



**BBVA** Creating  
Opportunities

# BBVA Group

Second Quarter 2017



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Presence in social media

Social commitment

Awards and recognitions

# 01. About BBVA

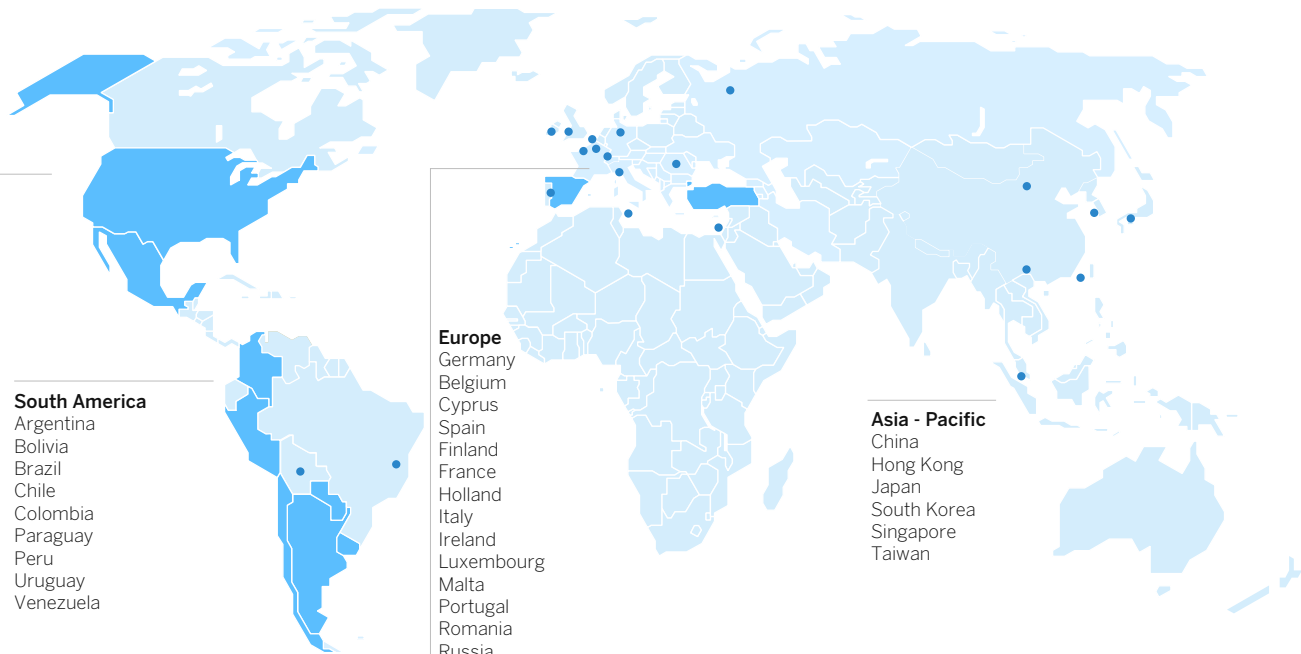
**BBVA** Bancomer

# BBVA's global presence

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**BBVA's global presence**

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**North America**  
USA  
Mexico

**South America**  
Argentina  
Bolivia  
Brazil  
Chile  
Colombia  
Paraguay  
Peru  
Uruguay  
Venezuela

**Europe**  
Germany  
Belgium  
Cyprus  
Spain  
Finland  
France  
Holland  
Italy  
Ireland  
Luxembourg  
Malta  
Portugal  
Romania  
Russia  
Switzerland  
Turkey  
U.K.

**Asia - Pacific**  
China  
Hong Kong  
Japan  
South Korea  
Singapore  
Taiwan

**€ 702**  
billion in total assets

**71**  
million customers

**>30**  
countries

**8,421**  
branches

**31,194**  
ATMs

**132,321**  
employees

Note: As of June 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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<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 Turkiye 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>2010</b>	New extension CITIC agreement Turkiye Garanti Bankasi (Turkey)	<b>2017</b>	Sale of CNCB's 1.8% (China) Acquisition of an additional stake in Turkiye Garanti Bankasi of 9.95% (Turkey)
<b>2000</b>	Bancomer (Mexico)	<b>2011</b>	Extension of Forum SF agreement (Chile) Credit Uruguay (Uruguay)		
<b>2004</b>	Valley Bank (USA) Laredo (USA) OPA sobre Bancomer	<b>2012</b>	Sale of Puerto Rico Unnim Banc (Spain)		

