

The image features a large, modern, arched building with a glass facade and a blue metallic exterior, set against a cityscape and mountains. A dark blue rectangular overlay on the left contains the BBVA Group logo and the text 'SECOND QUARTER 2018'.

BBVA Group

SECOND QUARTER 2018

Creating Opportunities

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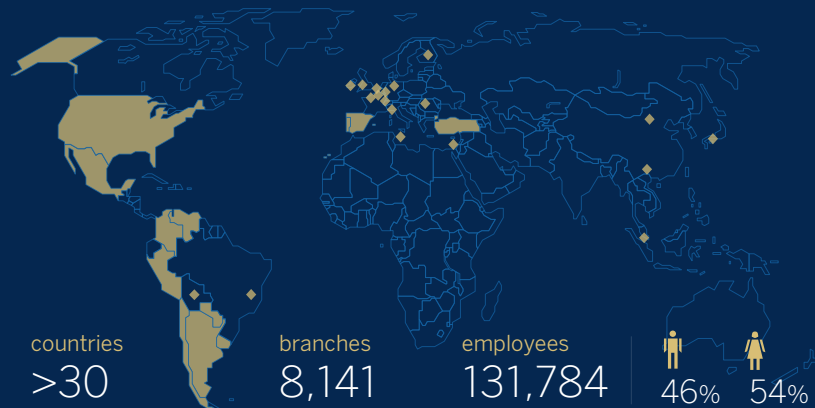
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BBVA'S GLOBAL PRESENCE

JUNE 2018



FINANCIAL HIGHLIGHTS

JUNE 2018

Total assets	Loans and advances to customers - gross	Deposits from customers	
689,632	390,661	367,312	
	Net attributable profit	NPL ratio	Coverage ratio
	1,309	4.4%	71%
CET 1 FL (Proforma**)	TBV per share + Shareholders remuneration	ROE	ROTE
11.40%	5.78	11.7%	14.3%
(**) Proforma includes the updated impact of Corporate Transactions (+55 bps)			

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CUSTOMERS & DIGITAL SALES

JUNE 2018

CUSTOMERS

75 million

Digital customers

25.1 m

Mobile customers

20.7 m



DIGITAL SALES

PRV*
29.1%

Units
38.6%

(*) PRV: Product Relative Value as a proxy of a better economic representation of units sold

SUSTAINABLE DEVELOPMENT AND DIRECT CONTRIBUTION TO SOCIETY

BBVA's Pledge 2025



€100 billion

MOBILIZED between 2018 and 2025

Allocated to social programs

103 €m

BBVA Open Talent 2017

Fundación BBVA Microfinanzas

Fundación BBVA

BBVA Bazarium

Open Mind

A hand holding a smartphone. The screen shows a blue background with white clouds and the BBVA logo in the center. The status bar at the top of the phone shows 'Carrier', '12:20', and '100%' battery.

BBVA Purpose

We are BBVA. We create opportunities

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

New value proposition

Based on our customers' real needs



Helping our customers
to make the best financial
decisions offering relevant
advice



