



BBVA Creating
Opportunities

BBVA Group

Second Quarter 2017



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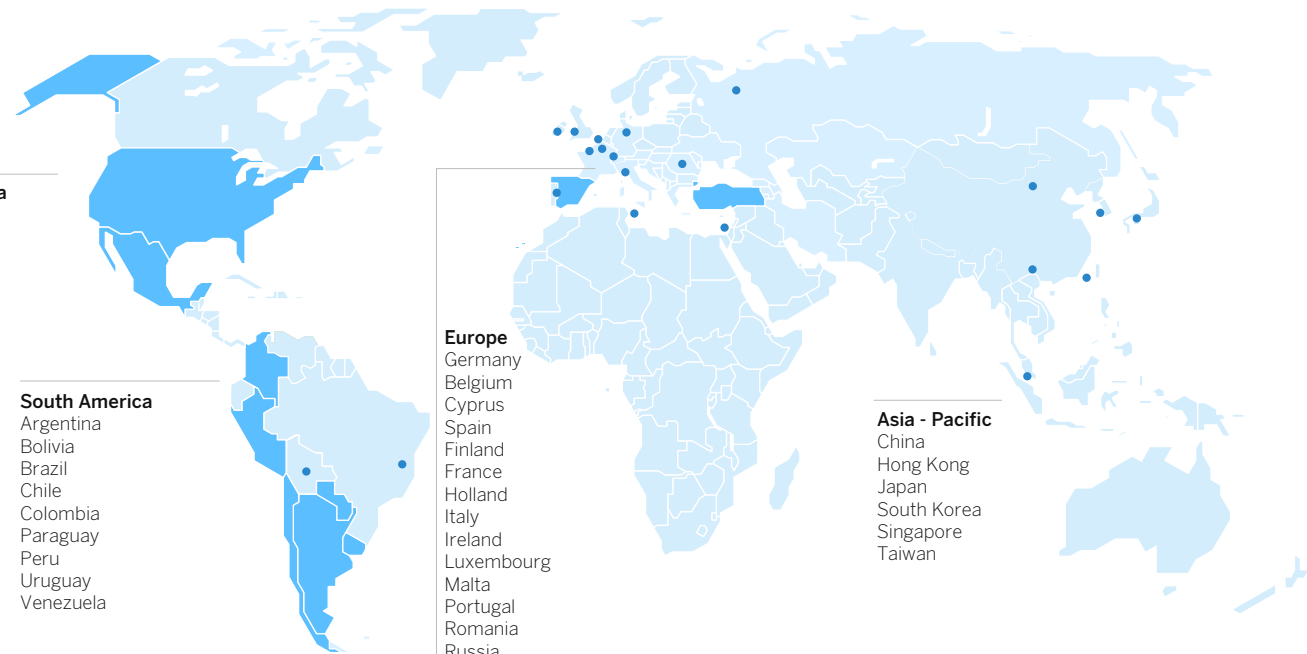
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BBVA Bancomer

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€ 702
billion in total assets

71
million customers

>30
countries

8,421
branches

31,194
ATMs

132,321
employees

Note: As of June 2017. 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)	2005	Granahorrar (Colombia) Hipotecaria Nacional (Mexico)	2013	Sale of (Panama) Sale of pension business in (Latam) Sale of CNCB's 5.1% (China)
1996	Banco Ganadero (Colombia) Bancos Cremi and Oriente (Mexico) Banco Francés (Argentina)	2006	Texas Regional Bancshares (USA) Forum Servicios Financieros (Chile) State National Bancshares (USA) CITIC (China)	2014	Simple (USA)
1997	Banco Provincial (Venezuela) B.C. Argentino (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)
1998	Poncebank (Puerto Rico) Banco Excel (Brazil) Banco BHIF (Chile)	2008	Extended CITIC agreement	2016	Holvi (Finland) Sale of CNCB's 1.12% (China) Sale of GarantiBank Moscow AO (Moscow) OpenPay (Mexico)
1999	Provida (Chile) Consolidar (Argentina)	2010	New extension CITIC agreement Turkiye Garanti Bankasi (Turkey)	2017	Sale of CNCB's 1.8% (China) Acquisition of an additional stake in Turkiye Garanti Bankasi of 9.95% (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	2012	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



