



BBVA Creating
Opportunities

BBVA Group

Fourth Quarter 2017



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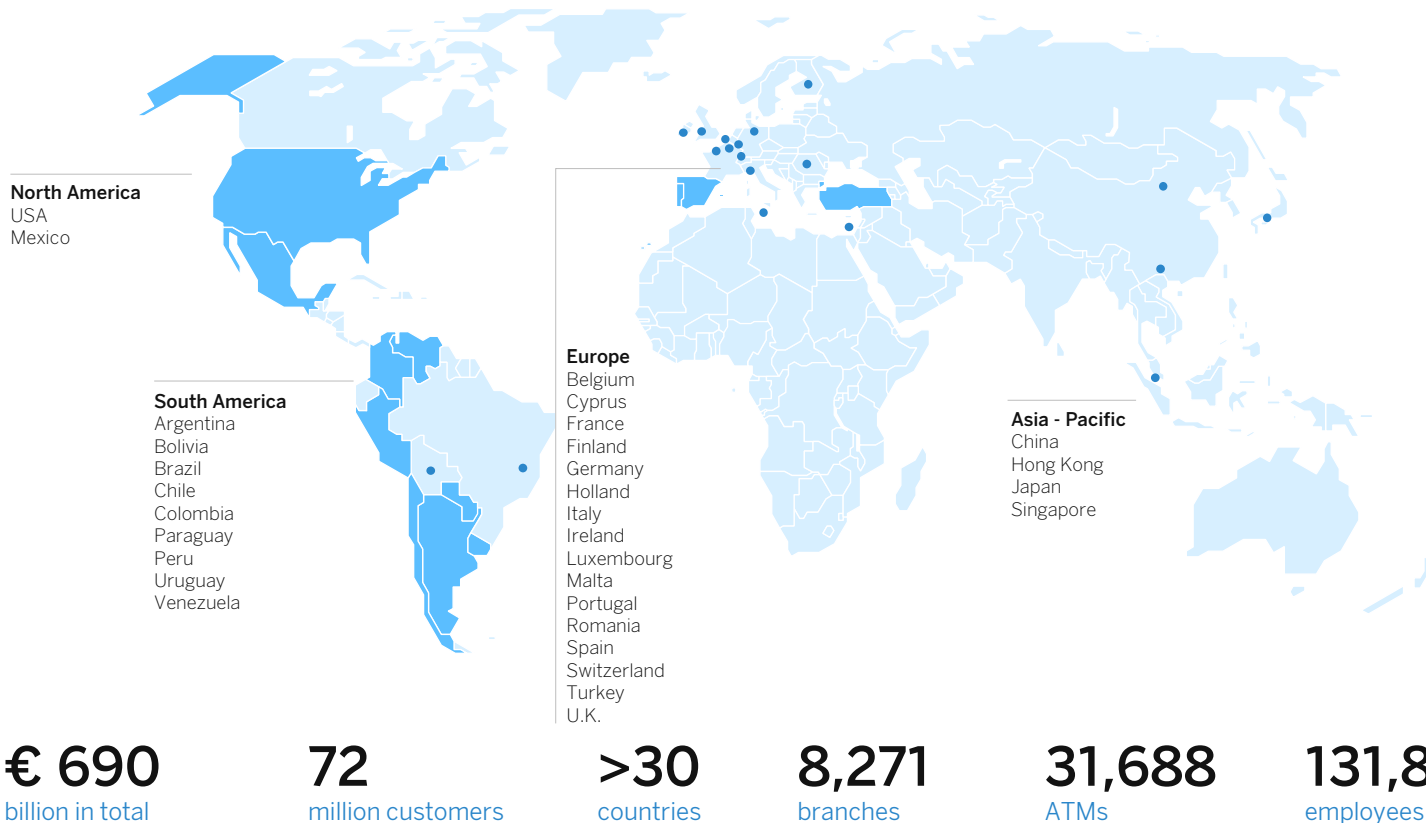
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Data as of 31st of December 2017. Those countries in which BBVA has no legal entity or the volume of activity is not significant are not included

