

# Fixed Income Presentation

3Q18

# Disclaimer

This document is only provided for information purposes and does not constitute, nor should it be interpreted as, an offer to sell or exchange or acquire, or an invitation for offers to buy securities issued by any of the aforementioned companies. Any decision to buy or invest in securities in relation to a specific issue must be made solely and exclusively on the basis of the information set out in the pertinent prospectus filed by the company in relation to such specific issue. No one who becomes aware of the information contained in this report should regard it as definitive, because it is subject to changes and modifications.

This document contains or may contain forward looking statements (in the usual meaning and within the meaning of the US Private Securities Litigation Reform Act of 1995) regarding intentions, expectations or projections of BBVA or of its management on the date thereof, that refer to or incorporate various assumptions and projections, including projections about the future earnings of the business. The statements contained herein are based on our current projections, but the actual results may be substantially modified in the future by various risks and other factors that may cause the results or final decisions to differ from such intentions, projections or estimates. These factors include, without limitation, (1) the market situation, macroeconomic factors, regulatory, political or government guidelines, (2) domestic and international stock market movements, exchange rates and interest rates, (3) competitive pressures, (4) technological changes, (5) alterations in the financial situation, creditworthiness or solvency of our customers, debtors or counterparts. These factors could cause or result in actual events differing from the information and intentions stated, projected or forecast in this document or in other past or future documents. BBVA does not undertake to publicly revise the contents of this or any other document, either if the events are not as described herein, or if such events lead to changes in the information contained in this document.

This document may contain summarised information or information that has not been audited, and its recipients are invited to consult the documentation and public information filed by BBVA with stock market supervisory bodies, in particular, the prospectuses and periodical information filed with the Spanish Securities Exchange Commission (CNMV) and the Annual Report on Form 20-F and information on Form 6-K that are filed with the US Securities and Exchange Commission.

Distribution of this document in other jurisdictions may be prohibited, and recipients into whose possession this document comes shall be solely responsible for informing themselves about, and observing any such restrictions. By accepting this document you agree to be bound by the foregoing restrictions.

# Index

- 01** About BBVA
- 02** BBVA's Strengths & Financial Highlights
- 03** Diversified Footprint
- 04** Asset Quality
- 05** Capital
- 06** MREL & Funding Plan
- 07** Liquidity & Funding
- 08** Ratings
- 09** Transformation Strategy

## APPENDIX

- BBVA Group 9M18 Profit & Loss
- Risk Indicators by Areas
- Capital Base: BBVA Group & BBVA S.A.
- BBVA, S.A.: 2018 SREP Requirement and distance to MDA
- Debt Issuances – 2017/2018YTD
- Amortized notes – 2017/2018YTD
- BBVA, S.A.: 3Q18 Issuances
- MREL framework

# 01



## About BBVA

# About BBVA

## BBVA's global presence

Sep.18

€ 669 bn  
assets

75 mn  
customers

26 mn  
digital customers

>30  
countries

126,357  
employees

7,999  
branches

## Defined strategic path

### Our Purpose

*"To bring the age of opportunity to everyone"*

### Six Strategic Priorities



New standard in customer experience



Optimal capital allocation



Drive digital sales



Unrivalled efficiency



New business models



A first class workforce

## Well diversified & self-sufficient subsidiaries

### Total Assets<sup>(1)</sup>

Sep.18



### Gross Income<sup>(1)</sup>

9M18



- **Leading franchises** in **Developed** (Spain, USA) and **Emerging Markets** (Mexico, Turkey and South America).
- **Decentralized model:** Self-sufficient subsidiaries responsible for their own capital and liquidity management. No liquidity transfers.

(1) Figures excludes the Corporate Center

## Committed with climate change and sustainable development

### BBVA's Pledge 2025



**€100 Billion**  
**MOBILIZED**  
From 2018 to 2025

- Green finance
- Sustainable infrastructure and agribusiness
- Financial inclusion & entrepreneurship

**Sustainable Development Goals Bond Framework recently announced**

# 02

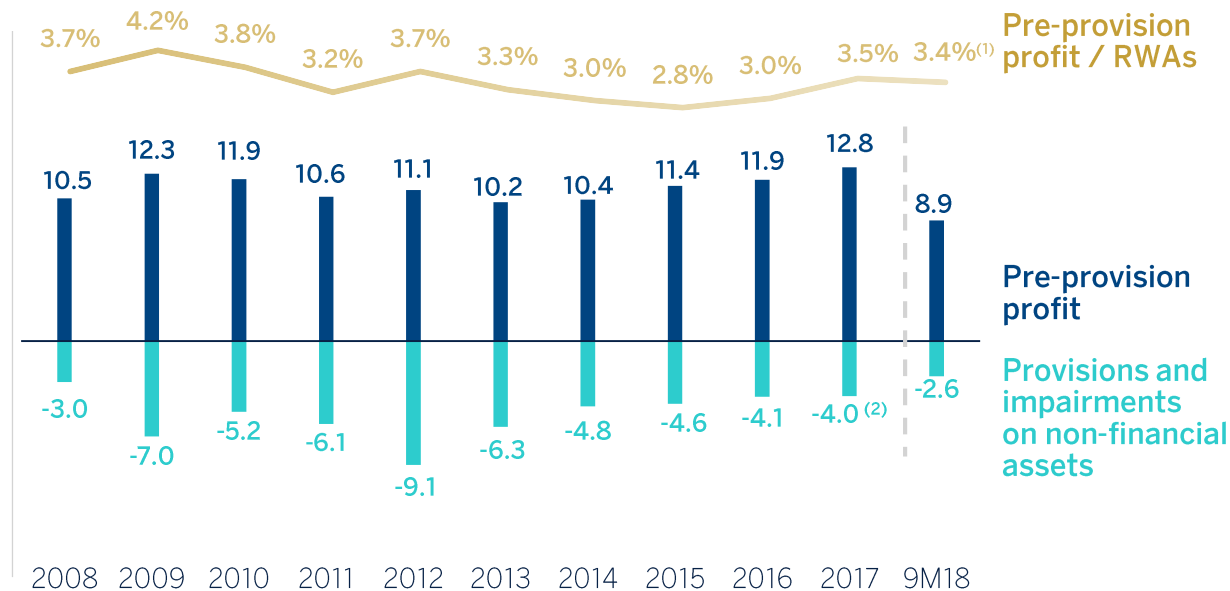


## BBVA's Strengths & Financial Highlights

# BBVA's Strengths

## Resilience and Low Earnings Volatility

(€ bn, current, %)



(1) Annualized Pre-provision profit for comparison purposes; (2) Excluding Telefónica one off impairment (€-1,123Mn)

Diversified footprint

Prudent risk profile

Sound capital and liquidity position

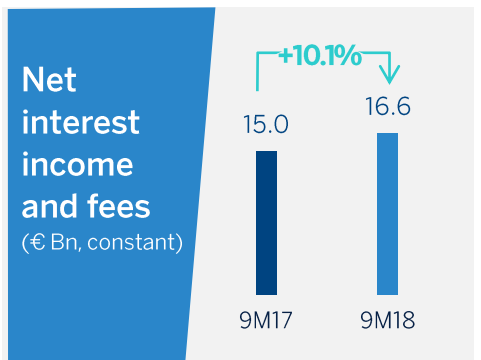
Delivering on our transformation strategy



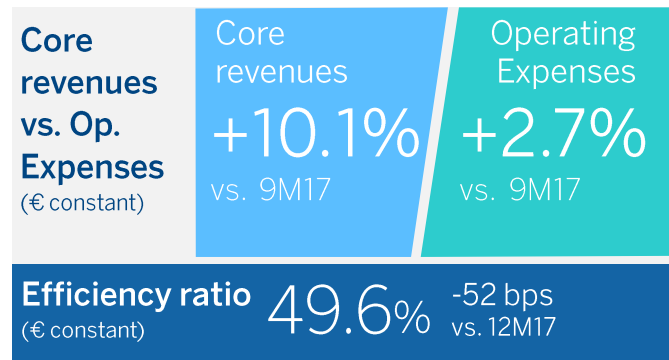
Profit generation all through the crisis years

# 9M18 Highlights

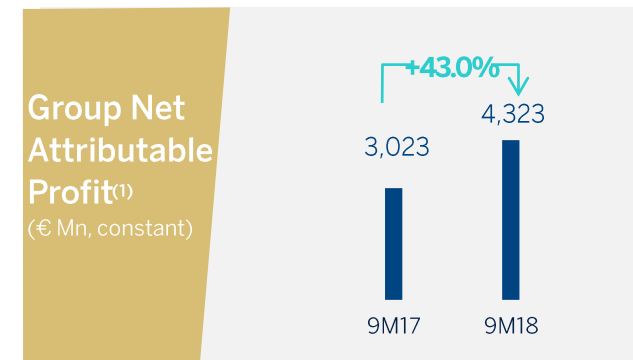
## Core revenues growth



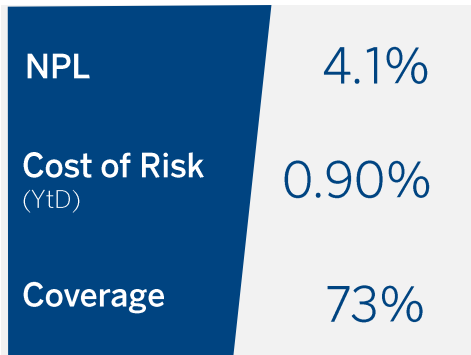
## Cost control



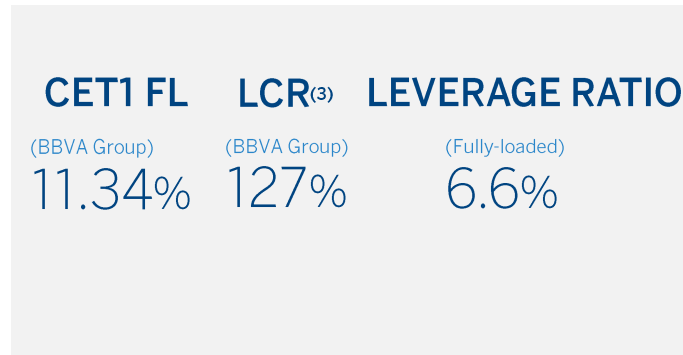
## Increasing results



## Sound asset quality<sup>(2)</sup>



## Strong capital & liquidity ratios<sup>(2)</sup>



## Delivering on our transformation<sup>(2)</sup>



(1) Including corporates transactions: Sale of BBVA Chile capital gain €633Mn (2) Data as of 9M18; (3) Liquidity Coverage Ratio; (4) % of total sales in Sep.18, # of transactions



