions. This part of RDL 309/2019 applies both to new issues and to requests for authorization that are in progress but have not yet been answered.

Reforms and EC provisions: In Europe, on 23 November 2016, the European Commission (EC) published a proposal with a new reform package that amends both the prudential banking regime (CRR) and the resolution regime (the Banking Restructuring and Resolution Directive, "BRRD"). This review includes the implementation in European legislation of international standards (post-2010 regulation adopted by the Basel Committee - except for standards adopted in December 2017 and market risk requirements - and the loss absorption framework or "LCRF"), the final design of the minimum requirement for own funds and eligible liabilities ("MREL") as well as a package of technical improvements. At the same time, a proposal for a directive to harmonize the hierarchy of senior debt creditors in the European Union was also presented. This directive was adopted in December 2017.

The CRR and BRRD reform package was published in the Official Journal of the European Union on 7 June 2019 and entered into force on 27 June 2019. The regulations and directives that make up this reform are as follows:

1. **Regulation (EU) 2019/876** of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) 575/2013 (CRR).

Its date of application is generally 28 June 2021, although some articles have applied since its entry into force and others on different dates.

2. **Regulation (EU) 2019/877** of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) 806/2014 as regards the loss-absorbing and recapitalization capacity for credit institutions and investment firms.

Its date of application is 28 December 2020.

3. **Directive (EU) 2019/878** of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU (CRD IV).

Its implementation date is 28 December 2020 as Member States have until that date to adopt and publish the provisions necessary to comply with this Directive.

4. **Directive (EU) 2019/879** of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU (BRRD).

Its implementation date is 28 December 2020 as Member States have until that date to adopt and publish the provisions necessary to comply with this Directive.

Developments in the Pillar III disclosure framework: the BIS III reform being undertaken by the Basel Committee (BCBS) also includes the review of the Pillar 3 framework, structured in three phases:

- Phase I: the disclosure requirements arising from the first review phase were published in January 2015, replacing the disclosure requirements published in 2014 (modified in July 2009). It includes standard templates in relation to credit and market risk, as well as the distinction between the accounting and prudential perimeter.
- Phase II: in a second phase, the BCBS has revised the disclosure requirements contained in all the Basel standards currently in force and consolidated them into the Pillar 3 framework under the document "Disclosure requirements for the Third Pillar - consolidated and enhanced framework", which was published in March 2017. Includes standard templates in relation to anti-cyclical cushion, prudent valuation, LCR, etc.
- Phase III: On 11 December 2018, the BCBS has published the requirements for the third phase of the Pillar 3 framework review under the document "Disclosure requirements for the Third Pillar - updated framework", which includes, among others, new disclosure requirements arising from the completion of the Basel III reforms.

The disclosure requirements for the first phase of the Pillar 3 framework review became effective in December 2017, while the disclosure requirements for the second phase have different implementation dates, with the first phase coinciding with the close of 2017. The implementation date for the third phase is generally 1 January 2022, with the exception of one template that is anticipated by the end of 2020.

In order for all European institutions to implement the Basel review in such a way as to meet CRR Part Eight requirements on this matter, in December 2016 the European Banking Authority (EBA)

published its final guidelines on regulatory disclosure "Guidelines on Revised Pillar 3 Disclosures Requirements" (EBA/GL/2016/11).

This report includes the prudential information of BBVA consolidated group as of June 30, 2019. This report has been prepared in compliance with the requirements set by Part Eight of the CRR, as well as any applicable guideline published by the European Banking Authority.

Regulatory capital requirements

According to article 92 of the CRR provides that credit institutions must maintain the following own funds requirements at all times:

- a) Ordinary Tier 1 capital ratio of 4.5%, obtained as ordinary Tier 1 capital expressed as a percentage of the total amount of risk-weighted assets.
- b) Capital ratio of level 1 of 6%, obtained as level 1 capital expressed as a percentage of the total amount of risk-weighted assets.
- c) Total capital ratio of 8%, obtained as equity expressed as a percentage of the total amount of risk-weighted assets.

Without prejudice to the application of the Pillar 1 requirement, CRD IV provides for the possibility for competent authorities to require credit institutions to maintain own funds in excess of the Pillar 1 requirements in order to cover risks additional to those already covered by the Pillar 1 requirement (this power of the competent authority is commonly referred to as 'Pillar 2').

In addition, beginning in 2016 and according to CRD IV, credit institutions must comply at all times with the combined capital buffer requirement. This additional capital requirement has introduced five new capital buffers: (i) the capital preservation buffer, (ii) the buffer for entities of global systemic importance (EISM buffer, or "G-SIB" buffer), (iii) the entity-specific anti-cyclical capital buffer, (iv) the buffer for other entities of systemic importance ("OEIS" buffer, or "D-SIB" buffer) and (v) the systemic risk buffer. The combined capital buffer requirement must be satisfied with Tier 1 ordinary capital ('CET1') in addition to that provided for both the minimum capital requirement of 'Pillar 1' and the minimum capital requirement of 'Pillar 2'.

Both the capital conservation buffer and the EISM buffer (where applicable) will apply to credit institutions as it sets a percentage higher than 0%.

The buffer for entities of global systemic importance applies to those entities included in the list of entities of global systemic importance ("G-SIBs"), which is updated annually by the Financial Stability Board ("FSB"). Given that since November 2015 (effective 1 January 2017) BBVA does not appear on this list, the G-SIB mattress does not apply to BBVA.

Spanish Central Bank has broad discretion with regard to the specific anti-cyclical capital buffer of each entity, the buffer for other systemically important entities (those entities considered to be of local systemic importance, "D-SIB") and the buffer against systemic risks (intended to prevent or avoid systemic or macro-prudential risks). With the entry into force on 4 November 2014 of the Single Supervisory Mechanism ("SSM"), the European Central Bank ("ECB") has the power to issue recommendations in this respect.

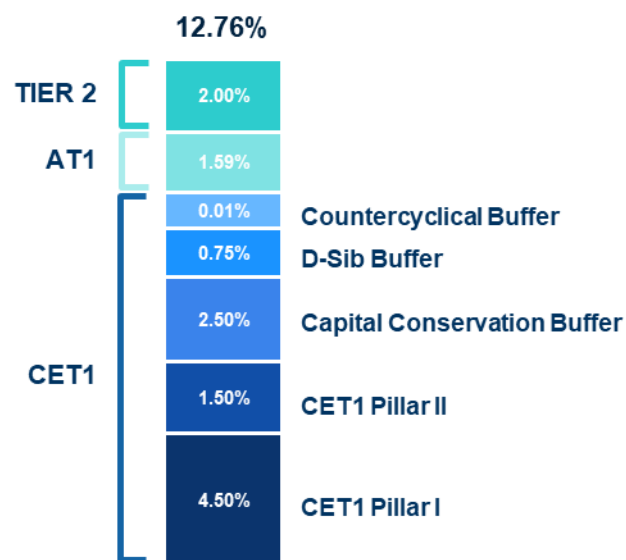
In December 2015, Spanish Central Bank agreed to set the percentage of countercyclical capital buffer applicable to credit exposures in Spain at 0% from 1 January 2016. These percentages are reviewed quarterly, with the Bank of Spain deciding in June 2019 to maintain the anti-cyclical capital cushion at 0% for the third quarter of 2019.

As a result of the supervisory review and appraisal (SREP) process carried out by the ECB, BBVA received a communication from the ECB on 14 February 2019 from which it is required to maintain, from 1 March 2019 a phased-in and fully loaded ratio (given that the transitional period for capital buffers ended in December 2018) of (i) CET1 of 9.26% at the consolidated level and 8.53% at the

individual level and (ii) a total capital ratio of 12.76% at the consolidated level and 12.03% at the individual level.

The total consolidated capital requirement includes: i) the minimum ordinary level 1 capital requirement (CET1) of Pillar 1 (4.5%); ii) the additional level 1 capital requirement (AT1) of Pillar 1 (1.5%); iii) the Tier 2 capital requirement of Pillar 1 (2%); iv) the CET1 requirement of Pillar 2 (1.5%), which remains at the same level as that established after the last SREP; v) the capital conservation buffer (2.5% of CET1); vi) the capital buffer of Other Entities of Systemic Importance (OEIS) (0.75% of CET1); and vii) the countercyclical capital buffer of 0.01% in terms of CET1).

Chart 1. Capital Requirements



As of June 30, 2019, BBVA maintains at a consolidated level a fully loaded CET 1 and total ratio of 11.5% and 15.4%, respectively, (in phased-in terms, CET1 and total ratio of 11.8% and 15.8%, respectively), strengthening the Group's capital position.

The following chart presents the distribution by geographic areas of the credit exposure for calculation of the countercyclical capital buffer:

Table 1. Geographical breakdown of relevant credit exposures for the calculation of the countercyclical capital buffer

06/30/19 (Million Euros)	General credit exposures (1)		Trading book exposure		Securitization exposure		Own funds requirements			Total	Own funds requirements weights	Countercyclical capital buffer rate
	Exposure value for SA	Exposure value for IRB	Sum of long and short position of trading book	Trading book exposure value for internal models	Exposure value for SA	Exposure value for IRB	Of which: General credit exposures	Of which: Trading book exposures	Of which: securitization exposures			
Geographical breakdown												
Denmark	13	50	-	4	-	-	2	0	-	2	0.01%	0.50%
Slovakia	6	154	-	-	-	-	18	-	-	18	0.09%	1.25%
Hong Kong	7	2,172	-	-	-	-	30	-	-	30	0.14%	2.50%
Iceland	0	0	-	-	-	-	0	-	-	0	0.00%	1.75%
Lithuania	0	0	-	-	-	-	0	-	-	0	0.00%	1.00%
Norway	19	16	-	12	-	-	1	0	-	1	0.01%	2.00%
United Kingdom	376	5,699	0	212	-	-	181	13	-	195	0.95%	1.00%
Czech Republic	14	6	-	-	-	-	1	-	-	1	0.01%	1.25%
Sweden	5	219	-	11	-	-	4	1	-	5	0.02%	2.00%
Total countries with countercyclical capital buffer established	440	8,316	0	239	-	-	237	15	-	252	1.22%	
Argentina	8,020	439	499	-	-	-	339	2	-	341	1.66%	-
Colombia	14,061	621	1,803	10	-	-	777	21	-	798	3.87%	-
Spain	31,238	169,714	7	41	-	4,526	5,575	7	124	5,706	27.71%	-
USA	77,802	16,728	1,409	-	4,691	-	4,355	1	4	4,361	21.18%	-
Mexico	48,583	40,778	85	282	26	-	3,374	18	1	3,393	16.48%	-
Peru	21,944	696	1,121	-	-	-	1,069	17	-	1,086	5.27%	-
Portugal	4,501	649	16	10	-	-	280	-	-	281	1.36%	-
Turkey	54,340	600	1,793	-	-	-	2,858	2	-	2,860	13.89%	-
Total countries without countercyclical capital buffer but with own funds requirements greater than 1%	260,488	230,224	6,732	343	4,717	4,526	18,627	68	129	18,825	91.43%	
Other areas	11,775	33,722	173	283	-	-	1,498	16	-	1,513	7.35%	0.00%
Total countries without countercyclical capital buffer but with own funds requirements less than 1%	11,775	33,722	173	283	-	-	1,498	16	-	1,513	7.35%	
Total	272,704	272,261	6,905	865	4,717	4,526	20,362	98	129	20,590	100%	

(1) Credit exposures exclude exposures to Central Governments or Central Banks, Regional Governments or Local Authorities, Public sector entities, Multilateral Development Banks, International Organizations and Institutions in accordance with art. 140.4 of Directive 2013/36/EU

Total risk exposure amount (Million euros)	360,069
Institution specific countercyclical buffer rate ⁽²⁾	0.01%
Institution specific countercyclical buffer requirement (Million euros)	53

(2) Countercyclical capital buffer calculated as of June 2019 in accordance with Commission Delegated Regulation (EU) 2015/1555

Leverage Ratio

In order to provide the financial system with a metric that serves as a backstop to capital levels, irrespective of the credit risk, a measure complementing all the other capital indicators has been incorporated into Basel III and transposed to the solvency regulations. This measure, the leverage ratio, can be used to estimate the percentage of the assets financed with Tier 1 capital.

Although the carrying amount of the assets used in this ratio is adjusted to reflect the bank's current or potential leverage with a given balance sheet position, the leverage ratio is intended to be an objective measure that may be reconciled with the financial statements.

As of June 30, 2019, BBVA Group had a leverage ratio of 6.6% fully loaded and a phased-in ratio of 6.7%, above the minimum required ratio of 3% and which continues to compare very favorably with the rest of its Peer Group.

2. Corporate name and differences in the consolidated group for the purposes of the solvency regulations and the accounting criteria

- 2.1. Corporate name and scope of application
- 2.2. Differences in the consolidated group for the purposes of the solvency regulations and accounting criteria
- 2.3. Reconciliation for the Public Balance Sheet from the accounting perimeter to the regulatory perimeter

2.1. Corporate name and scope of application

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

The Bylaws and other public information are available for consultation at its registered address (Plaza San Nicolás, 4, Bilbao) and on its corporate website (www.bbva.com).

The Solvency Regulations are applicable at the consolidated level for the whole Group.

2.2. Differences in the consolidated group for the purposes of the solvency regulations and accounting criteria

The Condensed Interim Consolidated Financial Statements ("Consolidated Financial Statements") of the BBVA Group for the first half of 2019 are presented in accordance with International Accounting Standard No. 34 "Interim Financial Reporting" ("IAS 34"). In accordance with IAS 34, the interim financial information is prepared solely with the intention of updating the contents of the last consolidated financial statements prepared.

These financial statements are presented in accordance with the provisions of the EU-IFRS applicable at 30 June 2019, taking into account Bank of Spain Circular 4/2017 and other provisions of the regulatory framework for financial information applicable to the Group in Spain.

Based on accounting principles, companies will form part of the consolidated group when the parent company directly or indirectly controls them. An entity controls an investee when it is exposed to, or entitled to; variable returns because of its involvement in the investee and has the ability to influence those returns through the power it exercises over the investee. In order for control to be considered to exist, it must concur:

- a) Power: an investor has power over an investee when it has current rights that provide it with the capacity to direct its relevant activities, i.e. those that significantly affect the returns of the investee.

- b) Returns: an investor is exposed, or is entitled to variable returns because of its involvement in the investee when the returns obtained by the investor for such involvement may vary based on the economic performance of the investee. Investor returns may be positive only, negative only or both positive and negative.
- c) Relationship between power and returns: An investor has control over an investee if the investor not only has power over the investee and is exposed, or is entitled to variable returns for its involvement in the investee, but also has the capacity to use its power to influence the returns it obtains due to its involvement in the investee.

Therefore, in drawing up the Group's Consolidated Financial Statements, all dependent companies and consolidated structured entities have been consolidated by applying the full consolidation method.

Associates as well as joint ventures (those over which joint control arrangements are in place), are valued using the equity method.

For purposes of the solvency regulation, the consolidated group comprises the following subsidiaries, in line with Article 18 of the CRR:

- Credit institutions
- Investment services companies
- Financial institutions

A financial institution is an enterprise, other than an entity (credit institution or investment firm), the principal activity of which is to acquire holdings or to engage in one or more of the following activities:

- Loans, including in particular consumer credit, credit agreements relating to immovable property, factoring with or without recourse and financing of commercial transactions (including forfaiting).
- Financial leasing
- Payment services
- Issuance and management of other means of payment (for example, travellers' cheques and bank cheques)
- Granting of guarantees and underwriting of commitments
- Transactions on own behalf or on behalf of clients for the purpose of any of the following instruments:
 - Money market instruments (cheques, bills, certificates of deposit, etc.)
 - Currencies
 - Futures and options
 - Currency or interest rate instruments
 - Marketable securities
- Participation in securities issued and provision of related services

- Advice to companies on capital structure, industrial strategy and related issues, as well as advice and services in the field of mergers and acquisitions of companies.
- Intermediation in interbank markets
- Management or advice in the management of assets
- Custody and administration of negotiable securities
- Issuance of electronic money

This definition includes financial holding companies, mixed financial holding companies, payment institutions and asset management companies, but excludes pure industrial holding companies, insurance companies, insurance holding companies and mixed insurance holding companies.

- Auxiliary services companies: A company whose main activity is the holding or management of real estate, the management of computer services or any other similar activity that is ancillary to the main activity of one or more entities (credit institution or investment company).

Therefore, for the purposes of calculating solvency requirements and, consequently, in the preparation of this Prudentially Relevant Report, the perimeter of consolidated entities differs from the perimeter defined for the purposes of preparing the Group's Consolidated Financial Statements.

The effect of the difference between the two regulations is mainly due to:

- The withdrawal of the balance contributed by entities (mainly insurance companies) which are fully consolidated in the Group's consolidated financial statements, whereas for solvency purposes they are consolidated using the equity method.
- The inclusion of the balance contributed by entities, mainly financial entities which consolidate by applying the equity method at the accounting level, but for solvency purposes, is proportionally integrated.

2.3. Reconciliation of the Public Balance Sheet from the accounting perimeter to the regulatory perimeter

This section includes an exercise in transparency aimed at offering a clear view of the process of reconciliation between the account balances reported in the Public Balance Sheet and the account balances as per this report (regulatory scope), revealing the main differences between both scopes.

Table 2. CC2 – Reconciliation of the regulatory capital with public balance sheet

06/30/19 (Million Euros)

Public Balance Sheet Headings	Public Balance Sheet	Regulatory balance sheet	Referece to template CC1
Cash, cash balances at central banks and other demand deposits	44,565	44,654	
Financial assets held for trading	105,369	106,074	
Non-trading financial assets mandatorily at fair value through profit or loss	4,918	1,532	
Financial assets designated at fair value through profit or loss	1,403	-	
Financial assets at fair value through accumulated other comprehensive	63,364	48,065	
Financial assets at amortized cost	430,930	425,268	
Hedging derivatives	3,105	2,982	
Fair value changes of the hedged items in portfolio hedges of interest rate risk	40	40	
Investments in subsidiaries, joint ventures and associates	1,638	4,585	
Assets under insurance and reinsurance contracts	371	-	
Tangible assets	10,302	10,039	
Intangible assets	8,262	8,157	g)
Tax assets	17,401	17,025	
Of which: deferred tax assets	15,519	15,270	h)
Other assets	4,454	6,332	
Non-current assets and disposal groups held for sale	1,505	1,476	
Total Assets	697,626	676,230	
Financial liabilities held for trading	91,358	91,500	
Other financial liabilities designated at fair value through profit or loss	8,922	3,992	
Financial liabilities at amortized cost	513,937	510,106	p) q) t)
Hedging derivatives	3,281	3,048	
Fair value changes of the hedged items in portfolio hedges of interest rate risk	-	-	
Liabilities under insurance and reinsurance contracts	10,634	-	
Provisions	6,631	5,913	
Current tax liabilities and deferred tax liabilities (DTL)	3,397	2,481	
Of which: deferred tax liabilities	2,323	1,506	
Other liabilities	4,776	4,713	
Liabilities included in disposal groups clasifed as held for sale	-	3	
Total liabilities	642,936	621,755	
Capital	3,267	3,267	a)
Share premium	23,992	23,992	a)
Equity instruments issued other than capital	-	-	b)
Other equity	43	43	b)
Retained earnings	26,428	26,071	b)
Revaluation reserves	1	1	b)
Other reserves	(94)	211	b)
Less: treasury shares	(99)	(99)	l)
Profit or loss attributable to owners of the parent	2,442	2,418	e)
Less: interim dividend	(208)	(208)	e)
Accumulated other comprehensive income (loss)	(6,923)	(7,004)	c) i) k)
Minority interest (non-controlling interest)	5,839	5,781	
Total equity	54,690	54,475	
Total equity and total liabilities	697,626	676,230	

The main differences between the public balance sheet and the regulatory balance sheet are due to withdrawals from the balance generated by insurance and financial entities that are consolidated through the application of the equity method for the amount of -€22.092 billion; and balance entries generated by entities that are consolidated using the proportional integration method for an amount of +€602 million.

3. Information of eligible capital resources and transitional arrangements for IFRS9

3.1. Characteristics of the eligible capital resources

3.2. Details of total eligible capital

3.3. Transitional arrangements for IFRS9

3.1. Characteristics of eligible capital resources

For the purpose of calculating the minimum capital requirements, according to the (EU) 575/2013 Regulation and its amendments which entry into force on June 30, 2019 (CRR), the following items are considered: the elements and instruments corresponding to Tier 1 capital, which is defined as the sum of Common Equity Tier 1 capital (CET1) and additional Tier 1 capital (AT1), as defined in Part Two, Title I, Chapters I to III of the CRR, as well as their corresponding deductions, in accordance with articles 36 and 56, respectively.

Also considered are the elements of Tier 2 capital defined in Part Two of Chapter IV, section I of the CRR. The deductions defined as such in section II of the same Chapter are also considered.

In line with the stipulations of the solvency regulation, the level of Common Equity Tier 1 capital essentially comprises the following elements:

- a) Capital and share premium: this includes the elements described in article 26, section 1, articles 27, 28 and 29 of the CRR and the EBA list referred to in article 26 section 3 of the CRR.
- b) Retained earnings: in accordance with article 26.1 (c), the gains that may use immediately and with no restriction to hedge any risks and losses are included (mainly reserves, including the reserves of the consolidated companies).
- c) Other accumulated earnings (and other reserves): Under this heading will be classified mainly the reserves of consolidated companies, and (including the associated exchange-rate differences) the valuation adjustments associated with the available-for-sale portfolio.
- d) Minority interests: includes the sum of Common Equity 1 capital instruments of a subsidiary that arise in the process of its global consolidation and are attributable to natural or legal third persons, according to article 84 and subsequent articles of CRR.
- e) Net interim attributable profit: the independently verified benefits are included, net of any possible expense or foreseeable dividend previously authorized by the supervisor (following the treatment provided for in Article 5 of Decision (EU) 2015/656 of the ECB).

Capital is moreover adjusted mainly through the following deductions:

- f) Additional value adjustments: The adjustments originated by the prudent valuation of the positions at fair value are included, as set out in article 105 of the CRR.

- g) Intangible assets: these are included net of the corresponding tax liabilities, as set out in article 36, section 1, letter b) and article 37 of the CRR. It mainly includes goodwill, software and other intangible assets.
- h) Deferred tax assets: These are understood to be assets for deferred taxes that depend on future returns, excluding those deriving from temporary differences (net of the corresponding tax liabilities when the conditions established in article 38.3 of the CRR are met), as per article 36.1 c) and article 38 of the CRR, mainly loss carryforwards (LCFs).
- i) Fair value reserves related to gains or losses on cash flow hedges: Includes value adjustments of cash flow hedging of financial instruments not valued at fair value, including expected cash flows in accordance with article 33 a) of the CRR.
- j) Expected losses versus credit risk adjustments in the advanced model: the losses arising from the calculation of risk-weighted exposures through the method based on internal ratings are included, as set out in article 36.1 d) of the CRR.
- k) Profit or losses on liabilities measured at fair value: These are derived from the entity's credit risk itself, in accordance with article 33 b) of the CRR.
- l) Direct and indirect holdings of own instruments (treasury stock): includes the shares and other securities booked as own funds that are held by any of the Group's consolidated entities, together with those held by non-consolidated entities belonging to the economic Group, as set out in article 33.1 f) and article 42 of the CRR. It mainly includes finance for own shares, synthetic treasury stock and own securities.
- m) Securitizations: securitizations that receive a risk weighting of 1.250% are included, as set out in article 36.1 k) ii) of the CRR.
- n) Transitional Common Equity Tier 1 capital: Considered as such are unrealized fair value gains and losses, in accordance with articles 467 and 468 of the CRR, as well as all the fair value gains and losses arising from the institution's own credit risk related to derivative liabilities (DVA) under article 33 c).
- o) Admissible CET1 deductions: this includes the deductions that exceed the additional Tier 1 capital, as described in article 36.1 b) of the CRR.

