



**BBVA** Creating  
Opportunities

# 2018 Results

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

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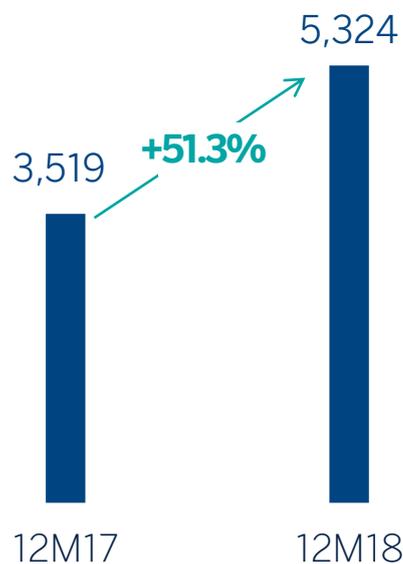
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# Strong Results and Value Creation in a Challenging Environment

## Net Attributable Profit (€m)



## TBV/Share + Shareholders remuneration (€/sh.)



## Leading profitability metrics (%)

ROTE

12.5%

14.1% Inc. capital gains from Chile

ROE

10.2%

11.6% Inc. capital gains from Chile

# 2018 Highlights

## 01 Strong core revenue growth

NII + Fees (€ constant)

+10.4% vs. 12M17

## 02 Efficiency improvement

Efficiency

49.3% -89 bps vs. 12M17 (constant)

## 03 Outstanding trend in digital sales and customers

Digital Sales (units)

40.7%

Dec-18 YtD

Digital customers

27.2 m +20%

Dec-18

vs. Dec-17

Mobile customers

23.0 m +29%

Dec-18

vs. Dec-17

## 04 Sound risk indicators

NPL ratio

3.94%

-61 bps vs. 2017

Coverage ratio

73%

+812 bps vs. 2017

CoR

1.01%

+13 bps vs. 2017

## 05 Resilient capital position

CET 1 FL

11.34%

+26 bps vs. 2017

## 06 Focus on shareholder value

ROTE (ex. Corp. Ops)

12.5% Dec-18

TBV/Share + dividends

6.11 +10.1% vs Jan-18

# 2018 Profit & Loss

BBVA Group (€m)	12M18	12M17	Change 12M18/12M17	
			%	% constant
<b>Net Interest Income</b>	<b>17,591</b>	<b>17,758</b>	<b>-0.9</b>	<b>10.8</b>
Net Fees and Commissions	4,879	4,921	-0.8	8.9
Net Trading Income	1,223	1,968	-37.8	-33.9
Other Income & Expenses	54	622	-91.4	-90.2
<b>Gross Income</b>	<b>23,747</b>	<b>25,270</b>	<b>-6.0</b>	<b>4.3</b>
Operating Expenses	-11,702	-12,500	-6.4	2.5
<b>Operating Income</b>	<b>12,045</b>	<b>12,770</b>	<b>-5.7</b>	<b>6.2</b>
Impairment on Financial Assets	-3,981	-4,803	-17.1	-12.0
Provisions and Other Gains and Losses	-483	-1,036	-53.3	-51.8
<b>Income Before Tax</b>	<b>7,580</b>	<b>6,931</b>	<b>9.4</b>	<b>30.4</b>
Income Tax	-2,062	-2,169	-4.9	9.2
Corporate Operations Income	633	0	n.s.	n.s.
Non-controlling Interest	-827	-1,243	-33.5	-11.7
<b>Net Attributable Profit</b>	<b>5,324</b>	<b>3,519</b>	<b>51.3</b>	<b>78.2</b>
BBVA Chile impact (capital gains in 2018 and recurrent operations in 2017 and 2018)	697	127	n.s.	n.s.
Telefónica impairment and capital gains from CNCB sale	0	-931	n.s.	n.s.
<b>Net Attributable Profit</b> (ex-BBVA Chile impact & ex-Telefónica imp. and CNCB sale in 2017)	<b>4,627</b>	<b>4,324</b>	<b>7.0</b>	<b>21.9</b>

# 2018 Net Attributable Profit Breakdown

Business Areas	12M18	12M17	Change 12M18/12M17	
			%	% constant
<b>Spain</b>	<b>1,445</b>	<b>884</b>	<b>63.4</b>	<b>63.4</b>
Banking Activity	1,522	1,374	10.8	10.8 
Non Core Real Estate	-78	-490	-84.2	-84.2 
<b>USA</b>	<b>735</b>	<b>486</b>	<b>51.3</b>	<b>56.9</b> 
<b>Mexico</b>	<b>2,384</b>	<b>2,187</b>	<b>9.0</b>	<b>16.1</b> 
<b>Turkey</b>	<b>569</b>	<b>826</b>	<b>-31.0</b>	<b>-4.5</b>
<b>South America</b> (ex-BBVA Chile)	<b>527</b>	<b>734</b>	<b>-28.1</b>	<b>-10.0</b>
<b>Rest of Eurasia</b>	<b>93</b>	<b>125</b>	<b>-25.2</b>	<b>-25.0</b>
<b>Corporate Center</b> (ex- Corp. Ops. in 2018 & Telefónica imp. and CNCB sale in 2017)	<b>-1,127</b>	<b>-917</b>	<b>22.9</b>	<b>22.9</b>
<b>Net Attributable Profit</b> (ex-BBVA Chile impact & ex-Telefónica imp. and CNCB sale in 2017)	<b>4,627</b>	<b>4,324</b>	<b>7.0</b>	<b>21.9</b>

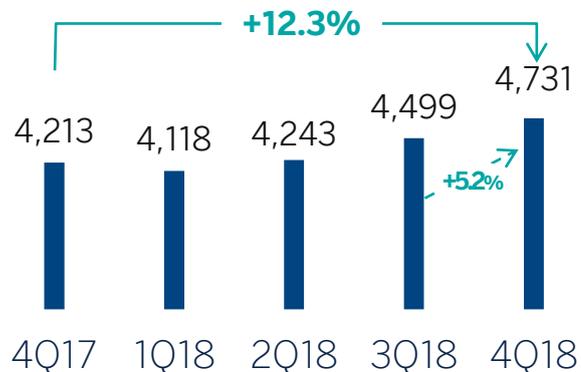
# 4Q18 Profit & Loss

BBVA Group (€m)	4Q18	4Q17	Change 4Q18/4Q17	
			%	% constant
<b>Net Interest Income</b>	<b>4,692</b>	<b>4,557</b>	<b>3.0</b>	<b>12.3</b>
Net Fees and Commissions	1,226	1,215	0.8	7.4
Net Trading Income	316	552	-42.8	-41.2
Other Income & Expenses	-83	37	n.s.	n.s.
<b>Gross Income</b>	<b>6,151</b>	<b>6,362</b>	<b>-3.3</b>	<b>4.7</b>
Operating Expenses	-2,981	-3,114	-4.3	1.7
<b>Operating Income</b>	<b>3,170</b>	<b>3,248</b>	<b>-2.4</b>	<b>7.6</b>
Impairment on Financial Assets	-1,353	-1,885	-28.3	-26.6
Provisions and Other Gains and Losses	-249	-447	-44.1	-42.9
<b>Income Before Tax</b>	<b>1,568</b>	<b>916</b>	<b>71.2</b>	<b>133.9</b>
Income Tax	-421	-499	-15.7	-2.4
Non-controlling Interest	-145	-347	-58.1	-41.6
<b>Net Attributable Profit</b>	<b>1,001</b>	<b>70</b>	<b>1,332.1</b>	<b>n.s.</b>
BBVA Chile impact (recurrent operations)	0	36	n.s.	n.s.
Telefónica impairment	0	-1,123	n.s.	n.s.
<b>Net Attributable Profit</b> (ex-BBVA Chile impact & ex-Telefónica imp. in 2017)	<b>1,001</b>	<b>1,156</b>	<b>-13.4</b>	<b>-4.9</b>

# Strong Core Revenue Growth

## Net Interest Income

(€m constant)



Outstanding quarter across the board

High contribution from CPI linkers

## Net Fees and Commissions

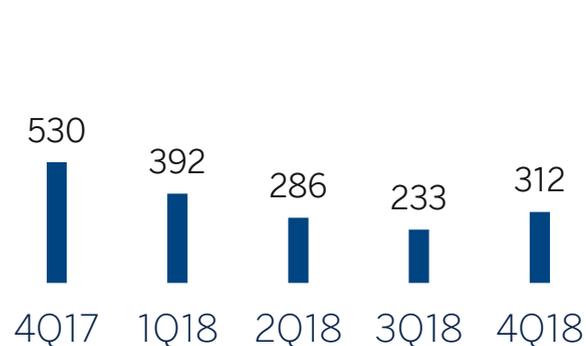
(€m constant)



Solid growth

## Net Trading Income

(€m constant)



Lower ALCO sales & Global Markets results in the year

## Gross Income

(€m constant)



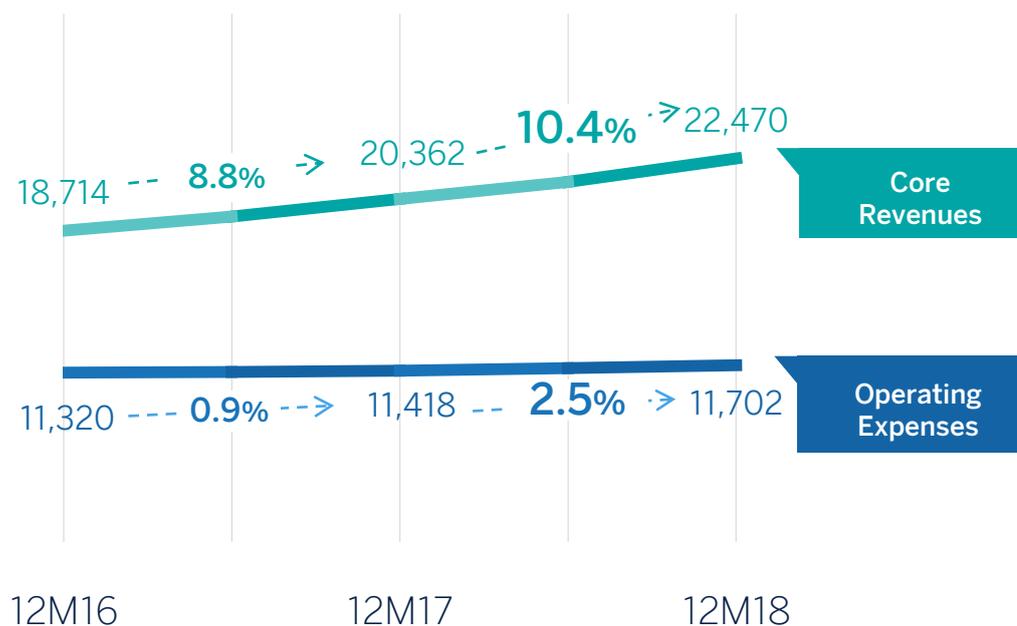
Supported by core revenues

Negatively impacted by hyperinflation in Argentina

# Efficiency improvement

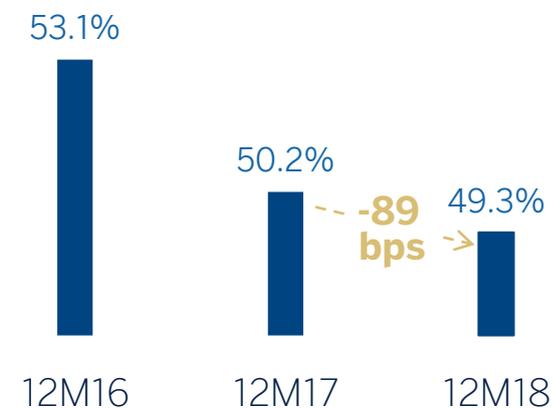
## Group Operating Jaws

(YoY (%); (€ constant))



