



**BBVA** Creating  
Opportunities

# BBVA Group

Second Quarter 2017



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**BBVA** Bancomer

# BBVA's global presence

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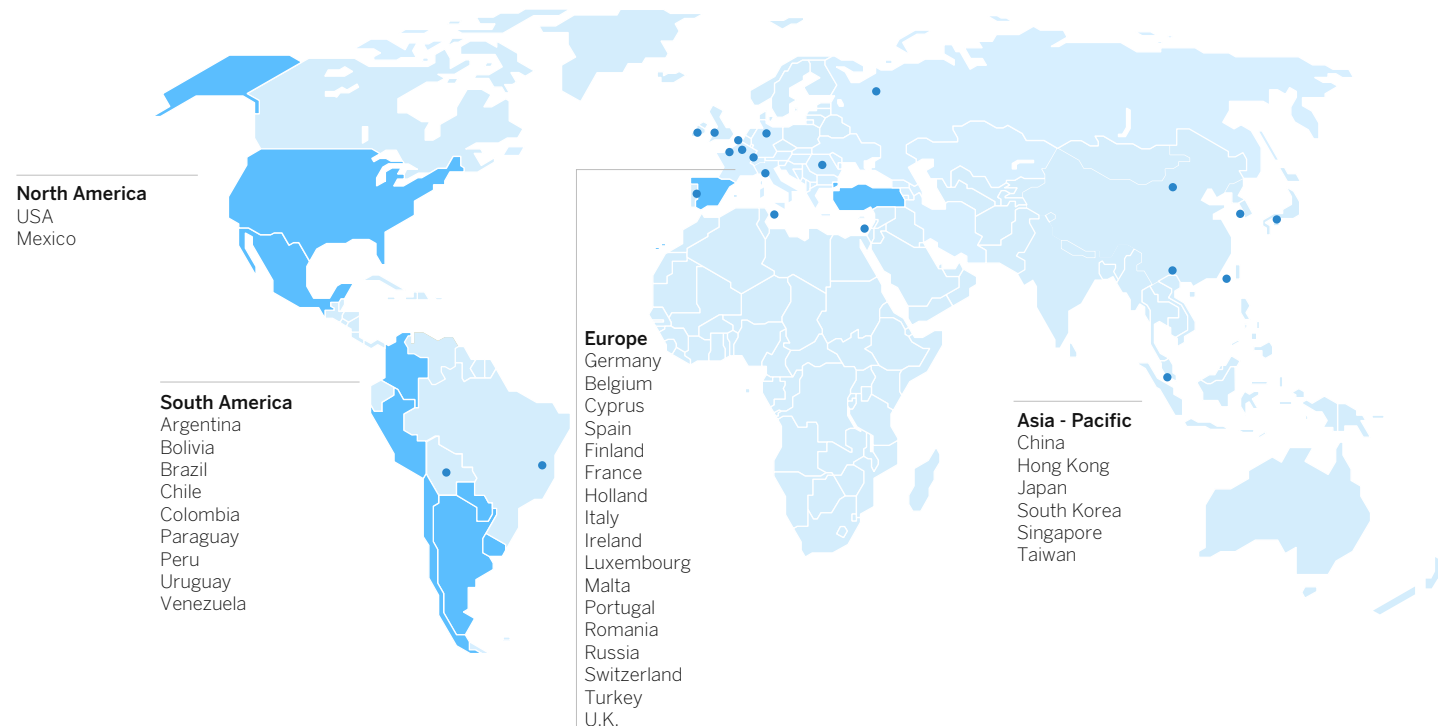
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**€ 702**  
billion in total  
assets

**71**  
million customers

**>30**  
countries

**8,421**  
branches

**31,194**  
ATMs

**132,321**  
employees

Note: As of June 2017.

