

A low-angle photograph of a modern skyscraper with a glass facade. The building is divided into two main sections: a taller, more reflective glass section on the left and a shorter, more structured section on the right. The sky is overcast with soft, grey clouds. At the top of the left section, the words "BBVA Compass" are displayed in blue, three-dimensional lettering. The building's design features horizontal bands of windows and a mix of materials, including dark panels on the lower part of the left section.

BBVA Compass

A vertical bar composed of five horizontal segments in varying shades of blue, from dark at the top to light at the bottom.

**BBVA**

BBVA Group

Second Quarter 2016

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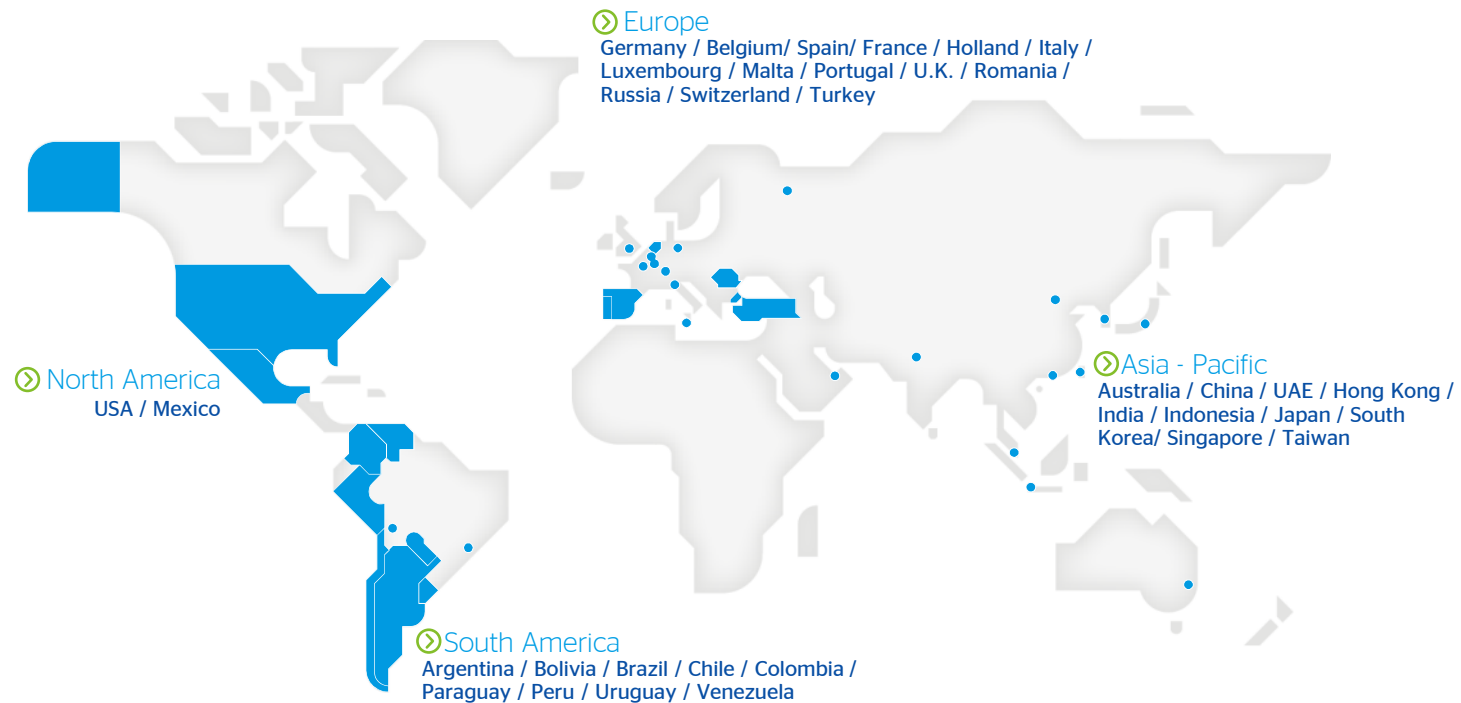
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2. Vision and aspiration
3. BBVA transformation journey
4. Results' highlights

# 1. About BBVA



# BBVA's global presence



- > BBVA's global presence
- > History of BBVA
- > Main figures
- > BBVA share
- > Organizational chart
- > Our team
- > Presence in social media
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- > Awards and recognitions

<b>€ 746</b> billion in total assets	<b>67</b> million customers	<b>35</b> countries	<b>9,153</b> branches	<b>30,958</b> ATMs	<b>137,310</b> employees
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# More than 150 years of history