# 03



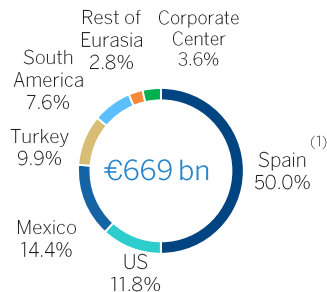
## Diversified Footprint

# Unique footprint with high growth prospects

## Breakdown by Business Area

### Total Assets

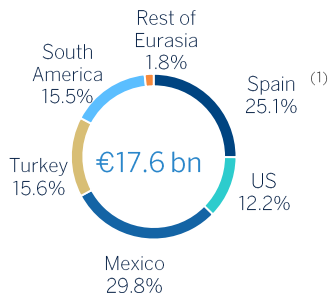
Sep.18



**67%<sup>(2)</sup>**  
Developed Markets

### Gross Income<sup>(3)</sup>

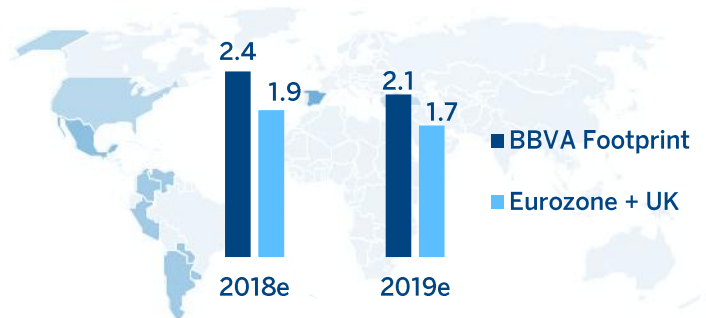
9M18



**39%**  
Developed Markets

## Higher Growth Prospects

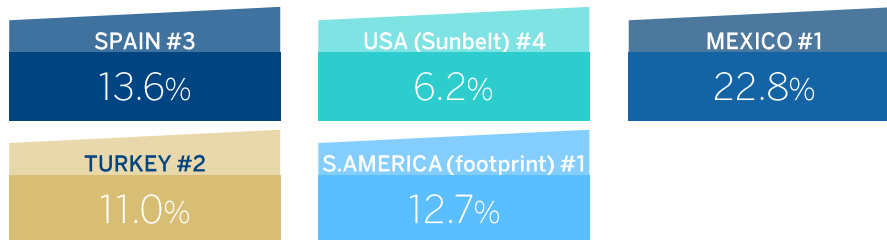
GDP growth (YoY, %)



Source: BBVA Research. GDP growth: weighted by each country contribution to Group's Gross Income.

## Leadership positioning

Market share (in %) and ranking<sup>(4)</sup>



(1) Includes Banking activity in Spain and Non Core Real Estate; (2) Excludes Corporate Center; (3) Percentages exclude the Corporate Center (9M18 Gross Income of €-325Mn)

(4) Loans' market shares except for USA (Deposits). **Spain** based on BoS (Aug.18) and ranking (Jul.18) by AEB and CECA; **Mexico** data as of Aug.18 (CNBV); **S. America** (Jun.18), market share includes Argentina, Peru, Colombia, Venezuela, Uruguay and Paraguay. Ranking considering main peers in each country; **USA**: SNL (Jun.18) considering Texas and Alabama; **Turkey**: BRSA total performing loans; market share among commercial banks (Sep.18) and ranking (only considers private banks) as of Jun.18

# Business areas in 9M18



## SPAIN Banking Activity

NET ATTRIBUTABLE PROFIT (9M18)

1,167€Mn

+10.5% vs. 9M17

NPL RATIO<sup>(1)</sup> Sep.18

5.0% vs. 5.8% Sep.17

COST OF RISK Sep.18 (YtD)

0.22% vs. 0.33% Sep.17

## MAIN MESSAGES

- Loans: Continued growth in most profitable retail segments.
- Core revenue growth (+1.3% yoy in 9M18): sound growth in asset management and retail banking fees.
- Cost continue to decrease (-4% yoy in 9M18).
- Asset quality: NPLs -€546 Mn qoq, CoR < 30 bps.

## Non Core Real Estate

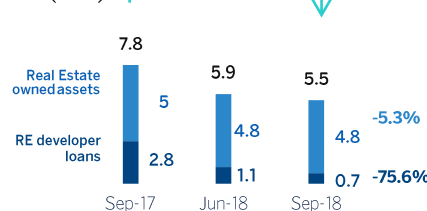
NET ATTRIBUTABLE PROFIT (9M18)

-60 €Mn

-78% vs 9M17

NET EXPOSURE

(€bn)



- Net exposure decrease: -7% qoq mainly due to loan portfolio sales.
- Cerberus transaction closed in October 2018.
- In line to meet year-end guidance: 2018e Net losses below €100Mn

## USA constant €

NET ATTRIBUTABLE PROFIT (9M18)

541 €Mn

+43.2% vs. 9M17

NPL RATIO Sep.18

1.1% vs. 1.2% Sep.17

COST OF RISK Sep.18 (YtD)

0.33% vs. 0.46% Sep.17

- Loans: Improving trend across the board. Continued focus on consumer loans : +24% yoy.
- NII growth at double digits, main P&L driver.
- Cost growth due to higher commercial activity. Positive jaws maintained.
- Asset quality: provision normalization after releases in 1H18.

Note: NPL ratio of 3Q18 under IFRS9 standards, 2017 figures under IAS 39 (1) NPL ratio exclude repos ;

(2) Excluding Corporate Center (€-188Mn 9M18)



# Business areas in 9M18

## MEXICO constant €

NET ATTRIBUTABLE PROFIT (9M18)

1,851 €Mn

+22.5% vs. 9M17

NPL RATIO Sep.18

2.0% vs. 2.3% Sep.17

COST OF RISK Sep.18 (YtD)

2.82% vs. 3.31% Sep.17

## MAIN MESSAGES

- Loans: mortgages and consumer loans, the main growth drivers in 3Q.
- NII growing above activity.
- Widening operating jaws and efficiency improvement.
- Strong asset quality metrics.

## TURKEY constant €

NET ATTRIBUTABLE PROFIT (9M18)

488 €Mn

+18.1% vs. 9M17

NPL RATIO Sep.18

5.2% vs. 2.5% Sep.17

COST OF RISK Sep.18 (YtD)

1.72% vs. 0.83% Sep.17

- Loans: TL loan growth slowdown given lower economic growth and higher rates. FC loans continue to decrease.
- NII growth acceleration due to a higher contribution from CPI linkers.
- Opex growth below inflation.
- Asset quality: higher CoR explained by IFRS9 macro impact and large tickets in the commercial portfolio.

## SOUTH AMERICA constant €

NET ATTRIBUTABLE PROFIT (9M18)

181 €Mn +43.1% vs 9M17

128 €Mn +5.7% vs 9M17

-2 €Mn -101.1% vs 9M17

COST OF RISK Sep.18 (YtD)

1.95% vs. 2.74% Sep.17

1.40% vs. 1.48% Sep.17

1.22% vs. 1.12% Sep.17

- Colombia: loan growth biased towards retail portfolios. Bottom line growth explained by lower provisions.
- Peru: NII as the main P&L driver thanks to a more profitable loan mix.
- Argentina: loan growth slowdown due to the economic environment. Stable asset quality. Bottom line affected by hyperinflation accounting.

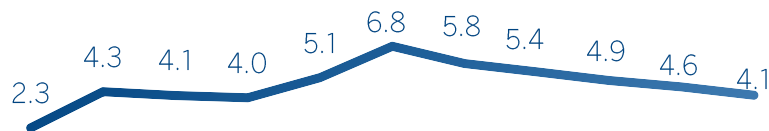
# 04



Asset Quality

# Asset Quality indicators continue to improve

**NPL Ratio**  
(%)



**Coverage ratio**  
(%)



**Cost of Risk**  
YtD (%)



2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 Sep.18

## Risk Framework

A Risk Management Model based on prudence and proactivity

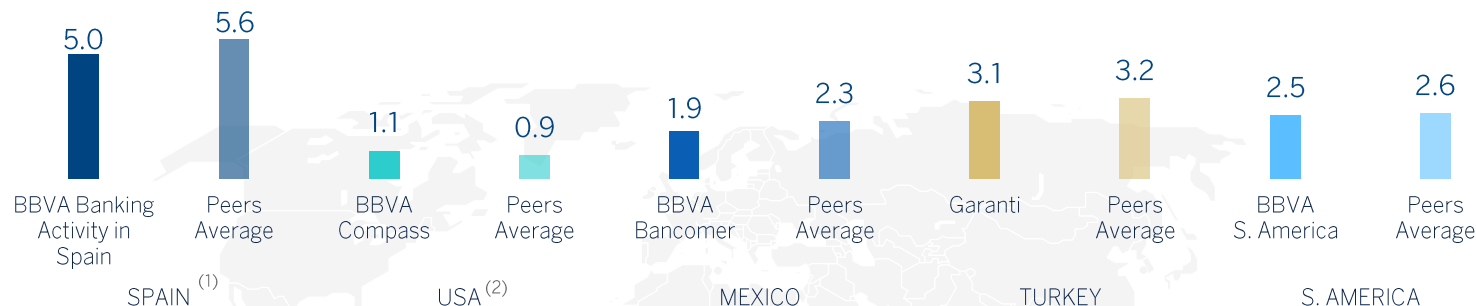
## Risk Management Goal

To preserve the Group's solvency, support its strategy and ensure business development

