

A low-angle photograph of a modern building with a curved, white, ribbed facade and large windows, set against a clear blue sky. The building's architecture features a series of vertical, white, rectangular elements that create a rhythmic pattern. The image is partially overlaid by a dark blue rectangular area containing text and a teal square in the top right corner.

**BBVA** Creating  
Opportunities

# 2Q18 Results

July 27<sup>th</sup>, 2018

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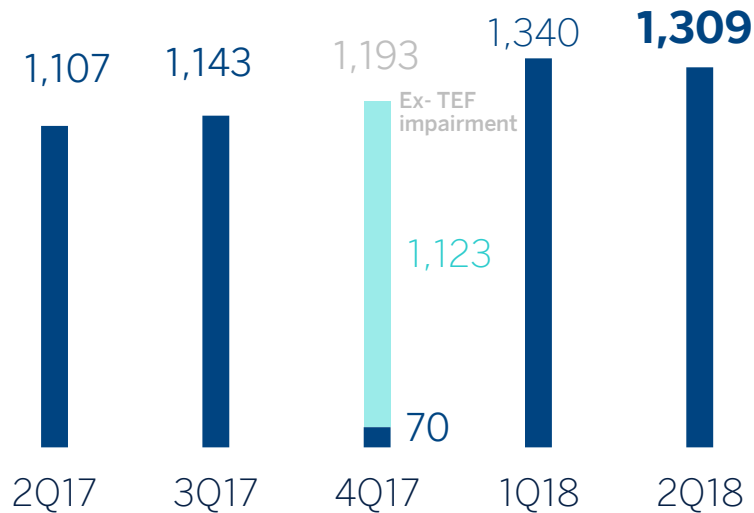
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# Solid Results in the Quarter

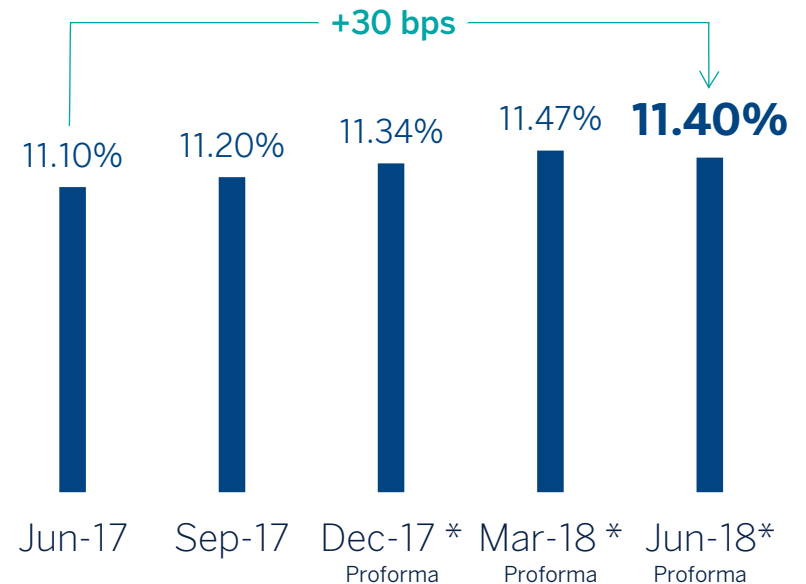
## Net Attributable Profit

Quarterly evolution (€m)



## CET1 fully-loaded – BBVA Group

Quarterly evolution (%)



(\*) Data proforma Dec17 and Mar18 includes IFRS9 full impact (-31bps) and +57 bps from corporate transactions (sale of BBVA Chile (closed on July 6<sup>th</sup>) and RE Assets to Cerberus). Jun18 proforma includes updated impact +55bps from corporate transactions

# 2Q18 Highlights

## 01 Strong core revenue growth

NII + Fees (€ constant)  
**+10.4%** vs. 2Q17

## 02 Efficiency improvement

Efficiency  
**49.2%** **-82 bps** vs. 12M17 (constant)

