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Resilience in a Challenging Environment

- Lower interest rates for longer in Europe
- Slowdown in macro and loan growth in developed markets
- Complex political environment
- Regulation
- Transformation of the banking industry

Peer Banks ROE Evolution (%)

| Year | BBVA | BA | RCL | BNPP | BOA | Citi | CASA | CMZ | CS | DB | HSBC | ISP | JPM | LBG | RBS | SAN | SG | UBS | UCI | WFC |
|------|------|----|-----|------|-----|-----|------|-----|----|----|------|-----|-----|-----|-----|-----|----|-----|-----|-----|-----|
| 2007 | 15.8%|     |     |      |     |     |      |     |    |    |      |     |     |     |     |     |    |     |     |     |
| 2008 | -3.0%|     |     |      |     |     |      |     |    |    |      |     |     |     |     |     |    |     |     |     |
| 2009 | 5.6% |     |     |      |     |     |      |     |    |    |      |     |     |     |     |     |    |     |     |     |
| 2010 | 7.0% |     |     |      |     |     |      |     |    |    |      |     |     |     |     |     |    |     |     |     |
| 2011 | 2.7% |     |     |      |     |     |      |     |    |    |      |     |     |     |     |     |    |     |     |     |
| 2012 | 1.5% |     |     |      |     |     |      |     |    |    |      |     |     |     |     |     |    |     |     |     |
| 2013 | 1.7% |     |     |      |     |     |      |     |    |    |      |     |     |     |     |     |    |     |     |     |
| 2014 | 4.0% |     |     |      |     |     |      |     |    |    |      |     |     |     |     |     |    |     |     |     |
| 2015 | 4.4% |     |     |      |     |     |      |     |    |    |      |     |     |     |     |     |    |     |     |     |
| 2016 | 5.3% |     |     |      |     |     |      |     |    |    |      |     |     |     |     |     |    |     |     |     |

Peers included: BBVA, BARCL, BNPP, BOA, Citi, CASA, CMZ, CS, DB, HSBC, ISP, JPM, LBG, RBS, SAN, SG, UBS, UCI and WFC.

BBVA Strengths

1. Diversified retail banking business model
2. Strong solvency position
3. Leading transformation strategy
Geographically diversified business... 

Gross Income breakdown 1H16 (%) (1)

- Rest of Eurasia: 27%
- Mexico: 16%
- Turkey: 17%
- USA: 11%
- South America: 27%
- Spain: 27%

... offering higher growth prospects

GDP growth estimates (%)

- Developed Markets:
  - 2016: 2.3%
  - 2017: 2.5%
- Emerging Markets:
  - 2016: 1.6%
  - 2017: 1.3%

BBVA’s footprint in... 

- Developed Markets:
  - 2016: 2.6%
  - 2017: 2.2%
- Emerging Markets:
  - 2016: 2.1%
  - 2017: 2.8%

Contained exposure to NIRP: <30% of Group’s Gross Income

(1) Excluding the Corporate Center. (2) GDP estimates according to BBVA Research. Weighting based on the countries contribution to 1H2016 BBVA’s Gross Income. Developed Markets include mainly Spain and USA. Emerging Markets include Mexico, Turkey, Argentina, Bolivia, Chile, Colombia, Peru, Paraguay, Uruguay and Venezuela. (3) Eurozone countries and UK weighted by their GDP size and Purchasing Power Parity.
High quality franchises in core markets ... 

**Leadership positioning**

**Market share and ranking by loans (1)**

<table>
<thead>
<tr>
<th>Country</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico</td>
<td>23.8%</td>
</tr>
<tr>
<td>South America</td>
<td>10.4%</td>
</tr>
<tr>
<td>US (Sunbelt)</td>
<td>6.3%</td>
</tr>
<tr>
<td>Spain</td>
<td>14.4%</td>
</tr>
<tr>
<td>Turkey</td>
<td>11.8%</td>
</tr>
</tbody>
</table>

(1) Spain: Market data based on Bank of Spain other domestic sector and public sector loans (Jun 16), ranking based on AEB and CECA; Mexico data as of Jul 16; South America data as of Jun 16 and ranking considering only our main peers in each country; USA: SNL data as of Jun 15 market share and ranking by deposits considering only Texas and Alabama; Turkey: BRS A performing loans data for commercial banks as of Jun 16; ranking only considers private banks.