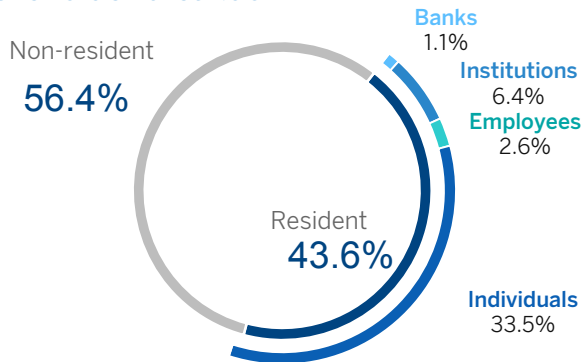
Weighting (30-06-2017)

8.9%	IBEX 35
2.1%	Euro Stoxx 50
9.1%	Euro Stoxx Banks
4.5%	Stoxx Europe 600 Banks

Note (1): Listed on the Lima Stock Exchange under an exchange agreement between the New York Stock Exchange and the Lima Stock Exchange

BBVA's capital ownership is well diversified

Shareholder breakdown



Figures as of 30th June 2017

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



[For more information click here](#) >

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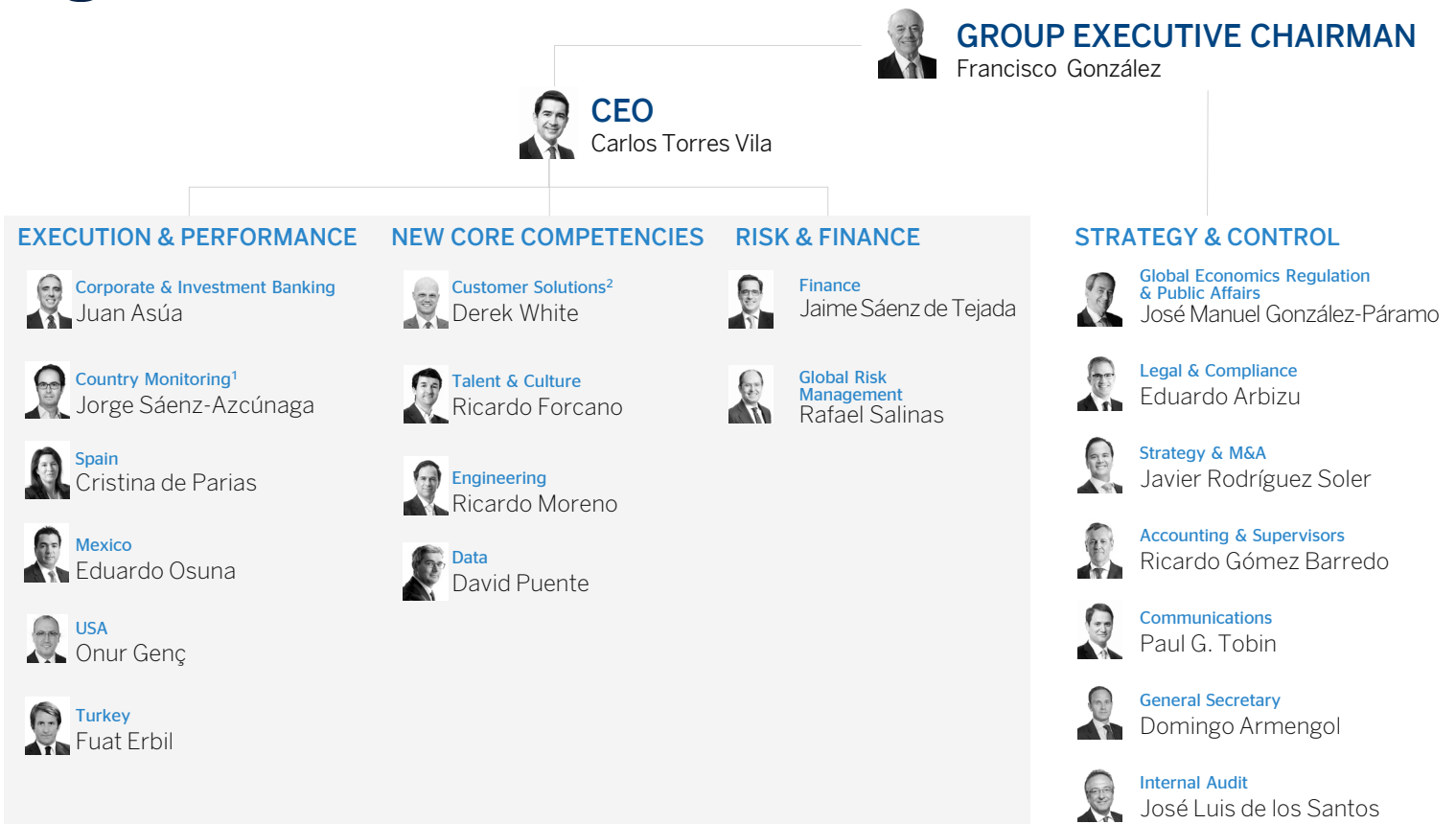
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(1) Reporting channel to CEO for Argentina, Colombia, Chile, Peru, Venezuela, Uruguay and Paraguay, as well as monitoring of all countries, including Spain, Mexico, Turkey and USA.
 (2) Integrates Global Products & Digital Sales; Design & Marketing; 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