In addition, according to article 473 *bis* of CRR, the Group has decided to apply the transitional provisions to mitigate the impact on shareholders' equity of the introduction of IFRS 9, which allows the impact to be recognized progressively over a transitional period of 5 years (2018-2022).

Other deductions that may be applicable are significant stakes in financial institutions and assets for deferred taxes arising from temporary differences that exceed the 10% limit of the CET1, and the deduction for exceeding the overall 17.65% limit of the CET1 according to article 48.2 of the CRR.

At 30 June 2019, the Group does not have any holdings in financial institutions that are not subject to deduction because they exceed the indicated limits (article 49 of the CRR) and, therefore, the standard template of the EBA INS1 will not be applicable.

In addition, the Group includes as total eligible capital the additional Tier 1 capital instruments defined in article 51, 85 and 484 of the CRR, including the corresponding adjustments, in accordance with article 472 of the CRR:

- p) Equity instruments and issue premiums classified as liabilities: This heading includes the perpetual contingent convertible securities that meet the conditions set out in article 51 and 52.1 of the CRR.
- q) Items referred to in article 484(4) of the CRR: This section includes the preferred shares issued by the Group.

- r) Qualifying Tier 1 capital included in the consolidated additional capital issued by affiliates and held by third parties: Included as additional consolidated Tier 1 capital is the amount of Tier 1 capital from the subsidiaries, calculated in accordance with article 85 of the CRR and applying the phased-in percentages corresponding transitional period established by article 480 of the CRR.
- s) Transitional adjustments of additional Tier 1 capital: This includes the adjustments considered in article 472 of the CRR as measures established for gradual adoption of the new capital ratios.

Finally, the entity also includes Tier 2 as eligible capital. Combined with what is indicated in Article 87 of the CRR, it is made up of the following elements:

- t) Equity instruments and Tier 2 share premiums: Understood as the funding that, for credit seniority purposes, comes behind all the common creditors. The issues, moreover, have to fulfill a number of conditions, which are laid out in article 63 of the CRR.
- u) Amounts of the eligible elements, under article 484: Tier 2 capital includes the subordinated debt received by the Group that does not meet the conditions set out in article 63 of the CRR, but is acceptable in the transitional regulatory capital under article 484 of the CRR.
- v) Admissible shareholders' funds instruments included in consolidated Tier 2 issued by subsidiaries and held by third parties: these instruments are included under articles 87 and 88 of the CRR, by applying the phased-in percentages corresponding to the transitional period established by article 480 of the CRR.
- w) Credit risk adjustments: A calculation is made of the surplus resulting between the allowances for impairment losses on assets and provisions for risks related to exposures calculated as per the IRB Approach on the losses they are expected to incur, for the part that is below 0.6% of the risk-weighted exposures calculated according to this method.

The Annex available on the Group's website presents the Group's issues of perpetual contingent convertible securities and issues of preference shares, which as explained above, are part of additional Tier 1 capital.

This Annex also details the Group's issues of subordinated debt as of June 30, 2019, calculated as Tier 2 capital.

3.2. Details of total eligible capital

The table below shows the amount of total eligible capital, net of deductions, for the different items making up the capital base as of June 30, 2019 and 31, December, 2018, in accordance with the disclosure requirements for information relating to transitional capital set by Implementing Regulation (EU) No. 1423/2013 of the Commission dated December, 20, 2013:

Table 3. Amount of capital (CC1)

Million Euros

Reference to template CC2	06/30/19	12/31/18
a) Capital and share premium	27,259	27,259
b) Retained earnings	27,136	23,857
c) Other accumulated earnings (and reserves)	(7,004)	(7,285)
d) Minority interests	4,333	3,809
e) Net attrib. profit and interim and final Group dividends	1,234	3,246
Ordinary Tier 1 Capital before other regulatory adjustments	52,958	50,887
f) Additional value adjustments	(310)	(356)
g) Intangible assets	(8,056)	(8,199)
h) Deferred tax assets	(1,637)	(1,260)
i) Fair value reserves related to gains or losses on cash flow hedges	(57)	35
j) Expected losses in equity	-	-
k) Profit or losses on liabilities measured at fair value	(25)	(116)
l) Direct and indirect holdings of own instruments	(352)	(432)
m) securitizations tranches at 1250%	(28)	(34)
n) Temporary CET1 adjustments	(103)	(150)
o) Admissible CET1 deductions	(61)	(61)
Total Common Equity Tier 1 regulatory adjustments	(10,630)	(10,573)
Common Equity Tier 1 (CET1)	42,329	40,313
p) Equity instruments and share premium classified as liabilities	5,879	4,863
q) Items referred in Article 484 (4) of the CRR	141	142
r) Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row d) issued by subsidiaries and held by third parties)	649	629
Additional Tier 1 before regulatory adjustments	6,668	5,634
s) Temporary adjustments Tier 1	-	-
Total regulatory adjustments of Additional Tier 1	-	-
Additional Tier 1 (AT1)	6,668	5,634
Tier 1 (Common Equity Tier 1+Additional Tier 1)	48,997	45,947
t) Equity instruments and share premium	2,998	3,768
u) Amount of the admissible items, pursuant to Article 484	-	-
v) Admissible shareholders' funds instruments included in consolidated Tier 2 issued by subsidiaries and held by third parties	4,338	4,409
-Of which: instruments issued by subsidiaries subject to ex-subsidiary stage	430	37
w) Credit risk adjustments	608	579
Tier 2 before regulatory adjustments	7,944	8,756
Tier 2 regulatory adjustments	-	-
Tier 2	7,944	8,756
Total Capital (Total capital = Tier 1 + Tier 2)	56,941	54,703
Total RWA's	360,069	348,264
CET 1 (Phased-In) ⁽¹⁾	11.8%	11.6%
CET 1 (fully-loaded) ⁽¹⁾	11.5%	11.3%
Tier 1 (Phased-In) ⁽¹⁾	13.6%	13.2%
Tier 1 (fully-loaded) ⁽¹⁾	13.3%	12.9%
Total Capital (Phased-In) ⁽¹⁾	15.8%	15.7%
Total Capital (fully-loaded) ⁽¹⁾	15.4%	15.5%

(1) As of June, 30, 2018, the main difference between phased-in ratio and fully-loaded ratio is based in the transitory treatment of the IFRS9 Impact, to whom BBVA Group has adhered voluntarily (in accordance with Article 473 bis CRR)

BBVA's CET1 fully-loaded ratio stood at 11.5% at the end of June 2019, with an increase of +17 basis points in the half year, supported by the recurring generation of organic capital and the positive evolution of the markets.

The risk-weighted assets (RWA) increased by more than 11.8 billion euros in the half year as a result of the growth of activity, mainly in emerging markets, the incorporation of regulatory

impacts (application of IFRS 16 and TRIM- Targeted Review of Internal Models) by approximately 7.3 billion euros (which had an impact on the CET1 ratio of -24 basis points) and a reduction of approximately 1.5 billion euros (+5 basis points in the CET1 ratio) due to the recognition by the European Commission of Argentina as an equivalent country for supervisory and regulatory purposes¹.

In terms of capital issues, BBVA S.A. made two public capital issues: an issue of preference shares that could eventually be converted into newly issued ordinary BBVA shares (CoCos), registered with the CNMV, for an amount of 1.0 billion euros at an annual coupon of 6.0% and a redemption option from the fifth year onwards; and an issue of Tier 2 subordinated debt for an amount of 750 million euros, with a 10-year maturity and a redemption option in the fifth year, with a coupon of 2.575%². In the first half of the year, the Group continued with its program to comply with the requirements of MREL (minimum requirement for own funds and eligible liabilities) - published in May 2018 - by closing two public issues of non-preferred senior debt, for a total of 2.0 billion euros, one of them of 1.0 billion euros as a green bond.

The early amortization options on three issues were exercised: one of CoCos for €1.5 billion and a 7% coupon issued in February 2014; another issue of Tier 2 subordinated debt for €1.5 billion and a 3.5% coupon issued in April 2014 and redeemed in April 2019; and another Tier 2 issued in June 2009 by Caixa d'Estalvis de Sabadell with a par value outstanding of €4,878,000 and redeemed in June 2019.

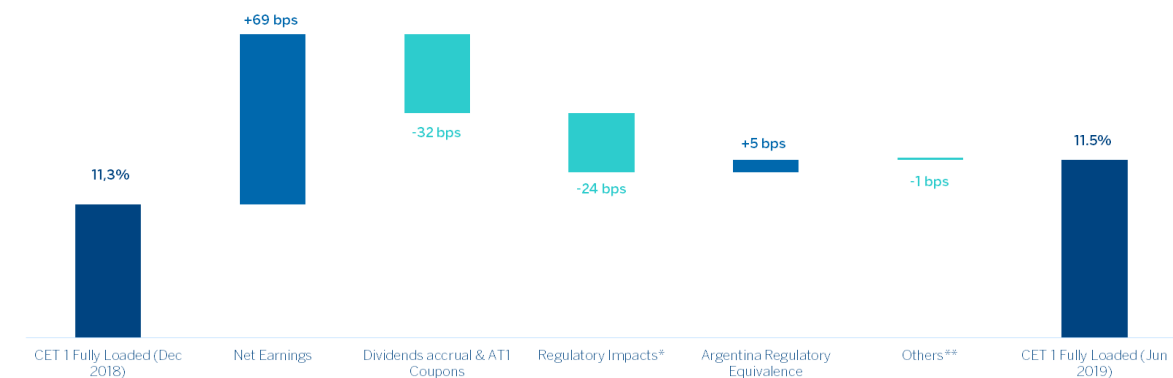
The CET1 phased-in ratio stood at 11.8% at 30 June 2019, taking into account the effect of IFRS 9. Tier 1 reached 13.6% and Tier 2 2.2%, resulting in a total capital ratio of 15.8%.

These levels are above the requirement established by the supervisor in its SREP (Supervisory Review and Evaluation Process) letter of application in 2019. Since 1 March 2019 and at a consolidated level, the requirement is 9.26% for the CET1 ratio and 12.76% for the total capital ratio. Its variation with respect to 2018 is explained by the end of the transitional period for the implementation of the capital conservation mattresses and that of Other Entities of Systemic Importance, as well as by the evolution of the countercyclical capital mattress. For its part, the requirement of CET1 of Pillar 2 (P2R) remains unchanged at 1.5%.

Lastly, the Group's leverage ratio maintained a solid position, with 6.6% fully-loaded (6.7% phased-in).

1 On April 1, 2019, the Official Journal of the European Union publishes Commission Implementing Decision (EU) 2019/536 including Argentina in the list of third countries and territories whose supervisory and regulatory requirements are considered equivalent for the purpose of the treatment of exposures under Regulation 575/2013.

2 Royal Decree 309/2019, of 26 April, partially implementing Law 5/2019, of 15 March, regulating real estate credit agreements and adopting other financial measures, eliminates in Spain the obligation of prior approval by the supervisor of Tier 1 additional and Tier 2 capital instruments

Chart 2. Semi-annual fully-loaded CET1 ratio


(1) Regulatory impacts includes IFRS-16 Impact (-11 bps) & TRIM1 's (-13 bps)

(2) Others includes mainly market related impacts (FX impact and mark to market of HTC&S portfolios) and RWAs evolutions, among others

Annex available on the Group's website shows the main features of the capital instruments with the aim of reflecting, with the level of detail required by regulations, the characteristics of an entity's capital instruments, in accordance with Implementing Regulation (EU) No. 1423/2013 of the Commission dated December 20, 2013.

3.3. IFRS9 transitional arrangements

Following EBA guidelines (EBA/GL/2018/01), the table below shows a summary of the own resources, main capital ratio, leverage ratio in application of IFRS9 transitional arrangement and leverage ratio without IFRS9 transitional arrangement, as of June, 30, 2019:

Table 4. IFRS9-FL: summary of the own funds, main capital and leverage ratios with and without the application of IFRS9 transitional arrangements or similar Expected Credit Losses (ECL)

Million Euros	06/30/19	03/31/19	12/31/18	09/30/18 ⁽¹⁾	06/30/18
Own sources (amount)					
CET1 Capital	42,329	41,784	40,313	38,995	39,550
CET1 Capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	41,520	40,975	39,449	38,131	38,685
Level 1 Capital (T1)	48,997	47,455	45,947	45,098	45,717
Level 1 Capital (T1) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	48,188	46,646	45,083	44,233	44,852
Total Capital	56,941	54,797	54,703	53,933	54,958
Total Capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	56,132	53,988	53,839	53,069	54,094
Risk-weighted assets (amount)					
Total Risk-weighted assets	360,069	360,679	348,264	343,053	356,887
Total Risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	360,563	361,173	348,804	343,272	357,107
Capital ratio					
CET1 Capital (as a percentage of total exposure to risk)	11.8%	11.6%	11.6%	11.4%	11.1%
CET1 Capital (as a percentage of total exposure to risk) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	11.5%	11.3%	11.3%	11.1%	10.8%
Level 1 Capital (T1) (as a percentage of total exposure to risk)	13.6%	13.2%	13.2%	13.1%	12.8%
Level 1 Capital (T1) (as a percentage of total exposure to risk) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	13.4%	12.9%	12.9%	12.9%	12.6%
Total Capital (as a percentage of total exposure to risk)	15.8%	15.2%	15.7%	15.7%	15.4%
Total Capital (as a percentage of total exposure to risk) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	15.6%	14.9%	15.4%	15.5%	15.1%
Leverage Ratio					
Total exposure related to leverage ratio	732,135	722,708	705,299	690,607	711,046
Leverage Ratio	6.7%	6.6%	6.5%	6.5%	6.4%
Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	6.6%	6.5%	6.4%	6.4%	6.3%

(1) The application of the mechanism established by Article 5 of Decision (EU) 2015/656 of the European Central Bank of 4 February entails considering a theoretical deduction for dividends of 2.142 billion euros, resulting from applying the 2017 nominal pay-out to intermediate results at 30 September 2018, compared to 1.476 billion euros, which would result from applying the shareholder remuneration policy announced by the Group.

Applying the pay-out announced by the Group, the CET1 phased-in ratio at September 30, 2018 was 11.6% (in fully loaded terms, 11.3%)

4. Information on capital requirements

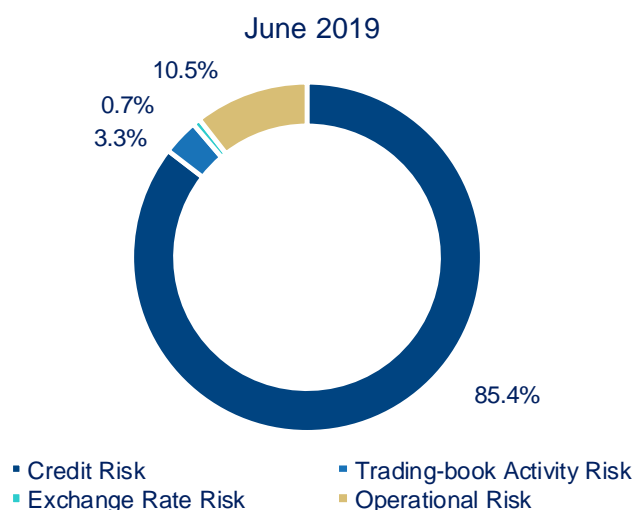
4.1. Bank's profile risk

4.2. Details of capital requirements

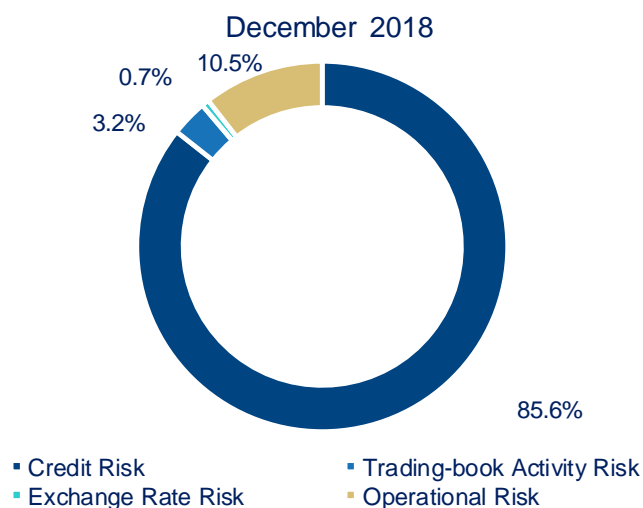
4.1. Bank's profile risk

The greater weight of credit risk is explained by the composition of the BBVA Group's portfolio, mainly composed of credit investments.

Chart 3. Distribution of RWA by risk type eligible under Pillar I



(1) Credit risk includes risk by CVA Adjustment and the estimated impact of the TRIM



(1) Credit risk includes risk by CVA Adjustment

4.2. Details of capital requirements

As a result of the ECB's supervisory review and appraisal process (SREP), the Group is required to maintain from 1 March 2019 a fully loaded ratio of CET1 and total capital of 9.26% and 12.76% respectively.

The total consolidated capital requirement includes: i) the minimum ordinary level 1 capital requirement (CET1) of Pillar 1 (4.5%); ii) the additional level 1 capital requirement (AT1) of Pillar 1 (1.5%); iii) the Tier 2 capital requirement of Pillar 1 (2%); iv) the CET1 requirement of Pillar 2 (1.5%), which remains at the same level as that established after the last SREP; v) the capital conservation cushion (2.5% of CET1); vi) the capital cushion of Other Entities of Systemic Importance (OEIS) (0.75% of CET1); and vii) the countercyclical capital cushion of 0.01% in terms of CET1).

The total amount of capital requirements is made up mainly of the following items:

- Credit risk: credit risk arises from the probability that one party to the contract of the financial instrument will default on its contractual obligations for reasons of insolvency or inability to pay and result in a financial loss to the other party. It includes counterparty risk, issuer risk, settlement risk and country risk.
- Counterparty risk: the credit risk arising from derivative instruments, repurchase and resale agreements, securities lending transactions and deferred settlement transactions.
- Credit Value Adjustment (CVA): aims to reflect the impact on the fair value of the counterparty's credit risk resulting from OTC derivatives other than credit derivatives recognized for reducing the amount of credit risk weighted exposures.
- Market risk: market risk arises from the possibility of losses in the value of positions held because of movements in market variables that affect the valuation of financial products and assets in the trading activity (trading portfolio). It includes the risk with respect to the position in debt and equity instruments, exchange rate risk and commodity risk.
- Operational risk: risk that may result in losses due to human error, inadequate or faulty internal processes, inappropriate conduct vis-à-vis customers or in markets, failures, interruptions or deficiencies in systems or communications, inadequate data management, legal risks and, finally, as a consequence of external events, including cyber attacks, fraud committed by third parties, disasters and bad service provided by suppliers. This definition includes legal risk and excludes strategic and/or business risk and reputational risk.
- Structural risks: this is subdivided into structural interest rate risk (movements in market interest rates cause changes in the net interest margin and in the asset value of an entity) and structural exchange rate risk (exposure to changes in exchange rates originating in the Group's foreign companies and in the provisioning funds for branches abroad financed in a currency other than that of the investment).

The risk-weighted assets and capital requirements are shown, broken down by type of risk as of June 30, 2019 and December 31, 2018 is shown below.

Table 5. EU OV1 – Overview of RWAs

Million Euros	RWA ⁽¹⁾		Minimum Capital Requirements ^{(2) (3)}
	06/30/19	12/31/18	06/30/19
Credit Risk (excluding CCR)	282,863	274,256	22,629
Of which the standardized approach (4)	190,634	188,158	15,251
Of which the foundation IRB (FIRB) approach	4,926	5,421	394
Of which the advanced IRB (AIRB) approach ⁽⁶⁾	85,008	77,733	6,801
Of which equity IRB under the simple risk-weighted approach ⁽⁵⁾	2,295	2,944	184
CCR	8,814	8,483	705
Of which mark to market	7,410	7,065	593
Of which original exposure	-	-	-
Of which the standardized approach	-	-	-
Of which the Internal model method (IMM)	-	-	-
Of which risk exposure amount for contributions to the default fund of a CCP	64	41	5
Of which CVA	1,340	1,377	107
Settlement Risk	0	-	0
Securitization exposures in the banking book (after the cap)	1,619	2,623	129
Of which IRB approach	1,552	1,673	124
Of which IRB supervisory formula approach (SFA)	-	-	-
Of which internal assessment approach (IAA)	-	-	-
Of which standardized approach	67	950	5
Market Risk	14,505	13,316	1,160
Of which the standardized approach	6,022	5,048	482
Of which IMA	8,483	8,268	679
Operational Risk	37,952	36,725	3,036
Of which basic indicator approach	6,462	5,908	517
Of which the standardized approach	9,877	9,341	790
Of which IRB approach	21,613	21,476	1,729
Amounts below the thresholds for deduction (subject to 250% risk weight) ⁽⁴⁺⁵⁾	14,317	12,862	1,145
Floor Adjustment	-	-	-
TOTAL	360,069	348,264	28,806

(1) Risk-weighted assets according to the transitional period (phased-in)

(2) Multiplied by 8% of RWAs

(3) Under CET 1 requirements (9.26%) after the supervisory evaluation process (SREP), the requirements rise to 33.342 billion euros. Under Total Capital requirements (12.76%), the requirements rise to 45.945 billion euros

(4) Excludes deferred tax assets arising from temporary differences, which are not deducted from computable shareholders' equity (subject to 250% risk weighting) in accordance with article 48.4 CRR. This amount rose to 6,572 and 6,549 at 30 June 2019 and 31 December 2018, respectively.

(5) Significant investments in financial sector entities and insurers that are not deducted from eligible own funds (subject to a risk weight of 250%) are excluded, in accordance with Article 48.4 CRR. This amount rises to 7,744 and 6,314 as at June 30, 2019 and December 31, 2018, respectively.

(6) As of 30 June 2019, this row includes an advance of 3 billion euros RWA due to the estimated impact of the TRIM (Targeted Review of Internal Models).

