

**BBVA**

Creating Opportunities

# 2Q19 Results

July 31<sup>st</sup>, 2019

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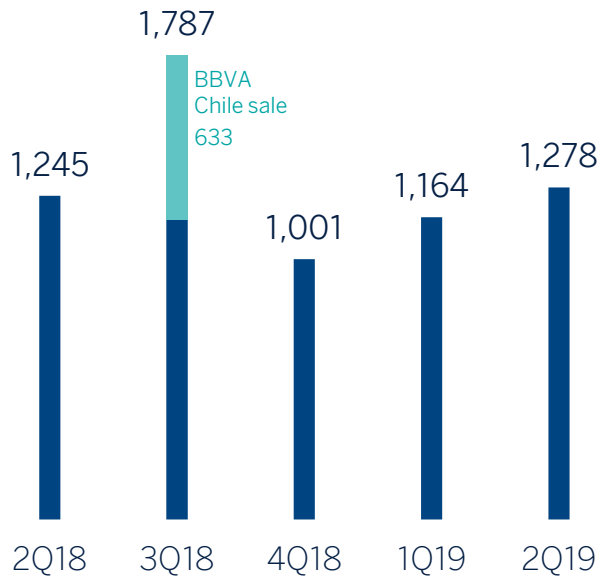
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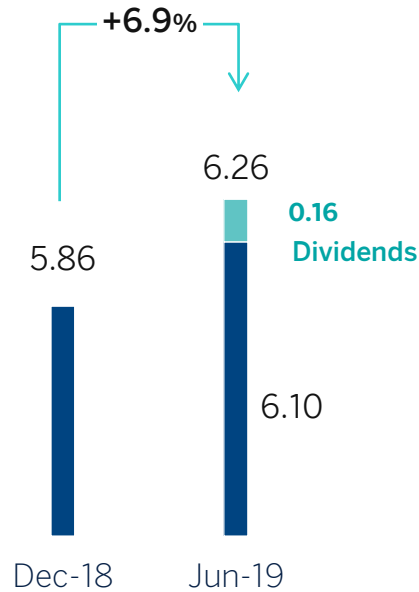
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# Outstanding value creation and strong capital position

## NET ATTRIBUTABLE PROFIT (€M)

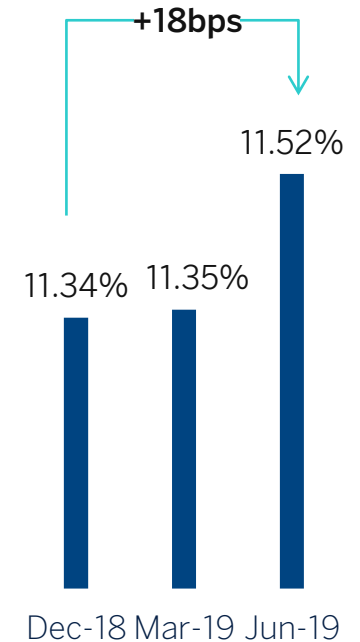


## TBV/SHARE + DIVIDENDS (€/SH.)



+12.6%  
vs Jun18

## CET1 FULLY-LOADED (%)



Absorbing  
-24 bps from  
TRIM + IFRS16

Note: The hyperinflation impact in Argentina recorded in 3Q18 has been allocated on a monthly basis in the first nine 9 months of 2018 impacting 1Q18, 2Q18 and 3Q18 P&L and balance sheet figures. 2Q18 figures include BBVA Chile recurrent operations (sale closed on July 6<sup>th</sup>).

# 2Q19 Highlights

## 01 Robust core revenue growth

NII + FEES (€ constant)  
**+8.7%** vs. 2Q18

## 02 Further improvement in best-in-class efficiency

COST TO INCOME  
**49.0%** -41 bps vs. 12M18 (€ constant)

## 03 Sound risk indicators

NPL RATIO  
**3.84%**  
-57 bps vs. 2Q18

COVERAGE RATIO  
**75%**  
+330 bps vs. 2Q18

CoR  
**0.91%**  
+9 bps vs. 1H18

## 04 Strong capital position

CET 1 FL  
**11.52%** +17 bps vs. Mar-19

**ALREADY WITHIN  
THE TARGET RANGE**

## 05 Outstanding delivery on shareholder value creation

ROTE  
**12.4%** Jun-19

TBV/SHARE + DIVIDENDS  
**+12.6%** vs. Jun-18 6.26 €/sh.

