



2017 Results

Madrid, February 1st, 2018

Francisco González
Group Executive Chairman

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01

Macro environment

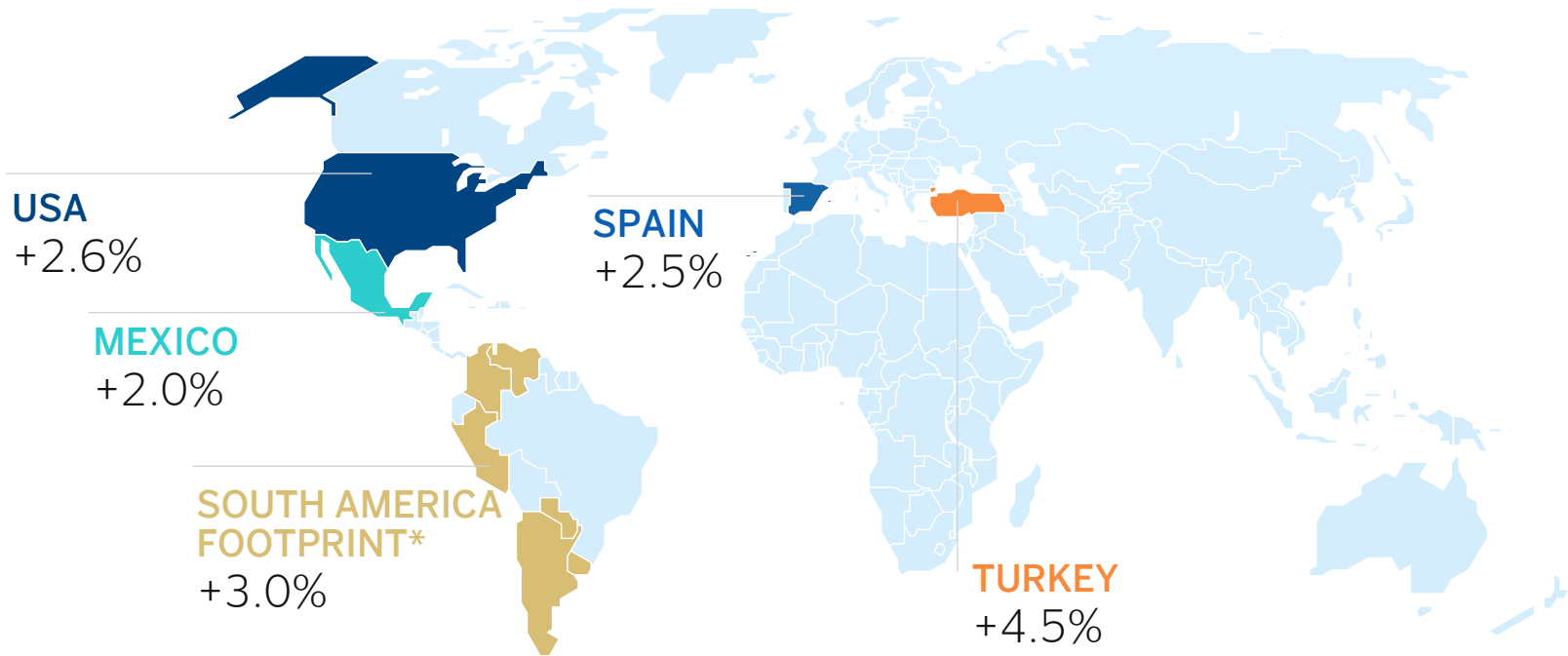
Macro environment improved despite risks

- Main fears at the beginning of 2017 have not materialized
- United States, China, and Europe grew more than expected
- Smooth first steps towards monetary policy normalization
- Sharp appreciation of the Euro
- Favorable growth environment in emerging markets
- Local idiosyncratic factors in Mexico and Turkey

**Growth across
BBVA's Footprint*
in 2017:
+3.1% versus
2.5% in 2016**

(*) Weighting based on the countries contribution to our business.

2018 Macro outlook



(*) Ex-Venezuela and weighting based on the countries contribution to our business.

(**) Weighting based on the countries contribution to our business.