The table below shows the risk-weighted assets broken down by risk and the capital requirements broken down by type of risk and categories of exposure, as of June 30, 2019 and December 31, 2018:

Table 6. Capital requirements by risk type and exposure class

Exposure Class and risk type	Capital requirements ⁽²⁾		RWA's ⁽¹⁾	
	06/30/19	12/31/18	06/30/19	12/31/18
Credit Risk	16,024	15,817	200,296	197,715
Central governments or central banks	2,501	2,445	31,268	30,560
Regional governments or local authorities	121	113	1,509	1,416
Public sector entities	57	57	718	714
Multilateral development banks	-	1	-	10
International organisations	-	-	-	-
Institutions	530	496	6,622	6,203
Corporates	6,627	7,159	82,832	89,481
Retail	2,949	2,941	36,867	36,768
Secured by mortgages on immovable property	1,198	1,237	14,979	15,466
Exposures in default	326	333	4,071	4,159
Exposures associated with particularly high risk	450	132	5,629	1,652
Covered bonds	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	0	0	2	2
Collective investments undertakings	14	5	172	57
Other exposures	1,250	898	15,627	11,229
Securitization exposures	5	76	67	950
securitization exposures	5	76	67	950
TOTAL CREDIT RISK BY STANDARDIZED APPROACH	16,029	15,893	200,363	198,665
Credit Risk	6,803	6,498	85,032	81,222
Central governments or central banks	45	54	559	677
Institutions	510	429	6,379	5,366
Corporates	4,687	4,441	58,585	55,513
Of which: specialized lending	1,008	950	12,597	11,877
Of which: SMEs	472	506	5,899	6,330
Of which: Others	3,207	2,984	40,089	37,305
Retail	1,561	1,573	19,509	19,667
Of which: Secured by real estate property	555	591	6,941	7,385
Of which: Qualifying revolving	571	555	7,138	6,938
Of which: Other SMEs	140	140	1,752	1,752
Of which: Other Non-SMEs	294	287	3,679	3,592
Equity	1,301	1,220	16,262	15,246
On the basis of method:				
Of which: Simple approach	770	647	9,628	8,085
Of which: PD/LGD approach	498	479	6,222	5,989
Of which: Intern models	33	94	412	1,172
On the basis of nature:				
Of which: Listed instruments	400	439	5,000	5,493
Of which: Not listed instruments in sufficiently diversified portfolios	901	780	11,262	9,753
Securitization exposures	124	134	1,552	1,673
securitization exposures	124	134	1,552	1,673
TOTAL CREDIT RISK BY IRB APPROACH	8,228	7,851	102,845	98,141
TOTAL CONTRIBUTIONS TO THE DEFAULT FUND OF A CCP	5	3	64	41
TOTAL CREDIT RISK	24,262	23,748	303,273	296,846
SETTLEMENT RISK	-	-	-	-
Standardized approach:	280	222	3,494	2,776
Of which: Price Risk by fixed income exposures	207	155	2,593	1,940
Of which: Price Risk by securitization exposures	2	1	22	13
Of which: Price Risk by correlation	49	54	609	670
Of which: Price Risk by stocks and shares	19	11	235	136
Of which: Commodities Risk	3	1	35	18
IRB: Market Risk	679	661	8,483	8,268
TOTAL TRADING BOOK RISK	958	884	11,977	11,044
FOREIGN EXCHANGE RISK (STANDARDIZED APPROACH)	202	182	2,528	2,271
CVA RISK	107	110	1,340	1,377
OPERATIONAL RISK	3,036	2,938	37,952	36,725
OTHERS ⁽³⁾	240	-	3,000	-
CAPITAL REQUIREMENTS	28,806	27,861	360,069	348,264

(1) Risk-weighted assets according to the transitional period (phased-in)

(2) Multiplied by 8% of RWAs

(3) As of 30 June 2019, this row includes an advance of 3 billion euros RWA due to the estimated impact of the TRIM (Targeted Review of Internal Models).

5. Credit risk and counterparty credit risk

- 5.1. Information on credit risk
- 5.2. Information on counterparty risk
- 5.3. Information on securitizations

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.

It is the most relevant risk for the Group and includes counterparty risk, issuer risk, settlement risk and country risk management.

Counterparty exposure involves that part of the original exposure corresponding to derivative instruments, repurchase and resale transactions, securities lending transactions and deferred settlement transactions.

Below, in addition to the credit exposure at default and the RWAs, the original exposure, the exposure net of provisions and the exposure once applied the conversion factors by the standard and advanced method as of June 30, 2019 and December 31, 2018 (including counterparty risk):

Table 7. Credit risk exposure

06/30/19 (Million Euros)

Exposure Class	Original Exposure ⁽¹⁾	Provisions ⁽²⁾	Net exposure of provisions ⁽³⁾	On-balance exposure after credit risk mitigation techniques ^(4a)	Off-balance exposure after credit risk mitigation techniques ^(4b)	Exposure in the adjusted value ⁽⁵⁾	EAD ⁽⁶⁾	RWA's ⁽⁷⁾	RWA density (8=(7)/(6))
Central governments or central banks	121,704	(40)	121,664	148,373	6,143	154,516	148,733	31,268	21%
Regional governments or local authorities	10,774	(27)	10,746	6,627	915	7,543	6,969	1,509	22%
Public sector entities	1,107	(2)	1,104	1,690	219	1,909	1,780	718	40%
Multilateral development banks	333	()	333	493	-	493	493	-	0%
International organisations	0	-	0	0	0	0	0	-	0%
Institutions	43,168	(17)	43,151	14,422	13,586	28,008	16,121	6,622	41%
Corporates	119,676	(1,268)	118,408	70,041	39,262	109,304	85,028	82,832	97%
Retail	87,970	(1,737)	86,233	50,057	30,123	80,180	52,547	36,867	70%
Secured by mortgages on immovable property	40,056	(278)	39,778	39,585	137	39,722	39,650	14,979	38%
Exposures in default	8,480	(4,566)	3,915	3,381	426	3,806	3,604	4,071	113%
Exposures associated with particularly high risk	4,522	(215)	4,308	3,659	329	3,988	3,752	5,629	150%
Covered bonds	-	-	-	-	-	-	-	-	0%
Claims on institutions and corporates with a short-term credit assessment	7	()	6	6	-	6	6	2	38%
Collective investments undertakings	222	()	222	131	81	211	172	172	100%
Other exposures	19,884	(44)	19,840	24,880	1,075	25,954	25,512	15,627	61%
securitization exposures	4,213	-	4,213	152	-	152	152	67	44%
TOTAL STANDARDIZED APPROACH	462,115	(8,194)	453,921	363,497	92,297	455,793	384,518	200,363	52%
Central governments or central banks	9,544	(5)	-	11,296	586	11,882	11,587	559	5%
Institutions	123,542	(65)	-	100,014	5,479	105,493	103,269	6,379	6%
Corporates	146,766	(2,304)	-	81,648	62,702	144,350	112,197	58,585	52%
Corporates (SMEs)	21,423	(1,087)	-	15,729	4,151	19,880	17,539	12,597	72%
Corporates: specialized lending	7,314	(75)	-	6,923	391	7,314	7,140	5,899	83%
Corporates: Others	118,029	(1,141)	-	58,996	58,159	117,156	87,518	40,089	46%
Retail	118,235	(2,335)	-	96,050	22,113	118,163	100,072	19,509	19%
Of which: secured by immovable property	79,725	(991)	-	75,308	4,390	79,698	75,527	6,941	9%
Of which: Secured by mortgages on immovable property	23,486	(591)	-	6,623	16,863	23,486	9,910	7,138	72%
Of which: Others	15,024	(753)	-	14,119	860	14,979	14,635	5,431	37%
Retail: Other SMEs	4,160	(240)	-	3,272	845	4,117	3,781	1,752	46%
Retail: Other Non-SMEs	10,864	(513)	-	10,846	15	10,861	10,855	3,679	34%
securitization exposures	4,526	-	-	4,366	-	4,366	4,366	1,552	36%
TOTAL IRB APPROACH	402,612	(4,709)	-	293,373	90,880	384,254	331,491	86,583	26%
TOTAL CREDIT RISK DILUTION AND DELIVERY	864,727	(12,903)	453,921	656,870	183,177	840,047	716,009	286,946	40%
Equity	7,261	-	-	7,261	-	7,261	7,261	16,262	224%
Simple Approach	3,896	-	-	3,896	-	3,896	3,896	9,628	247%
Not listed instruments in sufficiently diversified portfolios	3,616	-	-	3,616	-	3,616	3,616	8,773	243%
Listed in exchange-traded markets	280	-	-	280	-	280	280	855	305%
PD/LGD Approach	3,240	-	-	3,240	-	3,240	3,240	6,222	192%
Intern Models	125	-	-	125	-	125	125	412	329%
TOTAL CREDIT RISK	871,988	(12,903)	453,921	664,131	183,177	847,308	723,270	303,208	42%

(1) Gross exposure of provisions before credit risk mitigation techniques, excluding contributions to the default of a CCP

(2) Includes provisions and adjustments due to impairment of financial assets and contingent risks and commitments

(3) Exposures are only adjusted by provisions for standardized approach

(4a)(4b) Just eligible credit mitigation techniques are included, either on-balance or off-balance, according to Chapter 4 of CRR

(5) It corresponds to the exposure in the adjusted value by eligible credit mitigation techniques

(6) Exposure to credit risk at default, calculated as (4a) + ((4b)*CCF)

12/31/18 (Million Euros)

Exposure Class	Original Exposure ⁽¹⁾	Provisions ⁽²⁾	Net exposure of provisions ⁽³⁾	On-balance exposure after credit risk mitigation techniques ^(4a)	Off-balance exposure after credit risk mitigation techniques ^(4b)	Exposure in the adjusted value ⁽⁵⁾	EAD ⁽⁶⁾	RWA's ⁽⁷⁾	RWA density (8=(7)/(6)) ⁽⁸⁾
Central governments or central banks	122,473	(33)	122,440	138,637	4,893	143,530	139,186	30,560	22%
Regional governments or local authorities	10,208	(23)	10,184	6,419	485	6,904	6,649	1,416	21%
Public sector entities	991	(9)	982	1,759	132	1,890	1,810	714	39%
Multilateral development banks	265	()	265	453	24	477	453	10	2%
International organisations	-	-	-	-	-	-	-	-	-
Institutions	35,874	(14)	35,859	17,441	13,618	31,059	19,315	6,203	32%
Corporates	125,314	(1,181)	124,133	75,549	41,762	117,311	91,400	89,481	98%
Retail	86,939	(1,722)	85,217	50,062	30,743	80,805	52,465	36,768	70%
Secured by mortgages on immovable property	40,917	(302)	40,615	40,389	145	40,534	40,458	15,466	38%
Exposures in default	8,609	(4,649)	3,960	3,367	449	3,816	3,612	4,159	115%
Exposures associated with particularly high risk	1,168	(51)	1,117	1,101	1	1,102	1,101	1,652	150%
Covered bonds	-	-	-	-	-	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	3	()	3	3	-	3	3	2	66%
Collective investments undertakings	76	(1)	75	45	24	69	57	57	100%
Other exposures	18,100	(36)	18,064	27,502	1,727	29,229	28,452	11,229	39%
securitization exposures	4,623	-	4,623	4,623	-	4,623	4,623	950	21%
TOTAL STANDARDIZED APPROACH	455,561	(8,022)	447,539	367,348	94,003	461,351	389,584	198,665	51%
Central governments or central banks	10,698	(5)	10,693	12,213	495	12,708	12,459	677	5%
Institutions	100,329	(58)	100,271	76,740	5,523	82,263	79,992	5,366	7%
Corporates	135,616	(2,176)	133,440	75,295	58,254	133,549	103,991	55,513	53%
Corporates (SMEs)	19,894	(1,103)	18,791	14,530	3,766	18,297	16,231	11,877	73%
Corporates: specialized lending	7,706	(73)	7,633	7,304	403	7,706	7,536	6,330	84%
Corporates: Others	108,016	(999)	107,017	53,461	54,085	107,545	80,224	37,305	47%
Retail	118,211	(2,660)	115,551	97,055	21,065	118,120	101,011	19,667	19%
Of which: garantizados con bienes inmuebles	81,472	(1,330)	80,142	76,963	4,484	81,446	77,186	7,385	10%
Of which: Secured by mortgages on immovable property	22,167	(584)	21,583	6,525	15,642	22,167	9,682	6,938	72%
Of which: Others	14,571	(745)	13,826	13,568	939	14,507	14,142	5,344	38%
Retail: Other SMEs	4,132	(281)	3,851	3,240	840	4,079	3,746	1,752	47%
Retail: Other Non-SMEs	10,440	(464)	9,976	10,328	100	10,427	10,396	3,592	35%
securitization exposures	5,593	-	5,593	5,382	-	5,382	5,382	1,673	31%
TOTAL IRB APPROACH	370,447	(4,898)	365,549	266,685	85,336	352,021	302,834	82,895	27%
TOTAL CREDIT RISK DILUTION AND DELIVERY	826,008	(12,920)	447,539	634,033	179,340	813,373	692,418	281,560	41%
Equity	6,822	-	6,822	6,822	-	6,822	6,822	15,246	223%
Simple Approach	3,238	-	3,238	3,238	-	3,238	3,238	8,085	250%
Not listed instruments in sufficiently diversified portfolios	2,974	-	2,974	2,974	-	2,974	2,974	7,277	245%
Listed in exchange-traded markets	263	-	263	263	-	263	263	809	307%
PD/LGD Approach	3,201	-	3,201	3,201	-	3,201	3,201	5,989	187%
Intern Models	383	-	383	383	-	383	383	1,172	306%
TOTAL CREDIT RISK	832,829	(12,920)	447,539	640,855	179,340	820,194	699,240	296,805	42%

(1) Gross exposure of provisions before risk mitigation techniques, excluding contributions to the default of a CCP

(2) Includes provisions and adjustments due to impairment of financial assets and contingent risks and commitments

(3) Exposures are only adjusted by provisions for standardized approach

(4a)(4b) Just eligible credit mitigation techniques are included, either on-balance or off-balance, according to Chapter 4 of CRR

(5) It corresponds to the exposure in the adjusted value by eligible credit mitigation techniques

(6) Exposure to credit risk at default, calculated as (4a) + ((4b)*CCF)

The following table shows the distribution by geographical area of the defaulted and impaired exposures of financial assets and contingent risks (excluding counterparty risk), as well as the adjustments for credit risk:

Table 8. EU CR1-C – Credit quality of exposures by geography

06/30/19 (Million Euros)	Gross Original Exposure ⁽¹⁾		Credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values
	Defaulted exposures	Non-defaulted exposures				
Spain	9,252	281,391	5,550	23,573	(72)	285,092
Turkey	2,777	72,155	2,303	337	151	72,629
Eurasia	661	61,861	695	304	94	61,827
Mexico	1,221	105,088	1,702	2,880	(146)	104,607
USA	852	118,559	685	4,091	(158)	118,725
South America	1,996	64,388	1,950	1,354	120	64,433
Other areas	82	13,192	17	65	(7)	13,257
TOTAL	16,841	716,633	12,903	32,603	(17)	720,571

(1) The table above shows gross original exposure of COREP statements to credit risk and equity, excluding securitizations

12/31/18 (Million Euros)	Gross Original Exposure ⁽¹⁾		Credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values
	Defaulted exposures	Non-defaulted exposures				
Spain	10,270	287,464	5,622	24,328	(3,322)	292,112
Turkey	2,601	73,404	2,151	377	942	73,853
Eurasia	755	67,568	600	319	(82)	67,723
Mexico	1,162	98,403	1,848	2,272	833	97,717
USA	883	115,647	843	3,857	242	115,687
South America	1,892	62,954	1,831	1,140	420	63,015
Other areas	91	5,371	24	63	12	5,438
TOTAL	17,655	710,810	12,920	32,355	(955)	715,546

(1) The table above shows gross original exposure of COREP statements to credit risk and equity, excluding securitizations

In addition, a movement in the stock of non-performing exposures in the balance sheet between June 30, 2019 and December 31, 2018 (including counterparty risk) is shown below:

Table 9. EU CR2-B – Changes in the stock of defaulted and impaired loans and debt securities

(Million Euros)	Gross carrying value defaulted exposures ⁽²⁾
Opening balance ⁽¹⁾	16,668
Loans and debt securities that have defaulted or impaired since the last reporting period	3,076
Returned to non-defaulted status	(2,447)
Amounts written off	(1,734)
Other changes	650
Closing balance	16,214

(1) Including reverse repurchase agreements, excluding securitizations

(2) Gross carrying values on balance

The following table shows details of impairment losses and allowances on financial assets and contingent risks and commitments, as well as derecognition of losses recognized previously in asset write-offs recorded directly in the income statement in June 30, 2019 and December 31, 2018:

Table 10. EU CR2-A – Changes in the stock of general and specific credit risk adjustments

(Million Euros)	Accumulated credit risk adjustment ⁽¹⁾
Opening balance	12,920
Increases due to origination and acquisition	1,139
Decreases due to derecognition	(1,412)
Changes in credit risk (net)	2,140
Changes due to modifications without derecognition (net)	40
Changes due to restatement of the entity's estimation method (net)	-
Decrease in the corrective account of value for write-offs	(1,473)
Other adjustments	(452)
Closing balance	12,903
Recoveries recorded directly in the income statement	(534)
Value adjustments recorded directly in the income statement	326

(1) Value adjustments for total credit risk (including CCR) according to COREP statements

The following table presents the main variations in the period in terms of RWAs for the credit and counterparty risk standardized approach, previously explained in section 3.2. of this document:

Table 11. RWAs flow statements of credit and counterparty exposures under the standardized approach

Million Euros	Credit Risk		Counterparty Credit Risk		Total	
	RWA amounts	Capital Requirements	RWA amounts	Capital Requirements	RWA amounts	Capital Requirements
RWAs as of March 31, 2019	203,338	16,267	3,264	261	206,601	16,528
Asset size	(3,767)	(301)	(18)	(1)	(3,786)	(303)
Asset quality	(206)	(17)	(42)	(3)	(248)	(20)
Model updates	-	-	-	-	-	-
Methodology and policy	-	-	-	-	-	-
Acquisitions and disposals	-	-	-	-	-	-
Foreign exchange movements	(2,158)	(173)	(113)	(9)	(2,271)	(182)
Other	-	-	-	-	-	-
RWAs as of June 30, 2019	197,206	15,776	3,090	247	200,296	16,024

Million Euros	Credit Risk		Counterparty Credit Risk		Total	
	RWA amounts	Capital Requirements	RWA amounts	Capital Requirements	RWA amounts	Capital Requirements
RWAs as of December 31, 2018	194,707	15,577	3,008	241	197,715	15,817
Asset size	7,169	574	229	18	7,392	591
Asset quality	164	13	22	2	186	15
Model updates	-	-	-	-	-	-
Methodology and policy	-	-	-	-	-	-
Acquisitions and disposals	-	-	-	-	-	-
Foreign exchange movements	1,298	104	5	0	1,302	104
Other	-	-	(0)	(0)	(0)	(0)
RWAs as of March 31, 2019	203,338	16,267	3,264	261	206,612	16,529

The following table presents the main variations in the year in terms of RWAs for the credit risk and counterparty advanced measurement approach, previously explained in section 3.2. of this document:

Table 12. EU CR8 – RWA flow statements of credit and counterparty exposures under the IRB approach

Million Euros	Credit Risk		Counterparty Credit Risk		Total	
	RWA amounts	Capital Requirements	RWA amounts	Capital Requirements	RWA amounts	Capital Requirements
RWAs as of March 31, 2019	78,228	6,258	4,182	335	82,410	6,593
Asset size	2,829	226	237	19	3,066	245
Asset quality	163	13	(328)	(26)	(165)	(13)
Model updates	-	-	-	-	-	-
Methodology and policy	-	-	-	-	-	-
Acquisitions and disposals	-	-	-	-	-	-
Foreign exchange movements	(508)	(41)	229	18	(279)	(22)
Other	-	-	-	-	-	-
RWAs as of June 30, 2019	80,712	6,457	4,320	346	85,032	6,803

Million Euros	Credit Risk		Counterparty Credit Risk		Total	
	RWA amounts	Capital Requirements	RWA amounts	Capital Requirements	RWA amounts	Capital Requirements
RWAs as of December 31, 2018	77,166	6,173	4,056	325	81,222	6,498
Asset size	405	32	(301)	(24)	104	8
Asset quality	(307)	(25)	444	36	137	11
Model updates	-	-	-	-	-	-
Methodology and policy	-	-	-	-	-	-
Acquisitions and disposals	-	-	-	-	-	-
Foreign exchange movements	964	77	(17)	(1)	947	76
Other	-	-	(0)	(0)	(0)	(0)
RWAs as of March 31, 2019	78,228	6,258	4,182	335	82,410	6,593

5.1. Information on credit risk

Pursuant to article 5 of the CRR, with respect to the bank capital requirements for credit risk, exposure is understood to be any asset item and all items included in the Group's memorandum accounts involving credit risk and not deducted from the Group's bank capital. Accordingly, mainly customer lending items are included, with their corresponding undrawn balances, letters of credit and guarantees, debt securities and capital instruments, cash and deposits in central banks and credit institutions, assets purchased or sold under a repurchase agreement (asset and liability repos), financial derivatives (nominal) and fixed assets.

The value of the exposures by exposure class is presented below, broken down into defaulted and non-defaulted exposures as of June 30, 2019. This table excludes exposures subject to the Counterparty Risk framework under Part 3, Title II, Chapter IV of the CRR, as well as exposures subject to the securitization framework as defined in Part 3, Title II, Chapter V of the CRR.

Table 13. EU CR1-A – Credit quality of exposures by exposure class and instrument

	Gross Original Exposure ⁽⁴⁾				Credit risk adjustment charges of the period	Net values ⁽³⁾
	Defaulted exposures	Non-defaulted exposures	Credit risk adjustment	Accumulated write-offs		
06/30/19 (Million Euros)						
Central governments or central banks	72	6,851	5	9	0	6,919
Institutions	97	35,005	65	19	7	35,037
Corporates	3,923	139,135	2,304	5,405	128	140,754
Of which: specialized lending	149	6,044	75	1,645	2	6,118
Of which: SMEs	1,915	19,402	1,087	-	(16)	20,230
Of which: Others	1,860	113,689	1,141	3,760	142	114,407
Retail	4,145	114,086	2,335	2,092	(324)	115,896
Secured by real estate property	3,007	76,718	991	1,200	(339)	78,734
Qualifying revolving	211	23,275	591	51	7	22,895
Other retail	927	14,093	753	841	8	14,267
SMEs	376	3,780	240	152	(41)	3,916
Non-SMEs	551	10,313	513	688	48	10,351
Equity	-	7,261	-	-	-	7,261
TOTAL IRB APPROACH	8,237	302,338	4,709	7,525	(189)	305,867
Central governments or central banks	7	111,128	40	7	7	111,088
Regional governments or local authorities	-	10,646	27	17	4	10,618
Public sector entities	1	994	2	19	(7)	992
Multilateral development banks	-	333	0	-	0	333
International organisations	-	0	-	-	-	0
Institutions	40	25,525	17	25	2	25,508
Corporates	3,477	113,163	1,268	15,852	87	111,895
Retail	3,012	87,945	1,737	3,774	15	86,207
Secured by mortgages on immovable property	1,799	40,056	278	2,660	(24)	39,778
Exposures in default ⁽¹⁾	8,480	-	4,566	-	(83)	3,915
Exposures associated with particularly high risk ⁽²⁾	123	4,400	215	142	164	4,308
Covered bonds	-	-	-	-	-	-
Claims on institutions and corporates with a short-term credit assesment	-	7	0	-	()	6
Collective investments undertakings	-	215	0	9	()	215
Equity exposures	-	-	-	-	-	-
Other exposures	145	19,884	44	2,574	8	19,840
TOTAL STANDARDIZED APPROACH	8,603	414,295	8,194	25,078	172	414,704
TOTAL	16,841	716,633	12,903	32,603	(17)	720,571
Of which: Loans	16,188	381,845	12,203	32,603	(34)	385,830
Of which: Debt securities	26	71,942	59	-	15	71,909
Of which: Off-balance sheet exposures	627	183,254	641	-	2	183,240
Of which: Others	-	79,592	-	-	-	79,592

(1) Exposures in default are additionally broken down by their respective origin categories

(2) Exposures subject to particularly high risks that are in default are reported in table CR1-C in the "Default Exposures" column; since no aggregates are included in the total amount of COREP's defaulted credit risk positions standard method

(3) Net exposure is calculated as follows:

- Net exposure by standardized approach = "Non-defaulted exposures" - "Credit risk adjustment"; except "Exposures in default" and "Items associated with particularly high risk" that are calculated as exposures by IRB approach do

- Net exposure by IRB approach = "Exposures in default" + "Non-defaulted exposures" - "Credit risk adjustment"

(4) The table above shows gross original exposure of COREP statements to credit risk and equity, excluding securitizations