## 03 Positive trend in digital sales and customers

Digital Sales (units)  
**39%**  
Jun-18<sup>(1)</sup>

Mobile customers  
**20.7m +43%**  
Jun-18 vs. Jun-17

## 04 Sound risk indicators

NPL ratio  
**4.4%**  
**-47 bps** vs. 2Q17

Coverage ratio  
**71%**  
**+19 bps** vs. 2Q17

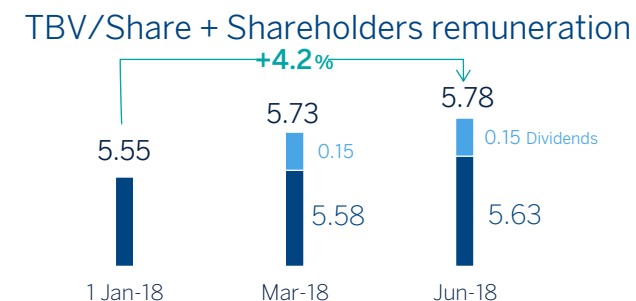
CoR  
**0.82%**  
**-11 bps** vs. 1H17

## 05 Strong capital position, above target

CET 1 FL (Proforma)  
**11.40%** **-7 bps** vs. 1Q18

## 06 Focus on shareholder value

ROE  
**11.7%** Jun-18  
ROTE  
**14.3%** Jun-18



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

# 2Q18 Profit & Loss

BBVA Group (€m)	2Q18	Change 2Q18/2Q17	
		%	% constant
<b>Net Interest Income</b>	<b>4,355</b>	<b>-2.8</b>	<b>9.6</b>
Net Fees and Commissions	1,256	1.8	13.1
Net Trading Income	297	-21.3	-14.0
Other Income & Expenses	69	-71.9	-68.6
<b>Gross Income</b>	<b>5,977</b>	<b>-5.7</b>	<b>5.8</b>
Operating Expenses	-2,963	-6.7	2.7
<b>Operating Income</b>	<b>3,014</b>	<b>-4.7</b>	<b>9.0</b>
Impairment on Financial Assets	-788	-20.9	-12.2
Provisions and Other Gains and Losses	-19	-90.2	-90.5
<b>Income Before Tax</b>	<b>2,207</b>	<b>12.1</b>	<b>31.5</b>
Income Tax	-602	10.2	26.1
<b>Net Income</b>	<b>1,604</b>	<b>12.8</b>	<b>33.6</b>
Non-controlling Interest	-295	-6.2	18.4
<b>Net Attributable Profit</b>	<b>1,309</b>	<b>18.2</b>	<b>37.7</b>

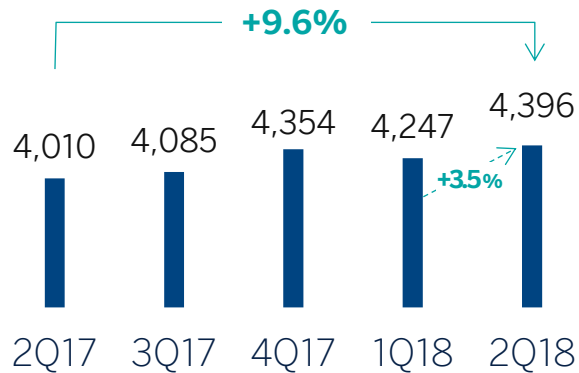
# 1H18 Profit & Loss

BBVA Group (€m)	1H18	Change 1H18/1H17	
		%	% constant
<b>Net Interest Income</b>	<b>8,643</b>	<b>-1.8</b>	<b>9.4</b>
Net Fees and Commissions	2,492	1.5	11.3
Net Trading Income	708	-33.8	-30.4
Other Income & Expenses	231	-40.8	-36.0
<b>Gross Income</b>	<b>12,074</b>	<b>-5.1</b>	<b>4.8</b>
Operating Expenses	-5,942	-5.8	2.9
<b>Operating Income</b>	<b>6,131</b>	<b>-4.3</b>	<b>6.8</b>
Impairment on Financial Assets	-1,611	-17.0	-9.0
Provisions and Other Gains and Losses	-77	-82.2	-82.0
<b>Income Before Tax</b>	<b>4,443</b>	<b>10.2</b>	<b>25.5</b>
Income Tax	-1,213	8.3	21.5
<b>Net Income</b>	<b>3,230</b>	<b>10.9</b>	<b>27.0</b>
Non-controlling Interest	-581	-4.3	17.0
<b>Net Attributable Profit</b>	<b>2,649</b>	<b>14.9</b>	<b>29.5</b>

# Strong Core Revenue Growth

## Net Interest Income

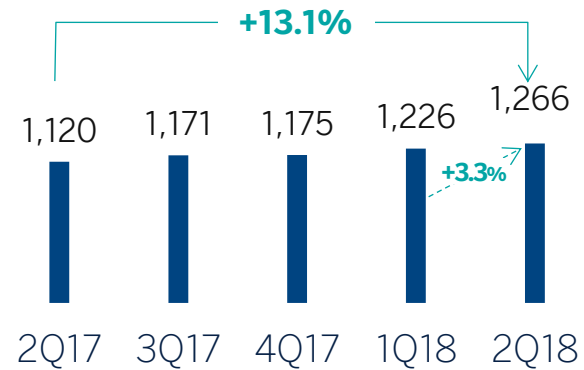
(€m constant)



Positive trend, growing vs. previous quarter

## Net Fees and Commissions

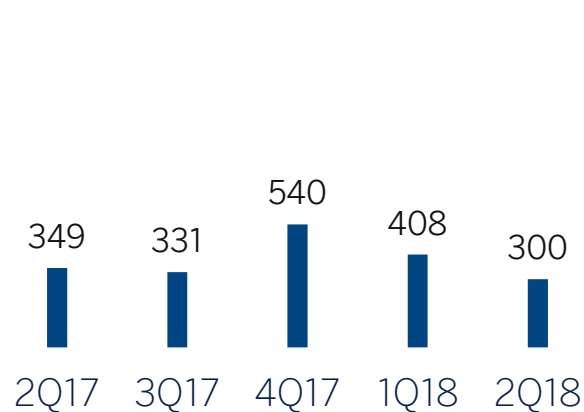
(€m constant)



Good trend maintained, driven by Spain, Turkey and Mexico

## Net Trading Income

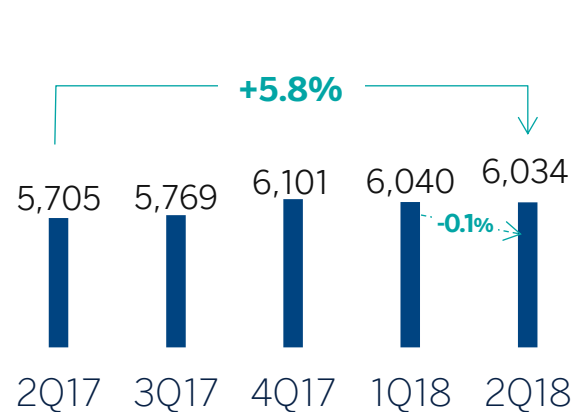
(€m constant)