# Main figures 1H17

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## Earnings (€m)

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

## Balance sheet (€m)

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

8.6% ROE	0.82% ROA	49.6% Efficiency ratio
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## Risk management

4.8% NPL ratio	71% NPL coverage ratio
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## Solvency – CET1 Ratio

11.76% <i>Phased-in</i>	11.10% <i>Fully-loaded</i>
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[For more information click here](#) >



# BBVA share

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## Listed on the main international stock markets



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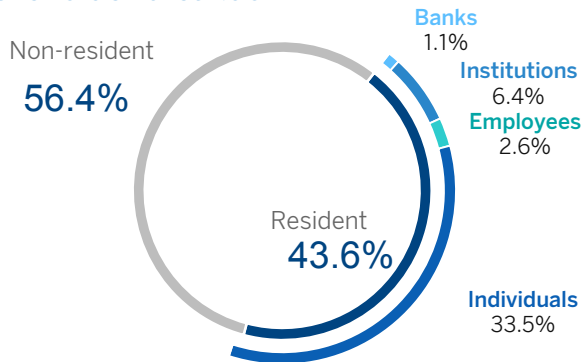
Awards and recognitions

### 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>



[For more information click here](#) >

# Organizational chart

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**GROUP EXECUTIVE CHAIRMAN**

Francisco González



**CEO**

Carlos Torres Vila

**EXECUTION & PERFORMANCE**



**Corporate & Investment Banking**  
Juan Asúa



**Country Monitoring<sup>1</sup>**  
Jorge Sáenz-Azcúnaga



**Spain**  
Cristina de Parias



**Mexico**  
Eduardo Osuna



**USA**  
Onur Genç



**Turkey**  
Fuat Erbil

**NEW CORE COMPETENCIES**



**Customer Solutions<sup>2</sup>**  
Derek White



**Talent & Culture**  
Ricardo Forcano



**Engineering**  
Ricardo Moreno



**Data**  
David Puente

**RISK & FINANCE**



**Finance**  
Jaime Sáenz de Tejada



**Global Risk Management**  
Rafael Salinas

**STRATEGY & CONTROL**



**Global Economics Regulation & Public Affairs**  
José Manuel González-Páramo



**Legal & Compliance**  
Eduardo Arbizu



**Strategy & M&A**  
Javier Rodríguez Soler



**Accounting & Supervisors**  
Ricardo Gómez Barredo



**Communications**  
Paul G. Tobin



**General Secretary**  
Domingo Armengol



**Internal Audit**  
José Luis de los Santos

(1) Reporting channel to CEO for Argentina, Colombia, Chile, Peru, Venezuela, Uruguay and Paraguay, as well as monitoring of all countries, including Spain, Mexico, Turkey and USA.

(2) Integrates Global Products & Digital Sales; Design & Marketing; Data & Open Innovation; Business Development in Spain, Mexico, Turkey, USA and South America; Distribution model; Asset Management & Global Wealth and New Digital Businesses.

# Our team

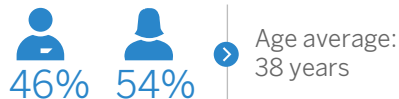
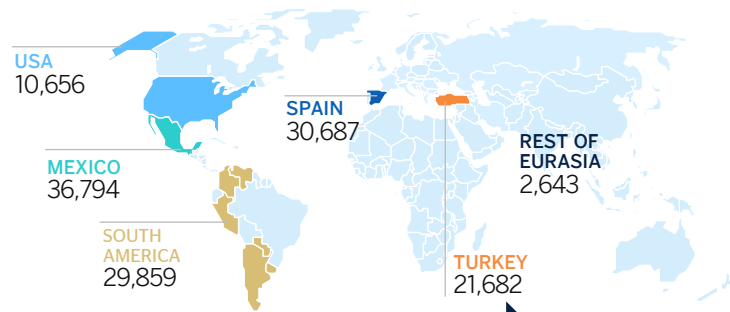
We are creating a culture, environment and ways of working where the customer is at the center of everything we do

## 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



**BBVA GROUP:**  
132,321  
employees



2016

we defined our purpose as an organization



2017

we are implementing a new way of working and collaborating

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

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- Presence in social media
- Social commitment
- Awards and recognitions