Growth across BBVA's footprint: +2.7%**



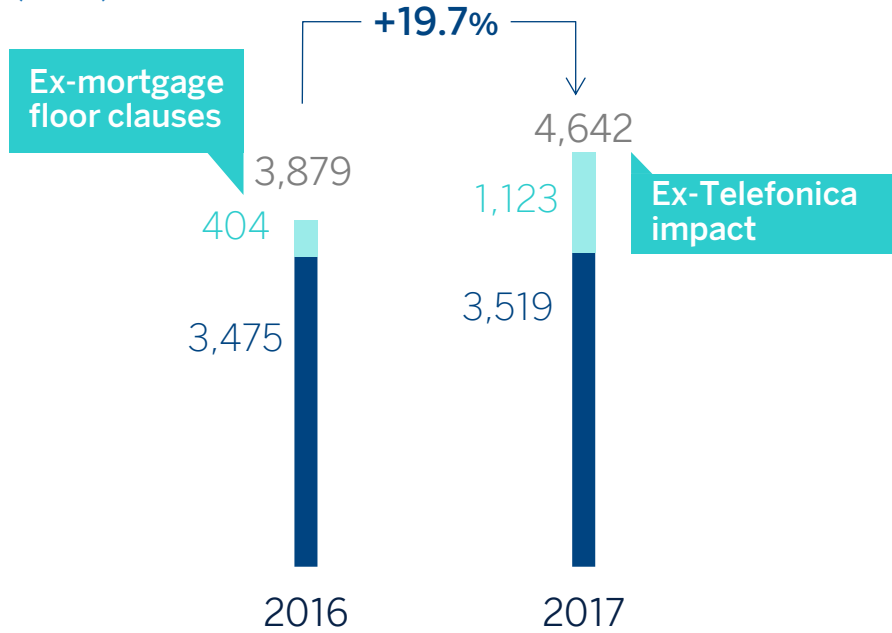
02

Results

Very good results in 2017

Attributable Profit

(€ Mn)



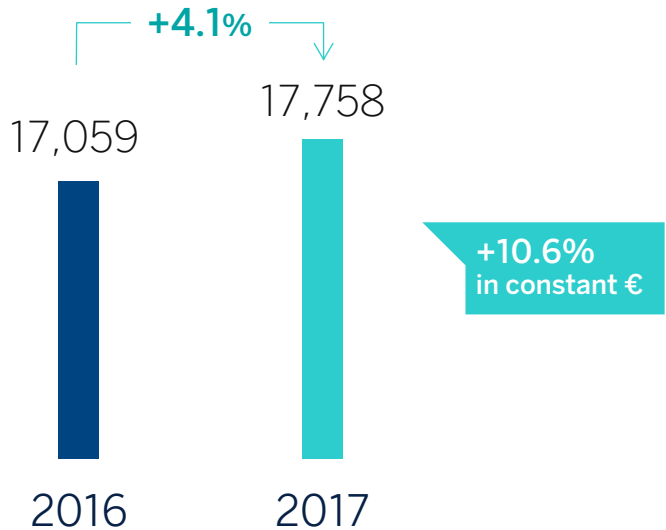
Key drivers

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

Recurring revenue growth

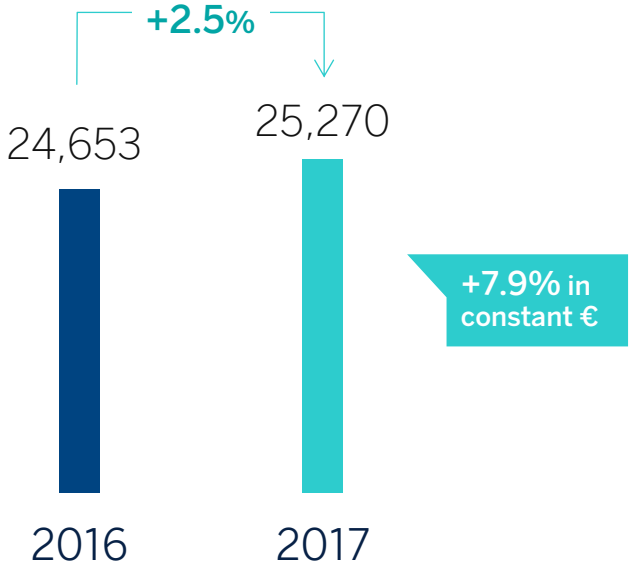
Net interest Income

(€ Mn)



Gross Income

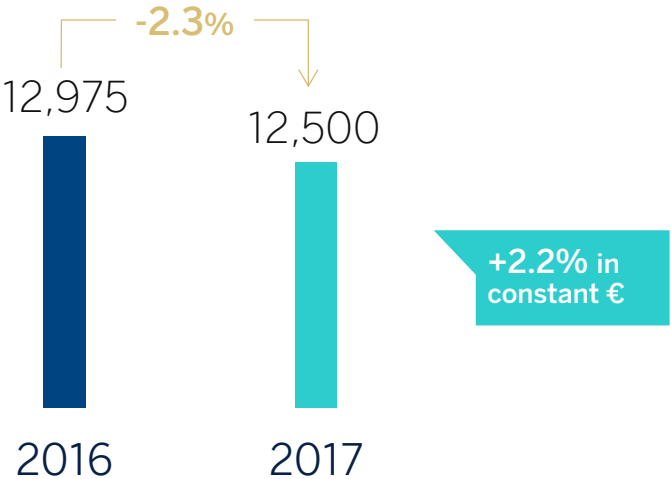
(€ Mn)