Lower ALCO sales & Global Markets results

## Gross Income

(€m constant)

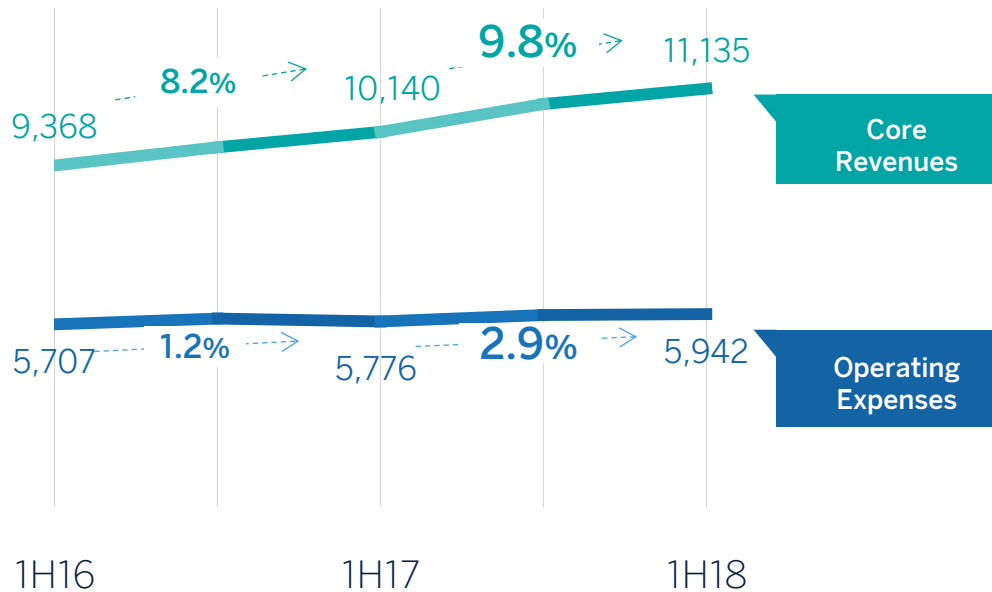


Core revenue growth offset by SRF contribution in 2Q18

# Efficiency Improvement

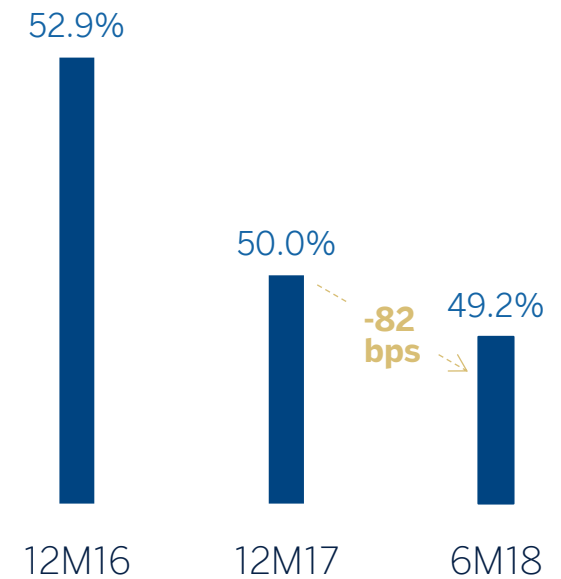
## Group Operating Jaws

(YtD (%); (€ constant))



## Efficiency Ratio

(€ constant)

