



BBVA Creating
Opportunities

BBVA, well positioned for the new growth cycle

BofAML 22nd Annual Financials Conference

The Financial Crisis – 10 Years On

London, September 26th, 2017

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BBVA

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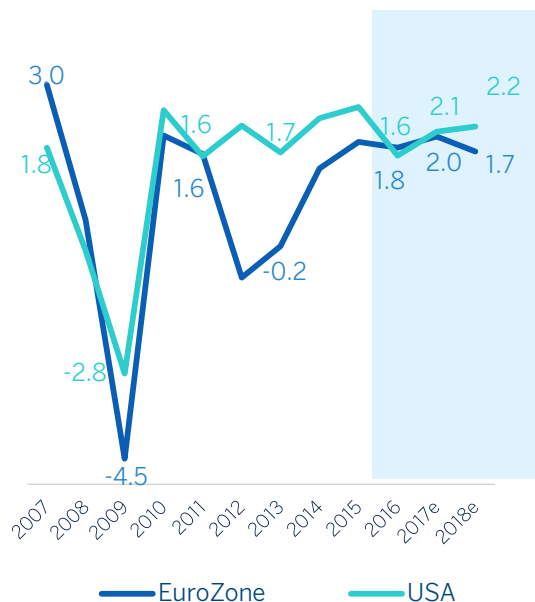
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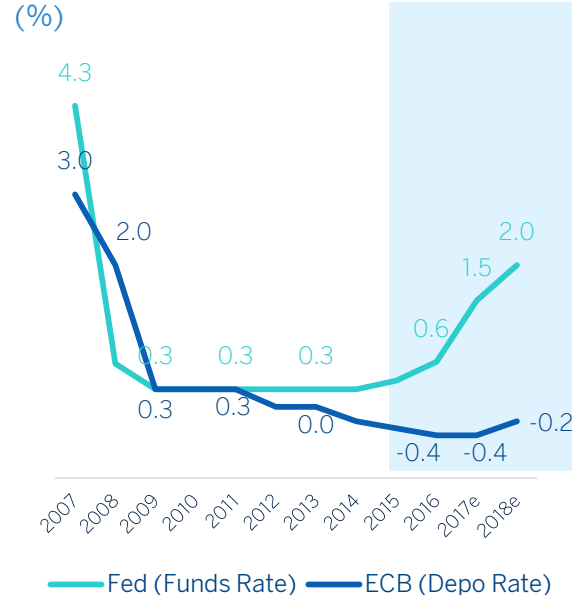
Entering a new growth cycle after a prolonged crisis

GDP growth recovery (YoY %)



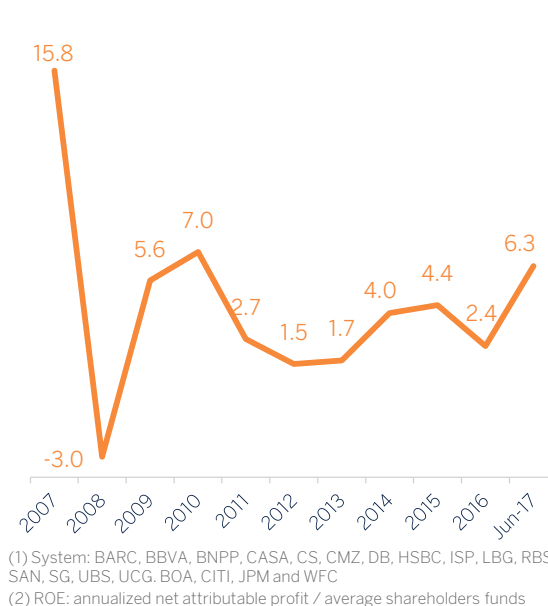
Positive growth momentum
after a double dip recession

At the beginning of a new monetary policy cycle (%)



Fed tightening its monetary policy
Positive 12m Euribor estimated for 2018

Banks profitability improving System¹ ROE² (%)



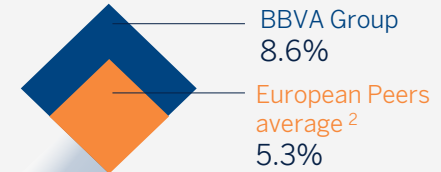
Banks ROE entering a new growth cycle
with strengthened balance sheets

BBVA, well positioned for the new growth cycle

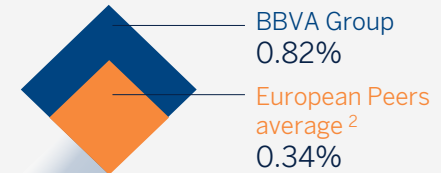


Superior profitability (Jun 17, %)

ROE¹



ROA



(1) ROE: annualized net attributable profit / average shareholders funds.
 (2) European Peer Group: BARC, BNPP, CASA, CS, CMZ, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS and UCG.