## Efficiency Ratio

(€ constant)

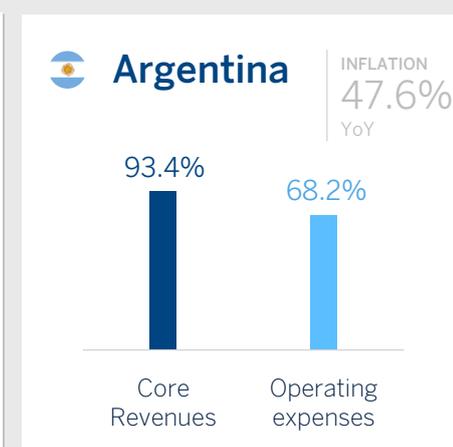
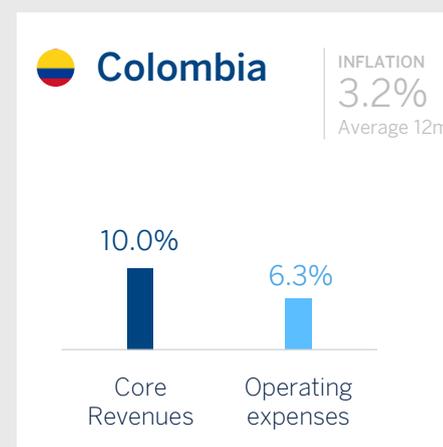
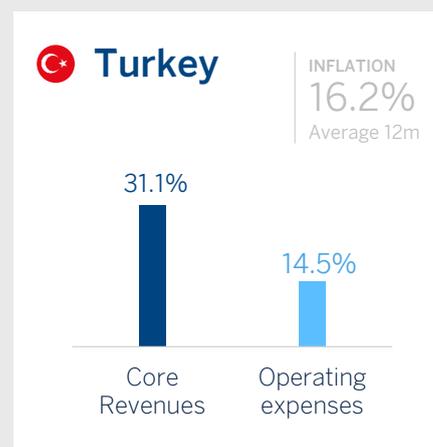
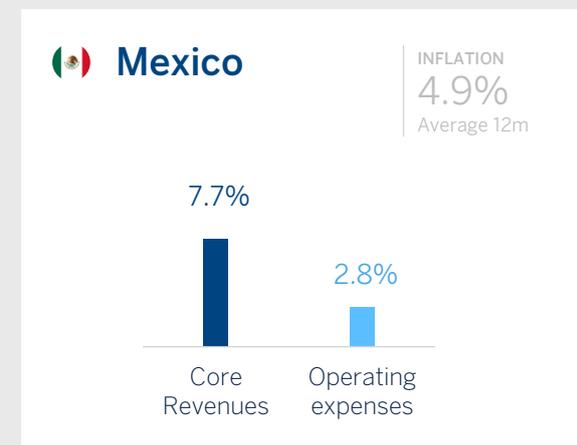
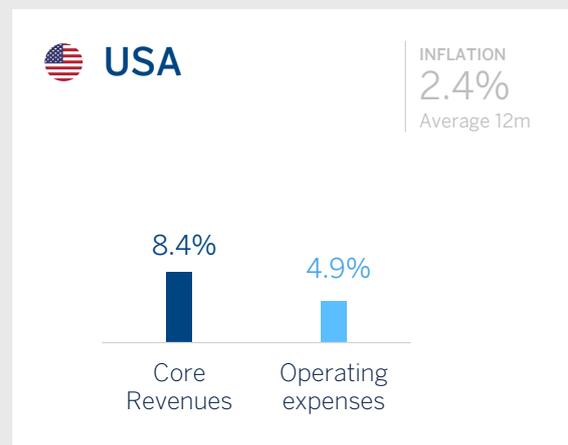
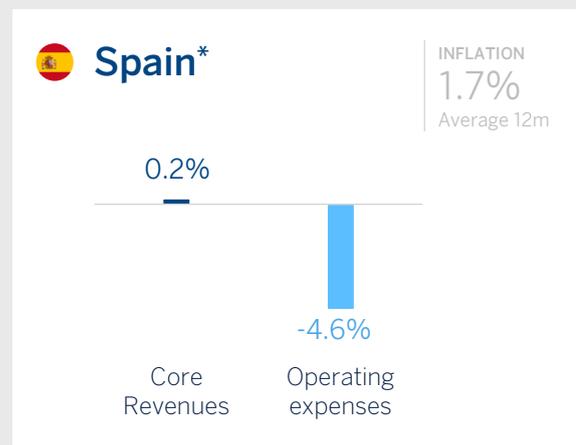


Widening operating jaws

# Positive jaws in all geographies

## Operating Jaws Breakdown in 2018

(YoY (%); (€ constant))



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

# 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 figures exclude Venezuela and Chile.

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

# 50% digital customers goal exceed in 2018

## Digital Customers

(Mn, % penetration)



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

## Mobile Customers

(Mn, % penetration)



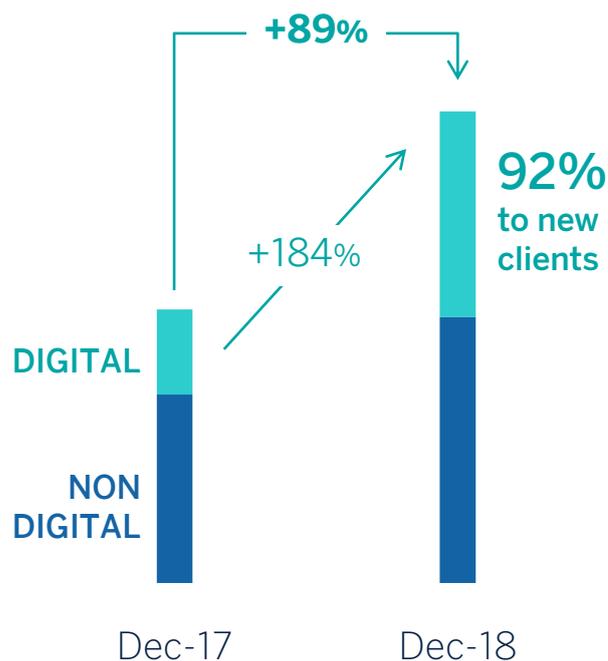
PERIOD	Dec-16	Dec-17	Dec-18
PENETRATION	25%	34%	43%

2019 Goal:  
50% mobile customers

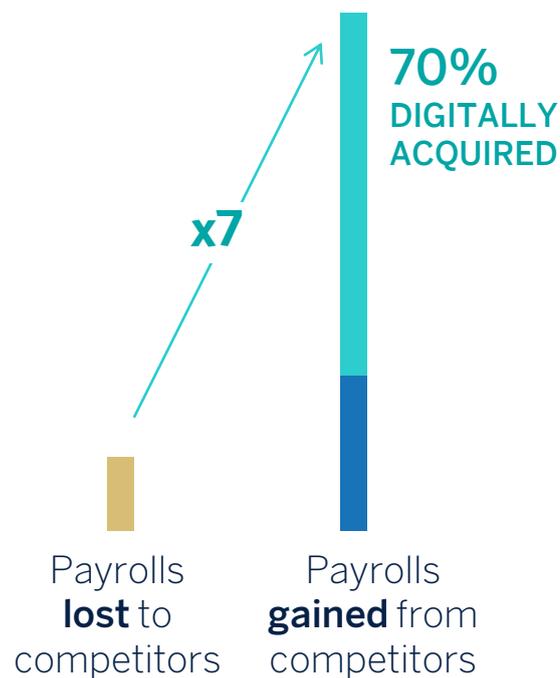


# Client acquisition and sales growth fueled by digitization

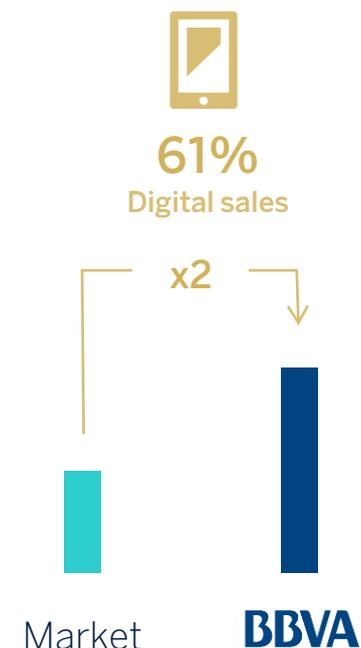
## Credit cards, USA (Sales PRV)