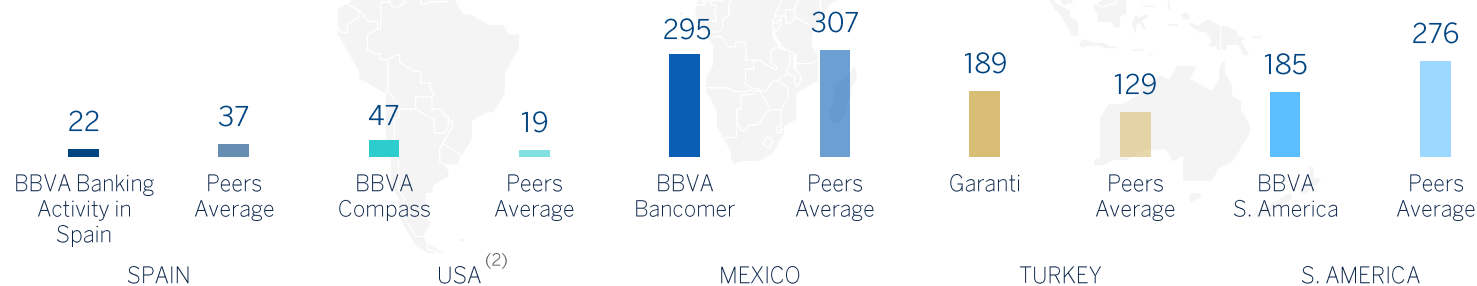
Note: Data as of Sep.18 under IFRS9 standards and 2017 figures under IAS 39. NPL ratio for 2017 and Sep.18 calculated excluding repos (the rest of the series has not been restated)

# A prudent risk profile

**NPL ratio  
(%)**



**Cost of Risk  
(YTD, bps)**



Figures according to local data to ensure comparability. Figures as of Sep.18 for Spain, as of Aug.18 for Mexico, as of Jun.18 for Turkey, USA and Jul.18 for South America.

(1) NPL ratios calculated excluding repos in Spain. (2) USA figures refer to Compass for comparison purposes

# 05

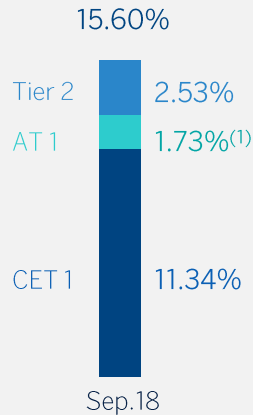


Capital



# Sound capital position and a proven ability to generate capital

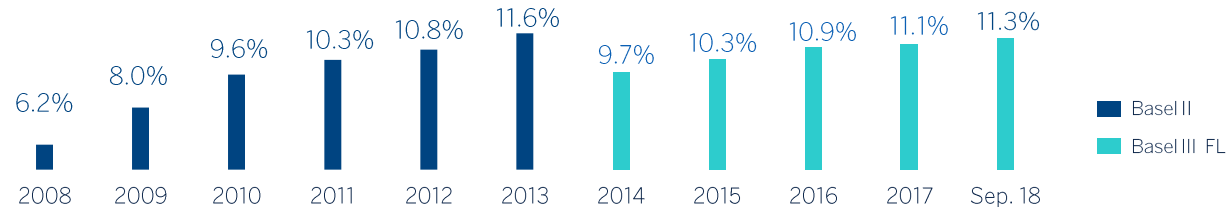
## FL Capital Ratios BBVA Group Sep.18 (%)



- 11.34% CET1 FL above our 11% Target.
- 1.5% AT1 and 2.0% T2 buckets already filled on a FL and phased-in basis

(1) Sep'18 AT1 bond issuance is not included in the AT1 Ratio

## CET1 FL Ratio – BBVA Group (%)



CET1 €17.5 Bn  $\xrightarrow{\times 2.2}$  €38.9 Bn

11.40%

Jun.18 \*

+35 bps

Net  
Earnings

-6 bps

-13 bps

Dividend  
accrual and AT1  
Coupons

-11 bps

RWAs  
(In constant €)

-17 bps

Others \*\*

11.34%

Sep.18

CET1 FL  
TARGET

11%

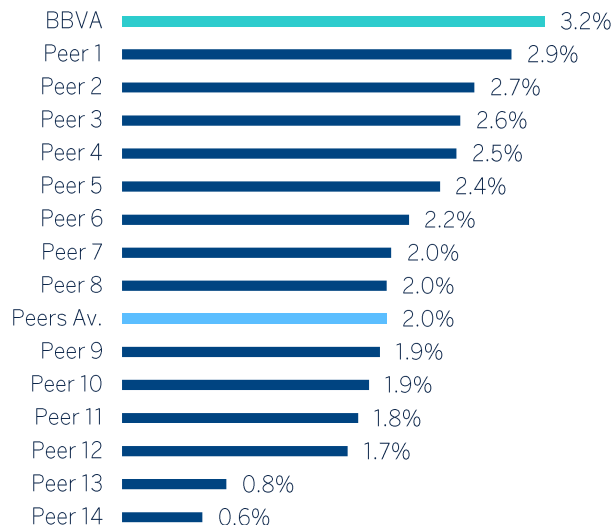
(\*) Data proforma Jun.18 includes IFRS9 full impact (-31bps) and +55 bps from corporate transactions, both already closed (sale of BBVA Chile closed on July 6<sup>th</sup>, and RE Assets to Cerberus on Oct 10<sup>th</sup>).

(\*\*) Others includes mainly market related impacts (FX impact and mark to market of AFS portfolios).

# Low earnings volatility and ability to generate capital allow for lower capital needs

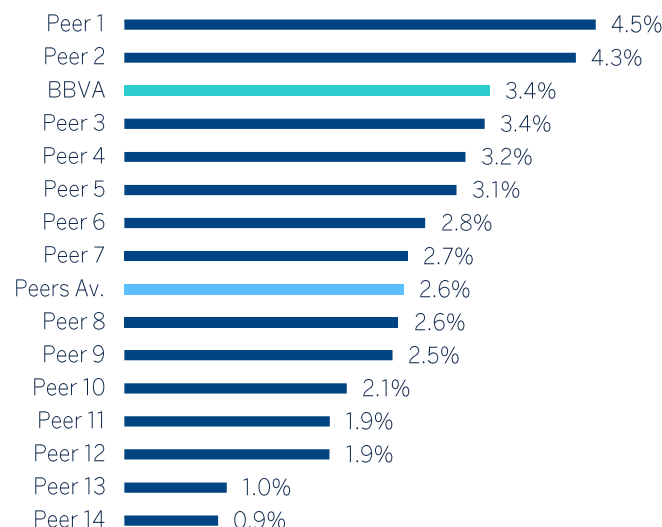
## Pre-provision profit<sup>(1)</sup> / Net Loans

1H18 European peers / 9M18 BBVA



## Pre-provision profit<sup>(1)</sup> / RWAs

1H18 European peers / 9M18 BBVA



In less than 4 years,  
BBVA is able to generate  
Pre-Provision Profit  
equivalent to its 11%  
CET1 FL target

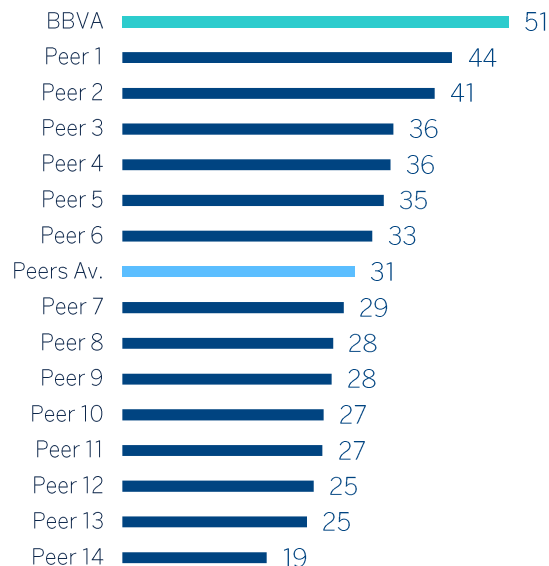
(1) Annualized Pre-provision profit for BBVA. European Peer Group: BARC, BNPP, CASA, CS, CMZ, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS, UCG.