# More than 150 years of history

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

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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

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<b>1995</b>	Banco Continental (Peru) Probursa (México)	<b>2005</b>	Granahorrar (Colombia) Hipotecaria Nacional (Mexico)	<b>2013</b>	Sale of (Panama) Sale of pension business in (Latam) Sale of CNCB's 5.1% (China)
<b>1996</b>	Banco Ganadero (Colombia) Bancos Cremi and Oriente (Mexico) Banco Francés (Argentina)	<b>2006</b>	Texas Regional Bancshares (USA) Forum Servicios Financieros (Chile) State National Bancshares (USA) CITIC (China)	<b>2014</b>	Simple (USA)
<b>1997</b>	Banco Provincial (Venezuela) B.C. Argentino (Argentina)	<b>2007</b>	Compass (USA)	<b>2015</b>	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 Bankasi (Turkey) Acquisition of a 29.5% stake in Atom (UK)
<b>1998</b>	Poncebank (Puerto Rico) Banco Excel (Brazil) Banco BHIF (Chile)	<b>2008</b>	Extended CITIC agreement	<b>2016</b>	Holvi (Finland) Sale of CNCB's 1.12% (China) Sale of GarantiBank Moscow AO (Moscow) OpenPay (Mexico)
<b>1999</b>	Provida (Chile) Consolidar (Argentina)	<b>2009</b>	Guaranty Bank (USA)	<b>2017</b>	Sale of CNCB's 1.8% (China) Acquisition of an additional stake in Türkiye Garanti Bankasi of 9.95% (Turkey)
<b>2000</b>	Bancomer (Mexico)	<b>2010</b>	New extension CITIC agreement Türkiye Garanti Bankasi (Turkey)		
<b>2004</b>	Valley Bank (USA) Laredo (USA) OPA sobre Bancomer	<b>2011</b>	Extension of Forum SF agreement (Chile) Credit Uruguay (Uruguay)		
		<b>2012</b>	Sale of Puerto Rico Unnim Banc (Spain)		

# Main figures 1H17

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## Earnings (€m)

12,718	6,407	2,306
Gross income	Operating income	Net attributable profit

## Balance sheet (€m)

702,429	54,727	424,405	394,626
Total assets	Total equity	Loans and advances to customers - gross	Deposits from customers

## Efficiency/ Profitability

8.6%	0.82%	49.6%
ROE	ROA	Efficiency ratio

## Risk management

4.8%	71%
NPL ratio	NPL coverage ratio

## Solvency – CET1 Ratio

11.76%	11.10%
Phased-in	Fully-loaded

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# BBVA share

## Listed on the main international stock markets

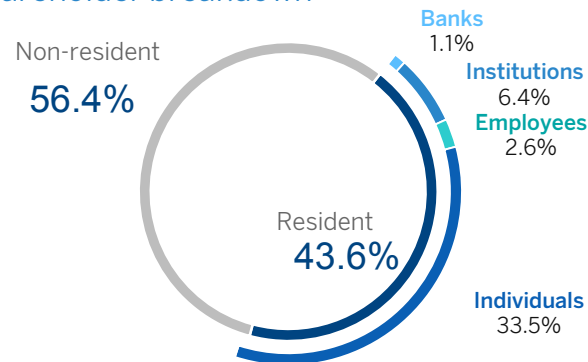


### Weighting (30-06-2017)

<b>8.9%</b>	IBEX 35
<b>2.1%</b>	Euro Stoxx 50
<b>9.1%</b>	Euro Stoxx Banks
<b>4.5%</b>	Stoxx Europe 600 Banks

## BBVA's capital ownership is well diversified

### Shareholder breakdown



### Figures as of 30<sup>th</sup> June 2017

Number of shares issued	<b>6,668m</b>
Book value per share	<b>7.18€</b>
Closing price	<b>7.27€</b>
Market capitalization	<b>48,442€m</b>