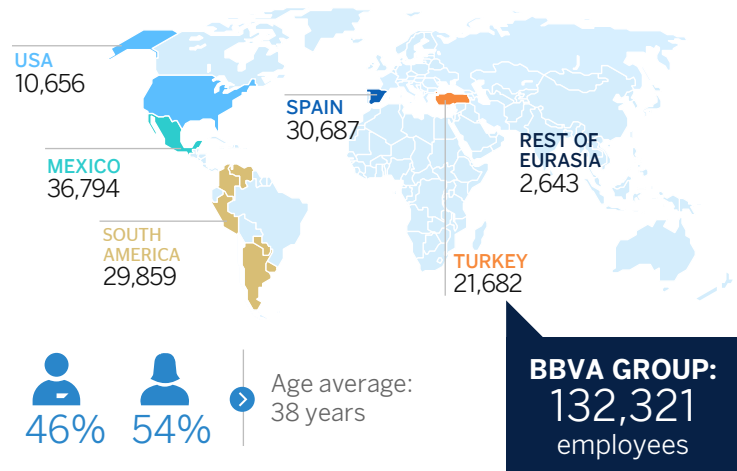
We are creating a culture, environment and ways of working where the customer is at the center of everything we do

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



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



2016 we defined our purpose as an organization



2017 we are implementing a new way of working and collaborating

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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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27,251,312 **Facebook** (followers)

4,679,640 **Twitter** (followers)

150,667 **YouTube** (subscribers)

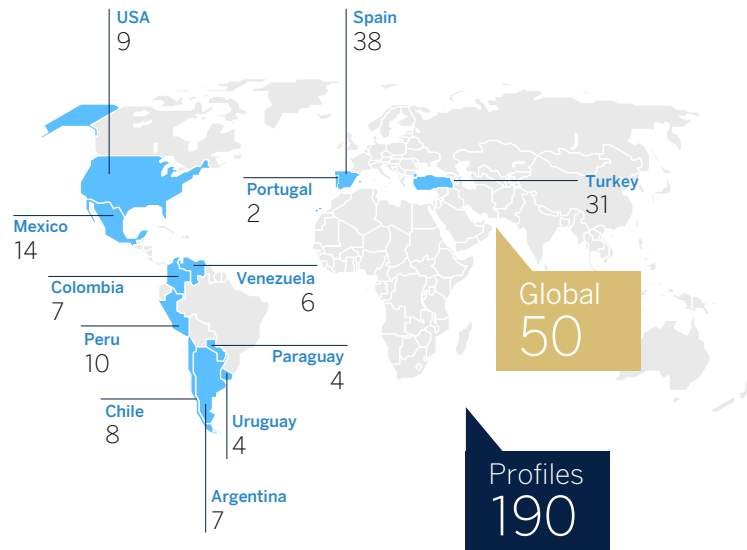
280,641 **Google+** (followers)

591,761 **LinkedIn** (followers)

349,179 **Instagram** (followers)

Note: As of June 2017.