Gross Original Exposure ⁽⁴⁾

12/31/18 (Million Euros)	Defaulted exposures	Non-defaulted exposures	Credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values ⁽³⁾
Central governments or central banks	80	5,786	5	10	1	5,862
Institutions	161	32,477	58	19	(5)	32,581
Corporates	4,017	128,116	2,176	5,402	(1,271)	129,957
Of which: specialized lending	161	6,510	73	1,635	(36)	6,597
Of which: SMEs	2,006	17,774	1,103	-	(717)	18,677
Of which: Others	1,851	103,832	999	3,767	(518)	104,683
Retail	4,778	113,425	2,660	2,056	321	115,544
Secured by real estate property	3,672	77,800	1,330	1,170	138	80,142
Qualifying revolving	199	21,968	584	51	57	21,583
Other retail	907	13,657	745	835	126	13,819
SMEs	418	3,707	281	142	83	3,844
Non-SMEs	489	9,950	464	692	43	9,975
Equity	-	6,822	-	-	-	6,822
TOTAL IRB APPROACH	9,037	286,627	4,898	7,487	(954)	290,765
Central governments or central banks	8	114,627	33	9	(15)	114,593
Regional governments or local authorities	-	10,203	23	21	16	10,180
Public sector entities	0	990	9	20	4	981
Multilateral development banks	-	265	0	-	(1)	265
International organisations	0	0	-	-	-	0
Institutions	25	28,139	14	11	(2)	28,124
Corporates	3,484	122,816	1,181	16,315	(432)	121,635
Retail	3,486	86,916	1,722	3,596	476	85,194
Secured by mortgages on immovable property	1,416	40,917	302	2,733	(37)	40,615
Exposures in default ⁽¹⁾	8,588	-	4,649	-	4	3,939
Exposures associated with particularly high risk ⁽²⁾	30	1,138	51	147	(17)	1,117
Covered bonds	-	-	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	-	3	0	-	0	3
Collective investments undertakings	-	69	1	9	0	69
Equity exposures	-	-	-	-	-	-
Other exposures	170	18,100	36	2,009	3	18,064
TOTAL STANDARDIZED APPROACH	8,618	424,184	8,022	24,869	(1)	424,781
TOTAL	17,655	710,810	12,920	32,355	(955)	715,546
Of which: Loans	16,647	376,575	12,237	32,355	(1,318)	380,985
Of which: Debt securities	21	70,260	44	-	(3)	70,237
Of which: Off-balance sheet exposures	987	179,061	639	-	366	179,409
Of which: Others	-	84,914	-	-	-	84,914

(1) Exposures in default are additionally broken down by their respective origin categories

(2) Exposures subject to particularly high risks that are in default are reported in table CR1-C in the "Default Exposures" column; since no aggregates are included in the total amount of COREP's defaulted credit risk positions standard method

(3) Net exposure is calculated as follows:

- Net exposure by standardized approach = "Non-defaulted exposures" - "Credit risk adjustment"; except "Exposures in default" and "Items associated with particularly high risk" that are calculated as exposures by IRB approach do

- Net exposure by IRB approach = "Exposures in default" + "Non-defaulted exposures" - "Credit risk adjustment"

(4) The table above shows gross original exposure of COREP statements to credit risk and equity, excluding securitizations

The next table shows the distribution by counterparty of the defaulted and impaired exposures of financial assets and contingent risks, as well as their corresponding adjustments for credit risk:

Table 14. EU CR1-B – Credit quality of exposures by industry or counterparty types

06/30/19 (Million Euros)	Gross Original Exposure ⁽¹⁾		Credit risk adjustment	Credit risk adjustment charges of the period	Net values
	Defaulted exposures	Non-defaulted exposures			
Agriculture, forestry and fishing	251	6,945	205	(97)	6,991
Mining and quarrying	157	7,919	78	(3)	7,998
Manufacturing	1,475	87,054	1,079	(358)	87,450
Electricity, gas, steam and air conditioning supply	520	24,716	422	(22)	24,814
Water supply	24	2,312	24	(14)	2,312
Construction	2,665	23,067	1,574	320	24,158
Wholesale and retail trade	2,479	47,796	2,048	451	48,227
Transport and storage	633	16,725	501	22	16,857
Accommodation and food service activities	486	15,173	354	41	15,304
Information and communication	158	12,250	89	(146)	12,319
Financial activities and insurance	326	97,345	240	(10)	97,431
Real estate activities	650	39,097	477	(192)	39,271
Professional, scientific and technical activities	441	14,323	407	60	14,357
Administrative and support service activities	270	9,354	299	84	9,325
Public administration and defence, compulsory social security	178	121,415	138	20	121,455
Education	108	4,556	121	(40)	4,543
Human health services and social work activities	150	10,122	135	(40)	10,137
Arts, entertainment and recreation	97	2,157	73	15	2,181
Other services	1,311	44,276	1,439	733	44,149
Household activities as employers of domestic staff; Activities of households as products of goods and services for own use	2	69	1	(0)	70
Extraterritorial organizations activities	0	30	0	0	30
Individuals without business activity	4,458	129,931	3,197	(840)	131,191
TOTAL	16,841	716,633	12,903	(17)	720,571

(1) The table above shows gross original exposure of COREP statements to credit risk and equity, excluding securitizations

12/31/18 (Million Euros)	Gross Original Exposure ⁽¹⁾		Credit risk adjustment	Credit risk adjustment charges of the period	Net values
	Defaulted exposures	Non-defaulted exposures			
Agriculture, forestry and fishing	288	9,837	303	119	9,822
Mining and quarrying	140	8,427	81	(54)	8,486
Manufacturing	1,429	80,167	1,437	(78)	80,160
Electricity, gas, steam and air conditioning supply	565	24,433	444	181	24,554
Water supply	27	2,595	37	10	2,585
Construction	1,871	23,509	1,255	(1127)	24,125
Wholesale and retail trade	2,464	48,416	1,597	106	49,283
Transport and storage	664	21,879	480	29	22,064
Accommodation and food service activities	538	11,267	313	(2)	11,491
Information and communication	985	12,326	235	63	13,075
Financial activities and insurance	338	106,181	250	27	106,269
Real estate activities	960	40,898	669	(149)	41,189
Professional, scientific and technical activities	467	14,926	347	(132)	15,045
Administrative and support service activities	262	7,882	215	35	7,929
Public administration and defence, compulsory social security	259	106,150	118	56	106,291
Education	111	4,141	161	100	4,091
Human health services and social work activities	159	10,809	176	20	10,792
Arts, entertainment and recreation	102	2,148	58	(3)	2,192
Other services	843	32,793	705	(305)	32,931
Household activities as employers of domestic staff; Activities of households as products of goods and services for own use	1	64	1	(0)	64
Extraterritorial organizations activities	0	26	0	0	26
Individuals without business activity	5,183	141,937	4,037	149	143,083
TOTAL	17,655	710,810	12,920	(955)	715,546

(1) The table above shows gross original exposure of COREP statements to credit risk and equity, excluding securitizations

The following table shows the distribution by gross carrying amount of the loans and debt securities by residual maturity:

Table 15. EU CR1-D – Ageing of past-due exposures

06/30/19 (Million Euros)	Gross carrying values ⁽¹⁾				
	≤ 30 days	> 30 days ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year
Loans ⁽²⁾	11,019	4,237	1,370	1,783	4,421
Debt securities	-	-	21	-	-
Total exposures	11,019	4,237	1,391	1,783	4,421

(1) Gross carrying values on balance

(2) Includes the gross book value of reverse repurchase agreements

12/31/18 (Million Euros)	Gross carrying values ⁽¹⁾				
	≤ 30 days	> 30 days ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year
Loans ⁽²⁾	9,737	5,556	1,347	1,876	4,207
Debt securities	-	-	8	-	-
Total exposures	9,737	5,556	1,355	1,876	4,207

(1) Gross carrying values on balance

(2) Includes the gross book value of reverse repurchase agreements

A table with general overview of the non-performing exposures and restructured and refinanced exposures is below:

Table 16. EU CR1-E – Non-performing and forborne exposures

06/30/19 (Million Euros)	Gross carrying values of performing and non-performing exposures (1)							Accumulated impairment and provisions and negative fair value adjustments due to credit risk				Collaterals and financial guarantees received	
	Total	Of which: performing but past due > 30 days y ≤ 90 days	Of which: performing forborne	Of which: non-performing				On performing exposures		On non-performing		On non-performing exposures	Of which: forborne exposures
				Total	Of which: defaulted	Of which: impaired	Of which: forborne	Total	Of which: forborne	Total	Of which: forborne		
Debt Securities	78,299	-	-	39	39	39	-	(57)	-	(16)	-	-	-
Loans and advance	444,910	3,334	7,159	16,008	16,008	16,008	9,289	(4,457)	(667)	(7,710)	(3,912)	5,177	7,947
Off-Balance Sheet Exposures	174,158	-	146	918	918	-	62	(435)	(6)	(204)	(13)	117	

(1) Gross carrying values on balance and off-balance

12/31/18 (Million Euros)	Gross carrying values of performing and non-performing exposures (1)							Accumulated impairment and provisions and negative fair value adjustments due to credit risk				Collaterals and financial guarantees received	
	Total	Of which: performing but past due > 30 days y ≤ 90 days	Of which: performing forborne	Of which: non-performing				On performing exposures		On non-performing		On non-performing exposures	Of which: forborne exposures
				Total	Of which: defaulted	Of which: impaired	Of which: forborne	Total	Of which: forborne	Total	Of which: forborne		
Debt Securities	67,757	-	-	36	36	36	-	(48)	-	(16)	-	-	-
Loans and advance	451,810	4,227	7,165	16,357	16,357	16,357	10,003	(4,451)	(683)	(7,760)	(4,202)	5,570	8,427
Off-Balance Sheet Exposures	170,070	-	138	987	987	-	87	(419)	(5)	(217)	(21)	113	-

(1) Gross carrying values on balance and off-balance

The table below shows an overview of the level of use of each of the credit risk mitigation techniques employed by the Group as of June 30, 2019 and December 31, 2018:

Table 17. EU CR3 – CRM techniques. Overview ⁽¹⁾

06/30/19 (Million Euros)	Exposures unsecured - carrying amount	Exposures secured - Carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
Total Loans	310,524	111,882	51,558	26,103	-
Total debt securities	66,300	5,609	-	5,609	-
Total exposures	376,824	117,491	51,558	31,712	-
Of which: defaulted	6,975	1,303	763	223	-

(1) Including reverse repurchase agreements, excluding securitizations

12/31/18 (Million Euros)	Exposures unsecured - carrying amount	Exposures secured - Carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
Total Loans	306,244	106,712	40,717	24,552	-
Total debt securities	54,463	15,780	8,517	6,584	-
Total exposures	360,707	122,492	49,234	31,137	-
Of which: defaulted	6,964	1,613	850	349	-

(1) Including reverse repurchase agreements, excluding securitizations

The credit risk exposure specified in the following sections of the document is broken down into the standardized credit risk approach (section 5.1.1), advanced credit risk approach (section 5.1.2), counterparty credit risk (section 5.2) and securitization credit risk (section 5.3).

5.1.1. Information on the standardized approach

This section of the report presents information on exposures to credit risk by standard method, excluding counterparty credit risk.

The original net exposure amounts of provisions and value adjustments, the exposure after risk mitigation techniques and the RWAs density for each exposure category, calculated by standard method, excluding counterparty risk and securitization are below.

Table 18. EU CR4 – Standardized approach - Credit risk exposure and CRM effects

06/30/19 (Million Euros)	Exposures before CCF and CRM ⁽¹⁾		Exposures after CCF and CRM ⁽²⁾		RWA ⁽³⁾ and RWA	
Exposure Class	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA Density
Central governments or central banks	105,490	5,598	136,839	360	31,088	23%
Regional governments or local authorities	9,693	925	6,624	342	1,508	22%
Public sector entities	791	201	1,637	90	704	41%
Multilateral development banks	333	0	493	0	-	0%
International Organizations	0	0	0	0	-	-
Institutions	11,587	13,921	11,371	1,699	5,465	42%
Corporates	71,700	40,195	68,328	14,987	81,111	97%
Retail	55,762	30,446	50,033	2,490	36,851	70%
Secured by mortgages on immovable property	39,639	139	39,585	66	14,979	38%
Exposures in default	3,486	428	3,381	223	4,071	113%
Exposures associated with particularly high risk	3,970	338	3,659	94	5,629	150%
Covered bonds	-	-	-	-	-	-
Institutions and corporates with a short term credit assessment	6	-	6	-	2	38%
Collective Investment Undertakings	135	81	131	41	171	100%
Equity	-	-	-	-	-	-
Other Items	19,840	-	19,929	632	15,627	76%
Total	322,433	92,271	342,014	21,022	197,206	54%

(1) OE: Original Exposure net of credit risk adjustments

(2) EAD: Net Original Exposure of provisions, value adjustments and other exposures without risk

(3) RWAs: EAD after applying risk-weights

12/31/18 (Million Euros)						
Exposure Class	Exposures before CCF and CRM ⁽¹⁾		Exposures after CCF and CRM ⁽²⁾		RWA ⁽³⁾ and RWA	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA Density
Central governments or central banks	111,247	3,346	137,615	549	30,247	22%
Regional governments or local authorities	9,683	497	6,414	230	1,415	21%
Public sector entities	824	157	1,757	51	714	39%
Multilateral development banks	242	24	453	-	10	2%
International Organizations	0	0	0	0	-	-
Institutions	14,236	13,888	14,236	1,874	4,991	31%
Corporates	78,195	43,440	74,105	15,851	88,046	98%
Retail	54,130	31,064	50,039	2,403	36,753	70%
Secured by mortgages on immovable property	40,470	146	40,389	68	15,466	38%
Exposures in default	3,487	453	3,346	245	4,127	115%
Exposures associated with particularly high risk	1,116	1	1,101	0	1,652	150%
Covered bonds	-	-	-	-	-	-
Institutions and corporates with a short term credit assessment	3	-	3	-	2	66%
Collective Investment Undertakings	44	24	44	12	57	100%
Equity	-	-	-	-	-	-
Other Items	18,064	-	17,959	950	11,229	59%
Total	331,743	93,038	347,461	22,236	194,707	53%

(1) OE: Original Exposure net of credit risk adjustments

(2) EAD: Net Original Exposure of provisions, value adjustments and other exposures without risk

(3) RWAs: EAD after applying risk-weights

Moreover, the following tables present the amounts of exposures net of provisions, before and after the application of credit risk mitigation techniques by, risk weightings and exposure categories that correspond to the standardized method, not including securitization positions and counterparty credit risk exposure.

Counterparty credit risk exposures net of provisions and after applying CCF and CRM are shown in table EU CCR3 of section 5.2.1. of this report.

Table 19. Standardized approach - Exposure values before the application of credit risk mitigation techniques

06/30/19 (Million Euros)																	Total credit exposures amount	Of which: unrated ⁽¹⁾
Exposure Class	Risk Weight										150%	250%	370%	1250%	Others	Deducted		
Central Government or central banks	75,453	-	-	-	6,025	-	6,124	-	-	20,401	96	2,988	-	-	-	-	111,088	48,452
Regional government or local authorities	174	-	-	-	7,870	-	2,500	-	-	74	-	-	-	-	-	-	10,618	9,412
Public sector entities	-	-	-	-	79	-	633	-	-	280	0	-	-	-	-	-	992	439
Multilateral development banks	333	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	333	333
International Organizations	-	-	-	-	-	-	-	-	-	0	-	-	-	-	-	-	0	0
Institutions	-	9	-	-	18,780	-	2,769	-	-	3,946	4	-	-	-	-	-	25,508	21,973
Corporates	-	-	-	-	61	-	2,670	-	-	108,953	211	-	-	-	-	-	111,895	110,682
Retail	-	-	-	-	-	-	-	-	86,207	-	-	-	-	-	-	-	86,207	86,086
Secured by mortgages on immovable property	-	-	-	-	-	33,082	5,292	-	848	556	-	-	-	-	-	-	39,778	39,773
Exposures in default	-	-	-	-	-	-	-	-	-	2,874	1,041	-	-	-	-	-	3,915	3,909
Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	4,308	-	-	-	-	-	4,308	4,308
Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Institutions and corporates with a short-term credit assessment	-	-	-	-	5	-	-	-	-	1	-	-	-	-	-	-	6	0
Collective investment undertakings	-	-	-	-	-	-	-	-	-	215	-	-	-	-	-	-	215	215
Other Items	3,319	-	-	-	27	-	-	-	-	16,494	0	-	-	-	-	-	19,840	19,695
Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	79,280	9	-	-	32,847	33,082	19,988	-	87,056	153,794	5,660	2,988	-	-	-	-	414,704	345,277

(1) Of which: Unrated refers to exposures for which no credit rating is available made by designated ECAIs.

12/31/18 (Million Euros)																	Total credit exposures amount	Of which: unrated ⁽¹⁾
Exposure Class	Risk Weight										150%	250%	370%	1250%	Others	Deducted		
Central Government or central banks	82,586	-	-	-	4,318	-	4,652	-	-	19,977	56	3,004	-	-	-	-	114,593	48,775
Regional government or local authorities	204	-	-	-	9,836	-	49	-	-	91	-	-	-	-	-	-	10,180	10,180
Public sector entities	1	-	-	-	200	-	454	-	-	325	0	-	-	-	-	-	981	588
Multilateral development banks	222	-	-	-	-	-	20	-	-	24	-	-	-	-	-	-	265	265
International Organizations	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	-
Institutions	-	3,192	-	-	19,808	-	2,551	-	-	2,574	0	-	-	-	-	-	28,124	26,702
Corporates	-	-	-	-	102	-	1237	-	-	119,909	386	-	-	-	-	-	121,635	120,975
Retail	-	-	-	-	-	-	-	-	85,194	-	-	-	-	-	-	-	85,194	77,678
Secured by mortgages on immovable property	-	-	-	-	-	33,035	6,178	-	493	909	-	-	-	-	-	-	40,615	38,246
Exposures in default	-	-	-	-	-	-	-	-	-	2,725	1,215	-	-	-	-	-	3,939	3,400
Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	1,117	-	-	-	-	-	1,117	632
Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Institutions and corporates with a short-term credit assessment	-	-	-	-	1	-	-	-	-	2	-	-	-	-	-	-	3	1
Collective investment undertakings	-	-	-	-	-	-	-	-	-	69	-	-	-	-	-	-	69	69
Other Items	5,595	-	-	-	-	-	-	-	-	12,469	0	-	-	-	-	-	18,064	17,926
Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	88,608	3,192	-	-	34,265	33,035	15,142	-	85,687	159,074	2,774	3,004	-	-	-	-	424,781	345,456

(1) Of which: Unrated refers to exposures for which no credit rating is available made by designated ECAIs.

Table 20. EU CR5 – Standardized approach: Exposure values after the application of credit risk mitigation techniques

06/30/19 (Million Euros)

Exposure Class	Risk Weight														Deducted	Total	Of which: unrated ⁽¹⁾
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%			
Central Government or central banks	106,954	-	-	-	980	-	5,808	-	-	20,373	96	2,988	-	-	-	137,199	53,107
Regional government or local authorities	9	-	-	-	6,689	-	194	-	-	74	-	-	-	-	-	6,966	6,966
Public sector entities	61	-	-	-	857	-	552	-	-	256	0	-	-	-	-	1,727	423
Multilateral development banks	493	-	-	-	-	-	-	-	-	-	-	-	-	-	-	493	333
International Organizations	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	0
Institutions	-	-	-	-	8,246	-	2,021	-	-	2,798	4	-	-	-	-	13,069	10,714
Corporates	-	-	-	-	38	-	1,699	-	-	81,421	157	-	-	-	-	83,315	82,170
Retail	-	-	-	-	-	-	-	-	52,523	-	-	-	-	-	-	52,523	52,409
Secured by mortgages on immovable property	-	-	-	-	-	33,071	5,213	-	826	540	-	-	-	-	-	39,650	39,648
Exposures in default	-	-	-	-	-	-	-	-	-	2,669	934	-	-	-	-	3,604	3,598
Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	3,752	-	-	-	-	3,752	3,752
Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Institutions and corporates with a short-term credit assessment	-	-	-	-	5	-	-	-	-	1	-	-	-	-	-	6	0
Collective investment undertakings	-	-	-	-	-	-	-	-	-	171	-	-	-	-	-	171	171
Other Items	4,913	-	-	-	27	-	-	-	-	15,621	0	-	-	-	-	20,561	20,415
Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	112,430	-	-	-	16,842	33,071	15,487	-	53,349	123,925	4,944	2,988	-	-	-	363,036	273,706

(1) Of which: Unrated refers to exposures for which no credit rating is available made by designated ECAIs.

12/31/18 (Million Euros)

Exposure Class	Risk Weight														Deducted	Total	Of which: unrated ⁽¹⁾
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%			
Central Government or central banks	108,890	-	-	-	1,462	-	4,783	-	-	19,969	56	3,004	-	-	-	138,164	52,283
Regional government or local authorities	7	-	-	-	6,497	-	49	-	-	91	-	-	-	-	-	6,644	6,644
Public sector entities	47	-	-	-	1,084	-	362	-	-	316	0	-	-	-	-	1,809	570
Multilateral development banks	433	-	-	-	-	-	20	-	-	-	-	-	-	-	-	453	242
International Organizations	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	-
Institutions	-	3,123	-	-	8,782	-	2,066	-	-	2,139	0	-	-	-	-	16,110	15,183
Corporates	-	-	-	-	66	-	1,149	-	-	88,359	381	-	-	-	-	89,956	89,294
Retail	-	-	-	-	-	-	-	-	52,442	-	-	-	-	-	-	52,442	45,361
Secured by mortgages on immovable property	-	-	-	-	-	33,013	6,077	-	469	899	-	-	-	-	-	40,458	38,107
Exposures in default	-	-	-	-	-	-	-	-	-	2,519	1,072	-	-	-	-	3,591	3,111
Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	1,101	-	-	-	-	1,101	631
Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Institutions and corporates with a short-term credit assessment	-	-	-	-	1	-	-	-	-	2	-	-	-	-	-	3	1
Collective investment undertakings	-	-	-	-	-	-	-	-	-	57	-	-	-	-	-	57	57
Other Items	7,680	-	-	-	-	-	-	-	-	11,228	0	-	-	-	-	18,909	18,772
Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	117,057	3,123	-	-	17,892	33,013	14,506	-	52,911	125,578	2,612	3,004	-	-	-	369,696	270,283

(1) Of which: Unrated refers to exposures for which no credit rating is available made by designated ECAIs.