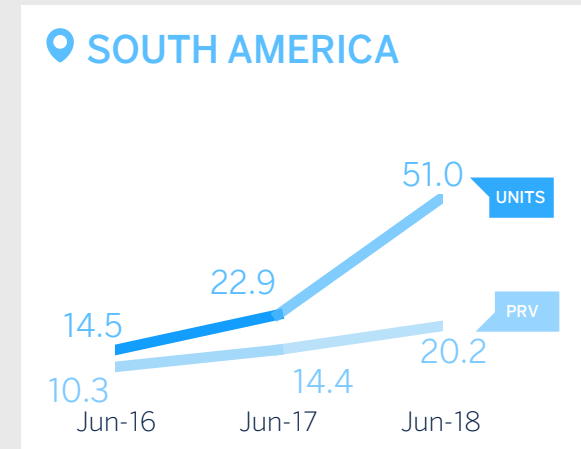
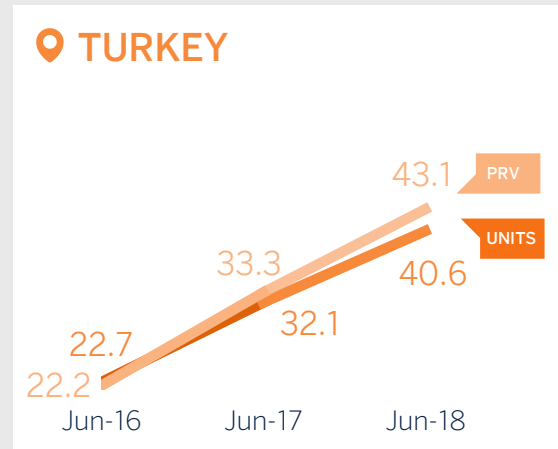
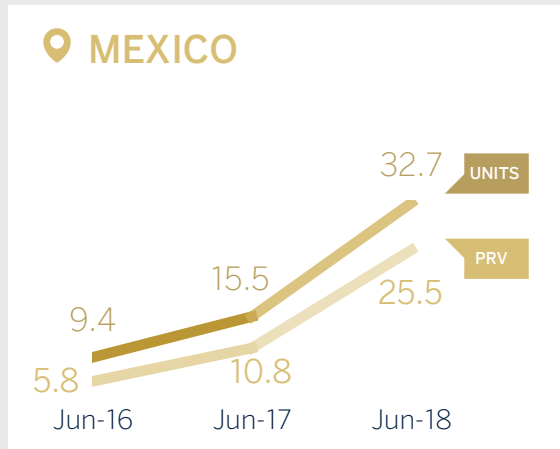
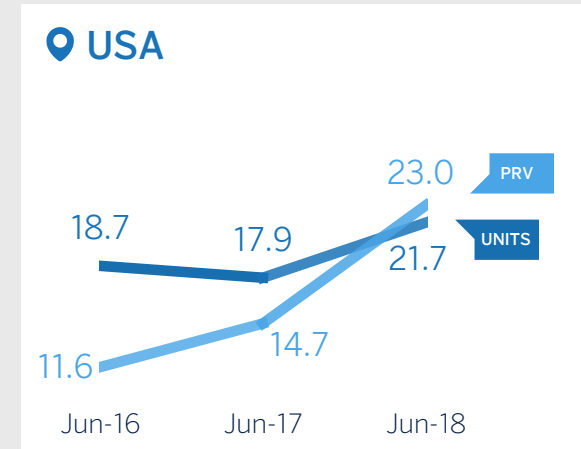
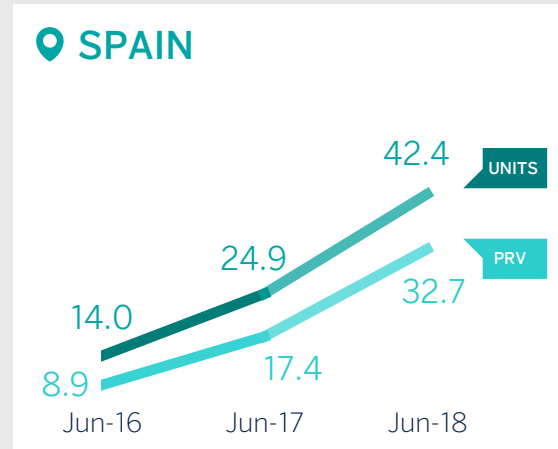
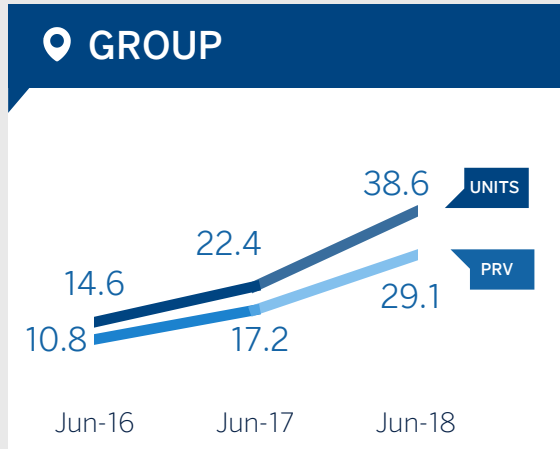


Positive jaws & efficiency improvement



# Outstanding trend of digital sales in all markets

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



Figures have been restated due to the inclusion of some products

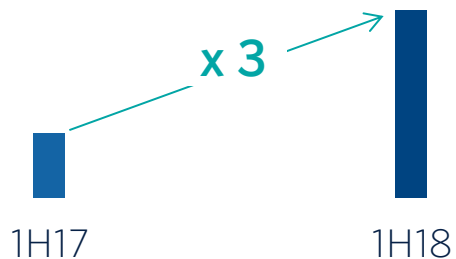
(\*) Product Relative Value as a proxy of a better economic representation of units sold

**Solid growth across markets**


# Evolving our digital value proposition to promote digital sales growth

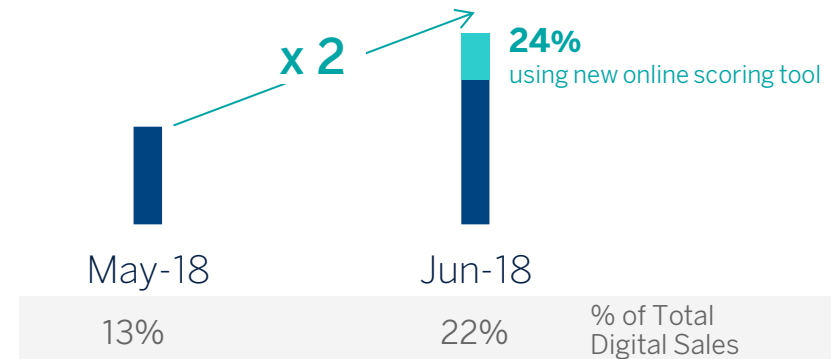
## Actively promoting DIY

 Digital checking accounts opening  
Mexico (# units)