Exceptional Progress strengthening our Balance Sheet

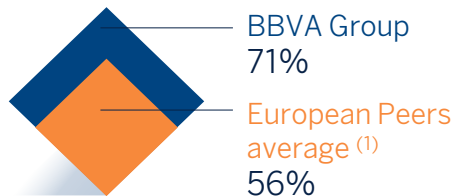
Superior coverage ratio



Coverage ratio (%)

Jun 17

NPLs credit risk



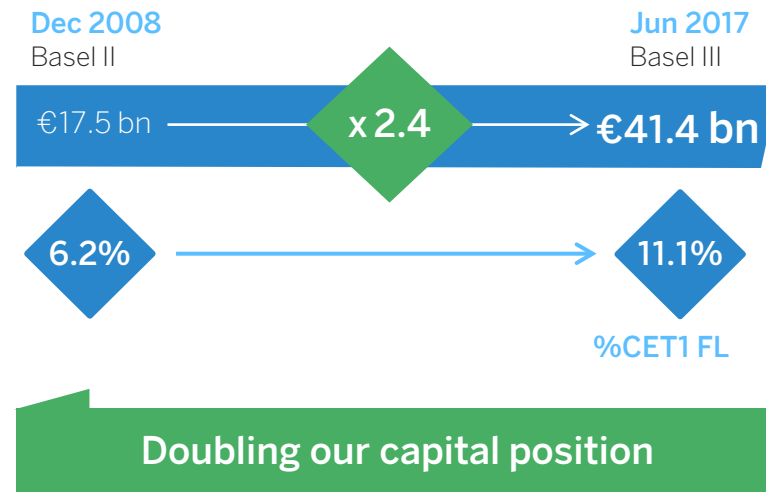
NPLs & foreclosed assets



(1) European Peer Group: BARC, BNPP, CASA, CS, CMZ, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS and UCG.

Proven capacity to generate capital

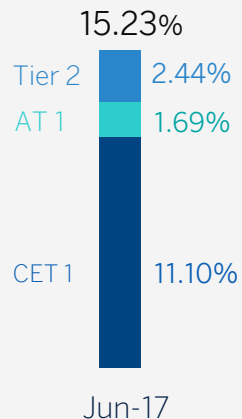
CET 1 FL evolution



Solid and high quality capital

Solid FL Capital Ratios

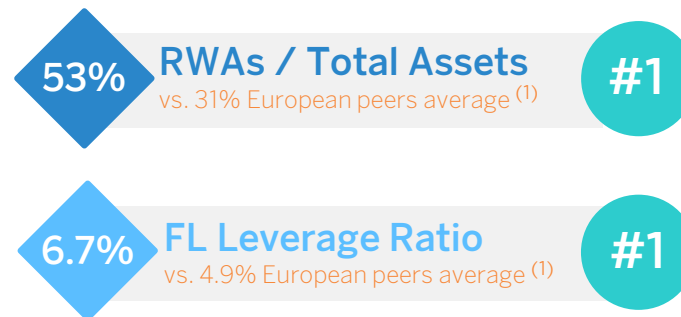
Jun 17 (%)



- CET1 FL in line with 11% Target
- AT1 & T2 buckets covered (FL)
- € 500m AT1 issued in 2Q17 at the lowest cost achieved by a Spanish institution (5.875%)

High quality capital

Jun 17



(1) European Peer Group: BARC, BNPP, CASA, CS, CMZ, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS, UCG.

