

A photograph of a modern, curved glass skyscraper with the BBVA logo at the top. The building is surrounded by other modern architecture and greenery. A blue and teal graphic overlay is on the left side of the image.

**BBVA** Creating Opportunities

# 2017 Results

February, 1<sup>st</sup> 2018

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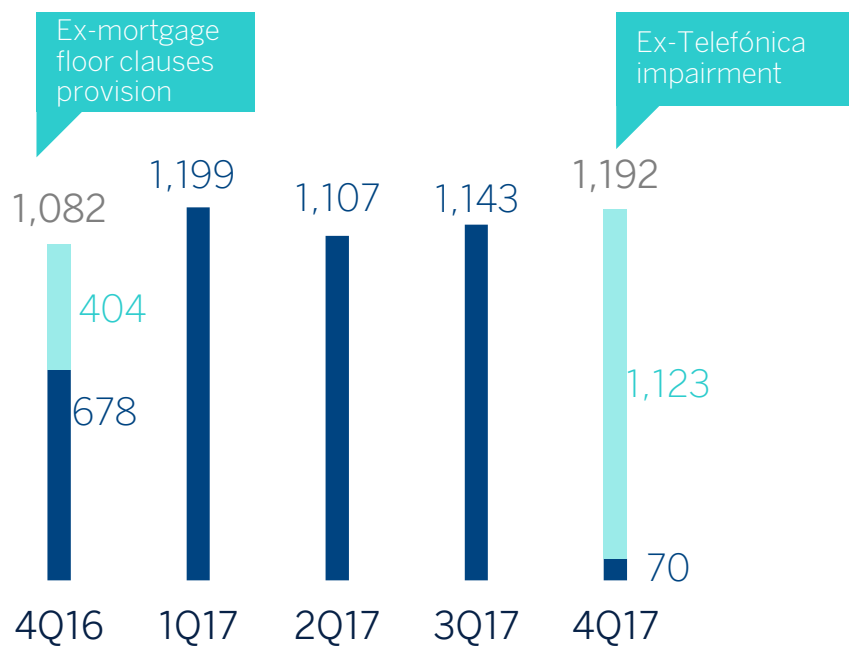
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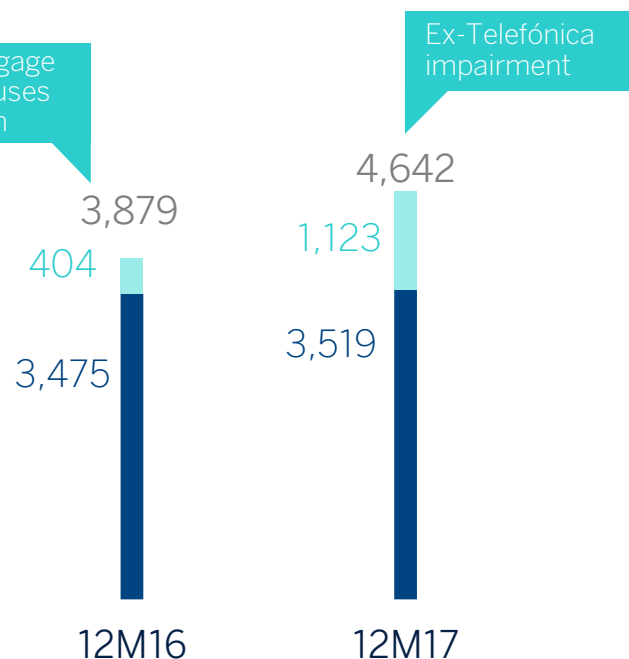
# Strong and Recurrent Results Quarter by Quarter

## Net Attributable Profit

Quarterly evolution (€m)



12M17 vs. 12M16 (€m)



# 2017 Highlights

**01** Strong core revenue growth

NII + Fees (€ constant)  
**+10.3%** vs. 12M16

**02** Delivery in efficiency

Efficiency  
**49.5%** **-276 bps** vs. 12M16 (constant)

**03** Sound risk indicators

NPL ratio	CoR
<b>4.4%</b>	<b>0.87%</b>
<b>-47 bps</b> vs. 2016	<b>+3 bps</b> vs. 2016

**04** CET 1 FL above 11%

CET 1 FL  
**+11.1%** **+18 bps** vs. 2016

**05** Focus on shareholder value

TBV/Share<sup>1</sup> + Shareholders remuneration



(1) Tangible Book Value per share

**06** Accelerating our transformation

Mobile customers  
**17.7m** **+44%**  
Dec-17 vs. Dec-16

Digital Sales  
**28%**  
Dec-17<sup>2</sup>

NPS  
**#1**  
in 8 countries

(2) % of total sales YtD, # of transactions

# 2017 Profit & Loss

BBVA Group (€m)	2017	Change 2017/2016	
		%	% constant
<b>Net Interest Income</b>	<b>17,758</b>	<b>4.1</b>	<b>10.6</b>
Net Fees and Commissions	4,921	4.3	9.4
Net Trading Income	1,968	-7.7	-6.0
Other Income & Expenses	622	-16.3	-19.1
<b>Gross Income</b>	<b>25,270</b>	<b>2.5</b>	<b>7.9</b>
Operating Expenses	-12,500	-2.3	2.2
<b>Operating Income</b>	<b>12,770</b>	<b>7.7</b>	<b>14.1</b>
Impairment on Financial Assets <sup>(*)</sup>	-3,680	-3.2	1.2
Provisions and Other Gains and Losses	-1,036	-37.9	-38.5
<b>Income Before Tax<sup>(*)</sup></b>	<b>8,054</b>	<b>26.0</b>	<b>37.3</b>
Income Tax	-2,169	27.7	39.7
<b>Net Income<sup>(*)</sup></b>	<b>5,885</b>	<b>25.4</b>	<b>36.4</b>
TEF Impairment	-1,123	n.s.	n.s.
Non-controlling Interest	-1,243	2.0	19.1
<b>Net Attributable Profit</b>	<b>3,519</b>	<b>1.3</b>	<b>7.6</b>
<b>Net Attributable Profit</b> (ex-Telefónica impairment in 2017 & mortgage floor provision in 2016)	<b>4,642</b>	<b>19.7</b>	<b>26.3</b>

(\*) Ex- Telefónica impairment

# 4Q17 Profit & Loss

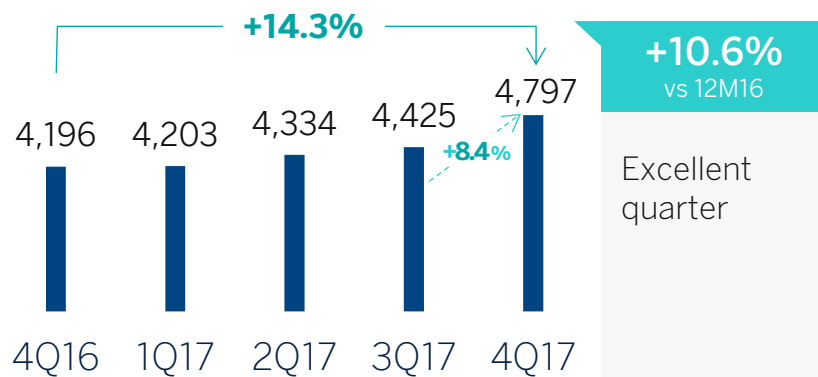
BBVA Group (€m)	4Q17	Change 4Q17/4Q16	
		%	% constant
<b>Net Interest Income</b>	<b>4,557</b>	<b>3.9</b>	<b>14.3</b>
Net Fees and Commissions	1,215	4.7	13.0
Net Trading Income	552	45.6	14.4
Other Income & Expenses	37	-87.4	-83.9
<b>Gross Income</b>	<b>6,362</b>	<b>2.2</b>	<b>10.5</b>
Operating Expenses	-3,114	-4.0	4.1
<b>Operating Income</b>	<b>3,248</b>	<b>9.0</b>	<b>17.4</b>
Impairment on Financial Assets <sup>(*)</sup>	-763	11.0	19.3
Provisions and Other Gains and Losses	-447	-55.7	-54.9
<b>Income Before Tax<sup>(*)</sup></b>	<b>2,039</b>	<b>58.7</b>	<b>75.1</b>
Income Tax	-499	59.0	58.3
<b>Net Income<sup>(*)</sup></b>	<b>1,539</b>	<b>58.5</b>	<b>81.4</b>
TEF Impairment	-1,123	n.s.	n.s.
Non-controlling Interest	-347	18.4	44.1
<b>Net Attributable Profit</b>	<b>70</b>	<b>-89.7</b>	<b>-79.9</b>
<b>Net Attributable Profit</b> (ex- Telefónica impairment in 2017 & mortgage floor provision in 2016)	<b>1,192</b>	<b>10.2</b>	<b>20.2</b>

(\*) Ex- Telefónica impairment

# Strong Core Revenue Growth

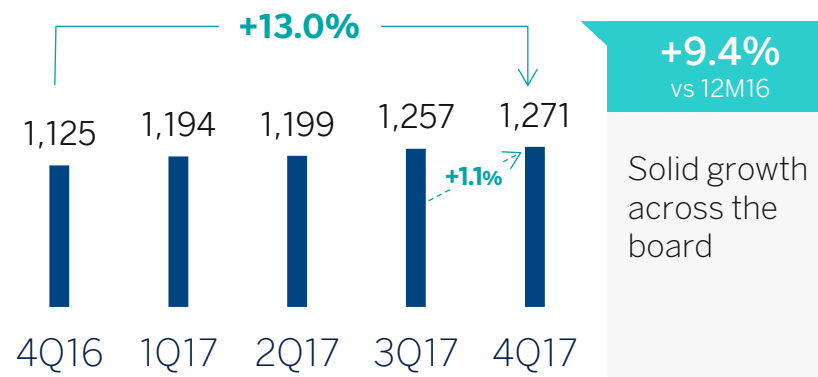
## Net Interest Income

(€m constant)



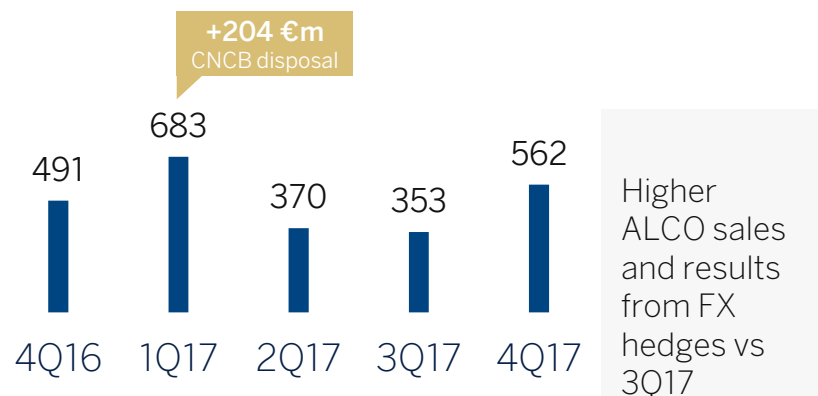
## Net Fees and Commissions

(€m constant)



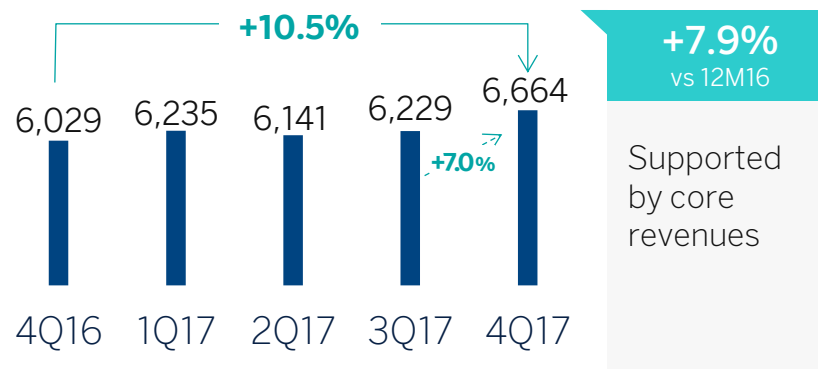
## Net Trading Income

(€m constant)



## Gross Income

(€m constant)

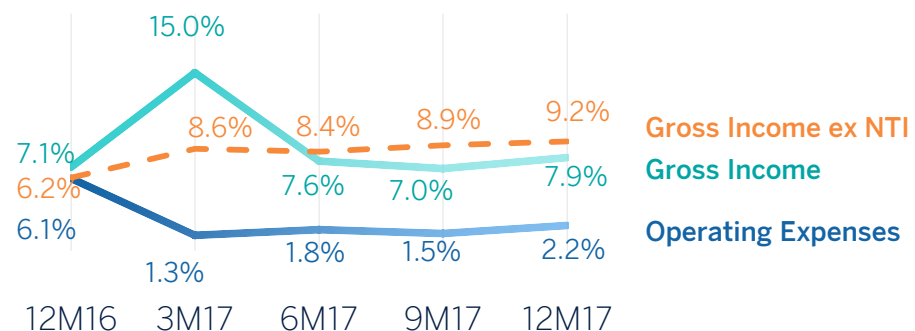




# Delivery in Efficiency

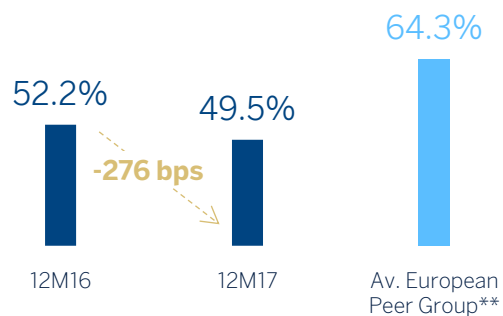
## Group Operating Jaws

YtD (%); (€ constant)