## 1. About BBVA

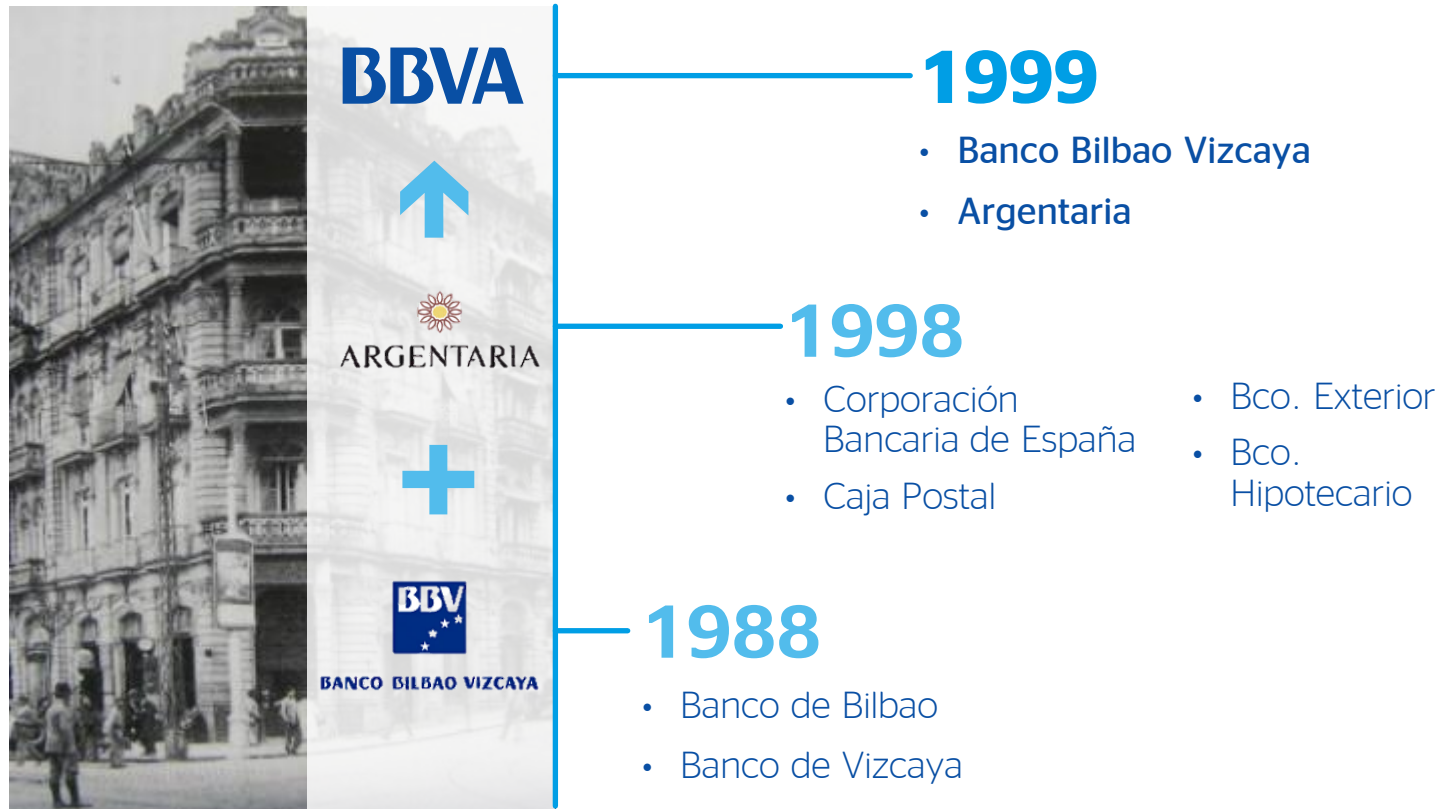
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BBVA is the result of the merger of two major Spanish banking institutions



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# More than 150 years of history

## BBVA had significant growth since 1995

**1995** • Banco Continental (Peru)  
• Probursa (Mexico)

**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 (Brasil)  
• Banco BHIF (Chile)

**1999** • Provida (Chile)  
• Consolidar (Argentina)

**2000** • Bancomer (Mexico)

**2004** • Valley Bank (USA)  
• Laredo (USA)  
• Bancomer IPO

**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

**2009** • Guaranty Bank (USA)

**2010** • New extension CITIC agreement  
• Türkiye Garanti Bankası (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 Türkiye Garanti Bankası (Turkey)  
• Acquisition of a 29,5% stake in Atom (UK)

**2016** • Holvi (Finland)



# 1H16 main figures

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## Earnings (€m)

Gross income	Operating income	Net attributable profit
<b>12,233</b>	<b>5,901</b>	<b>1,832</b>

## Balance sheet (€m)

Total assets	Total equity	Loans and advances to customers - gross	Deposits from customers
<b>746,040</b>	<b>55,962</b>	<b>433,268</b>	<b>406,284</b>



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## Efficiency / Profitability

ROE	ROA	Efficiency ratio
<b>7.2%</b>	<b>0.67%</b>	<b>51.8%</b>

## Risk management

NPL ratio	NPL coverage ratio
<b>5.1%</b>	<b>74%</b>

## Solvency - CET1 ratio

Phased-in	Fully-loaded
<b>12.03%</b>	<b>10.71%</b>

[For more information click here](#)