Cost reduction

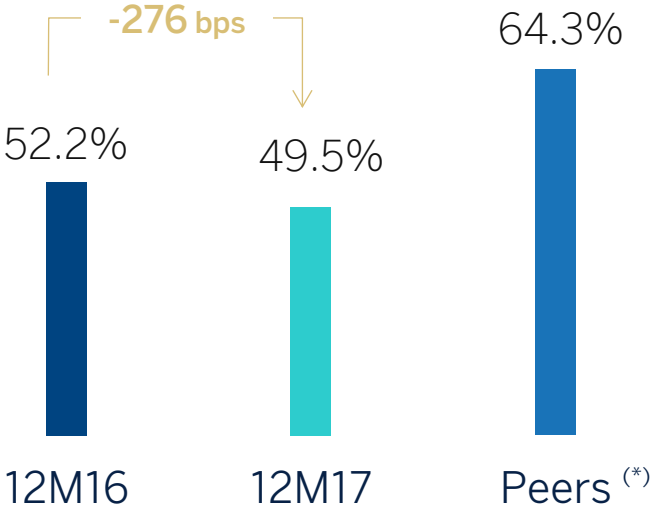
Total Op. Expenses

(€ Mn)



Efficiency ratio

(%, in constant €)

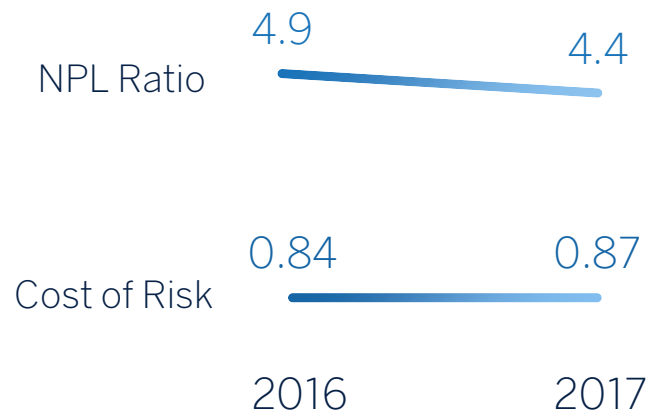


(*) European Peer Group: BARC, BNPP, CASA, CS, CMZ, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS, UCI. Figures as of 9M17.

Risk indicators under control

Main risk indicators

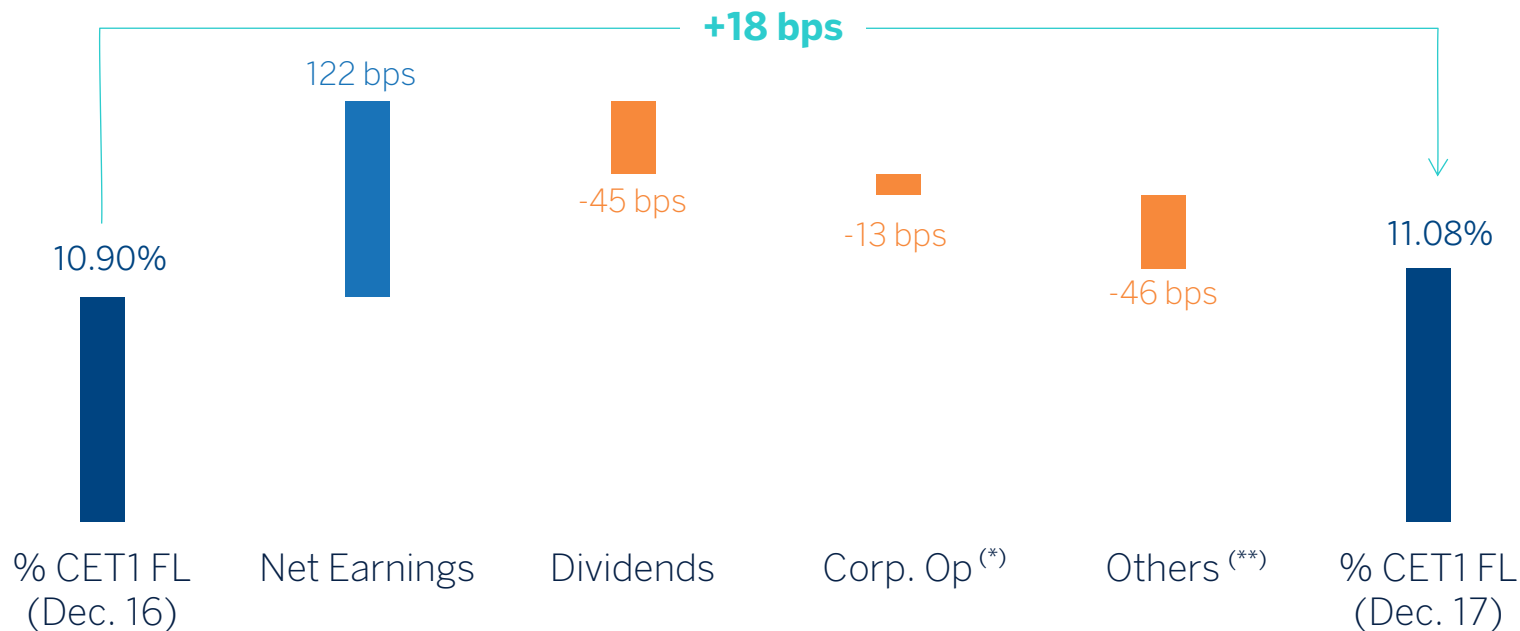
(%)