MREL

- BBVA plans to issue **€3.5-4.5bn over the period 2H17-2018**
- **Inaugural SNP successfully issued:** € 1.5bn 5Y SNP with a fixed coupon of 0.75% (Aug 17)
 - The lowest price achieved by a European institution in this product with this maturity

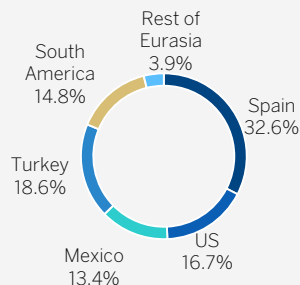


A unique and non replicable footprint, that offers higher growth prospects

Breakdown by Business Area ⁽¹⁾

RWA

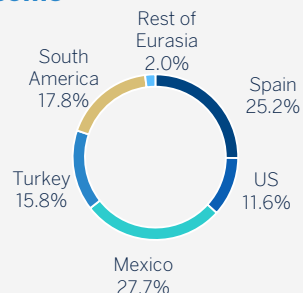
Jun 17



53%
Developed Markets

Gross Income

1H17



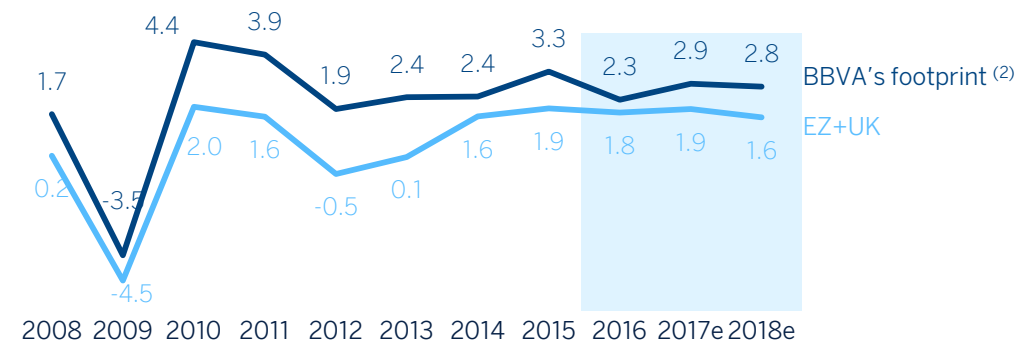
39%
Developed Markets

c. 80% of Risk Weighted Assets in Investment Grade Countries

(1) Excluding Corporate Center

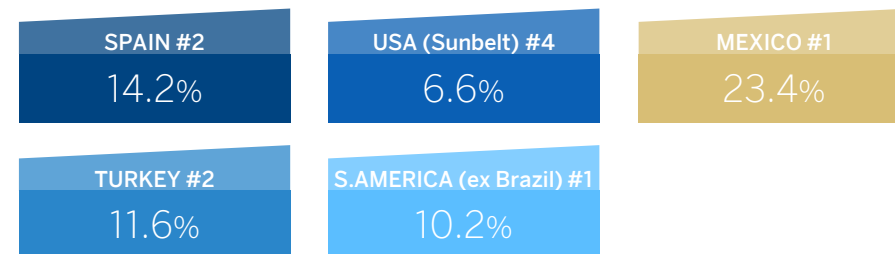
Higher Growth Prospects

GDP growth (YoY, %)



Leadership positioning

Market share (in %) and ranking ⁽³⁾



(2) BBVA's footprint GDP growth: weighted by each country contribution to Group's gross income. Source: BBVA Research.

(3) **Spain** based on BoS (Jun.17) and ranking by AEB and CECA (Apr.17); **Mexico** data as of May.17 (CNBV); **S. America** (May.17), ranking considering main peers in each country; **USA**: SNL (Jun.16) considering Texas and Alabama; **Turkey**: BRSA (Jun.17) commercial banks.



