



**BBVA** Creating  
Opportunities

# 2018 Results

February 1<sup>st</sup>, 2019



BBVA

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## Macro environment has remained positive in 2018 despite increase volatility and trade tensions

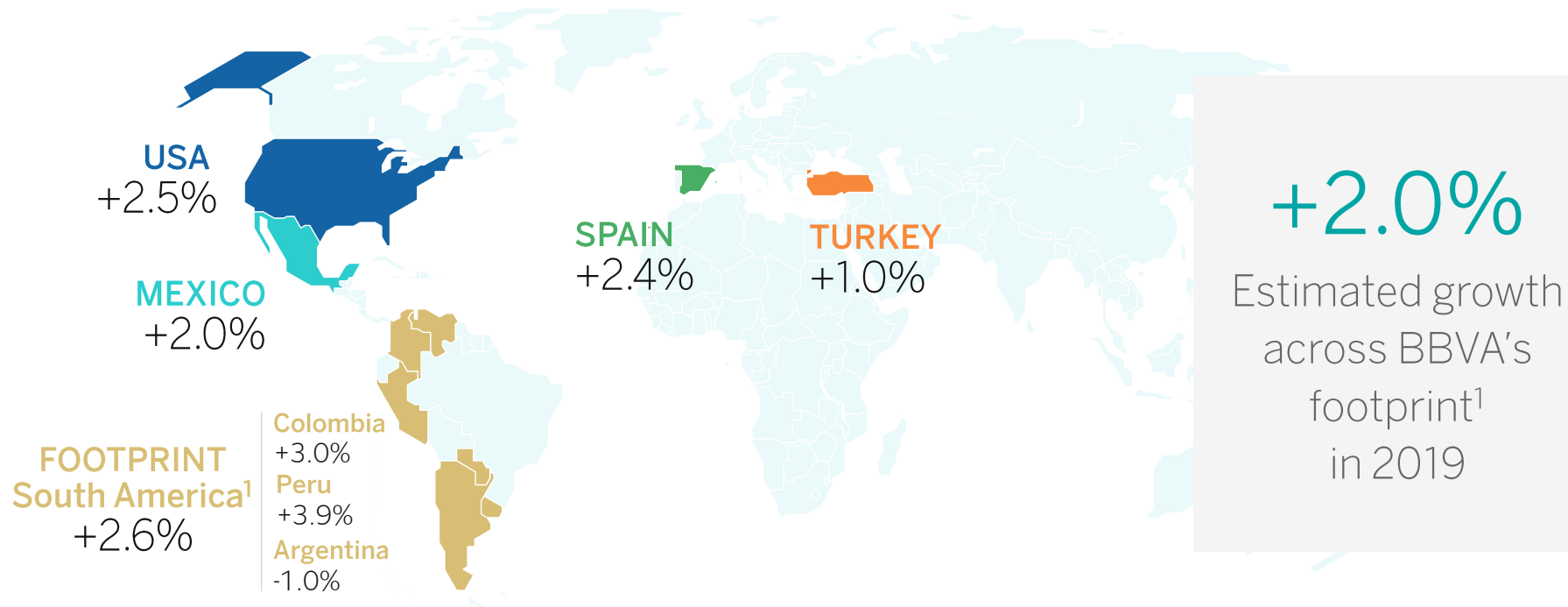
- World economy grew at 3.6% with solid fundamentals
- Monetary policy normalization of main central banks
- Protectionism emerged as a major global threat
- In our footprint:
  - **Spain** continued to grow above Eurozone average
  - **US** growth accelerated fueled by expansionary fiscal policies
  - **Mexico** to grow above 2%
  - **Turkey and Argentina** managed to contain volatility through the implementation of orthodox economic policies
  - Continued solid growth in **Colombia and Peru**

+2.4%

Growth across  
BBVA's footprint<sup>1</sup>  
in 2018

(1) Weighting based on the countries contribution (by Gross Margin) to our business.