#shareholders  
**910,330**

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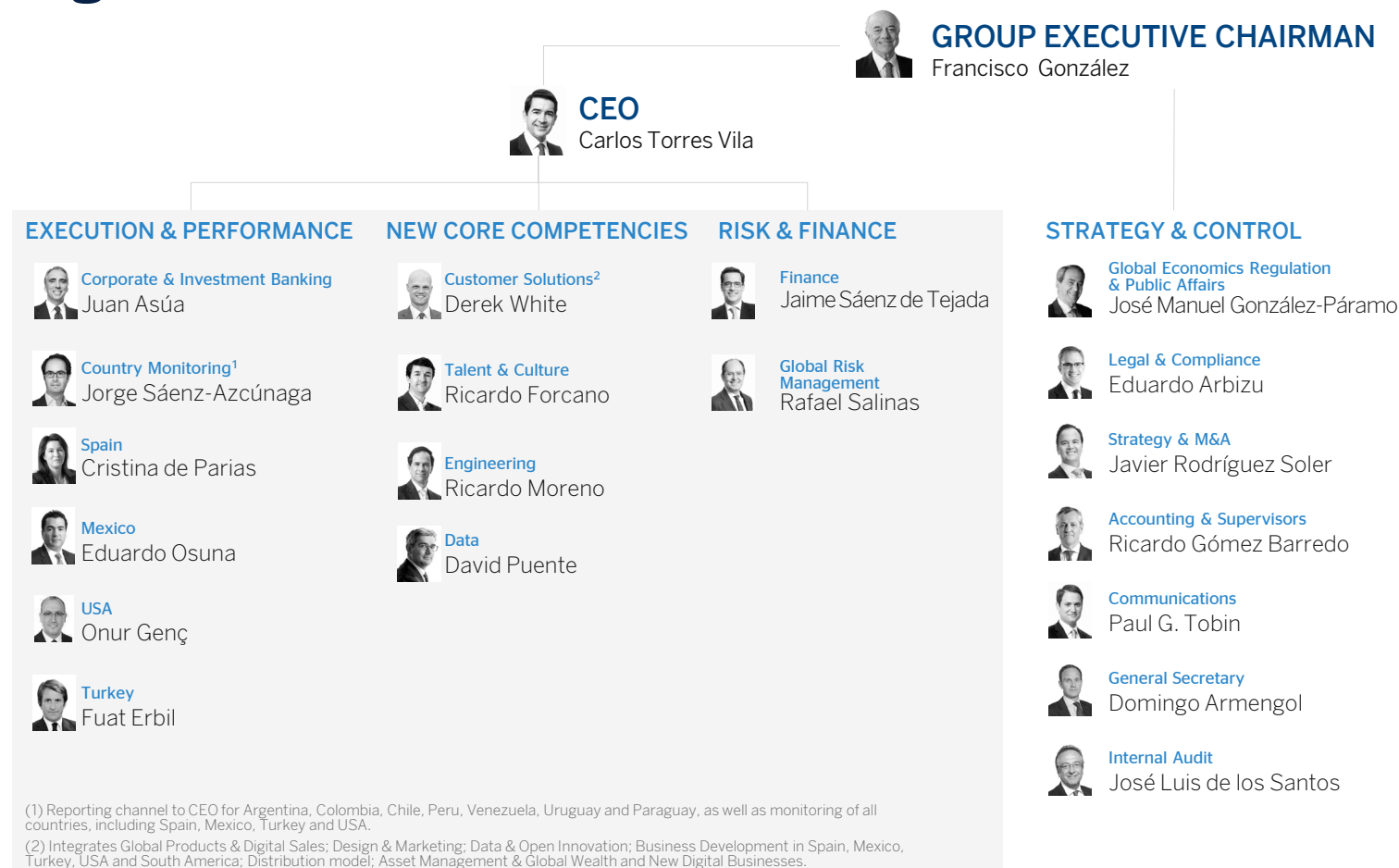
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# Our team

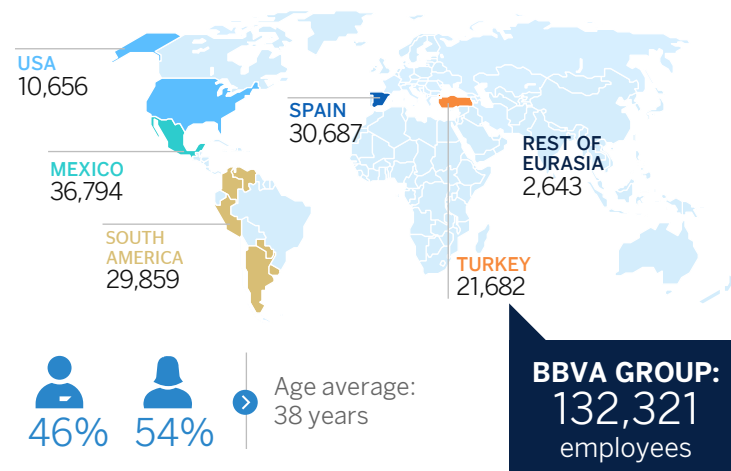
We are creating a culture, environment and ways of working where the customer is at the center of everything we do

## The best team

Our team is the cornerstone of our transformation, helping BBVA deliver the best customer experience anywhere

## A first class workforce

Our most valuable asset is a first class workforce, inspired by our Purpose and working as one team



Note 1: Figures as of 30<sup>th</sup> of June 2017.  
Note 2: Criteria for number of employees is based on location.