5.1.2. Information on the IRB approach

The following table shows the credit risk information as of June 30, 2019 December 31, 2018 under the internal ratings based (IRB) method by level of obligors for the different exposure categories. Amounts do not include counterparty risk or specialized lending:

Table 21. EU CR6 – IRB approach: Credit risk exposures by exposure class and PD range

PD Scale as of 06/30/19 ^{(1) (7)}	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF ⁽²⁾	EAD post CRM and post-CCF	Average PD ⁽³⁾	Number of obligors	Average LGD ⁽⁴⁾	Average Maturity (days) ⁽⁵⁾	RWAs	RWA Density	EL	Value adjustments and provisions
Prudential portfolios for FIRB approach⁽⁶⁾	5.802	391	97,2%	6.019	-	419	-	-	4.926	82%	127	(75)
specialized lending companies	5.802	391	97,2%	6.019	-	419	-	-	4.926	82%	127	(75)
Prudential portfolios for AIRB approach	209.354	91.008	41,9%	230.076	4,2%	10.825.123	35,1%	-	82.008	36%	2.985	(4.634)
Central governments or central banks	6.678	245	49,7%	8.966	0,2%	115	27,7%	66	543	6%	5	(5)
0,00<0,15	6.228	109	49,8%	8.585	0,0%	29	27,0%	68	448	5%	1	(2)
0,15<0,25	53	49	50,0%	285	0,2%	10	43,1%	104	19	7%	0	(0)
0,25<0,50	7	3	47,5%	25	0,3%	6	44,3%	40	2	9%	0	(0)
0,50<0,75	6	2	25,5%	6	0,5%	3	63,5%	21	5	79%	0	(0)
0,75<2,50	113	5	35,5%	5	1,0%	15	39,8%	44	4	82%	0	(0)
2,50<10,00	206	61	50,8%	43	4,5%	37	40,4%	54	54	128%	1	(1)
10,00<100,00	1	9	50,2%	4	18,4%	3	39,6%	15	8	197%	0	(0)
100(Default)	64	8	-	14	100,0%	12	20,3%	77	2	13%	3	(2)
Institutions	29.116	5.986	59,4%	15.330	0,4%	1.913	42,8%	37	4.088	27%	26	(65)
0,00<0,15	21.743	4.589	61,3%	12.653	0,1%	1.026	43,6%	38	2.484	20%	4	(24)
0,15<0,25	2.388	733	51,2%	929	0,2%	202	41,5%	48	390	42%	1	(8)
0,25<0,50	3.538	347	57,1%	622	0,3%	197	30,8%	37	249	40%	1	(5)
0,50<0,75	379	152	50,8%	252	0,5%	108	35,6%	28	147	58%	0	(1)
0,75<2,50	830	116	57,0%	751	1,4%	186	42,6%	36	675	90%	5	(2)
2,50<10,00	117	38	50,4%	61	3,1%	136	40,2%	28	79	130%	1	(3)
10,00<100,00	24	10	50,0%	28	16,9%	30	37,7%	34	57	204%	2	(1)
100(Default)	97	0	48,9%	35	100,0%	28	37,3%	29	7	20%	13	(20)
Corporate SMEs	17.213	4.104	43,6%	17.433	12,0%	41.925	46,1%	49	12.504	72%	890	(1.087)
0,00<0,15	1.415	744	42,3%	2.163	0,1%	5.442	51,8%	56	622	29%	1	(5)
0,15<0,25	715	259	43,3%	1.018	0,2%	2.430	53,6%	49	412	40%	1	(4)
0,25<0,50	1.524	367	44,6%	1.805	0,3%	4.120	49,3%	47	889	49%	3	(5)
0,50<0,75	3.659	569	50,5%	3.411	0,5%	5.794	44,9%	48	2.521	74%	8	(20)
0,75<2,50	4.201	1.129	43,5%	3.788	1,1%	9.482	46,1%	42	3.380	89%	20	(38)
2,50<10,00	3.501	923	40,2%	3.111	4,2%	9.660	41,6%	48	3.605	116%	54	(173)
10,00<100,00	340	56	37,4%	288	16,8%	1.304	40,1%	61	548	191%	19	(16)
100(Default)	1.859	56	41,6%	1.850	100,0%	3.693	42,4%	51	527	29%	784	(828)
Corporate Non-SMEs	56.999	58.550	49,0%	85.037	2,5%	15.832	41,0%	56	39.143	46%	496	(1.141)
0,00<0,15	22.108	32.303	49,7%	39.085	0,1%	3.010	43,4%	60	10.948	28%	18	(21)
0,15<0,25	6.211	9.079	47,7%	10.814	0,2%	1.674	41,9%	65	4.688	43%	9	(13)
0,25<0,50	12.981	9.861	50,0%	18.812	0,3%	2.942	38,9%	61	10.489	56%	23	(25)
0,50<0,75	5.923	3.915	45,9%	7.554	0,5%	2.409	37,1%	48	4.942	65%	14	(20)
0,75<2,50	5.105	1.987	46,2%	4.568	1,2%	2.758	42,2%	50	4.369	96%	23	(26)
2,50<10,00	2.726	1.213	48,8%	2.257	3,9%	2.083	41,8%	44	3.075	136%	37	(196)
10,00<100,00	187	91	49,8%	148	14,9%	122	42,7%	45	324	218%	9	(6)
100(Default)	1.760	100	45,5%	1.797	100,0%	834	20,2%	52	309	17%	362	(833)
Retail - Mortgage exposures	75.332	4.393	5,0%	75.527	4,4%	1.066.579	16,9%	-	6.941	9%	387	(991)
0,00<0,15	56.576	3.124	5,0%	56.718	0,0%	841.814	15,6%	-	1.265	2%	4	(8)
0,15<0,25	3.353	43	5,0%	3.354	0,2%	39.609	21,8%	-	312	9%	1	(2)
0,25<0,50	2.864	413	5,0%	2.884	0,3%	40.058	26,1%	-	459	16%	2	(3)
0,50<0,75	2.026	247	5,0%	2.038	0,5%	26.712	25,6%	-	434	21%	3	(3)
0,75<2,50	3.713	325	5,0%	3.728	1,1%	45.175	22,9%	-	1.171	31%	9	(56)
2,50<10,00	3.278	200	5,0%	3.284	4,7%	38.177	19,9%	-	2.096	64%	30	(265)
10,00<100,00	515	41	5,0%	517	18,3%	6.459	22,9%	-	664	129%	22	(44)
100(Default)	3.007	0	5,0%	3.004	100,0%	28.575	10,5%	-	539	18%	316	(610)

PD Scale as of 06/30/19 ⁽¹⁾ (7)	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF ⁽²⁾	EAD post CRM and post-CCF	Average PD ⁽³⁾	Number of obligors	Average LGD ⁽⁴⁾	Average Maturity (days) ⁽⁵⁾	RWAs	RWA Density	EL	Value adjustments and provisions
Prudential portfolios for AIRB approach	209.354	91.008	41,9%	230.076	4,2%	10.825.123	35,1%		82.008	36%	2.985	(4.634)
Retail - Other exposures SMEs	3.304	853	60,1%	3.777	12,6%	140.089	56,2%	-	1.751	46%	277	(240)
0,00<0,15	241	200	58,5%	358	0,1%	19.161	56,6%	-	45	13%	0	(0)
0,15<0,25	119	57	60,3%	153	0,2%	6.124	56,4%	-	29	19%	0	(0)
0,25<0,50	222	81	60,9%	272	0,3%	9.642	57,0%	-	69	25%	0	(0)
0,50<0,75	318	115	59,8%	385	0,5%	13.160	56,3%	-	130	34%	1	(1)
0,75<2,50	816	216	61,5%	941	1,2%	30.916	56,2%	-	473	50%	6	(4)
2,50<10,00	1012	148	61,8%	1.084	4,5%	40.566	55,8%	-	725	67%	27	(23)
10,00<100,00	208	27	55,9%	215	20,4%	8.012	51,2%	-	203	95%	22	(15)
100(Default)	367	9	47,7%	370	100,0%	12.508	59,4%	-	76	21%	220	(196)
Retail - Other exposures Non-SMEs	10.848	15	56,4%	10.855	6,4%	961.906	54,5%	-	3.679	34%	351	(513)
0,00<0,15	4.912	4	36,6%	4.914	0,1%	380.346	53,6%	-	447	9%	2	(2)
0,15<0,25	570	0	54,7%	570	0,2%	60.777	58,5%	-	139	24%	1	(1)
0,25<0,50	916	3	71,1%	918	0,3%	92.418	58,9%	-	322	35%	2	(2)
0,50<0,75	713	1	55,0%	714	0,6%	70.091	59,2%	-	340	48%	2	(2)
0,75<2,50	1.187	2	56,4%	1.188	1,2%	126.327	56,5%	-	758	64%	8	(9)
2,50<10,00	1.842	4	69,2%	1.843	4,3%	163.659	51,5%	-	1.446	78%	41	(86)
10,00<100,00	157	0	47,5%	157	22,3%	16.537	54,2%	-	198	126%	19	(17)
100(Default)	551	0	50,0%	551	100,0%	51.751	50,4%	-	30	5%	277	(392)
Retail - qualifying revolving (QRRE)	6.623	16.863	19,5%	9.910	6,7%	8.596.764	68,8%	-	7.138	72%	518	(591)
0,00<0,15	969	4.685	27,2%	2.243	0,0%	2.895.751	47,5%	-	31	1%	0	(0)
0,15<0,25	13	30	30,2%	22	0,2%	34.213	50,6%	-	1	6%	0	(0)
0,25<0,50	104	139	27,1%	142	0,3%	173.088	49,9%	-	11	8%	0	(0)
0,50<0,75	444	1.796	12,3%	666	0,5%	483.877	71,8%	-	122	18%	2	(3)
0,75<2,50	1.365	4.995	13,8%	2.053	1,2%	1.391.528	74,9%	-	750	37%	18	(27)
2,50<10,00	2.550	4.718	19,1%	3.449	5,2%	2.576.125	76,3%	-	3.702	107%	139	(177)
10,00<100,00	966	499	31,7%	1.125	21,7%	900.992	76,3%	-	2.459	219%	187	(218)
100(Default)	211	1	23,8%	211	100,0%	141.190	81,2%	-	61	29%	171	(165)
Equity	3.240	-	-	3.240	1,2%	-	88,8%	-	6.222	192%	34	-
0,00<0,15	1.958	-	-	1.958	0,1%	-	89,5%	-	2.337	119%	2	-
0,15<0,25	95	-	-	95	0,2%	-	65,0%	-	97	103%	0	-
0,25<0,50	0	-	-	0	0,3%	-	65,0%	-	0	125%	0	-
0,50<0,75	-	-	-	-	-	-	-	-	-	-	-	-
0,75<2,50	498	-	-	498	0,9%	-	90,0%	-	1.261	253%	4	-
2,50<10,00	689	-	-	689	4,4%	-	89,3%	-	2.527	367%	27	-
10,00<100,00	-	-	-	-	-	-	-	-	-	-	-	-
100(Default)	-	-	-	-	-	-	-	-	-	-	-	-
Total Advanced Approach	215.156	91.399		236.095	4,2%	10.825.542	35,1%		86.934	37%	3.112	(4.709)

(1) PD intervals according to EBA guidelines on disclosure requirements under Part Eight of the CRR

(2) Calculated as EAD after CCF for off-balance exposures over total off-balance exposures before CCF

(3) PD by EAD-weighted debtor category

(4) LGD by EAD-weighted debtor category

(5) EAD-weighted debtor expiration in days

(6) Exposures classified under the FIRB method correspond to specialized lending exposures. The Group has opted for the supervisory category attribution criteria method, in line with article 153.5 of the CRR.

(7) As of June 30, 2019, this table does not include the anticipation of 3 billion euros RWA due to the estimated impact of the TRIM (Targeted Review of Internal Models).

PD Scale as of 12/31/18 ⁽¹⁾	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF ⁽²⁾	EAD post CRM and post-CCF	Average PD ⁽³⁾	Number of obligors	Average LGD ⁽⁴⁾	Average Maturity (days) ⁽⁵⁾	RWAs	RWA Density	EL	Value adjustments and provisions
Prudential portfolios for FIRB approach ⁽⁶⁾	6,268	403	97.4%	6,500	-	427	-	-	5,421	83%	140	(73)
Specialized financing companies	6,268	403	97.4%	6,500	-	427	-	-	5,421	83%	140	(73)
Prudential portfolios for AIRB approach	198,988	86,385	42.3%	218,321	4.7%	11,541,170	36.0%	-	77,733	36%	3,101	(4,825)
Central governments or central banks	5,729	137	49.6%	7,627	0.3%	106	27.3%	61	451	6%	5	(5)
0, 00<0, 15	5,294	19	49.4%	7,350	0.0%	29	26.7%	64	354	5%	1	(0)
0, 15<0, 25	12	13	50.0%	136	0.2%	9	43.6%	62	3	2%	0	(0)
0, 25<0, 50	8	0	50.1%	33	0.3%	5	44.0%	41	2	7%	0	(1)
0, 50<0, 75	-	0	43.1%	0	0.5%	1	12.4%	58	0	18%	-	-
0, 75<2, 50	128	2	49.1%	5	1.1%	16	34.1%	40	3	62%	0	(0)
2, 50<10, 00	213	88	50.1%	83	4.9%	34	49.9%	65	83	100%	2	(2)
10, 00<100, 00	1	7	50.6%	4	21.2%	2	18.9%	5	4	97%	0	(0)
100(Default)	73	8	50.0%	16	100.0%	10	10.2%	89	2	13%	2	(1)
Institutions	25,687	6,952	58.9%	12,482	0.5%	1,890	40.6%	38	3,576	29%	26	(58)
0, 00<0, 15	18,715	5,100	60.6%	9,886	0.1%	1,033	41.2%	40	1,967	20%	3	(17)
0, 15<0, 25	2,292	785	50.6%	853	0.2%	185	40.7%	48	327	38%	1	(8)
0, 25<0, 50	3,180	707	56.5%	643	0.3%	194	30.5%	33	251	39%	1	(3)
0, 50<0, 75	431	125	51.1%	278	0.5%	107	36.3%	25	171	62%	1	(1)
0, 75<2, 50	719	176	53.6%	653	1.4%	168	42.6%	36	623	95%	4	(2)
2, 50<10, 00	149	52	75.9%	95	3.2%	138	42.6%	27	129	136%	1	(4)
10, 00<100, 00	42	6	56.8%	41	20.1%	34	43.9%	44	102	246%	4	(3)
100(Default)	160	2	89.8%	32	100.0%	31	38.1%	49	7	20%	12	(19)
Corporate SMEs	15,964	3,816	45.2%	16,117	13.5%	43,270	47.1%	48	11,781	73%	869	(1,103)
0, 00<0, 15	1,240	711	44.1%	1,897	0.1%	5,312	51.7%	57	526	28%	1	(5)
0, 15<0, 25	628	251	43.8%	893	0.2%	2,380	53.6%	47	352	39%	1	(3)
0, 25<0, 50	1,268	354	45.8%	1,528	0.3%	4,170	51.8%	50	753	49%	2	(5)
0, 50<0, 75	2,832	591	42.1%	2,845	0.5%	6,032	48.7%	44	2,019	71%	7	(16)
0, 75<2, 50	3,815	955	47.5%	3,552	1.2%	9,977	46.8%	44	3,067	86%	19	(41)
2, 50<10, 00	3,769	850	45.4%	3,124	4.3%	10,420	44.5%	44	3,858	123%	59	(179)
10, 00<100, 00	473	36	46.5%	354	15.3%	1,408	42.8%	55	692	195%	23	(25)
100(Default)	1,938	68	50.1%	1,924	100.0%	3,571	39.3%	51	514	27%	756	(830)
Corporate Non-SMEs	51,288	54,395	49.5%	77,891	2.6%	14,120	44.4%	57	36,273	47%	455	(999)
0, 00<0, 15	21,005	30,232	49.1%	36,913	0.1%	3,137	44.9%	56	10,353	28%	18	(20)
0, 15<0, 25	5,722	8,093	48.3%	9,854	0.2%	1,611	45.5%	64	4,342	44%	9	(10)
0, 25<0, 50	10,836	8,875	52.1%	15,947	0.3%	2,509	45.3%	64	9,016	57%	23	(22)
0, 50<0, 75	4,438	3,331	48.6%	5,866	0.5%	1,595	46.1%	53	4,152	71%	14	(33)
0, 75<2, 50	4,897	2,157	48.1%	4,985	1.1%	2,210	42.6%	53	4,500	90%	24	(30)
2, 50<10, 00	2,612	1,474	51.8%	2,556	3.8%	2,335	45.1%	47	3,545	139%	44	(122)
10, 00<100, 00	109	51	53.3%	44	15.7%	106	46.3%	43	90	206%	3	(3)
100(Default)	1,669	181	46.8%	1,726	100.0%	617	18.6%	66	275	16%	320	(760)
Retail - Mortgage exposures	76,986	4,487	5.0%	77,186	5.2%	1,081,481	17.1%	-	7,385	10%	579	(1,330)
0, 00<0, 15	57,198	3,197	5.0%	57,345	0.0%	847,236	15.7%	-	1,290	2%	5	(9)
0, 15<0, 25	3,448	41	5.0%	3,448	0.2%	40,743	22.0%	-	323	9%	2	(2)
0, 25<0, 50	2,865	416	5.0%	2,885	0.3%	39,782	26.2%	-	460	16%	2	(3)
0, 50<0, 75	2,086	251	5.0%	2,098	0.5%	27,413	25.8%	-	450	21%	3	(3)
0, 75<2, 50	3,762	330	5.0%	3,777	1.1%	45,962	23.0%	-	1,195	32%	9	(53)
2, 50<10, 00	3,402	209	5.0%	3,409	4.7%	39,564	20.3%	-	2,222	65%	32	(317)
10, 00<100, 00	553	42	5.0%	555	18.2%	6,854	22.6%	-	703	127%	23	(47)
100(Default)	3,672	0	5.2%	3,670	100.0%	33,927	13.7%	-	742	20%	504	(896)

PD Scale as of 12/31/18 ⁽¹⁾	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF ⁽²⁾	EAD post CRM and post-CCF	Average PD ⁽³⁾	Number of obligors	Average LGD ⁽⁴⁾	Average Maturity (days) ⁽⁵⁾	RWAs	RWA Density	EL	Value adjustments and provisions
Prudential portfolios for AIRB approach												
Retail - Other exposures SMEs	3,278	847	60.3%	3,739	13.9%	139,374	55.8%	-	1,749	47%	297	(281)
0, 00<0, 15	216	197	58.8%	332	0.1%	19,029	56.1%	-	42	13%	0	(0)
0, 15<0, 25	109	53	60.0%	141	0.2%	5,659	56.3%	-	27	19%	0	(0)
0, 25<0, 50	199	89	59.3%	251	0.3%	9,560	56.9%	-	63	25%	0	(0)
0, 50<0, 75	314	117	59.7%	381	0.5%	14,012	55.6%	-	127	33%	1	(1)
0, 75<2, 50	786	208	61.4%	902	1.2%	29,712	55.5%	-	448	50%	6	(5)
2, 50<10, 00	1,031	146	63.7%	1,101	4.6%	40,657	55.9%	-	740	67%	28	(32)
10, 00<100, 00	216	27	56.9%	221	19.5%	8,724	51.2%	-	207	93%	22	(20)
100(Defaul t)	408	10	47.3%	410	100.0%	12,021	58.1%	-	96	23%	238	(221)
Retail - Other exposures Non-SMEs	10,331	109	68.6%	10,396	6.0%	903,183	54.2%	-	3,592	35%	303	(464)
0, 00<0, 15	4,563	5	38.2%	4,565	0.1%	349,519	53.6%	-	415	9%	1	(2)
0, 15<0, 25	513	7	22.0%	514	0.2%	55,419	58.4%	-	126	24%	1	(1)
0, 25<0, 50	895	20	23.2%	899	0.3%	89,487	58.5%	-	313	35%	2	(2)
0, 50<0, 75	841	25	26.0%	845	0.5%	69,829	56.2%	-	380	45%	3	(3)
0, 75<2, 50	1,204	8	33.9%	1,206	1.2%	120,718	55.4%	-	751	62%	8	(9)
2, 50<10, 00	1,678	41	129.1%	1,729	4.5%	156,305	52.6%	-	1,394	81%	41	(89)
10, 00<100, 00	149	2	23.6%	149	21.8%	15,943	52.8%	-	182	123%	17	(15)
100(Defaul t)	489	0	-	489	100.0%	45,963	47.1%	-	32	6%	230	(344)
Retail - qualifying revolving (QRRE)	6,525	15,642	20.2%	9,682	6.7%	9,357,746	73.3%	-	6,938	72%	537	(584)
0, 00<0, 15	1,037	4,630	27.1%	2,292	0.0%	3,013,540	47.7%	-	32	1%	0	(1)
0, 15<0, 25	15	36	31.2%	26	0.2%	48,972	51.2%	-	2	6%	0	(0)
0, 25<0, 50	109	143	28.2%	149	0.3%	191,439	50.6%	-	12	8%	0	(0)
0, 50<0, 75	399	1,449	13.3%	591	0.5%	458,275	77.3%	-	108	18%	2	(5)
0, 75<2, 50	1,323	4,355	14.7%	1,965	1.2%	1,406,510	81.2%	-	719	37%	19	(32)
2, 50<10, 00	2,450	4,507	18.9%	3,303	5.3%	3,074,446	82.9%	-	3,561	108%	146	(173)
10, 00<100, 00	994	522	31.4%	1,157	21.3%	1,013,184	83.0%	-	2,495	216%	205	(215)
100(Defaul t)	199	0	19.9%	199	100.0%	151,380	82.6%	-	10	5%	164	(159)
Equity	3,201	-	-	3,201	1.1%	-	88.8%	-	5,989	187%	30	-
0, 00<0, 15	1,966	-	-	1,966	0.1%	-	89.8%	-	2,354	120%	2	-
0, 15<0, 25	118	-	-	118	0.2%	-	65.0%	-	124	105%	0	-
0, 25<0, 50	0	-	-	0	0.3%	-	65.0%	-	0	124%	0	-
0, 50<0, 75	-	-	-	-	-	-	-	-	-	-	-	-
0, 75<2, 50	508	-	-	508	0.9%	-	90.0%	-	1,287	253%	4	-
2, 50<10, 00	608	-	-	608	4.4%	-	89.3%	-	2,222	366%	24	-
10, 00<100, 00	-	-	-	-	-	-	-	-	-	-	0	-
100(Defaul t)	-	-	-	-	-	-	-	-	-	-	-	-
Total Advanced Approach	205,256	86,788	46.3%	224,822	4.7%	11,541,597	36.0%	-	83,154	37%	3,241	(4,898)

(1) PD intervals according to EBA guidelines on disclosure requirements under Part Eight of the CRR

(2) Calculated as EAD after CCF for off-balance exposures over total off-balance exposure before CCF

(3) PD by EAD-weighted debtor category

(4) LGD by EAD-weighted debtor category

(5) EAD-weighted debtor expiration in days

(6) Exposures classified under the FIRB method correspond to specialized lending exposures. The Group has opted for the supervisory category attribution criteria method, in line with article 153.5 of the CRR

The information contained in the tables above is set out below in graphic format (including counterparty credit risk):