# BBVA share

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## Listed on the main international stock markets

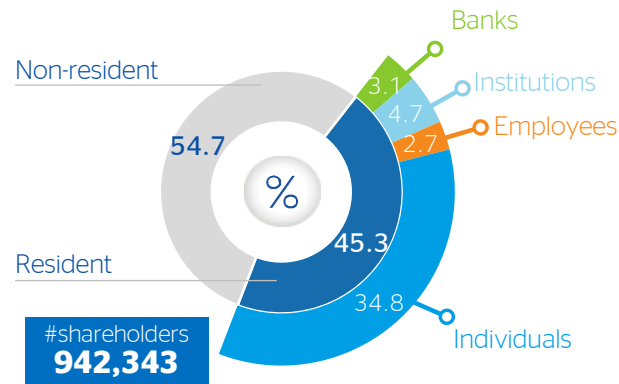


### Weighting (30-06-2016)

IBEX 35	7.9%
Euro Stoxx 50	1.7%
Euro Stoxx Banks	10.2%
Stoxx Europe 600 Banks	4.7%

## BBVA's capital ownership is well diversified

### Shareholder breakdown



Figures as of 30<sup>th</sup> June 2016

Number of shares issued (m)	6,480
Book value per share (€)	7.35
Closing price (€)	5.06
Market capitalization (€m)	32,817

[For more information click here](#)

# New organizational structure

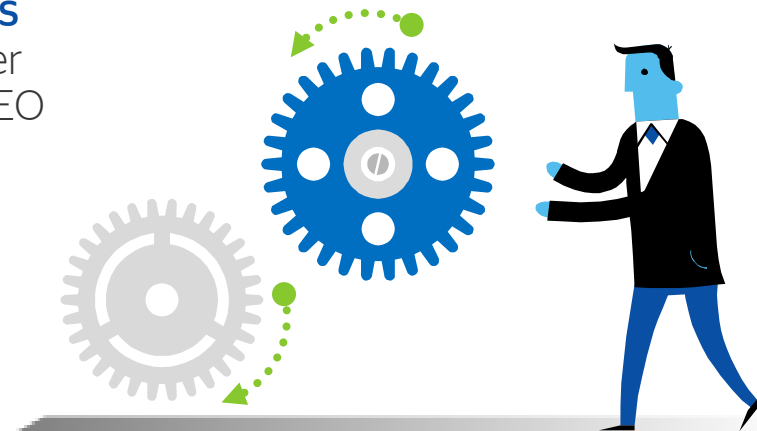
“ We have simplified the organization to create a more agile and efficient structure and accelerate our transformation ”

## Customer Solutions

encompassing the areas that shape and deploy our value proposition to customers, both globally and locally

## Business units

closer to CEO



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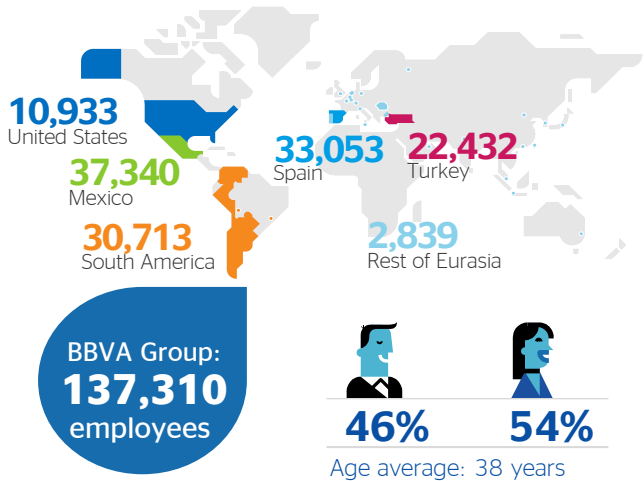
# Our team

“We are creating the kind of culture, environment and ways of working where the customer is at the center of everything we do”

## The best team

Our people are the cornerstone of our transformation and helping BBVA deliver the best customer experience anywhere

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Note: Figures as of 30<sup>th</sup> of June 2016.

## A first class workforce

We are defining what it means to be an employee at BBVA, and what sets us apart from any other company



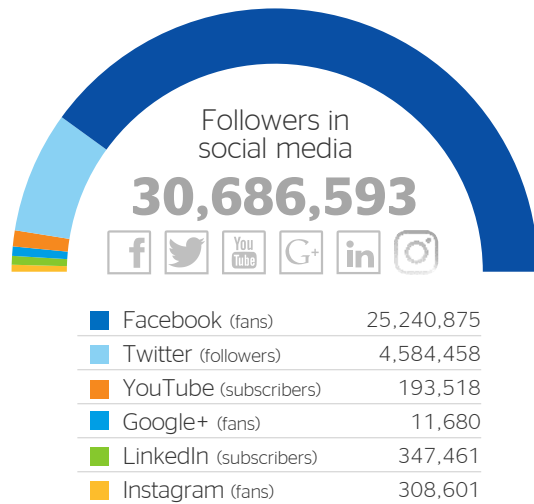
In 2015, we established our strategy and vision