## Payroll accounts acquired, Mexico (# payroll accounts, 2018)



## Click and Pay, Spain (2018 commercial loans new production growth, Nov-18 YTD)

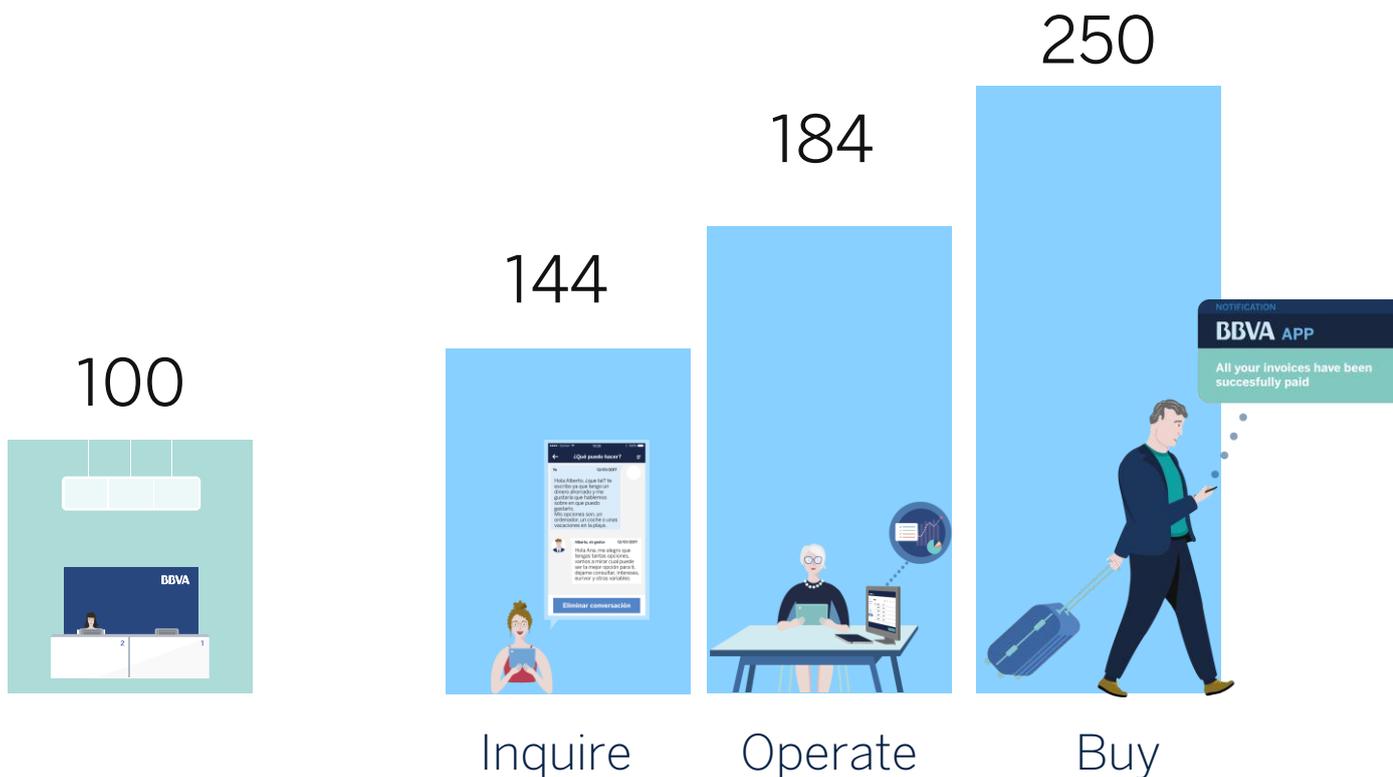


# Digital tools increase client engagement

## Spain – Client's digital behavior\* (2018 revenue/client, Base 100)

Non-digital client

Digital client



\*For same retail segment

# Strong client satisfaction across all countries

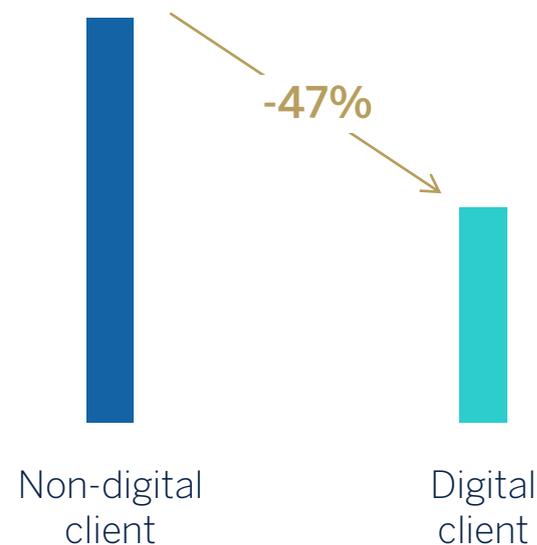
## BBVA NPS Rank

(Dec-18)

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

## Digital reduces attrition

(Attrition ratio %, Digital vs. Non-digital clients, 2018)



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

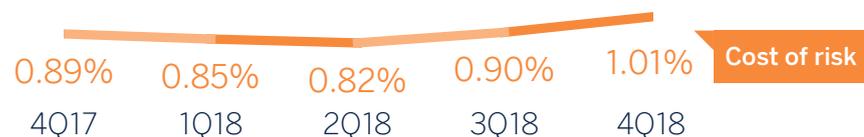
## Financial Asset Impairments<sup>2</sup>

(€m constant)



## Cost of risk

YtD (%)



## NPLs

(€bn)



## NPL & Coverage ratios

(%)



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

(2) Ex- Telefónica impairment in 4Q17

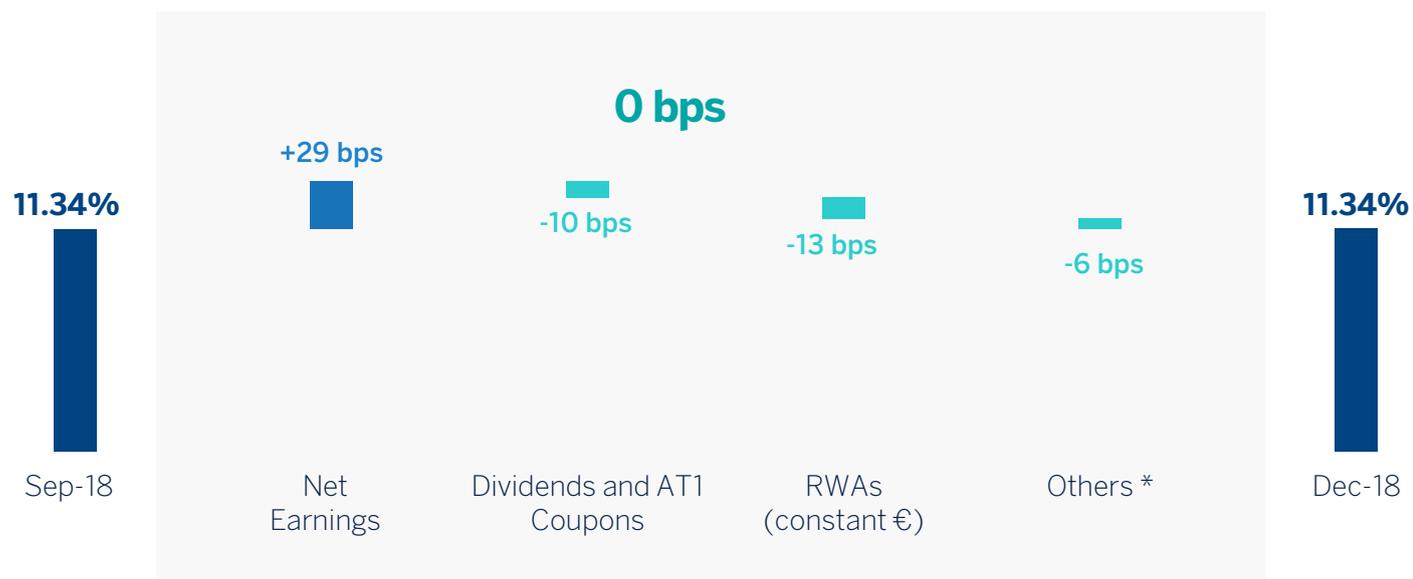
(3) 4Q18 NPLs impacted by the reclassification of big tickets in Turkey from loans to financial assets at fair value

**Continued downward trend in NPL while maintaining coverage ratio**

# Resilient capital position

## CET1 fully-loaded - BBVA Group

Quarterly evolution (% , bps)

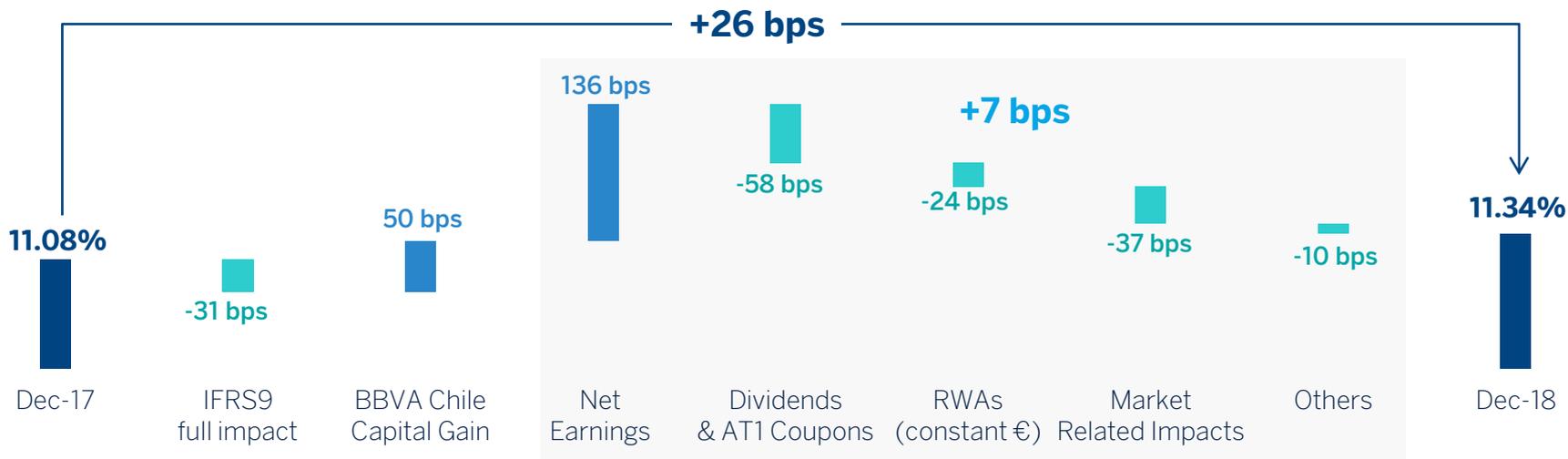


(\*) Others includes some small impacts such as minority interests and year end adjustments such as pension commitments valuation update (IAS 19) and prudent valuation.