2016

we defined our purpose as an organization



2017

we are implementing a new way of working and collaborating

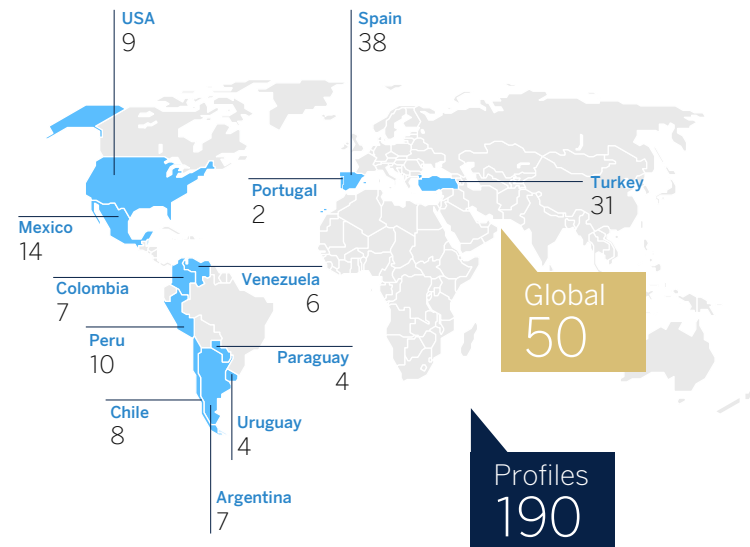
# Presence in social media

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



Note: As of June 2017.

## Number of BBVA's social media profiles by country (as of June 2017)



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## Financial Literacy

**adelante.** Valores de futuro  
con tu futuro

*Mi*  
JUBILACIÓN

CheckUp  
Financiero

Informe PISA sobre Educación Financiera elaborado por  
 **OECD**  
con el apoyo de BBVA

Center for Financial Education and Capability

## Social Entrepreneurship

 Fundación  
**BBVA MicroFinanzas**

**BBVA** | Momentum

## Knowledge



 **fundéu BBVA**

Fronteras del  
Conocimiento Award

[For more information  
click here](#)



# BBVA Social Impact in 2016

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### Wealth Generation

 **4,240**  
suppliers  
who invoiced 7,751 €m

 **9,440 €m**  
of accrued taxes collected by  
BBVA's activity

 **24,692 €m**  
economic value generated in  
2015  
Representing 0.5% of GDP in  
the economies where it  
operates

### Growth and Welfare Contribution

 **70 MILLION**  
customers in 35 countries,  
12.4 digital customers


 **1.8 MILLION**  
microentrepreneurs supported by  
Fundación Microfinanzas BBVA with  
1,009€m in 2016

 **2.5 MILLION**  
SMEs and Self-Employees  
financed by BBVA

### Sustainable Development Contribution

 **40%**  
of employees work in  
certified buildings

 **91 €m**  
directed to finance social  
infrastructure projects

 **5,350 €m**  
of placement in 8 green and  
social bond issues

Investment in social  
programs

> **93.3 €m**

# Awards and recognitions

Once more, BBVA's differentiated management has been recognized

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## 02. Vision and aspiration

Vision of the financial industry

Our aspiration

# Reshape of the financial industry

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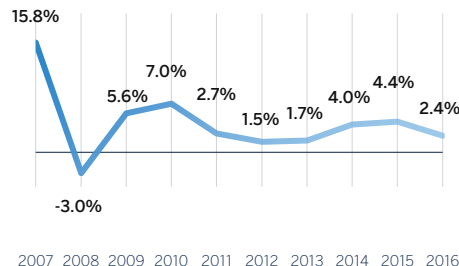
02 Vision and aspiration

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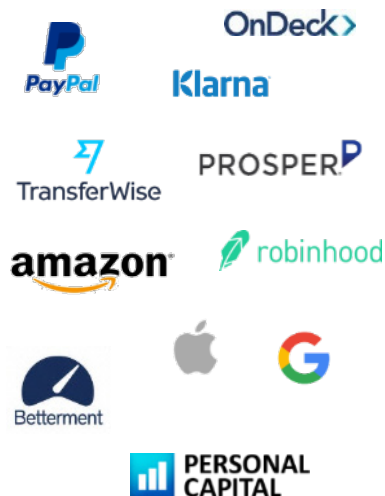
04 Results' highlights