## Growing in the Open Market

 Digital credit cards sales increased  
driven by new online scoring tool  
Peru (# units)



## Advice & Smart Interactions



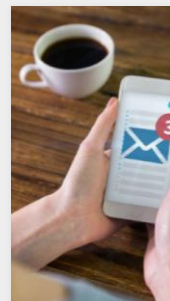
BBVA  
Oneview

Spain



BBVA  
Valora  
View

Spain



Payroll  
advance to  
avoid  
overdrafts

Colombia

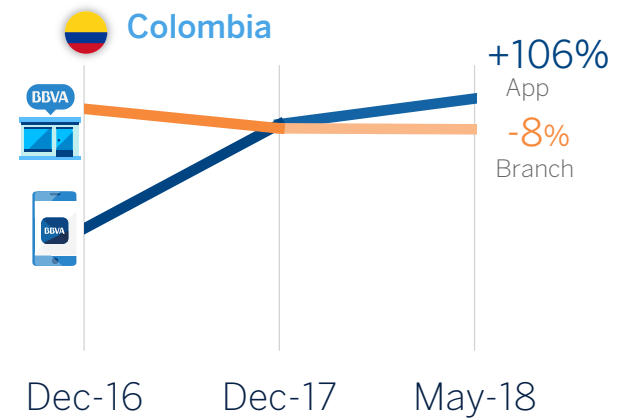
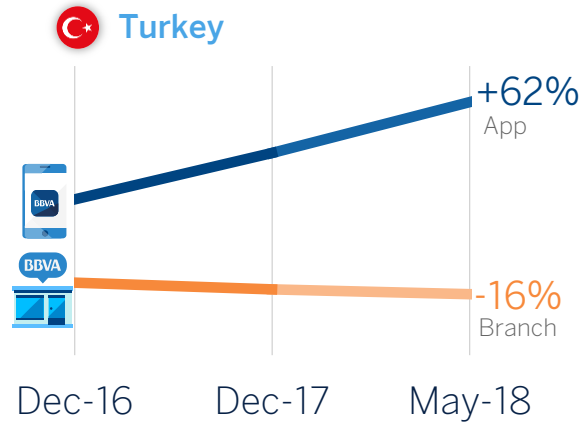
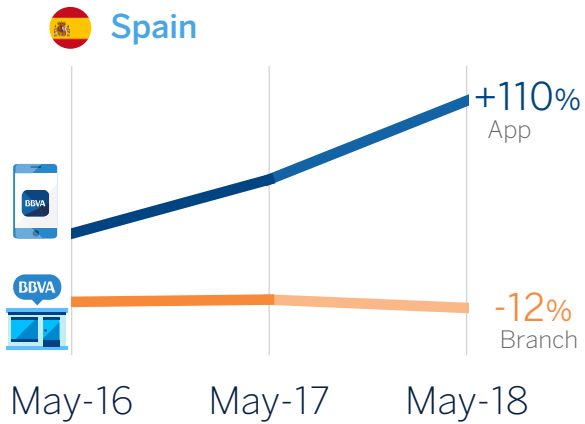


Garanti App  
video  
content

Turkey

# Transactions increasingly migrating to more efficient channels

## Transactions by channel (# transactions)



# Global solutions allow for a faster time to market and productivity improvements

## Global delivery of solutions Global Mobile App



-50%  
Time-to-Market



-30%  
FTEs



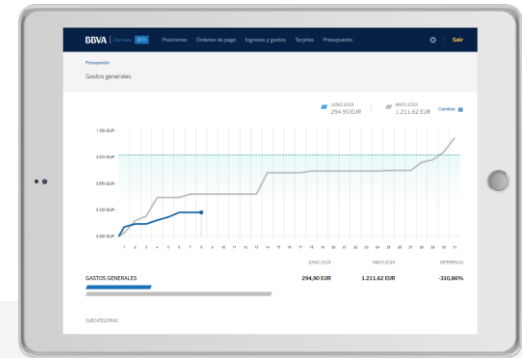
-40%  
Development cost

## New solutions for colleagues: Digital Workplace

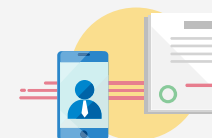
+29%

Leads\*

(\*) Spain and Mexico



360  
Client View



Send digital  
proposals

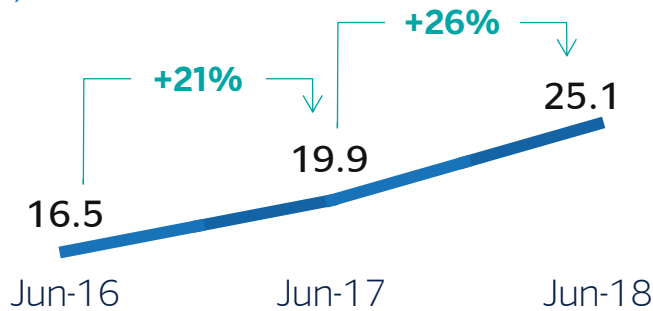


Digital  
signature

# Growth in digital and mobile customers

## Digital Customers

(Mn, % penetration)



