BBVA Creating Opportunities

BBVA Group

First Quarter 2018

BBVA Creating Opportunities

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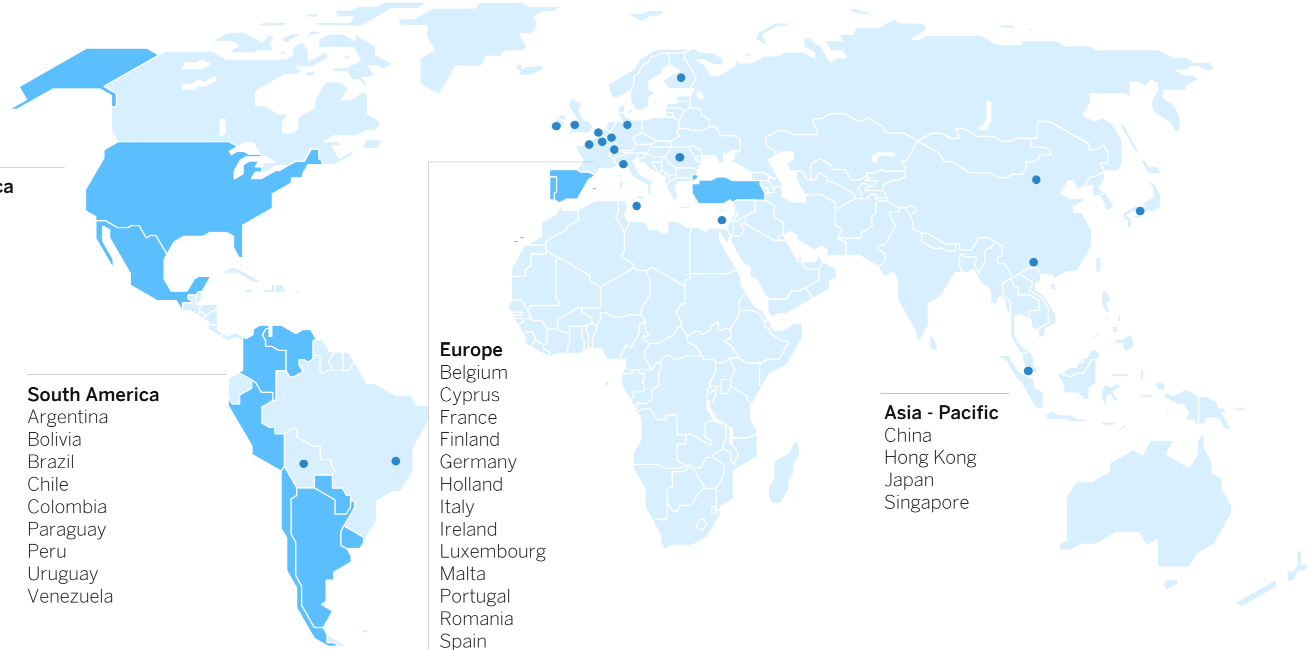
BBVA Creating Opportunities

01. About BBVA

BBVA's global presence



North America
USA
Mexico

South America
Argentina
Bolivia
Brazil
Chile
Colombia
Paraguay
Peru
Uruguay
Venezuela

Europe
Belgium
Cyprus
France
Finland
Germany
Holland
Italy
Ireland
Luxembourg
Malta
Portugal
Romania
Spain
Switzerland
Turkey
U.K.

Asia - Pacific
China
Hong Kong
Japan
Singapore

€ 685 billion in total assets

73 million customers

>30 countries

8,200 branches

31,602 ATMs

131,745 employees

Data as of 31st of March 2018. Those countries in which BBVA has no legal entity or the volume of activity is not significant are not included

More than 150 years of history

BBVA is the result of the merger of two major Spanish banking institutions

1988

BANCO BILBAO VIZCAYA

- Banco de Bilbao
- Banco de Vizcaya

1998

ARGENTARIA

- Corporación Bancaria de España
- Caja Postal
- Bco. Exterior
- Bco. Hipotecario