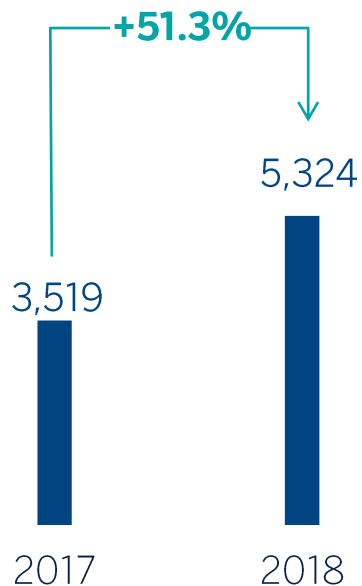
# 2019 Macro Outlook



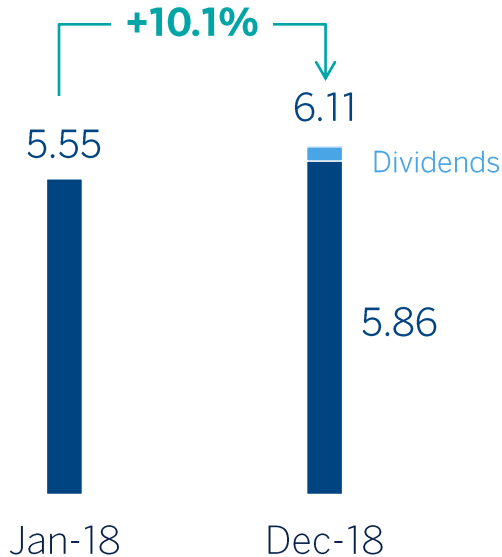
(1) Weighting based on the countries contribution (by Gross Margin) to our business.

# Strong results and value creation in a challenging environment

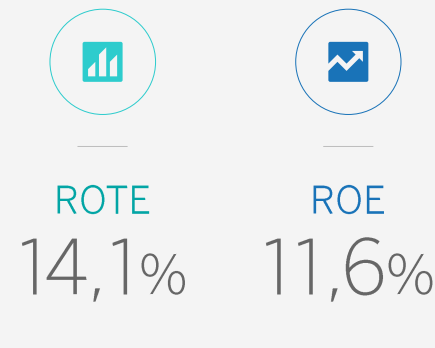
## > Net Attributable Profit (€m)