# Resilient capital position

## CET1 fully-loaded - BBVA Group

YtD Evolution (% , bps)



### CET 1 fully-loaded target

11.5% - 12.0%

Expected to be achieved by 2019 year-end

### High quality capital

Leverage ratio fully-loaded (%)



European Peer Group Average

### AT1 and Tier 2 buckets already covered

Dec-18, Fully loaded (%)



AT1

Tier 2

**Already complying with MREL:** Funding plan also ensures fulfillment of MREL in 2020

# A clear, sustainable and predictable dividend policy

## 2018 Shareholder Remuneration

(€ per share, payment dates)



- 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 (tentatively October and April)

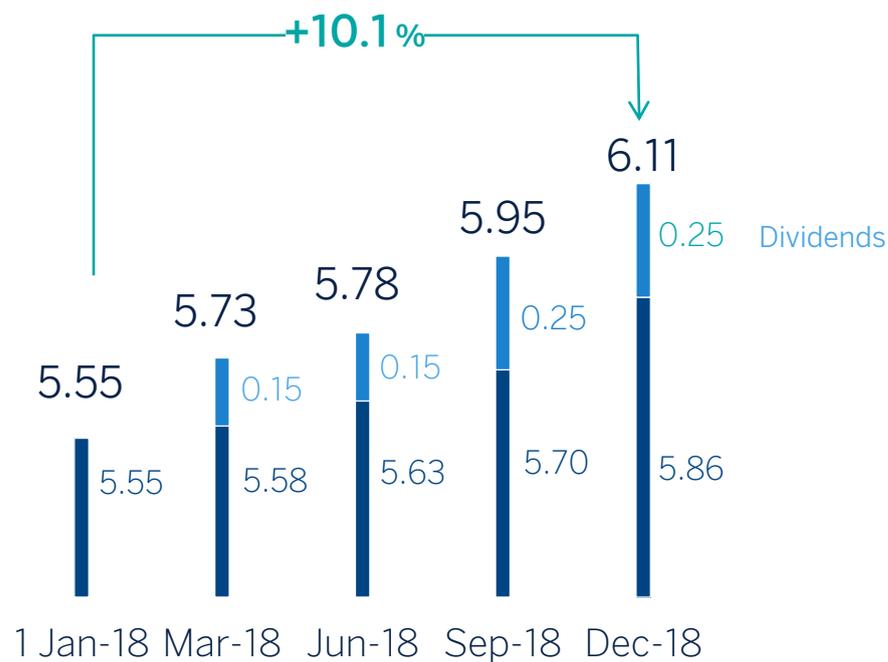
(1) To be proposed for the consideration of the competent governing bodies

(2) Net attributable profit excluding BBVA Chile capital gains

# Focus on shareholder value

## TBV per Share & Shareholder Remuneration

(€ per Share)



## Leading profitability metrics

(%)

ROTE

12.5%

14.1% Inc. capital gains from Chile

ROE

10.2%

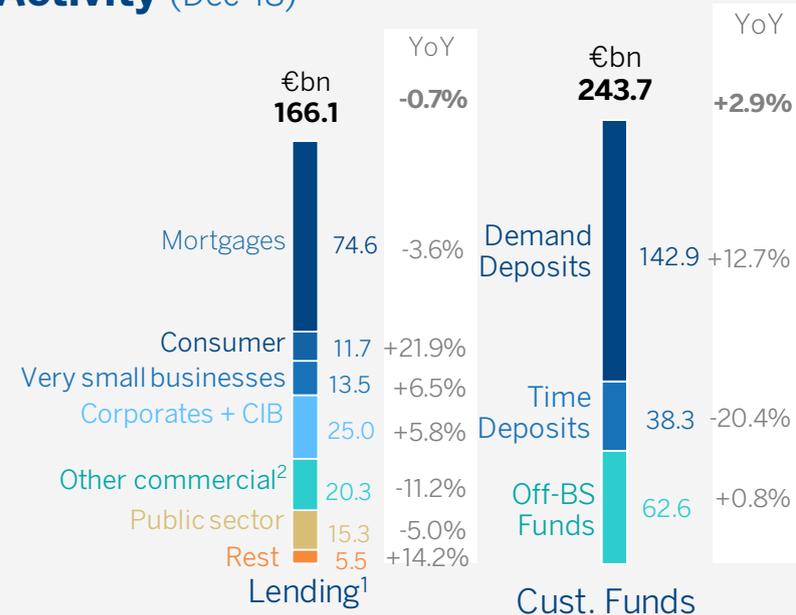
11.6% Inc. capital gains from Chile

# Business Areas

# Spain Banking Activity

Profit & Loss (€m)	4Q18	Δ (%)		12M18	Δ (%)	
		vs 4Q17			vs 12M17	
<b>Net Interest Income</b>	<b>923</b>	<b>-2.4</b>		<b>3,672</b>	<b>-1.8</b>	
Net Fees and Commissions	413	6.7		1,681	7.7	
Net Trading Income	147	-8.5		466	-16.1	
Other Income & Expenses	-57	19.2		124	-62.0	
<b>Gross Income</b>	<b>1,426</b>	<b>-1.4</b>		<b>5,943</b>	<b>-3.8</b>	
Operating Expenses	-807	-3.2		-3,262	-3.8	
<b>Operating Income</b>	<b>619</b>	<b>1.1</b>		<b>2,680</b>	<b>-3.9</b>	
Impairment on Financial Assets	-90	-34.9		-371	-34.6	
Provisions & other gains (losses)	-85	8.1		-292	-20.9	
<b>Income Before Tax</b>	<b>444</b>	<b>12.3</b>		<b>2,017</b>	<b>8.8</b>	
Income Tax	-88	14.9		-492	3.1	
<b>Net Attributable Profit</b>	<b>356</b>	<b>11.7</b>		<b>1,522</b>	<b>10.8</b>	

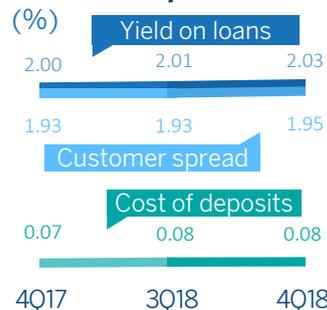
## Activity (Dec-18)



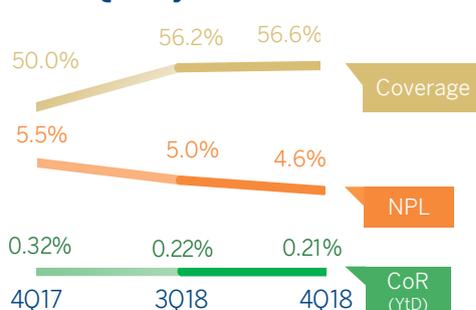
(1) Performing loans under management. (2) In 2Q18, €1.5Bn have been reclassified to Corporates+CIB.  
Note: Activity excludes repos

## Key Ratios

### Customer Spread



### Asset Quality ratios<sup>1</sup>

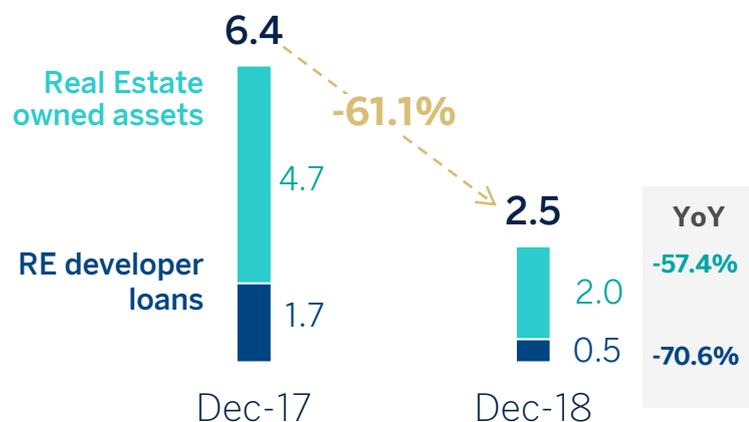


- Loans: growth in highly profitable segments
- Core revenue growth (+1.0 % YoY): sound growth in asset management and retail banking fees
- Significant cost reduction
- Asset quality: NPLs -€1.7 Bn YoY and CoR better than expected

# Non Core Real Estate

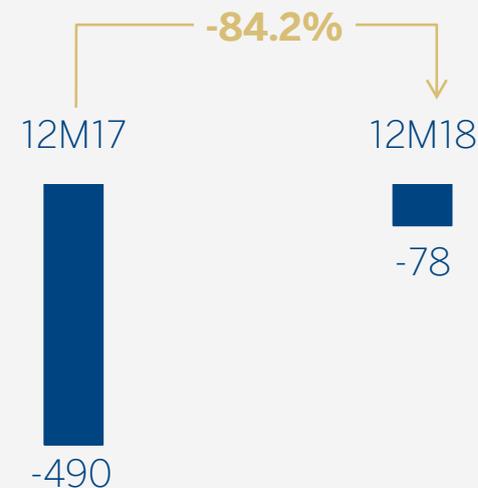
## Net Exposure

(€bn)



## Net Attributable Profit

(€m)



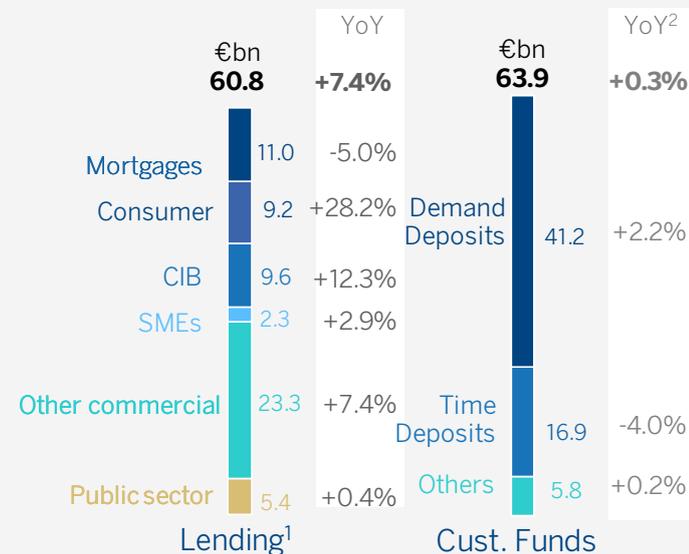
- **Successful run-off:** net exposure decrease due to Cerberus transaction and loan portfolio sales
- **Significant reduction in Net losses**

# USA

Profit & Loss (constant €m)	Δ Constant		Δ Current		Δ Constant
	4Q18	vs 4Q17 (%)	12M18	vs 12M17 (%)	vs 12M17 (%)
<b>Net Interest Income</b>	<b>592</b>	<b>12.3</b>	<b>2,276</b>	<b>7.4</b>	<b>12.1</b>
Net Fees and Commissions	142	-6.5	596	-7.5	-3.8
Net Trading Income	39	17.7	109	-1.9	0.9
Other Income & Expenses	9	-61.6	9	361.6	256.4
<b>Gross Income</b>	<b>782</b>	<b>6.2</b>	<b>2,989</b>	<b>3.9</b>	<b>8.3</b>
Operating Expenses	-474	1.3	-1,862	0.6	4.9
<b>Operating Income</b>	<b>308</b>	<b>14.9</b>	<b>1,127</b>	<b>10.0</b>	<b>14.5</b>
Impairment on Financial Assets	-85	90.9	-225	-6.8	-2.6
Provisions & other gains (losses)	3	-114.3	16	-145.1	-147.1
<b>Income Before Tax</b>	<b>226</b>	<b>9.4</b>	<b>919</b>	<b>22.9</b>	<b>27.6</b>
Income Tax	-38	-68.5	-184	-29.8	-26.9
<b>Net Attributable Profit</b>	<b>188</b>	<b>117.9</b>	<b>735</b>	<b>51.3</b>	<b>56.9</b>

## Activity (Dec-18)

(constant €)

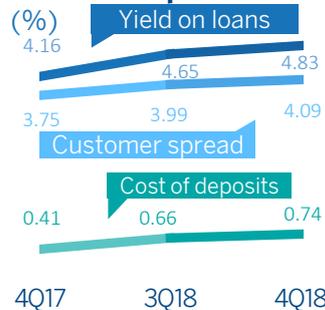


(1) Performing loans under management. Note: Activity excludes repos

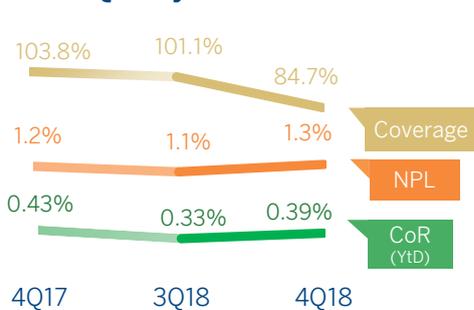
(2) In 3Q18, 1.4bn€ reclassified outside customer funds. Excluding this reclass., YoY -1.1%.