Chart 4. Advanced Measurement Approach: EAD by obligor category

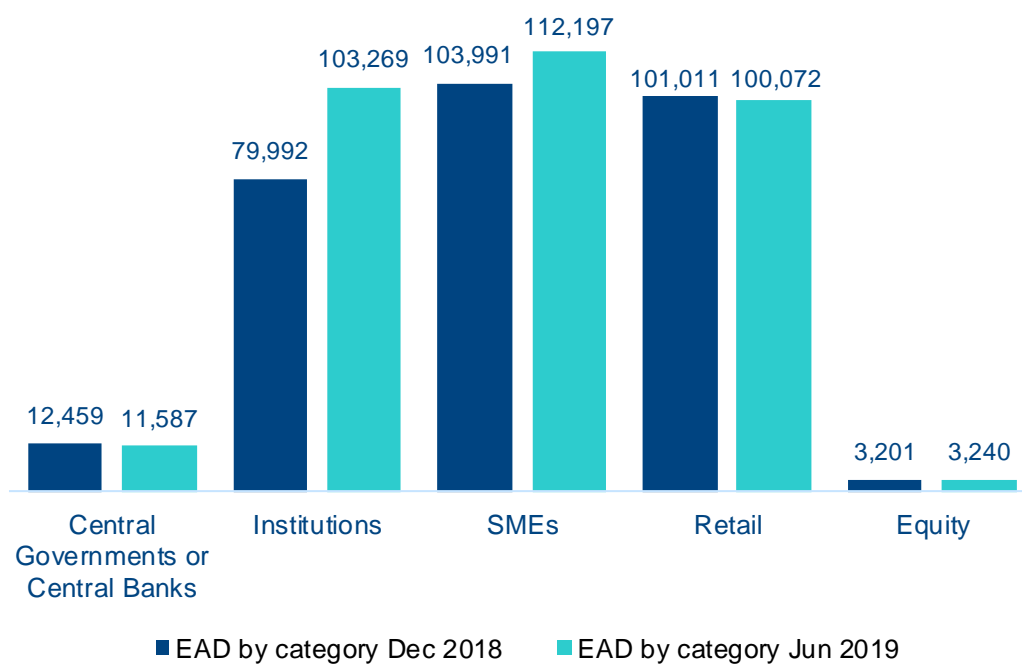


Chart 5. Advanced Measurement Approach: Weighted average PD by EAD

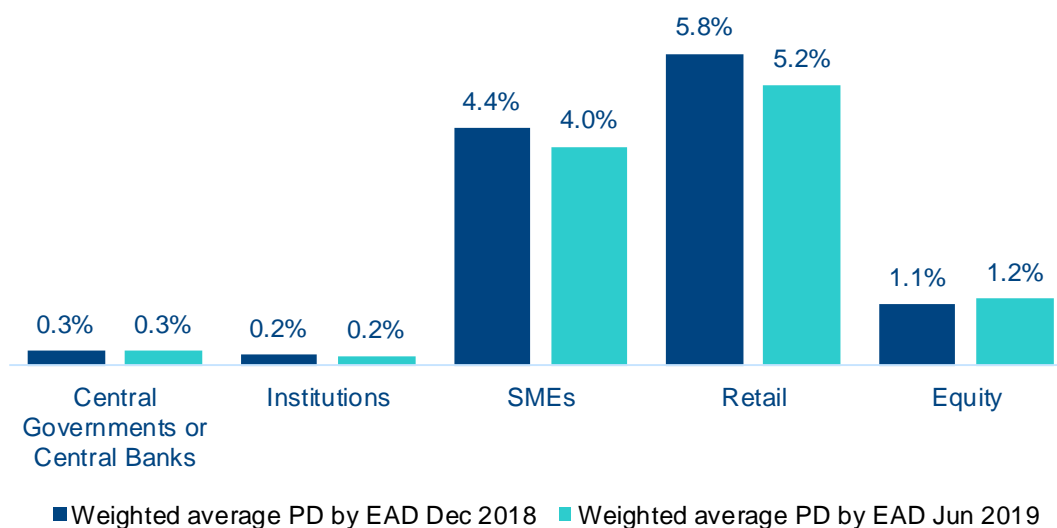


Chart 6. Advanced Measurement Approach: Weighted average LGD by EAD

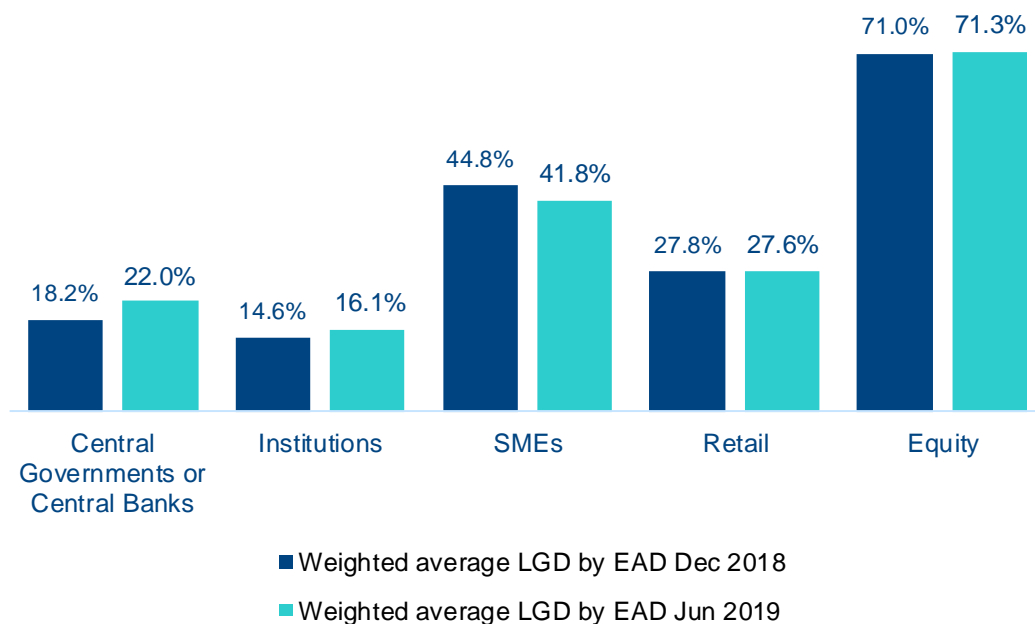
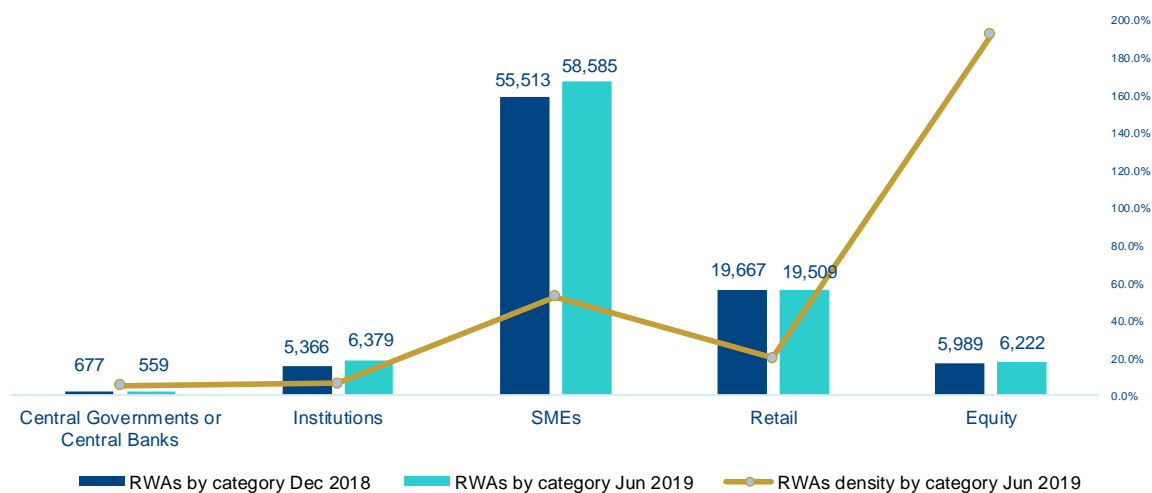


Chart 7. Advanced Measurement Approach: RWAs by obligor category



For the specialized lending, the Group has considered using the supervisory criteria method as set out in the Basle Accord of June 2004 and in the solvency regulations (Article 153.5 CRR).

The table below shows the exposure assigned to each of the risk weightings of exposure to specialized lending (including counterparty credit risk) as of June 30, 2019 and December 31, 2018:

Table 22. EU CR10 (1) – IRB: specialized lending

06/30/19 (Million Euros)

Regulatory categories	Remaining Maturity	Specialized lending					Expected Losses
		On-balance sheet amount ⁽¹⁾	Off-balance sheet amount ⁽²⁾	RW	Exposure Amount ⁽³⁾	RWAs	
Category 1	Less than 2.5 years	-	-	50%	-	-	-
Category 1	Equal to or more than 2.5 years	2,767	761	70%	3,472	2,431	14
Category 2	Less than 2.5 years	341	72	70%	393	275	2
Category 2	Equal to or more than 2.5 years	1,780	440	90%	2,136	1,923	17
Category 3	Less than 2.5 years	164	10	115%	169	194	5
Category 3	Equal to or more than 2.5 years	538	191	115%	721	829	20
Category 4	Less than 2.5 years	40	-	250%	40	100	3
Category 4	Equal to or more than 2.5 years	22	37	250%	59	147	5
Category 5	Less than 2.5 years	107	0	0%	107	-	54
Category 5	Equal to or more than 2.5 years	41	1	0%	43	-	21
Total	Less than 2.5 years	652	82		709	570	63
Total	Equal to or more than 2.5 years	5,149	1,430		6,431	5,329	77

(1) Net exposure of provisions and cancellations

(2) Value of off-balance sheet exposure, regardless of credit conversion factors (CCF), or the effect of the Credit Risk Mitigation (CRM) techniques

(3) Exposure value after CRM and CCF

12/31/18 (Million Euros)

Regulatory categories	Remaining Maturity	Specialized lending					Expected Losses
		On-balance sheet amount ⁽¹⁾	Off-balance sheet amount ⁽²⁾	RW	Exposure Amount ⁽³⁾	RWAs	
Category 1	Less than 2.5 years	-	-	50%	-	-	-
Category 1	Equal to or more than 2.5 years	2,994	709	70%	3,664	2,565	15
Category 2	Less than 2.5 years	315	52	70%	351	246	1
Category 2	Equal to or more than 2.5 years	1,791	434	90%	2,128	1,915	17
Category 3	Less than 2.5 years	243	15	115%	251	288	7
Category 3	Equal to or more than 2.5 years	681	175	115%	851	979	24
Category 4	Less than 2.5 years	12	1	250%	14	34	1
Category 4	Equal to or more than 2.5 years	83	39	250%	122	304	10
Category 5	Less than 2.5 years	110	6	0%	113	-	57
Category 5	Equal to or more than 2.5 years	39	8	0%	44	-	22
Total	Less than 2.5 years	680	74		728	568	66
Total	Equal to or more than 2.5 years	5,588	1,364		6,808	5,763	87

(1) Net exposure of provisions and cancellations

(2) Value of off-balance sheet exposure, regardless of credit conversion factors (CCF), or the effect of the Credit Risk Mitigation (CRM) techniques

(3) Exposure value after CRM and CCF

Additionally, the following table presents the exposures assigned to each one of the risk weightings of equity exposures as of June 30, 2019 and December 31, 2018:

Table 23. EU CR10 (2) – IRB: equity

06/30/19 (Million Euros)

Categories	Equity under the IRB approach					Capital Requirements
	On-balance sheet amount ⁽¹⁾	Off-balance sheet amount ⁽²⁾	RW	Exposure Amount ⁽³⁾	RWAs	
Simple method - Private Equity Exposures	477	-	190%	477	907	73
Simple method - Exchange-traded equity exposures	264	-	290%	264	765	61
Simple method - Other Equity Exposures	57	-	370%	57	212	17
Exposures subject to 250% risk weight	3,098	-	250%	3,098	7,744	620
Internal model	125	-		125	412	33
PD/LGD method	3,240	-		3,240	6,222	498
Total	7,261	-		7,261	16,262	1,301

(1) Net exposure of provisions and cancellations

(2) Value of off-balance sheet exposure, regardless of credit conversion factors (CCF), or the effect of the Credit Risk Mitigation (CRM) techniques

(3) Exposure value after CRM and CCF

12/31/18 (Million Euros)

Categories	Equity under the IRB approach					
	On-balance sheet amount ⁽¹⁾	Off-balance sheet amount ⁽²⁾	RW	Exposure Amount ⁽³⁾	RWAs	Capital Requirements
Simple method - Private Equity Exposures	343	-	190%	343	651	52
Simple method - Exchange-traded equity exposures	309	-	290%	309	897	72
Simple method - Other Equity Exposures	61	-	370%	61	224	18
Exposures subject to 250% risk weight	2,525	-	250%	2,525	6,314	505
Internal model	383			383	1,172	94
PD/LGD method	3,201	-		3,201	5,989	479
Total	6,822	-		6,822	15,246	1,220

(1) Net exposure of provisions and cancellations

(2) Value of off-balance sheet exposure, regardless of credit conversion factors (CCF), or the effect of the Credit Risk Mitigation (CRM) techniques

(3) Exposure value after CRM and CCF

5.2. Information on counterparty risk

The original exposure for the counterparty credit risk of derivatives, according to Chapter 6 of the CRR, can be calculated using the following methods: original risk, mark-to-market valuation, standardized and internal models.

The Group calculates the value of exposure to risk through the mark-to-market method, obtained as the aggregate of the positive mark-to-market value after contractual netting agreements plus the potential future risk of each transaction or instrument.

In order to determine the value of the exposure of the transaction subject to counterparty risk, the Group uses the market value method of valuation in accordance with article 274 of the CRR.

On the other hand, in order to determine the risk-weighted assets associated with such exposures, the Group uses the IRB and standardized methods.

A breakdown of the amount in terms of original exposure (OE), EAD and RWA as of June 30 2019 and December 31, 2018 is shown below:

Table 24. Positions subject to counterparty credit risk in terms of OE, EAD and RWAs

06/30/19 (Million Euros)

Exposure Class and risk types	Securities financing transactions			Derivatives and transactions with deferred settlement			Total		
	OE	EAD	RWAs	OE	EAD	RWAs	OE	EAD	RWAs
Central governments or central banks	10.490	11.196	158	86	338	23	10.576	11.534	181
Regional governments or local authorities	-	-	-	128	3	1	128	3	1
Public sector entities	-	-	-	113	53	14	113	53	14
Multilateral Development Banks	-	-	-	-	-	-	-	-	-
Institutions	15.270	1.251	456	2.373	1.800	700	17.643	3.052	1.157
Corporates	4.789	229	249	1.724	1.484	1.473	6.513	1.713	1.721
Retail	3	3	2	22	21	14	26	24	16
Secured by mortgages on immovable property	-	-	-	-	-	-	-	-	-
Exposures in default	-	-	-	0	0	0	0	0	0
Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-
Covered bonds	-	-	-	-	-	-	-	-	-
Short-term claims on institutions and corporate	-	-	-	-	-	-	-	-	-
Collective investments undertakings	6	0	0	0	0	0	6	0	0
Other exposures	-	4.950	-	-	-	-	-	4.950	-
Total credit risk by standardized approach	30.559	17.630	866	4.446	3.700	2.225	35.005	21.330	3.090
Central governments or central banks	2.604	2.604	9	16	16	7	2.620	2.620	16
Institutions	62.636	62.636	501	25.804	25.302	1.790	88.440	87.938	2.291
Corporates	138	138	4	3.569	3.569	2.007	3.707	3.707	2.012
Of which: SMEs	-	-	-	106	106	93	106	106	93
Of which: companies of specialized finance	-	-	-	1.121	1.121	973	1.121	1.121	973
Of which: other	138	138	4	2.342	2.342	941	2.480	2.480	945
Retail	-	-	-	4	4	1	4	4	1
Of which: Secured by real estate collateral	-	-	-	-	-	-	-	-	-
Of which: Qualifying revolving retail	-	-	-	-	-	-	-	-	-
Of which: Other retail assets	-	-	-	4	4	1	4	4	1
Other corporates: SMEs	-	-	-	3	3	1	3	3	1
Other corporates: No SMEs	-	-	-	0	0	0	0	0	0
Total credit risk by IRB approach	65.379	65.379	515	29.392	28.891	3.805	94.771	94.270	4.320
TOTAL CREDIT RISK	95.938	83.009	1.380	33.838	32.591	6.030	129.776	115.599	7.410

12/31/18 (Million Euros)

Exposure Class and risk types	Securities financing transactions			Derivatives and transactions with deferred settlement			Total		
	OE	EAD	RWAs	OE	EAD	RWAs	OE	EAD	RWAs
Central governments or central banks	7.616	746	299	231	276	14	7.846	1.022	313
Regional governments or local authorities	-	-	-	5	5	1	5	5	1
Public sector entities	-	-	-	1	1	0	1	1	0
Multilateral Development Banks	-	-	-	-	-	-	-	-	-
Institutions	4.364	834	178	3.371	2.370	1.034	7.735	3.205	1.212
Corporates	1.237	208	208	1.262	1.236	1.228	2.498	1.444	1.435
Retail	0	0	0	23	23	15	23	23	15
Secured by mortgages on immovable property	-	-	-	-	-	-	-	-	-
Exposures in default	-	-	-	21	21	31	21	21	31
Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-
Covered bonds	-	-	-	-	-	-	-	-	-
Short-term claims on institutions and corporate	-	-	-	-	-	-	-	-	-
Collective investments undertakings	7	0	0	0	0	0	7	0	0
Other exposures	-	8.517	-	-	1.026	-	-	9.543	-
Total credit risk by standardized approach	13.224	10.306	685	4.912	4.959	2.323	18.136	15.265	3.008
Central governments or central banks	4.814	4.814	217	18	18	9	4.831	4.831	226
Institutions	50.179	50.179	425	17.511	17.331	1.365	67.690	67.510	1.790
Corporates	17	17	0	3.466	3.466	2.037	3.483	3.483	2.037
Of which: SMEs	-	-	-	114	114	96	114	114	96
Of which: companies of specialized finance	-	-	-	1.036	1.036	909	1.036	1.036	909
Of which: other	17	17	0	2.316	2.316	1.032	2.333	2.333	1.032
Retail	-	-	-	7	7	3	7	7	3
Of which: Secured by real estate collateral	-	-	-	-	-	-	-	-	-
Of which: Qualifying revolving retail	-	-	-	-	-	-	-	-	-
Of which: Other retail assets	-	-	-	7	7	3	7	7	3
Other corporates: SMEs	-	-	-	7	7	3	7	7	3
Other corporates: No SMEs	-	-	-	0	0	0	0	0	0
Total credit risk by IRB approach	55.010	55.010	643	21.002	20.822	3.414	76.012	75.832	4.056
TOTAL CREDIT RISK	68.234	65.316	1.327	25.914	25.780	5.737	94.148	91.096	7.065

3

A general overview of the methods used to calculate the regulatory requirements for counterparty credit risk and the main parameters of each method (excluding requirements for CVA ("Credit Valuation Adjustment") and exposures offset through a CCP, which are shown in tables EU CCR2 and CCR8, respectively) is presented below:

Table 25. EU CCR1 – Analysis of CCR exposure by approach

Million Euros	06/30/19				12/31/18			
	Replacement Cost / Current market value	Potential future credit exposure	EAD post- CRM	RWAs	Replacement Cost / Current market value	Potential future credit exposure	EAD post- CRM	RWAs
Mark to market	13,086	11,378	20,406	5,708	11,082	11,020	20,278	5,569
Internal Model Method (for derivatives and SFTs)	-	-	-	-	-	-	-	-
Simple Approach for credit risk mitigation (for SFTs)	-	-	-	-	-	-	-	-
Comprehensive Approach for credit risk mitigation (for SFTs)	-	-	82,396	1,338	-	-	61,331	1,180
VaR for SFTs	-	-	-	-	-	-	-	-
Total	13,086	11,378	102,802	7,046	11,082	11,020	81,609	6,749

The surcharge for CVA in Capital refers to the additional surcharge in capital because of the unexpected CVA adjustment loss, for which there are two approaches:

- Standardized Approach (Art. 384 CRR): application of a standard regulatory formula. The formula applied is an analytical approximation to the calculating of the CVA VaR by supposing that the counterparty spreads depend on a single systematic risk factor and on its own idiosyncratic factor, both variables distributed by independent normal distributions, assuming a 99% confidence level.
- Advanced Approach (Art 383 CRR): based on the market risk VaR approach, which requires a calculation of the "CVA VaR", assuming the same confidence level (99%) and time horizon (10 days), as well as a stressed scenario. As of June 30, 2019 and December 31, 2018, the Group has no surcharge for CVA calculated under the advanced approach.

Procedures for calculating the valuation of adjustments and reserves

Credit valuation adjustments (CVA) and debit valuations adjustments (DVA) are incorporated into derivative valuations of both assets and liabilities, to reflect the impact on fair value of the counterparty credit risk and own credit risk, respectively.

The amounts in million euros involved in the adjustments by credit risk as of June 30, 2019 and December 31, 2018 are below:

Table 26: EU CCR2 – CVA capital charge

06/30/19 (Million Euros)	Exposure value	RWA
Total portfolios subject to the advanced method	-	-
(i) VaR component (included 3x multiplier)	-	-
(ii) SVaR component (included 3x multiplier)	-	-
All portfolios subject to the standardized method	7,553	1,340
Total subject to the CVA capital charge	7,553	1,340
12/31/18 (Million Euros)	Exposure value	RWA
Total portfolios subject to the advanced method	-	-
(i) VaR component (included 3x multiplier)	-	-
(ii) SVaR component (included 3x multiplier)	-	-
All portfolios subject to the standardized method	7,445	1,377
Total subject to the CVA capital charge	7,445	1,377

The following table presents a general overview of the exposures to central counterparty entities by type of exposure (arising from transactions, margins, contributions to the guarantee fund) and their corresponding capital requirements:

Table 27: EU CCR8 – Exposures to CCPs

	06/30/19		12/31/18	
Million Euros	EAD post CRM	RWA	EAD post CRM	RWA
Exposures to QCCPs (total)		371		191
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	12.740	289	6.219	146
(i) OTC Derivatives	11.652	264	5.022	123
(ii) Exchange-traded derivatives	489	13	443	9
(iii) Securities financing transactions (SFTs)	600	12	754	15
(iv) Netting sets where cross-product netting has been approved	-	-	-	-
Segregated initial margin	1.099		959	
Non-segregated initial margin	531	17	169	3
Pre-funded default fund contributions	117	64	71	41
Alternative calculation of own funds requirements for exposures		-		-
Exposures to non-QCCPs (total)		80		174
Exposures for trades at non-QCCPs (excluding initial margin and default to contributions); of which	57	75	484	169
(i) OTC Derivatives	39	39	30	30
(ii) Exchange-traded derivatives	5	5	7	7
(iii) Securities financing transactions (SFTs)	13	31	448	132
(iv) Netting sets where cross-product netting has been approved	-	-	-	-
Segregated initial margin	116		108	
Non-segregated initial margin	121	5	100	4
Pre-funded default fund contributions	0	0	0	0
Unfunded default fund contributions	-	-	-	-

The following table presents the amounts in million euros involved in the counterparty risk of derivatives as of June 30, 2019:

Table 28. EU CCR5-A – Impact of netting and collateral held on exposure values ⁽¹⁾

06/30/19 (Million Euros)	Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held ⁽⁴⁾	Net credit exposure
Derivatives ⁽²⁾	35,247	(22,139)	13,108	(6,885)	6,224
SFTs ⁽³⁾	36,867	-	36,867	(33,370)	3,497
Cross-product netting	-	-	-	-	-
Total	72,114	(22,139)	49,975	(40,255)	9,721

(1) SFTs includes both relative amount of recognized financial instruments and collaterals that are not netted on balance sheet but reduce credit risk. Collaterals of derivatives correspond only to those that mitigate for capital purpose

(2) Positive mark to market of derivatives is included

(3) Just reverse repos are included

(4) The amounts of collateral held include volatility adjustments according to title II, chapter 4, section 4 of CRR.

12/31/18 (Million Euros)	Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held ⁽⁴⁾	Net credit exposure
Derivatives ⁽²⁾	35,349	(23,940)	11,409	(6,085)	5,324
SFTs ⁽³⁾	27,758	-	27,758	(25,359)	2,399
Cross-product netting	-	-	-	-	-
Total	63,107	(23,940)	39,167	(31,444)	7,723

(1) SFTs includes both relative amount of recognized financial instruments and collaterals that are not netted on balance sheet but reduce credit risk. Collaterals of derivatives correspond only to those that mitigate for capital purpose

(2) Positive mark to market of derivatives is included

(3) Just reverse repos are included

(4) The amounts of collateral held include volatility adjustments according to title II, chapter 4, section 4 of CRR.

A table with a breakdown of all the types of collateral contributed or received by the Group to strengthen or reduce exposure to counterparty credit risk related to derivate transactions and securities financing transactions as of June 30, 2019 and December 31, 2018 is presented below:

Table 29. EU CCR5-B – Composition of collateral for exposures to CCR ⁽¹⁾

06/30/19 (Million Euros)	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair Value of Collateral received		Fair Value of posted Collateral		Fair Value of Collateral received	Fair Value of posted Collateral
	Segregated ⁽²⁾	Unsegregated ⁽³⁾	Segregated ⁽²⁾	Unsegregated ⁽³⁾		
Cash- domestic currency	-	2,938	10	-	29,889	31,207
Cash- other currencies	-	1,288	15	5	20,639	5,660
Domestic sovereign debt	-	-	-	-	9,405	23,154
Other sovereign debt	-	7	-	-	15,415	13,907
Government agency debt	-	2	-	-	203	211
Corporate bonds	-	916	-	-	4,103	6,412
Equity securities	-	-	-	-	-	1,741
Other collateral	-	1,733	-	-	4,244	36
Total	-	6,885	25	5		

(1) Eligible credit risk mitigation techniques in accordance with Title II, Chapter 4, Section 2 of the CRR are considered.