More than 150 years of history

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

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

Main figures 12M17

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Earnings (€m)

25,270	12,770	4,642*
Gross income	Operating income	Net attributable profit

Balance sheet (€m)

690,059	53,323	400,369	376,379
Total assets	Total equity	Loans and advances to customers - gross	Deposits from customers

Efficiency

49.5%
Efficiency ratio

Risk management

4.4%	65%
NPL ratio	Coverage ratio

Solvency – CET1 Ratio

11.7%	11.1%
Phased-in	Fully-loaded

(*) Ex – Telefónica impairment. Net attributable profit taking into account the impact of Telefónica impairment 3,519 €m

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click here >

BBVA share

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Listed on the main international stock markets

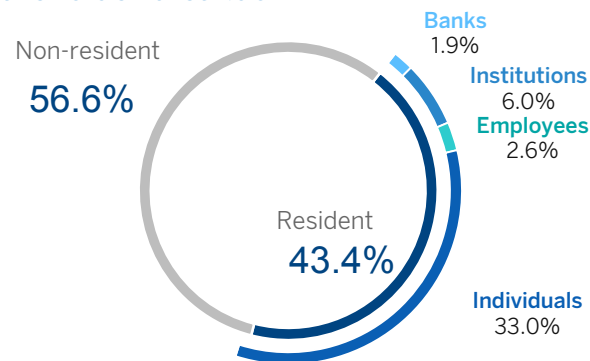


Weighting (31/12/2017)

8.9%	IBEX 35
2.0%	Euro Stoxx 50
8.7%	Euro Stoxx Banks
4.3%	Stoxx Europe 600 Banks

BBVA's capital ownership is well diversified

Shareholder breakdown



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Figures as of 31st December 2017

Number of shares issued	6,668m
Tangible book value per share	5.69€
Closing price	7.11€
Market capitalization	47,422€m