**Providing the best
solutions**
that generate trust for our
customers, being clear,
transparent and based
on integrity



**Through an easy and
convenient experience**
DIY through digital
channels or human
interaction

Our aspiration is to strengthen the relationship with the customer

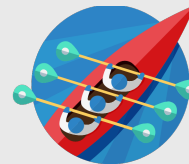
Our Values



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

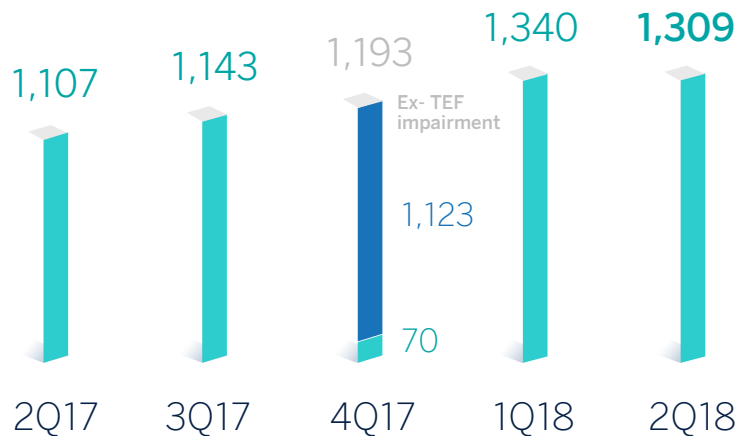
 I am BBVA

Quarterly Update

Solid Results in the Quarter

Net Attributable Profit

QUARTERLY EVOLUTION (€m)



- Strong core revenue growth
- Efficiency improvement
- Positive trend in digital sales and customers
- Sound risk indicators
- Strong capital position
- Focus on shareholder value

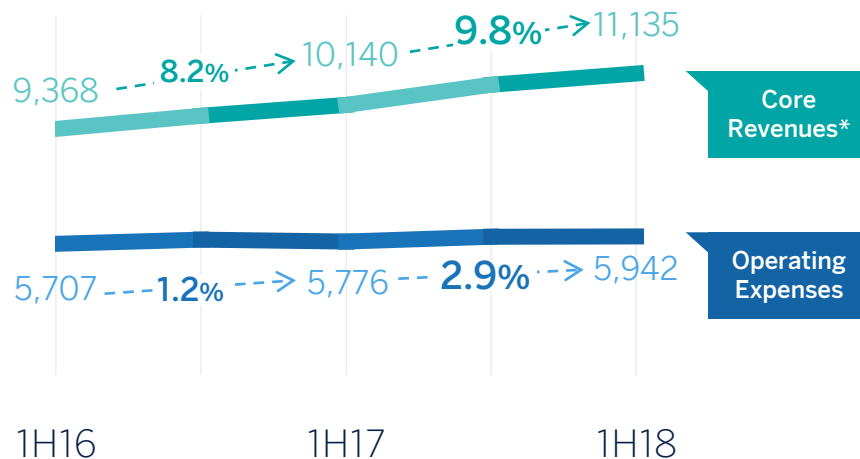
1H18 Profit & Loss

BBVA Group (€m)	1H18	Change 1H18/1H17	
		%	% constant
Net Interest Income	8,643	-1.8	9.4
Net Fees and Commissions	2,492	1.5	11.3
Net Trading Income	708	-33.8	-30.4
Other Income & Expenses	231	-40.8	-36.0
Gross Income	12,074	-5.1	4.8
Operating Expenses	-5,942	-5.8	2.9
Operating Income	6,131	-4.3	6.8
Impairment on Financial Assets	-1,611	-17.0	-9.0
Provisions and Other Gains and Losses	-77	-82.2	-82.0
Income Before Tax	4,443	10.2	25.5
Income Tax	-1,213	8.3	21.5
Net Income	3,230	10.9	27.0
Non-controlling Interest	-581	-4.3	17.0
Net Attributable Profit	2,649	14.9	29.5

Efficiency Improvement

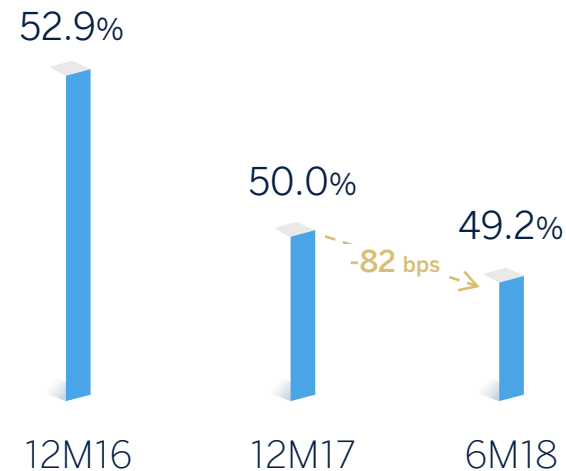
Group Operating Jaws

(YtD (%); (€ constant))