1999

BBVA

- Banco Bilbao Vizcaya
- Argentaria

More than 150 years of history

BBVA had significant growth since 1995

1995
Banco Continental (Peru)
Probursa (México)

1996
Banco Ganadero (Colombia)
Bancos Cremi and Oriente (Mexico)
Banco Francés (Argentina)

1997
Banco Provincial (Venezuela)
B.C. Argentino (Argentina)

1998
Poncebank (Puerto Rico)
Banco Excel (Brazil)
Banco BHIF (Chile)

1999
Provida (Chile)
Consolidar (Argentina)

2000
Bancomer (Mexico)

2004
Valley Bank (USA)
Laredo (USA)
Public takeover offer for Bancomer (Mexico)

2005
Granahorrar (Colombia)
Hipotecaria Nacional (Mexico)

2006
Texas Regional Bancshares (USA)
Forum Servicios Financieros (Chile)
State National Bancshares (USA)
CITIC (China)

2007
Compass (USA)

2008
Extended CITIC agreement (China)

2009
Guaranty Bank (USA)

2010
New extension CITIC agreement (China)
Turkiye Garanti Bankasi (Turkey)

2011
Extension of Forum SF agreement (Chile)
Credit Uruguay (Uruguay)

2012
Sale of Puerto Rico
Unnim Banc (Spain)

2013
Sale of (Panama)
Sale of pension business in (Latam)
Sale of CNCB's 5.1% (China)

2014
Simple (USA)

2015
Sale of CIFH's stake to CNCB (China)
Sale of CNCB's 4.9% (China)
Catalunya Banc (Spain)
Acquisition of an additional stake in Turkiye Garanti Bankasi (Turkey)
Acquisition of a 29.5% stake in Atom (UK)

2016
Holvi (Finland)
Sale of CNCB´s 1.12% (China)
Sale of GarantiBank Moscow AO (Moscow)
OpenPay (Mexico)

2017
Sale of CNCB (China)
Acquisition of an additional stake in Turkiye Garanti Bankasi of 9.95% (Turkey)
Agreement for the sale of the stake in BBVA Chile to The Bank of Nova Scotia (Chile)
Agreement with Cerberus to transfer the Real Estate Business (Spain)

Main figures 1Q18

Earnings (€m)

6,096
Gross income

3,117
Operating income

1,340
Net attributable profit

Balance sheet (€m)

685,441
Total assets

51,823
Total equity

381,683
Loans and advances to customers - gross

360,213
Deposits from customers

Efficiency

48.9%
Efficiency ratio

Risk management

4.4%
NPL ratio

73%
Coverage ratio

Solvency – CET1 Ratio

11.1%
Phased-in

11.5%
Fully-loaded (*)

(*) Proforma: Sale of BBVA Chile and RE Assets to Cerberus included (+57 bps)

For more information click here

BBVA share

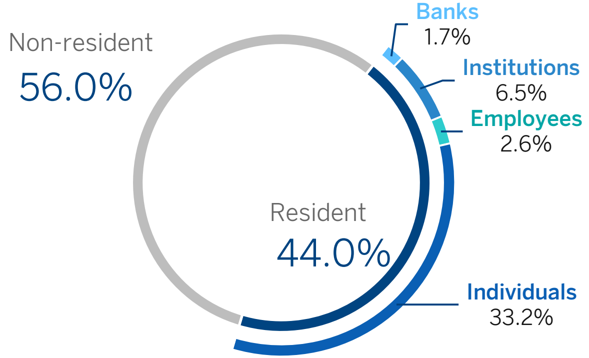
Listed on the main international stock markets

Weighting (31/03/2018)

8.4%	IBEX 35
1.9%	Euro Stoxx 50
8.1%	Euro Stoxx Banks
4.1%	Stoxx Europe 600 Banks

BBVA's capital ownership is well diversified

Shareholder breakdown



Figures as of 31st March 2018

Number of shares issued	6,668m
Tangible book value per share	5.58€
Closing price	6.43€
Market capitalization	42,868€m

#shareholders
890,146

For more information click here

BBVA Creating Opportunities

Organizational chart

GROUP EXECUTIVE CHAIRMAN
Francisco González

CEO
Carlos Torres Vila

EXECUTION & PERFORMANCE

Corporate & Investment Banking
Juan Asúa

Country Monitoring[1]
Jorge Sáenz-Azcúnaga

Spain
Cristina de Parias

Mexico
Eduardo Osuna

USA
Onur Genç

Turkey
Fuat Erbil

NEW CORE COMPETENCIES

Customer Solutions[2]
Derek White

Talent & Culture
Ricardo Forcano

Engineering
Ricardo Moreno

Data
David Puente

RISK & FINANCE

Finance
Jaime Sáenz de Tejada

Global Risk Management
Rafael Salinas

STRATEGY & CONTROL

Global Economics Regulation & Public Affairs
José Manuel González-Páramo

Legal & Compliance
Eduardo Arbizu

Strategy & M&A
Javier Rodríguez Soler

Accounting & Supervisors
Ricardo Gómez Barredo

Communications
Paul G. Tobin

General Secretary
Domingo Armengol

Internal Audit
José Luis de los Santos

(1) Reporting channel to CEO for Argentina, Colombia, Chile, Peru, Venezuela, Uruguay and Paraguay, as well as monitoring of all countries, including Spain, Mexico, Turkey and USA

(2) Integrates Global Products & Digital Sales; Design & Marketing; Data & Open Innovation; Business Development in Spain, Mexico, Turkey, USA and South America; Distribution model; Asset Management & Global Wealth and New Digital Businesses.