## Key Ratios

### Customer Spread



### Asset Quality ratios<sup>1</sup>



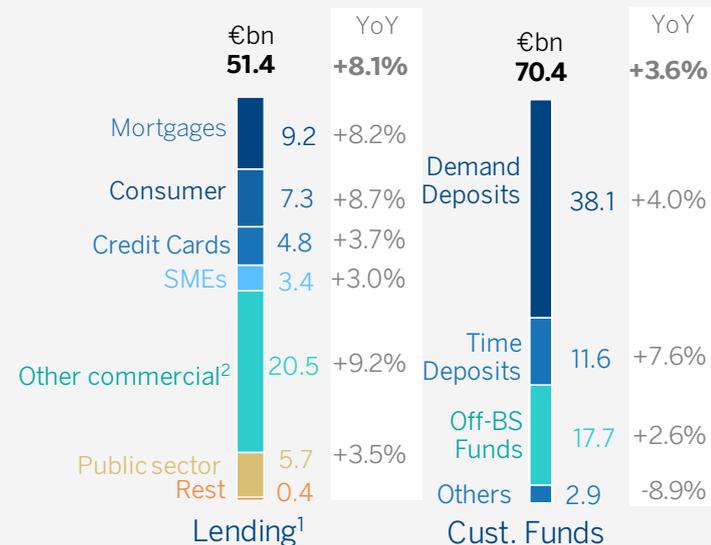
- **Loan growth acceleration**, well-balanced between commercial and retail segments
- Double-digit **NII growth**, main P&L driver
- **Costs**: positive jaws and efficiency improvement
- **Asset quality**: CoR better than expected
- Achieving **double-digit profitability**

# Mexico

Profit & Loss (constant €m)	4Q18	Δ Constant	12M18	Δ Current	Δ Constant
		vs 4Q17 (%)		vs 12M17 (%)	vs 12M17 (%)
<b>Net Interest Income</b>	<b>1,452</b>	<b>8.1</b>	<b>5,568</b>	<b>1.7</b>	<b>8.2</b>
Net Fees and Commissions	303	-0.7	1,205	-1.2	5.1
Net Trading Income	24	-64.0	223	-10.4	-4.6
Other Income & Expenses	66	159.1	197	11.2	18.3
<b>Gross Income</b>	<b>1,846</b>	<b>6.0</b>	<b>7,193</b>	<b>1.0</b>	<b>7.5</b>
Operating Expenses	-606	0.3	-2,368	-3.4	2.8
<b>Operating Income</b>	<b>1,239</b>	<b>9.0</b>	<b>4,825</b>	<b>3.3</b>	<b>10.0</b>
Impairment on Financial Assets	-498	31.7	-1,555	-5.8	0.2
Provisions & other gains (losses)	-8	-65.3	24	-167.7	-172.0
<b>Income Before Tax</b>	<b>732</b>	<b>-0.3</b>	<b>3,294</b>	<b>10.4</b>	<b>17.5</b>
Income Tax	-201	4.2	-909	14.0	21.4
<b>Net Attributable Profit</b>	<b>531</b>	<b>-1.9</b>	<b>2,384</b>	<b>9.0</b>	<b>16.1</b>

## Activity (Dec-18)

(constant €)



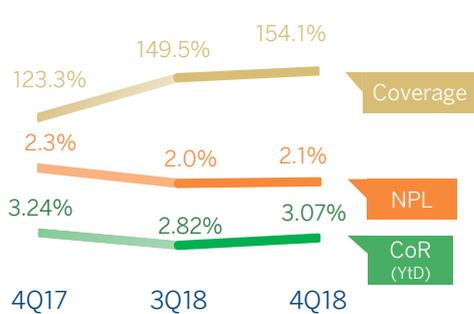
(1) Performing loans under management. Note: Activity excludes repos.

## Key Ratios

### Customer Spread



### Asset Quality ratios<sup>1</sup>



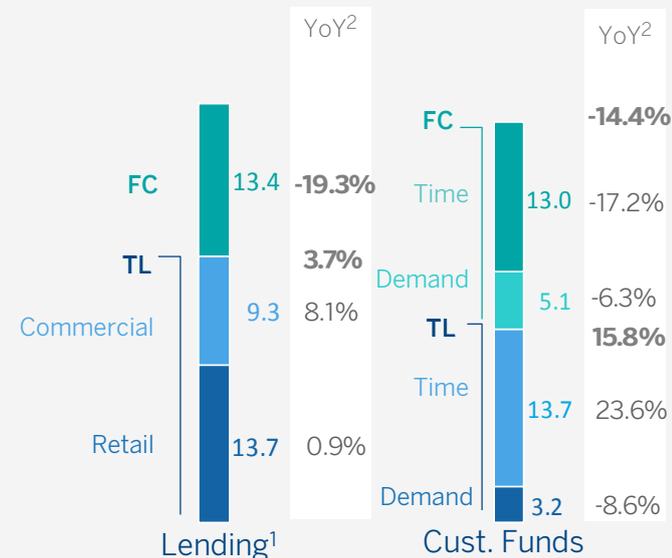
- Loans: high single digit growth. Well-balanced among retail and commercial
- NII growth at high single digit, in line with expectations
- Impressive trend in costs and efficiency
- Strong asset quality metrics.
- Outstanding profitability: bottom line growth at double digits, better than expected

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

# Turkey

<b>Profit &amp; Loss</b> (constant €m)	4Q18	Δ Constant vs 4Q17 (%)	12M18	Δ Current vs 12M17 (%)	Δ Constant vs 12M17 (%)
<b>Net Interest Income</b>	<b>1,008</b>	<b>39.5</b>	<b>3,135</b>	<b>-5.9</b>	<b>30.3</b>
Net Fees and Commissions	189	44.2	686	-2.4	35.1
Net Trading Income	-19	309.4	11	-24.2	5.0
Other Income & Expenses	21	53.9	70	3.4	43.1
<b>Gross Income</b>	<b>1,198</b>	<b>38.9</b>	<b>3,901</b>	<b>-5.2</b>	<b>31.3</b>
Operating Expenses	-361	24.8	-1,243	-17.3	14.5
<b>Operating Income</b>	<b>837</b>	<b>46.1</b>	<b>2,658</b>	<b>1.8</b>	<b>40.9</b>
Impairment on Financial Assets	-586	628.8	-1,202	165.3	267.4
Provisions & other gains (losses)	-25	4,910.0	-8	-33.7	-8.2
<b>Income Before Tax</b>	<b>226</b>	<b>-54.1</b>	<b>1,448</b>	<b>-32.5</b>	<b>-6.6</b>
Income Tax	-26	-72.1	-294	-31.0	-4.5
Non-controlling interest	-101	-49.8	-585	-34.6	-9.5
<b>Net Attributable Profit</b>	<b>99</b>	<b>-50.1</b>	<b>569</b>	<b>-31.0</b>	<b>-4.5</b>

## Activity Bank only (Dec-18) (constant €)



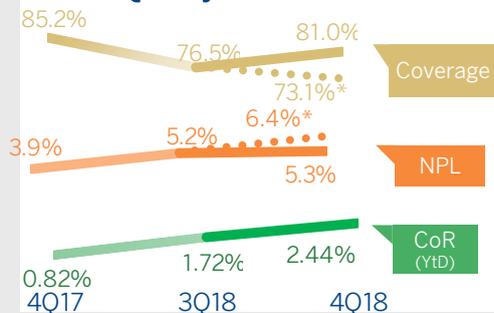
(1) Performing loans under management. (2) FC evolution excluding FX impact  
Note: Activity excludes repos

## Key Ratios

### Customer Spread (%)



### Asset Quality ratios<sup>1</sup>



- **Loans:** TL loan growth significant slowdown explained by macro and higher rates. FC loans continue to decrease
- **Deposits:** movement from USD to TL deposits in the year due to higher interest rates
- **Customer spread:** significant increase in TL funding costs
- **NII** growth boosted by higher CPI linkers contribution
- **Expenses** growth below inflation
- **Asset quality:** CoR increase due to IFRS9 macro impact and large tickets

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

\* Excludes the reclassification of big tickets in Turkey from loans to financial assets at fair value

# South America

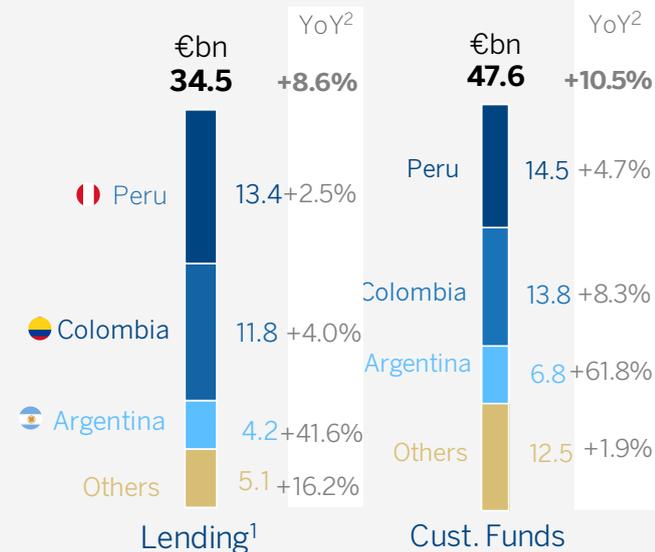
Net Attributable Profit			
(€m)	12M18	Δ Current vs 12M17 (%)	Δ Constant vs 12M17 <sup>1</sup> (%)
Colombia	229	11.6	16.6
Peru	195	8.4	14.3
Argentina	-29	-113.2	-130.5
BBVA Chile	64	-49.4	-47.7
Other <sup>2</sup>	132	1.8	6.7
<b>South America</b>	<b>591</b>	<b>-31.3</b>	<b>-16.5</b>

(1) Venezuela in current €m

(2) Other includes BBVA Forum, Venezuela, Paraguay, Uruguay and Bolivia

## Activity (Dec-18)

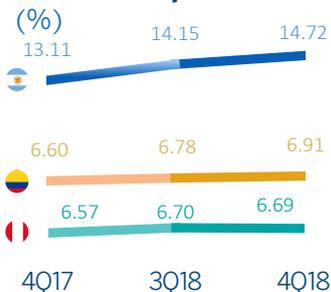
(constant €)



(1) Performing loans under management. Note: Activity excludes repos. (2) Excluding BBVA Chile.