# 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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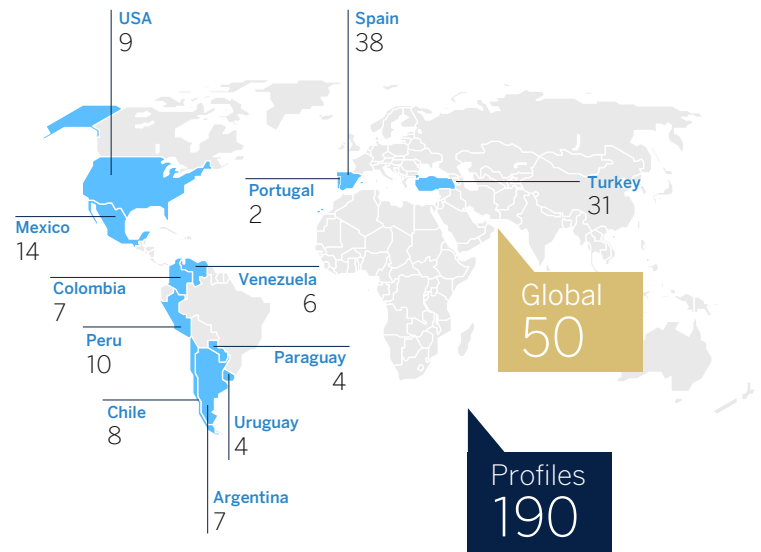
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Note: As of June 2017.

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



# Social commitment

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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

**Fundación BBVA**

**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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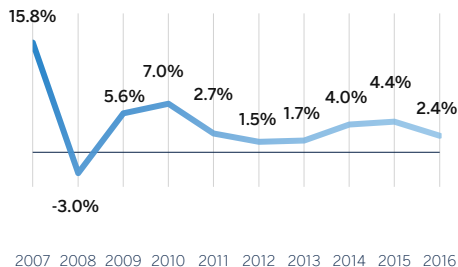
02 Vision and aspiration

03 BBVA transformation journey

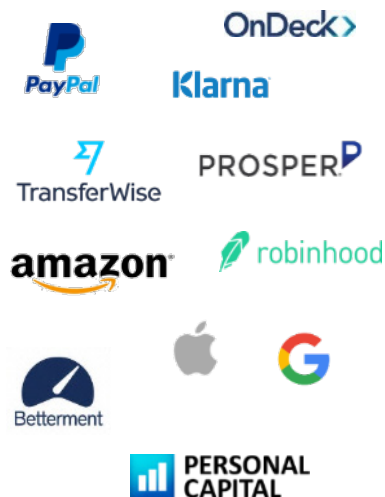
04 Results' highlights

## Regulatory pressure and the impact in profitability

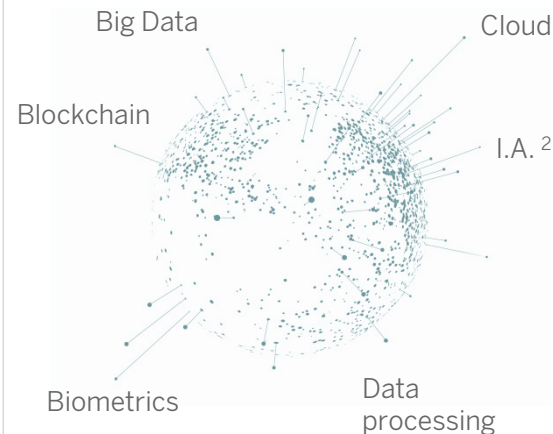
Banks ROE Evolution<sup>1</sup> (%)



## New players are entering the value chain



## Transforming technologies and use of data



(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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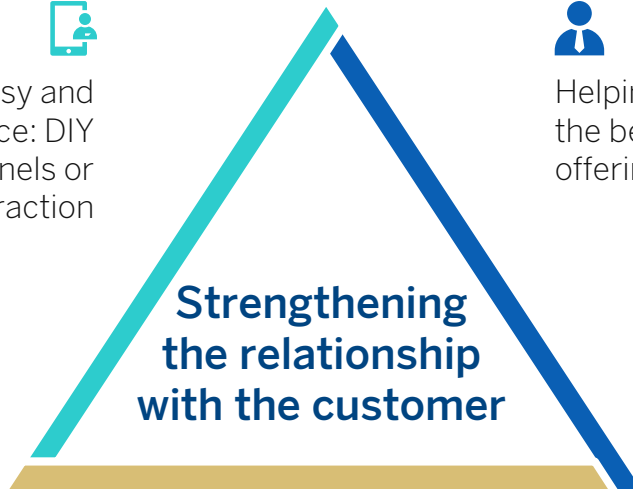
Vision of the financial industry  
Our aspiration