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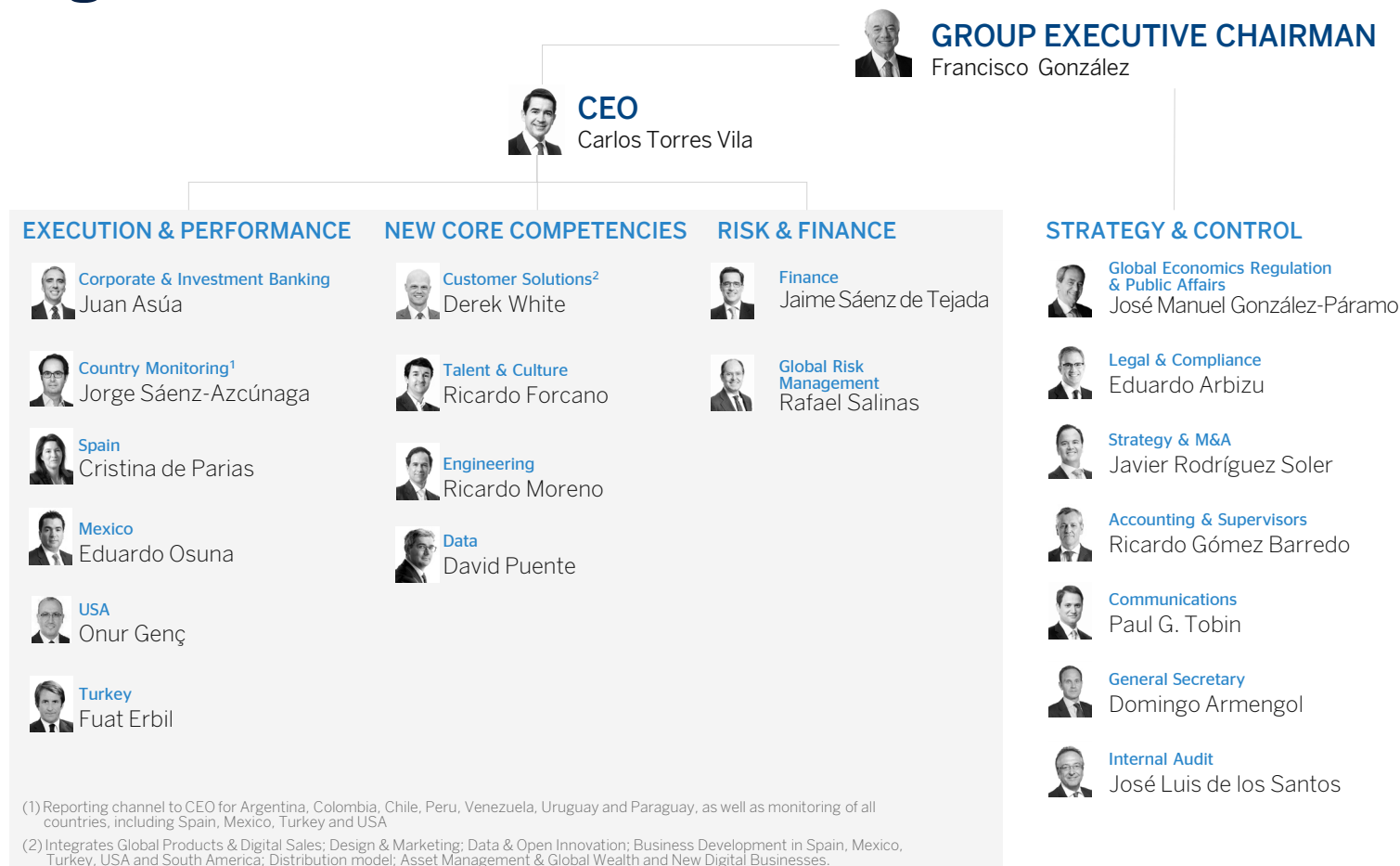
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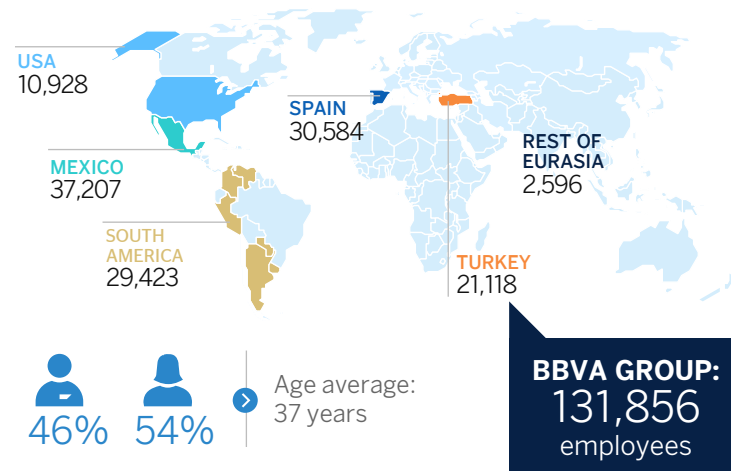
We are creating a culture, environment and ways of working where the customer is at the center of everything we do

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 31st of December 2017.
Note 2: Criteria for number of employees is based on location.



we defined our Purpose as an organization



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

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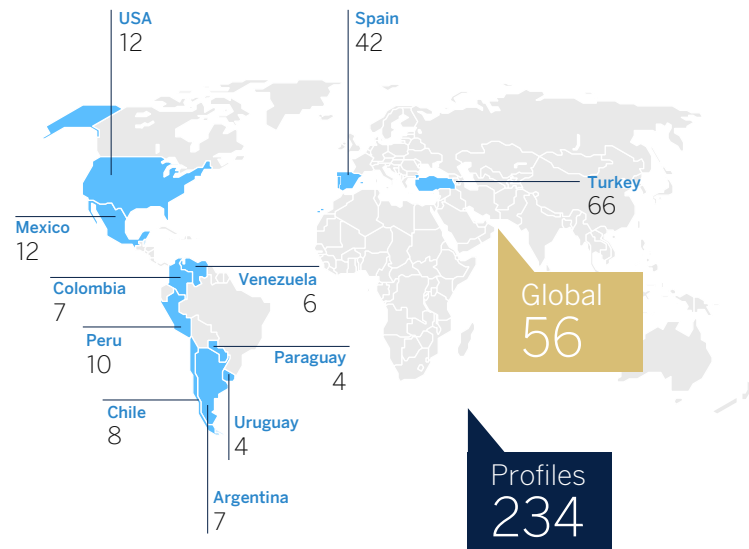
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Note: as of 31st of December 2017.