In 2016, we will focus on how we get there

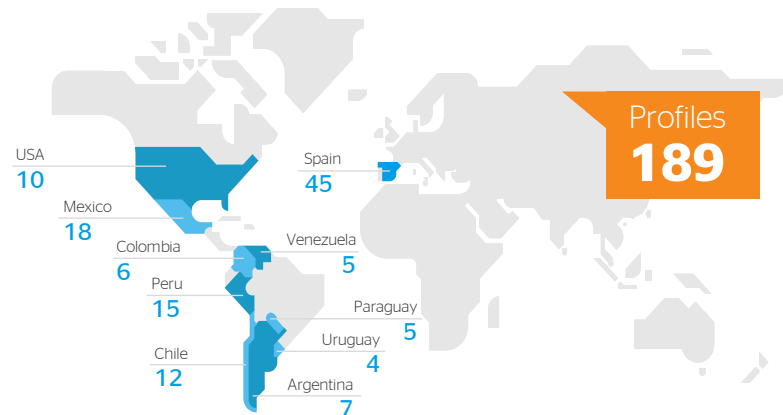
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# Presence in social media

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 forward-looking entity in social media



## Number of BBVA's social media profiles by country (as of June 2016)



Whoever or wherever they may be, we have a solution and a tailored-channel for all our stakeholders. Even if they have different interests, everyone shares their relation with BBVA

# Social commitment

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### Financial Literacy

adelante.  
con tu futuro



camino al éxito

valores  
de futuro  
El dinero es una herramienta, no un fin.



### Social Entrepreneurship

Fundación  
BBVA MicroFinanzas

momentum project  
Un ecosistema de apoyo al emprendimiento social

Plan BBVA-Fundación Adecco

Plan de integración laboral para clientes del BBVA que hayan perdido la propiedad y posesión de su única vivienda.

YoSoy  
Empleo  
Una iniciativa de BBVA



### Knowledge



Premio Fronteras  
del Conocimiento

fundéuBBVA



“Highly  
**committed to  
the societies**  
in which we  
operate”

In 2015  
**103.6<sup>1</sup>**

[For more information click here](#)

(1) BBVA's annual budget.

# Awards and recognitions

Once more, BBVA's differentiated management has been recognized

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## 2. Vision and aspiration

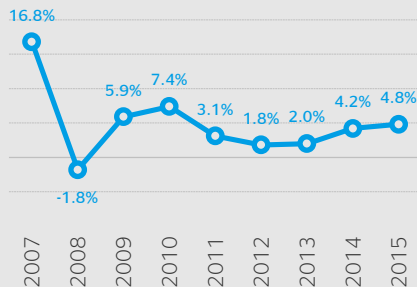
- > Vision of the financial industry
- > Our aspiration



# Reshaping of the financial industry

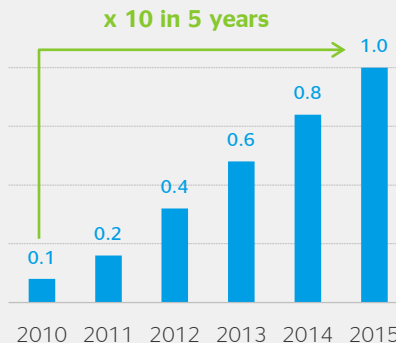
## Regulatory pressure and the impact in profitability

Banks ROE Evolution<sup>1</sup> (%)