## Key Ratios

### Customer Spread (%)



### Cost of Risk YtD (%)



- **Colombia:** loan growth driven by retail portfolios. Bottom line growth (+17% YoY) supported by core revenues and lower impairments
- **Peru:** NII as the main P&L driver, thanks to a more profitable loan mix and lower funding costs.
- **Argentina:** loan growth slowdown due to the economic environment. Customer spread improvement due to higher rates. CoR increase but still at low levels

# Final Remarks

- 01** Strong value creation and double digit profitability in a difficult environment
- 02** Solid set of results in core markets
- 03** Digital transformation leading to revenue growth and efficiency improvement
- 04** Resilient capital position despite market volatility

## 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

# Annex

- 01** Customer Spread by Country
- 02** Gross Income Breakdown
- 03** Net Attributable Profit Evolution
- 04** P&L Accounts by Business Unit
- 05** Hyperinflation adjustment  
Argentina
- 06** ALCO Portfolio and Liquidity  
Coverage Ratios (LCRs)
- 07** Garanti: wholesale funding
- 08** RWA by business area
- 09** Book Value of the Main  
Subsidiaries



# 01

## Customer Spread by Country

# Customer Spreads: Quarterly Evolution

## Average

	4Q17	1Q18	2Q18	3Q18	4Q18
<b>Spain</b>	1.93%	1.94%	1.94%	1.93%	1.95%
Yield on Loans	2.00%	2.01%	2.01%	2.01%	2.03%
Cost of Deposits	-0.07%	-0.07%	-0.07%	-0.08%	-0.08%
<b>USA</b>	3.75%	3.86%	3.97%	3.99%	4.09%
Yield on Loans	4.16%	4.31%	4.51%	4.65%	4.83%
Cost of Deposits	-0.41%	-0.45%	-0.54%	-0.66%	-0.74%
<b>Mexico MXN</b>	12.05%	12.06%	11.89%	11.80%	11.76%
Yield on Loans	14.02%	14.20%	14.20%	14.29%	14.38%
Cost of Deposits	-1.98%	-2.14%	-2.30%	-2.49%	-2.62%
<b>Mexico FC<sup>1</sup></b>	3.68%	3.93%	4.06%	4.10%	4.27%
Yield on Loans	3.76%	4.02%	4.20%	4.26%	4.46%
Cost of Deposits	-0.08%	-0.09%	-0.14%	-0.15%	-0.19%

	4Q17	1Q18	2Q18	3Q18	4Q18
<b>Turkey TL</b>	4.90%	4.94%	5.18%	4.02%	1.12%
Yield on Loans	14.06%	14.55%	15.14%	17.19%	18.98%
Cost of Deposits	-9.16%	-9.62%	-9.96%	-13.17%	-17.86%
<b>Turkey FC<sup>1</sup></b>	4.04%	4.16%	4.44%	4.47%	4.35%
Yield on Loans	6.14%	6.45%	6.79%	7.09%	7.48%
Cost of Deposits	-2.10%	-2.29%	-2.35%	-2.62%	-3.13%
<b>Argentina</b>	13.11%	12.70%	13.29%	14.15%	14.72%
Yield on Loans	18.77%	19.29%	20.72%	24.00%	29.09%
Cost of Deposits	-5.65%	-6.59%	-7.43%	-9.85%	-14.37%
<b>Colombia</b>	6.60%	6.72%	6.79%	6.78%	6.91%
Yield on Loans	11.37%	11.31%	11.22%	10.99%	11.07%
Cost of Deposits	-4.77%	-4.60%	-4.43%	-4.21%	-4.16%
<b>Peru</b>	6.57%	6.75%	6.75%	6.70%	6.69%
Yield on Loans	7.90%	7.92%	7.84%	7.84%	7.89%
Cost of Deposits	-1.33%	-1.17%	-1.09%	-1.14%	-1.20%

(1) Foreign currency

Note: USA ex NY Business Activity.

# Customer Spreads: YTD Evolution

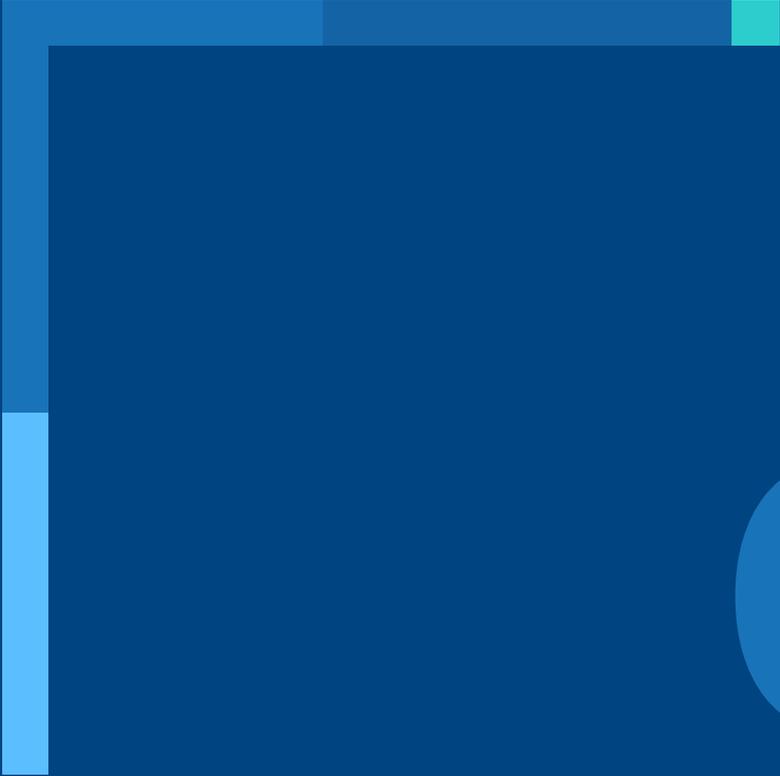
## YTD Average

	12M17	12M18
<b>Spain</b>	1.93%	1.94%
Yield on Loans	2.01%	2.02%
Cost of Deposits	-0.08%	-0.07%
<b>USA</b>	3.67%	3.98%
Yield on Loans	4.04%	4.58%
Cost of Deposits	-0.37%	-0.60%
<b>Mexico MXN</b>	12.10%	11.87%
Yield on Loans	13.93%	14.27%
Cost of Deposits	-1.82%	-2.40%
<b>Mexico FC <sup>1</sup></b>	3.57%	4.10%
Yield on Loans	3.63%	4.24%
Cost of Deposits	-0.06%	-0.14%

	12M17	12M18
<b>Turkey TL</b>	5.11%	3.66%
Yield on Loans	13.63%	16.51%
Cost of Deposits	-8.52%	-12.85%
<b>Turkey FC <sup>1</sup></b>	3.84%	4.36%
Yield on Loans	5.87%	6.98%
Cost of Deposits	-2.03%	-2.62%
<b>Argentina</b>	14.12%	13.57%
Yield on Loans	19.51%	23.65%
Cost of Deposits	-5.38%	-10.08%
<b>Colombia</b>	6.55%	6.81%
Yield on Loans	11.75%	11.15%
Cost of Deposits	-5.19%	-4.34%
<b>Peru</b>	6.78%	6.73%
Yield on Loans	8.14%	7.88%
Cost of Deposits	-1.36%	-1.15%

(1) Foreign currency

Note: USA ex NY Business Activity.