Efficiency Ratio

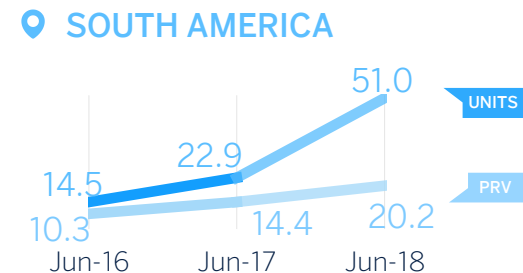
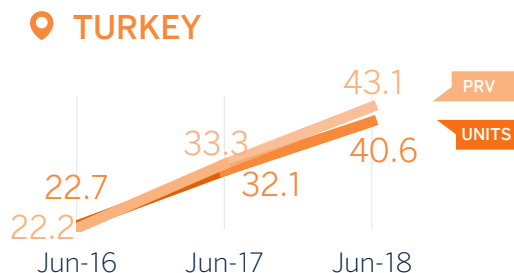
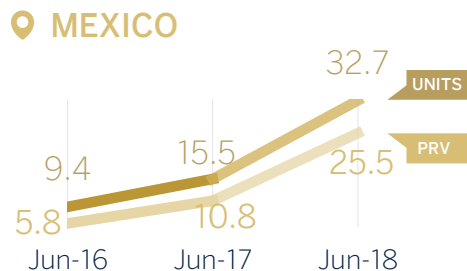
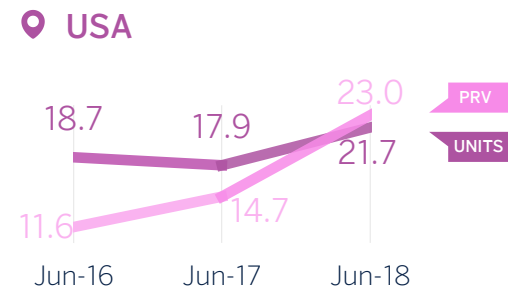
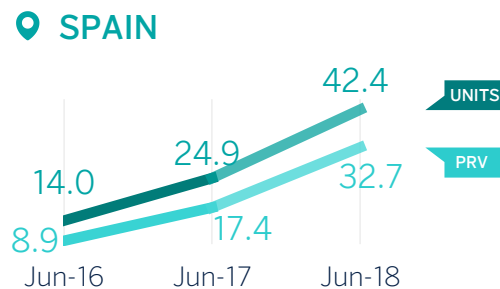
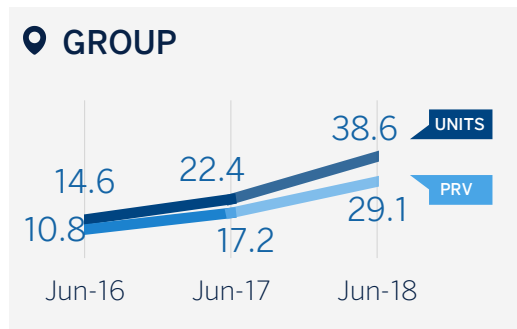
(€ constant)



(*) Core Revenues: Net Interest Income + Net Fees and Commissions

Outstanding trend of digital sales in all markets

(% of total sales YtD, # of transactions and PRV*)



Global solutions allow for a faster time to market and productivity improvements

Global delivery of solutions

GLOBAL MOBILE APP



-50%
Time-to-Market



-30%
FTEs

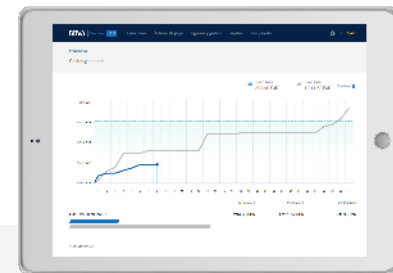


-40%
Development cost

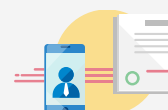
New solutions for colleagues:

DIGITAL WORKPLACE

Leads*
+29%



360
Client View



Send digital
proposals

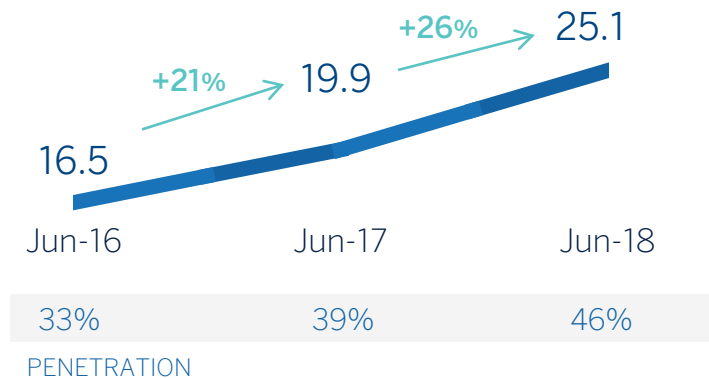


Digital
signature

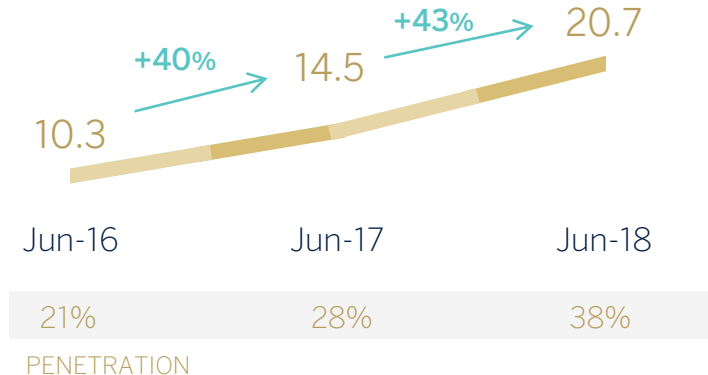
(*) Leads: originated on a digital channel but closed on any other channel. Spain and Mexico

Growth in digital and mobile customers

Digital Customers (Mn, % penetration)



Mobile Customers (Mn, % penetration)



50% tipping point of digital customers in 2018 and mobile customers in 2019

Leading customer satisfaction (NPS)

BBVA NPS (Jun-18)