BBVA's business model provides significant room to absorb losses

# High quality capital

## RWAs/ Total Assets

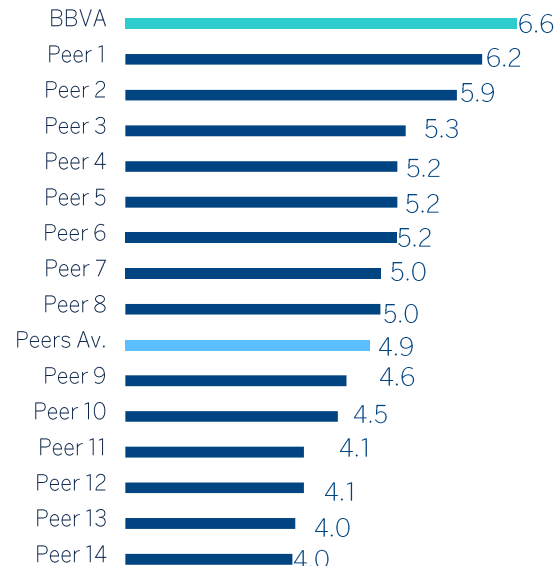
Jun.18 European peers / Sep.18 BBVA, %



# 1

## Fully-Loaded Leverage Ratio

Jun.18 European peers / Sep.18 BBVA, %



# 1

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

BBVA maintains the highest RWAs density and Leverage ratio of its European Peer Group

# EBA Stress Test 2018 confirms BBVA's resilience

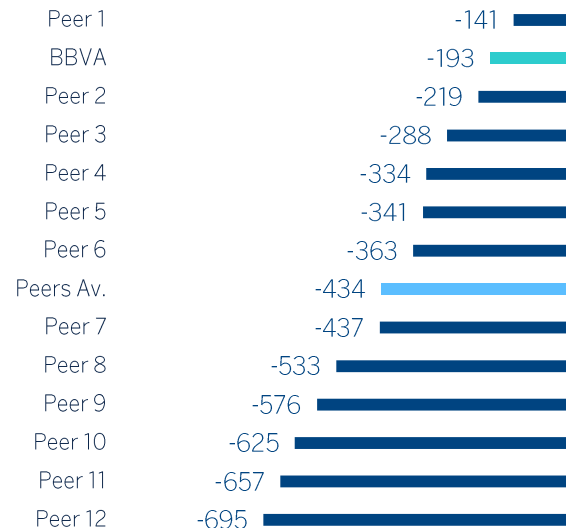
## Net Attributable Profit 2018-2020

under the adverse scenario (cumulative € Mn)



## CET1 FL Depletion 2020 vs 2017 restated

under the adverse scenario (bps)



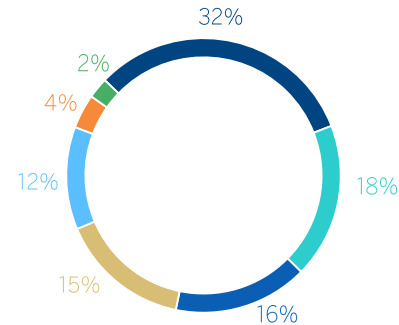
European Peer Group: BARC, BNPP, CASA, CMZ, DB, HSBC, ISP, LBG, RBS, SAN, SG, UCG.

BBVA is one of the few banks to generate a positive cumulative profit and to register the second lowest depletion among its European peers under the adverse scenario

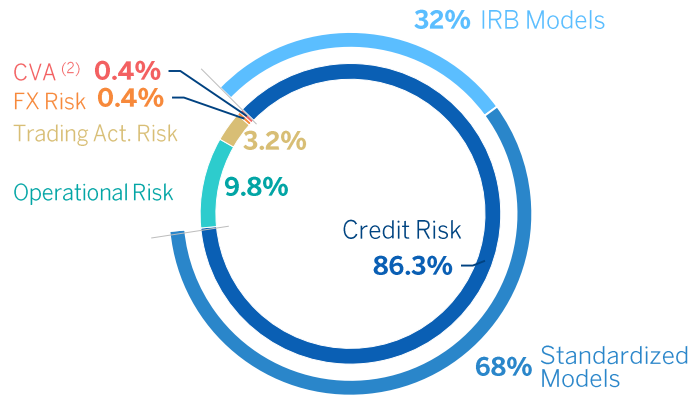
# Risk-Weighted Assets distribution

**TOTAL RWAs Fully Loaded** Sep.18 (€Mn)

343,271 €Mn



Spain (1)	109,496
USA	62,728
Mexico	54,391
Turkey	52,822
South America	41,544
Rest of Eurasia	13,889
Corporate Center	8,402



Optimizing Capital Allocation is one of BBVA's Strategic Priorities

Limited usage of internal models in Credit Risk RWAs

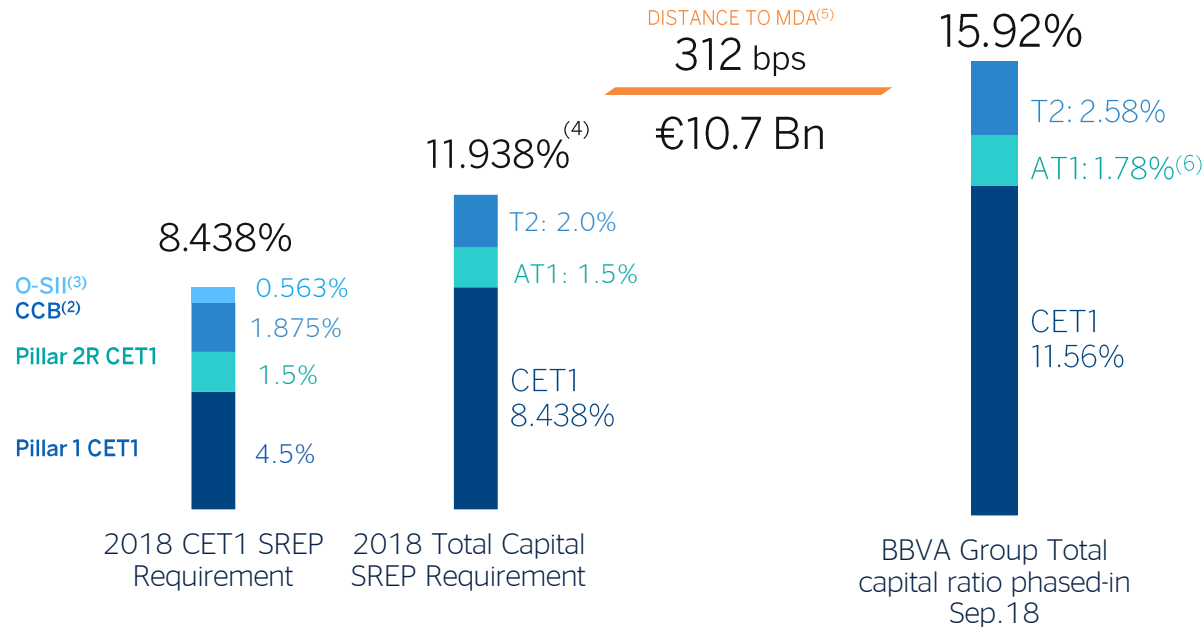
Potential lower impact from future regulatory requirements

(1) Includes Banking Activity in Spain and Non Core RE; (2) Credit Valuation Adjustment.  
Note: Distribution of RWAs by type of risk and Model based on 2Q18 Pillar III report.

# Capital ratios well above requirements

## 2018 SREP Requirement and distance to MDA<sup>(1)</sup> at Group level

Sep.18



Well above 2018  
Total Capital and CET1  
SREP requirements.

Significant buffer  
to MDA: **312 bps**

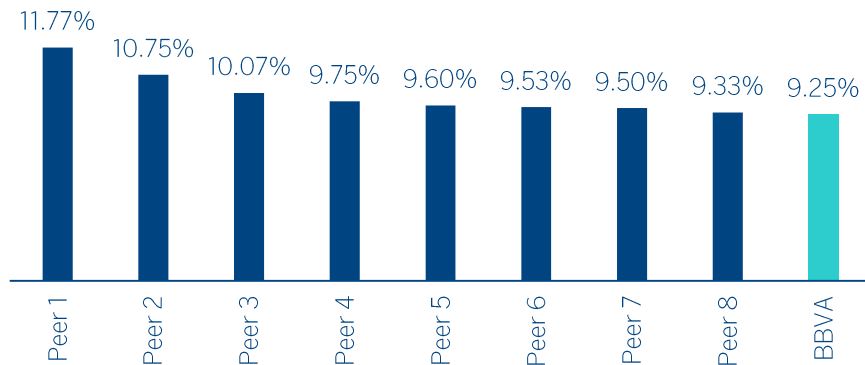
Pro-forma buffer to MDA  
on a fully loaded basis <sup>(7)</sup>:  
**209 bps**

(1) Maximum Distributable Amount; (2) The Capital Conservation Buffer (CCB) stands, in fully loaded terms, at 2.5% CET1; (3) The Other Systemic Important Institution buffer (O-SII) stands, in fully loaded terms, at 0.75% CET1; (4) 2018 SREP Requirement as announced on the Relevant Event dated 13 Dec.2017; (5) 312 bps of Buffer to MDA = 11.56% Sep-18 CET1 phased-in ratio – 8.438% 2018 CET1 SREP Requirement; (6) Sep'18 AT1 Ratio provided for information purposes as the distance to MDA is calculated based on phased-in ratios and these are the legally binding ones

# BBVA has the lowest SREP requirement among peers

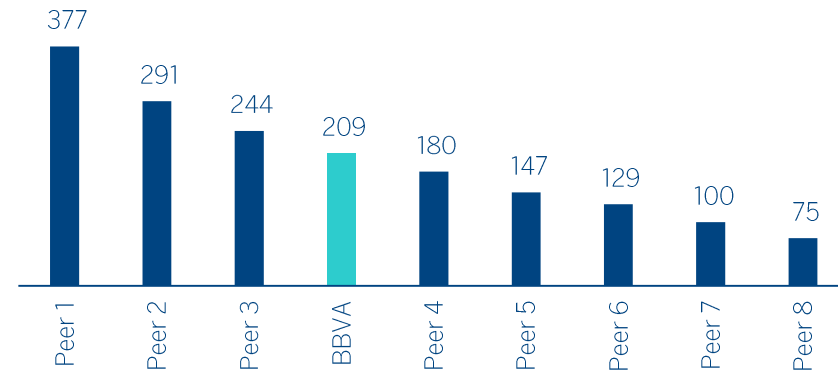
## CET1 SREP Requirement - FL

(based on 2018 requirement)



## Distance to MDA vs Fully Loaded SREP requirement

Jun.18 European peers / Sep.18 BBVA



- **BBVA has the lowest SREP requirement** among its European peers
- BBVA 2018 SREP requirement remains **unchanged vs. 2017** one

- **Ample buffer** over minimum requirements
- **Efficient capital structure**

# High level of Available Distributable Items (ADIs)

## BBVA, S.A. (Parent Company)

Dec.17, € Bn



**Significant  
payment capacity  
from distributable  
items despite  
conservative  
calculation**

(Share Premium not included)

**Supported by  
sustainable profitability**

Note: ADIs calculated at a parent company level (BBVA, S.A.) as: Net Income + Voluntary Reserves – 2017 Dividend – AT1 coupons. BBVA does not include within the ADIs figure the Share Premium (amounting to +€24 Bn as of December 31<sup>st</sup>, 2017).