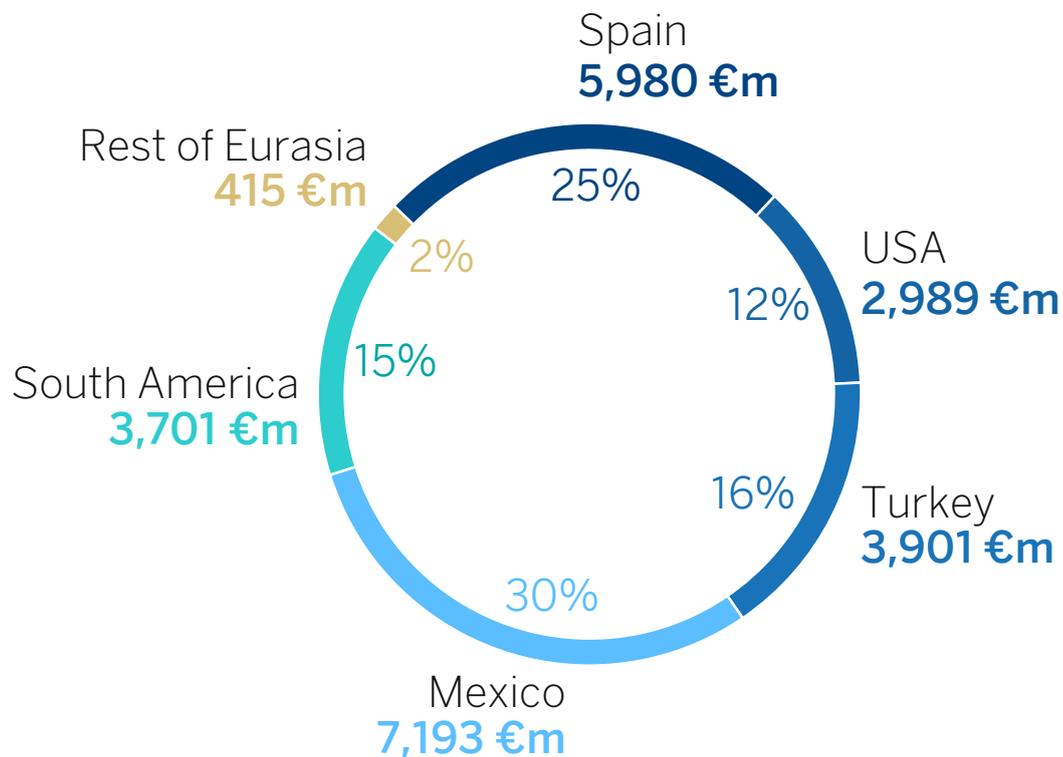


# 02

## Gross Income Breakdown

# Gross Income - Breakdown

12M18



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

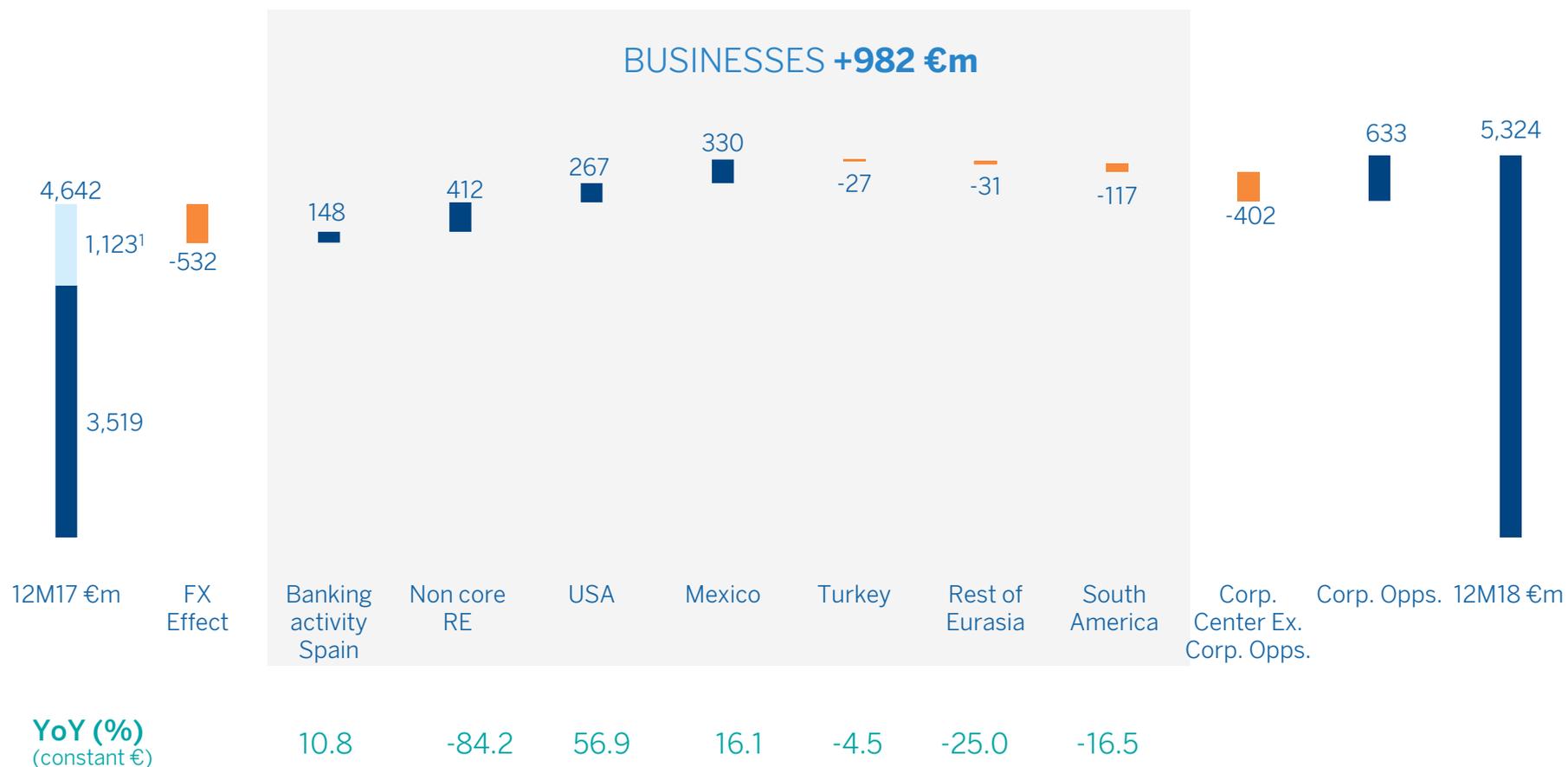


# 03

## Net Attributable Profit Evolution

# Group – Net Attributable Profit

(€m)



(1) Telefonica Impairment.



# 04

## **P&L Accounts by Business Unit**

Total Spain: Banking Activity + Non Core Real Estate

Non Core Real Estate

Rest of Eurasia

Corporate Center

Colombia

Peru

# Total Spain – Profit & Loss

Total Spain (€m)	Change (%)		Change (%)	
	4Q18	vs 4Q17	12M18	vs 12M17
<b>Net Interest Income</b>	<b>923</b>	<b>-4.8</b>	<b>3,704</b>	<b>-2.8</b>
Net Fees and Commissions	411	6.3	1,682	7.6
Net Trading Income	205	27.4	529	-4.7
Other Income & Expenses	-65	-7.4	66	-72.2
<b>Gross Income</b>	<b>1,475</b>	<b>1.9</b>	<b>5,980</b>	<b>-3.0</b>
Operating Expenses	-815	-5.2	-3,328	-4.6
<b>Operating Income</b>	<b>660</b>	<b>12.2</b>	<b>2,653</b>	<b>-0.8</b>
Impairment on Financial Assets (net)	-97	-36.0	-383	-45.6
Provisions (net) and other gains (losses)	-174	-50.2	-381	-50.6
<b>Income Before Tax</b>	<b>390</b>	<b>343.0</b>	<b>1,888</b>	<b>57.7</b>
Income Tax	-51	-447.6	-440	41.3
<b>Net Attributable Profit</b>	<b>338</b>	<b>231.9</b>	<b>1,445</b>	<b>63.4</b>

# Non Core Real Estate - Profit & Loss

Non Core Real Estate (€m)	Change (%)		Change (%)	
	4Q18	vs 4Q17	12M18	vs 12M17
<b>Net Interest Income</b>	<b>0</b>	<b>-99.9</b>	<b>32</b>	<b>-55.8</b>
Net Fees and Commissions	-2	1,088.0	1	-56.7
Net Trading Income	58	34,770.3	64	41,456.8
Other Income & Expenses	-7	-65.8	-59	-35.7
<b>Gross Income</b>	<b>49</b>	<b>3,262.4</b>	<b>38</b>	<b>-324.8</b>
Operating Expenses	-7	-71.1	-65	-33.9
<b>Operating Income</b>	<b>42</b>	<b>-278.7</b>	<b>-28</b>	<b>-76.1</b>
Impairment on Financial Assets (net)	-6	-48.2	-12	-91.0
Provisions (net) and other gains (losses)	-90	-67.0	-89	-77.8
<b>Income Before Tax</b>	<b>-54</b>	<b>-82.4</b>	<b>-129</b>	<b>-80.3</b>
Income Tax	37	-59.5	52	-68.8
<b>Net Attributable Profit</b>	<b>-17</b>	<b>-92.0</b>	<b>-78</b>	<b>-84.2</b>

# Rest of Eurasia - Profit & Loss

Rest of Eurasia (€m)	Change (%)		Change (%)	
	4Q18	vs 4Q17	12M18	vs 12M17
<b>Net Interest Income</b>	<b>51</b>	<b>40.1</b>	<b>175</b>	<b>-2.5</b>
Net Fees and Commissions	24	-39.8	138	-15.9
Net Trading Income	24	-0.1	101	-17.3
Other Income & Expenses	-1	-306.9	0	-100.2
<b>Gross Income</b>	<b>98</b>	<b>-2.5</b>	<b>415</b>	<b>-11.4</b>
Operating Expenses	-74	-8.4	-291	-5.6
<b>Operating Income</b>	<b>24</b>	<b>21.2</b>	<b>124</b>	<b>-22.5</b>
Impairment on Financial Assets (net)	33	150.2	24	4.0
Provisions (net) and other gains (losses)	-7	-349.1	-3	-40.4
<b>Income Before Tax</b>	<b>50</b>	<b>40.1</b>	<b>144</b>	<b>-18.5</b>
Income Tax	-14	22.3	-51	-2.6
<b>Net Attributable Profit</b>	<b>36</b>	<b>48.8</b>	<b>93</b>	<b>-25.2</b>

# Corporate Center - Profit & Loss

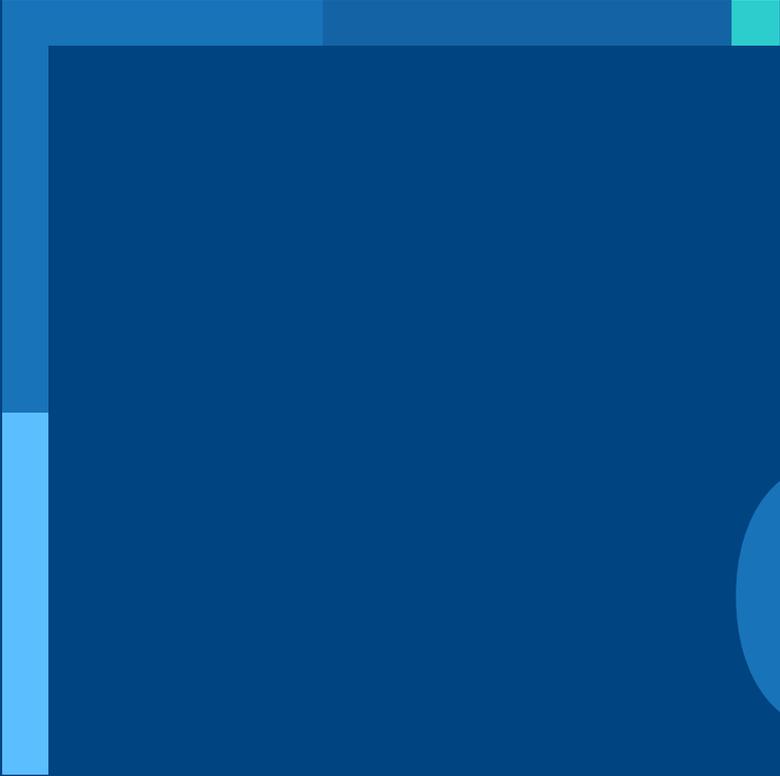
Corporate Center (€m)	Change (%)		Change (%)	
	4Q18	vs 4Q17	12M18	vs 12M17
<b>Net Interest Income</b>	<b>-65</b>	<b>-20.7</b>	<b>-276</b>	<b>-22.8</b>
Net Fees and Commissions	-9	-57.8	-59	-32.1
Net Trading Income	-59	-141.3	-155	-135.5
Other Income & Expenses	26	-43.1	57	-29.2
<b>Gross Income</b>	<b>-107</b>	<b>-224.1</b>	<b>-432</b>	<b>-688.4</b>
Operating Expenses	-224	-1.3	-920	3.6
<b>Operating Income</b>	<b>-331</b>	<b>135.0</b>	<b>-1,352</b>	<b>65.9</b>
Impairment on Financial Assets (net)	-2	-99.8	-2	-99.8
Provisions (net) and other gains (losses)	-10	-36.3	-65	-10.8
<b>Income Before Tax</b>	<b>-343</b>	<b>-73.2</b>	<b>-1,420</b>	<b>-29.5</b>
Income Tax	38	-49.4	290	75.0
Corporate Operations Income	0	n.s.	633	n.s.
Non - controlling interests	-1	-104.4	3	-314.4
<b>Net Attributable Profit</b>	<b>-306</b>	<b>-74.3</b>	<b>-494</b>	<b>-73.3</b>