## Efficiency Ratio

(€ constant)



## Operating expenses 12M17 vs. 12M16

(€ constant)

Developed		Inflation Average 12m
📍 SPAIN*	-5.7%	2.0%
📍 USA	3.2%	2.1%
Emerging		
📍 MEXICO	5.3%	6.0%
📍 TURKEY	6.6%	11.1%
📍 SOUTH AMERICA ex-Vz	9.6%	9.5%

(\*) Spain includes banking and non core real-estate activities

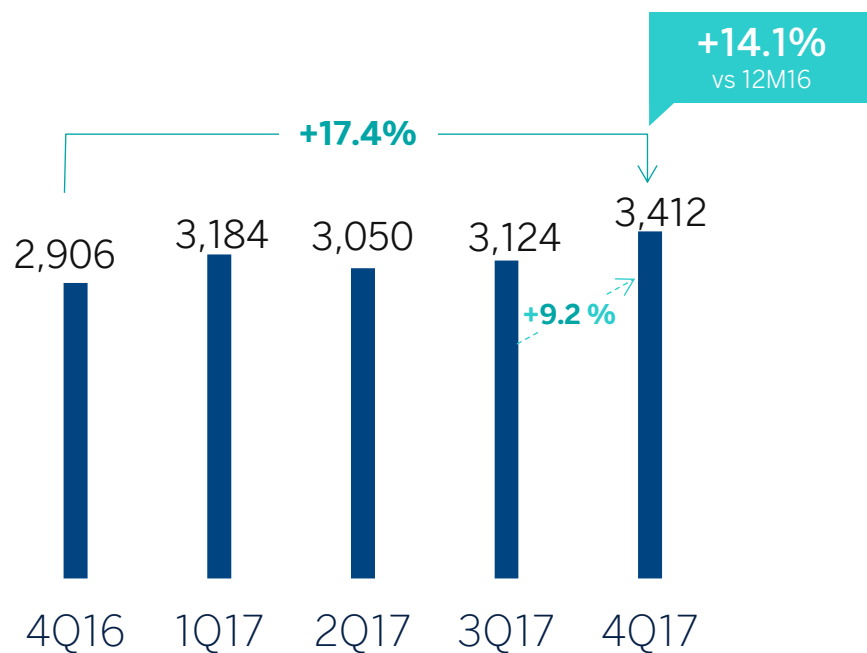
(\*\*) European Peer Group: BARC, BNPP, CASA, CS, CMZ, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS, UCI. Figures as of September 2017.



# Operating Income

## Quarterly Evolution

(€m constant)



## 12M17 vs. 12M16

(€m constant)

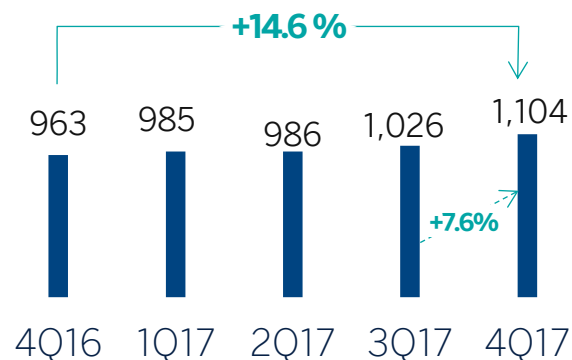
📍 BANKING ACTIVITY IN SPAIN	-1.3%
📍 USA	+26.1%
📍 MEXICO	+9.5%
📍 TURKEY	+27.8%
📍 SOUTH AMERICA	+15.1%

# Sound Risk Indicators

## Total Impairments(\*)

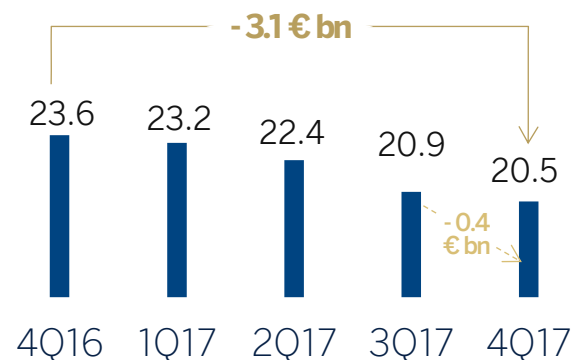
(Financial Assets and RE)

(€m constant)



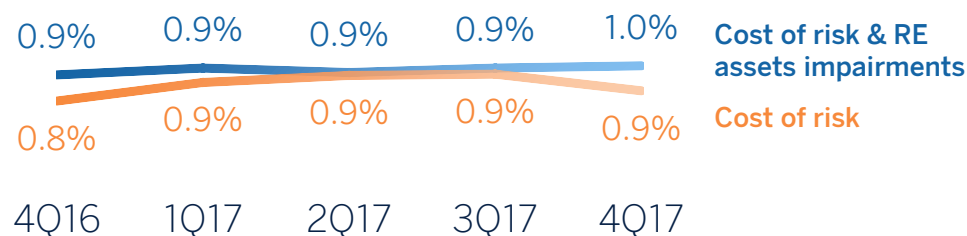
## NPLs

(€bn)



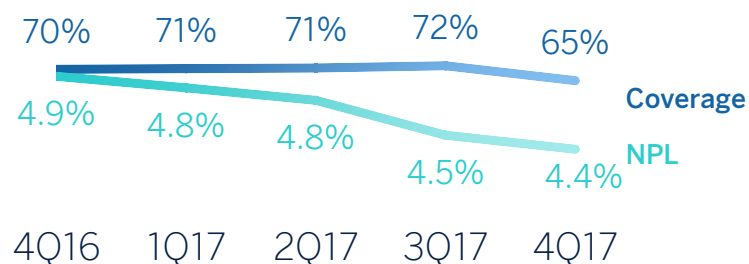
## Cost of risk

YtD (%)



## NPL & Coverage ratios

(%)



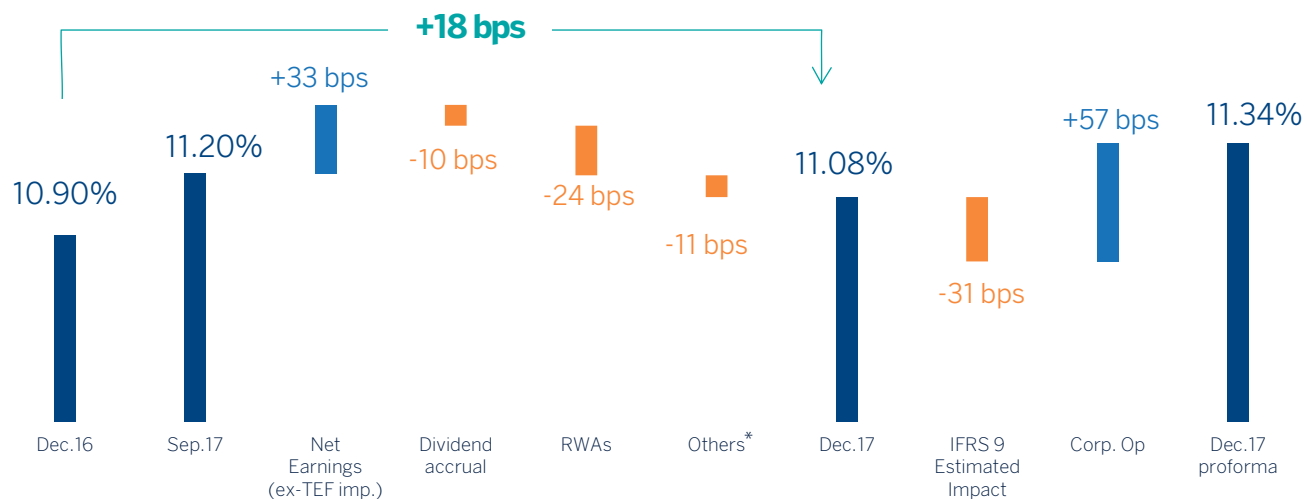
(\*) Ex- Telefónica impairment

NPL downward trend continues

# CET 1 FL above 11%

## CET1 fully-loaded - BBVA Group

Evolution (% , bps)



\*Others includes negatives from the mark to market of AFS portfolio, FX impact and AT1 coupons, among others, and minor positive from the update of the calculation of Structural FX risk RWAs.

## High quality capital

Leverage ratio fully-loaded (%)



◆ BBVA ◆ European Peer Group Average

## AT1 and Tier 2 buckets already covered

Dec-17, Fully loaded (%)



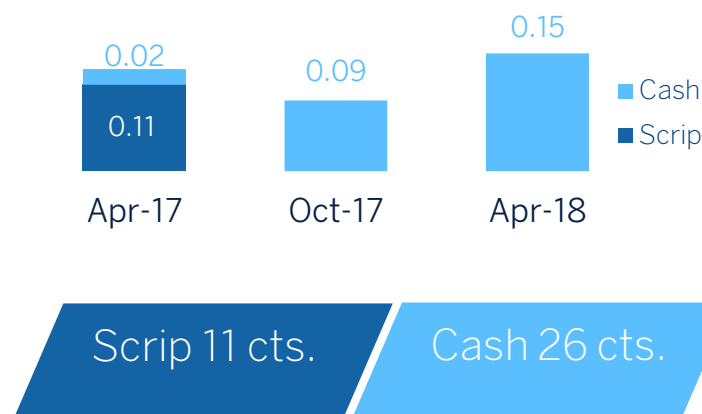
AT1

Tier 2

# A clear, sustainable and predictable dividend policy

## 2017 Shareholder Remuneration

(€cents. per share, payment dates)



- 15€ cents / share in cash to be paid in April 2018<sup>(1)</sup>
- Increased cash dividend per share vs. 2016 by 36%
- 2017 Cash Pay-out of 38%<sup>(2)</sup>
- Going forward, 2 cash payments per year expected (tentatively October and April)

(1) To be proposed for the consideration of the competent governing bodies

(2) Net attributable profit excluding Telefónica impairment

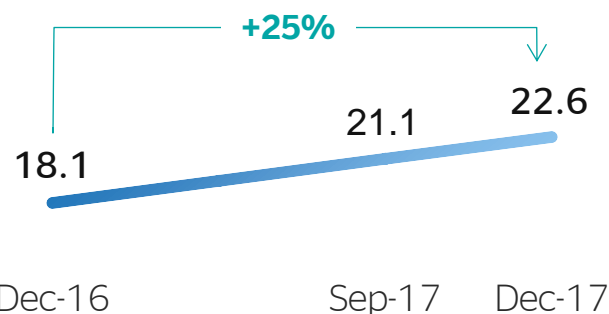


# Accelerating our transformation

# Digital Customers BBVA Group

## Digital Customers

(Mn, % penetration)



PENETRATION

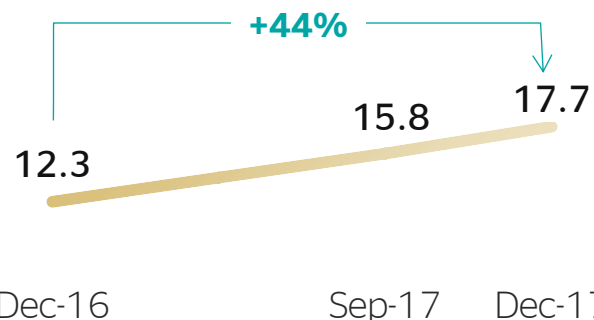
36%

40%

42%

## Mobile Customers

(Mn, % penetration)