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



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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Our purpose and strategic priorities

Our values

Progress in our transformation



# 03. BBVA's Transformation Journey

# Defined strategic path

## Our Purpose

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

# BBVA

Creating Opportunities

## Six Strategic Priorities



New standard in customer experience



Drive digital sales



New business models



Optimize capital allocation



Unrivaled efficiency



A first class workforce

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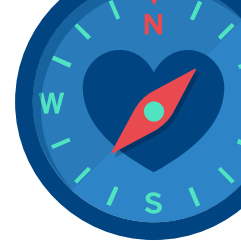
Our purpose and strategic priorities

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Progress in our transformation

**We are BBVA. We create opportunities**

# Our Values



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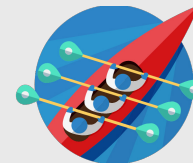
04 Results' highlights




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

# Progress in our Transformation

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## Products & Functionalities

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

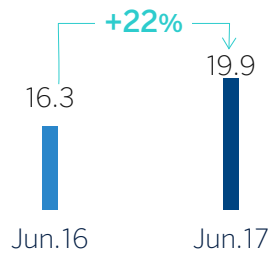
(% of total sales YtD, # of transactions)



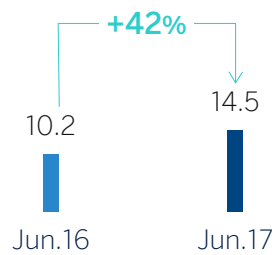
## BBVA Group

(Million)

### Digital Customers



### Mobile Customers



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



Our purpose and strategic priorities

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Progress in our transformation

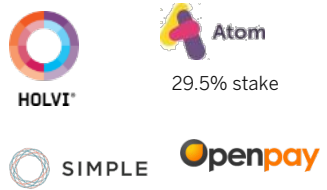
Figures have been restated due to changes in the inclusion of some products.  
 Note: Paraguay and Uruguay as of December 2016



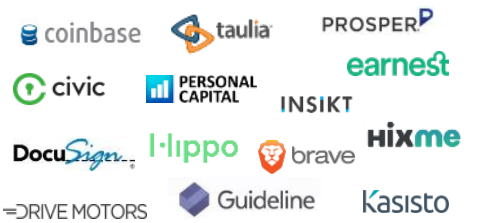
# New business models

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## Acquisitions

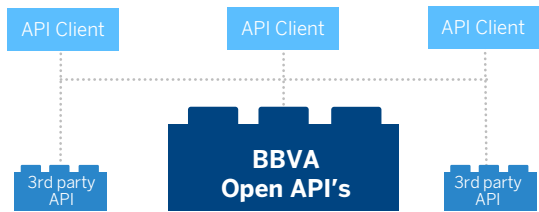


## Investments (venture capital\*)



## Open Platform

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



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

Leveraging the Fintech ecosystem to develop our value proposition

Our purpose and strategic priorities

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Progress in our transformation

(\*) 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 technology

In 2007 we began our transformation process

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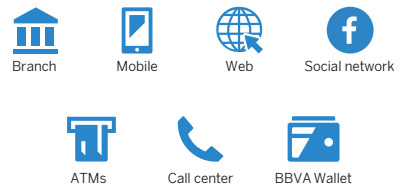
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We have been working on our platforms

And now we are adapting to the new paradigms of development

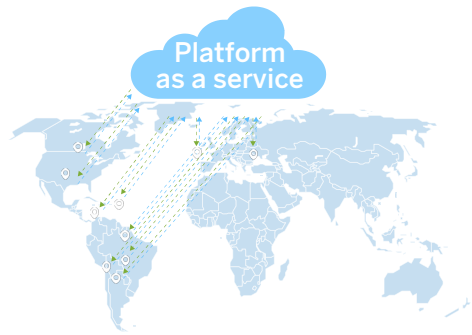
## Front-Office / Channels



## 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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Business areas

2Q17

# 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%

Highlights  
Business areas



# Profit & Loss

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Business areas


 2017

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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## 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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## 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

- 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

## 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

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

## 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

- 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

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# CIB – 1H17 results

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## Business activity

(constant €, % YTD)

LENDING (Gross)

**53 €bn** -2.4%

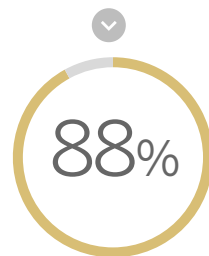
CUSTOMER FUNDS

**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