## > TBV/Share (€/Sh.)

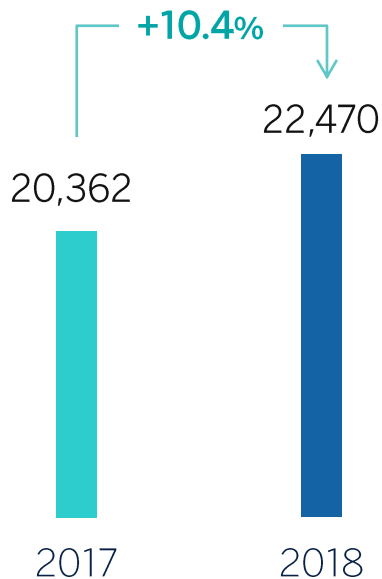


## > Double Digit Profitability

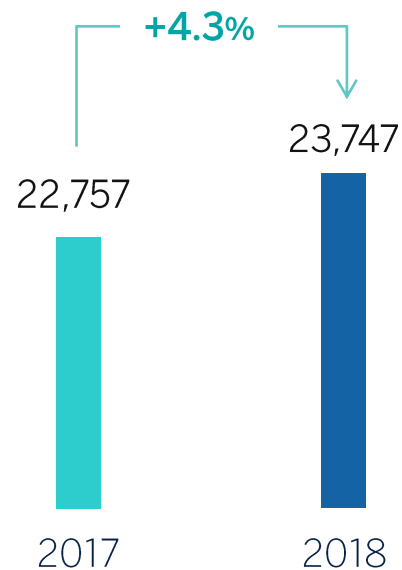


## Strong core revenue growth

### > Core Revenue (€m constant)

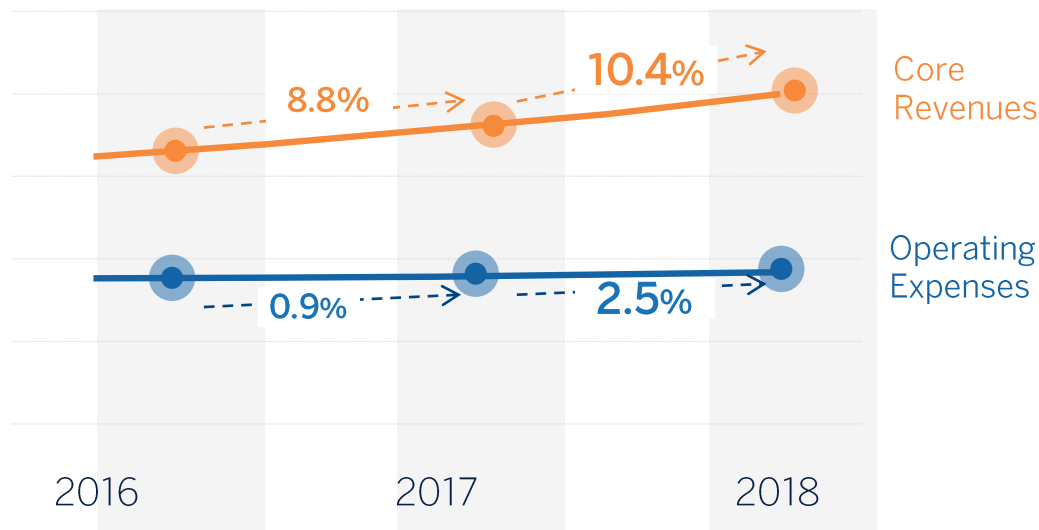


### > Gross Income (€m constant)

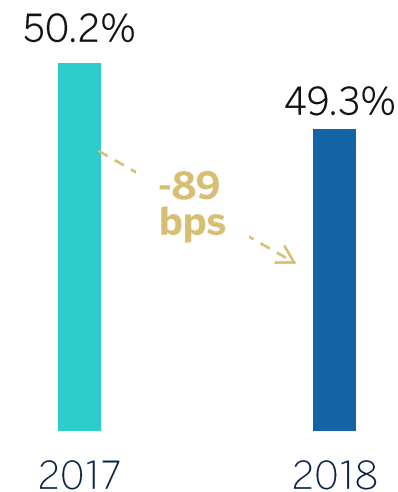


# Efficiency improvement

## > Positive Jaws (€ constant)

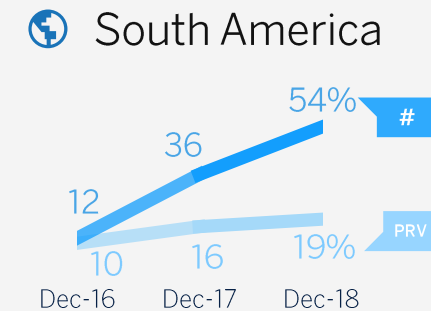
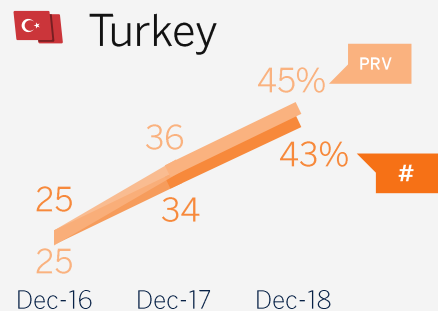
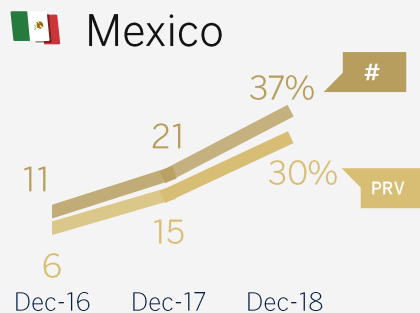
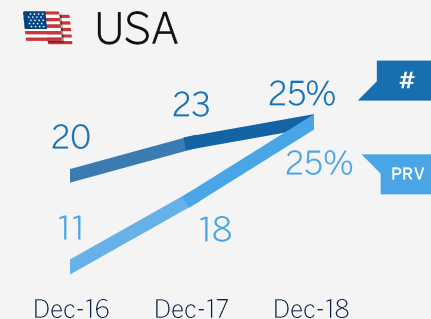
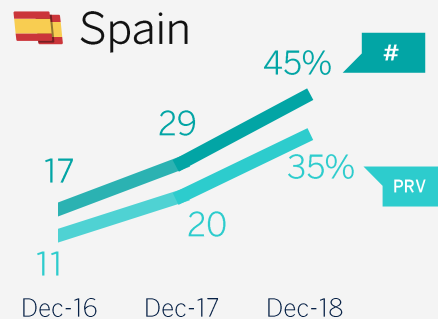
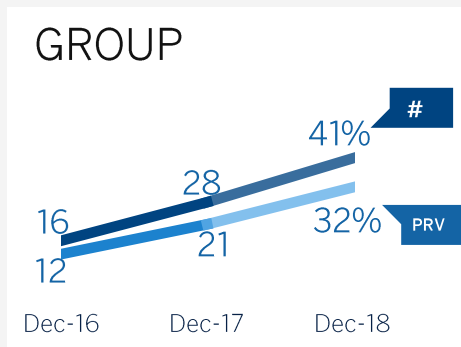