PENETRATION

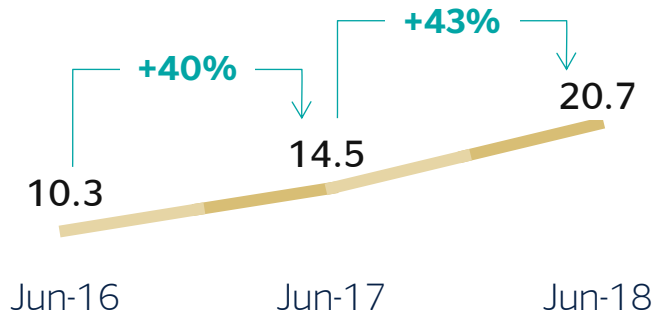
33%

39%

46%

## Mobile Customers

(Mn, % penetration)



PENETRATION

21%

28%

38%



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

# Leading customer satisfaction (NPS)

## BBVA NPS

(Jun-18)



Spain

Mexico

Turkey

Peru

Paraguay

Uruguay



Colombia

Venezuela

## Best Mobile Banking App

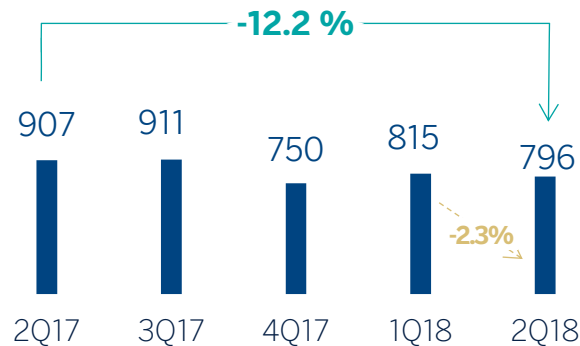


Peer Group: Spain: Santander, CaixaBank, Bankia, Sabadell, Popular // Turkey: Akbank, Isbank, YKB, Deniz, Finanz // Mexico: Banamex, Santander, Banorte, HSBC // Peru: BBVA Continental, Interbank, BCP, Scotiabank // Colombia: BBVA, Banco de Bogotá, Bancolombia, Davivienda // Venezuela: Banesco, Mercantil, Banco de Venezuela. // Uruguay: ITAU, Santander, Scotiabank // Paraguay: Continental, Itau, Regional.

# Sound risk indicators<sup>1</sup>

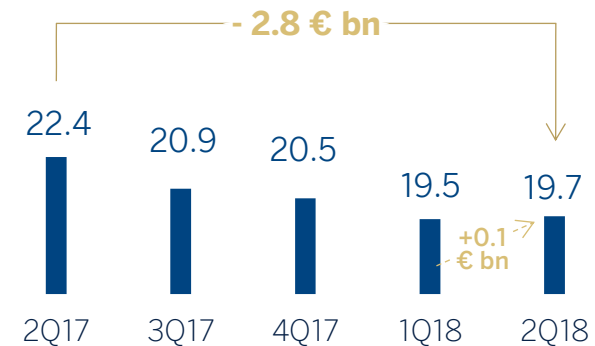
## Financial Asset Impairments<sup>2</sup>

(€m constant)



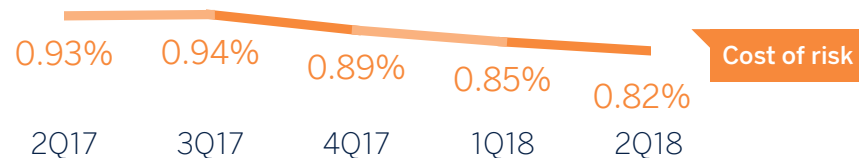
## NPLs

(€bn)



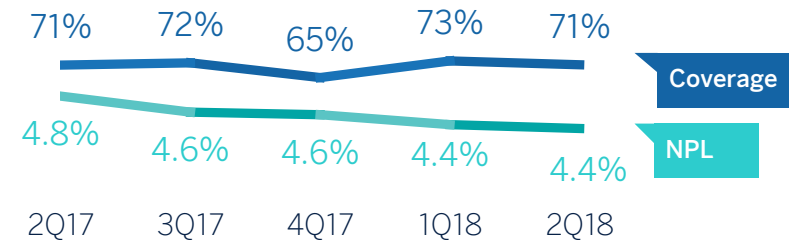
## Cost of risk

YtD (%)



## NPL & Coverage ratios

(%)