# FX Hedging policy

## Capital

**POLICY** BBVA hedges c.70% of the excess capital (what is not naturally hedged by the ratio)

**GOAL** Reduce Consolidated CET1 ratio volatility as a result of FX movements

### CET1 FL Ratio Sensitivity to a 10% Depreciation of EM Currencies (Sep.18)

APROX For each currency  
 -2 bps (MXN and TRY)  
 -1 bps (Rest of EM currencies)

## P&L

**POLICY** BBVA hedges on average between 30%-50% of foreign subsidiaries expected net attributable profit

**GOAL** Reduce Net Attributable Profit volatility as a result of FX movements

### 2018 Net Attributable Profit FX Hedging (Sep.18):

c. 70% At a Group level  
 c. 85% For EM Currencies  
 (of which Mexico c.100% and Turkey c.50%)

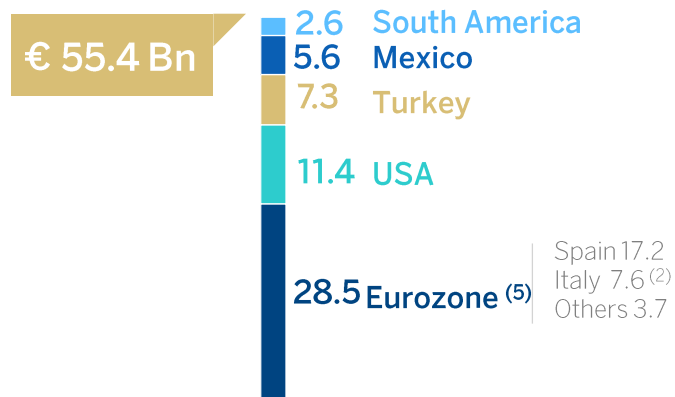
P&L hedging costs booked in the Corporate Center's NTI

BBVA maintains a prudent FX hedging policy to ensure low volatility on the CET1 ratio and limited FX impact on the P&L account

# ALCO & Equity HTC&S<sup>(1)</sup> Portfolio

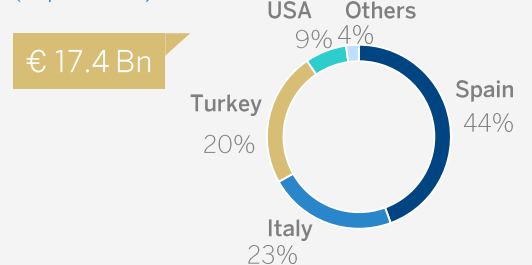
## ALCO Portfolio breakdown by region

(Sep.18, € Bn)



## o.w. HTC<sup>(3)</sup> Portfolio breakdown

(Sep.18, € Bn)



Diversified portfolio  
across BBVA's footprint

HTC<sup>(3)</sup> portfolio  
contributes to maintain  
the overall impact of  
market volatility at  
sound levels

## Equity HTC&S<sup>(1)</sup> portfolio – Main stake

Telefonica

5.13%<sup>(4)</sup>

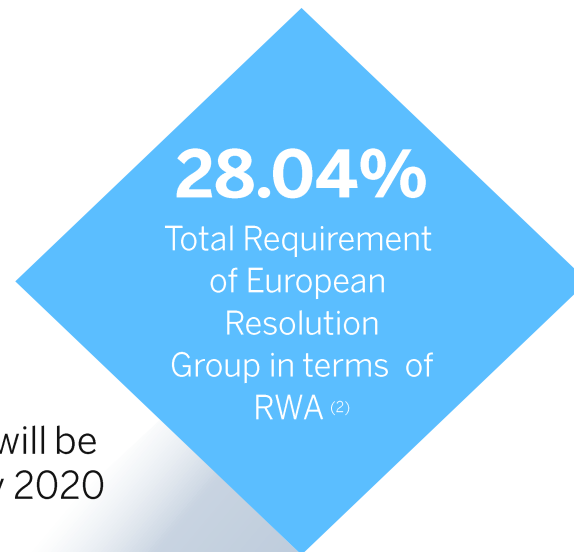
(1): HTC&S: Held to Collect and Sell; (2) Of which €3.5bn mature before year end €0.3bn in forward sales in 2019; (3): HTC: Held to Collect;  
(4) BBVA's own position (does not include clients' induced positions) (5) Figures excludes SAREB bonds (€ 4.8 bn as of Sep.18)

# 06



## MREL & Funding Plan

# MREL requirement



These requirements will be binding on 1<sup>st</sup> January 2020



**BBVA considers that it currently complies with MREL requirement**, communicated by Bank of Spain



**Funding Plan ensures the fulfillment of MREL** requirement in 2020

(1) BBVA resolution group consists on Banco Bilbao Vizcaya Argentaria S.A. and its subsidiaries that belong to the same European resolution group. As of December 2016, the amount of Total Liabilities and own funds of the European Resolution Group was € 385,647 Mn

(2) As of December 2016, the RWAs of the European resolution Group stood at € 207,362 Mn

# BBVA's 2018 Funding plan

## Capital

- BBVA has already filled its AT1 and T2 layers
- BBVA expects to maintain the 1.5% AT1 and 2% T2 regulatory buckets
  - € 1 bn AT1 PNC5 5.875% issuance in Sep'18<sup>(1)</sup>
- Hybrid capital issuance will be limited to maturities and call options
  - 2013 AT1 USD 1.5 Bn (9% coupon) amortized in May'18

## MREL Eligible Debt

- BBVA's funding plans will be focused on rolling over non-capital wholesale funding maturities into MREL eligible instruments
- According to the funding plan, € 2.5-3.5 Bn SNP issuances are expected during 2018 <sup>(2)</sup>
  - BBVA successfully issued a € 1.5 Bn SNP 5y FRN in March and a inaugural Green Bond SNP € 1 Bn 7y in May

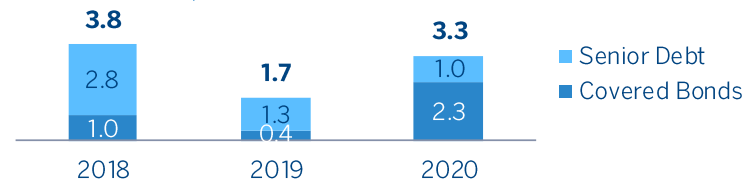
(1) Sep'18 AT1 bond issuance is not included in the AT1 Ratio

(2) Subject to market conditions

## Maturity profile

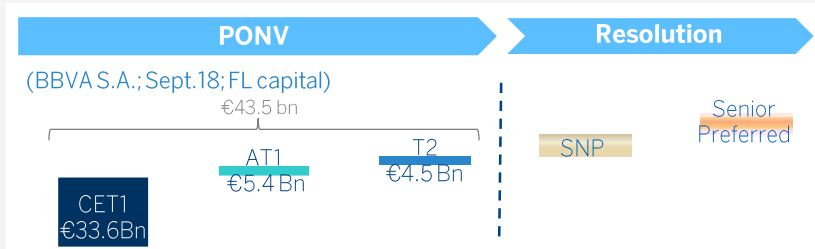
- Wholesale debt maturity profile offers flexibility to refinance current instruments into new SNP, if required:

**2018-20 BBVA, S.A. senior & covered bonds maturity profile**  
(BBVA, S.A.; Dec. 17; € Bn)



## SNP noteholders have significant buffer

- Significant capital buffer of € 43.5 Bn of subordinated capital (CET1, AT1 and T2)



This plan would position BBVA's capital structure in a very solid stance, currently aligned with the MREL requirement

07



Liquidity & Funding

# Liquidity & Funding

Self-sufficient subsidiaries from a liquidity point of view, with robust supervision and control by parent company

Retail profile of BBVA Group balance sheet with limited dependence on wholesale funding

Parent and subsidiaries proven ability to access the wholesale funding markets (medium & long term) on a regular basis

Ample high quality collateral available, compliant with regulatory liquidity requirements at a Group and Subsidiary level

# Principles of BBVA Group's self-sufficient business model: Multiple Point of Entry

## B Subsidiaries

- Self-sufficient balance-sheet management
- Own capital and liquidity management
- Market access with its own credit, name and rating
- Responsible for doing business locally

## ■ Corporate Center

- Guidelines for capital and liquidity / ALCO supervision
- Common risk culture



Decentralized model

## 😊 Advantages

- Medium term orientation / consistent with retail banking
- Improves risk assessment: imposes market discipline and proper incentives to reach sustainable credit growth
- Absence of cross-funding or cross-subsidies
- Helps development of local capital markets
- It curtails the risk of contagion: natural firewalls / limited contagion
- Safeguards financial stability / proven resilience during the crisis
- Liquidity and capital buffers in different balance sheets

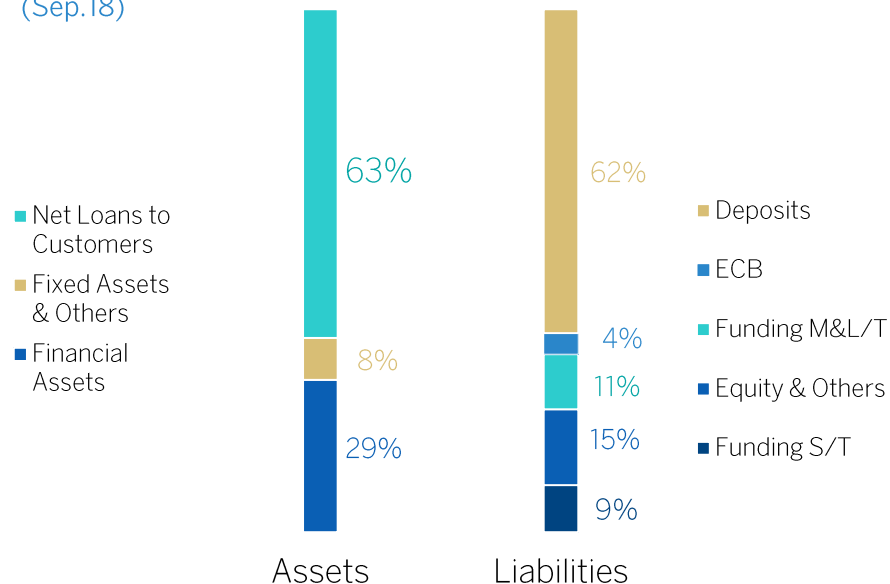
No liquidity transfers between the parent and subsidiaries or among subsidiaries