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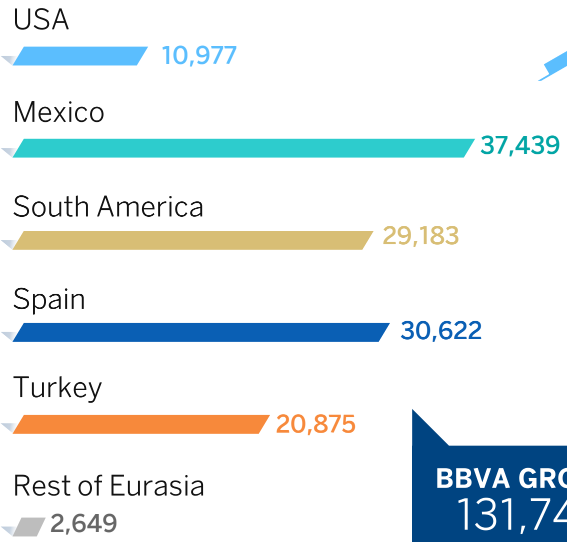
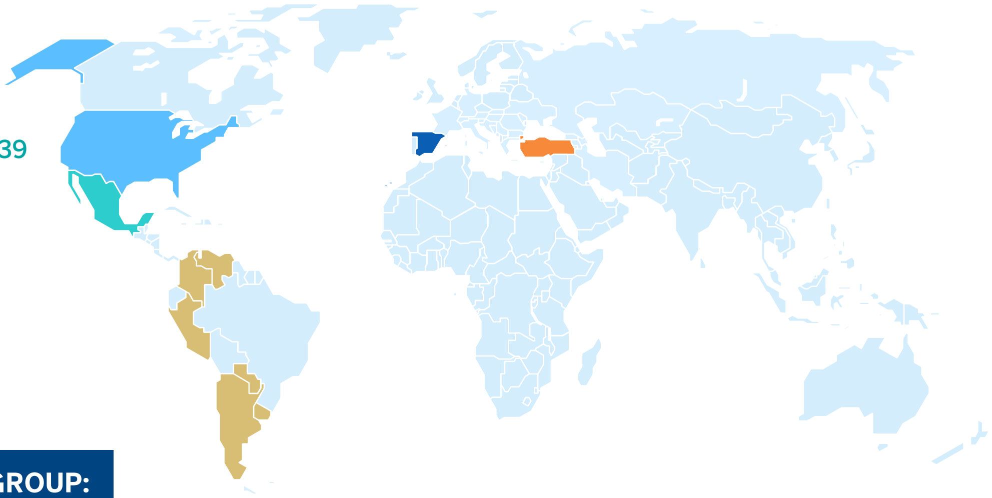
Our team

Our team is the cornerstone of our transformation, helping BBVA deliver the best customer experience anywhere. We are creating a culture, environment and ways of working where the customer is at the center of everything we do





BBVA GROUP:
131,745
employees

46% 54%

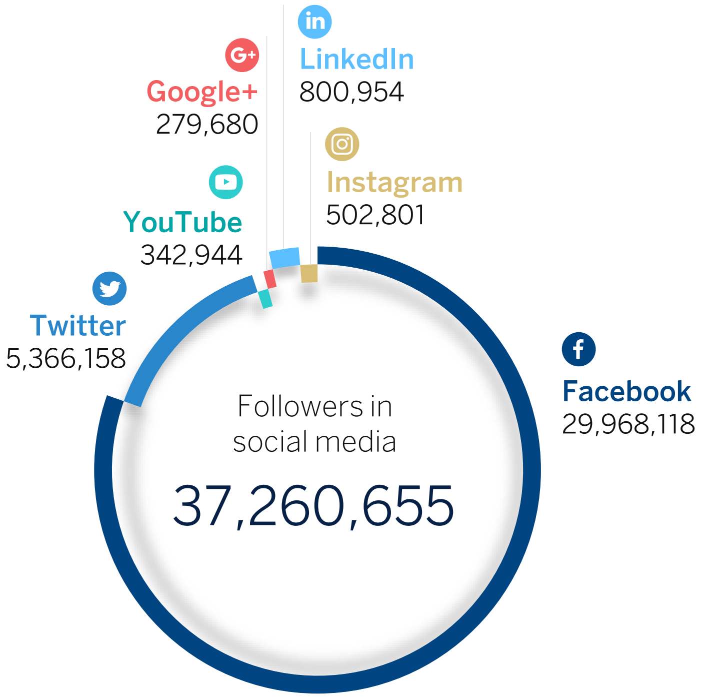
Age average: 38 years

Note 1: Figures as of 31st of March 2018
Note 2: Criteria for number of employees is based on location

Presence in social media

BBVA's commitment is to be where the people are, to listen and understand their needs and dreams. This is the reason that makes BBVA a cutting-edge entity in social media