Capital target achieved

CET1 Fully-Loaded – BBVA Group

Dec-16 vs. Dec-17 Evolution (% , bps.)



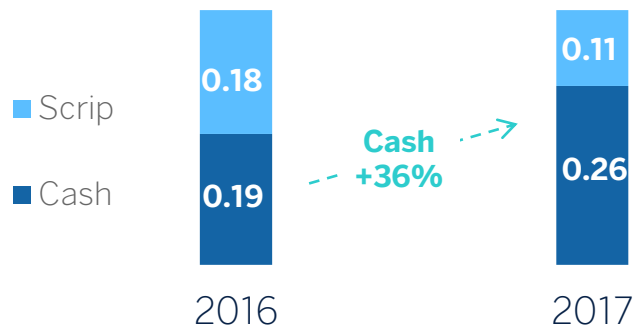
(*) **Corporate Operations** includes the net impact of the increase in Garanti (10%) and the sale of the remaining stake in CNCB.

(**) **Others** mainly includes negative market related impacts (mark to market of FX and AFS portfolio) and RWAs

Shareholder remuneration policy

Shareholder Remuneration

(€ per share)



Remuneration policy

- **Complementary dividend of 2017:** 15 cents / share⁽¹⁾
- **Cash pay-out:** 38% of the results in 2017⁽²⁾
- **2 payments per year** (tentatively in October and April)

(1) The payment of the complementary dividend in cash is subject to the proposal and approval of the corporate bodies.

(2) Attributable Profit of the Group excluding the negative impact of Telefónica's impairment.

Sustainable dividend policy

Results overview

2017 Results
February 1st 2018 / 13

BBVA Group (€ Mn)	2017	Change 2017 / 2016	
		% Current	% Constant
Net Interest Income	17,758	4.1	10.6
Gross Income	25,270	2.5	7.9
Net Income	12,770	7.7	14.1
Net Attributable Profit	3,519	1.3	7.6
Net Attributable Profit (ex- Telefónica in 2017 & ex-mortgages floor clauses in 2016)	4,642	19.7	26.3