SPAIN

MEXICO

TURKEY

PERU

PARAGUAY

URUGUAY



COLOMBIA

VENEZUELA

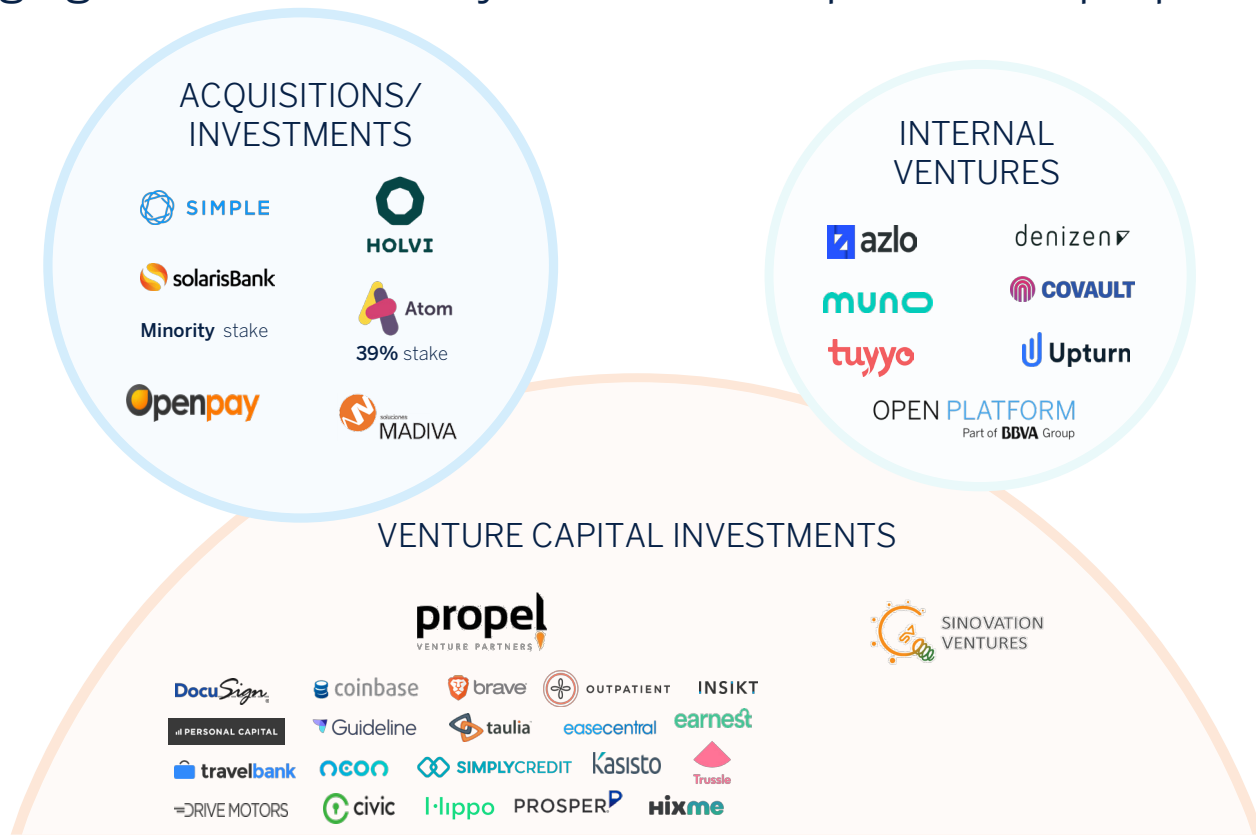
Best Mobile Banking App



Peer Group: Spain: Santander, CaixaBank, Bankia, Sabadell, Popular // Turkey: Akbank, Isbank, YKB, Deniz, Finanz // Mexico: Banamex, Santander, Banorte, HSBC // Peru: BBVA Continental, Interbank, BCP, Scotiabank // Colombia: BBVA, Banco de Bogotá, Bancolombia, Davivienda // Venezuela: Banesco, Mercantil, Banco de Venezuela // Uruguay: ITAU, Santander, Scotiabank // Paraguay: Continental, Itau, Regional

New business models

Leveraging the FinTech ecosystem to develop our value proposition

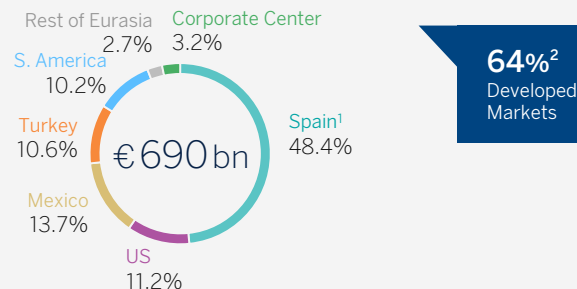


Business Areas

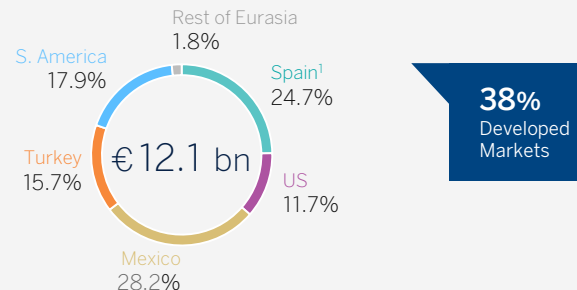
Well diversified footprint with high growth prospects