**Strategic Positioning and Management Focus**

Spain: Strong well-balanced footprint with a focus on spread management and cost control

Mexico: Leadership in market share and profitability, levered by a USD 3.5bn investment plan

South America: A diversified country mix with solid risk management, which has offered an ongoing contribution to the Group’s results

Turkey: Leading franchise in a high-growth market despite the volatile environment

US: Growth focused on profitability leveraging on the Group’s digital transformation
... providing resilience and low volatility of earnings ...

**Profit generation all through the crisis**

**BBVA Pre-Provision Profit vs. Provisions**

(€ bn, %)

<table>
<thead>
<tr>
<th>Year</th>
<th>Pre-Provision Profit</th>
<th>Provisions and impairment of non-financial assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>12.3</td>
<td>-7.0</td>
</tr>
<tr>
<td>2010</td>
<td>11.9</td>
<td>-5.2</td>
</tr>
<tr>
<td>2011</td>
<td>10.6</td>
<td>-6.1</td>
</tr>
<tr>
<td>2012</td>
<td>11.1</td>
<td>-9.1</td>
</tr>
<tr>
<td>2013</td>
<td>10.2</td>
<td>-6.3</td>
</tr>
<tr>
<td>2014</td>
<td>10.4</td>
<td>-4.8</td>
</tr>
<tr>
<td>2015</td>
<td>11.4</td>
<td>-4.6</td>
</tr>
<tr>
<td>1H16</td>
<td>-2.2</td>
<td>-5.9</td>
</tr>
</tbody>
</table>

**Pre-Provision Profit / RWA (1)**

- 2009: 4.2%
- 2010: 3.8%
- 2011: 3.2%
- 2012: 3.7%
- 2013: 3.3%
- 2014: 3.0%
- 2015: 2.8%

**Provisions and impairment of non-financial assets**

BBVA has generated positive results and paid dividends all through the crisis

(1) 1H16 annualized for comparative purposes.
... as evidenced by 2016 EBA stress test

**BBVA in the Adverse Scenario:**

The only bank generating positive results

<table>
<thead>
<tr>
<th>Profit generation in the adverse scenario</th>
<th>Cumulative 2016-2018 (€ mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BBVA</td>
<td>183</td>
</tr>
<tr>
<td>Peer 1</td>
<td>-445</td>
</tr>
<tr>
<td>Peer 2</td>
<td>-750</td>
</tr>
<tr>
<td>Peer 3</td>
<td>-998</td>
</tr>
<tr>
<td>Peer 4</td>
<td>-1,653</td>
</tr>
<tr>
<td>Peer 5</td>
<td>-2,779</td>
</tr>
<tr>
<td>Peer 6</td>
<td>-3,032</td>
</tr>
<tr>
<td>Peer 7</td>
<td>-4,542</td>
</tr>
<tr>
<td>Peer 8</td>
<td>-4,723</td>
</tr>
<tr>
<td>Peer 9</td>
<td>-4,918</td>
</tr>
<tr>
<td>Peer 10</td>
<td>-5,671</td>
</tr>
<tr>
<td>Peer 11</td>
<td>-8,522</td>
</tr>
<tr>
<td>Peer 12</td>
<td>-15,193</td>
</tr>
</tbody>
</table>

Source: BBVA based on 2016 EBA stress test. Note: Peers included: BARC, BNPP, CASA, CMZ, DB, HSBC, ISP, LBG, RBS, SAN, SG and UCI.

