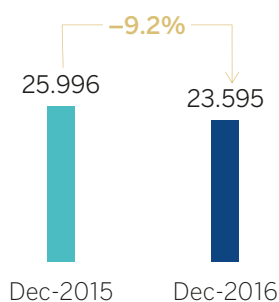


## 2.1.4. Global Risk Management

BBVA Group has closed 2016 with a very positive trend in the main asset quality indicators.

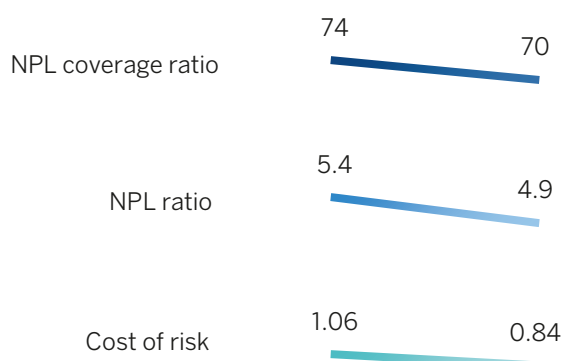
1. Slight reduction in credit risk during the year due to the adverse exchange-rate effect, and favorable performance of **non-performing loans**, which declined 9.2% in year-on-year terms.

Non-performing loans (Million euros)



2. Improvement in the main risk **indicators**.

Risk indicators (Percentage)



Credit risks <sup>(1)</sup> (Million euros)

	31-12-16	31-12-15
Non-performing loans and contingent liabilities	23,595	25,996
Credit risks	480,720	482,518
Provisions	16,573	19,405
NPL ratio (%)	4.9	5.4
NPL coverage ratio (%)	70	74

<sup>(1)</sup> Include gross customer lending plus contingent exposures.

Non-performing loans evolution (Million euros)

	2016	2015
Beginning balance	25,996	23,590
Entries	10,957	9,510
Recoveries	(7,633)	(7,040)
Net variation	3,324	2,470
Write-offs	(5,592)	(5,027)
Exchange rate differences and other	(134)	4,964
Period-end balance	23,595	25,996
Memorandum item:		
Non-performing loans	22,915	25,333
Non-performing contingent liabilities	680	664

A detailed explanation about the Group's risk management can be found in the [Note 7 of Consolidated Annual Accounts](#), [the Management Report](#) and [the Auditors' Report](#).