Number of BBVA's social media profiles by country



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

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Wealth Generation

131,856



EMPLOYEES

received 5,163 millions in wages and salaries

39



TRAINING HOURS

yearly by employee investing 52 million euros

51,769



SUPPLIERS

invoicing 7,553 million euros

9,881€m



TAXES ACCRUED

and collected by BBVA's business activity



Growth and Welfare Contribution

51

MILLIONS



CUSTOMERS IN MORE THAN 30 COUNTRIES

42% digital customers and 32% mobile customers

115,021€m



IN HOUSES FINANCED

by BBVA

33,985€m



IN PENSION FUNDS

managed by BBVA

3.5

MILLIONS



SMES and Self-Employees

financed and supported by BBVA

8.2

MILLIONS



PEOPLE BENEFITED

from financial inclusion

1.9

MILLIONS



MICROENTREPRENEURS

supported by Fundación Microfinanzas BBVA with 951 million euros

Note: Data pending to be verified

[For more information click here](#)



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

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Sustainable Development Contribution

Boosting sustainable funding

22,400 €m
sustainable finance

10,646 €m
sustainable bonds placement
(1,517 millions as bookrunner)

>1,000 €m
green loans

Note: Data pending to be verified

Reduction on direct environmental impacts

26%
renewable energies

9%
paper consumption reduction

42%
of employees work in certified buildings



Direct Contribution to Society

103 €m

Allocated to social programs

Financial Education

Center for Financial Education & Capability



2.3 m participants in education programs

adelante.
con tu futuro

Valores de futuro

Entrepreneurship



Fundación
BBVA MicroFinanzas

BBVA | Momentum

BBVA Open Talent 2017

Knowledge

- ▲ Frontiers of Knowledge Awards
- ▲ Research Grants
- ▲ Mathematics & Physics awards

Fundación BBVA

For more information
[click here](#)



Awards and recognitions

Once more, BBVA's differentiated management has been recognized

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Vision of the financial industry
Our aspiration

02. Vision and aspiration



Reshape of the financial industry

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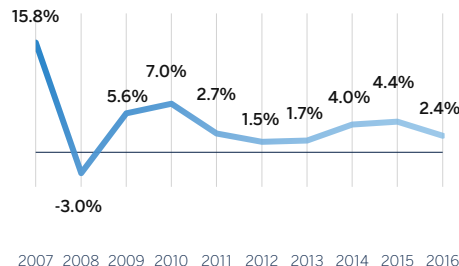
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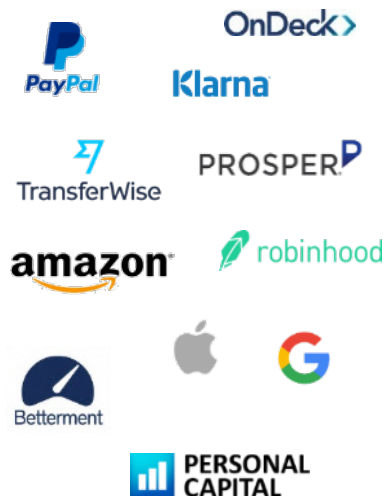
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Regulatory pressure and the impact in profitability