Breakdown by Business Area

TOTAL ASSETS (Jun.18)



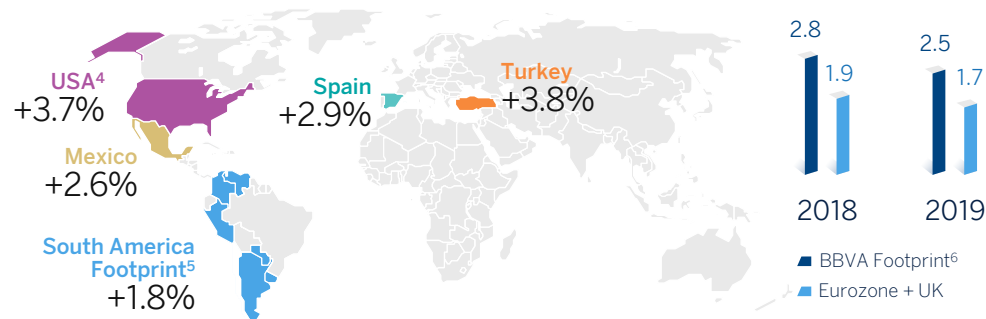
GROSS INCOME³ (1H18)



(1) Includes the areas Banking activity in Spain and Non Core Real Estate; (2) Excludes Corporate Center; (3) Percentages exclude the Corporate Center (1H18 Gross Income of €-196Mn)

Higher Growth Prospects

2018e GDP growth (YoY, %)



Source: BBVA Research (4) USA Sunbelt GDP growth; (5) South America Footprint excludes Venezuela (6) BBVA's footprint GDP growth: weighted by each country contribution to Group's Gross Income

Leadership positioning

Market share (in %) and ranking⁷

SPAIN #3	USA (Sunbelt) #4	MEXICO #1	TURKEY #2	S.AMERICA (ex Brazil) #1
13.7%	6.0%	22.9%	11.0%	10.3%

(7) Loans' market shares except for USA (Deposits). Spain based on BoS (May.18) and ranking (Mar.18) by AEB and CECA; Mexico data as of May.18 (CNBV); S. America (May.18), ranking considering main peers in each country; USA: SNL (Jun.17) considering Texas and Alabama; Turkey: BRSA performing loans; market share among commercial banks (Jun.18) and ranking (only considers private banks) as of Mar.18

Business Areas

Spain BANKING ACTIVITY

NET ATTRIBUTABLE PROFIT (1H18)

793 € m **+19.2%** vs. 1H17

NPL RATIO¹

5.2%
vs. 5.9% 2Q17

COVERAGE RATIO

57%
vs. 53% 2Q17

- Loans, improving trend (+1.6% qoq)
- Core revenue growth (+1.5% yoy in 1H18): sound growth in asset management and retail banking fees
- Costs continue to decrease
- CoR better than expectations

Non core real estate

NET ATTRIBUTABLE PROFIT (1H18)

-36 € m **-80.8%** vs. 1H17

NET EXPOSURE

-33.2%
vs. Jun.17

- 2018e net losses below €100 Mn
- Cerberus deal to **reduce almost entirely our exposure to REOs²**. Expected to be closed in 3Q18

USA € constants

NET ATTRIBUTABLE PROFIT (1H18)

387 € m **+51.2%** vs. 1H17

NPL RATIO

1.2%
vs. 1.3% 2Q17

COVERAGE RATIO

93%
vs. 104% 2Q17

- Lending growth accelerating. Focus on consumer loans: +18% yoy
- NII as the main P&L driver, growing at double digit
- Positive jaws and efficiency improvement
- CoR much better than expected