PENETRATION

24%

30%

33%



50% tipping point  
in digital  
customers  
achieved

📍 TURKEY

📍 SPAIN

📍 USA

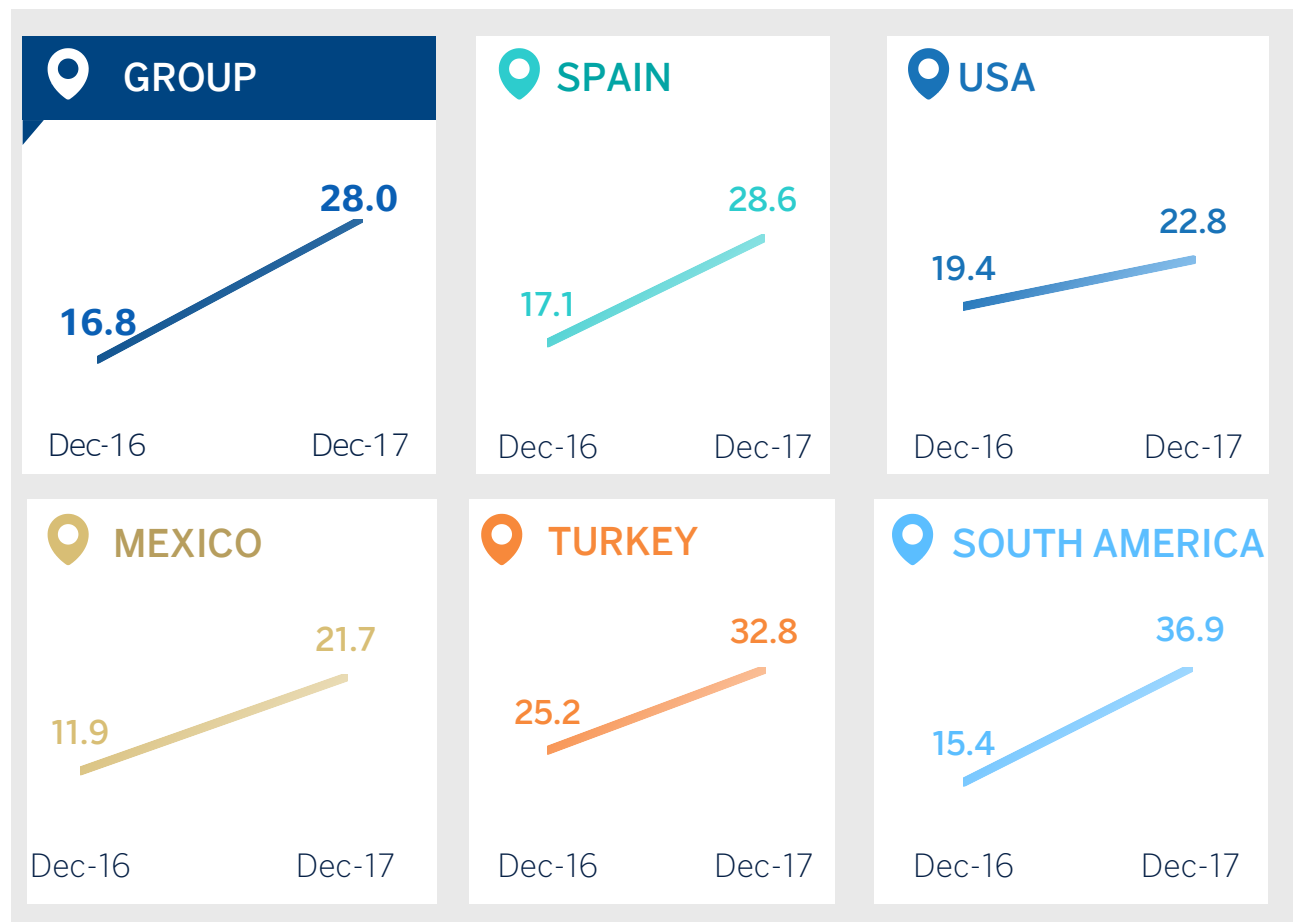
📍 ARGENTINA

📍 CHILE

📍 VENEZUELA

# Digital Sales

(% of total sales YtD, # of transactions)











**5 million**  
units sold via mobile  
in 2017

Exponential growth in all markets



# Focused on customer satisfaction

## BBVA NPS (Dec-17)

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

## Increase in NPS by channel

(footprint average\*)

### Online Banking



### Branches



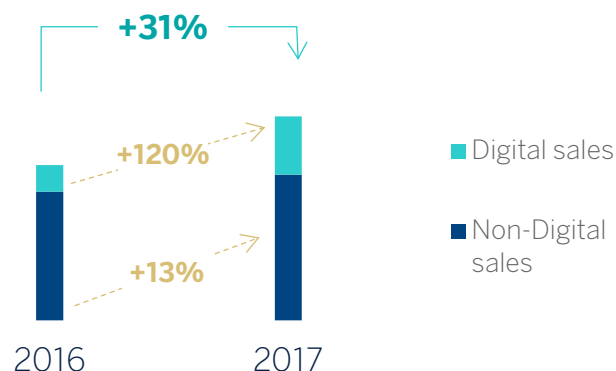
Peer Group: Spain: Santander, CaixaBank, Bankia, Sabadell, Popular // Turkey: Akbank, Isbank, YKB, Deniz, Finanz // Mexico: Banamex, Santander, Banorte, HSBC / Argentina: Galicia, HSBC, Santander Río // Venezuela: Banesco, Mercantil, Banco de Venezuela. // Uruguay: ITAU, Santander, Scotiabank // Paraguay: Continental, Itau, Regional.

\*Footprint average except n.a data in Turkey

# 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<sup>®</sup>



BBVA #1 in 2017 Online Banking  
Functionality Benchmark in Europe

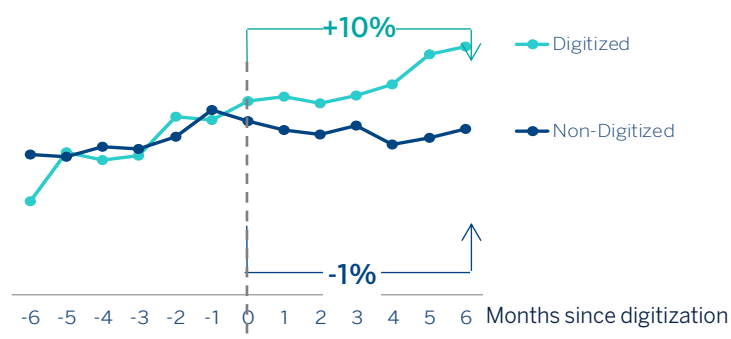


BBVA Best Global Banking App 2017

# Digitization generates higher revenues and engagement, improving efficiency: Mexico

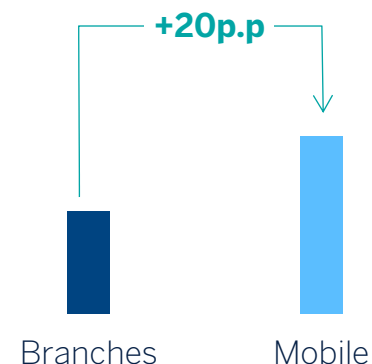
## Digitization drives more revenues

Gross margin per customer evolution\* (%)



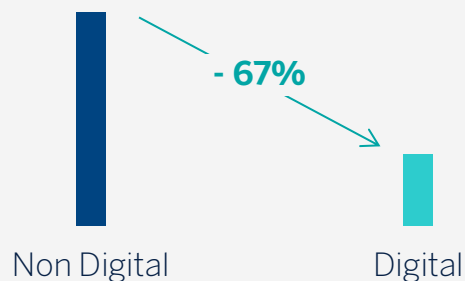
## Digital channel engagement enhances satisfaction

NPS by channel\*\* (Dec-17, %)

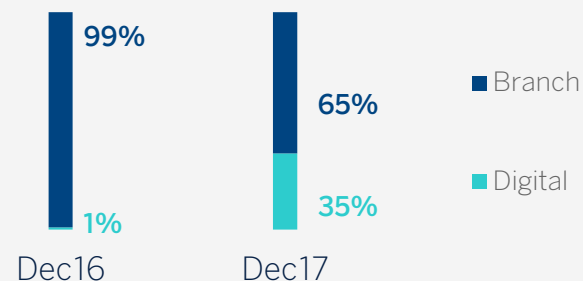


## Digital sales are more efficient

Cost of opening checking accounts



Percentage of checking accounts opened by channel



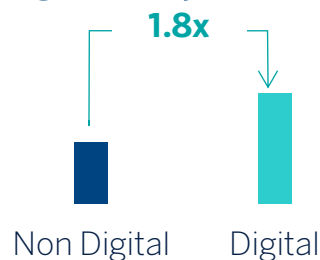
\*Gross Margin analysis from a sample of customers before and after digitization

\*\* Results from IRene 2.0 Bmobile survey to Bancomer customers

# Digital customers are more profitable and satisfied: Turkey

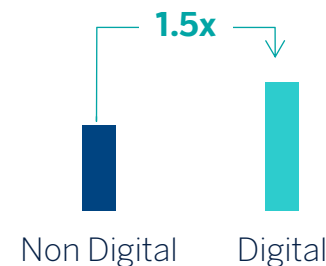
## Digital customers are more profitable and engaged than non digital

Operating income per customer\* (times)



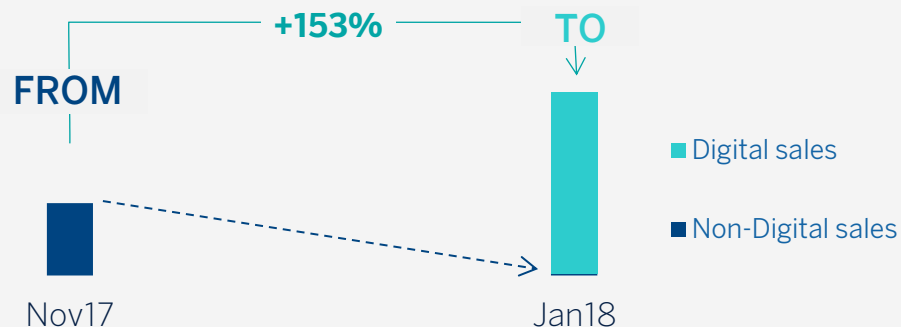
## Digital customers are more likely to recommend their bank

NPS\*\* (Dec-17, %)



## DIY increases total sales

New equity investment accounts opened per week (#)



- |                                       |   |                           |
|---------------------------------------|---|---------------------------|
| ■ Paper based process, only in branch | ➤ | ■ Digital process         |
| ■ 4 documents, 47 pages               | ➤ | ■ Single document link    |
| ■ 47 signatures                       | ➤ | ■ Single digital signing  |
| ■ Approximately 60 minutes            | ➤ | ■ Approximately 5 minutes |

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

\*\* NPS Open market Bank



## Business Areas

# Spain Banking Activity – Profit & Loss

## Spain Banking Activity

Spain Banking Activity (€m)	4Q17	Change (%)		2017	Change (%) 2017 vs 2016
		4Q17 vs 4Q16	4Q17 vs 3Q17		
<b>Net Interest Income</b>	<b>946</b>	<b>-2.7</b>	<b>2.1</b>	<b>3,738</b>	<b>-3.6</b>
Net Fees and Commissions	388	10.1	-0.5	1,561	5.7
Net Trading Income	161	-7.8	112.9	555	-29.4
Other Income & Expenses	-48	64.9	n.s.	327	17.9
<i>of which: Insurance</i>	106	17.4	2.0	438	9.6
<b>Gross Income</b>	<b>1,447</b>	<b>-1.6</b>	<b>-5.5</b>	<b>6,180</b>	<b>-3.7</b>
Operating Expenses	-831	-6.3	-0.8	-3,378	-5.6
<b>Operating Income</b>	<b>616</b>	<b>5.6</b>	<b>-11.2</b>	<b>2,802</b>	<b>-1.3</b>
Impairment on Financial Assets (net)	-138	224.2	9.8	-567	-25.7
Provisions (net) and other gains (losses)	-79	-86.8	79.4	-369	-54.3
<b>Income Before Tax</b>	<b>399</b>	<b>n.s.</b>	<b>-23.9</b>	<b>1,866</b>	<b>47.2</b>
Income Tax	-78	n.s.	-41.1	-482	33.9
<b>Net Attributable Profit</b>	<b>320</b>	<b>n.s.</b>	<b>-18.0</b>	<b>1,381</b>	<b>52.7</b>
<b>Net Attributable Profit</b> (ex-mortgage floor provision in 2016)	320	-14.8		1,381	5.5

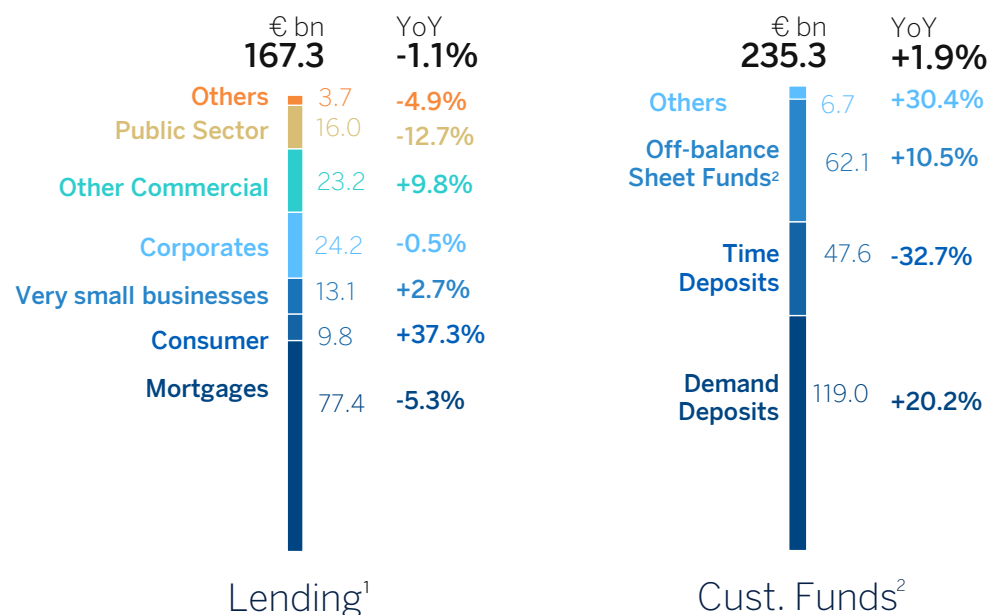
- NII evolution in line with our expectations
- Good trend in fees
- Lower NTI in 2017 due to higher ALCO sales and VISA capital gain in 2016
- Significant cost reduction

Cost and impairments reductions as the main P&L drivers

# Spain Banking Activity – Activity & Spreads

## Activity

(Dec-17)



(1) Performing loans under management. (2) Includes mutual funds, pension funds and other off balance sheet funds.