## > Efficiency Ratio (€ constant)



# Outstanding trend in digital sales across the board

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



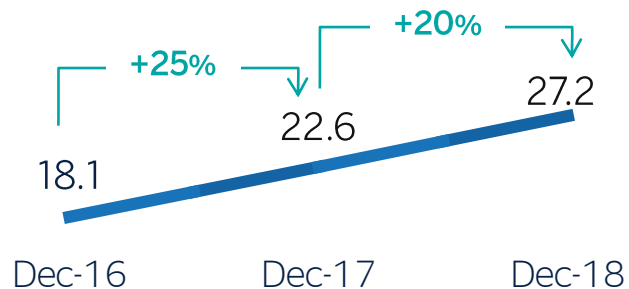
Figures have been restated due to the inclusion of additional products. Group and South America data exclude Venezuela and Chile.

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



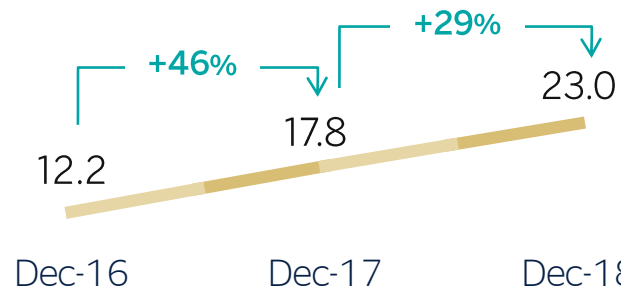
# 50% digital customers goal exceeded in 2018

## > Digital Customers (Mn, % penetration)



	Dec-16	Dec-17	Dec-18
<b>PENETRATION</b>	37%	44%	<b>51%</b>

## > Mobile Customers (Mn, % penetration)

















	Dec-16	Dec-17	Dec-18
<b>PENETRATION</b>	25%	34%	43%

**2019 Goal:**  
50% mobile customers

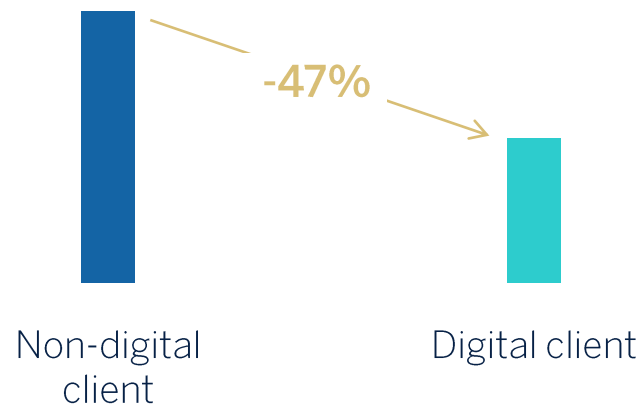


# Strong client satisfaction across all countries

## BBVA NPS RANK (Dec-18)

	Spain		#1
	Mexico		#1
	Turkey		#1
	Peru		#1
	Uruguay		#1
	Paraguay		#1
	Colombia		#2