## 06 Ahead of the curve in digital transformation

DIGITAL SALES (units)  
**58.1%**  
Jun-19

DIGITAL CUSTOMERS  
**29.7 m** +17%  
Jun-19 vs. Jun-18

MOBILE CUSTOMERS  
**26.1 m** +25%  
Jun-19 vs. Jun-18

# 2Q19 Profit & Loss

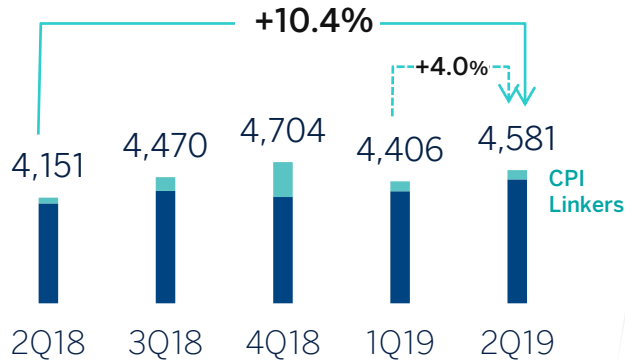
BBVA Group (€m)	2Q19	Change 2Q19/2Q18	
		%	% constant
<b>Net Interest Income</b>	<b>4,566</b>	<b>9.0</b>	<b>10.4</b>
Net Fees and Commissions	1,256	2.5	3.0
Net Trading Income	116	-56.5	-58.2
Other Income & Expenses	-18	n.s.	n.s.
<b>Gross Income</b>	<b>5,920</b>	<b>4.2</b>	<b>5.1</b>
Operating Expenses	-2,952	3.9	4.1
<b>Operating Income</b>	<b>2,968</b>	<b>4.5</b>	<b>6.1</b>
Impairment on Financial Assets	-753	-2.1	0.0
Provisions and Other Gains and Losses	-120	n.s.	n.s.
<b>Income Before Tax</b>	<b>2,095</b>	<b>2.1</b>	<b>3.4</b>
Income Tax	-577	-3.1	-2.2
Non-controlling Interest	-241	-2.9	13.1
<b>Net Attributable Profit</b>	<b>1,278</b>	<b>5.7</b>	<b>4.4</b>

# 1H19 Profit & Loss

BBVA Group (€m)	1H19	Change 1H19/1H18	
		%	% constant
<b>Net Interest Income</b>	<b>8,987</b>	<b>7.4</b>	<b>9.9</b>
Net Fees and Commissions	2,470	1.0	2.8
Net Trading Income	542	-17.7	-16.6
Other Income & Expenses	-10	n.s.	n.s.
<b>Gross Income</b>	<b>11,989</b>	<b>3.7</b>	<b>6.0</b>
Operating Expenses	-5,874	2.3	3.9
<b>Operating Income</b>	<b>6,115</b>	<b>5.2</b>	<b>8.2</b>
Impairment on Financial Assets	-1,777	13.4	15.7
Provisions and Other Gains and Losses	-286	n.s.	n.s.
<b>Income Before Tax</b>	<b>4,052</b>	<b>-2.8</b>	<b>0.3</b>
Income Tax	-1,136	-5.4	-3.0
Non-controlling Interest	-475	-4.7	17.2
<b>Net Attributable Profit</b>	<b>2,442</b>	<b>-1.2</b>	<b>-0.8</b>

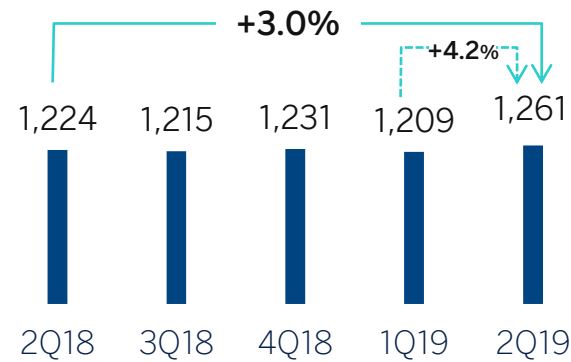
# Robust core revenue growth

## NET INTEREST INCOME (€M CONSTANT)



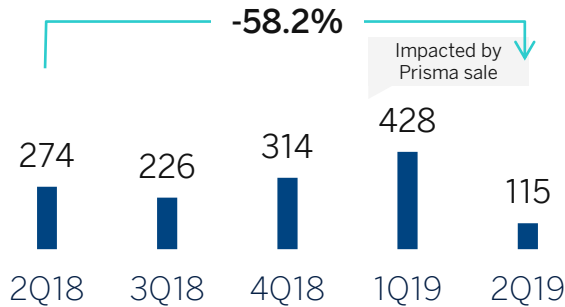
Very strong growth in most of geographies

## NET FEES AND COMMISSIONS (€M CONSTANT)



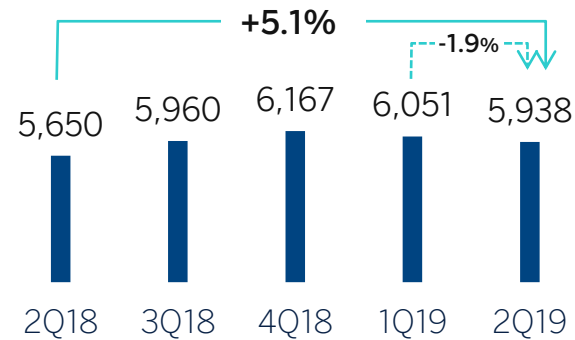
Robust fee generation in the quarter

## NET TRADING INCOME (€M CONSTANT)



2Q19 impacted by muted Global Markets activity and lower portfolio sales

## GROSS INCOME (€M CONSTANT)

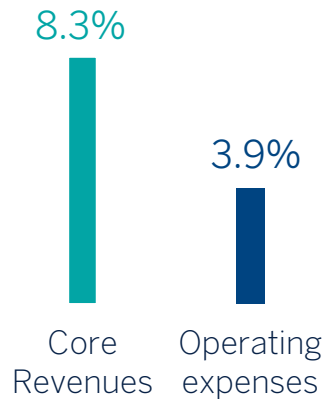


Annual Single Resolution Fund (SRF) contribution in the quarter (144€m)