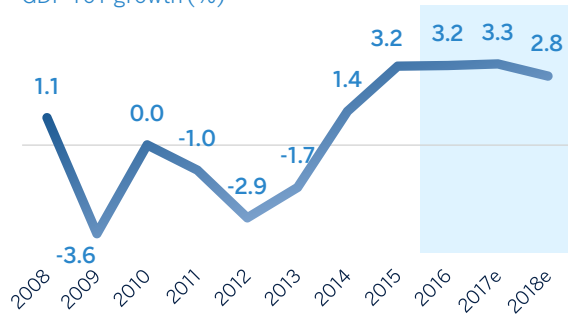
€670Mn, +8% YoY
1H17 Net attributable profit



Spain: Banking Activity

Sustained macro recovery

GDP YoY growth (%)

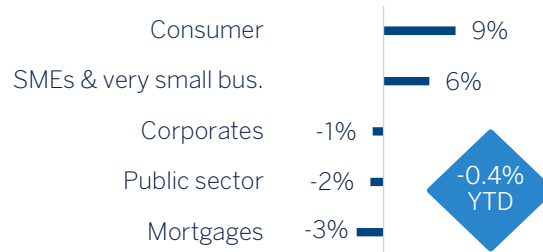


Source: BBVA Research

BBVA Banking Activity in Spain

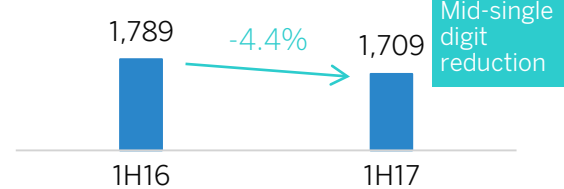
BBVA's loan growth by segment

Performing loans under management (YTD growth %)



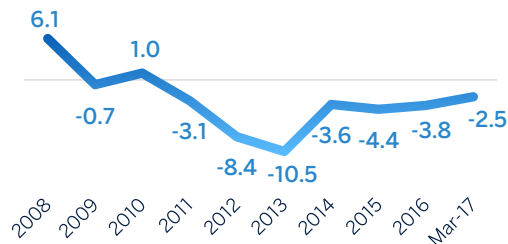
Cost control as a key management priority

Operating expenses (€Mn, %)



Deleveraging coming to an end

System YoY loan growth (%)



Source: Bank of Spain and BBVA Research

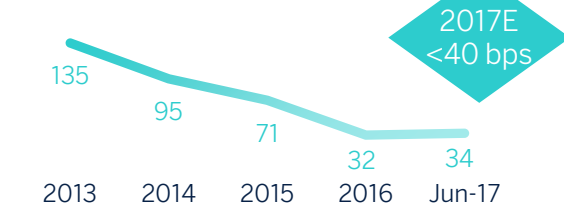
NII sensitivity to interest rate hikes

12-month NII sensitivity to +100bps interest rate increase



Better than expected CoR

Cumulative CoR (bps)



Macro scenario supporting credit quality and future loan growth

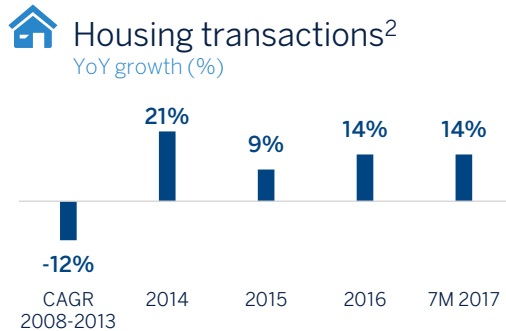
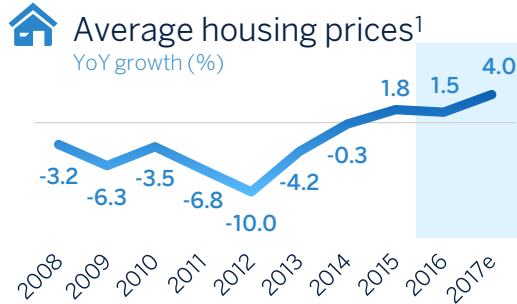