## Regulatory pressure and the impact in profitability

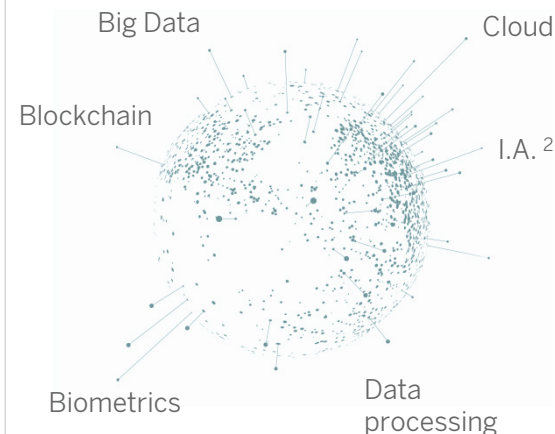
Banks ROE Evolution<sup>1</sup> (%)



## New players are entering the value chain



## Transforming technologies and use of data



Vision of the financial industry

Our aspiration

(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) Juniper Research Future Proofing Digital Banking.

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Vision of the financial industry

Our aspiration



# 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

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Vision of the financial industry  
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: clear, simple, transparent and fair conditions

**Redefining our Value Proposition based  
on customer experience and trust**

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Progress in our transformation

# 03. BBVA's Transformation Journey



# Defined strategic path

## Our Purpose

*“To bring the age of opportunity to everyone”*



## Six Strategic Priorities



New standard in customer experience



Drive digital sales



New business models



Optimize capital allocation



Unrivalled efficiency



A first class workforce

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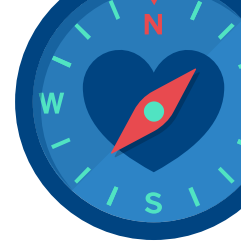
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**We are BBVA. We create opportunities**

# Our Values



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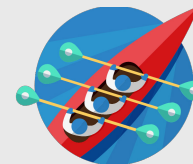
Progress in our transformation



Customer **comes first**



We think **big**



We are **one team**



We are empathetic



We are ambitious



I am committed



We have integrity



We break the mold



I trust others



We meet their needs



We amaze our customers



I am BBVA

# Progress in our Transformation

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## Products & Functionalities

- *EstarSeguros* (Spain)
- BBVA Plan- Financial Goals (Mexico)
- BBVA Smart Business (Spain)
- New PFM Dashboard (Spain)
- Digital Credit Card (USA)
- One click investment funds & term deposits (Mexico)
- Reject unrecognized purchases from the app (Mexico)
- Garanti Pay (Turkey)
- Open Market Digital Loans (USA)
- Garanti Mobile Keyboard (Turkey)
- Referrals payroll (Argentina)
- Mobile Payroll Advance (Colombia)
- *Dinero móvil* (Colombia)
- Digital Mortgage (Argentina & Peru)
- Mobile App Commercial (Venezuela)
- BBVA Cloud (Chile)

## Relationship Model

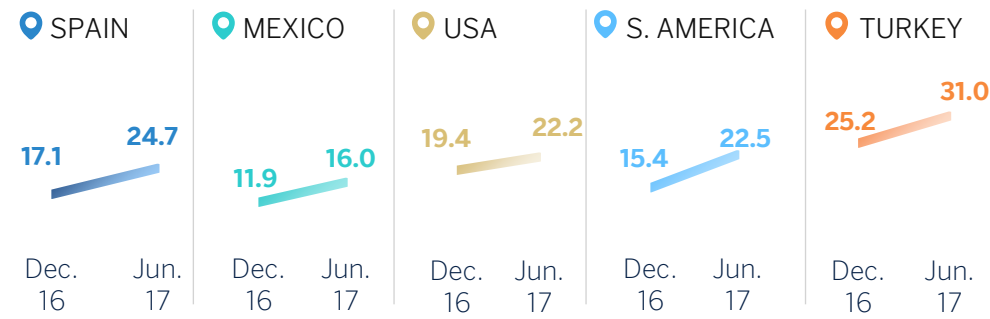
- MIA- Mobile Interactive Assistant (Turkey)
- Express customer digitization in branches (Spain)
- Live Chat (Mexico)
- Digital enrollment from branches (Argentina)

# Digital Sales

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## Digital Sales

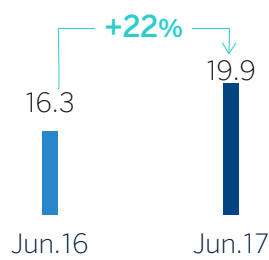
(% of total sales YtD, # of transactions)