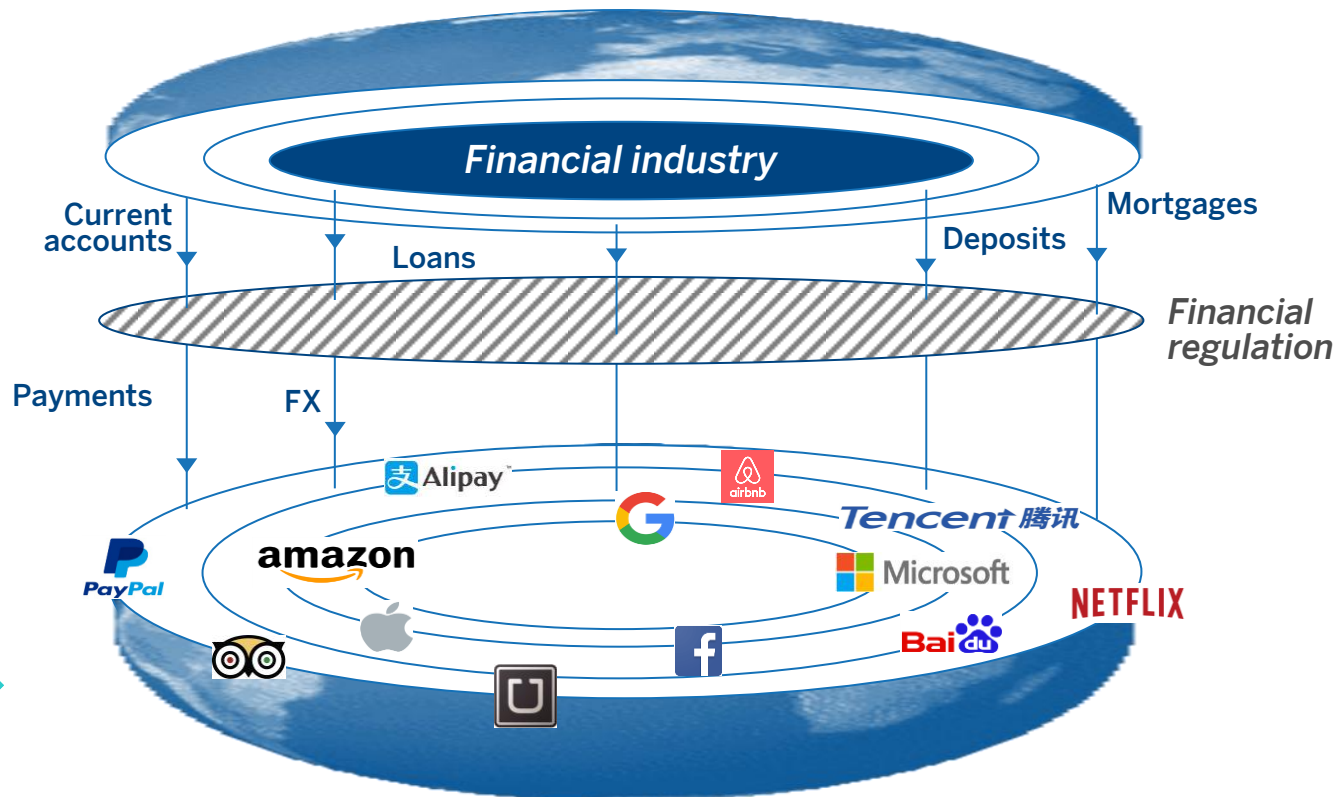
03

Transformation

Cross-sector convergence in the 4th industrial revolution

4th industrial revolution

- Mobile
- Artificial Intelligence
- Big Data
- Cloud
- Blockchain

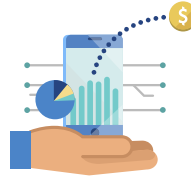


Key drivers for the future

2017 Results
February 1st 2018 / 16



Anticipation



Quality & Quantity of data



Open collaboration and
innovation



Agile organization



Talent



Transparency and zero
conflicts of interest

Great results in our transformation

2017 Results
February 1st 2018 / 17

FORRESTER®

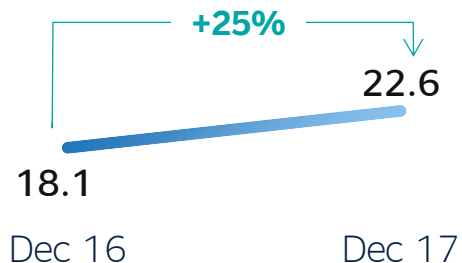


FORRESTER

BBVA Spain has obtained the highest ranking in Europe for its online banking services

Digital Customers

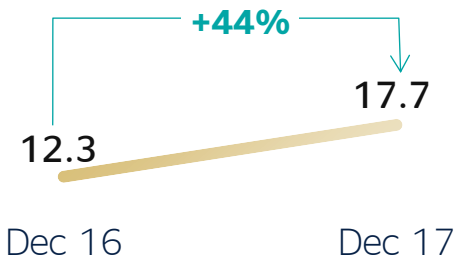
(Mn)



% Penetration 2017
42%

Mobile Customers

(Mn)



% Penetration 2017
33%

Benefits of transformation

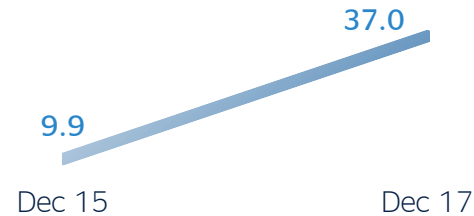
More satisfied customers...

BBVA NPS (Dec-17)

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

...who interact more and are more profitable...

Group Digital Sales (% of # op.)



1 sale out of
every 2.7 is
already digital

Benefits of transformation

...and who enjoy new functionalities based on data and AI



BBVA
Economy



Baby
planner



BBVA
Plan

...that BBVA is putting in their hands at a good pace

Conclusion

Results

Record high revenues

Cost reduction

Risk control

Capital generation

Transformation

At the forefront of the industry

More digital customers,

- more satisfied,

- who interact more,

- and who are more profitable

Solid results and great progress in our transformation



2017 Results

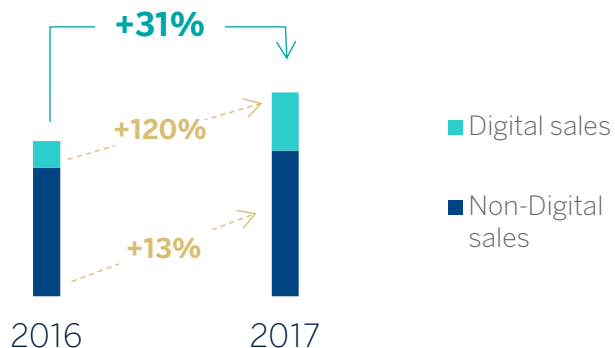
Madrid, February 1st, 2018

Carlos Torres Vila
Chief Executive Officer

Digital sales & improved customer experience boost sales growth: **Spain**

Digital sales driving total sales increase

Total sales (million units)