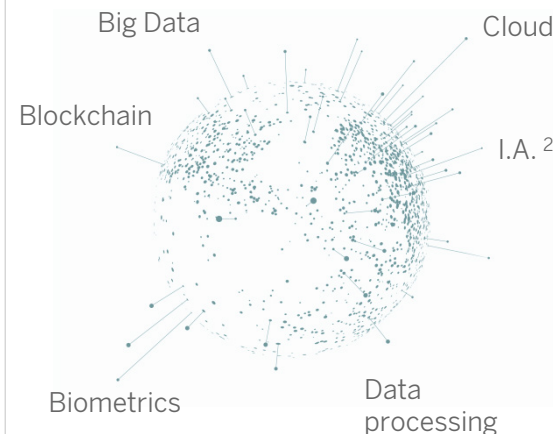
Banks ROE Evolution¹ (%)



New players are entering the value chain



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

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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 for our customers, being clear, transparent and based on integrity

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

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Progress in our transformation

03. BBVA transformation journey



Defined strategic path

Our Purpose

“To bring the age of opportunity to everyone”



Six Strategic Priorities



New standard in customer experience



Digital sales



New business models



Optimize capital allocation



Unrivalled efficiency



A first class workforce

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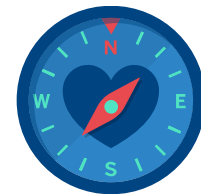
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We are BBVA. We create opportunities

Our Values



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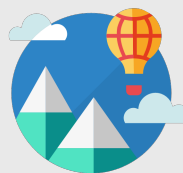
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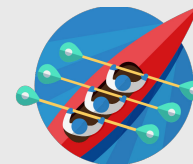
04 Results' highlights



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

Focused on customer satisfaction

BBVA NPS (Dec.17)

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		Rnk
	Spain	# 1
	Mexico	# 1
	Turkey	# 1
	Argentina	# 1
	Colombia	# 1
	Paraguay	# 1
	Peru	# 1
	Venezuela	# 1

Peer Group: Spain: Santander, CaixaBank, Bankia, Sabadell, Popular// Turkey: AKBank, IsBank , YKB, Deniz, Finans // Mexico: Banamex, Santander, Banorte , HSBC/ Argentina: Galicia, HSBC, Santander Río // Venezuela: Banesco, Mercantil, Banco de Venezuela. // Peru: Interbank, BCP, Scotiabank // Paraguay: Continental, Itau, Regional // Colombia: Davivienda, Bogotá, Bancolombia.

*Footprint average except n.a data in Turkey

Increase in NPS by channel
(footprint average*)

Online Banking

Branches

+6.4 p.p.
Dec.17 vs Dec.16

+5.8 p.p.
Dec.17 vs Dec.16

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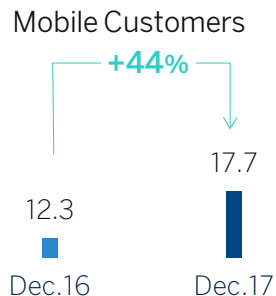
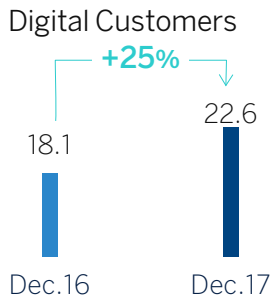
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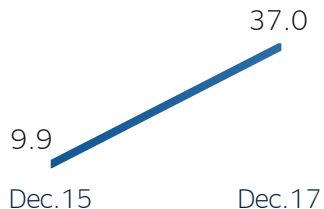
04 Results' highlights

Digital Customers & Digital Sales BBVA Group

Digital Customers (million)



Digital Sales (% of total sales, # of transactions)



➤ In two years digital sales went from 1 out of 10 to 1 out of 3

50% tipping point in digital customers achieved



Proof of our successful transformation

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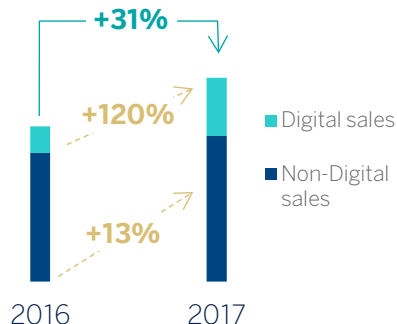
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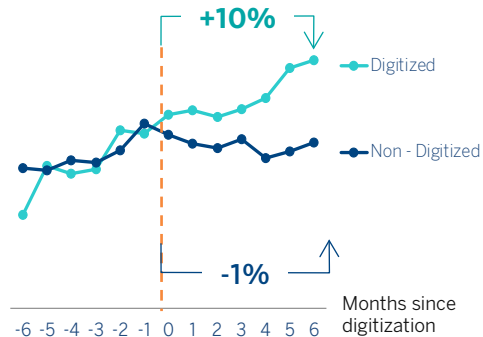
DIY increases total sales