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



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Financial Literacy

adelante. Valores de futuro
con tu futuro

Center for Financial Education and Capability

Social Entrepreneurship

BBVA | Momentum

Knowledge

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

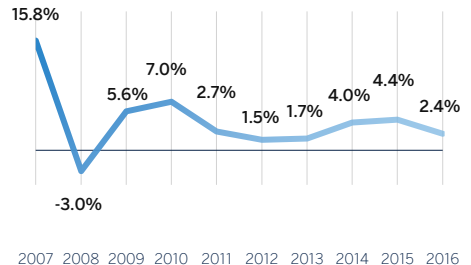
Our aspiration

Reshape of the financial industry

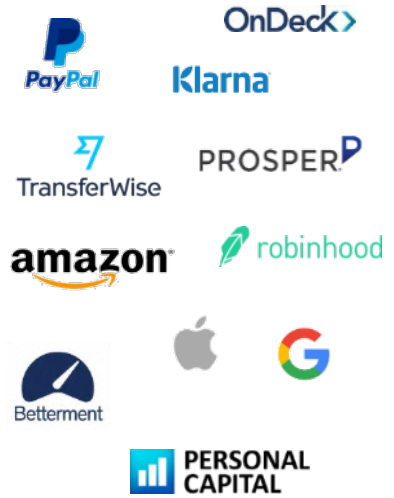
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Regulatory pressure and the impact in profitability

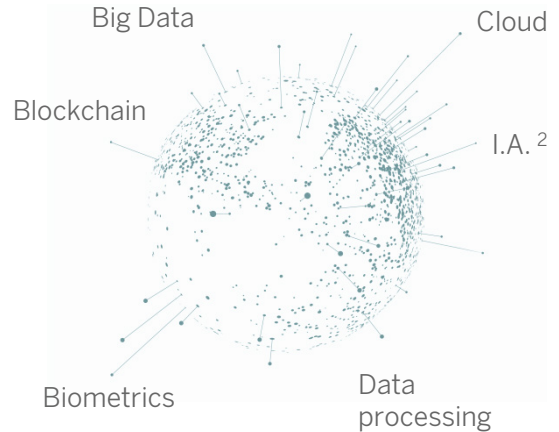
Banks ROE Evolution¹ (%)



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) Juniper Research Future Proofing Digital Banking.

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Vision of the financial industry

Our aspiration



Shifting customers and needs

■ Shifting customers and needs

Banking anytime, anywhere

■ Used to digital experiences

Expect proactive and personalized help in their finance management

■ Interaction with multiple devices and applications

Seeking the best experiences for each of their banking needs

Our aspiration

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Vision of the financial industry
Our aspiration



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



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

Strengthening the relationship with the customer



Providing the best solutions that generate trust: clear, simple, transparent and fair conditions

Redefining our Value Proposition based on customer experience and trust

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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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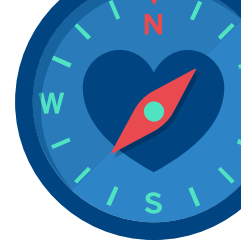
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Progress in our transformation

We are BBVA. We create opportunities

Our Values



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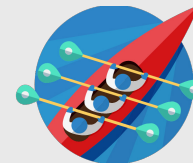
04 Results' highlights




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)