**Resilient capital position**

<table>
<thead>
<tr>
<th>CET1 Fully Loaded ratio evolution in the adverse scenario</th>
<th>2015-2018 (bps)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BBVA</td>
<td>-199</td>
</tr>
<tr>
<td>Peer 1</td>
<td>-208</td>
</tr>
<tr>
<td>Peer 2</td>
<td>-226</td>
</tr>
<tr>
<td>Peer 3</td>
<td>-236</td>
</tr>
<tr>
<td>Peer 4</td>
<td>-291</td>
</tr>
<tr>
<td>Peer 5</td>
<td>-312</td>
</tr>
<tr>
<td>Peer 6</td>
<td>-319</td>
</tr>
<tr>
<td>Peer 7</td>
<td>-329</td>
</tr>
<tr>
<td>Peer 8</td>
<td>-332</td>
</tr>
<tr>
<td>Peer 9</td>
<td>-341</td>
</tr>
<tr>
<td>Peer 10</td>
<td>-405</td>
</tr>
<tr>
<td>Peer 11</td>
<td>-471</td>
</tr>
<tr>
<td>Peer 12</td>
<td>-745</td>
</tr>
</tbody>
</table>
BBVA Spain

P&L drivers in a challenging revenue environment

**Stable Customer Spread: Active price management**

<table>
<thead>
<tr>
<th>Spain Banking activity (%)</th>
<th>4Q15</th>
<th>1Q16</th>
<th>2Q16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lending yield</td>
<td>2.27</td>
<td>2.16</td>
<td>2.12</td>
</tr>
<tr>
<td>Customer spread</td>
<td>1.76</td>
<td>1.77</td>
<td>1.75</td>
</tr>
<tr>
<td>Total cost of deposits</td>
<td>0.51</td>
<td>0.39</td>
<td>0.37</td>
</tr>
</tbody>
</table>

Small Euribor repricing pending

Still room for improvement (Time deposits front book at 14bps)

**Efficiency: an on-going management priority**

<table>
<thead>
<tr>
<th>Spain Banking activity 2012-2015(1) (%)</th>
<th>Branches</th>
<th>Total expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>-14%</td>
<td>-14%</td>
<td>-7%</td>
</tr>
</tbody>
</table>

436 branches already closed in 2016 (i.e. 12% of branch network)

€200 mn cost synergies from CX, achievable in 2017 (i.e. 6% of current cost base)

**Focus on non-interest related revenues**

**Net Fees & Commissions and Insurance Results**
(excl. CX, € mn)

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>1H16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Income</td>
<td>1,645</td>
<td>1,728</td>
<td>1,813</td>
<td>1H16: €884 mn, 29% of Gross Income</td>
</tr>
</tbody>
</table>

**The reduction in provisions will remain a P&L driver**

**Cumulative Cost of Risk**
Spain Banking Activity + Real Estate (bps)

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016e</th>
</tr>
</thead>
<tbody>
<tr>
<td>155</td>
<td>103</td>
<td>75</td>
<td>&lt; 60 bps</td>
<td></td>
</tr>
</tbody>
</table>

(1) For comparison purposes, expenses exclude CX and the reallocation of expenses from the Corporate Centre to Spain Banking Activity in 2015.
**Mexico (BBVA Bancomer)**

Solid growth, profitability & leadership

---

### Strong activity dynamism and profitable balance sheet structure

**Gross loans growth**

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>Jun 16</th>
<th>2016e</th>
</tr>
</thead>
<tbody>
<tr>
<td>YoY (%)</td>
<td>13.4</td>
<td>10.7</td>
<td>14.2</td>
<td></td>
</tr>
</tbody>
</table>

- **Double digit growth, slower in 2H vs. 1H**

### CoR evolution in line with 2016 guidance

**Cumulative Cost of Risk**

- **2016**: Growth accelerating in consumer & SME
- **2016e around 350 bps**

### Best profitability in the system

**Bancomer vs. system**

<table>
<thead>
<tr>
<th>Jul 16, %</th>
<th>BBVA Bancomer</th>
<th>System ex Bancomer</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROE</td>
<td>23.9</td>
<td></td>
</tr>
<tr>
<td>ROA</td>
<td>10.5</td>
<td></td>
</tr>
<tr>
<td>NIM</td>
<td>5.8</td>
<td></td>
</tr>
<tr>
<td>Efficiency</td>
<td>41.0</td>
<td>56.6</td>
</tr>
</tbody>
</table>

---

- **2016 Net attributable profit expected to grow around double digit in local currency**
- **Exchange rate evolution as the main headwind**

(1) Data based on local criteria. Source: CNBV.
BBVA South America
Sound and sustainable growth

**A well-diversified footprint**

Net attributable profit breakdown (1H16, %)