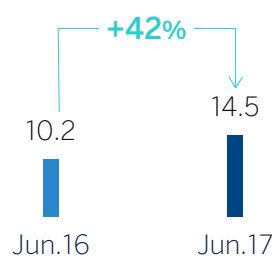
## BBVA Group

(Million)

### Digital Customers



### Mobile Customers



**50% tipping point in digital customers achieved**



Figures have been restated due to changes in the inclusion of some products.  
 Note: Paraguay and Uruguay as of December 2016

# New business models

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## Acquisitions



Atom

29.5% stake



SIMPLE

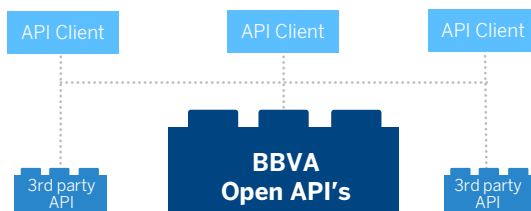


## Investments (venture capital\*)



## Open Platform

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



➤ **BBVA is driving the modularization of finance**

(\*) DriveMotors, Civi, Hippo, Guideline, Brave and Hixme are investments made by Propel Venture Partners US Fund I, LP, fintech venture capital fund managed independently by Propel Venture Partners LLC, where BBVA Compass Bancshares Inc. is a Limited Partner.

**Leveraging the Fintech ecosystem to develop our value proposition**

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**BBVA Apimarket** >

# Leveraging technology

In 2007 we began our transformation process

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**We have been working on our platforms**

**And now we are adapting to the new paradigms of development**

## Front-Office / Channels



Branch



Mobile



Web



Social network



ATMs



Call center

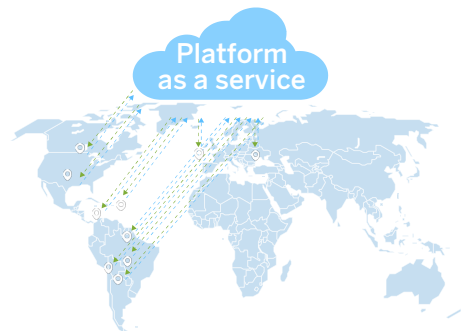


BBVA Wallet

## Multichannel Architecture

## Middleware / Services

## Back-office or Core Banking System



**Placing technology at the customer's service**

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# Cultural change

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■ **Zero tolerance against low quality**

■ **New ways of working:**  
Agile, collaborative tools

■ **New headquarters**

■ **Collaborative culture, entrepreneurship**  
(‘trial - error’)

■ **Leaner structures**

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



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

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# 04. Results' highlights



# Highlights

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## NET ATTRIBUTABLE PROFIT

1H17

2,306 €m

+25.9% vs 1H16

+30.8% constant €

- Growth in core revenues
- Costs control
- Low cost of risk
- Solid capital generation

## GROSS INCOME

1H17

12,718 €m

+4.0% vs 1H16

+7.8% constant €

## OPERATING INCOME

1H17

6,407 €m

+8.6% vs 1H16

+13.9% constant €

## RISKS 1H17

Risk indicators improvement

NPL RATIO

4.8%

## SOUND ASSET QUALITY

Cost of risk improvement

COST OF RISK YTD

0.9%

## CAPITAL

Solid capital ratios

LEVERAGE RATIO

6.8%

FULLY-LOADED

CET 1 RATIO

11.76%

PHASED-IN

COVERAGE RATIO

71%

FINANCIAL ASSETS + RE IMPAIRMENTS 2Q17

1,011 €m

FULLY-LOADED

11.10%

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2Q17

# Profit & Loss

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2Q17

BBVA Group (€m)	1H17	Change 1H17/1H16	
		%	% constant
<b>Net Interest Income</b>	<b>8,803</b>	<b>5.2</b>	<b>9.6</b>
Net Fees and Commissions	2,456	4.5	8.0
Net Trading Income	1,069	-9.1	-2.4
Other Income & Expenses	390	13.7	-1.7
<b>Gross Income</b>	<b>12,718</b>	<b>4.0</b>	<b>7.8</b>
Operating Expenses	-6,311	-0.3	2.2
<b>Operating Income</b>	<b>6,407</b>	<b>8.6</b>	<b>13.9</b>
Impairment on Financial Assets	-1,941	-8.0	-4.9
Provisions and Other Gains	-432	8.2	4.0
<b>Income Before Tax</b>	<b>4,033</b>	<b>18.9</b>	<b>27.2</b>
Income Tax	-1,120	21.8	32.9
<b>Net Income</b>	<b>2,914</b>	<b>17.9</b>	<b>25.2</b>
Non-controlling Interest	-607	-5.0	7.7
<b>Net Attributable Profit</b>	<b>2,306</b>	<b>25.9</b>	<b>30.8</b>