# Colombia- Profit & Loss

Colombia (constant €m)	Change (%)		Change (%)	
	4Q18	vs 4Q17	12M18	vs 12M17
<b>Net Interest Income</b>	<b>213</b>	<b>10.2</b>	<b>834</b>	<b>9.8</b>
Net Fees and Commissions	29	27.6	98	12.5
Net Trading Income	19	-46.8	63	-36.1
Other Income & Expenses	5	14.4	18	12.7
<b>Gross Income</b>	<b>266</b>	<b>4.0</b>	<b>1,014</b>	<b>5.3</b>
Operating Expenses	-96	8.9	-368	6.3
<b>Operating Income</b>	<b>170</b>	<b>1.5</b>	<b>645</b>	<b>4.8</b>
Impairment on Financial Assets (net)	-92	36.0	-278	-10.3
Provisions (net) and other gains (losses)	-1	-84.1	-13	-36.5
<b>Income Before Tax</b>	<b>77</b>	<b>-15.8</b>	<b>355</b>	<b>24.1</b>
Income Tax	-24	47.7	-117	41.8
<b>Net Attributable Profit</b>	<b>51</b>	<b>-29.5</b>	<b>229</b>	<b>16.6</b>

# Peru- Profit & Loss

Peru (constant €m)	Change (%)		Change (%)	
	4Q18	vs 4Q17	12M18	vs 12M17
<b>Net Interest Income</b>	<b>217</b>	<b>17.4</b>	<b>806</b>	<b>10.5</b>
Net Fees and Commissions	60	6.1	219	2.3
Net Trading Income	36	5.4	138	-3.3
Other Income & Expenses	-11	244.1	-23	41.6
<b>Gross Income</b>	<b>303</b>	<b>10.9</b>	<b>1,140</b>	<b>6.5</b>
Operating Expenses	-105	8.7	-404	6.2
<b>Operating Income</b>	<b>198</b>	<b>12.2</b>	<b>736</b>	<b>6.7</b>
Impairment on Financial Assets (net)	7	-246.2	-134	-7.8
Provisions (net) and other gains (losses)	-14	-48.6	-19	-54.1
<b>Income Before Tax</b>	<b>191</b>	<b>32.8</b>	<b>584</b>	<b>15.8</b>
Income Tax	-49	25.6	-163	19.9
Non - controlling interests	-76	35.3	-226	14.3
<b>Net Attributable Profit</b>	<b>66</b>	<b>35.6</b>	<b>195</b>	<b>14.3</b>



05

**Hyperinflation adjustment  
Argentina**

# Argentina Hyperinflation adjustment

## Income Statement

<b>Profit &amp; Loss</b> (€m current)	<b>12M18</b> (reported)	Hyperinflation adjustment	<b>12M18</b> Ex. Hyperinflation
<b>Net Interest Income</b>	<b>656</b>	<b>-61</b>	<b>717</b>
Net Fees and Commissions	149	-13	162
Net Trading Income	135	-11	146
Other Income & Expenses	-275	-323	47
<b>Gross Income</b>	<b>665</b>	<b>-407</b>	<b>1,072</b>
Operating Expenses	-485	25	-510
<b>Operating Income</b>	<b>179</b>	<b>-383</b>	<b>562</b>
Impairment on Financial Assets (net)	-81	7	-88
Provisions (net) and other gains (losses)	-27	5	-32
<b>Income Before Tax</b>	<b>71</b>	<b>-370</b>	<b>441</b>
Income Tax	-118	-15	-103
Non Controlling Interest	18	120	-102
<b>Net Attributable Profit</b>	<b>-29</b>	<b>-266</b>	<b>237</b>



06

**ALCO Portfolio and Liquidity  
Coverage Ratios (LCRs)**

# ALCO Portfolio & Liquidity Coverage Ratios (LCRs)

## ALCO Portfolio breakdown by region (€ bn)



(1) Figures excludes SAREB bonds (€5bn as of Dec-17, €4.8bn as of Sep-18 and €4.6bn as of Dec-18).

## BBVA Group and Subsidiaries LCR

Significantly above the 100% requirement

Dec-18	BBVA Group	Euroz. <sup>1</sup>	USA <sup>2</sup>	Mexico	Turkey	S. Amer.
<b>LCR</b>	127% (154% <sup>3</sup> )	145%	143%	154%	209%	well >100%

(1) Perimeter: Spain + Rest of Eurasia.

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

(3) LCR of 127% does not consider the excess liquidity of the subsidiaries outside the Eurozone. If these liquid assets are considered the ratio would reach 154%



07

**Garanti: wholesale funding**

# Turkey – Liquidity & Funding Sources

- ▲ **LTD ratio 101%**, 15 p.p. improvement in the year, mainly driven by a reduction in **Local Currency LTD**. On top of this, **Foreign Currency LTD** improved by 7 p.p to 65%
- ▲ **Liquidity Coverage Ratio** (EBA): **209%** vs. 100% required for 2018
- ▲ **Foreign Currency loans** decreased by 19% in 2018
- ▲ **Limited External wholesale funding** needs: USD 12.4 Bn

## FC Liquidity Buffers

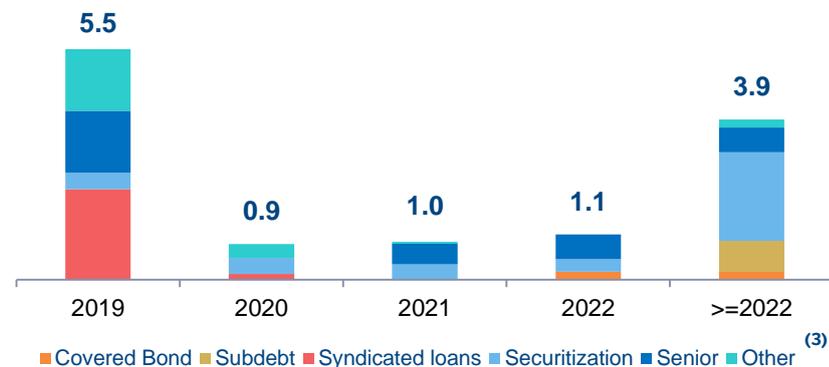
- ✓ Short Term Swaps
- ✓ Unencumbered FC securities
- ✓ FC Reserves under ROM<sup>(1)</sup>
- ✓ Money Market Placements

**c.USD 11 Bn** liquidity buffer

Note: All figures are Bank-only, as of December 2018

(1) ROM: Reserve Option Mechanism

## External Wholesale Funding Maturities<sup>(2)</sup> (USD Bn)



**USD 12.4 Bn** including syndicated loans

(2) Includes TRY covered bonds and excludes on balance sheet IRS transactions

(3) Other includes mainly bilateral loans, secured finance and other ST funding

**Ample liquidity buffers and limited wholesale funding maturities, USD 5.5 Bn in 2019, including syndicated loans**



08

**Risk-Weighted Assets by  
Business Area**

# Risk-Weighted Assets by Business Area

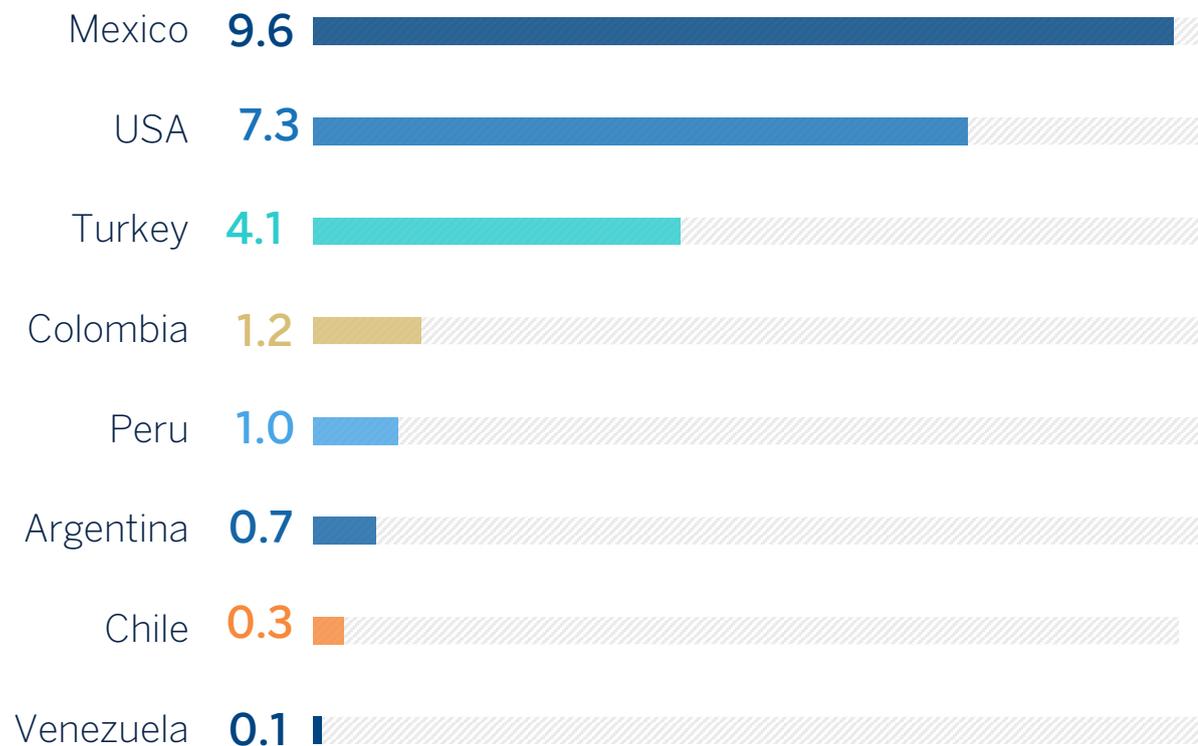
Breakdown by business area and main countries (€m)	Fully-Loaded RWA		
	dec-17	sep-18	dec-18
Banking activity in Spain	108,141	101,974	100,950
Non-core RE in Spain	9,692	7,475	3,022
United States	58,688	62,721	64,146
Mexico	44,941	54,498	53,359
Turkey	62,768	52,822	56,486
South America	55,975	41,578	42,736
Argentina	9,364	7,021	8,036
Chile	14,431	2,119	2,243
Colombia	12,299	13,248	12,672
Peru	14,879	15,247	15,760
Rest of South America	5,002	3,943	4,024
Rest of Eurasia	15,150	13,647	15,449
Corporate Center	6,332	8,557	12,645
<b>BBVA Group</b>	<b>361,686</b>	<b>343,271</b>	<b>348,795</b>



09

## Book Value of the Main Subsidiaries

# Book Value of the Main Subsidiaries<sup>1,2</sup>



(1) Includes the initial investment + BBVA's undistributed results + FX impact + other valuation adjustments. The Goodwill associate to each subsidiary has been deducted from its Book Value.

(2) Turkey includes the Garanti Group.



**BBVA** Creating  
Opportunities

# 2018 Results

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