<table>
<thead>
<tr>
<th>Country/Region</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>1H16</th>
<th>2016e</th>
</tr>
</thead>
<tbody>
<tr>
<td>BBVA Chile</td>
<td>14%</td>
<td>2%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BBVA Colombia</td>
<td>33%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Banco Provincial (Venezuela) &amp; Other (1)</td>
<td>20%</td>
<td>31%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Banco Continental (Peru)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Banco Francés (Argentina)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Favorable evolution of CoR in a slowing macro**

Annual GDP growth
BBVA’s footprint in South America (%) (2)

<table>
<thead>
<tr>
<th>Year</th>
<th>BBVA South America</th>
<th>System ex BBVA S.Am.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>4.4</td>
<td>1.8</td>
</tr>
<tr>
<td>2014</td>
<td>1.3</td>
<td>2.1</td>
</tr>
<tr>
<td>2015</td>
<td>2.5</td>
<td>1.3</td>
</tr>
<tr>
<td>2016e</td>
<td>1.1</td>
<td>1.1</td>
</tr>
</tbody>
</table>

**Better asset quality than peers**

BBVA South America vs. System (3)
(Jun 16)

<table>
<thead>
<tr>
<th>Metric</th>
<th>BBVA South America</th>
<th>System ex BBVA S.Am.</th>
</tr>
</thead>
<tbody>
<tr>
<td>NPL ratio (%)</td>
<td>1.8</td>
<td>2.1</td>
</tr>
<tr>
<td>Coverage ratio (%)</td>
<td>176</td>
<td>162</td>
</tr>
<tr>
<td>Cost of Risk (bps)</td>
<td>126</td>
<td>176</td>
</tr>
</tbody>
</table>

**Net attributable profit, expected to fall around 10% in 2016 vs. 2015 in current €**

(1) Other includes Paraguay, Uruguay and Bolivia. Additionally, it includes eliminations and other charges. (2) Source: BBVA Research. Weighting based on the countries’ contribution to 1H2016 BBVA’s Gross Income. (3) Data based on local criteria. Source: Local Superintendencies.
Turkey (Garanti)
Robust profitability & best-in-class player in a volatile environment

Excellent price management, highest NIM among peers

Cumulative NIM \(^{(1)}\) (%)

<table>
<thead>
<tr>
<th></th>
<th>Garanti</th>
<th>Peers Average(^{(2)})</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>4.6</td>
<td>3.9</td>
</tr>
<tr>
<td>1H16</td>
<td>4.8</td>
<td>4.0</td>
</tr>
</tbody>
</table>

Sound asset quality maintained

NPL and Coverage ratios and CoR evolution

- Coverage Ratio (%)
  - 2015: 109
  - 1H16: 115
  - 2016: 129
  - 2016e: 128

- NPL Ratio (%)
  - 2015: 2.7
  - 1H16: 2.8
  - 2016: 2.8
  - 2016e: 2.7

Cumulative Cost of Risk (bps)

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>1H16</th>
<th>2016e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Garanti</td>
<td>139</td>
<td>116</td>
<td>111</td>
<td>103</td>
<td>103e</td>
</tr>
<tr>
<td>System</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Garanti vs. system \(^{(3)}\) (Jun 16, %)

- ROE: Garanti 15.7, System 14.8
- ROA: Garanti 1.9, System 1.6
- Efficiency: Garanti 47.9, System 50.5
- CAR: Garanti 16.3, System 15.3

\(^{(1)}\) Local Bank-Only data. \(^{(2)}\) Peers: Akbank, Halkbank, Isbank, Vakifbank and Yapi Kredi. \(^{(3)}\) Local bank-only data. Commercial banks only. \(^{(4)}\) Turkish Lira.