Note: Activity excludes repos

## Customer Spread

(%)

### Yield on loans



### Customer Spreads



### Cost of Deposits



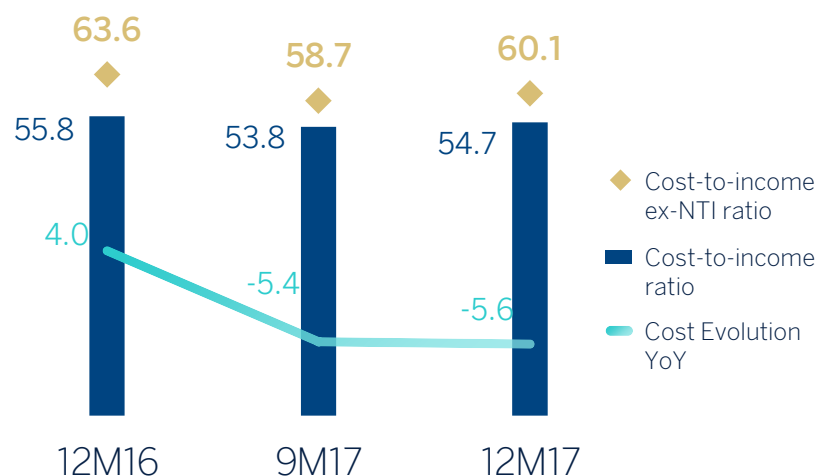
- Towards a more balanced and profitable loan portfolio. Growth in consumer and commercial loans offset by deleverage in mortgages and public sector
- A more profitable deposit mix and strong growth in mutual and pension funds
- Customer spread remains flat thanks to a decrease in the cost of deposits and changes in mix
- Well positioned for interest rate increases



# Spain Banking Activity - Key Ratios

## Efficiency

(%, €)



## Risk Indicators

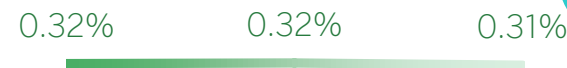
### Coverage ratio



### NPL ratio



### Cost of Risk (YtD)



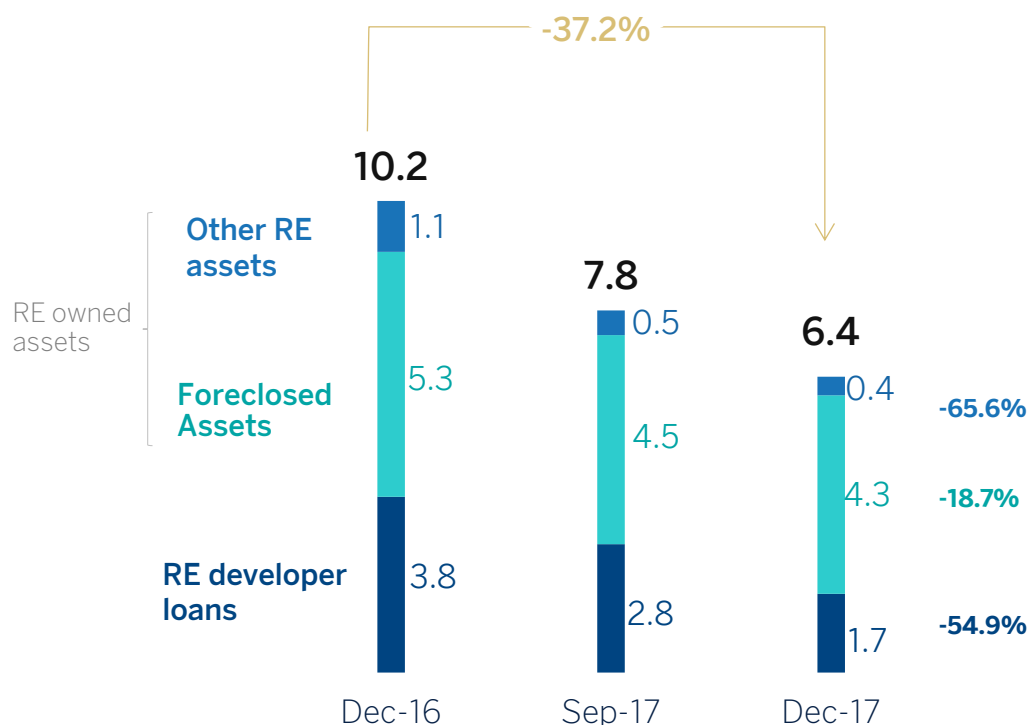
2017  
guidance  
< 40 bps

- Cost reduction accelerates in the quarter: CX synergies and ongoing efficiency measures
- NPLs down by over 400 Mn € qoq and CoR better than expected

# Non Core Real Estate - Highlights

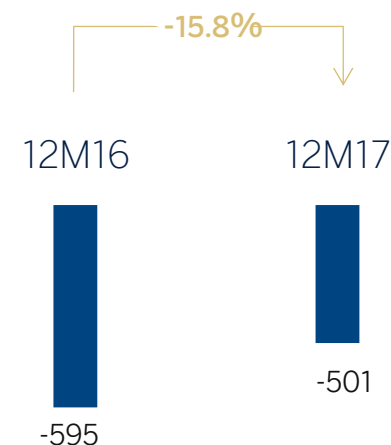
## Net exposure

(€bn)



## Net attributable profit

(€m)



- Cerberus JV to reduce almost entirely our exposure to REOs ahead of our initial expectations
- C. €0.8 Bn of performing developer loans transferred to Spain Banking activity in 4Q17
- 4Q17 P&L impacted by the update of RE assets provision model parameters

# USA – Profit & Loss

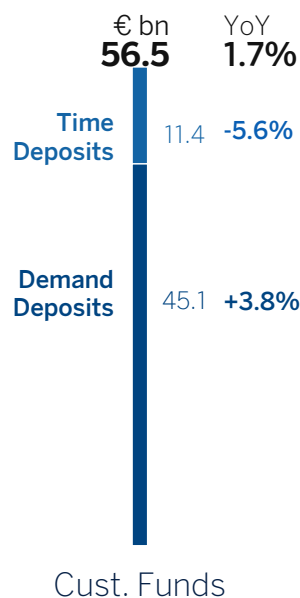
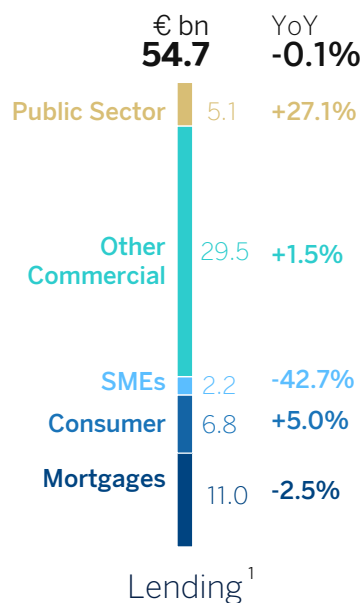
<b>USA</b> (constant €m)	<b>4Q17</b>	<b>Change (%)</b>		<b>2017</b>	<b>Change (%)</b> 2017 vs 2016
		4Q17 vs 4Q16	4Q17 vs 3Q17		
<b>Net Interest Income</b>	<b>559</b>	<b>10.3</b>	<b>2.3</b>	<b>2,158</b>	<b>13.0</b>
Net Fees and Commissions	159	4.9	-3.3	647	4.1
Net Trading Income	34	45.8	42.4	111	-19.6
Other Income & Expenses	25	n.s.	n.s.	2	n.s.
<b>Gross Income</b>	<b>777</b>	<b>17.0</b>	<b>5.7</b>	<b>2,919</b>	<b>10.5</b>
Operating Expenses	-490	7.9	5.8	-1,858	3.2
<b>Operating Income</b>	<b>287</b>	<b>36.6</b>	<b>5.7</b>	<b>1,061</b>	<b>26.1</b>
Impairment on Financial Assets (net)	-47	148.3	-44.9	-241	10.8
Provisions (net) and other gains (losses)	-18	n.s.	44.7	-36	23.1
<b>Income Before Tax</b>	<b>222</b>	<b>9.5</b>	<b>27.6</b>	<b>784</b>	<b>31.8</b>
Income Tax	-128	154.0	205.1	-273	83.0
<b>Net Attributable Profit</b>	<b>94</b>	<b>-38.2</b>	<b>-28.7</b>	<b>511</b>	<b>14.6</b>

- Strong YoY revenue growth on the back of rate increases
- Negative one-off from the tax reform in 4Q17 (-78 Mn €). Pay back expected in 2018
- Bottom line growing at double digits

Positive earnings momentum

# USA – Activity & Spreads

## Activity (Dec-17) (constant €)



## Customer Spread (%)



## Customer Spreads



4Q16 1Q17 2Q17 3Q17 4Q17

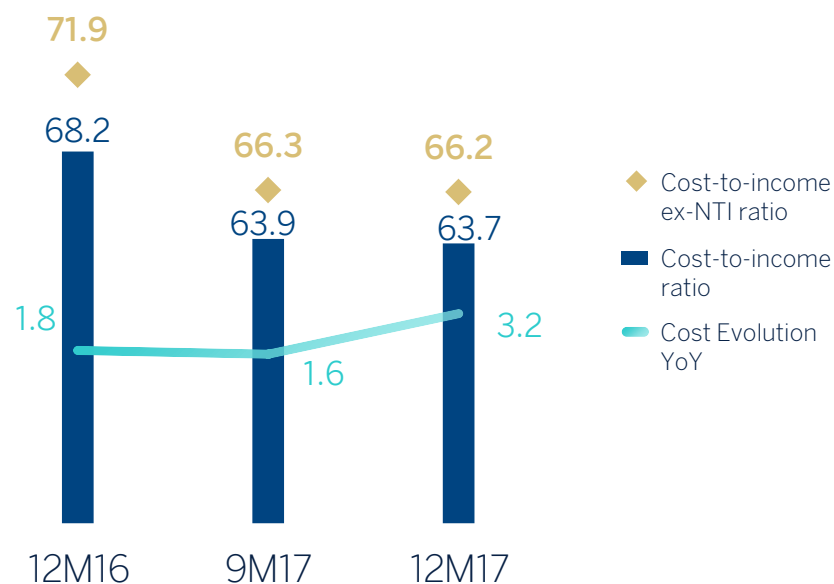
(1) Performing loans under management.  
Note: Activity excludes repos

- Positive lending growth in the quarter (+1%) focus on high-margin retail loans
- Significant increase in customer spread vs. last year thanks to low deposit Betas
- Asset sensitive balance sheet

# USA - Key Ratios

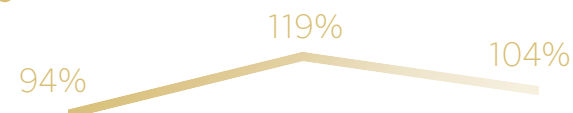
## Efficiency

(%, constant €)

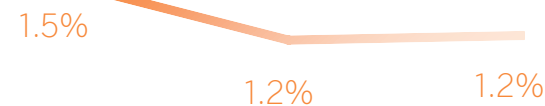


## Risk Indicators

### Coverage ratio



### NPL ratio



### Cost of Risk (YtD)



- Cost evolution impacted by transformation efforts
- Efficiency improvement vs 2016
- CoR better than expected despite hurricanes provisions

# Mexico – Profit & Loss

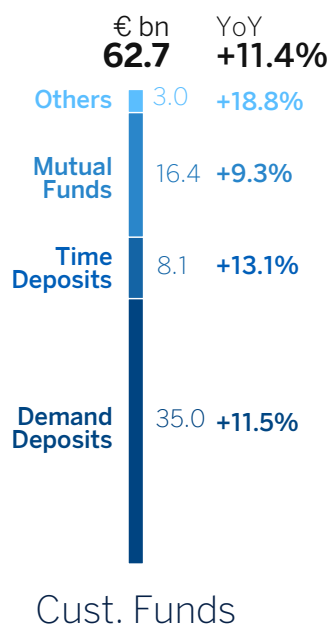
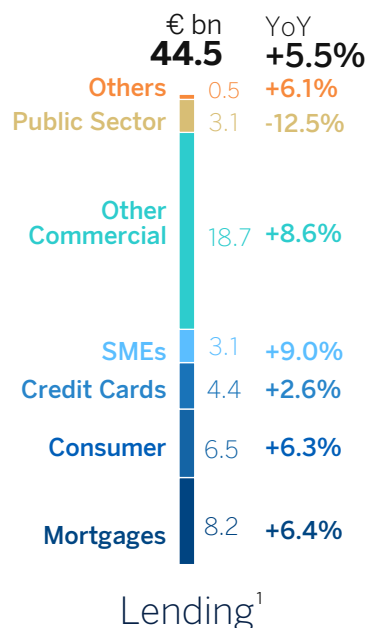
<b>Mexico</b> (constant €m)	<b>4Q17</b>	<u>Change (%)</u>		<b>2017</b>	<u>Change (%)</u>
		4Q17 vs 4Q16	4Q17 vs 3Q17		2017 vs 2016
<b>Net Interest Income</b>	<b>1,421</b>	<b>9.4</b>	<b>3.2</b>	<b>5,437</b>	<b>9.5</b>
Net Fees and Commissions	325	8.3	6.4	1,217	9.3
Net Trading Income	72	-10.3	14.6	249	15.9
Other Income & Expenses	27	-80.0	-15.3	177	-32.2
<b>Gross Income</b>	<b>1,845</b>	<b>1.7</b>	<b>3.8</b>	<b>7,080</b>	<b>8.0</b>
Operating Expenses	-642	6.7	3.4	-2,445	5.3
<b>Operating Income</b>	<b>1,202</b>	<b>-0.7</b>	<b>4.1</b>	<b>4,635</b>	<b>9.5</b>
Impairment on Financial Assets (net)	-402	-6.0	-6.4	-1,652	4.9
Provisions (net) and other gains (losses)	-26	-47.4	n.s.	-35	-46.2
<b>Income Before Tax</b>	<b>774</b>	<b>5.5</b>	<b>6.8</b>	<b>2,948</b>	<b>13.6</b>
Income Tax	-203	3.9	1.9	-786	16.4
<b>Net Attributable Profit</b>	<b>571</b>	<b>6.1</b>	<b>8.6</b>	<b>2,162</b>	<b>12.7</b>