Number of followers



Note: as of 31st of March 2018

At BBVA we create a positive impact in people's life and on society

Wealth Generation

131,856
EMPLOYEES
5,163€m in wages and salaries

51,685
SUPPLIERS
invoicing 7,555€m

9,881€m
TAXES ACCRUED
and collected by BBVA's business activity

Growth and Welfare Contribution

115,021€m
IN HOUSES FINANCED
by BBVA

33,985€m
IN PENSION FUNDS
managed by BBVA

8,1 MILLIONS
PEOPLE BENEFITED
from financial inclusion

Sustainable Development Contribution

Pledge 2025

100,000€m

Mobilized for sustainable finance 2018-2025

Direct Contribution to Society

103 €m
Allocated to social programs

Financial Education

Center for Financial Education & Capability

Entrepreneurship

BBVA Open Talent 2017

Fundación BBVA MicroFinanzas

BBVA Momentum

Knowledge

Fundación BBVA

OpenMind

Note: as of 31st of December 2017

Awards and recognitions

Once more, BBVA's differentiated management has been recognized

BEST BANK AWARD 2017 – GLOBAL FINANCE

GLOBAL BANKING & Finance review

efr www.masfamilia.org

Efma

ISO 14001-2015 EMPRESA CERTIFICADA

FORRESTER

#1 in 2017 Online Banking Functionality Benchmark in Europe

FORRESTER

#1 mobile banking Europe

BEST WORLD BANKING APP 2017

FORRESTER

WORLD FINANCE

chooses BBVA Bancomer and Garanti Bank as the best digital banks in Mexico and Turkey

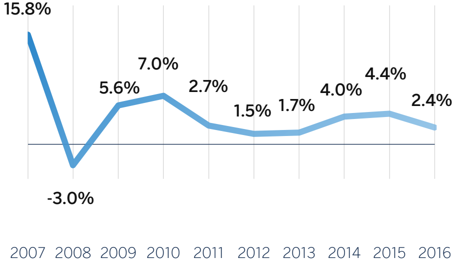
BBVA Creating Opportunities

02. Vision and aspiration

Reshape of the financial industry

Regulatory pressure and the impact in profitability

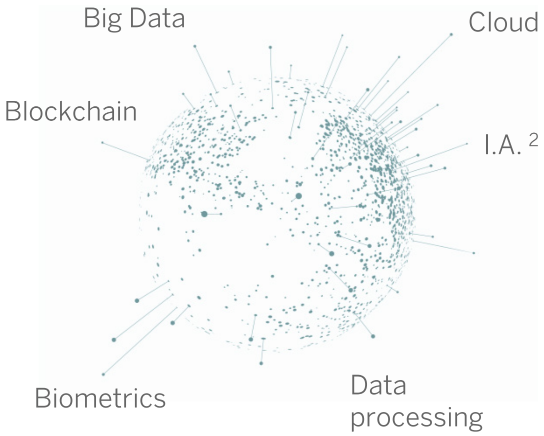
Banks ROE Evolution[1] (%)



New players are entering the value chain

PayPal, OnDeck, Klarna, TransferWise, PROSPER, amazon, robinhood, Betterment, PERSONAL CAPITAL

Transforming technologies and use of data



(1) Source: BBVA; Banks in peer group: Santander, Deutsche, Commerzbank, BNPP, SocGen, CASA, Intesa, Unicredit, HSBC, Barclays, Royal Bank of Scotland, Lloyds, UBS y Credit Suisse, Citigroup, Bank of America, JP Morgan y Wells Fargo

(2) Artificial Intelligence

Shifting customers and needs

- **Shifting customers and needs**
  Banking anytime, anywhere
- **Used to digital experiences**
  Expect proactive and personalized help in their finance management
- **Interaction with multiple devices and applications**
  Seeking the best experiences for each of their banking needs

Our aspiration

Through an easy and convenient experience: DIY through digital channels or human interaction

Helping our customers to make the best financial decisions offering relevant advice

Strengthening the relationship with the customer

Providing the best solutions that generate trust for our customers, being clear, transparent and based on integrity

Redefining our Value Proposition based on customer experience and trust

03. BBVA transformation journey

Defined strategic path

Our Purpose

"To bring the age of opportunity to everyone"