(1) Data as of 1H18 under IFRS9 standards, 2017 figures under IAS 39

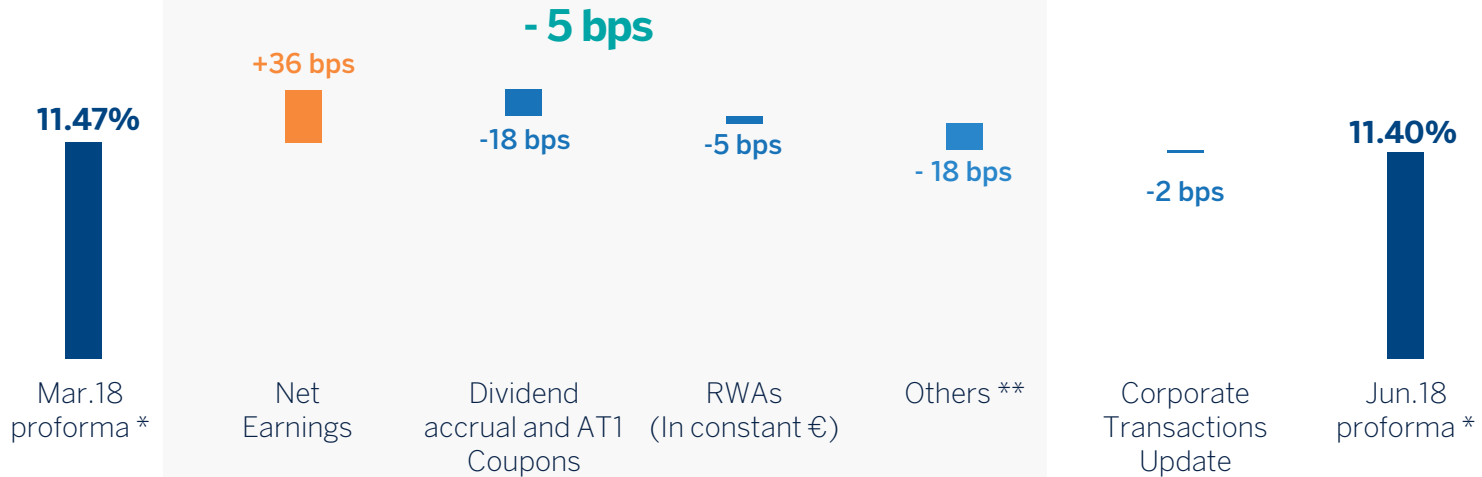
(2) Ex- Telefónica impairment in 4Q17

**Strong asset quality**

# Strong capital position

## CET1 fully-loaded - BBVA Group

Evolution (% , bps)



(\*) Data proforma Mar18 includes IFRS9 full impact (-31bps) and +57 bps from corporate transactions (sale of BBVA Chile (closed on July 6th) and RE Assets to Cerberus). Jun18 proforma includes the updated impact of Corporate Transactions (+55 bps).

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

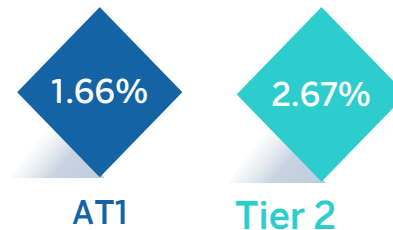
## High quality capital

Leverage ratio fully-loaded (%)



## AT1 and Tier 2 buckets already covered

Jun-18, Fully loaded (%)



## MREL Requirement received

Already complying with  
MREL (Binding from 2020)

- Funding Plan ensures fulfillment of MREL requirement in 2020
- Inaugural green bond: 1 €Bn SNP in May.18



# Impacts of BBVA Chile disposal (Closed July 6<sup>th</sup>)

## Transaction Financials<sup>1</sup>

PBV<sub>17</sub> 2.3x

PE<sub>17</sub> 20.7x

**\$2.2 Bn** Total consideration

## Main Impacts

Capital Gain €640Mn

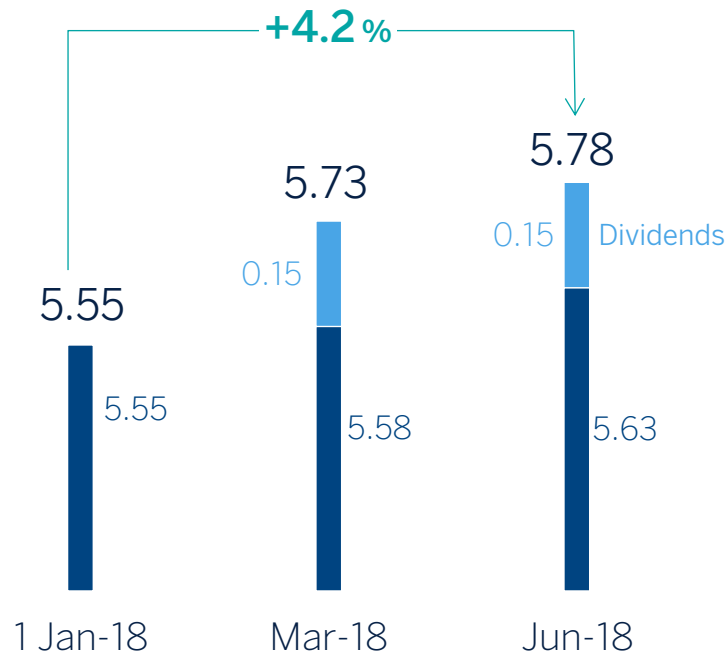
CET1 FL c.+50bps

(1). The sale excludes the auto financing business Grupo Forum, the leading company in the country

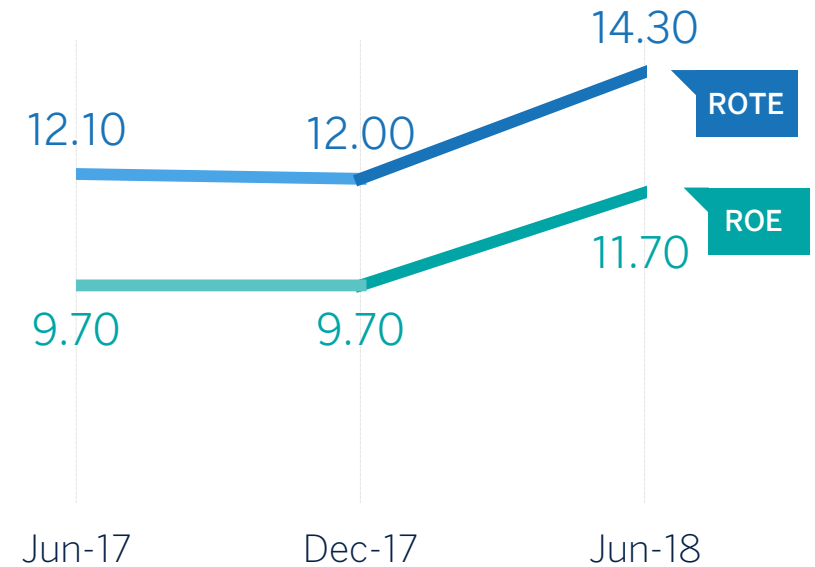
# Focus on shareholder value

## TBV per Share & Shareholder Remuneration

(€ per Share)