- Outstanding growth of core revenues: NII + fees
- Continued positive operating jaws
- Impairments better than expected
- Double-digit bottom line growth

Sustained growth in all P&L lines, meeting our expectations

# Mexico – Activity & Spreads

## Activity (Dec-17) (constant €)



## Customer Spread (%)

### Customer Spread MXN



### Customer Spread FC<sup>2</sup>



(2) Foreign Currency

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

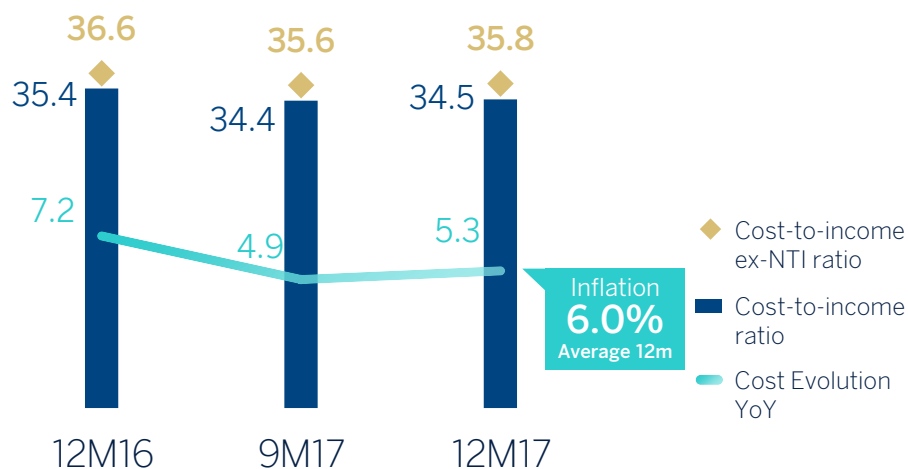
- Loan growth slowdown explained by FX impact on USD book and prepayments in the commercial portfolio in 4Q17
- Significant deposit growth and profitable mix
- Spread improvement both in local and foreign currency thanks to interest rate hikes and small increase in funding costs



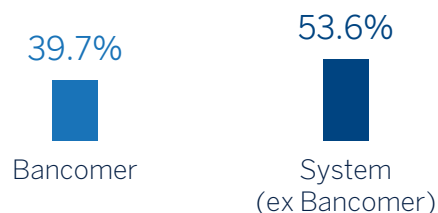
# Mexico - Key Ratios

## Efficiency

(%, constant €)



## Cost to income ratio <sup>(1)</sup>



(1) System figures as of November 2017 according to local data (Source: CNBV)

## Risk Indicators

### Coverage ratio



### NPL ratio



### Cost of Risk (YtD)



- Positive operating jaws maintained with costs growing below inflation
- Best-in class efficiency
- Stability of risk indicators
- CoR better than expected

# Turkey – Profit & Loss

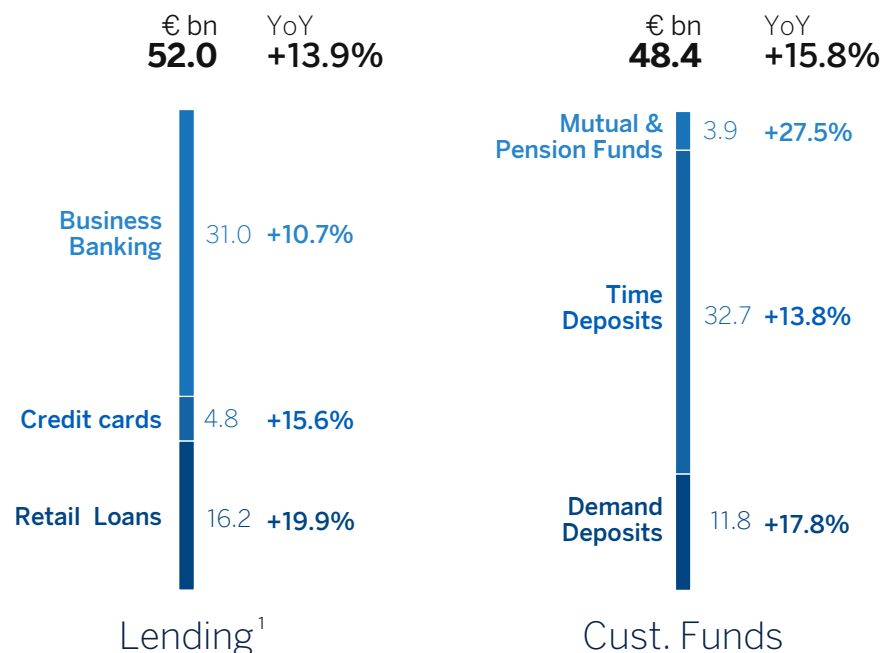
<b>Turkey</b> (constant €m)	<b>4Q17</b>	<b>Change (%)</b>		<b>2017</b>	<b>Change (%)</b>
		4Q17 vs 4Q16	4Q17 vs 3Q17		2017 vs 2016
<b>Net Interest Income</b>	<b>1,001</b>	<b>31.5</b>	<b>26.6</b>	<b>3,331</b>	<b>20.6</b>
Net Fees and Commissions	181	35.4	-2.4	703	18.5
Net Trading Income	-7	-82.2	n.s.	14	-76.8
Other Income & Expenses	19	160.0	-20.9	67	80.6
<b>Gross Income</b>	<b>1,194</b>	<b>38.0</b>	<b>18.0</b>	<b>4,115</b>	<b>19.2</b>
Operating Expenses	-401	1.0	8.8	-1,503	6.6
<b>Operating Income</b>	<b>793</b>	<b>69.3</b>	<b>23.3</b>	<b>2,612</b>	<b>27.8</b>
Impairment on Financial Assets (net)	-111	121.5	-1.8	-453	7.3
Provisions (net) and other gains (losses)	-1	-98.5	-97.6	-12	-84.2
<b>Income Before Tax</b>	<b>681</b>	<b>82.5</b>	<b>35.8</b>	<b>2,147</b>	<b>38.9</b>
Income Tax	-127	68.5	17.7	-426	34.7
Non-controlling Interest	-280	54.7	40.6	-895	20.4
<b>Net Attributable Profit</b>	<b>274</b>	<b>134.5</b>	<b>41.1</b>	<b>826</b>	<b>70.0</b>
<b>Net Attributable Profit change</b> (ex 9,95% additional stake in Garanti)		87.3	41.2		40.1

- Strong core revenue growth
- Higher contribution from CPI linkers in 4Q17 due to inflation rate revision (+€141 Mn)
- Widening operating jaws

Outstanding growth across the board

# Turkey – Activity & Spreads

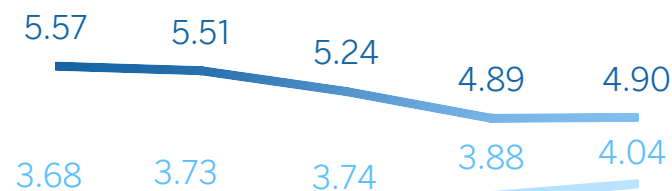
## Activity (Dec-17) (constant €)



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

## Customer Spread (%)

### Customer Spread TL



### Customer Spread FC<sup>2</sup>



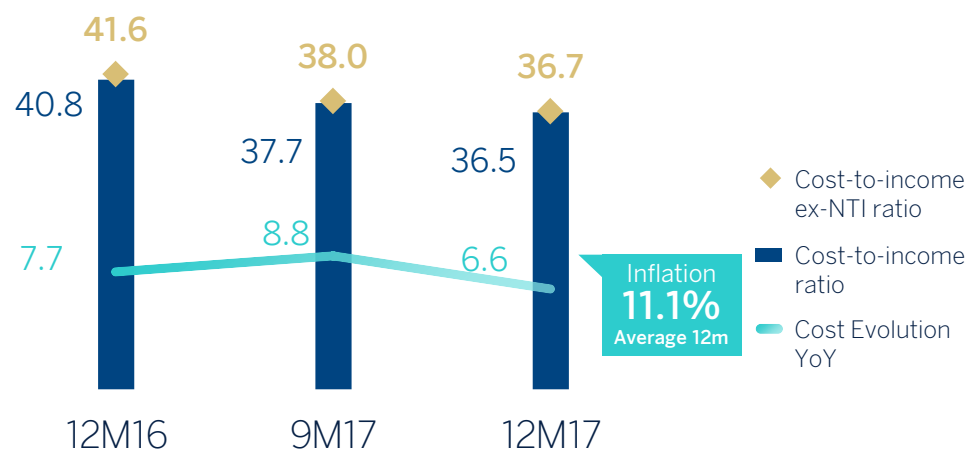
(2) Foreign Currency

- High TL loan growth despite slowdown in loans under the Credit Guarantee Fund scheme in 2H
- Improving funding mix
- TL customer spread flat qoq in a higher interest rate context

# Turkey - Key Ratios

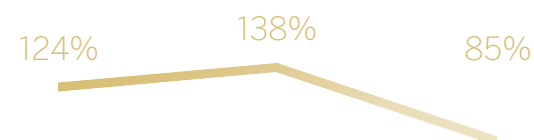
## Efficiency

(%, constant €)

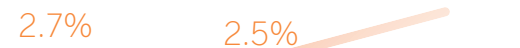


## Risk Indicators

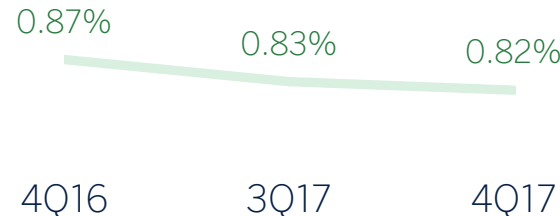
### Coverage ratio



### NPL ratio



### Cost of Risk (YtD)



- Expenses increase well below inflation and significant efficiency improvement
- Large and highly collateralized tickets moving into NPLs in 4Q17
- 2017 CoR better than expected

# South America – Profit & Loss

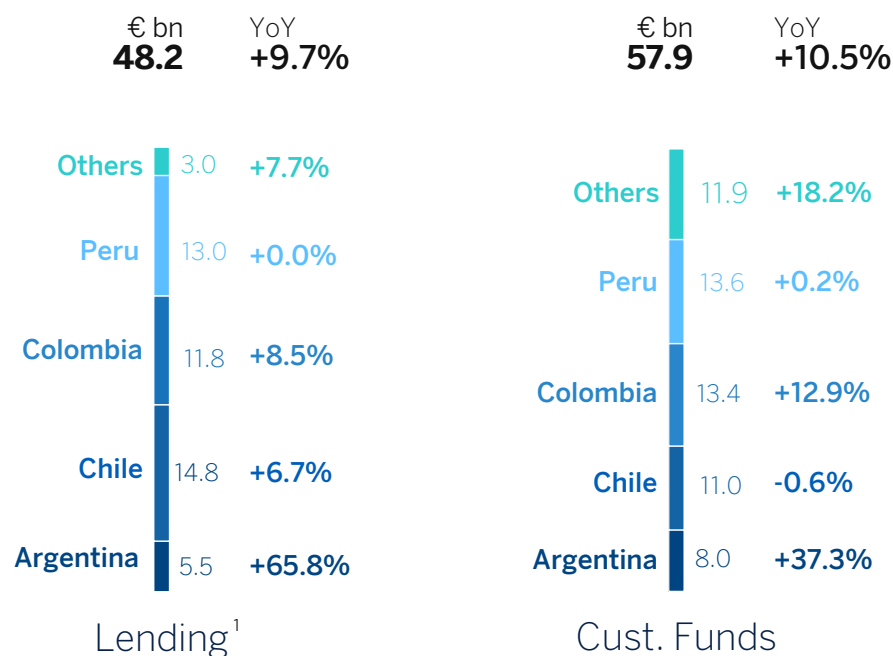
South America (constant €m)	4Q17	Change (%)		2017	Change (%) 2017 vs 2016
		4Q17 vs 4Q16	4Q17 vs 3Q17		
<b>Net Interest Income</b>	<b>892</b>	<b>25.8</b>	<b>11.2</b>	<b>3,200</b>	<b>15.1</b>
Net Fees and Commissions	199	27.6	7.1	713	17.9
Net Trading Income	134	8.4	21.6	480	6.2
Other Income & Expenses	-14	n.s.	n.s.	59	-18.9
<b>Gross Income</b>	<b>1,212</b>	<b>19.1</b>	<b>7.3</b>	<b>4,451</b>	<b>13.9</b>
Operating Expenses	-550	21.6	11.4	-2,008	12.4
<b>Operating Income</b>	<b>661</b>	<b>17.0</b>	<b>4.1</b>	<b>2,444</b>	<b>15.1</b>
Impairment on Financial Assets (net)	-110	-20.4	-40.8	-650	26.1
Provisions (net) and other gains (losses)	-42	-26.0	138.0	-103	-12.9
<b>Income Before Tax</b>	<b>509</b>	<b>37.7</b>	<b>17.9</b>	<b>1,691</b>	<b>13.5</b>
Income Tax	-151	30.8	25.3	-486	10.1
Non-controlling Interest	-102	37.8	11.4	-345	17.6
<b>Net Attributable Profit</b>	<b>256</b>	<b>42.0</b>	<b>16.6</b>	<b>861</b>	<b>14.0</b>