-€191Mn, 8% YoY
1H17 Net attributable profit



Spain: Non Core Real Estate

Improved market dynamics

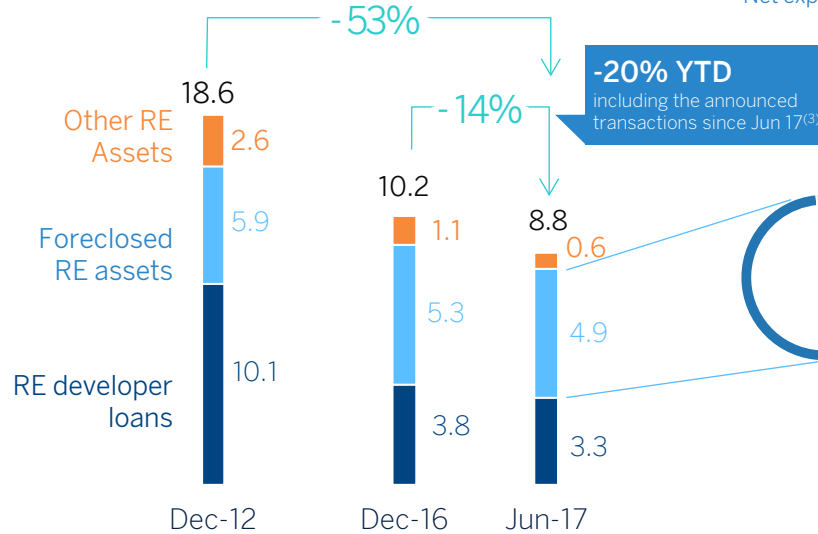


(1) Source: Ministry of Public Works and BBVA Research estimates
(2) Source: Notary Public Register and BBVA Research estimates

BBVA Non Core Real Estate

Decreasing net exposure to RE

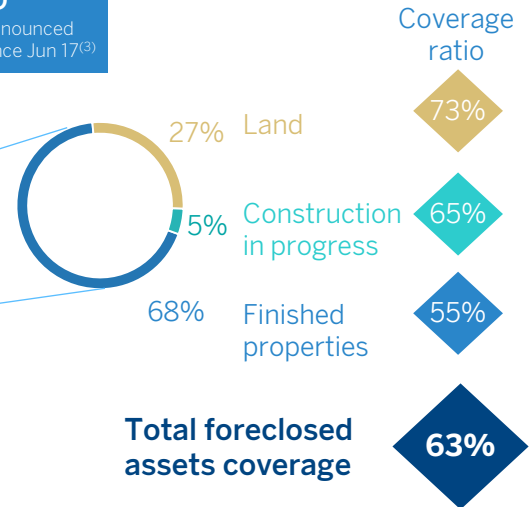
(€ Bn)



(3) It includes the transfer of assets to MVC and the sale of an NPL portfolio

Best in class coverage ratios foreclosed RE assets

Net exposure breakdown (Jun 17)



Taking advantage of the recovery of the RE market to speed up the run-off

USA

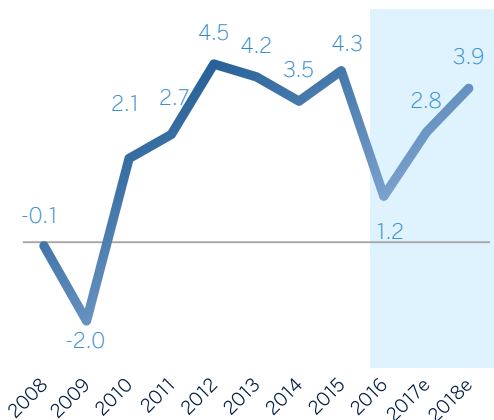


€297Mn, +62% YoY
1H17 Net attributable profit
(% in constant €)



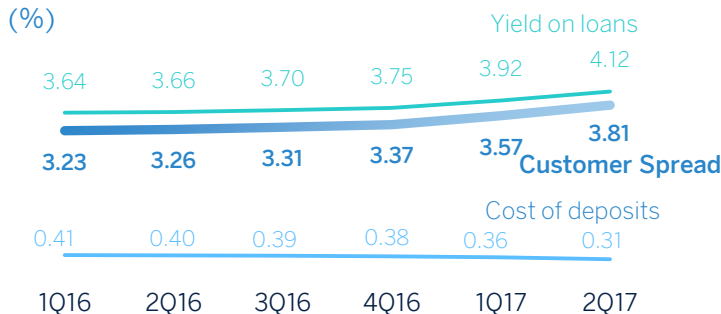
Resilient macro outlook even after Harvey and Irma

BBVA Compass footprint
(YoY GDP growth¹, %)