Total sales Spain (million units)



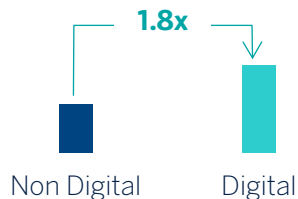
Customers become more profitable when digitized

Gross margin per customer evolution Mexico* (%)



Digital customers are more engaged

Operating income per customer Turkey** (times)



(*) Gross Margin analysis from a sample of customers before and after digitization

(**) Profit per customer is provided for monthly year average profit for Retail Banking (Individual and SME banking). Includes only direct costs

Our transformation, in the right direction

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Progress in our transformation

New business models

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Acquisitions



Atom

29.5% stake



SIMPLE



MADIVA

Internal Ventures



Investments (Propel Venture Partners)



Leveraging the FinTech ecosystem to develop our value proposition

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

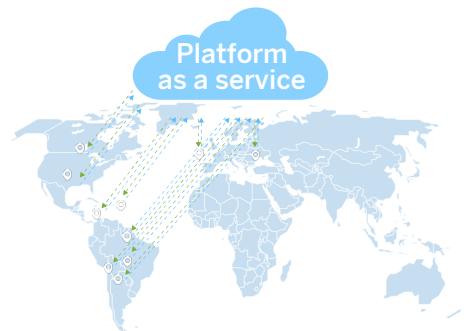


BBVA Wallet

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, Communities of Practice

■ New headquarters

■ Collaborative culture, entrepreneurship

■ 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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12M17 Highlights

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4Q17

NET ATTRIBUTABLE PROFIT (*)

12M17

4,642 €m

+19.7%(**) vs 12M16

+26.3% constant €

- Recurring revenue growth
- Cost reduction
- Risk indicators under control

GROSS INCOME

12M17

25,270 €m

+2.5% vs 12M16

+7.9% constant €

OPERATING INCOME

12M17

12,770 €m

+7.7% vs 12M16

+14.1% constant €

RISKS 4Q17

Risk indicators improvement

NPL RATIO

4.4%

SOUND ASSET QUALITY

Cost of risk improvement

COST OF RISK YTD

0.87%

CAPITAL 4Q17

Solid capital ratios

LEVERAGE RATIO

6.6%

FULLY-LOADED

CET 1 RATIO

11.71%

PHASED-IN

COVERAGE RATIO

65%

IMPAIRMENTS (Financial Assets + RE) 4Q17

1,104 €m

FULLY-LOADED

11.08%

(*) Ex – Telefónica impairment. Net attributable profit taking into account the impact of Telefónica impairment 3,519 €m

(**) Ex-mortgage floor clauses provision in 2016

Profit & Loss

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4Q17

BBVA Group (€m)	2017	Change 2017/2016	
		%	% constant
Net Interest Income	17,758	4.1	10.6
Net Fees and Commissions	4,921	4.3	9.4
Net Trading Income	1,968	-7.7	-6.0
Other Income & Expenses	622	-16.3	-19.1
Gross Income	25,270	2.5	7.9
Operating Expenses	-12,500	-2.3	2.2
Operating Income	12,770	7.7	14.1
Impairment on Financial Assets ^(*)	-3,680	-3.2	1.2
Provisions and Other Gains and Losses	-1,036	-37.9	-38.5
Income Before Tax^(*)	8,054	26.0	37.3
Income Tax	-2,169	27.7	39.7
Net Income^(*)	5,885	25.4	36.4
TEF Impairment	-1,123	n.s.	n.s.
Non-controlling Interest	-1,243	2.0	19.1
Net Attributable Profit	3,519	1.3	7.6
Net Attributable Profit (ex-Telefónica impairment in 2017 & mortgage floor provision in 2016)	4,642	19.7	26.3