- Mid-teens growth in core revenues due to higher lending activity
- Positive operating jaws achieved in 2017
- Impairments evolution better than expected

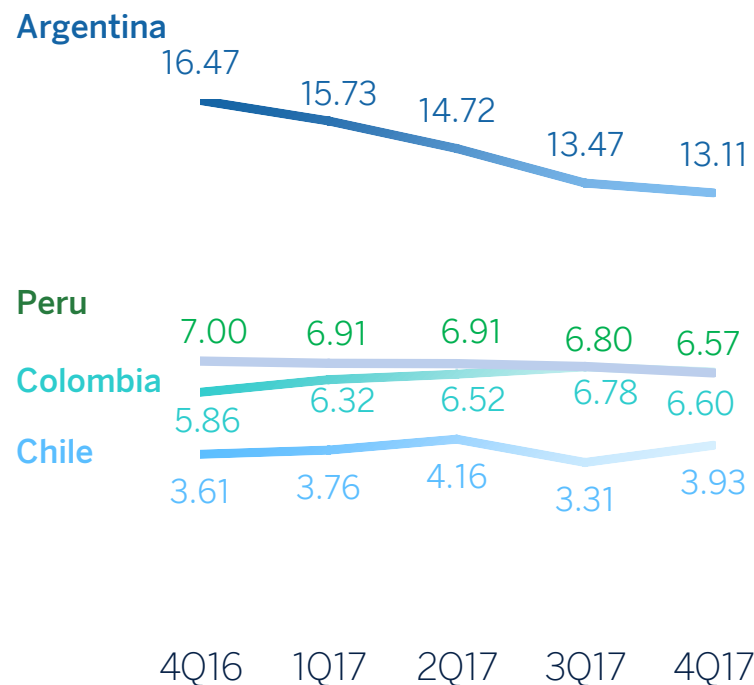
Top line growth translated into the bottom-line

# South America – Activity & Spreads

## Activity (Dec-17) (constant €)



## Customer Spread (%)

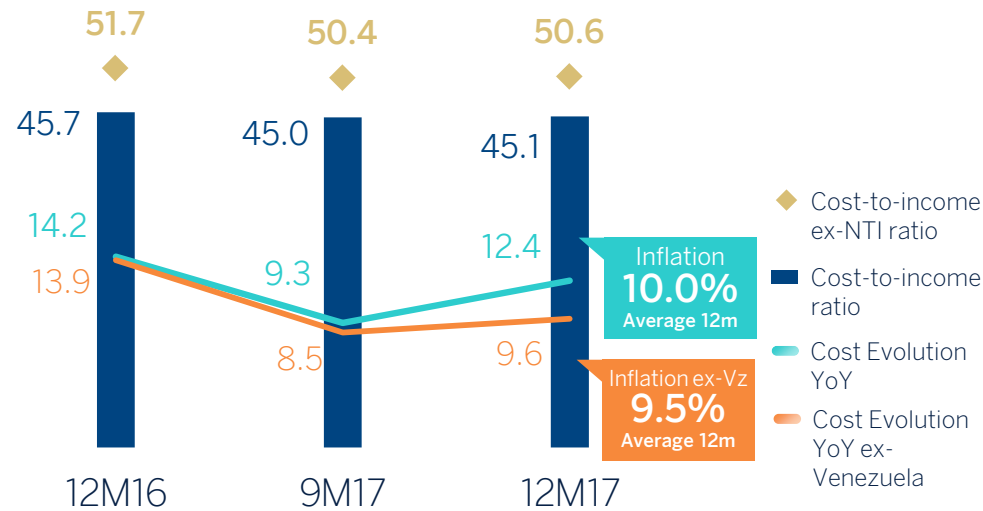


(1) Performing loans under management  
Note: Activity excludes repos

- Double digit loan growth supported by Argentina and Colombia
- Higher spread yoy in Colombia and Chile offsetting decreases in Argentina and Peru

# South America – Key Ratios

## Efficiency (%, constant €)

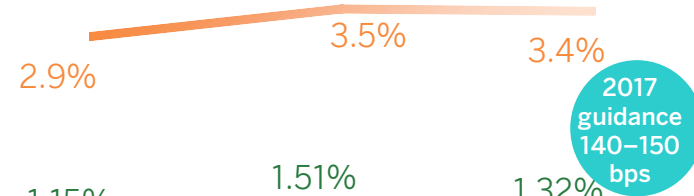


## Risk Indicators

### Coverage ratio



### NPL ratio



### Cost of Risk (YtD)



- Positive jaws and costs growing in line with inflation ex-Venezuela
- Asset quality and cost of risk better than expected



# 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

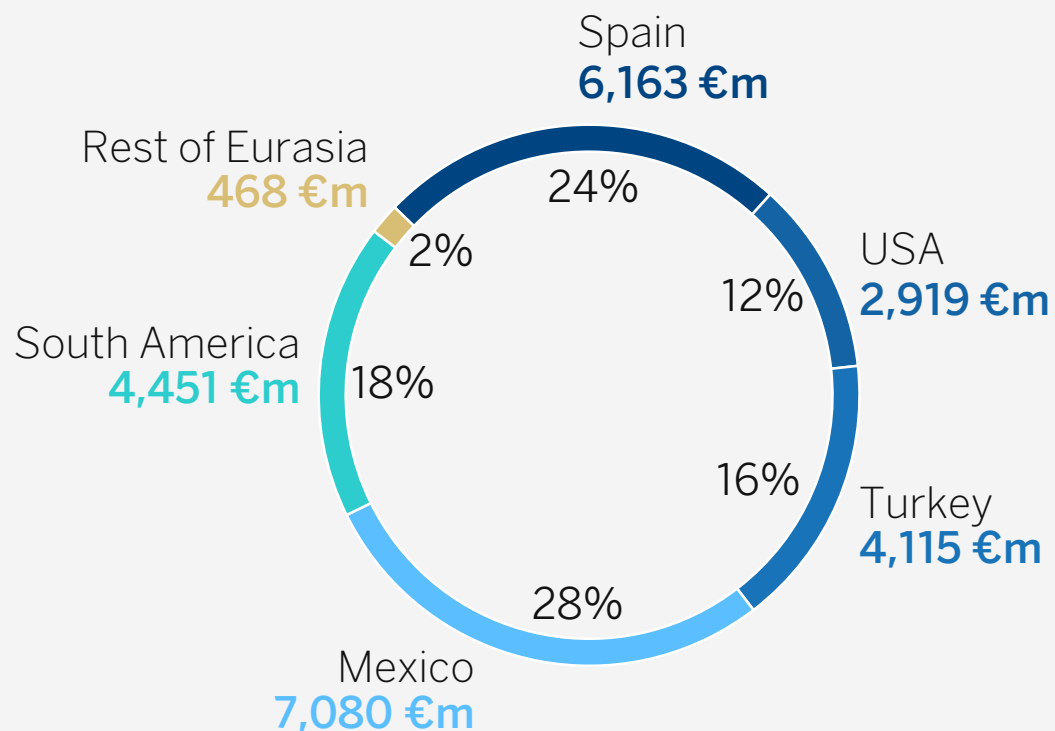
- Maintain strong efforts to deliver **best in class customer experience**
- **Target > 50%** digital customers in 2018 and mobile in 2019
- **Digital sales exponential growth** with more focus on non customers
- **Enhance smart interaction** with our customers leveraging data
- Faster developments through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



# Annex

# Gross Income - Breakdown

12M17

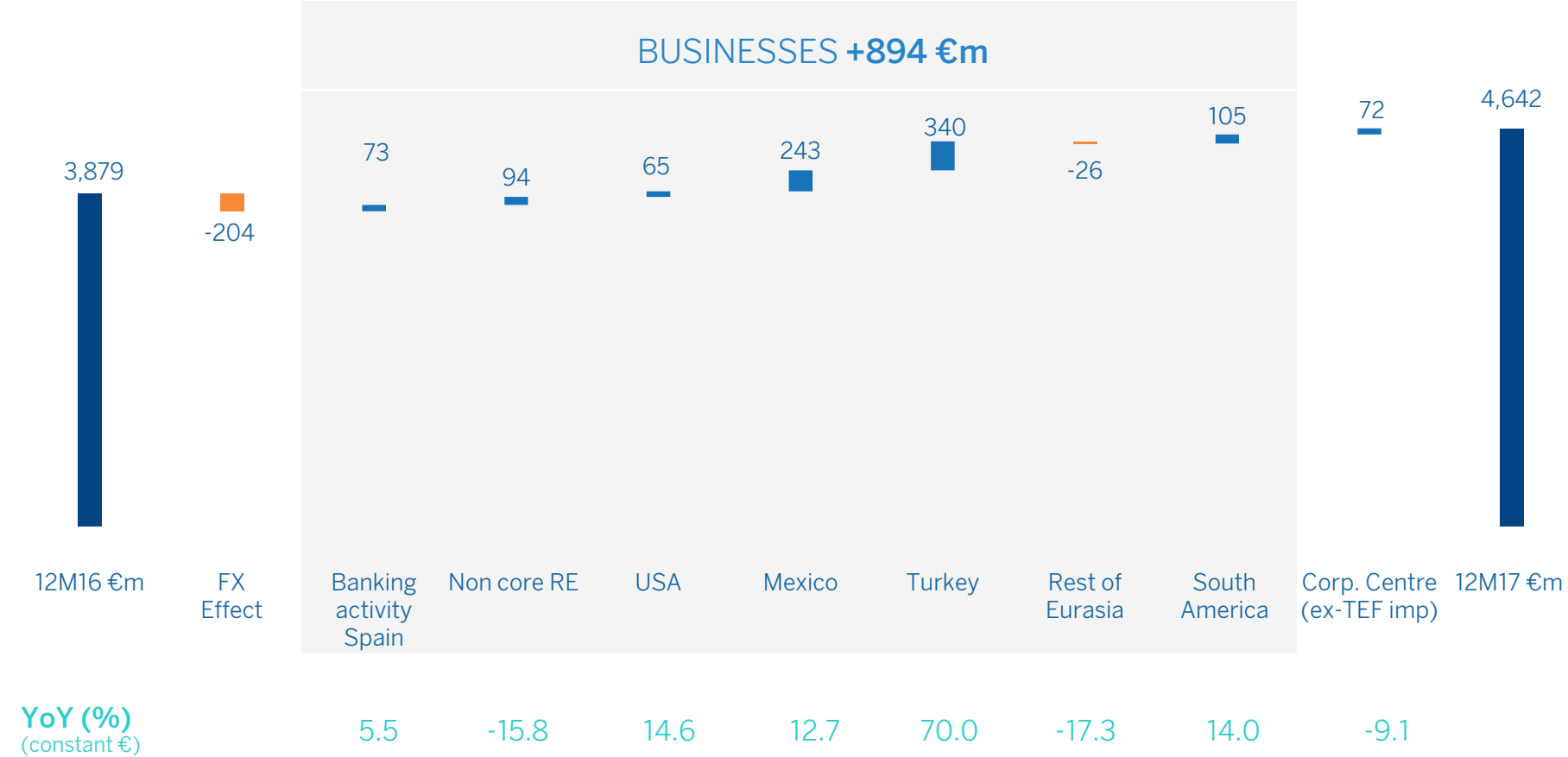


Note: Spain includes Banking activity in Spain and Non Core Real Estate. Figures exclude Corporate Center

# Group – Net Attributable Profit

(Ex-TEF impairment in 2017 and ex-mortgage floor clauses provision in 2016)

(€m)