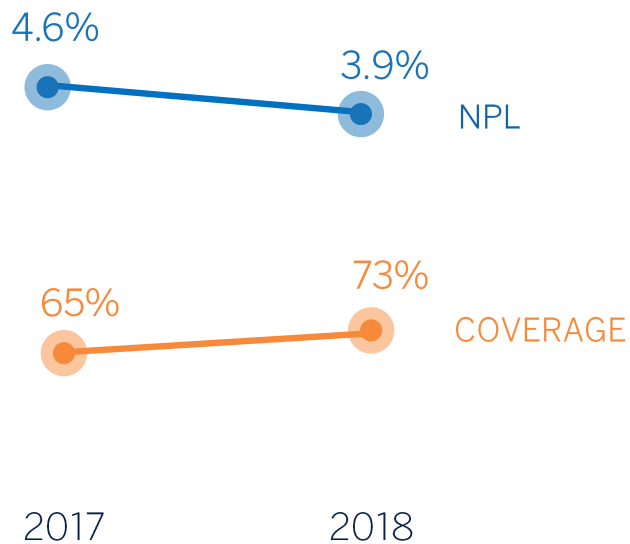
## > Digital reduces attrition



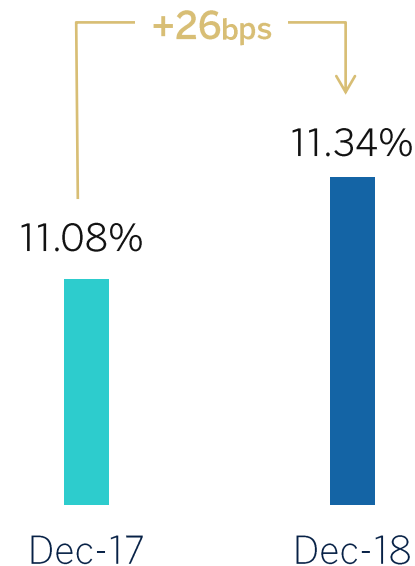
Peer Group: Spain: Santander, CaixaBank, Bankia, Sabadell // Mexico: Banamex, Santander, Banorte, HSBC // Turkey: Akbank, Isbank, YKB, Deniz, Finans // Peru: Interbank, BCP, Scotiabank // Uruguay: ITAU, Santander, Scotiabank // Paraguay: Continental, Itau, Regional // Colombia: Davivienda, Bancolombia,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

## Solid risk indicators and resilient capital position

### > Main risk indicators<sup>1</sup> (%)



### > CET1 fully-loaded –BBVA Group



(1) 2018 figures under IFRS9 standards, 2017 figures under IAS 39.

# A clear, sustainable and predictable dividend policy

## > 2018 Shareholder Remuneration (€/share, payment dates)



CASH  
**26 cts.**

## Remuneration policy

- 16€ cents / share in cash to be paid in April 2019<sup>1</sup>
- Apr-19 cash dividend per share increases by 7% vs. Apr-18
- 2018 Cash Pay-out of 37%<sup>2</sup>
- Going forward, we remain committed to our dividend policy:
  - 35-40% Cash Pay-out
  - 2 payments per year (October and April)

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

(2) Net attributable profit excluding BBVA Chile capital gains.

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



## Wealth Generation

125,627

**EMPLOYEES**  
received 4,786 millions in wages and salaries

61,434

**SUPPLIERS**  
invoicing 7,952 million euros

9,752€M

**TAXES ACCRUED**  
and collected by BBVA's business activity



## Growth and Welfare Contribution

74.5  
MILLIONS

**CUSTOMERS IN MORE THAN 30 COUNTRIES**

3.5  
MILLIONS

**SMES AND SELF-EMPLOYEES**  
financed and supported by BBVA

2  
MILLIONS

**MICROENTREPRENEURS**  
supported by Fundación Microfinanzas BBVA with 1.009 €m

8.4  
MILLIONS

**PEOPLE FAVORED**  
by financial inclusion



## Contribution to sustainable development

### BOOST TO SUSTAINABLE FINANCING

1,850 €M  
in green loans

7,889 €M  
sustainable bond placement



## Direct contribution to society

More than 100 €M Allocated to social programs

**FINANCIAL EDUCATION** > 2 M of participants in financial education programs in 2017  
Centre of Education and financial capabilities



## Main Takeaways

- Strong value creation and profitability in a difficult environment
- Excellent set of results in core markets
- Digital transformation leading to revenue growth and efficiency improvement
- Solid risk indicators and resilient capital position despite market volatility
- Focus in our values and on social impact