## ROE and ROTE<sup>1</sup>



(1) Ex- Telefónica impairment in 4Q17

# Business Areas

# Business Areas

## SPAIN Banking activity

NET ATTRIBUTABLE PROFIT (1H18)

793 € m

+19.2% vs. 1H17

NPL RATIO<sup>(1)</sup>

5.2% vs. 5.9% 2Q17

COVERAGE RATIO

57% vs. 53% 2Q17

- **Loans, improving trend** (+1.6% qoq)
- **Core revenue growth** (+1.5% yoy in 1H18): sound growth in asset management and retail banking fees
- **Costs** continue to decrease
- **CoR** better than expectations

## NON CORE REAL ESTATE

NET ATTRIBUTABLE PROFIT (1H18)

-36 € m

-80.8% vs. 1H17

NET EXPOSURE

-33.2%

vs. Jun.17

- **2018e net losses below €100 Mn**
- Cerberus deal to reduce almost entirely our exposure to REOs. Expected to be closed in 3Q18

## USA € constants

NET ATTRIBUTABLE PROFIT (1H18)

387 € m

+51.2% vs. 1H17

NPL RATIO

1.2% vs. 1.3% 2Q17

COVERAGE RATIO

93% vs. 104% 2Q17

- **Loan growth** accelerating. Focus on consumer loans: +18% yoy
- **NII** as the main P&L driver, growing at double digit
- **Positive jaws** and efficiency improvement
- **CoR much better than expected**

# Business Areas

## MEXICO € constants

NET ATTRIBUTABLE PROFIT (1H18)

1.208 € m

+21.2% vs. 1H17

NPL RATIO

2.0% vs. 2.3% 2Q17

COVERAGE RATIO

155% vs. 126% 2Q17

- **Loan growth** accelerates yoy to +8.6%
- **NII growth** at **high single digit**
- **Positive operating jaws** and efficiency improvement
- **CoR** significantly better than expected

## TURKEY € constants

NET ATTRIBUTABLE PROFIT (1H18)

373 € m

+25.6% vs. 1H17

NPL RATIO

4.5% vs. 2.5% 2Q17

COVERAGE RATIO

76% vs. 135% 2Q17

- **Loans:** TL loan portfolio growing at double digits (+15.5% yoy)
- Solid **Core revenue growth:** +21% yoy in 1H18
- **Opex** growing **below inflation**
- **Asset quality** impacted by IFSR9 negative macro adjustment

## SOUTH AMERICA € constants

NET ATTRIBUTABLE PROFIT (1H18)

452 € m

+30.6% vs. 1H17

NPL RATIO

3.7% vs. 3.5% 2Q17

COVERAGE RATIO

91% vs. 94% 2Q17

- **Lending growth** at double digits, with retail segments as main driver
- **Core revenues** growing at mid-teens
- **Positive jaws** and improving efficiency
- **CoR** better than expected

# Final Remarks

01

High quality set of results, supported by core revenues and lower impairments

02

Impact of digital on revenue growth and efficiency improvement

03

Profitability and value creation despite market uncertainties

**Focus on  
shareholder value**

# Creating Opportunities



# Annex



# Total Spain – Profit & Loss

Total Spain (€m)	2Q18	Change (%)	1H2018	Change (%)
		2Q18 vs 2Q17		1H18 vs 1H17
<b>Net Interest Income</b>	<b>929</b>	<b>-2.4</b>	<b>1,856</b>	<b>-2.1</b>
Net Fees and Commissions	439	9.3	851	8.4
Net Trading Income	115	24.1	282	-11.2
Other Income & Expenses	-44	n.s.	42	-78.4
<b>Gross Income</b>	<b>1,439</b>	<b>-6.5</b>	<b>3,031</b>	<b>-5.1</b>
Operating Expenses	-841	-4.4	-1,684	-4.6
<b>Operating Income</b>	<b>598</b>	<b>-9.2</b>	<b>1,347</b>	<b>-5.7</b>
Impairment on Financial Assets (net)	-88	-60.3	-213	-45.5
Provisions (net) and other gains (losses)	-25	-79.3	-65	-80.6
<b>Income Before Tax</b>	<b>485</b>	<b>53.3</b>	<b>1,069</b>	<b>52.2</b>
Income Tax	-137	33.1	-310	39.7
<b>Net Attributable Profit</b>	<b>347</b>	<b>62.3</b>	<b>757</b>	<b>57.8</b>

A low-angle photograph of a modern building with a curved, white, ribbed facade and large windows, set against a clear blue sky. The building's architecture features a series of vertical, white, rectangular elements that create a rhythmic pattern. The image is partially obscured by a dark blue rectangular overlay on the left side, which contains the BBVA logo and text. A small teal square is visible in the top right corner of the image.

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Opportunities

# 2Q18 Results

July 27<sup>th</sup>, 2018