## Mobile has changed the distribution model

World mobile banking users<sup>2</sup>



## New players are entering the value chain



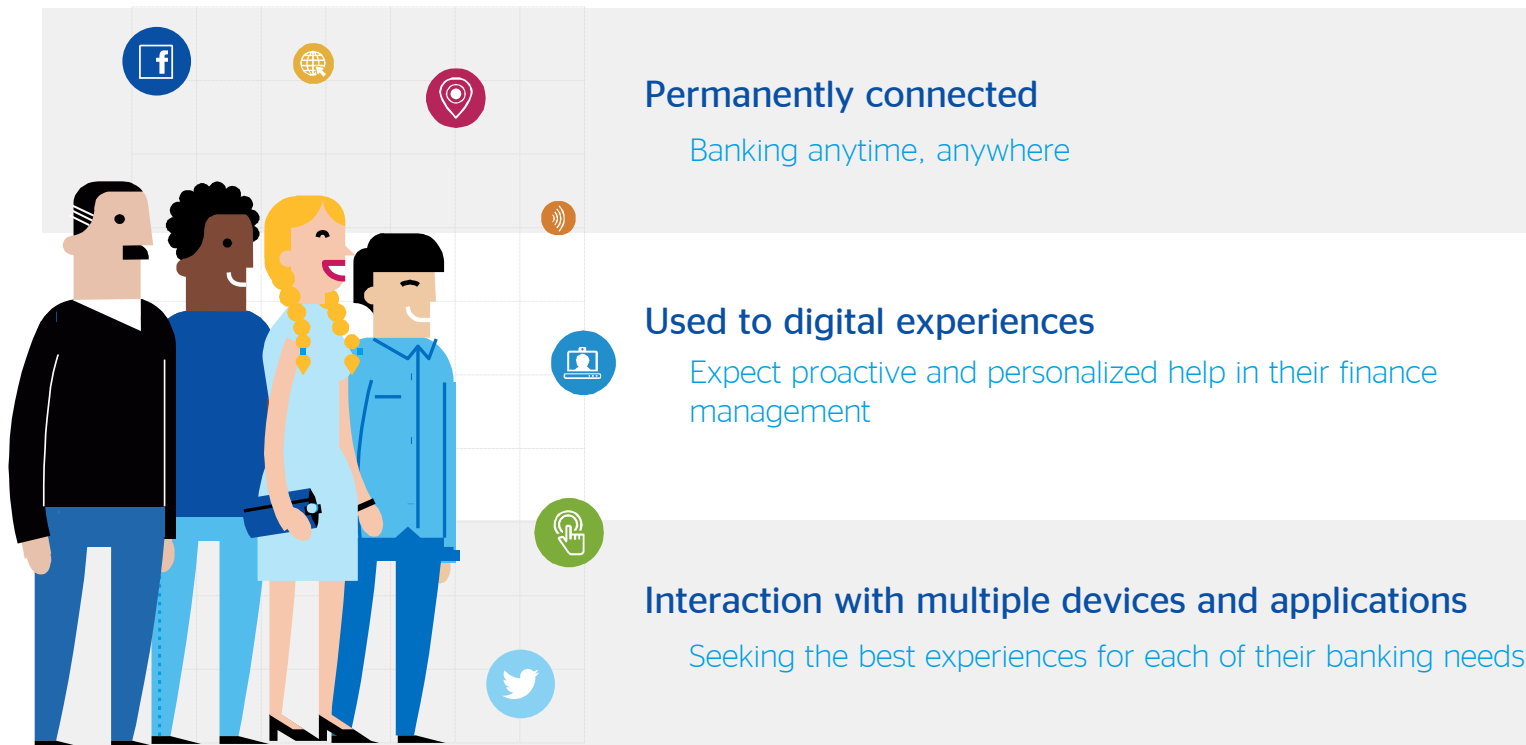
# Shifting customers and needs

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> Vision of the financial industry

> Our aspiration

# Technology and data as enablers

“The client will be the main beneficiary in this new environment as financial services become democratized”

## Big Data



## Blockchain



## Cloud



## Artificial intelligence



## Data processing



## Biometrics



Better experience



More efficiency

# Our aspiration


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**Strengthening the relationship with the customer through the transformation**



Adjusting  
our strategy to  
focus on the  
real needs of  
our customers

> Vision of the financial industry

> Our aspiration

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# 3. BBVA transformation journey

- > Our purpose
- > Strategic priorities
- > Progressing in  
our transformation



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# Our purpose

To bring  
the age  
of opportunity  
to everyone

## Redefining the Value Proposition

- ✓ Assist people in all parts of their financial life cycle
- ✓ Help customers achieve their life goals
- ✓ Be more than a bank, engine of opportunity

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Having a true impact on people's lives and businesses



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# Strategic Priorities

To help us in this journey, we have defined six **strategic priorities at a Group level**

1



New standard in  
customer experience

2



Drive digital sales

3



New business  
models

4



Optimize capital  
allocation

5



Unrivalled efficiency

6



A first class  
workforce

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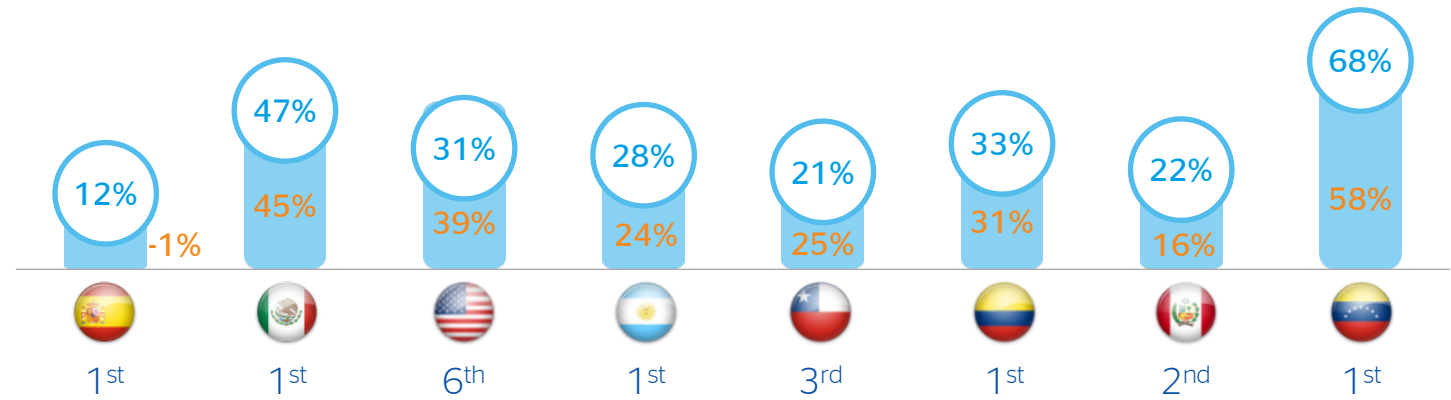
# Focus on providing the best CX