BBVA

Creating Opportunities

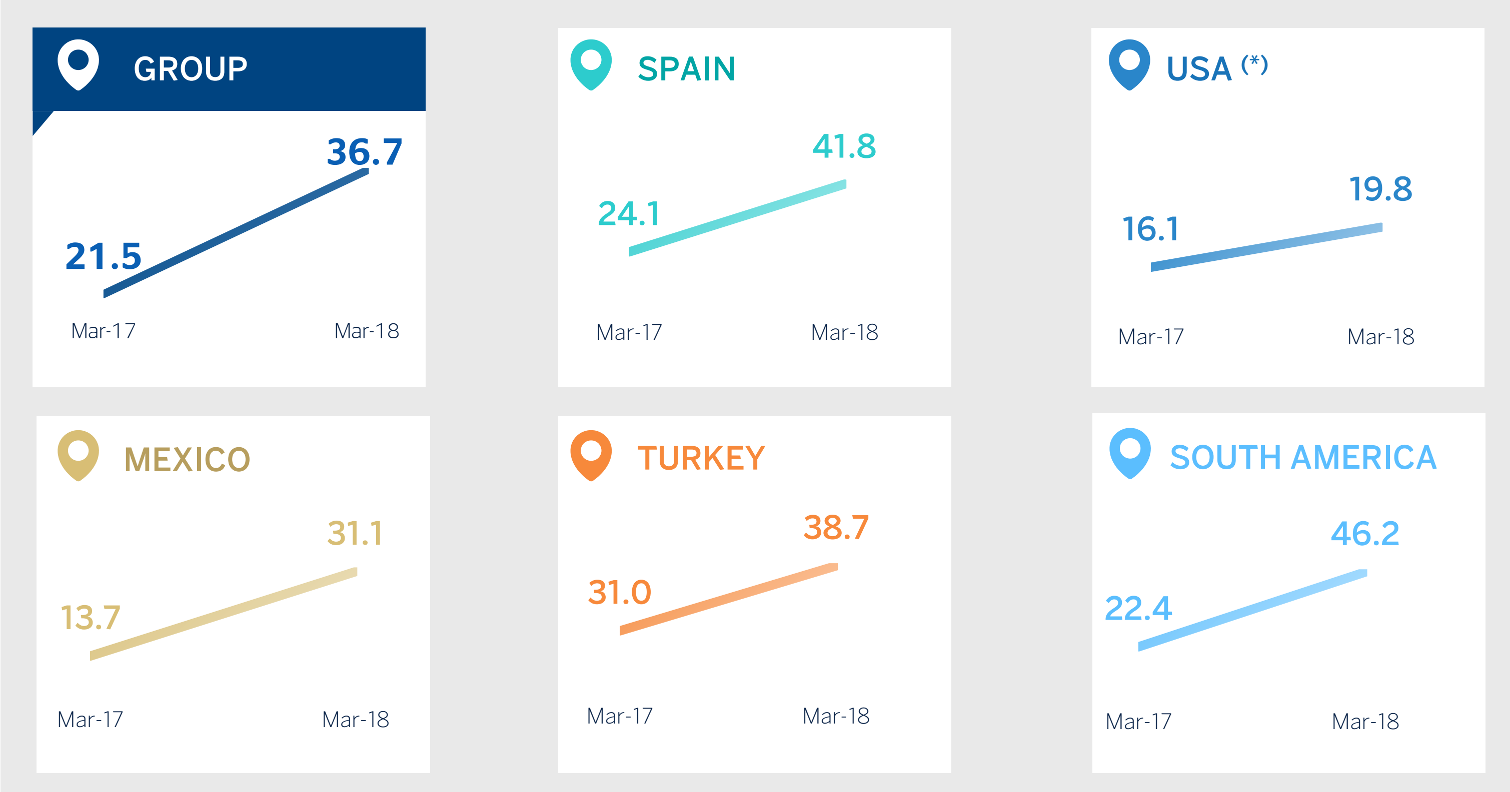
Six Strategic Priorities

- New standard in customer experience
- Digital sales
- New business models
- Optimize capital allocation
- Unrivaled efficiency
- A first class workforce

We are BBVA. We create opportunities

Outstanding trend of digital sales in all markets

(% of total sales YtD, # of transactions)

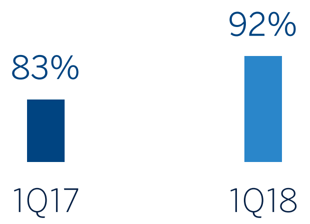


Figures have been restated due to change in the inclusion of some products

(*) Excludes ClearSpend Debit cards

Digital sales driven by DIY and customer experience

DIY availability



Enhanced usability

Digital Pension Plan Turkey

From	To
Paper based process	**Digital** process (web&mobile)
1 Document, **32** page	**2** document links
12 Signatures	**2** digital approvals
Approximately **30** minutes	Approximately **1 minute**

Digital sales contribution
(Jan– Mar)

X 10

New functionalities

Positive impact on people's lives and businesses

- Baby Planner
- BBVA Valora (México, Colombia)
- BBVA Invest
- Bconomy
- DLT Corporate Loan Origination