BBVA Compass: Profitable growth strategy

Successfully managing customer spread



Customer spread benefitting from higher rates and excellent price management

Focus on growing the consumer portfolio

Total Loans

-1.7%
YTD

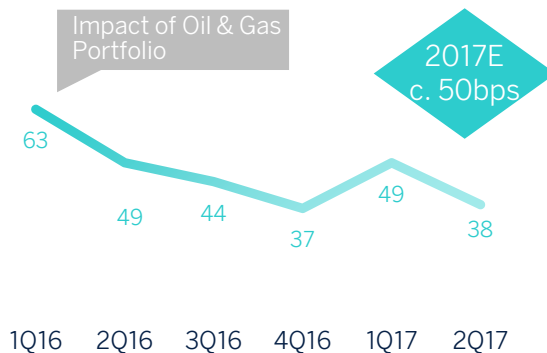
Consumer loans²

+4.7%
YTD

(1) Weighted GDP growth considering BBVA Compass' loans in every State. Source: BBVA Research. (2) Excluding indirect auto loans.

Better than expected CoR

(Cumulative, bps)



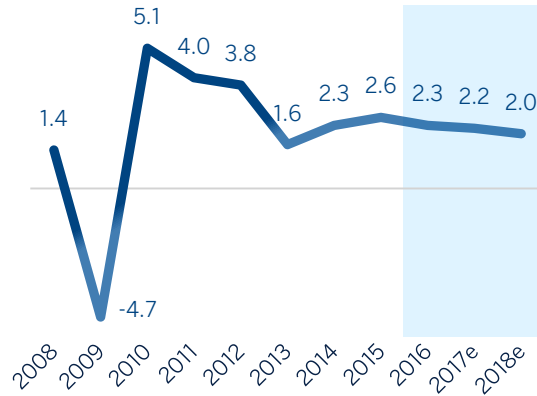
Modest impact from Harvey and Irma that does not change our 50bps CoR guidance for 2017

Loan growth recovery from 2H17

Mexico

Resilient and sustained GDP growth

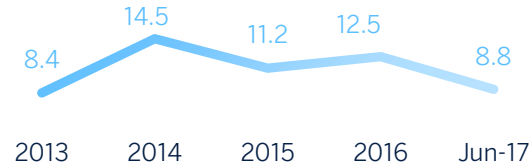
GDP Growth¹ (YoY, %)



BBVA Bancomer

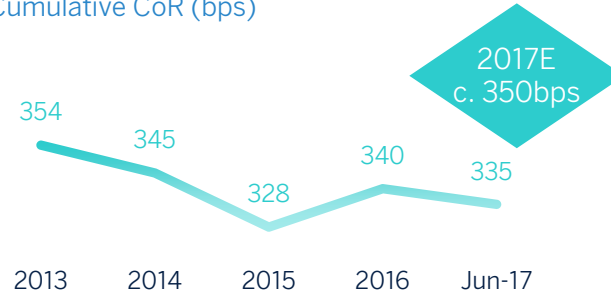
Loan growth²

(YoY, % in constant €)



Better than expected asset quality

Cumulative CoR (bps)

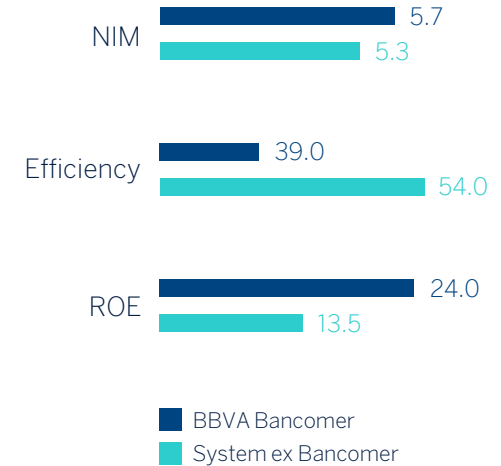


€1,080Mn, +16% YoY
1H17 Net attributable profit
(% in constant €)



Best in class profitability³

(1H17 annualized, %)



(1) Source: BBVA Research. (2) Performing loans under management at BBVA consolidated level. (3) Data based on local criteria. Source: CNBV.