A business model with the customer at the core that offers a differential service with a very ambitious goal

“ To be **leaders in customer satisfaction** across our global footprint ”

## NPS (Net Promoter Score) - Jun16

BBVA - Peers Average



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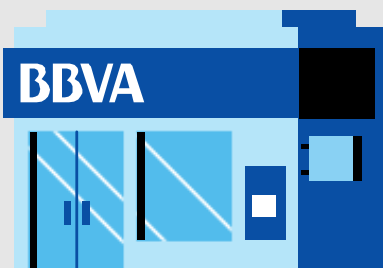
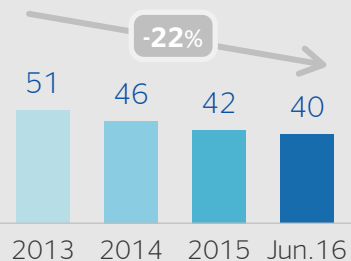
Peer Group: Spain: Santander, CaixaBank, Bankia, Sabadell, Popular// USA: Bank of America, Bank of the West, Comerica, Frost, Chase, Regions, US Bank, Wells Fargo// Mexico: Banamex, Santander, Banorte, HSBC// Peru: BCP, Interbank, Scotiabank// Argentina: Banco Galicia, HSBC, Santander Rio// Colombia: Bancolombia, Davivienda, Banco de Bogotá// Chile: BCI, Banco de Chile, Santander // Venezuela: Banesco, Mercantil, Banco de Venezuela.

USA and Peru: Data as of December 2015.

# Relationship model

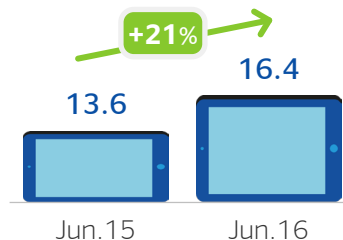
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**Branch activity**  
(Million of transactions)  
BBVA Spain

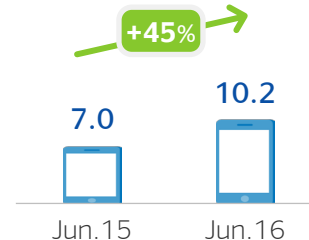


“We are improving **our relationship model** to respond to the customers' multichannel profile”

**Digital customers**  
(Million) – BBVA Group



**Mobile customers**  
(Million) – BBVA Group



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# Digital sales & products

“We are promoting the development of **digital products and services**, for customers **most convenient channel selection**”

## Digital product plan

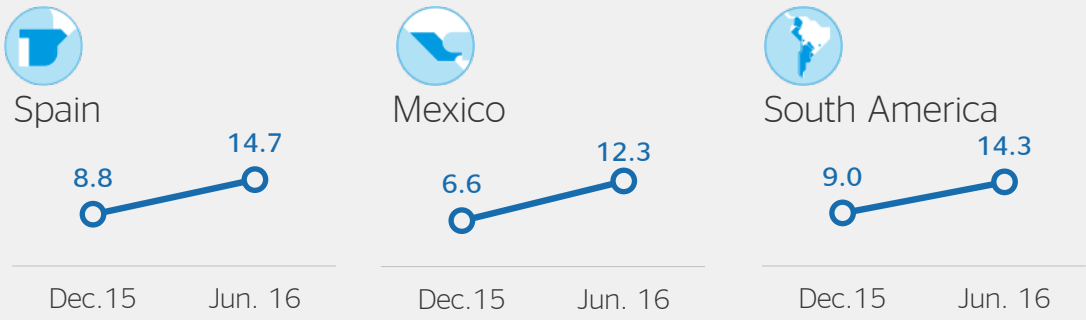
- **Traditional product digitalization:**  
mortgages, car insurances, receipt finance, one-click loans...
- **Native product launches:**  
Wallet, Link, Wibe...