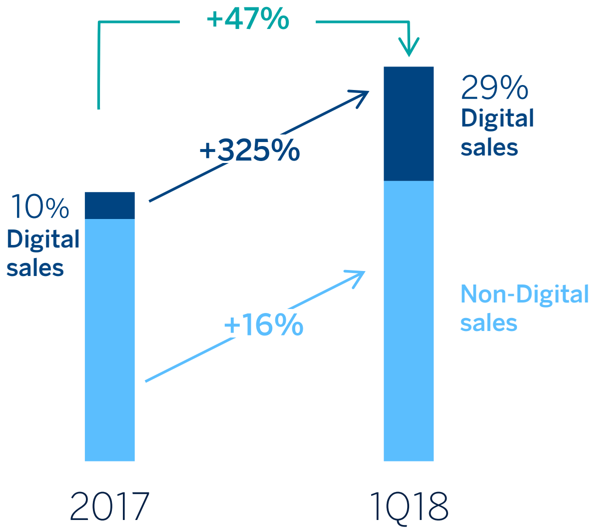
Note: DIY availability: % of units sold that can be purchased digitally

BBVA Creating Opportunities

Digital sales boost total sales and improve efficiency

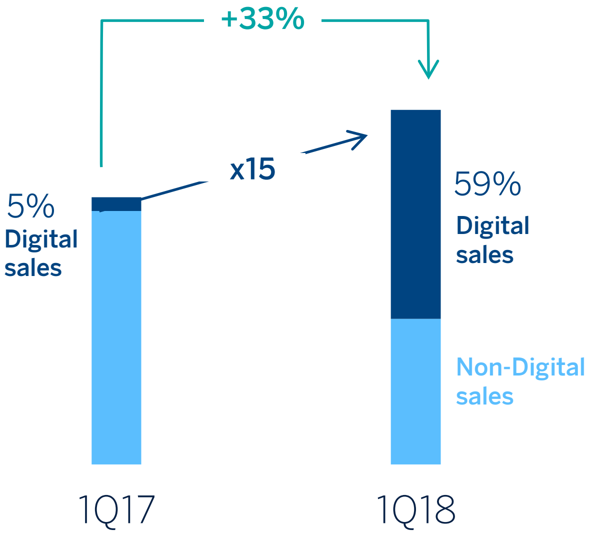
Total sales increase

Express Personal Loan New Production USA
(Monthly average production, units, % of total units)



Migration to more efficient channels

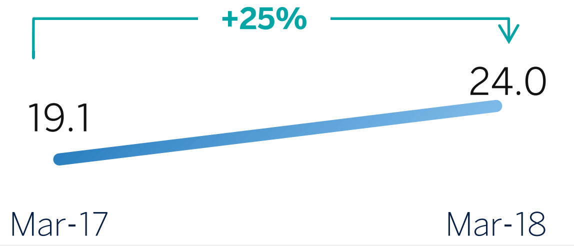
***Click&Pay Lines of Credit Small Business* Spain**
(YtD units, % of total units)



Growth in digital and mobile customers

Digital Customers

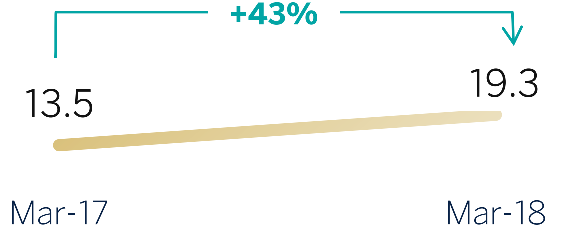
(Mn, % penetration)



PENETRATION	38%	45%

Mobile Customers

(Mn, % penetration)

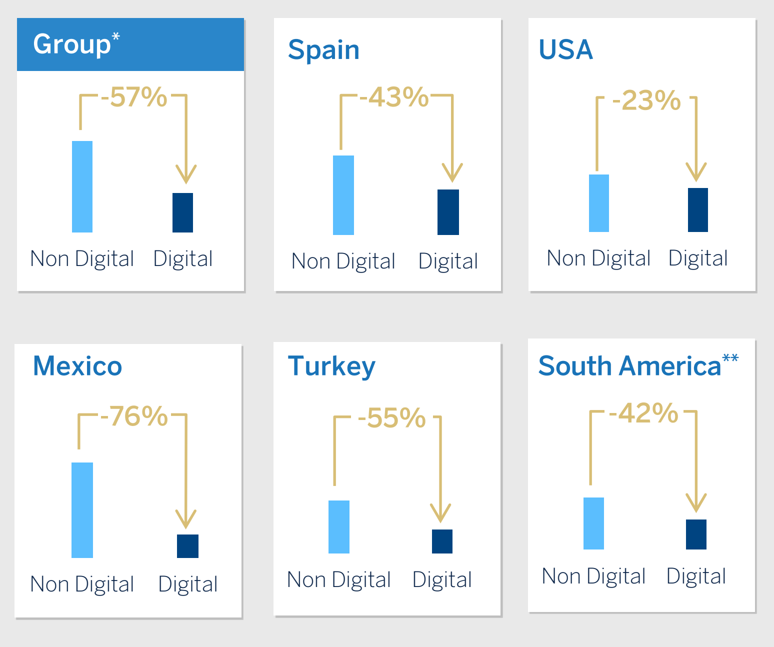


PENETRATION	26%	36%

Goal: 50% tipping point of digital customers in 2018 and mobile customers in 2019