# Total Spain – Profit & Loss

<b>Total Spain</b> (€m)	<b>4Q17</b>	<b>Change (%)</b>		<b>2017</b>	<b>Change (%)</b>
		4Q17 vs 4Q16	4Q17 vs 3Q17		2017 vs 2016
<b>Net Interest Income</b>	<b>970</b>	<b>-1.9</b>	<b>2.8</b>	<b>3,809</b>	<b>-3.2</b>
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
<b>Gross Income</b>	<b>1,449</b>	<b>-3.0</b>	<b>-4.7</b>	<b>6,163</b>	<b>-3.8</b>
Operating Expenses	-862	-6.3	-0.3	-3,493	-5.7
<b>Operating Income</b>	<b>587</b>	<b>2.4</b>	<b>-10.4</b>	<b>2,670</b>	<b>-1.4</b>
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
<b>Income Before Tax</b>	<b>86</b>	<b>n.s.</b>	<b>-78.8</b>	<b>1,193</b>	<b>127.4</b>
Income Tax	14	-69.7	n.s.	-312	46.7
<b>Net Attributable Profit</b>	<b>100</b>	<b>n.s.</b>	<b>-66.9</b>	<b>880</b>	<b>184.5</b>

# Non Core Real Estate - Profit & Loss

<b>Non Core Real Estate</b> (€m)	<b>4Q17</b>	<b>Change (%)</b>		<b>2017</b>	<b>Change (%)</b>
		4Q17 vs 4Q16	4Q17 vs 3Q17		2017 vs 2016
<b>Net Interest Income</b>	<b>23</b>	<b>43.6</b>	<b>38.8</b>	<b>71</b>	<b>19.5</b>
Net Fees and Commissions	0	n.s.	n.s.	3	-50.7
Net Trading Income	0	n.s.	n.s.	0	n.s.
Other Income & Expenses	-22	n.s.	-25.7	-91	33.2
<b>Gross Income</b>	<b>1</b>	<b>-93.6</b>	<b>n.s.</b>	<b>-17</b>	<b>157.8</b>
Operating Expenses	-31	-5.6	13.8	-115	-7.1
<b>Operating Income</b>	<b>-29</b>	<b>196.4</b>	<b>-24.8</b>	<b>-132</b>	<b>1.2</b>
Impairment on Financial Assets (net)	-12	-0.4	-66.4	-138	0.4
Provisions (net) and other gains (losses)	-271	-2.1	536.8	-403	-15.2
<b>Income Before Tax</b>	<b>-313</b>	<b>4.6</b>	<b>164.6</b>	<b>-673</b>	<b>-9.4</b>
Income Tax	93	381.7	223.1	170	15.4
<b>Net Attributable Profit</b>	<b>-220</b>	<b>-21.3</b>	<b>146.3</b>	<b>-501</b>	<b>-15.8</b>

# South America (ex-Venezuela) – Profit & Loss

<b>South America (ex-Venezuela)</b> <i>(constant €m)</i>	<b>4Q17</b>	<b>Change (%)</b>		<b>2017</b>	<b>Change (%)</b>
		4Q17 vs 4Q16	4Q17 vs 3Q17		2017 vs 2016
<b>Net Interest Income</b>	<b>820</b>	<b>16,3</b>	<b>3,9</b>	<b>3.106</b>	<b>12,2</b>
Net Fees and Commissions	181	16,7	-1,2	691	14,5
Net Trading Income	137	3,2	23,4	483	6,9
Other Income & Expenses	19	-22,7	-41,5	97	22,1
<b>Gross Income</b>	<b>1.157</b>	<b>13,7</b>	<b>3,6</b>	<b>4.377</b>	<b>12,1</b>
Operating Expenses	-507	12,5	4,1	-1.951	9,6
<b>Operating Income</b>	<b>651</b>	<b>14,7</b>	<b>3,3</b>	<b>2.426</b>	<b>14,3</b>
Impairment on Financial Assets (net)	-99	-28,6	-46,5	-635	23,5
Provisions (net) and other gains (losses)	-54	-8,1	211,7	-114	-7,0
<b>Income Before Tax</b>	<b>498</b>	<b>34,4</b>	<b>16,3</b>	<b>1.677</b>	<b>12,9</b>
Income Tax	-134	14,2	13,0	-466	6,6
Non-controlling Interest	-105	42,3	14,9	-347	18,3
<b>Net Attributable Profit</b>	<b>259</b>	<b>44,5</b>	<b>18,6</b>	<b>864</b>	<b>14,4</b>

# Rest of Eurasia - Profit & Loss

<b>Rest of Eurasia</b> (€m)	<b>4Q17</b>	<b>Change (%)</b>		<b>2017</b>	<b>Change (%)</b>
		4Q17 vs 4Q16	4Q17 vs 3Q17		2017 vs 2016
<b>Net Interest Income</b>	<b>36</b>	<b>-15,5</b>	<b>-26,0</b>	<b>180</b>	<b>8,7</b>
Net Fees and Commissions	39	-34,4	-9,7	164	-15,2
Net Trading Income	24	34,5	27,6	123	40,4
Other Income & Expenses	0	-88,1	-65,1	1	-97,3
<b>Gross Income</b>	<b>100</b>	<b>-19,3</b>	<b>-11,1</b>	<b>468</b>	<b>-4,8</b>
Operating Expenses	-81	-12,0	10,1	-308	-9,9
<b>Operating Income</b>	<b>19</b>	<b>-40,5</b>	<b>-51,2</b>	<b>160</b>	<b>7,0</b>
Impairment on Financial Assets (net)	13	-43,8	1930,9	23	-24,3
Provisions (net) and other gains (losses)	3	-75,9	n.s.	-6	n.s.
<b>Income Before Tax</b>	<b>35</b>	<b>-47,7</b>	<b>-8,2</b>	<b>177</b>	<b>-12,9</b>
Income Tax	-11	-26,9	19,7	-52	0,3
<b>Net Attributable Profit</b>	<b>23</b>	<b>-54,1</b>	<b>-17,6</b>	<b>125</b>	<b>-17,4</b>



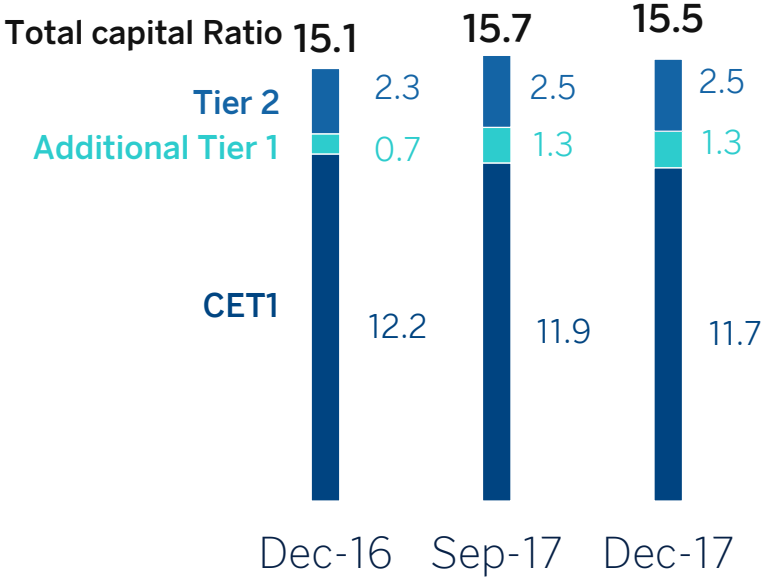
# Corporate Centre - Profit & Loss

Corporate Center (€m)	4Q17	Change (%)		2017	Change (%)
		4Q17 vs 4Q16	4Q17 vs 3Q17		2017 vs 2016
<b>Net Interest Income</b>	<b>-83</b>	<b>-25.8</b>	<b>-1.8</b>	<b>-357</b>	<b>-21.6</b>
Net Fees and Commissions	-20	-29.1	10.8	-86	-21.2
Net Trading Income	143	29.8	188.0	436	22.2
Other Income & Expenses	46	-43.5	n.s.	80	-54.5
<b>Gross Income</b>	<b>86</b>	<b>66.1</b>	<b>n.s.</b>	<b>73</b>	<b>n.s.</b>
Operating Expenses	-224	8.8	1.5	-884	0.9
<b>Operating Income</b>	<b>-138</b>	<b>-10.5</b>	<b>-49.9</b>	<b>-811</b>	<b>-10.6</b>
Impairment on Financial Assets (*)	-1	-87.5	797.6	-2	-94.0
Provisions and other gains and Losses	-16	n.s.	70.4	-73	-47.3
<b>Income Before Tax (*)</b>	<b>-155</b>	<b>-4.2</b>	<b>-45.6</b>	<b>-886</b>	<b>-18.2</b>
Income Tax	74	8.1	139.1	166	-43.3
<b>Net Income (*)</b>	<b>-81</b>	<b>-13.2</b>	<b>-68.1</b>	<b>-720</b>	<b>-8.9</b>
TEF Impairment	-1,123	n.s.	n.s.	-1,123	n.s.
Non-controlling Interest	13	n.s.	1979.5	-1	-60.0
<b>Net Attributable Profit</b>	<b>-1,190</b>	<b>1172.4</b>	<b>370.2</b>	<b>-1,844</b>	<b>132.3</b>
<b>Net Attributable Profit (ex-Telefonica Impairment)</b>	<b>-68</b>	<b>-27.7</b>	<b>-73.3</b>	<b>-722</b>	<b>-9.1</b>

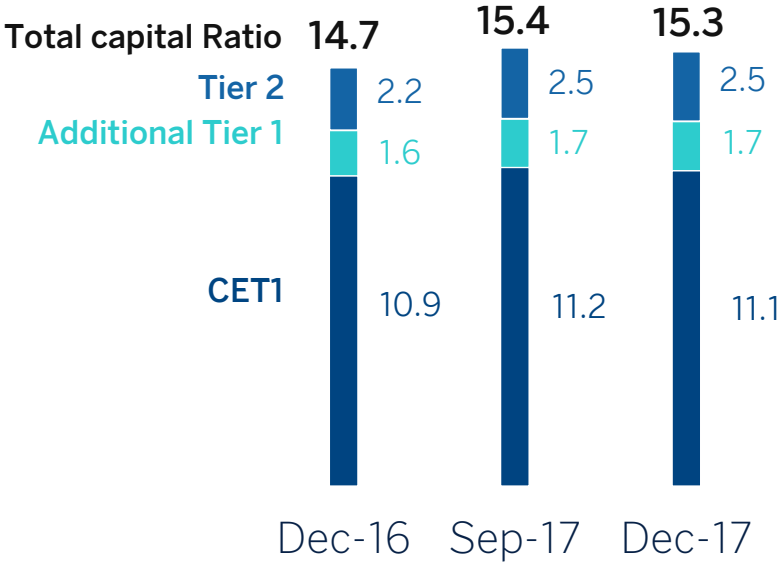
(\*) Ex- Telefonía impairment

# Capital Base

## Evolution of phased-in capital ratios (%)



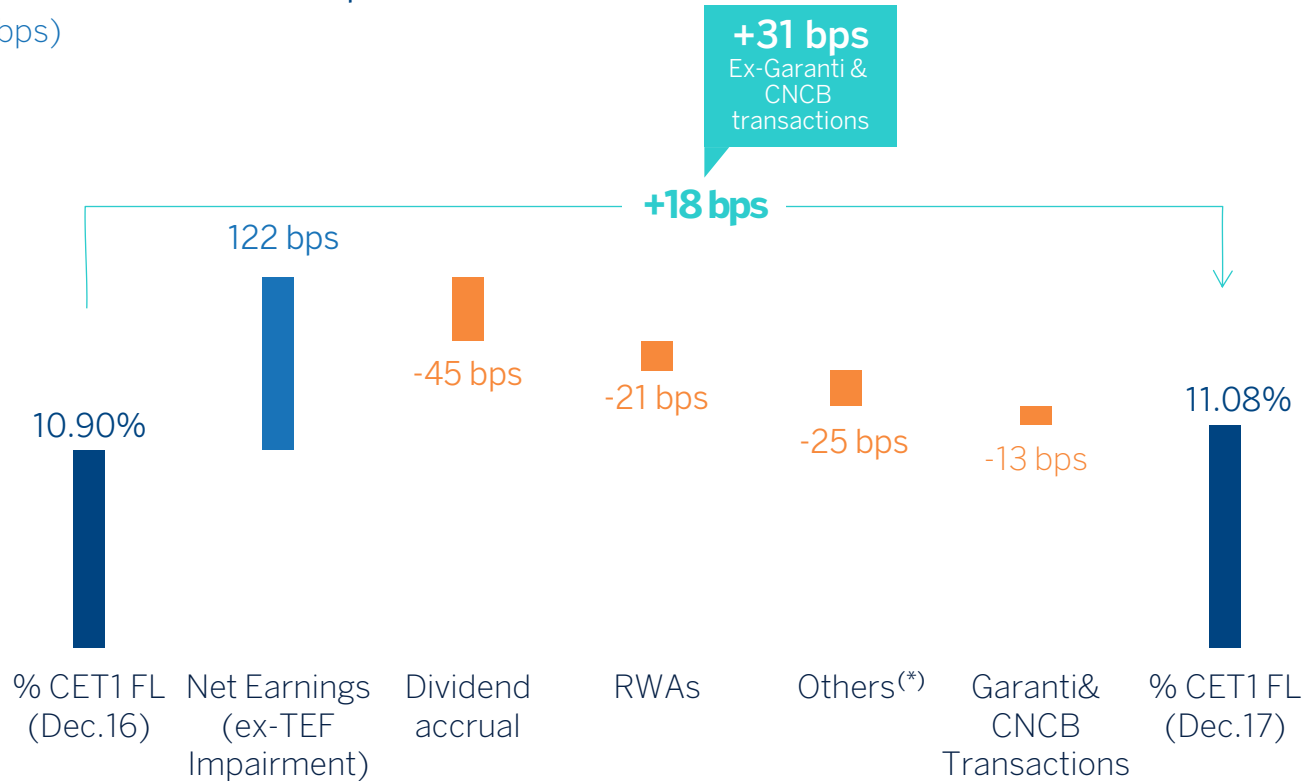
## Evolution of fully-loaded capital ratios (%)



# Capital YtD Evolution

## CET1 fully-loaded – BBVA Group

YtD Evolution (% , bps)



\*Others includes negatives from the mark to market of AFS portfolio, FX impact and AT1 coupons, among others, and minor positive from the update of the calculation of Structural FX risk RWAs.