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## Driving sales through digital channels

% of total sales YtD, # of transactions



# New business models

“Leveraging the **fintech ecosystem** to develop our value proposition”

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## Internal Incubation

**Nimble**  
Simple Payments & Easy Business

**API\_MARKET**  
Innovation for growing your business

**elenko**  
by BBVA Group

## Strategic partnerships



**DWOLLA**

## Acquisitions



**HOLVI\***



**SIMPLE**



**Atom**

29.5% stake

## Investments (venture capital)

**coinbase**

**DocuSign**

**PROSPER**

**civic**

**PERSONAL CAPITAL**

**taulia**

**earnest**

**⇒DRIVE MOTORS**

**lippo**

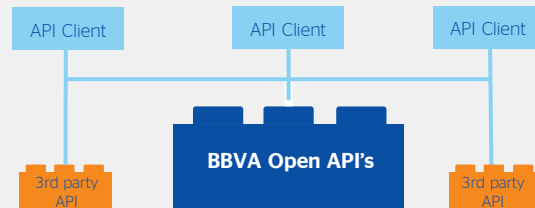
**INSIKT**

**Guideline**

**brave**

## Open Platform

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



BBVA is driving the modularization of finance

[www.bbvaapimarket.com](http://www.bbvaapimarket.com)

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# Leveraging technology

In 2007 we began our transformation process

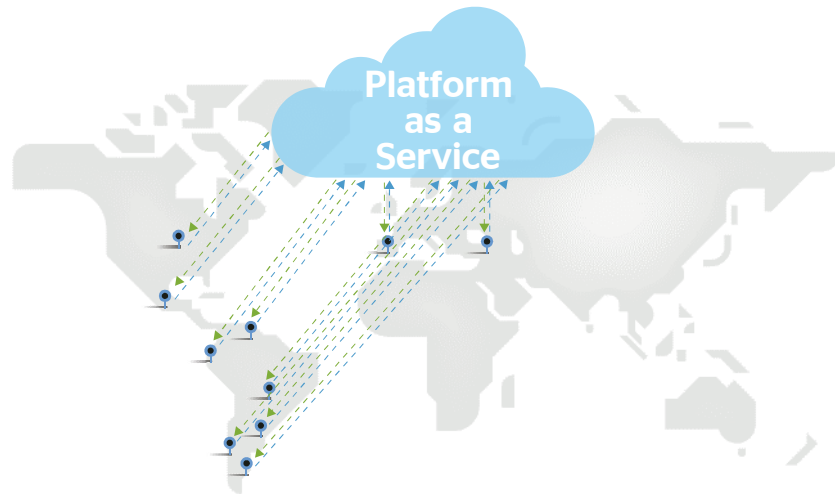
We have been working on our platforms



Middleware /  
Services

Back-office or  
core banking System

And we are adapting to the new paradigms of development



Placing technology at the customer's service

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# Cultural change

“We are transforming the organization internally by fostering a **new culture**”

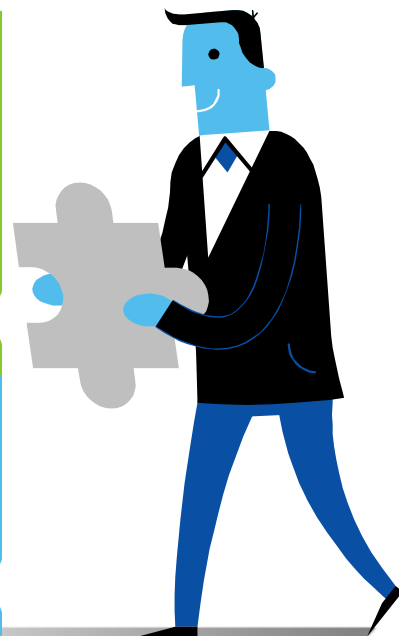
New ways of working:  
Agile, collaborative  
tools

Collaborative culture,  
entrepreneurship  
('trial - error')

Zero tolerance  
against low  
quality

New  
headquarters

Leaner  
structures



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“At BBVA, we are accelerating our transformation process to **become the best bank for our customers**”