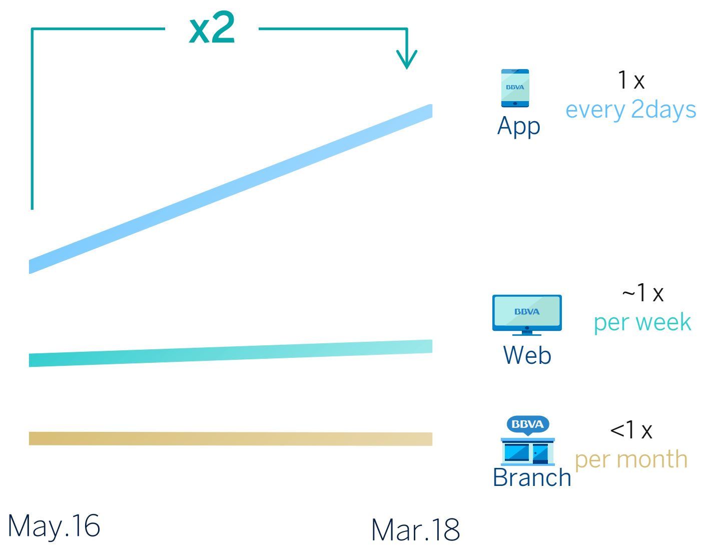
Digital customers are more loyal and engaged

Attrition rate (Last 12M)



Significant mobile interactions increase Spain

(# Customers monthly interactions)



(*) Group: Spain, USA, Mexico , Turkey, Argentina, Colombia and Peru
(**) South America: data of attrition in Argentina, Colombia and Peru
Note: Attrition rate calculated based on change in customers from Mar17 to Mar18, excluding new customers during this period

New business models

Acquisitions

SIMPLE

Atom

39% stake

HOLVI

Openpay

solarisBank

Minority stake

MADIVA

Internal Ventures

azlo

denizen

muno

COVAULT

OPEN PLATFORM

Part of BBVA Group

Investments

propel VENTURE PARTNERS

SINOVATION VENTURES

coinbase

taulia

PROSPER

civic

easecentral

INSIKT

DocuSign

Hippo

brave

Hixme

DRIVE MOTORS

Guideline

neon

travelbank

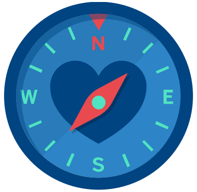
SIMPLYCREDIT

Kasisto

Leveraging the FinTech ecosystem to develop our value proposition

BBVA Apimarket

Our Values

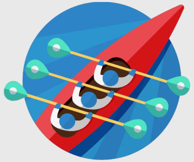


Customer **comes first**

- We are empathetic
- We have integrity
- We meet their needs

We think **big**

- We are ambitious
- We break the mold
- We amaze our customers



We are **one team**

- I am committed
- I trust others
- I am BBVA

Cultural change

- Zero tolerance against low quality
- New ways of working: Agile, collaborative tools, Communities of Practice
- New headquarters
- Collaborative culture, entrepreneurship
- Leaner structures

We are transforming the organization internally by fostering a new culture

1Q18

04. Results' highlights

1Q18 Highlights

NET ATTRIBUTABLE PROFIT

1,340 €m

+11.8% vs 1Q17

+22.3% constant €

- Strong core revenue growth
- Efficiency improvement
- Sound risk indicators
- Strong capital position

GROSS INCOME

6,096 €m

-4.5% vs 1Q17

+4.2% constant €

OPERATING INCOME

3,117 €m

-4.0% vs 1Q17

+5.1% constant €

RISKS
Risk indicators improvement

NPL RATIO
4.4%

COVERAGE RATIO
73%

SOUND ASSET QUALITY
Cost of risk improvement

COST OF RISK YTD
0.85%

IMPAIRMENTS (Financial Assets + RE)
800 constant €m

CAPITAL
Solid capital ratios

LEVERAGE RATIO
6.4%
FULLY-LOADED

CET 1 RATIO
11.13%
PHASED-IN

FULLY-LOADED (*)
11.47%

(*) Proforma: Sale of BBVA Chile and RE Assets to Cerberus included (+57 bps)