- 2016e Net Attributable Profit at a Group level fully hedged, very low sensitivity of the Group’s CET1 to TRY
- Around -15bps estimated impact on Group’s CET1 from Moody’s downgrade on Turkey
Selective growth, monitoring asset quality evolution

**Well positioned to benefit from interest rate hikes**
Customer spread evolution (%)

- 2Q15: 3.11%
- 3Q15: 3.10%
- 4Q15: 3.10%
- 1Q16: 3.19%
- 2Q16: 3.21%

Dec 15 FED +25bps

**Evolution in line with 2016 Cost of Risk guidance**
Cumulative Cost of Risk (bps)

- 2016e around 55 bps

2013 2014 2015 1H16 2016e

- 20: 20
- 16: 16
- 25: 25
- 49:

**Managing Oil & Gas exposure**
BBVA Compass Oil & Gas funded credit exposure

- € 3.6 bn 6.1% of credit risk
- QoQ exposure reduction (-8% vs 1Q16)
- No 2nd round effects so far

Management focus on capital allocation and cost control, key drivers to improve profitability
BBVA, well-positioned to face upcoming regulatory developments (1/2)

Solid Capital Ratios
BBVA Group's fully-loaded capital ratios
Jun 16

- Tier II: 15.3%
- AT 1: 10.7%
- % CET1 FL: 3.0%
- % CET1 FL (Dec.15): 10.33%

AT1 and T2 buckets already covered

Ability to generate Capital
BBVA Group 2016 CET1 fully-loaded ratio evolution

- % CET1 FL: 10.33%
- Net Earnings: 0.46%
- Dividends: -0.17%
- Others: 0.09%
- % CET1 FL (Jun.16): 10.71%

CET1 phased-in: 12.03% vs. 9.75% 2016 SREP requirement

Solid Capital Ratios

- Around -15bps estimated impact on Group’s CET1 FL from Moody’s downgrade of Turkey

On track to achieve CET1 fully-loaded 11% target in 2017
BBVA, well-positioned to face upcoming regulatory developments (2/2)

High quality capital

- **RWAs / Total Assets**
  - Jun 16
  - **53%**
  - **31%**
  - **BBVA #1**
  - **European Peer Group Average**

- **Leverage ratio**
  - Jun 16
  - **6.4%**
  - **4.5%**
  - **BBVA #1**
  - **European Peer Group Average**

Less dependent on internal models than peers

- **Credit Risk RWAs: breakdown by Model**
  - **Standardized Models**
    - Peers avg.: **34%**
    - **66%**

- **Internal Models**
  - Peers avg.: **66%**
  - **34%**

(1) European Peer Group: BARC, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS and UCI.
(2) Data as of Dec 15. Based on EBA’s 2016 EU-wide Stress Test.
BBVA’s transformation journey is embedded in the Group’s strategic priorities

1. New standard in customer experience
2. Drive digital sales
3. New business models
4. Optimize capital allocation
5. Unrivaled efficiency
6. A first class workforce
1. New standard in customer experience

**Focus on providing the best Customer Experience**

NPS (Net Promoter Score)

- **Jun 16**
  - 1st: Spain (47%)
  - 1st: USA (31%)
  - 6th: Argentina (28%)
  - 3rd: Mexico (21%)
  - 1st: Peru (12%)
  - 2nd: Chile (33%)
  - 1st: Venezuela (22%)
  - 68%


2. Drive digital sales

- **Increased business done digitally**
- **Digital Customers**
  - BBVA Group (mn)
  - 5.8 (Dec 11) to 13.8 (Jul 15) to 16.7 (Jul 16), +21%
  - Digital Sales growth: % of total sales YtD. # of transactions
  - **Spain**
    - 8.8 (Dec 15) to 14.7 (Jun 16)
  - **Mexico**
    - 6.6 (Dec 15) to 12.3 (Jun 16)
  - **South America**
    - 9.0 (Dec 15) to 14.3 (Jun 16)

**Digital Sales growth**

**Mobile Customers**

- BBVA Group (mn)
  - 0.5 (Dec 11) to 7.2 (Jul 15) to 10.5 (Jul 16), +45%
  - **USA and Peru: Data as of Dec 15.**
3. New business models

Leveraging on Fintech ecosystem to develop our value proposition

Internal incubation

Strategic partnerships

Open Platform

Enable new developments combining BBVA’s APIs, client’s technology and other building blocks

Acquisitions

Investments (venture capital)
Conclusions

- BBVA has a well-diversified footprint with leading franchises that provides resilience and low volatile earnings.

- High quality capital and its generation capacity places BBVA in a good position to face upcoming regulatory developments.

- BBVA’s leading transformation strategy, embedded in the Group’s Strategic Priorities, is key to succeed in the new financial industry.