# Business Areas

# SPAIN BANKING ACTIVITY

## > Results (€m; YoY %)

### NET INTEREST INCOME

3,672 -1.8%

### GROSS INCOME

5,943 -3.8%

### OPERATING EXPENSES

-3,262 -3.8%

### NET ATTRIBUTABLE PROFIT

1,522 +10.8%

## > Activity (YoY %)



### LENDING<sup>1</sup>

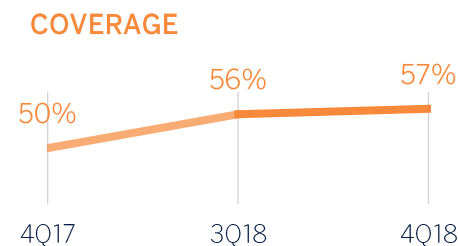
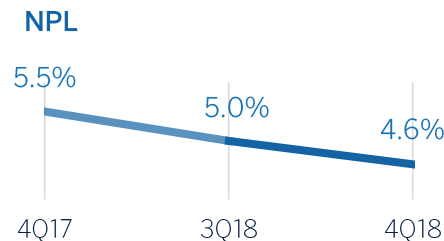
-0.7%



### CUST. FUNDS

+2.9%

## > Asset Quality ratios<sup>2</sup>



(1) Performing loans under management. (2) Data as of 2018 under IFRS9 standards, 2017 figures under IAS 39.

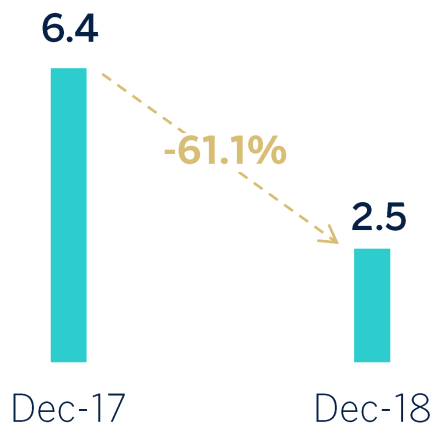
Note: Activity excludes repos

- Core revenue growth
- Significant cost reduction
- Asset quality improvement
- Loans: growth in high profitable segments

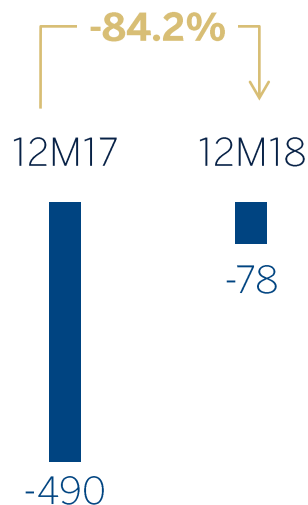


# NON-CORE REAL ESTATE

## > Net exposure (€bn)



## > Net Attributable Profit (€m)



- **Net exposure decrease** due to Cerberus transaction and loan portfolio sales
- **Significant reduction in Net losses**

 **USA**

> **Results** (€m, YoY % constant)

**NET INTEREST INCOME**

2,276 +12.1%

**GROSS INCOME**

2,989 +8.3%

**OPERATING EXPENSES**

-1,862 +4.9%

**NET ATTRIBUTABLE PROFIT**

735 +56.9%

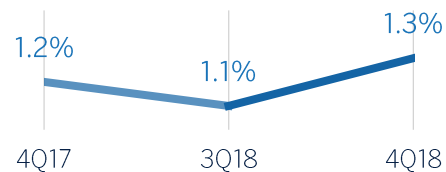
> **Activity** (YoY %, € constant)

 **LENDING<sup>1</sup>**  
+7.4%

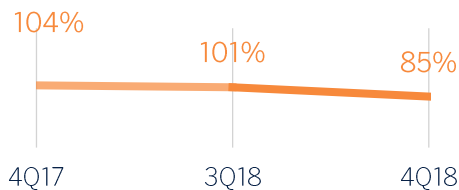
 **CUST.FUNDS<sup>2</sup>**  
+0.3%

> **Asset Quality ratios<sup>3</sup>**

**NPL**



**COVERAGE**



(1) Performing loans under management. (2) In 3Q18, 1.4bn€ reclassified outside customer funds. Excluding this reclass., YoY -1.1%. ((3) Data as of 2018 under IFRS9 standards, 2017 figures under IAS 39.