Profit & Loss

1Q18

BBVA Group (€m)	1Q18	Change 1Q18/1Q17 %	Change 1Q18/1Q17 % constant
Net Interest Income	**4,288**	**-0.8**	**9.3**
Net Fees and Commissions	1,236	1.1	9.8
Net Trading Income	410	-40.6	-38.5
Other Income & Expenses	162	11.2	19.1
Gross Income	**6,096**	**-4.5**	**4.2**
Operating Expenses	-2,979	-5.0	3.2
Operating Income	**3,117**	**-4.0**	**5.1**
Impairment on Financial Assets	-823	-12.9	-5.2
Provisions and Other Gains and Losses	-58	-75.5	-75.4
Income Before Tax	**2,237**	**8.3**	**20.1**
Income Tax	-611	6.5	17.3
Net Income	**1,626**	**9.0**	**21.1**
Non-controlling Interest	-286	-2.2	15.8
Net Attributable Profit	**1,340**	**11.8**	**22.3**

1Q18

Business areas

SPAIN Banking activity

NET ATTRIBUTABLE PROFIT (1Q18)

437 €m

+17.3% vs. 1Q17

NPL RATIO[1]

5.4% vs. 6.0% 1Q17

COVERAGE RATIO

57% vs. 53% 1Q17

- **Activity:** Loan growth in high profitable segments and a successful price management
- **Core revenue growth (+1.1% yoy)**
- **Costs** continue to go down and efficiency improves
- **Asset quality improvement:** CoR better than expected due to provision releases

NON CORE REAL ESTATE

NET ATTRIBUTABLE PROFIT (1Q18)

-27 €m

-75.0% vs. 1Q17

NET EXPOSURE

-34.1%

vs. Mar.17

- Cerberus JV to reduce almost entirely our exposure to REOs. Transaction expected to be closed in 3Q18
- Significant reduction in net losses in 1Q18

USA constant €

NET ATTRIBUTABLE PROFIT (1Q18)

195 €m

+74.1% vs. 1Q17

NPL RATIO

1.2% vs. 1.3% 1Q17

COVERAGE RATIO

98% vs. 106% 1Q17

- **NII growth** at mid teens
- **Positive jaws** and efficiency improvement
- **CoR much better than expected** thanks to provision releases and a positive IFRS9 macro adjustment
- Upward trend in **profitability**

Note: NPL and Coverage ratio of 1Q18 under IFRS9 standards, 2017 figures under IAS 39

(1) NPL ratio exclude repos

1Q18

Business areas

MEXICO constant €

NET ATTRIBUTABLE PROFIT (1Q18)

571 €m

+12.5% vs. 1Q17

NPL RATIO

2.1% vs. 2.3% 1Q17

COVERAGE RATIO

153% vs. 129% 1Q17

- **NII growth** at high single digit yoy, in line with expectations
- **Positive jaws** maintained and efficiency improvement
- **Asset quality indicators** continue to improve: coverage increase explained by IFRS9 and CoR better than expected
- Double digit **bottom line growth**

TURKEY constant €

NET ATTRIBUTABLE PROFIT (1Q18)

201 €m

+49.7% vs. 1Q17

NPL RATIO

3.7% vs. 2.6% 1Q17

COVERAGE RATIO

86% vs. 128% 1Q17

- **TL loan portfolio** growing at double digit and excellent price management
- Sound **core revenue** growth
- Focus on **cost control**: opex growth < inflation
- **CoR** increase explained by commercial portfolio and negative IFRS 9 adjustment

SOUTH AMERICA constant €

NET ATTRIBUTABLE PROFIT (1Q18)

210 €m

+33.4% vs. 1Q17

NPL RATIO

3.6% vs. 3.3% 1Q17

COVERAGE RATIO

93% vs. 96% 1Q17

- Sound **growth in all P&L lines**
- **Loan growth** accelerating to double digits, supported mainly by Argentina and also Colombia
- **Positive operating jaws**
- **CoR** better than expectations

Note: NPL and Coverage ratio of 1Q18 under IFRS9 standards, 2017 figures under IAS 39

CIB – 1Q18 Results

Business activity

(constant €, % YtD)

LENDING
55 €bn -1.1%

CUSTOMER FUNDS
40 €bn -10.5%

Client's revenue

(constant €, % YoY)

670 €m -4.0%

87%

Wholesale banking recurrent business[1]
% of revenues given by our relations with clients

Results

(constant €, % YoY)

GROSS INCOME
773 €m -6.2%

OPERATING INCOME
515 €m -8.5%

NET ATTRIBUTABLE PROFIT
309 €m -7.0%

- Slight decline in lending volume specially in Europe and USA
- Positive trend in profit after taxes, above the average of the last 3 quarters, supported by the transactional activity and trading results, staff and discretionary cost control, and lower levels of provisions. YoY affected this quarter due to one-off revenues in 1Q17
- Positive trend in risk indicators (decrease of cost of risk due to release of provisions in the quarter)

(1) Client's revenue / Gross income

Note: All data includes Venezuela and Turkey

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First Quarter 2018