# Financial soundness based on the funding of lending activity

## BBVA Group Liquidity balance sheet <sup>(1)</sup>

(Sep.18)



(1) Management liquidity balance sheet (net of interbank balances and derivatives)

## BBVA Group Liquidity metrics

(Sep.18)

	Euroz. <sup>(2)</sup>	USA	Mexico	Turkey	S. Amer
LTD <sup>(3)</sup>	103%	96%	103%	103% <sup>(5)</sup>	96%
LCR	152%	145% <sup>(4)</sup>	134%	119%	well >100%
<div>LCR Group 127%</div>					

(2) Perimeter: Spain+Portugal+Rest of Eurasia

(3) Calculated under IFRS9

(4) Compass LCR calculated according to local regulation (Fed Modified LCR)

(5) Calculated at bank-only local level

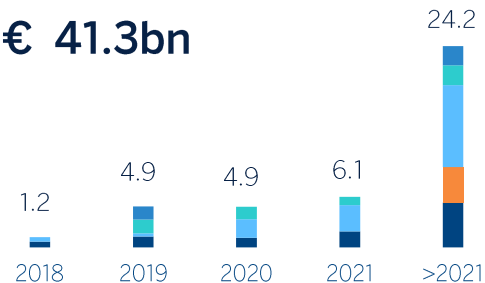
Comfortable  
liquidity position

LCR ratios clearly above regulatory requirements (> 100% in 2018),  
both at a Group level and in all banking subsidiaries

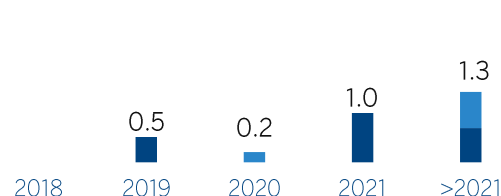
# Broaden geographical diversification of access to market

Medium & long-term wholesale funding maturities (Sept.18; € bn)

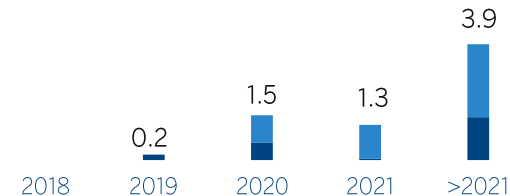
**EURO**  
€ 41.3bn



**USA**  
€ 3.0 bn



**MEXICO**  
€ 6.9 bn

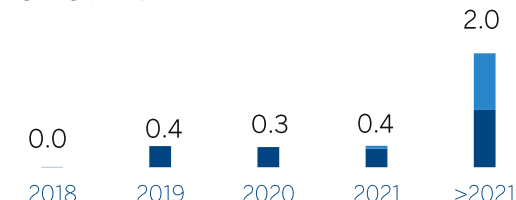


**TURKEY\***  
€ 6.8 bn

■ Senior Debt  
■ Senior Non Preferred  
■ Preferred Shares / AT1  
■ Subordinated  
■ Covered Bonds  
■ Others



**S. AMERICA\*\***  
€ 3.1 bn



Outstanding amounts as of Sept.18  
FX as of Sept.18: EUR = 1.16 USD; EUR = 22,78 MXN; EUR = 6.96 TRY

\*Not including USD 2,7 bn from Syndicated loans and USD 2,5 bn, mainly bilateral loans and other ST funding

\*\*In Chile, only Forum, BBVA closed the sale of its stake in BBVA Chile in July 6<sup>th</sup>. Included: Argentina, Colombia, Peru, Uruguay, Paraguay

Ability to access funding markets in all our main subsidiaries  
using a diversified set of debt instruments

# Turkey – Liquidity & Funding Sources

- LTD ratio 103%**, 9 p.p. improvement QoQ and 12 p.p. YTD, mainly driven by a reduction in **Local Currency LTD**, as **Foreign Currency LTD** remained flattish at **71%**. Stable deposit base: Deposits from Retail and SMEs represent c.75% of Total TRY deposits and c.60% of FC deposits
- Liquidity Coverage Ratio (EBA): 119%** vs. 100% required for 2018
- Foreign Currency loans -5% QoQ and -12% YTD**
- Limited External wholesale funding** needs: USD 13.1 Bn

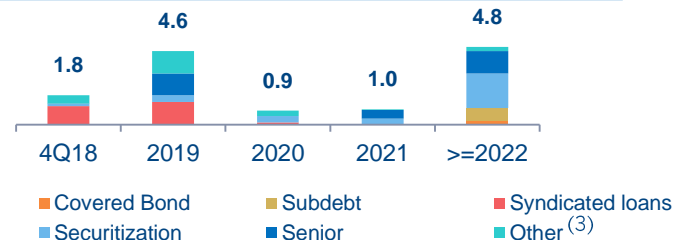
## FC Liquidity Buffers

- ✓ Short Term Swaps
- ✓ Unencumbered FC securities
- ✓ FC Reserves under ROM<sup>(1)</sup>
- ✓ Money Market Placements

**c.USD 10 Bn** liquidity buffer

Note: All figures are Bank-only, as of Sep.18. (1) ROM: Reserve Option Mechanism

## External Wholesale Funding Maturities<sup>(2)</sup> (USD Bn)



**USD 13.1 Bn** including syndicated loans

(2) Includes TRY covered bonds and excludes on balance sheet IRS transactions

(3) Other includes mainly bilateral loans, secured finance and other ST funding

Ample liquidity buffers and limited wholesale funding maturities,  
USD 1.8 Bn in 4Q18, including syndicated loans

# 08



Ratings

# BBVA Group Ratings by Agency

## Latest Rating Actions (9M18)

Long Term Issuer / Senior Unsecured Ratings

### Moody's

**A3 rating affirmed**  
(Aug. 29<sup>th</sup>, 2018)

**A3**

### S&P

**A- rating affirmed**  
(Aug. 20<sup>th</sup>, 2018)<sup>(2)</sup>

**A-**

### DBRS

**+1 notch upgrade to A(High)**  
(Apr. 12<sup>th</sup>, 2018)

**A(High)**

### Fitch

**A- rating affirmed**  
(July. 17<sup>th</sup>, 2018)

**A-**

## BBVA Ratings<sup>(1)</sup>

	Moody's	S&P	Fitch	DBRS	Scope
<b>Outlook</b> Issuer/Senior	<b>Stable</b>	<b>Negative</b>	<b>Stable</b>	<b>Stable</b>	<b>Stable</b>
<b>Investment grade</b>	Aaa <b>Aa1 CB</b> Aa2 Aa3 A1 A2 <b>A3 Senior</b> Baa1 <b>Baa2 SNP</b> <b>Baa3 T2</b>	AAA AA+ AA <b>AA- CB</b> A+ A <b>A- Senior</b> <b>BBB+ SNP</b> <b>BBB T2</b> BBB-	AAA AA+ AA AA- A+ A <b>A- Senior / SNP</b> <b>BBB+ T2</b> BBB BBB-	<b>AAA CB</b> AA (H) AA AA (L) <b>A (H) Senior</b> A <b>A (L) T2</b> BBB (H) BBB BBB (L)	<b>AAA CB</b> AA+ AA AA- <b>A+ Senior</b> <b>A SNP</b> A- BBB+ BBB BBB-
<b>Non Investment Grade</b>	Ba1 <b>Ba2 AT1</b> Ba3 B1 B2 B3 (...)	BB+ BB BB- B+ B B- (...)	BB+ <b>BB AT1</b> BB- B+ B B- (...)	BB (H) BB BB (L) B (H) B B (L) (...)	<b>BB+ AT1</b> BB BB- B+ B B- (...)

Note: CB = Covered Bonds, SNP = Senior Non Preferred

(1) A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. (2) On Aug. 20<sup>th</sup>, 2018, S&P also changed the outlook from Stable to Negative.