**Note:** Activity excludes repos.

- ▲ Double-digit **NII growth**
- ▲ **Costs:** positive jaws and efficiency improvement
- ▲ **Loan growth acceleration**
- ▲ **Good asset quality**
- ▲ Achieving **double-digit profitability**

## MEXICO

### > Results (€m, YoY % constant)

**NET INTEREST INCOME**

5,568 +8.2%

**GROSS INCOME**

7,193 +7.5%

**OPERATING EXPENSES**

-2,368 +2.8%

**NET ATTRIBUTABLE PROFIT**

2,384 +16.1%

### > Activity (YoY %, € constant)



**LENDING<sup>1</sup>**

+8.1%

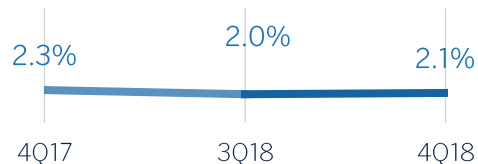


**CUST.FUNDS**

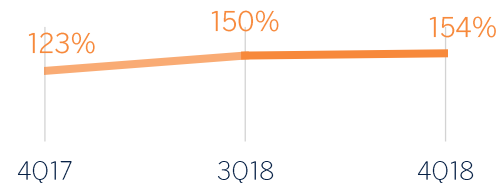
+3.6%

### > Asset Quality ratios<sup>2</sup>

**NPL**



**COVERAGE**



(1) Performing loans under management. (2) Data as of 2018 under IFRS9 standards, 2017 figures under IAS 39.

**Note:** Activity excludes repos

- **High single digit growth** in **Loans** and **NII**
- **Impressive** trend in **costs** and **efficiency**
- **Strong asset quality** metrics
- **Outstanding profitability:** bottom line growth at double digits

## **TURKEY**

### > Results (€m, YoY % constant)

**NET INTEREST INCOME**

3,135 +30.3%

**GROSS INCOME**

3,901 +31.3%

**OPERATING EXPENSES**

-1,243 +14.5%

**NET ATTRIBUTABLE PROFIT**

569 -4.5%

### > Activity<sup>1</sup> (YoY %, € constant)



**LENDING<sup>2</sup>**

TL: +3.7%  
FFC: -19.3%

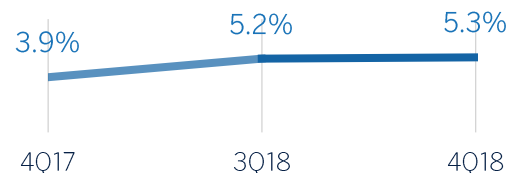


**CUST.FUNDS<sup>2</sup>**

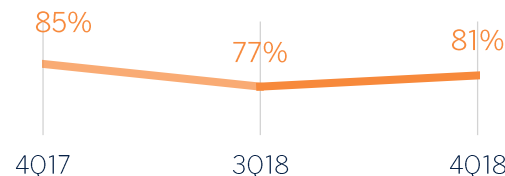
TL: -14.4%  
FFC: +15.8%

### > Asset Quality ratios<sup>3</sup>

**NPL**



**COVERAGE**



(1) FC evolution excluding FX impact. (2) Performing loans under management. (3) Data as of 2018 under IFRS9 standards, 2017 figures under IAS 39.

**Note:** Activity excludes repos.

- **NII** growth boosted by higher CPI linkers contribution
- **Expenses** growth below inflation
- **Loans:** TL loan growth significant slowdown explained by macro and higher rates. FC loans continue to decrease
- **Asset quality** impacted by macro deterioration

# SOUTH AMERICA

## > Results (€m, YoY % constant)

### NET INTEREST INCOME

3,009 +12.8%

### GROSS INCOME

3,701 +1.9%

### OPERATING EXPENSES

-1,690 +7.7%

### NET ATTRIBUTABLE PROFIT

591 -16.5%

## > Lending<sup>1</sup> (YoY %, € constant)



## > Asset Quality ratios<sup>2</sup>

### NPL



(1) Performing loans under management. (2) Data as of 2018 under IFRS9 standards, 2017 figures under IAS 39.

Note: Activity excludes repos.

- **Colombia:** double digit growth supported by core revenues and lower impairments
- **Peru:** NII as the main P&L driver, thanks to a more profitable loan mix
- **Argentina:** loan growth slowdown due to the economic environment

## 2019 Outlook



### SPAIN

Margin improvement through loan mix, efficiency improvement and strong risk performance



### USA

NII as the main P&L lever



### MEXICO

Solid growth to continue, in line with 2018 trends



### TURKEY

Strong pre-provision profit to outperform in a challenging macro environment



### SOUTH AMERICA

Good prospects in Andean countries



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February 1<sup>st</sup>, 2019



BBVA