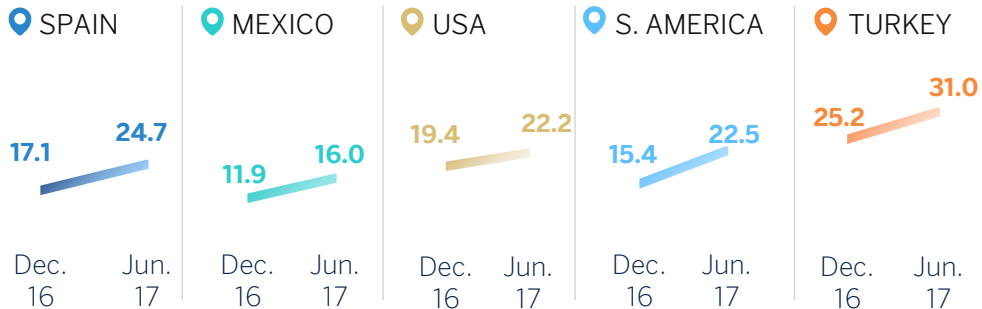
Relationship Model

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

Digital Sales

Digital Sales

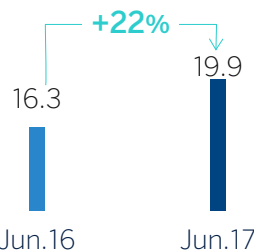
(% of total sales YtD, # of transactions)



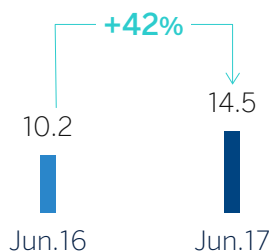
BBVA Group

(Million)

Digital Customers



Mobile Customers



50% tipping point in digital customers achieved



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

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Our purpose and strategic priorities

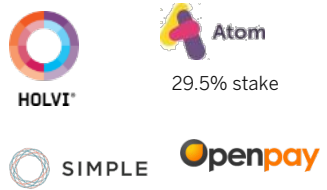
Our values

Progress in our transformation

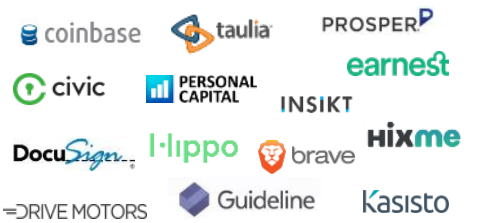
New business models

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Acquisitions

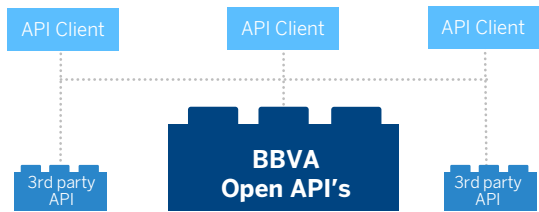


Investments (venture capital*)



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

Our values

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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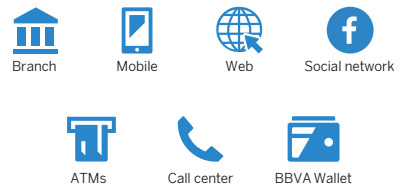
03 BBVA transformation journey

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We have been working on our platforms

And now we are adapting to the new paradigms of development

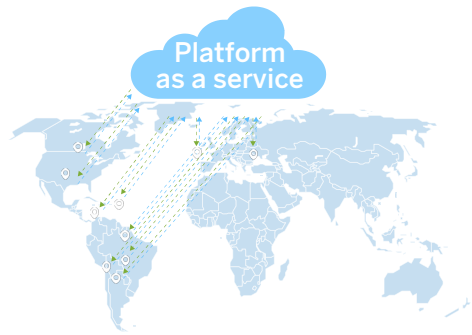
Front-Office / Channels



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

Our purpose and strategic priorities

Our values

Progress in our transformation



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

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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%

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2Q17

Profit & Loss

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Business areas

2Q17

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

Business areas

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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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Business areas



Business areas

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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

Highlights

Business areas



CIB – 1H17 results

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03 BBVA transformation journey

04 Results' highlights

Highlights

Business areas

2Q17

Business activity

(constant €, % YTD)

LENDING (Gross)

53 €bn -2.4%

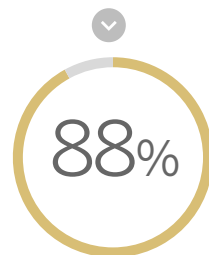
CUSTOMER FUNDS

39 €bn +1.5%

Client's revenue

(constant €, % YoY)

1,283 €m +5.0%


Wholesale banking recurrent business¹

% 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