Moody's, S&P and DBRS have upgraded BBVA in 9M18

All Rating Agencies assign BBVA a rating on the single A space

# 09

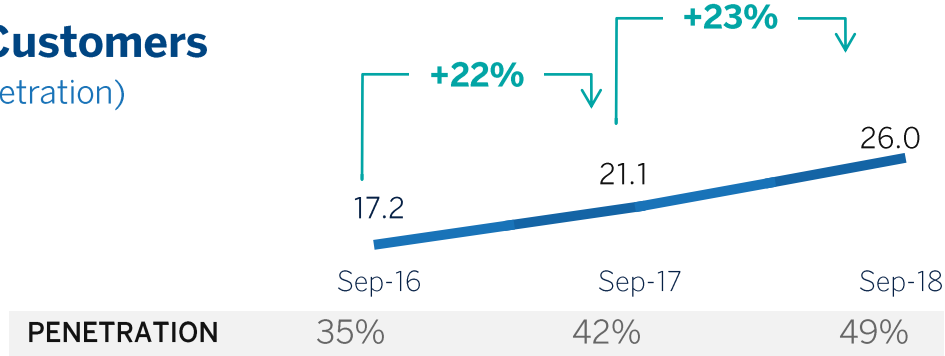


## Transformation Strategy

# Digital Customers – BBVA Group

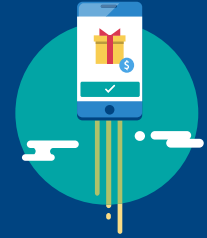
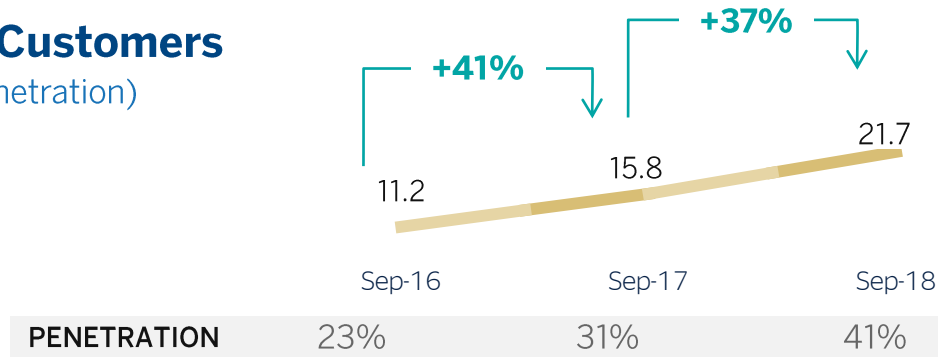
## Digital Customers

(Mn, % penetration)



## Mobile Customers

(Mn, % penetration)



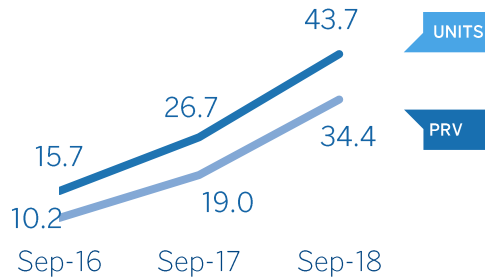
#1 Banking App  
in the world  
in 2017 & 2018

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

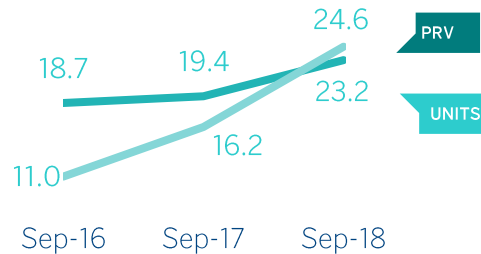
# Digital Sales

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

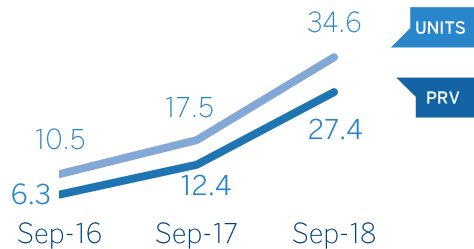
## SPAIN



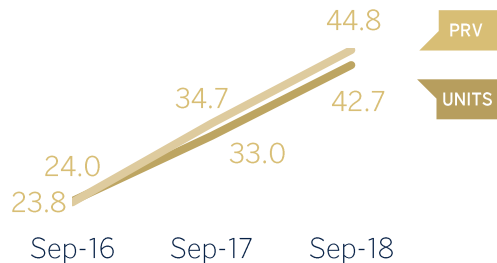
## USA



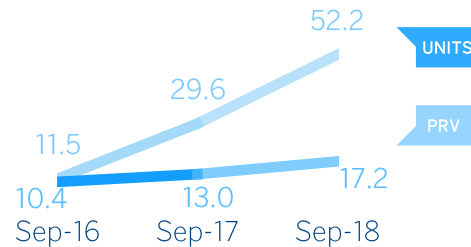
## MEXICO



## TURKEY



## SOUTH AMERICA



Figures have been restated due to the inclusion of additional products. (\*) Product Relative Value as a proxy of a better economic representation of units sold

Strong growth across markets



# APPENDIX

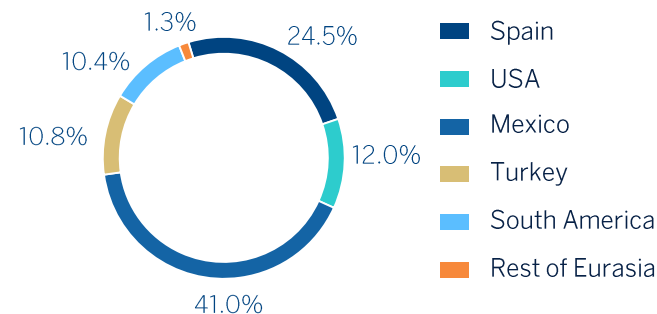


- BBVA Group 9M18 Profit & Loss
- Risk Indicators by Areas
- Capital Base: BBVA Group & BBVA S.A.
- BBVA, S.A.: 2018 SREP Requirement and distance to MDA
- Debt Issuances – 2017/2018YTD
- Amortized notes – 2017/2018YTD
- BBVA, S.A.: 3Q18 Issuances
- MREL framework

# BBVA Group 9M18 Profit & Loss

BBVA Group (€m)	9M18	Change 9M18/9M17	
		%	% constant
<b>Net Interest Income</b>	<b>12,899</b>	<b>-2.3</b>	<b>10.2</b>
Net Fees and Commissions	3,653	-1.4	9.4
Net Trading Income	907	-35.9	-31.2
Other Income & Expenses	136	-76.7	-73.7
<b>Gross Income</b>	<b>17,596</b>	<b>-6.9</b>	<b>4.3</b>
Operating Expenses	-8,721	-7.1	2.7
<b>Operating Income</b>	<b>8,875</b>	<b>-6.8</b>	<b>5.8</b>
Impairment on Financial Assets	-2,629	-9.9	-1.2
Provisions and Other Gains and Losses	-234	-60.3	-58.9
<b>Income Before Tax</b>	<b>6,012</b>	<b>0.0</b>	<b>16.6</b>
Income Tax	-1,641	-1.7	12.8
Non-controlling Interest	-682	-23.9	0.4
<b>Net Attributable Profit ex-Corp. Ops.</b>	<b>3,689</b>	<b>7.0</b>	<b>22.0</b>
Corporate Operations Income	633	n.s.	n.s.
<b>Net Attributable Profit</b>	<b>4,323</b>	<b>25.3</b>	<b>43.0</b>

## Net Attributable Profit breakdown (%, 9M18)



Note: Spain includes Banking activity in Spain and Non Core Real Estate.  
Figures exclude Corporate Center

# Risk Indicators by Areas

## NPL ratio <sup>(1)</sup>

(%)

	Dec.17	Jun.18	Sep.18
<b>BBVA Group</b>	<b>4.6</b>	<b>4.4</b>	<b>4.1</b>
Banking activity in Spain (2)	5.5	5.2	5.0
The United States	1.2	1.2	1.1
Mexico	2.3	2.0	2.0
Turkey	3.9	4.5	5.2
Argentina	0.8	0.9	1.1
Peru	3.8	4.1	4.1
Colombia	5.3	5.7	5.8
Rest of Eurasia	2.4	1.7	1.6

## Cost of Risk YtD <sup>(1)</sup>

(%)

	Dec.17	Jun.18	Sep.18
<b>BBVA Group</b>	<b>0.89</b>	<b>0.82</b>	<b>0.90</b>
Banking activity in Spain	0.32	0.21	0.22
The United States	0.43	0.23	0.33
Mexico	3.24	2.93	2.82
Turkey	0.82	1.23	1.72
Argentina	0.6	1.3	1.2
Peru	1.1	1.3	1.4
Colombia	2.6	2.0	2.0
Rest of Eurasia	-0.16	-0.15	0.13

## NPL coverage ratio <sup>(1)</sup>

(%)

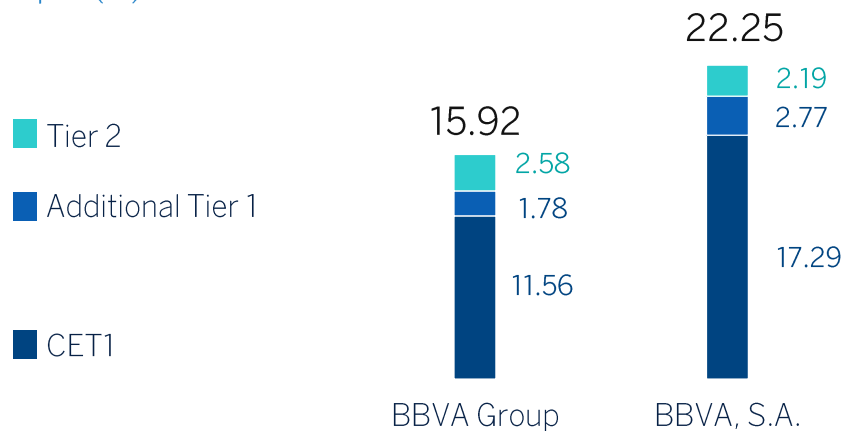
	Dec.17	Jun.18	Sep.18
<b>BBVA Group</b>	<b>65</b>	<b>71</b>	<b>73</b>
Banking activity in Spain	50	57	56
The United States	104	93	101
Mexico	123	155	150
Turkey	85	76	77
Argentina	198	182	175
Peru	100	99	99
Colombia	88	97	102
Rest of Eurasia	74	93	101

(1) Data as of 2018 under IFRS9 standards, 2017 figures under IAS 39. (2) NPL ratio exclude repos