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- > Business areas



## 2Q16 highlights

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2Q16

## Gross income

2Q16

6,445 €m

+8.8%

vs. 2Q15

+21.2%

constant €

1H16

12,233 €m

+5.9%

vs. 1H15

+18.2%

constant €

## Risks

Risk indicators improvement

NPL ratio

5.1%

Coverage ratio

74%



## Operating income

Ongoing cost control efforts &amp; efficiency improvement

2Q16

3,287 €m

+10.3%

vs. 2Q15

constant €

+24.7%

1H16

5,901 €m

+1.1%

vs. 1H15

constant €

+15.2%

## Net attributable profit

2Q16

1,123 €m

-8.2%

vs. 2Q15

Ex corporate operations

+4.1%

vs. 2Q15

+4.0%

constant €

+20.0%

constant €

1H16

1,832 €m

-33.6%

vs. 1H15

Ex corporate operations

-9.8%

vs. 1H15

-25.5%

constant €

+5.8%

constant €

Solid quarterly results, earnings growth on track



## Cost of risk and loan-loss provisions + RE impairments

Cost of risk improvement

Cost of risk YTD

0.9%

Loan-loss provisions + RE impairments

2Q16

1,164 €m



## Capital

Solid capital ratios

Leverage ratio

6.4%

Fully-loaded

CET1 ratio

10.7%

Fully-loaded

12.0 %

Phased-in



## 1H16 highlights

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BBVA Group (€m)	1H16	Change 1H16/1H15	
		%	% constant
<b>Net Interest Income</b>	<b>8,365</b>	<b>11.2</b>	<b>26.1</b>
Net Fees and Commissions	2,350	6.0	16.2
Net Trading Income	1,176	-17.5	-9.6
Other Income & Expenses	343	-12.5	-13.5
<b>Gross Income</b>	<b>12,233</b>	<b>5.9</b>	<b>18.2</b>
Operating Expenses	-6,332	10.8	21.1
<b>Operating Income</b>	<b>5,901</b>	<b>1.1</b>	<b>15.2</b>
Impairment on Financial Assets	-2,110	-4.4	5.3
Provisions and Other Gains	-400	-31.4	-27.0
<b>Income Before Tax</b>	<b>3,391</b>	<b>11.3</b>	<b>31.9</b>
<b>NI ex Corporate Operations</b>	<b>2,471</b>	<b>10.8</b>	<b>30.2</b>
Corporate Operations Income	0	n.s.	n.s.
Non-controlling Interest	-639	n.s.	n.s.
<b>Net Attributable Profit</b>	<b>1,832</b>	<b>-33.6</b>	<b>-25.5</b>
<b>Net Attributable Profit (ex corporate operations)</b>	<b>1,832</b>	<b>-9.8</b>	<b>5.8</b>



&gt; Highlights

&gt; Business areas

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# Business areas – 2Q16 results

## Spain Banking activity



Net attributable profit

**619 €m**
**-15.3%** vs. 1H15

NPL ratio

**6.0%**

Coverage ratio

**60%**

- NII pressure
- Lower than expected market-related fees
- Focus on cost control
- Maintaining positive trend in loan-loss provisions and impairments

## Spain Real estate activity



Net attributable profit

**-209 €m**
**-30.6%** vs. 1H15

Net exposure

**-13.3%**

vs. Jun.15

- Positive market trends
- Lower P&L negative impact
- Ongoing exposure reduction

## USA constant €



Net attributable profit

**178 €m**
**-35.5%** vs. 1H15

NPL ratio

**1.6%**

Coverage ratio

**90%**

- Maintaining revenue trend; positive fees performance in the quarter
- Cost under control
- Lower Oil&Gas provisions than 1Q
- CCAR test passed

&gt; Highlights

&gt; Business areas

1. About BBVA

2. Vision and aspiration

3. BBVA Transformation Journey

4. Results' highlights

# Business areas – 2Q16 results

## Turkey constant €

Net attributable profit <sup>1</sup>
**324 €m**
**+31.8%** vs. 1H15

NPL ratio

**2.7%**

Coverage ratio

**128%**

- Solid revenue growth (>20%)
- NTI includes Visa Europe deal
- Excellent cost management
- Outstanding bottom-line growth

## Mexico constant €



Net attributable profit

**968 €m**
**+10.6%** vs. 1H15

NPL ratio

**2.5%**

Coverage ratio

**121%**

- Outstanding gross income performance
- Positive jaws
- Bottom line double-digit growth
- Significant FX negative impact

## South America constant €



Net attributable profit

**394 €m**
**+7.1%** vs. 1H15

NPL ratio

**2.7%**

Coverage ratio

**111%**

- Good revenue growth
- Cost of risk better than our expectations
- Significant FX impact

&gt; Highlights

&gt; Business areas

(1) Considering the additional stake in Garanti accounted for using the full consolidation method from 01/01/15 vs 01/07/15 deal closing.

# Business areas – 1H16 results

## Corporate & Investment Banking

### Business activity

(constant €, % YTD)

Lending

**58 €bn** +1.9%

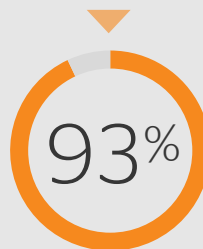
Customer funds

**51 €bn** -2.8%

### Client's revenue

(constant €, % YoY)

**1,201 M€** +1%



Wholesale banking  
recurrent business<sup>1</sup>  
% of revenues given  
by our relations  
with clients

### Results

(constant €, % YoY)

Gross margin

**1,289 M€** -11.2%

Net margin

**788 M€** -19.3%

Net attributable profit

**328 M€** -45.3%

- ⌚ Stability in lending and customer funds
- ⌚ High recurrence of our client's revenues
- ⌚ Deterioration of the environment causes a drop in results in line with the industry

(1) Client's revenue / Gross margin.



A low-angle photograph of a modern skyscraper with a glass facade, reflecting the sky and clouds. The building has a dark, textured base. The BBVA Compass logo is visible at the top. A white rectangular overlay is positioned on the right side of the image, containing the BBVA logo and company name.

BBVA Compass

A vertical bar composed of five horizontal segments in shades of blue, transitioning from dark blue at the top to light blue at the bottom.

**BBVA**

BBVA Group

Second Quarter 2016