Turning customer experience into more sales

New app design – Increasing Mobile sales

(Average daily digital sales increase*)

Credit cards

x 1.7

Deposits

x 1.5

Mutual funds

x 2.5

Current accounts

x 1.3

(*) Average daily digital sales increase from Sep 16th- Dec 31st vs Jul 1st - Sep 15th

Industry Recognition

FORRESTER®



BBVA #1 in 2017 Online Banking Functionality Benchmark in Europe

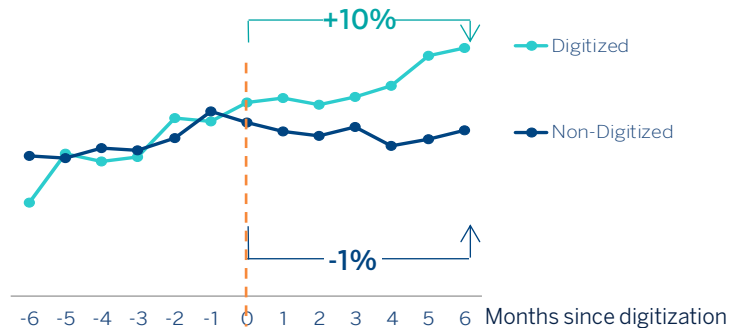


BBVA Best Global Banking App 2017

Digitization generates higher revenues & engagement, improving efficiency: Mexico

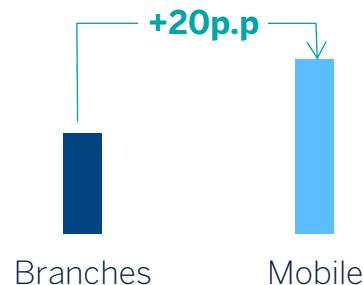
Digitization drives more revenues

Gross margin per customer evolution* (%)



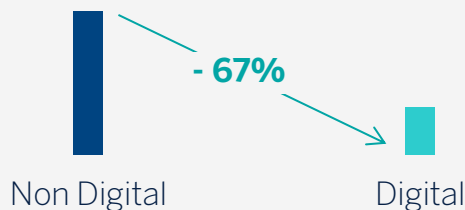
Digital channel engagement enhances satisfaction

NPS by channel** (Dic17, %)

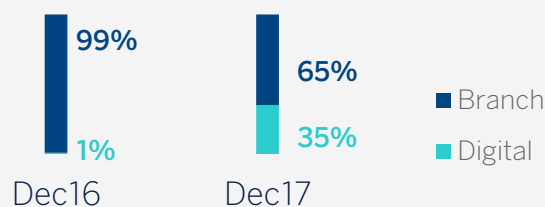


Digital sales are more efficient

Cost of opening checking accounts



Percentage of checking accounts opened by channel



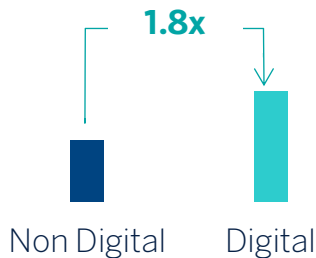
(*)Gross Margin analysis from a sample of customers before and after digitization

(**) Results from IReNe 2.0 Bmobile survey to Bancomer Customers

Digital customers are more profitable and satisfied: Turkey

Digital customers are more profitable and engaged than non digital

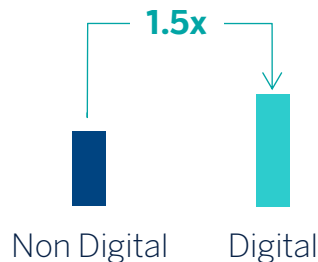
Operating income per customer* (times)



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

Digital customers are more likely to recommend their bank

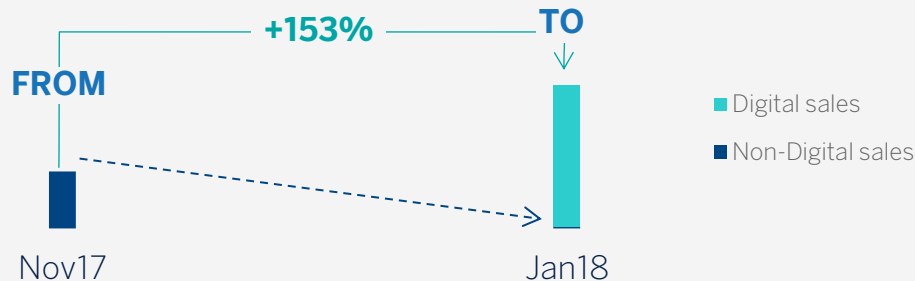
NPS** (Dec-17, %)