(2) Refers to collateral that is held in a bankruptcy-remote manner.

(3) Refers to collateral that is not held in a bankruptcy-remote manner.

12/31/18 (Million Euros)	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair Value of Collateral received		Fair Value of posted Collateral		Fair Value of Collateral received	Fair Value of posted Collateral
	Segregated ⁽²⁾	Unsegregated ⁽³⁾	Segregated ⁽²⁾	Unsegregated ⁽³⁾		
Cash- domestic currency	5	2,707	10	1	24,690	25,882
Cash- other currencies	0	1,146	12	88	13,900	1,841
Domestic sovereign debt	-	-	-	-	6,950	14,996
Other sovereign debt	-	6	-	-	8,760	16,301
Government agency debt	-	-	-	-	267	162
Corporate bonds	-	710	-	-	2,106	4,647
Equity securities	-	-	-	-	-	1,807
Other collateral	-	1,645	-	-	7,276	886
Total	5	6,214	21	88		

(1) Eligible credit risk mitigation techniques in accordance with Title II, Chapter 4, Section 2 of the CRR are considered.

(2) Refers to collateral that is held in a bankruptcy-remote manner.

(3) Refers to collateral that is not held in a bankruptcy-remote manner.

The table below shows the amounts corresponding to transactions with credit derivatives, broken down into purchased and sold derivatives:

Table 30: EU CCR6 – Credit derivatives exposures

06/30/19 (Million Euros)	Credit derivative hedges		Other credit derivatives
	Protection Bought	Protection Sold	
Notionals	16,189	20,137	-
Single-name credit default swaps	5,317	6,333	-
Index credit default swaps	10,645	11,564	-
Total return swaps	-	2,240	-
Credit options	150	-	-
Other credit derivatives	77	-	-
Fair Values	(393)	271	-
Positive fair value (asset)	70	531	-
Negative fair value (liability)	(463)	(259)	-

12/31/18 (Million Euros)	Credit derivative hedges		Other credit derivatives
	Protection Bought	Protection Sold	
Notionals	11,248	14,204	-
Single-name credit default swaps	4,925	5,622	-
Index credit default swaps	5,824	6,421	-
Total return swaps	-	2,161	-
Credit options	500	-	-
Other credit derivatives	-	-	-
Fair Values	(118)	(59)	-
Positive fair value (asset)	68	164	-
Negative fair value (liability)	(186)	(223)	-

As of June 30, 2019 and December 31, 2018, the Group did not use credit derivatives in brokerage activities as collateral.

5.2.1. Counterparty risk by standardized approach

The following table presents a breakdown of exposure to counterparty credit risk (following mitigation and CCF techniques) calculated using the standardized method, by exposure class and risk weighting:

Table 31. EU CCR3 – Standardized approach – CCR exposures by regulatory portfolio and risk

06/30/19 (Million Euros)

Exposure Class	Risk Weight												Of which: unrated ⁽¹⁾
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total	
Central governments or central banks	11,276	-	-	-	45	82	-	-	131	-	-	11,534	10,746
Regional government or local authorities	-	-	-	-	3	0	-	-	-	-	-	3	3
Public sector entities	-	-	-	-	49	-	-	-	4	-	-	53	36
Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-
Institutions	-	-	298	-	1,690	511	-	-	553	-	-	3,052	2,604
Corporates	-	-	-	-	6	15	-	-	1,683	9	-	1,713	1,537
Retail	-	-	-	-	-	-	-	24	-	-	-	24	24
Institutions and corporates with a short term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-
Other items	4,950	-	-	-	-	-	-	-	0	0	-	4,951	0
Total	16,227	-	298	-	1,793	607	-	24	2,372	9	-	21,330	14,951

(1) Of which: Unrated refers to exposures for which no credit rating is available made by designated ECAIs.

12/31/18 (Million Euros)

Exposure Class	Risk Weight												Of which: unrated ⁽¹⁾
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total	
Central governments or central banks	649	-	-	-	71	8	-	-	295	-	-	1,022	193
Regional government or local authorities	-	-	-	-	4	-	-	-	0	-	-	5	5
Public sector entities	-	-	-	-	1	-	-	-	0	-	-	1	1
Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-
Institutions	-	275	98	-	1,622	664	-	-	546	-	-	3,205	3,170
Corporates	-	-	-	-	1	12	-	-	1,428	2	-	1,444	1,423
Retail	-	-	-	-	-	-	-	23	-	-	-	23	23
Institutions and corporates with a short term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-
Other items	9,543	-	-	-	-	-	-	-	0	21	-	9,564	9,564
Total	10,192	275	98	-	1,699	685	-	23	2,269	23	-	15,265	14,380

(1) Of which: Unrated refers to exposures for which no credit rating is available made by designated ECAIs.

5.2.2. Counterparty risk by advanced measurement approach

The following table presents the relevant parameters used to calculate the capital requirements for counterparty credit risk in the IRB models as of June 30, 2019 and December 31, 2018:

Table 32. EU CCR4 – IRB Approach – CCR exposures by portfolio and PD scale

PD scale as of 06/30/19 ⁽¹⁾	EAD post-CRM	Average PD ⁽²⁾	Number of Obligors	Average LGD ⁽³⁾	Average Maturity (days) ⁽⁴⁾	RWAs	RWA Density
Prudential Portfolio- FIRB method⁽⁵⁾	1,121	-	328	-	-	973	87%
specialized lending companies	1,121	-	328	-	-	973	87%
Prudential Portfolio- AIRB method	93,148	0.2%	6,291	12.0%	-	3,347	4%
Central governments or central banks	2,620	0.1%	3	2.8%	33	16	1%
0.00 to <0.15	2,604	0.0%	2	2.6%	1	9	0%
0.15 to <0.25	16	0.2%	1	40.0%	97	7	41%
0.25 to <0.50	-	-	-	-	-	-	-
0.50 to <0.75	-	-	-	-	-	-	-
0.75 to <2.5	-	-	-	-	-	-	-
2.50 to <10.00	-	-	-	-	-	-	-
10.00 to <100.00	-	-	-	-	-	-	-
100.00 (Default)	-	-	-	-	-	-	-
Institutions	87,938	0.1%	2,443	11.4%	24	2,291	3%
0.00 to <0.15	71,377	0.1%	1,929	13.6%	24	1,884	3%
0.15 to <0.25	7,412	0.2%	184	2.6%	19	152	2%
0.25 to <0.50	5,498	0.3%	96	1.3%	18	76	1%
0.50 to <0.75	853	0.5%	36	5.4%	42	65	8%
0.75 to <2.5	2,178	1.2%	175	1.4%	30	59	3%
2.50 to <10.00	607	2.7%	12	1.9%	10	28	5%
10.00 to <100.00	13	14.8%	11	42.0%	24	29	213%
100.00 (Default)	-	-	-	-	-	-	-
Corporate - SMEs	106	13.8%	1,330	41.0%	70	93	88%
0.00 to <0.15	8	0.1%	274	40.0%	50	2	20%
0.15 to <0.25	3	0.2%	117	40.9%	60	1	31%
0.25 to <0.50	3	0.3%	150	40.4%	67	1	39%
0.50 to <0.75	7	0.5%	198	41.1%	63	5	68%
0.75 to <2.5	43	1.3%	312	41.3%	72	45	105%
2.50 to <10.00	28	4.5%	199	40.8%	83	34	122%
10.00 to <100.00	0	18.7%	19	40.7%	130	1	140%
100.00 (Default)	13	100.0%	61	41.3%	119	4	34%
Corporate - Non-SMEs	2,480	0.3%	1,717	38.4%	62	945	38%
0.00 to <0.15	1,476	0.1%	641	37.0%	53	342	23%
0.15 to <0.25	291	0.2%	263	39.6%	65	119	41%
0.25 to <0.50	189	0.3%	396	43.9%	70	115	61%
0.50 to <0.75	425	0.5%	178	40.8%	57	276	65%
0.75 to <2.5	72	1.3%	160	31.9%	76	58	80%
2.50 to <10.00	24	3.3%	54	42.7%	73	31	130%
10.00 to <100.00	2	11.9%	6	44.0%	128	4	212%
100.00 (Default)	1	100.0%	19	43.9%	84	0	13%
Retail - Other SMEs	3	15.7%	767	40.0%	-	1	36%
0.00 to <0.15	0	0.1%	101	40.0%	-	0	8%
0.15 to <0.25	1	0.2%	64	40.0%	-	0	13%
0.25 to <0.50	0	0.3%	64	40.0%	-	0	19%
0.50 to <0.75	0	0.5%	54	40.0%	-	0	24%
0.75 to <2.5	0	1.0%	162	40.0%	-	0	33%
2.50 to <10.00	1	5.5%	229	40.0%	-	0	45%
10.00 to <100.00	1	19.6%	53	40.1%	-	1	61%
100.00 (Default)	0	100%	40	40.1%	-	0	13%
Retail - Other Non-SMEs	0	4.4%	31	40.0%	-	0	54%
0.00 to <0.15	0	0.1%	19	40.0%	-	0	13%
0.15 to <0.25	-	-	-	-	-	-	-
0.25 to <0.50	-	-	-	-	-	-	-
0.50 to <0.75	-	-	-	-	-	-	-
0.75 to <2.5	-	-	-	-	-	-	-
2.50 to <10.00	0	5.0%	7	40.0%	-	0	60%
10.00 to <100.00	-	-	1	-	-	-	-
100.00 (Default)	-	-	4	-	-	-	-
Total Advanced Approach	94,270	0.2%	6,619	12.0%	-	4,320	5%

(1) PD intervals according to EBA guidelines on disclosure requirements under Part Eight of the CRR.

(2) PD by EAD-weighted debtor category

(3) LGD by EAD-weighted debtor category

(4) EAD-weighted debtor expiration in days

(5) Exposures classified under the FIRB method correspond to specialized lending exposures. The Group has opted for the supervisory category attribution criteria method, in line with article 153.5 of the CRR.

PD scale as of 12/31/18 ⁽¹⁾	EAD post-CRM	Average PD ⁽²⁾	Number of Obligors	Average LGD ⁽³⁾	Average Maturity (days) ⁽⁴⁾	RWAs	RWA Density
Prudential Portfolio- FIRB method⁽⁵⁾	1,036	-	331	-		909	88%
specialized lending companies	1,036	-	331	-	-	909	88%
Prudential Portfolio- AIRB method	74,796	0.2%	6,946	10.4%		3,147	4%
Central governments or central banks	4,831	0.2%	6	3.8%	38	226	5%
0.00 to <0.15	4,643	0.1%	2	2.3%	1	14	0%
0.15 to <0.25	17	0.2%	1	40.0%	115	8	46%
0.25 to <0.50	-	-	-	-	-	-	-
0.50 to <0.75	-	-	-	-	-	-	-
0.75 to <2.5	-	-	-	-	-	-	-
2.50 to <10.00	172	4.4%	3	40.0%	37	204	119%
10.00 to <100.00	-	-	-	-	-	-	-
100.00 (Default)	-	-	-	-	-	-	-
Institutions	67,510	0.2%	2362	9.8%	22	1,790	3%
0.00 to <0.15	54,373	0.1%	1,879	11.5%	23	1,422	3%
0.15 to <0.25	4,514	0.2%	184	2.8%	23	86	2%
0.25 to <0.50	4,786	0.3%	90	2.0%	15	85	2%
0.50 to <0.75	1,175	0.5%	33	5.3%	29	74	6%
0.75 to <2.5	2,199	1.3%	157	2.4%	16	90	4%
2.50 to <10.00	460	2.7%	14	3.1%	11	33	7%
10.00 to <100.00	2	21.2%	5	20.0%	59	1	42%
100.00 (Default)	-	-	-	-	-	-	-
Corporate - SMEs	114	15.7%	1,814	41.2%	64	96	84%
0.00 to <0.15	9	0.1%	313	40.1%	47	2	19%
0.15 to <0.25	5	0.2%	139	42.4%	61	1	27%
0.25 to <0.50	4	0.3%	190	40.6%	68	1	35%
0.50 to <0.75	5	0.5%	276	40.5%	69	3	54%
0.75 to <2.5	39	1.3%	444	41.4%	59	41	104%
2.50 to <10.00	36	4.5%	340	41.2%	75	43	120%
10.00 to <100.00	0	18.6%	33	40.3%	83	0	168%
100.00 (Default)	16	100.0%	79	41.3%	79	5	31%
Corporate - Non-SMEs	2,333	0.3%	1,591	40.2%	66	1,032	44%
0.00 to <0.15	1,290	0.1%	589	38.8%	62	343	27%
0.15 to <0.25	228	0.2%	259	41.0%	58	87	38%
0.25 to <0.50	331	0.3%	357	43.9%	82	237	72%
0.50 to <0.75	407	0.5%	139	40.8%	51	284	70%
0.75 to <2.5	47	1.1%	166	43.0%	70	45	97%
2.50 to <10.00	30	2.9%	60	43.9%	77	35	116%
10.00 to <100.00	0	11.9%	3	42.7%	81	0	208%
100.00 (Default)	1	100.0%	18	44.0%	84	0	14%
Retail - Other SMEs	7	33.3%	1,135	40.4%	-	3	39%
0.00 to <0.15	0	0.1%	116	40.0%	-	-	9%
0.15 to <0.25	0	0.2%	55	40.0%	-	-	13%
0.25 to <0.50	0	0.3%	57	40.0%	-	-	18%
0.50 to <0.75	0	0.5%	139	40.0%	-	-	24%
0.75 to <2.5	0	1.2%	232	40.0%	-	-	35%
2.50 to <10.00	2	5.9%	345	40.0%	-	1	47%
10.00 to <100.00	2	20.6%	104	40.0%	-	1	66%
100.00 (Default)	2	100%	87	41.6%	-	-	14%
Retail - Other Non-SMEs	0	4.5%	38	40.0%	-	-	56%
0.00 to <0.15	0	0.1%	16	40.0%	-	-	7%
0.15 to <0.25	-	-	-	-	-	-	-
0.25 to <0.50	-	-	-	-	-	-	-
0.50 to <0.75	-	-	-	-	-	-	-
0.75 to <2.5	0	0.9%	11	40.0%	-	-	50%
2.50 to <10.00	0	5.2%	9	40.0%	-	-	63%
10.00 to <100.00	-	-	2	-	-	-	-
100.00 (Default)	-	-	-	-	-	-	-
Total Advanced Approach	75,832	0.2%	7,277	10.4%		4,056	5%

(1) PD intervals according to EBA guidelines on disclosure requirements under Part Eight of the CRR.

(2) PD by EAD-weighted debtor category

(3) LGD by EAD-weighted debtor category

(4) EAD-weighted debtor expiration in days

(5) Exposures classified under the FIRB method correspond to specialized lending exposures. The Group has opted for the supervisory category attribution criteria method, in line with article 153.5 of the CRR.

5.3. Information on securitizations

The main aim of securitization is to serve as an instrument for the efficient management of the balance sheet, above all as a source of liquidity at an efficient cost, obtaining liquid assets through eligible collateral, as a complement to other financial instruments. In addition, there are other secondary objectives associated with the use of securitization instruments, such as freeing up of regulatory capital by transferring risk and the freeing of potential excess over the expected loss, provided the volume of the first-loss tranche allows it and risk transfer.

The tables below show the amounts in terms of EAD of investment and trading portfolio by type of exposure as of June 30, 2019 and December 31, 2018:

Table 33: SEC1 – Securitization exposures in the banking book

06/30/19 (Million Euros)	Bank acts as originator			Bank acts as sponsor			Bank acts as investor		
	Traditional	Synthetic	Subtotal	Traditional	Synthetic	Subtotal	Traditional	Synthetic	Subtotal
Retail (total)- of which	786	-	786	-	-	-	583	-	583
Residential mortgage	-	-	-	-	-	-	583	-	583
Credit card	-	-	-	-	-	-	-	-	-
Other retail exposures	786	-	786	-	-	-	-	-	-
Re-securitization	-	-	-	-	-	-	-	-	-
Wholesale (total)- of which	65	2,991	3,055	-	-	-	94	-	94
Loans to corporates	23	2,991	3,014	-	-	-	49	-	49
Commercial mortgage	-	-	-	-	-	-	1	-	1
Lease and receivables	42	-	42	-	-	-	-	-	-
Other wholesale	-	-	-	-	-	-	44	-	44
Re-securitization	-	-	-	-	-	-	-	-	-

12/31/18 (Million Euros)	Bank acts as originator			Bank acts as sponsor			Bank acts as investor		
	Traditional	Synthetic	Subtotal	Traditional	Synthetic	Subtotal	Traditional	Synthetic	Subtotal
Retail (total)- of which	789	-	789	-	-	-	4,912	-	4,912
Residential mortgage	-	-	-	-	-	-	4,748	-	4,748
Credit card	-	-	-	-	-	-	165	-	165
Other retail exposures	789	-	789	-	-	-	-	-	-
Re-securitization	-	-	-	-	-	-	-	-	-
Wholesale (total)- of which	95	3,917	4,012	-	-	-	291	-	291
Loans to corporates	53	3,917	3,970	-	-	-	49	-	49
Commercial mortgage	-	-	-	-	-	-	1	-	1
Lease and receivables	42	-	42	-	-	-	-	-	-
Other wholesale	-	-	-	-	-	-	241	-	241
Re-securitization	-	-	-	-	-	-	-	-	-

As of June 30, 2019 and December 31, 2018, the Group has no securitization exposure in the financial instruments held for trading.

The table below shows the amounts in terms of EAD and RWAs of investment, securitization positions originated by type of exposure, tranches and weighting ranges corresponding to the securitizations and their corresponding capital requirements as of June 30, 2019 and December 31, 2018:

Table 34: SEC3 – Securitization exposures in the banking book and associated regulatory capital requirements (bank acting as originator or as sponsor)

06/30/19 (Million Euros)	Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWA (by regulatory approach)					Capital requirement after cap				
	≤20%	>20% to	>50% to	>100% to	1250% RW	IRB RBA (including		IRB SFA	SA/SSFA	1250%	IRB RBA (including		IRB SFA	SA/SSFA	1250%	IRB RBA (including		SA/SSF	
	RW	50% RW	100% RW	<1250% RW		IAA)					IAA)					IAA)		A	1250%
Total Exposures	3,647	33	-	47	114	785	2,942	-	-	114	86	781	-	636	7	63	-	51	
Traditional securitization	752	33	-	1	65	785	-	-	-	65	86	-	-	30	7	-	-	2	
Of which securitization	752	33	-	1	65	785	-	-	-	65	86	-	-	30	7	-	-	2	
Of which retail underlying	752	33	-	1	1	785	-	-	-	1	86	-	-	-	7	-	-	-	
Of which wholesale	-	-	-	-	65	-	-	-	-	65	-	-	-	30	-	-	-	2	
Of which re-securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Of which senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Of which non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Synthetic securitization	2,895	-	-	47	49	-	2,942	-	-	49	-	781	-	606	-	63	-	49	
Of which securitization	2,895	-	-	47	49	-	2,942	-	-	49	-	781	-	606	-	63	-	49	
Of which retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Of which wholesale	2,895	-	-	47	49	-	2,942	-	-	49	-	781	-	606	-	63	-	49	
Of which re-securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Of which senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Of which non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

12/31/18 (Million Euros)	Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWA (by regulatory approach)					Capital requirement after cap				
	≤20%	>20% to	>50% to	>100% to	1250% RW	IRB RBA (including		IRB SFA	SA/SSFA	1250%	IRB RBA (including		IRB SFA	SA/SSFA	1250%	IRB RBA (including		SA/SSF	
	RW	50% RW	100% RW	<1250% RW		IAA)					IAA)					IAA)		A	1250%
Total Exposures	4,573	33	0	1	195	785	3,821	-	-	195	86	267	-	1,253	7	21	-	100	
Traditional securitization	752	33	0	1	99	785	-	-	-	99	86	-	-	56	7	-	-	4	
Of which securitization	752	33	0	1	99	785	-	-	-	99	86	-	-	56	7	-	-	4	
Of which retail underlying	752	33	-	1	4	785	-	-	-	4	86	-	-	10	7	-	-	1	
Of which wholesale	-	-	0	-	95	0	-	-	-	95	0	-	-	46	0	-	-	4	
Of which re-securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Of which senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Of which non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Synthetic securitization	3,821	-	-	-	96	-	3,821	-	-	96	-	267	-	1,197	-	21	-	96	
Of which securitization	3,821	-	-	-	96	-	3,821	-	-	96	-	267	-	1,197	-	21	-	96	
Of which retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Of which wholesale	3,821	-	-	-	96	-	3,821	-	-	96	-	267	-	1,197	-	21	-	96	
Of which re-securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Of which senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Of which non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

The table below shows the amounts in terms of EAD and RWAs of investment, securitization positions by type of exposure, tranches and weighting ranges and their respective capital requirements as of June 30, 2019 and December 31, 2018:

Table 35: SEC4 – Securitization exposures in the banking book and associated capital requirements (bank acting as investor)

06/30/19 (Million Euros)	Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital requirement after cap			
	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW	IRB RBA (including IAA)	IRB SFA	SA/SSFA	1250%	IRB RBA (including IAA)	IRB SFA	SA/SSFA	1250%	IRB RBA (including IAA)	IRB SFA	SA/SSFA	1250%
Total Exposures	501	139	5	5	28	522	-	128	28	48	-	66	1	4	-	5	-
Traditional securitization	501	139	5	5	28	522	-	128	28	48	-	66	1	4	-	5	-
Of which securitization	501	139	5	5	28	522	-	128	28	48	-	66	1	4	-	5	-
Of which retail underlying	489	57	5	5	28	477	-	79	28	40	-	43	1	3	-	3	-
Of which wholesale	13	82	-	-	-	45	-	49	-	8	-	23	-	1	-	2	-
Of which re-securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Synthetic securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which re-securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

12/31/18 (Million Euros)	Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital requirement after cap			
	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW	IRB RBA (including IAA)	IRB SFA	SA/SSFA	1250%	IRB RBA (including IAA)	IRB SFA	SA/SSFA	1250%	IRB RBA (including IAA)	IRB SFA	SA/SSFA	1250%
Exposición total	4,983	179	6	1	34	577	-	4,592	34	66	-	950	-	5	-	76	-
Traditional securitization	4,983	179	6	1	34	577	-	4,592	34	66	-	950	-	5	-	76	-
Of which securitization	4,983	179	6	1	34	577	-	4,592	34	66	-	950	-	5	-	76	-
Of which retail underlying	4,783	88	6	1	34	519	-	4,359	34	55	-	889	-	4	-	71	-
Of which wholesale	200	91	-	-	-	58	-	233	-	11	-	61	-	1	-	5	-
Of which re-securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Synthetic securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which re-securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

6. Market Risk

6.1. Information about capital requirements by market risk

6.2. Backtesting

6.1. Information about capital requirements by market risk

Market risk has its origin in the possibility that there may be losses in the value of positions held due to movements in the market variables that affect the valuation of financial products and assets in trading activity.