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2Q17

# Business areas

## SPAIN Banking activity

NET ATTRIBUTABLE PROFIT

670 €m

+8.0% vs. 1H16

NPL RATIO

5.7% vs. 6.0% 2Q16

COVERAGE RATIO

53% vs. 60% 2Q16

## NON CORE REAL ESTATE

NET ATTRIBUTABLE PROFIT

-191 €m

-7.6% vs. 1H16

NET EXPOSURE

-14.2%

vs. Dec.16

## USA constant €

NET ATTRIBUTABLE PROFIT

297 €m

+62.4% vs. 1H16

NPL RATIO

1.3% vs. 1,6% 2Q16

COVERAGE RATIO

105% vs. 90% 2Q16

- NII excluding CIB remains stable in 1H. Lower contribution from CIB due to Global Markets and securities portfolio sales
- Good trend in fees and insurance
- Cost and impairments reductions as the main P&L drivers
- Sound asset quality indicators, with NPLs decreasing by 8% YoY

- Good market trends
- Delivering on our strategy: reducing exposure using all available sources
- Positive impacts of wholesale transactions in 2Q17 P&L

- Positive earnings momentum
- Strong growth in core revenues, leveraging NII
- Significant reduction of impairments and provisions
- Strong improvement in asset quality indicators vs. 2Q16
- DFAST&CCAR results prove strength of capital and risk processes

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# Business areas

## MEXICO constant €

NET ATTRIBUTABLE PROFIT

1,080 €m

+16.4% vs. 1H16

NPL RATIO

2.3% vs. 2.5% 2Q16

COVERAGE RATIO

126% vs. 121% 2Q16

## TURKEY constant €

NET ATTRIBUTABLE PROFIT

374 €m

+39.3% vs. 1H16

NPL RATIO

2.5% vs. 2.7% 2Q16

COVERAGE RATIO

135% vs. 128% 2Q16

## SOUTH AMERICA constant €

NET ATTRIBUTABLE PROFIT

404 €m

-3.0% vs. 1H16

NPL RATIO

3.5% vs. 2.7% 2Q16

COVERAGE RATIO

94% vs. 111% 2Q16

- Sustained growth in all P&L lines
- Excellent top line growth thanks to core revenues
- Positive operating jaws maintained, best in class efficiency
- Stability of risk indicators

- Strong core revenue growth, thanks to higher lending activity
- Cost growth in line with inflation improving efficiency
- Outstanding bottom-line growth

- Good growth in core revenues (NII and Fees)
- Cost growing with inflation, positive jaws excluding Argentina
- Deterioration in NPLs mainly in Colombia and Peru due to macro environment

# CIB – 1H17 results

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02 Vision and aspiration

03 BBVA transformation journey

04 Results' highlights

Highlights

Business areas

2Q17

## Business activity

(constant €, % YTD)

LENDING (Gross)

53 €bn -2.4%

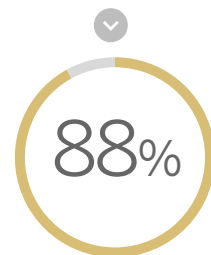
CUSTOMER FUNDS

39 €bn +1.5%

## Client's revenue

(constant €, % YoY)

1,283 €m +5.0%



Wholesale banking recurrent business<sup>1</sup>

% of revenues given by our relations with clients

## Results

(constant €, % YoY)

GROSS MARGIN

1,461 €m +13.1%

NET MARGIN

959 €m +22.3%

NET ATTRIBUTABLE PROFIT

589 €m +80.7%

- Customer funds recovery and decrease in lending in Spain and USA
- High recurrence of our client's revenues
- GM outstanding performance causes a solid increase in results, especially in Spain and Mexico

(1) Client's revenue / Gross margin.

Note: All data includes Venezuela



**BBVA** Creating  
Opportunities

# BBVA Group

Second Quarter 2017