High-single digit growth expected in loans and net income (in constant €)



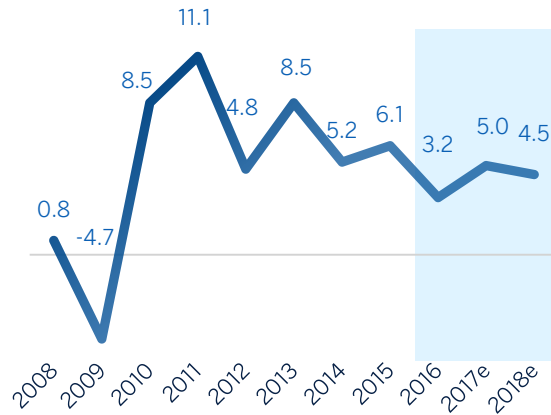
€374Mn, +39% YoY
1H17 Net attributable profit
(% in constant €)



Turkey

Acceleration in GDP growth

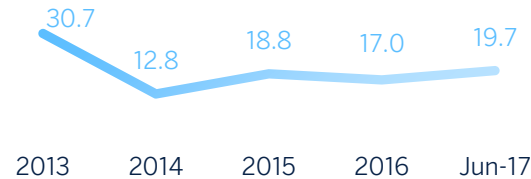
GDP growth (YoY, %)



Garanti:

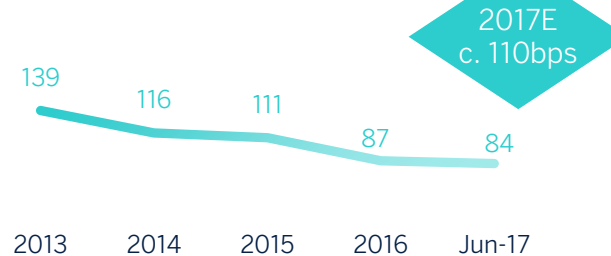
Robust loan growth² supported by loans in TRY

(YoY, % in constant €)



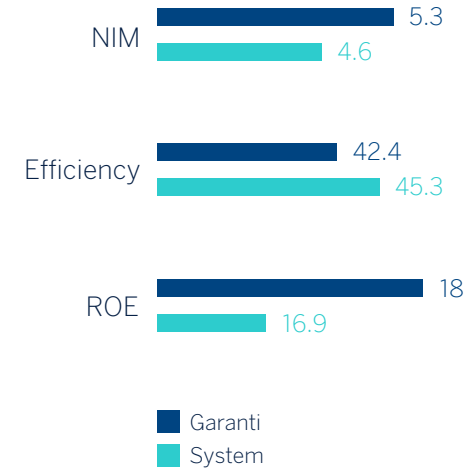
Better than expected asset quality

Cumulative CoR (bps)



Best in class profitability³

(1H17 annualized, %)



(1) Source: BBVA Research. (2) Performing loans under management at BBVA consolidated level. (3) Local bank-only data. Commercial banks only

The increased stake in Garanti (up to 49.85%) reinforces the Group's growth prospects



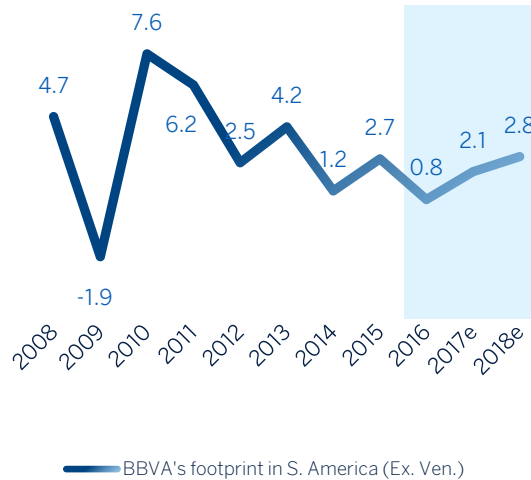
€404Mn, -3% YoY
1H17 Net attributable profit
(% in constant €)



South America

Turning point in 2017

GDP growth (YoY, %)¹

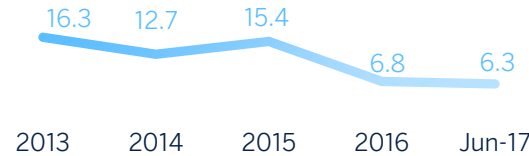


(1) Weighting based on the GDP size of countries (Argentina, Chile, Colombia, Peru, Paraguay and Uruguay). Source: BBVA Research