(**) NPS Open Market Bank

DIY increases total sales

New equity investment accounts opened per week (#)



FROM

- Paper based process, only in branch
- 4 documents, 47 pages
- 47 signatures
- Approximately 60 minutes

TO

- Digital process
- Single document link
- Single digital signing
- Approximately 5 minutes



04

Business Areas

P&L (€m) 2017/2016

Net interest income

3,738 -3.6%

Gross Income

6,180 -3.7%

Operating Income

2,802 -1.3%

Net Attributable Profit

1,381 +52.7%

Activity (€m) Dec-17/Dec-16

Lending¹

-1.1%

Customer Funds²

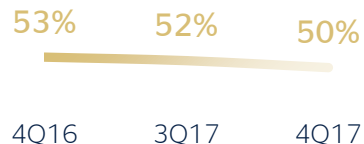
+1.9%

Risk Indicators

NPL ratio



Coverage ratio



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

(1) Performing loans under management

(2) Includes mutual funds, pension funds and other off balance sheet funds.

Note: Activity excludes repos

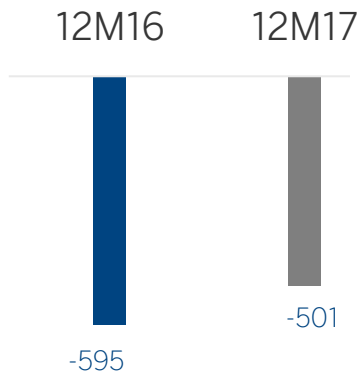




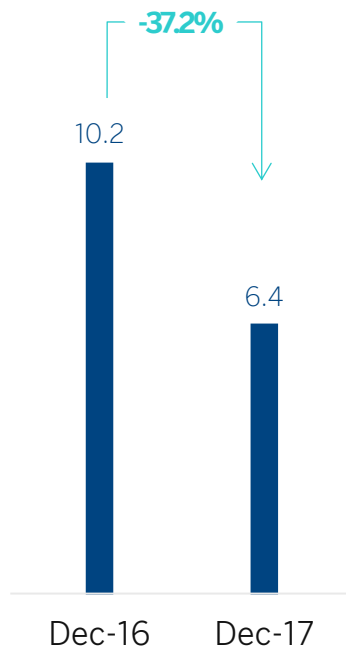
NON CORE- REAL ESTATE

2017 Results
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Net attributable profit
(€m)



Net exposure
(€bn)



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



P&L (constant €m) 2017/2016

Net interest income

2,158 +13.0%

Gross Income

2,919 +10.5%

Operating Income

1,061 +26.1%

Net Attributable Profit

511 +14.6%

Activity (constant €m) Dec-17/Dec-16

Lending¹

-0.1%

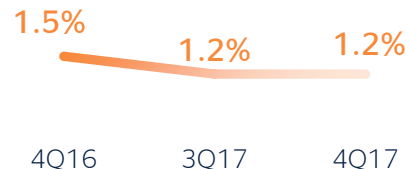
Customer Funds

+1.7%

(1) Performing loans under management
Note: Activity excludes repos

Risk Indicators

NPL ratio



Coverage ratio



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

P&L (constant €m) 2017/2016

Net interest income

5,437 +9.5%

Gross Income

7,080 +8.0%

Operating Income

4,635 +9.5%

Net Attributable Profit

2,162 +12.7%

Activity (constant €m) Dec-17/Dec-16

Lending¹

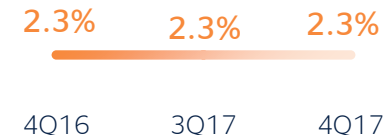
+5.5%

Customer Funds

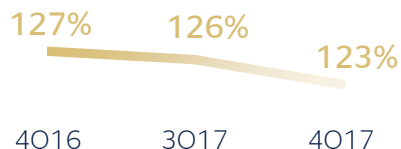
+11.4%

Risk Indicators

NPL ratio



Coverage ratio



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

(1) Performing loans under management
Note: Activity excludes repos



P&L (constant €m) 2017/2016

Net interest income

3,331 +20.6%

Gross Income

4,115 +19.2%

Operating Income

2,612 +27.8%

Net Attributable Profit

826 +70.0%

Activity (constant €m) Dec-17/Dec-16

Lending ¹

+13.9%

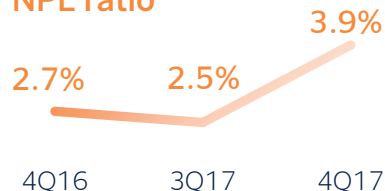
Customer Funds

+15.8%

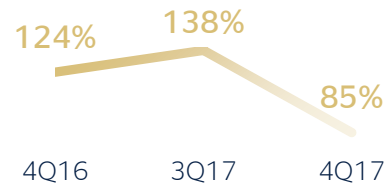
(1) Performing loans under management. Note: Activity excludes repos.