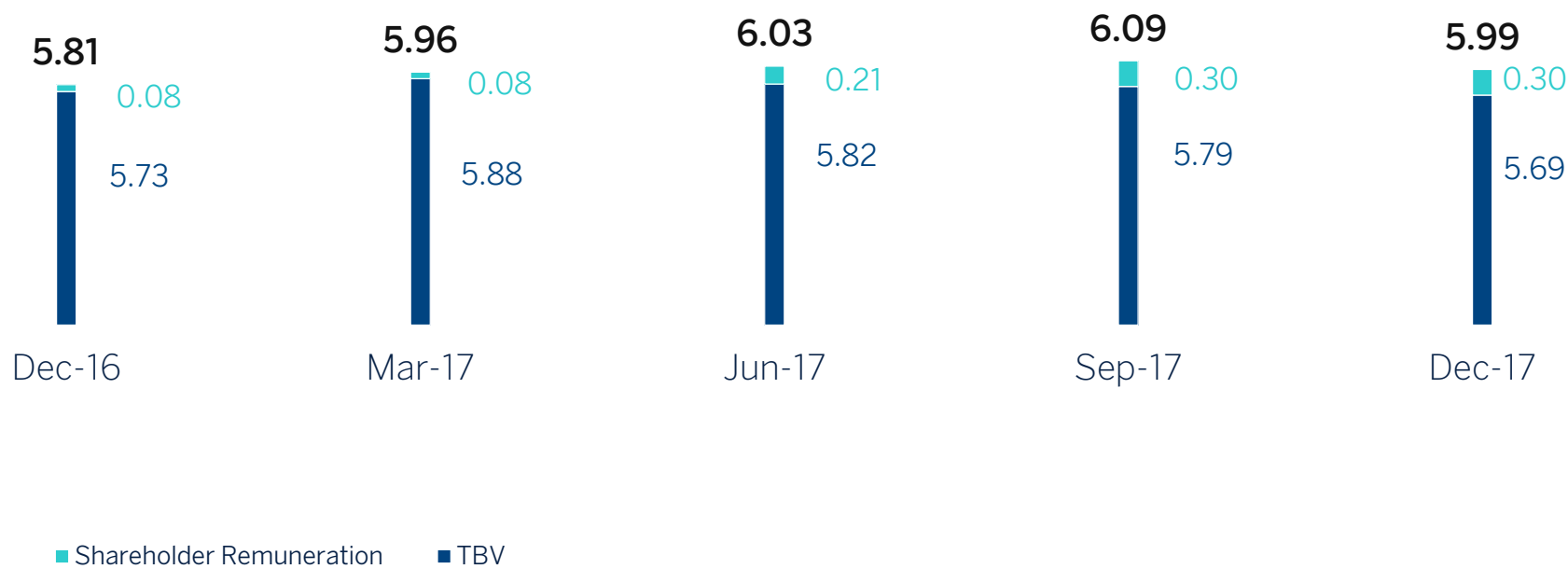
# Risk-Weighted Assets by Business Area

Breakdown by business areas and main countries (€m)	Phased-in RWA		
	Dec-16	Sep-17	Dec-17
Banking activity in Spain	113,194	106,302	111,825
Non Core Real Estate	10,870	10,736	9,691
United States	65,492	58,236	58,682
Turkey	70,337	64,611	62,768
Mexico	47,863	46,478	43,715
South America	57,443	53,923	55,665
Argentina	8,717	8,540	9,364
Chile	14,300	13,652	14,300
Colombia	12,185	12,001	12,249
Peru	17,400	15,203	14,750
Venezuela	1,360	1,446	1,516
Rest of South America	3,480	3,080	3,485
Rest of Eurasia	15,637	13,525	12,916
Corporate Center	8,115	11,503	6,426
<b>BBVA Group</b>	<b>388,951</b>	<b>365,314</b>	<b>361,686</b>

# Shareholder's Return: TBV per Share and Dividends

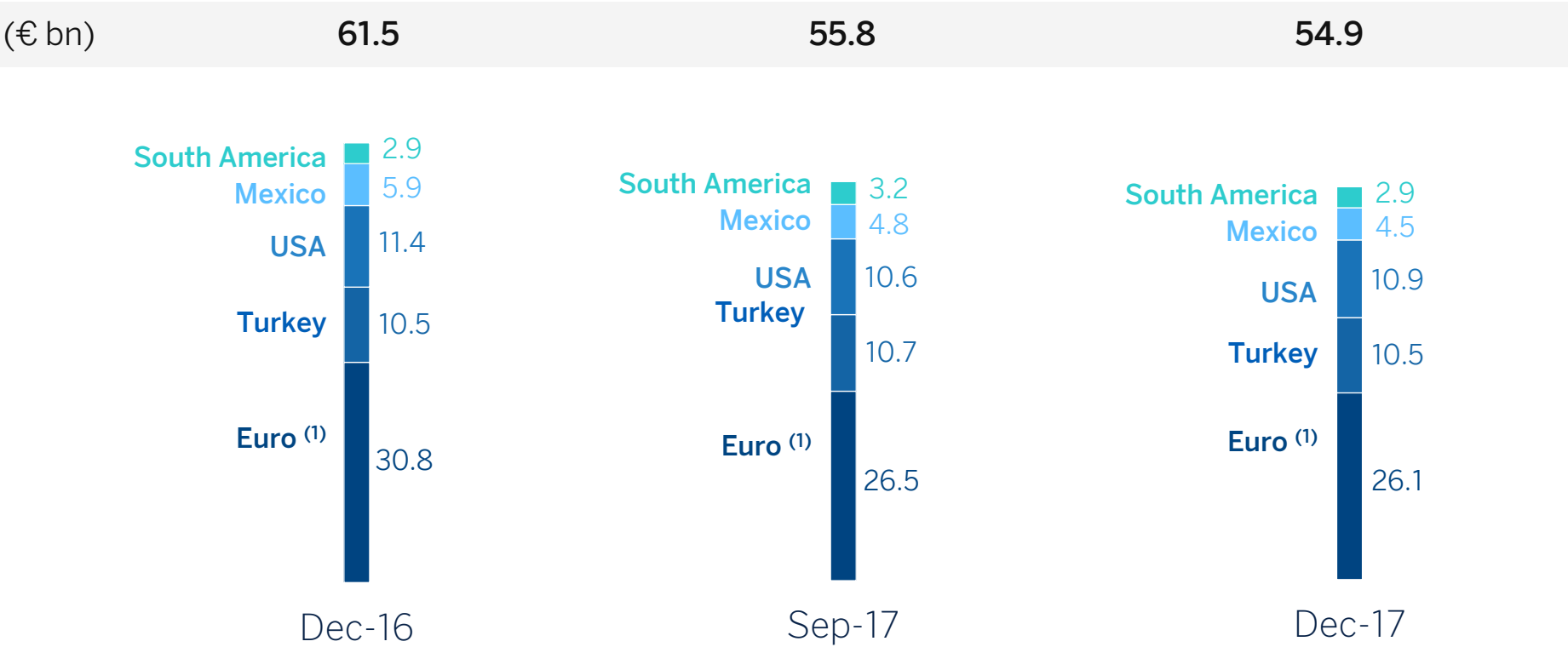
## TBV per Share & Shareholder Remuneration

(€ per Share)



# ALCO Portfolio

## ALCO Portfolio breakdown by region



(1) Figures excludes SAREB bonds (€5.2bn as of Dec-16 and Sep-17; €5bn as of Dec-17)

# Liquidity Coverage Ratios (LCRs): Significantly above the 100% requirement

## BBVA Group and Subsidiaries LCR

Dec-17

	BBVA Group	Euroz. <sup>(1)</sup>	USA <sup>(2)</sup>	Mexico	Turkey	S. Amer.
<b>LCR</b>	128%	151%	144%	148%	134%	well >100%

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

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

# Customer Spreads

## Average

	4Q16	1Q17	2Q17	3Q17	4Q17
<b>Spain</b>	<b>1.91%</b>	<b>1.92%</b>	<b>1.94%</b>	<b>1.93%</b>	<b>1.93%</b>
Yield on Loans	2.06%	2.04%	2.02%	2.00%	2.00%
Cost of Deposits	-0.15%	-0.11%	-0.08%	-0.08%	-0.07%
<b>USA</b>	<b>3.32%</b>	<b>3.51%</b>	<b>3.67%</b>	<b>3.76%</b>	<b>3.75%</b>
Yield on Loans	3.71%	3.88%	3.99%	4.12%	4.16%
Cost of Deposits	-0.39%	-0.37%	-0.33%	-0.36%	-0.41%
<b>Mexico MXN</b>	<b>11.88%</b>	<b>12.10%</b>	<b>12.02%</b>	<b>11.81%</b>	<b>12.05%</b>
Yield on Loans	13.34%	13.70%	13.78%	13.68%	14.02%
Cost of Deposits	-1.46%	-1.60%	-1.77%	-1.87%	-1.98%
<b>Mexico FC<sup>1</sup></b>	<b>3.29%</b>	<b>3.46%</b>	<b>3.62%</b>	<b>3.47%</b>	<b>3.68%</b>
Yield on Loans	3.32%	3.49%	3.66%	3.53%	3.76%
Cost of Deposits	-0.03%	-0.04%	-0.05%	-0.07%	-0.08%
<b>South America</b>	<b>6.34%</b>	<b>6.48%</b>	<b>6.57%</b>	<b>6.36%</b>	<b>6.55%</b>
Yield on Loans	9.93%	9.95%	9.92%	9.46%	9.73%
Cost of Deposits	-3.59%	-3.47%	-3.35%	-3.10%	-3.18%
<b>Argentina</b>	<b>16.47%</b>	<b>15.73%</b>	<b>14.72%</b>	<b>13.47%</b>	<b>13.11%</b>
Yield on Loans	22.77%	21.18%	19.97%	18.63%	18.77%
Cost of Deposits	-6.30%	-5.46%	-5.24%	-5.16%	-5.65%

	4Q16	1Q17	2Q17	3Q17	4Q17
<b>Chile</b>	<b>3.61%</b>	<b>3.76%</b>	<b>4.16%</b>	<b>3.31%</b>	<b>3.93%</b>
Yield on Loans	6.44%	6.42%	6.71%	5.47%	6.27%
Cost of Deposits	-2.83%	-2.67%	-2.55%	-2.15%	-2.34%
<b>Colombia</b>	<b>5.86%</b>	<b>6.32%</b>	<b>6.52%</b>	<b>6.78%</b>	<b>6.60%</b>
Yield on Loans	11.84%	12.08%	11.94%	11.62%	11.37%
Cost of Deposits	-5.98%	-5.76%	-5.42%	-4.84%	-4.77%
<b>Peru</b>	<b>7.00%</b>	<b>6.91%</b>	<b>6.91%</b>	<b>6.80%</b>	<b>6.57%</b>
Yield on Loans	8.26%	8.23%	8.32%	8.17%	7.90%
Cost of Deposits	-1.26%	-1.32%	-1.41%	-1.37%	-1.33%
<b>Venezuela</b>	<b>19.89%</b>	<b>20.17%</b>	<b>19.77%</b>	<b>19.95%</b>	<b>18.77%</b>
Yield on Loans	21.95%	21.72%	21.15%	21.24%	20.02%
Cost of Deposits	-2.06%	-1.55%	-1.38%	-1.29%	-1.25%
<b>Turkey TL</b>	<b>5.57%</b>	<b>5.51%</b>	<b>5.24%</b>	<b>4.89%</b>	<b>4.90%</b>
Yield on Loans	13.11%	13.15%	13.48%	13.75%	14.06%
Cost of Deposits	-7.55%	-7.65%	-8.25%	-8.86%	-9.16%
<b>Turkey FC<sup>1</sup></b>	<b>3.68%</b>	<b>3.73%</b>	<b>3.74%</b>	<b>3.88%</b>	<b>4.04%</b>
Yield on Loans	5.52%	5.63%	5.76%	5.95%	6.14%
Cost of Deposits	-1.85%	-1.90%	-2.02%	-2.07%	-2.10%

(1) Foreign currency

Note 1: USA ex NY Business Activity



A photograph of a modern, curved glass skyscraper with the BBVA logo at the top. The building is surrounded by other modern architecture and greenery. A blue and teal graphic overlay is on the left side of the image.

**BBVA** Creating Opportunities

# 2017 Results

February, 1<sup>st</sup> 2018