^(*) Ex – Telefónica impairment

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4Q17

Business areas

SPAIN Banking activity

NET ATTRIBUTABLE PROFIT (12M17)

1,381 €m

+52.7% vs. 12M16

NPL RATIO

5.2% vs. 5.8% 4Q16

COVERAGE RATIO

50% vs. 53% 4Q16

NON CORE REAL ESTATE

NET ATTRIBUTABLE PROFIT (12M17)

-501 €m

-15.8% vs. 12M16

NET EXPOSURE

-37.2%

vs. Dec.16

USA constant €

NET ATTRIBUTABLE PROFIT (12M17)

511 €m

+14.6% vs. 12M16

NPL RATIO

1.2% vs. 1.5% 4Q16

COVERAGE RATIO

104% vs. 94% 4Q16

- NII increase (+2% vs 3Q17)
- Good trend in fees (+6% vs 2016)
- Cost and impairments reductions (-6% and -26% vs 2016 respectively) as the main P&L drivers
- NPLs down in the quarter

- Cerberus sale transaction to reduce almost entirely our exposure to REOs

- Positive earnings momentum
- Strong YoY revenue growth on the back of rate increases

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MEXICO constant €

NET ATTRIBUTABLE PROFIT (12M17)

2,162 €m

+12.7% vs. 12M16

NPL RATIO

2.3% vs. 2.3% 4Q16

COVERAGE RATIO

123% vs. 127% 4Q16

TURKEY constant €

NET ATTRIBUTABLE PROFIT (12M17)

826 €m

+70.0% vs. 12M16

NPL RATIO

3.9% vs. 2.7% 4Q16

COVERAGE RATIO

85% vs. 124% 4Q16

SOUTH AMERICA constant €

NET ATTRIBUTABLE PROFIT (12M17)

861 €m

14.0% vs. 12M16

NPL RATIO

3.4% vs. 2.9% 4Q16

COVERAGE RATIO

89% vs. 103% 4Q16

- Sustained growth in all P&L lines meeting our expectations
- Outstanding growth of core revenues: NII + fees
- Continued positive operating jaws with costs growing below inflation
- CoR better than expected

- Outstanding growth across the board
- Expenses increase well below inflation and significant efficiency improvement
- 2017 CoR better than expected

- Top line growth translated into the bottom-line
- Positive jaws achieved in 2017 and costs growing in line with inflation ex-Venezuela
- Cost of risk better than expected

CIB – 12M17 Results

01 About BBVA

02 Vision and aspiration

03 BBVA transformation journey

04 Results' highlights

Highlights

Business areas

4Q17

Business activity

(constant €, % YtD)

LENDING

49 €bn -5.7%

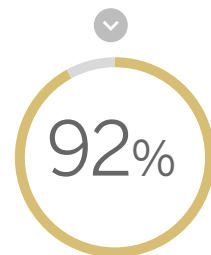
CUSTOMER FUNDS

38 €bn +3.2%

Client's revenue

(constant €, % YoY)

2,456 €m +0.0%



Wholesale
banking
recurrent
business¹

% of revenues
given by our
relations with
clients

Results

(constant €, % YoY)

GROSS MARGIN

2,672 €m -0.3%

NET MARGIN

1,680 €m +0.9%

PROFIT AFTER TAXES

1,001 €m +15.7%

- Decline in lending volume, and increase in deposits. High recurrence of our client's revenues
- Positive trend in attributed earnings, strongly supported by stable revenues in a complex environment, cost control and restriction on loan-loss provisions
- Positive trend in risk indicators

(1) Client's revenue / Gross margin

Note: All data includes Venezuela



BBVA Creating
Opportunities

BBVA Group

Fourth Quarter 2017