Risk Indicators

NPL ratio



Coverage ratio



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



SOUTH AMERICA

P&L (constant €m) 2017/2016

Net interest income

3,200 +15.1%

Gross Income

4,451 +13.9%

Operating Income

2,444 +15.1%

Net Attributable Profit

861 +14.0%

Activity (constant €m) Dec-17/Dec-16

Lending¹

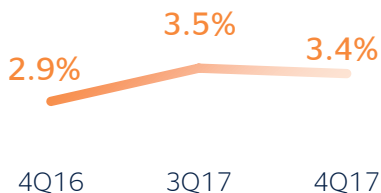
+9.7%

Customer Funds

+10.5%

Risk Indicators

NPL ratio



Coverage ratio



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

(1) Performing loans under management
Note: Activity excludes repos

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



Wealth Generation

131,856



EMPLOYEES

received 5,163 millions in wages and salaries

39



TRAINING HOURS

yearly by employee investing 52 million euros

51,769



SUPPLIERS

invoicing 7,553 million euros

9,881€m



TAXES ACCRUED

and collected by BBVA's business activity



Growth and Welfare Contribution

51

MILLIONS



CUSTOMERS IN MORE THAN 30 COUNTRIES

42% digital customers and 32% mobile customers

115,021€m



IN HOUSES FINANCED

by BBVA

33,985€m



IN PENSION FUNDS

managed by BBVA

3.5

MILLIONS



SMES and Self-Employees

financed and supported by BBVA

8.2

MILLIONS



PEOPLE BENEFITED

from financial inclusion

1.9

MILLIONS



MICROENTREPRENEURS

supported by Fundación Microfinanzas BBVA with 951 million euros

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



Sustainable Development Contribution

Boosting sustainable funding

22,400 €m
sustainable finance

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

>1,000 €m
green loans

Reduction on direct environmental impacts

26%
renewable energies

9%
paper consumption reduction

42%
of employees work in certified buildings



Direct Contribution to Society

103 €m

Allocated to social programs

Financial Literacy

Financial Capacities
Education Center



> 2 m participants in education programs

Social Entrepreneurship

BBVA Open Talent 2017

BBVA

Momentum



Fundación
BBVA MicroFinanzas

Knowledge

Fundación BBVA



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

2018 Outlook

Accelerating profitable growth:

- **Spain:** Focus on fee growth, continued efficiency improvement and strong risk performance
- **Non-core RE:** Completing the run off
- **USA:** NII as the main P&L driver
- **Mexico:** solid growth to continue in line with 2017 trends
- **Turkey:** solid TL loan growth and focus on cost control
- **South America:** strong growth, mainly driven by Argentina

Capital above target in a clearer regulatory context

Delivering on our transformation

- Maintain strong efforts to deliver **best in class customer experience**
- **Target > 50%** digital customers in 2018 and mobile in 2019
- **Digital sales exponential growth** with more focus on non customers
- **Enhance smart interaction** with our customers leveraging data
- Faster developments through **global technological platforms** and **agile organization**
- **Transformation of our operating model**

Creating Opportunities



05

Annex

Total Spain – Profit & Loss

Total Spain (€m)	4Q17	Change (%)		2017	Change (%) 2017 vs 2016
		4Q17 vs 4Q16	4Q17 vs 3Q17		
Net Interest Income	970	-1.9	2.8	3,809	-3.2
Net Fees and Commissions	388	9.8	-0.8	1,563	5.5
Net Trading Income	161	-6.5	113.1	555	-29.1
Other Income & Expenses	-70	226.2	n.s.	235	12.9
Gross Income	1,449	-3.0	-4.7	6,163	-3.8
Operating Expenses	-862	-6.3	-0.3	-3,493	-5.7
Operating Income	587	2.4	-10.4	2,670	-1.4
Impairment on Financial Assets (net)	-151	173.7	-7.4	-705	-21.7
Provisions (net) and other gains (losses)	-350	-59.9	305.1	-771	-39.8
Income Before Tax	86	n.s.	-78.8	1,193	127.4
Income Tax	14	-69.7	n.s.	-312	46.7
Net Attributable Profit	100	n.s.	-66.9	880	184.5

A low-angle photograph of the BBVA building in Madrid, showing its distinctive curved facade and glass windows. The building is surrounded by other modern structures. A blue overlay covers the bottom left portion of the image, containing the BBVA logo and text.

BBVA Creating Opportunities

2017 Results

Madrid, February 1st, 2018