# Capital Base: BBVA Group & BBVA, S.A.

## Phased-in capital ratios

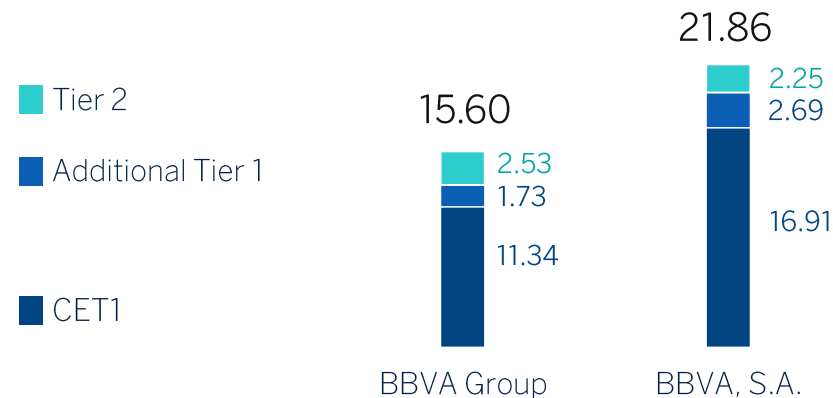
Sep.18 (%)



CET1	€ 39,662 m	€ 34,374 m
AT1	€ 6,103 m	€ 5,507 m
T2	€ 8,847 m	€ 4,345 m
<b>Total Capital Base</b>	<b>€ 54,612 m</b>	<b>€ 44,227 m</b>
<b>RWA</b>	<b>€ 343,051 m</b>	<b>€ 198,805 m</b>

## Fully-loaded capital ratios

Sep.18 (%)

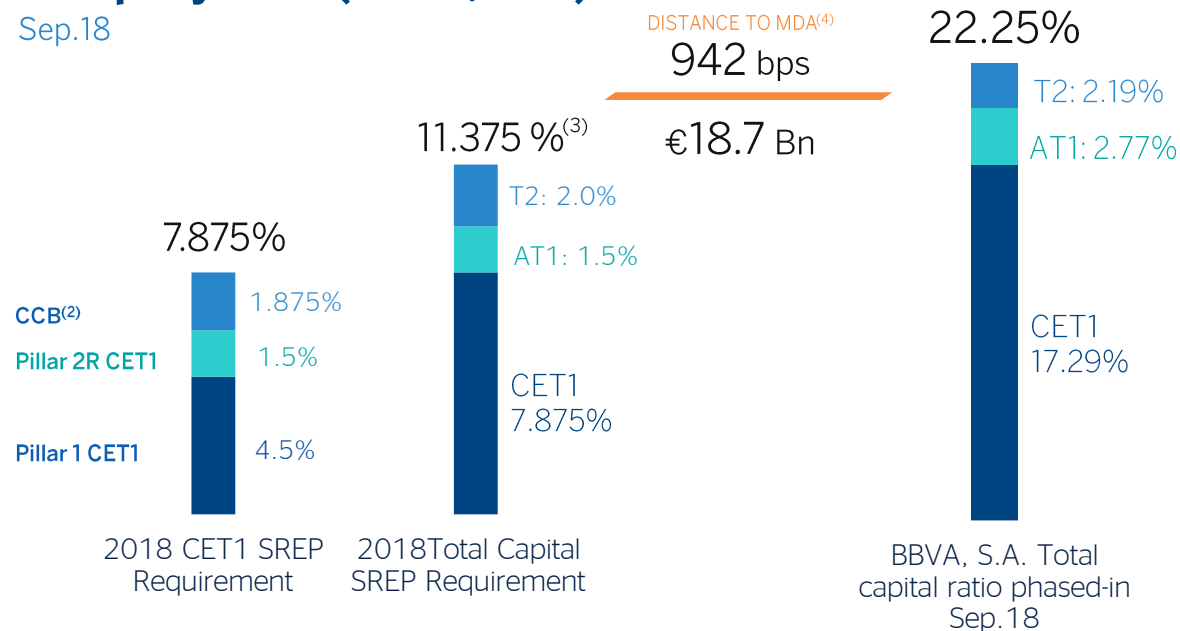


CET1	€ 38,925 m	€33,652 m
AT1	€ 5,944 m	€ 5,364 m
T2	€ 8,670 m	€ 4,488 m
<b>Total Capital Base</b>	<b>€ 53,538 m</b>	<b>€ 43,504 m</b>
<b>RWA</b>	<b>€343,271 m</b>	<b>€ 199,033 m</b>

# Capital ratios well above requirements

## 2018 SREP Requirement and distance to MDA<sup>(1)</sup> at a Parent Company level (BBVA, S.A.)

Sep.18



Well above 2018  
Total Capital and CET1  
SREP requirements

Significant buffer  
to MDA: **942 bps**

(1) Maximum Distributable Amount; (2) The Capital Conservation Buffer (CCB) stands, in fully loaded terms, at 2.5% CET1; (3) 2018 SREP Requirement as announced on the Relevant Event dated 13 Dec 2017; (4) 942 bps of Buffer to MDA = 17.29% Sep-18 CET1 phased-in ratio – 7.875% 2018 CET1 SREP Requirement.

# Debt Issuances – 2017 - 2018YTD

## BBVA, S.A.

Issuer	Product	Issue Date	Call Date	Maturity	Nominal currency	Coupon	Isin
BBVA SA	AT1	Sep-18	Sep-23	Perp	€ 1,000 M	5.875%	ES0813211002
BBVA SA	Tier 2	May-18	-	May-33	\$ 300 M	5.25%	XS1824263260
BBVA SA	SNP	May-18	-	May-25	€ 1,000 M	1.375%	XS1820037270
BBVA SA	SNP	Mar-18	-	Mar-23	€ 1,500 M	3ME+ 0.60%	XS1788584321
BBVA SA	SNP	Nov-17	-	Nov-23	€ 150 M	3ME+0.67%	XS1724512097
BBVA SA	AT1	Nov-17	Nov-27	Perp	\$ 1,000 M	6.125%	US05946KAF84
BBVA SA	SNP	Nov-17	-	May-28	€ 140 M	1.72%	XS1712061032
BBVA SA	SNP	Sep-17	-	Sep-22	€ 1,500 M	0.75%	XS1678372472
BBVA SA	AT1	May-17	May-22	Perp	€ 500 M	5.875%	XS1619422865
BBVA SA	Tier 2	May-17	-	May-27	CHF 20 M	1.60%	XS1615673701
BBVA SA	Tier 2	May-17	-	May-27	€ 150 M	2.541%	XS1615674261
BBVA SA	Senior Unsec	Apr-17	-	Apr-22	€ 1,500 M	3ME+0.60%	XS1594368539
BBVA SA	Tier 2	Mar-17	Mar-27	Mar-32	\$ 120 M	5.700%	XS1587857498
BBVA SA	Tier 2	Mar-17	-	Mar-27	€ 53.4 M	fixed 3% (2 yr) - floating CMS10y + 1.30% (8 yr)	XS1579039006
BBVA SA	Tier 2	Feb-17	-	Feb-32	€ 165 M	4.000%	XS1569874503
BBVA SA	Tier 2	Feb-17	-	Feb-27	€ 1,000 M	3.50%	XS1562614831
BBVA SA	Senior Unsec	Jan-17	-	Jan-22	€ 1,000 M	0.625%	XS1548914800

## BBVA Turkey

Issuer	Product	Issue Date	Call Date	Maturity	Nominal currency	Coupon	Isin
Garanti	Tier 2	May-17	May-22	May-27	\$ 750 M	6.125%	XS1617531063
Garanti	Senior Unsec	Mar-17	-	Mar-23	\$ 500 M	5.875%	XS1576037284

## BBVA USA

Issuer	Product	Issue Date	Call Date	Maturity	Nominal currency	Coupon	Isin
Compass	Senior Unsec	Jun-18	May-21	Jun-21	\$ 1.150 M	Fixed 3.5% FRN 3ML+73 bps	US20453KAC99 US20453KAD72
Compass	Senior Unsec	Jun-17	May-22	Jun-22	\$ 750 M	2.875%	XS1617531063

## BBVA Mexico

Issuer	Product	Issue Date	Call Date	Maturity	Nominal currency	Coupon	Isin
Bancomer	Tier 2	Jan-18	Jan-28	Jan-33	\$ 1,000 M	5.125%	US05533UAF57

# Amortized notes – 2017 - 2018YTD

	Product	Issue Date	Redemption	Outstanding currency (M)	Outstanding € (M)	Coupon
BBVA, S.A.	AT1	May-13	May-18	\$ 1,500 M	1248	9.00%
	Tier 2	Feb-07	Feb-18	€ 257	257	3ME+0.80%
BBVA Subordinated Capital	Tier 2	Oct-05	Jan-18	€ 99	99	3ME+0.80%
	Preferred	Apr-07	Apr-17	\$ 600	499	5.919%
BBVA International Preferred, S.A. Unipersonal	Preferred	Sep-06	Mar-17	€ 164	164	3ME+1.95%
	Preferred	Sep-05	Mar-17	€ 86	86	3ME+1.65%
BBVA Mexico	Tier 2	May-07	May-17	\$ 500	416	6%
BBVA Peru	Tier 2	May-07	May-17	PEN 40	11	5.85%
BBVA USA <sup>(1)</sup>	Tier 2	Jun-03/04	Sept/Oct-17	\$ 100	83	3ML+2.81% <sup>(2)</sup>

(1) Includes a total of 4 trust preferred securities issued in 2003 and 2004; (2) Average coupon of the 4 issuances

BBVA follows an economic call policy

# 3Q18 Issuances: BBVA AT1 Eur 1 bn PNC5 5.875%

## Highlights

- Gives BBVA **flexibility to refinance** the potential next call options of AT1
- This is the **lowest coupon** ever paid for a BBVA AT1
- This issuance was the **third public transaction** in 2018 for BBVA SA

## Key Features

- Settlement Date: 24-09-2018
- Amount: € 1 bn
- Maturity: perpetual. Call option in 5<sup>th</sup> year
- Coupon: 5.875% (Fixed Rate Notes)
- Reset: MS + 566 bps
- Spanish investors represented 12% (initial gross demand of € 400 M)

BBVA's first issuance under CNMV regulation, which allowed for Spanish institutional investors to participate in the offer, widening BBVA's investor base



# Fixed Income Presentation

3Q18