Note: NPL and Coverage ratio of 1Q18 under IFRS9 standards, 2017 figures under IAS 39

(1) NPL ratio exclude repos (2) REOs: Real Estate owned assets

Business Areas

Mexico € constants

NET ATTRIBUTABLE PROFIT (1H18)

1,208 € m +21.2% vs. 1H17

NPL RATIO

2.0%

vs. 2.3% 2Q17

COVERAGE RATIO

155%

vs. 126% 2Q17

- **Loan growth** accelerates yoy to +8.6%
- **NII growth** at high single digit
- **Positive operating jaws** and efficiency improvement
- **CoR** significantly better than expected

Turkey € constants

NET ATTRIBUTABLE PROFIT (1H18)

373 € m +25.6% vs. 1H17

NPL RATIO

4.5%

vs. 2.5% 2Q17

COVERAGE RATIO

76%

vs. 135% 2Q17

- **Loans:** TL loan portfolio growing at double digits (+15.5% yoy) and FC loan -8.4% yoy
- Solid **Core revenue growth:** +21% yoy in 1H18
- **Opex** growing below inflation
- **Asset quality** impacted by IFSR9 negative macro adjustment

South America € constants

NET ATTRIBUTABLE PROFIT (1H18)

452 € m +30.6% vs. 1H17

NPL RATIO

3.7%

vs. 3.5% 2Q17

COVERAGE RATIO

91%

vs. 94% 2Q17

- **Lending growth** at double digits, with retail segments as main driver
- **Core revenues** growing at mid-teens
- **Positive jaws** and improving efficiency
- **CoR** better than expected

CIB – 1H18 Results

Business activity

(constant €, % YtD)

LENDING

59 €bn +6.6%

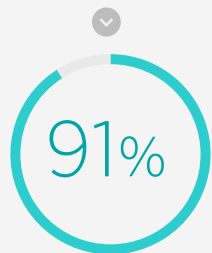
CUSTOMER FUNDS

39 €bn -12.0%

Client's revenue

(constant €, % YoY)

1,383 €m 0.0%



Wholesale banking
recurrent business¹
% of revenues given by
our relations with clients

Results

(constant €, % YoY)

GROSS INCOME

1,520 €m -2.1%

OPERATING INCOME

1,007 €m -3.3%

NET ATTRIBUTABLE PROFIT

597 €m -2.0%

- Recovery in lending volume specially in Mexico and Argentina
- Maintenance of customer income levels thanks to the good performance of the commercial activity
- Good performance in net interest margin, flat evolution in costs and lower provisions partially offset by lower revenues in GM set off lower results than previous year

(1) Client's revenue / Gross income

Annex

The image shows a multi-level office environment. On the left, a glass-enclosed corridor or mezzanine level is visible, with a white concrete railing. Below this, a large, open-plan office space is filled with rows of desks and computers, where several people are working. To the right, a wooden walkway or platform runs parallel to the glass corridor, providing a view of the office below. The ceiling is high with recessed lighting, and the overall atmosphere is bright and professional.

BBVA had significant growth since 1995

More than 160 years of history

- **1995** Banco Continental (Peru)
Probursa (México)
- **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 (Brazil)
Banco BHIF (Chile)
- **1999** Provida (Chile)
Consolidar (Argentina)
- **2000** Bancomer (Mexico)
- **2004** Valley Bank (USA)
Laredo (USA)
Public takeover offer for Bancomer (Mexico)
- **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 (China)
- **2009** Guaranty Bank (USA)
- **2010** New extension CITIC agreement (China)
Turkiye Garanti Bankasi (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 Turkiye Garanti Bankasi (Turkey)
Acquisition of a 29.5% stake in Atom (UK)
- **2016** Holvi (Finland)
Sale of CNCB's 1.12% (China)
Sale of GarantiBank Moscow AO (Moscow)
OpenPay (Mexico)
- **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)

Organizational chart



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