BBVA South America

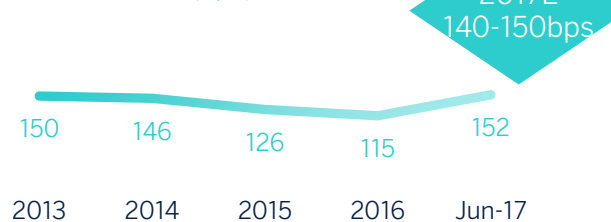
Moderate and more sustainable loan growth²

(YoY, % in constant €)



Limited asset quality deterioration in line with expectations

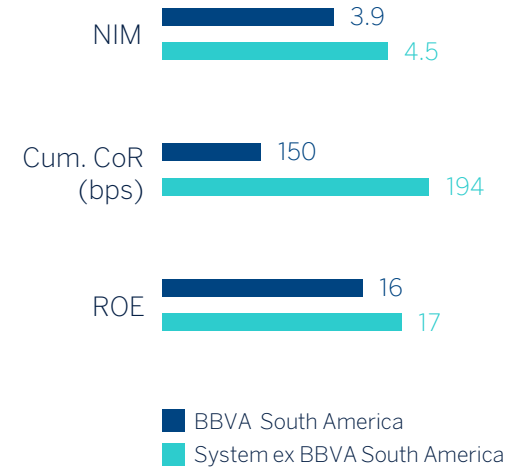
Cumulative CoR (bps)



(2) Performing loans under management at BBVA consolidated level.

A more conservative portfolio mix with better asset quality³

(1H17 annualized, %)



(3) Data based on local criteria from Superintendencies.

Sustainable growth with asset quality at reasonable levels



Delivering on our transformation strategy

Customer Experience



In 7/11 geographies (2016)



Digital customers

BBVA Digital Customers Jun 17

19.9m



BBVA Mobile Customers Jun 17

14.5m



Digital Sales

Digital Sales 1H17

22.2%

of total sales (in # of transactions YTD)



Tipping Point
(50% digital penetration)
achieved in:

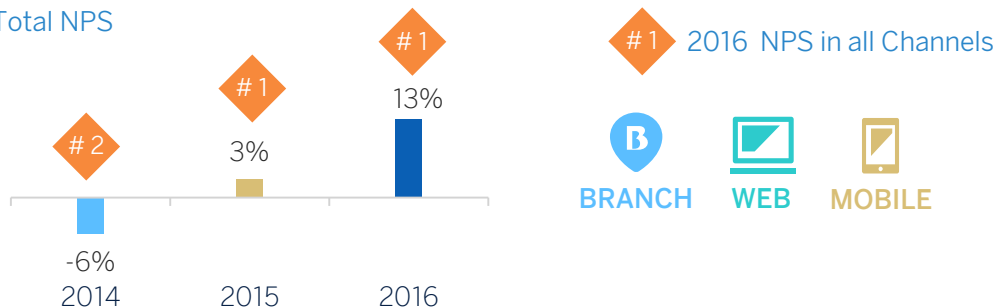




BBVA Spain as an example of transformation

New standard in customer experience

Total NPS



◆ Ranking among peers: Santander, Sabadell, Caixa, Bankia and Popular

Digital Sales

1H17

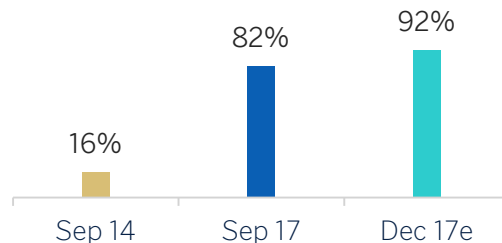
26.3%

of total sales
(in # of transactions YTD)



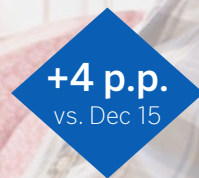
Mobile product availability

(% of mobile available products)



**Consumer loans:
Growing market share
in new loan production
thanks to digital loans**

12.4%
Jun 17



Key Takeaways

BBVA, well positioned for the new growth cycle

- Strong capital position and asset quality metrics
- A unique and non replicable footprint that offers higher growth prospects
- Delivering on our leading transformation strategy



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