The amounts in terms of RWAs and capital requirements by market risk calculated under the standardized approach as of June 30, 2019 and December 31, 2018 are below:

Table 36: EU MR1 – Market risk under the standardized approach

06/30/19 (Million Euros)	RWAs	Capital Requirements
Outright Products		
Interest Rate Risk	2.593	207
Equity Risk	235	19
Foreign Exchange Risk	2.528	202
Commodity Risk	35	3
Options		
Simplified approach	-	-
Delta-plus method	-	-
Scenario approach	-	-
Securitization	22	2
Correlation trading portfolio	609	49
Total	6.022	482

12/31/18 (Million Euros)	RWAs	Capital Requirements
Outright Products		
Interest Rate Risk	1.940	155
Equity Risk	136	11
Foreign Exchange Risk	2.271	182
Commodity Risk	18	1
Options		
Simplified approach	-	-
Delta-plus method	-	-
Scenario approach	-	-
Securitization	13	1
Correlation trading portfolio	670	54
Total	5.048	404

The following values (maximum, minimum, average and at period end within the statement period) are given based on the different model types used for computing the capital requirement under internal model approach:

Table 37: EU MR3 – IMA values for trading portfolios

IMA values for trading portfolios (2019) semiannual		
VaR (10 day 99%)		
1	Maximum value	71
2	Average value	44
3	Minimum value	30
4	Period value	44
SVaR (10 day 99%)		
5	Maximum value	168
6	Average value	124
7	Minimum value	81
8	Period value	99
Incremental Risk Charge (99.9%)		
9	Maximum value	126
10	Average value	83
11	Minimum value	54
12	Period value	117

In accordance with article 455 e) of the CRR – corresponding to the breakdown of information on internal market risk models –, the elements comprising the shareholders' equity requirements referred to in articles 364 and 365 of the CRR are presented below.

Table 38: EU MR2-A – Market risk under the IMA

06/30/19 (Million Euros)	RWAs	Capital Requirements
VaR	1,624	130
Previous day's VaR	553	44
Average of the daily VaR on each of the preceding sixty business days (VaRavg) x multiplication factor	1,624	130
SVaR	4,512	361
Latest SVaR	1,243	99
Average of the SVaR during the preceding sixty business days (sVaRavg) x multiplication factor (mc)	4,512	361
Incremental risk charge - IRC	1,467	117
Most recent IRC value	1,467	117
Average of the IRC number over the preceding 12 weeks	1,244	100
Comprehensive Risk Measure- CRM	-	-
Most recent risk number for the correlation trading portfolio over the preceding 12 weeks	-	-
Average of the risk number for the correlation trading portfolio over the preceding 12 weeks	-	-
8% of the own funds requirement in SA on most recent risk number for the correlation trading portfolio	-	-
Others	-	-
Total	8,483	679

12/31/18 (Million Euros)	RWAs	Capital Requirements
VaR	2,015	161
Previous day's VaR	705	56
Average of the daily VaR on each of the preceding sixty business days (VaRavg) x multiplication factor	2,015	161
SVaR	5,112	409
Latest SVaR	1,704	136
Average of the SVaR during the preceding sixty business days (sVaRavg) x multiplication factor (mc)	5,112	409
Incremental risk charge - IRC	1,141	91
Most recent IRC value	1,141	91
Average of the IRC number over the preceding 12 weeks	1,121	90
Comprehensive Risk Measure- CRM	-	-
Most recent risk number for the correlation trading portfolio over the preceding 12 weeks	-	-
Average of the risk number for the correlation trading portfolio over the preceding 12 weeks	-	-
8% of the own funds requirement in SA on most recent risk number for the correlation trading portfolio	-	-
Others	-	-
Total	8,268	661

The main changes in the market RWAs, calculated using the method based on internal models are presented below:

Table 39: EU MR2-B – RWA flow statements of market risk exposures under the IMA

Million Euros	VaR	SVaR	IRC	CRM	Other	Total RWAs	Total Capital Requirements
RWAs as of March 31, 2019	1,682	4,855	1,293	-	-	7,830	626
Movement in risk levels	(49)	(313)	177	-	-	(185)	(15)
Model updates/changes	-	-	-	-	-	-	-
Methodology and policy	-	-	-	-	-	-	-
Acquisitions and disposals	-	-	-	-	-	-	-
Foreign Exchange movements	(9)	(30)	(3)	-	-	(42)	(3)
Other	-	-	-	-	880	880	70
RWAs as of June 30, 2019	1,624	4,512	1,467	-	880	8,483	679

Million Euros	VaR	SVaR	IRC	CRM	Other	Total RWAs	Total Capital Requirements
RWAs as of December 31, 2018	2,015	5,112	1,141	-	-	8,268	661
Movement in risk levels	(324)	(261)	138	-	-	(447)	(36)
Model updates/changes	-	-	-	-	-	-	-
Methodology and policy	-	-	-	-	-	-	-
Acquisitions and disposals	-	-	-	-	-	-	-
Foreign Exchange movements	(9)	4	14	-	-	8	1
Other	-	-	-	-	-	-	-
RWAs as of March 31, 2019	1,682	4,855	1,293	-	-	7,830	626

The movements of market risk exposures under internal models during the second quarter are mainly affected by the 880 million prudential surcharge on IRC, following the internal model review process ("TRIM").

During the first quarter of 2019, there were reductions in VaR and SVaR, partially offset by the growth in sovereign debt positions under IRC.

6.2. Backtesting

6.2.1. Introduction

Ex-post validation or backtesting is based on the comparison of periodic results from the portfolio with the market risk measurements generated by the established measurement system. The validity of a VaR model depends crucially on the empirical reality of results not openly contradicting the expectations of the model. If the observed results are sufficiently in line with the model forecast, they shall be accepted, but if there is a notable discrepancy a review will be required to correct any errors or to make changes to improve quality.

To determine whether the results are sufficiently in line with risk measurements, objective criteria must be established in the form of a series of validation tests using a specific methodology. When establishing the most appropriate methodology, the criteria recommended by Basel Committee is largely regarded as appropriate and therefore followed.

6.2.2. Validation test

In the comparison between results and risk measurements, a key element to be examined is the level of confidence that the losses will not exceed the VaR risk measurements more than by a given ratio, to be determined by the confidence level used in the model. The validation test below, which focuses on checking this aspect, puts the emphasis on ensuring that the risk measurement model does not underestimate the actual risk.

Hypothesis testing starts by taking the observed results and trying to infer if there is sufficient evidence to reject the model (the null hypothesis that the correct model confidence is being used is not met).

If the model works adequately, the VaR measurement will indicate that the change in the value of a portfolio over a given time span will not exceed the value obtained by a percentage ratio determined by the confidence level. Put another way, the probability of recording a loss that is greater than the VaR measurement, which we call exception, will be of 1%, and the probability that the exception does not occur will be 99%.

GREEN zone: model acceptance zone	This is a zone where there is a strong probability that the model will be accepted as fully appropriate and little probability of acceptance while there is an inadequacy. It is defined as a set for which the cumulative probability of the null hypothesis being true is less than 95%. It corresponds to a range of between zero and four exceptions.
YELLOW zone: ambiguous zone	Results possible for both an appropriate and inadequate model. It covers the area where the cumulative probability of the null hypothesis being true is 95% or more (it must be less than 99.99%). It corresponds to a range of between five and nine exceptions.
RED zone: model rejection zone	There is a strong probability that the model is inappropriate and little probability of rejection while being appropriate. It is defined as an area where the significance level is less than 0.1% or, which amounts to the same, the cumulative probability of the null hypothesis being true is 99.99% or more. Corresponds to a range of ten or more exceptions.

For this test, it is advisable to have at least a one-year historic series both in results and in daily risk estimates.

The approach used is perfectly adapted to the priorities of supervisory bodies, these priorities being to prevent any situations of excessive risk for which entities are not prepared from endangering their survival. However, the use of risk measurements as a tool for managing positions involves a concern that the risk measurements should be adapted to real risk on two fronts: the concern is not only that the risk could be underestimated, but also that it could be overestimated.

At the end of June 30, 2019, the model was in the green zone of model acceptance.

6.2.3. Backtesting results

Regulatory Backtesting comprises two types: Hypothetical Backtesting and Real Backtesting.

It is defined as Hypothetical P&L Hypothetical Backtesting on the VaR estimated the day before the realization of said result. Real Backtesting is defined as the contrast of the Current P&L on the same VaR estimated the day prior to the realization of said result.

The Royal Backtesting was implemented and entered into force on January 1, 2013, the result of the transposition in the national legal system through the CBE 4/2011 of November 30, of the CRD III that introduces Basel 2.5 in the European Union. The results used for the construction of both types of Backtesting are based on the actual results of the management tools.

According to article 369 of the CRR, P&L employed in the Backtesting have a sufficient level of granularity in order to be able to be displayed at the Top of House level, differentiating Hypothetical and Actual P&L. In addition, the historical series of Backtesting will be at least greater than one year.

Actual P&L

Actual P&L contains the full management results, including intraday operations and daily and nondaily valuation adjustments, deducting the markup results and fees per day per desk.

The valuation functions and the parameters of the valuation models used in calculating the actual P&L are the same as that used for calculating the economic P&L.

At the end of June 30, 2019, the Actual negative P&L of May 30, 2019 exceeded the VaR within the last 250 observations at room level in BBVA SA, thus presenting an Exception in the Real Backtesting in BBVA SA.

At the end of June 30, 2019, the Actual negative P&L of 4-Oct-2018 exceeded the VaR within the last 250 observations at room level in BBVA Mexico (Bancomer), thus presenting an Exception in the Real Backtesting in BBVA Mexico (Bancomer).

Hypothetical P&L

Hypothetical P&L contains the management results without the P&L of daily activity, i.e. excluding intraday operations, markup results and fees. The data is provided by the management systems and are disaggregated by trading desk, in accordance with the Volcker Rule.

The valuation functions and the parameters of the valuation models used in calculating the

hypothetical P&L are the same as that used for calculating the actual P&L.

The P&L used in both types of backtesting exclude Credit Valuation Adjustments (CVA), Debit Valuation Adjustments (DVA) and Additional Valuation Adjustments (AVA). As well as any change in value that results from rating migrations to default, except for those reflected in prices by the market itself, as the changes of value due to rating migrations into default are included in the Counterparty Credit Risk metrics.

At the end of June 30, 2019, the negative Hypothetical P&L did not exceed the VaR within the last 250 observations at room level in BBVA SA, thus presenting zero Exceptions in the Hypothetical Backtesting in BBVA SA.

At the end of June 30, 2019, the negative Hypothetical P&L of 4-Oct-2018 exceeded the VaR within the last 250 observations at room level in BBVA Mexico (Bancomer), thus presenting an Exception in the Real Backtesting in BBVA Mexico (Bancomer).

6.2.4. Backtesting scope and exceptions of the internal models

The scope of VaR and P&L calculation (hypothetical and actual) is limited to all trading book portfolios in the Internal Global Markets Model of BBVA SA and GM BBVA Mexico (Bancomer).

It therefore excludes from this scope of application all the positions belonging to the Banking Book, the portfolios limited to the Standardized Model and trading activity with Hedge Funds (by express decision of the Bank of Spain).

A top-of-house exception is considered to exist when the following circumstances occur at the same time in the same internal model and at the same date:

- The hypothetical P&L and/or the actual P&L are negative.
- With an amount that is equal to or greater than the estimated VaR on the previous day.

For the purpose of calculating the number of Regulatory Backtesting exceptions, only exceptions within a mobile window of 250 consecutive Business Days at the Top of House level in each respective internal model will be taken into account.

At the end of June 30, 2019, there was an exception on the Real Backtesting and on the Hypothetical Backtesting in the last 250 observations after the close at BBVA SA.

At the end of June 30, 2019, there was an exception in Real Backtesting and Hypothetical Backtesting in the last 250 observations in BBVA Mexico (Bancomer).

Chart 8: Trading Book. Validation of the Market Risk Measurement model for BBVA S.A. Hypothetical backtesting (EU MR4)

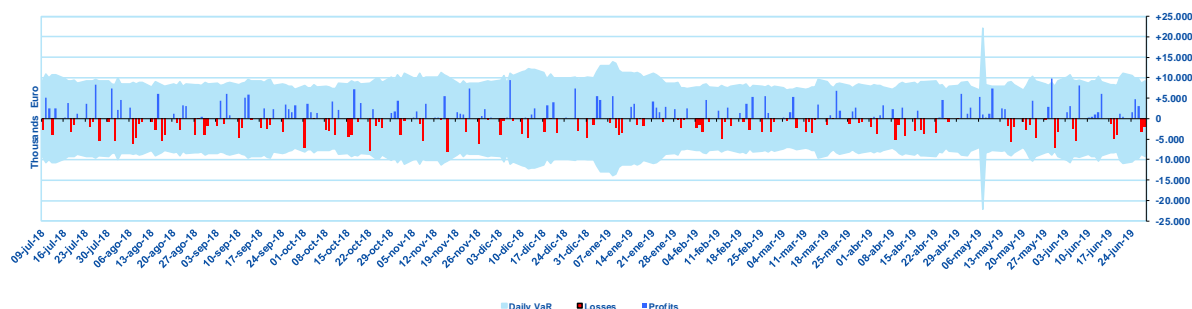


Chart 9: Trading Book. Validation of the Market Risk Measurement model for BBVA S.A. Real Backtesting (EU MR4)

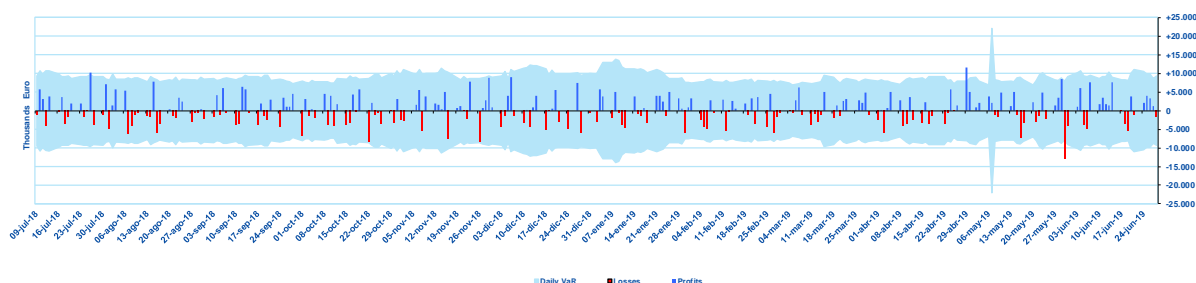


Chart 10: Trading Book. Validation of the Market Risk Measurement model for BBVA Mexico (Bancomer), Hypothetical Backtesting (EU MR4)

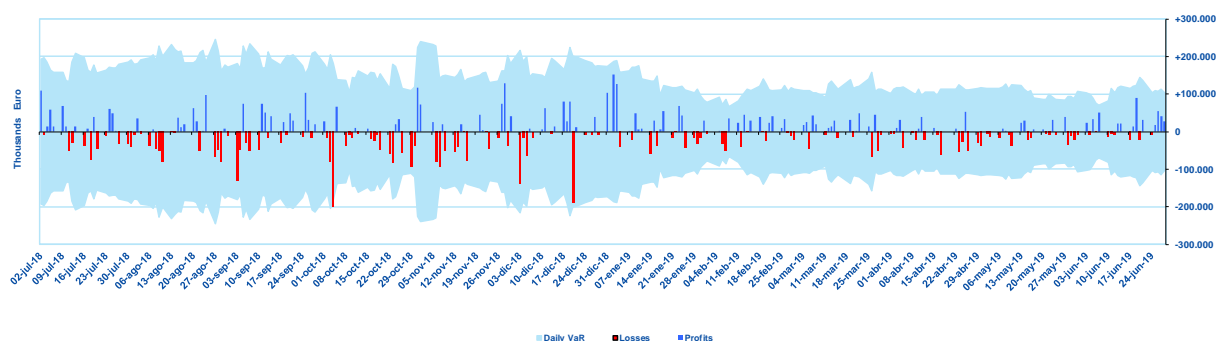
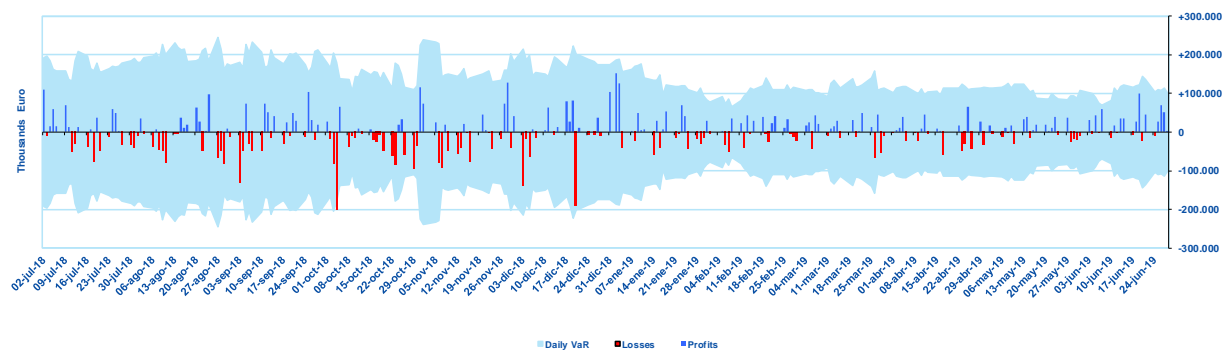


Chart 11: Trading Book. Validation of the Market Risk Measurement model for BBVA BBVA Mexico (Bancomer). Real backtesting (EU MR4)



7. Leverage Ratio

7.1. Definition of the leverage ratio

7.2. Details of the leverage ratio

7.1. Definition of the leverage ratio

The leverage ratio is a regulatory measure (not risk-based) complementing capital designed to guarantee the soundness and financial strength of institutions in terms of indebtedness.

In January 2014, the Basel Committee on Banking Supervision published the final version of the “Basel III leverage ratio framework and disclosure requirements”, which has been included through a delegated act that amends the definition of leverage ratio in the CRR regulation.

Pursuant to article 451, section 2 of the CRR, on June 15, 2015 the EBA published the final draft of the Implementing Technical Standard (ITS, leverage ratio disclosures) for breaking down the leverage ratio, which has been applied in this report.

7.2. Details of the leverage ratio

The table below shows a breakdown of the items making up the leverage ratio as of June 30, 2019 and December 31, 2018:

Table 40. LRSum – Summary reconciliation of accounting assets and exposures corresponding to the leverage ratio

Million Euros

Summary table of accounting assets and leverage ratio exposure conciliation	06/30/19 Phased-In	06/30/19 Fully Loaded	12/31/18 Phased-In	12/31/18 Fully Loaded
(a) Total assets as published financial statements	697,626	697,626	676,689	676,689
(b) Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	(18,588)	(18,588)	(19,326)	(19,326)
(Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013)	-	-	-	-
(c) Adjustments for derivative financial instruments	1,152	1,152	(7,410)	(7,410)
(d) Adjustments for securities financing transactions "SFTs"	(139)	(139)	2,949	2,949
(e) Adjustment for off-balance sheet items ⁽¹⁾	61,408	61,408	61,409	61,409
(f) (Adjustment for intragroup exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013)	-	-	-	-
(g) Other adjustments	(9,325)	(10,134)	(9,012)	(10,080)
Leverage ratio total exposure measure	732,135	731,326	705,299	704,231
h) Capital Tier 1	48,997	48,047	45,947	45,047
Leverage ratio total exposure measure	732,135	731,326	705,299	704,231
Leverage ratio	6.7%	6.6%	6.5%	6.4%

(1) Off-balance sheet exposure after application of the conversion factors obtained in accordance with Article 429, paragraph 10 of the CRR.

The elements making up the leverage ratio are described below, in accordance with the “EBA FINAL draft Implementing Technical Standards on disclosure of the leverage ratio under Article 451(2) of Regulation (EU) No. 575/2013 (Capital Requirements Regulation – CRR) - Second submission following the EC’s Delegated Act specifying the LR ” published by the EBA on June 15, 2015:

- Tier 1 capital (letter h in the following table): section 3.2 of this document presents details of the eligible capital, which has been calculated based on the criteria defined in the CRR.

- Exposure: as set out in article 429 of the CRR, the exposure measurement generally follows the book value subject to the following considerations:
 - On-balance-sheet exposures other than derivatives are included net of allowances and accounting valuation adjustments.
 - Measurement of the Group's total exposure is composed of the total assets as per financial statements adjusted for reconciliation between the accounting perimeter and the prudential perimeter.

Total exposure for calculating the Group's leverage ratio is composed of the sum of the following items:

- a) On-balance asset positions: book balance of assets corresponding to the financial statements, excluding the derivative headings.
- b) Adjustments between the accounting perimeter and the solvency perimeter: the balance resulting from the difference between the accounting balance sheet and the regulatory balance sheet is included.
- c) Exposure in derivatives: the exposure referred to the EAD used in the measurement of capital use for counterparty credit risk, which includes both the replacement cost (mark-to-market) and the future potential credit exposure (add-on). The cost of replacement is reported adjusted by the margin of variation in cash and by effective notional amounts.
- d) Securities financing transactions (SFTs): in addition to the exposure value, an addition for counterparty credit risk determined as set out in article 429 of the CRR is included.
- e) Off-balance-sheet items: these include to risks and contingent liabilities and commitments associated with collateral, which are mainly available. A minimum floor of 10% is applied to the conversion factors (CCF), in line with article 429, section 10 a) of the CRR.
- f) The exposures of the Group's financial institutions and insurance companies that are consolidated at accounting but not at regulatory level.
- g) Tier 1 deductions: those amounts of assets that have been deducted in the determination of the eligible Tier 1 capital are deducted, in order not to duplicate exposures. The main deductions are intangible assets, loss carry forwards and other deductions defined in article 36 of the CRR and indicated in section 3.1 of this report.

With regard to the fully loaded leverage ratio, which stands at 6.6% (6.7% phased-in), an increase can be identified with respect to December 2018, mainly justified by the increase in Tier 1 explained in section 3.2. of this document, which has been partially offset by the increase in exposure during the first half of the year.

8. Liquidity Risk

The risk of an entity finding it difficult to meet its payment commitments fully and in due time, or when to meet them it has to resort to finance under burdensome terms which may harm the bank's image or reputation.

Liquidity coverage ratio

According to Article 435 (1) (f) of Regulation (EU) No. 575/2013, it is necessary to disclose coefficients and key figures that provide a global view of the entity's risk management. In this way, in line with Delegated Regulation (EU) 2015/61 of the Commission of October 10, 2014, the Group publishes the information of the liquidity ratio with frequency and format established on EBA regulation referred to liquidity coverage ratio disclosure (EBA/GL/2017/01).

The Group has maintained on first half of the year a liquidity buffer (consolidated and individual) which has allowed it to maintain a stable LCR and beyond 100%, standing the consolidated ratio as of June 2019 on 132%.

Although this requirement is only necessary at Group level and Eurozone banks, in all subsidiaries the minimum requirement is exceeded. As stated above, no transfer of liquidity is assumed between subsidiaries, but if it was considered the LCR will be 163% (+31% beyond).

Likewise, the LCR calculated as simple average of the observations of the end of the last twelve months starting on June 2018, stands on 130%. The liquidity buffer is about 86.820 billion euros and the net cash outflows are about 66.978 billion euros. It is assumed neither transfer of liquidity between subsidiaries.

Net stable funding ratio

Regarding Net Stable Funding Ratio (NSFR), its final definition was approved by the Basel Committee in October 2014 and is not yet in force. However, following the final approval of Capital Requirements Regulation II (CRR II) or Regulation (EU) 2019/876 amending the CRR, the transposition of the Basel requirement will become effective in June 2021.

The NSFR ratio is a regulatory metric designed to encourage long-term stability and is defined as the ratio of Available Stable Funding (ASF) to Required Stable Funding (RSF). BBVA, within its risk appetite framework, has included the NSFR indicator both for the Group as a whole and for each of the LUs individually, aimed at maintaining this metric at a comfortable level above 100%. The BBVA Group's NSFR at 30 June 2019 was 121%.

9. Subsequent events

There have been no other events from July 1st, 2019 until the date of preparation of this report that were not mentioned in this report and that might significantly affect the results of the Group or its financial position.