# Further improvement in best-in-class efficiency

## GROUP OPERATING JAWS

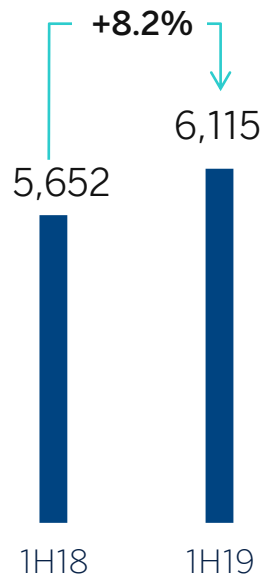
(1H YOY (%); (€ CONSTANT))



INFLATION  
6.3%  
Average 12m

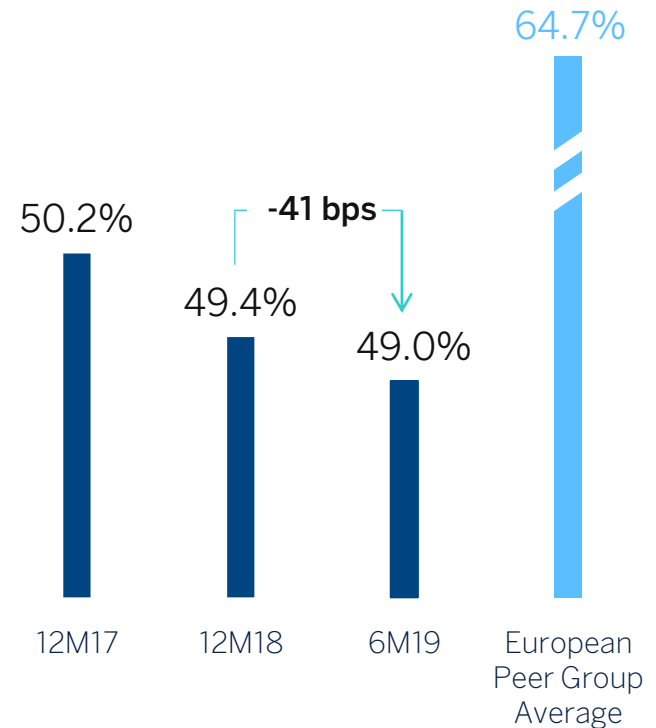
## GROUP OPERATING INCOME

(YOY (%); (€M CONSTANT))



## EFFICIENCY RATIO

(%; € CONSTANT)

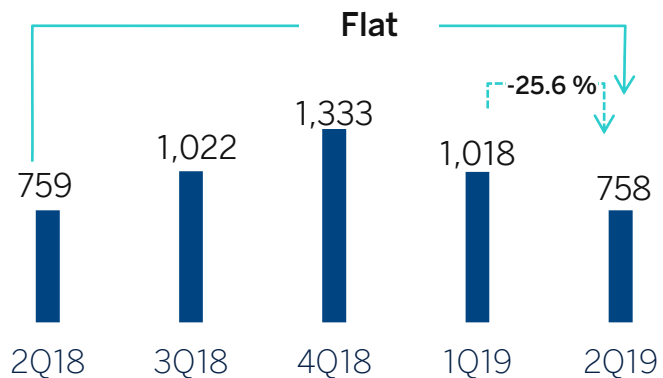


European Peer Group: BARC, BNPP, CASA, CS, CMZ, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS, UCG. European Peer Group figures as of Mar-19. BBVA figures as of Jun-19.

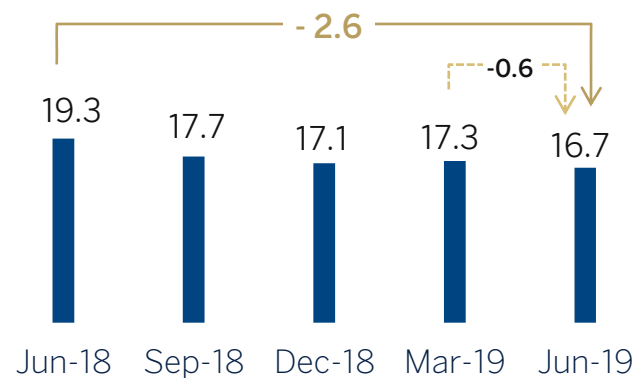


# Sound risk indicators

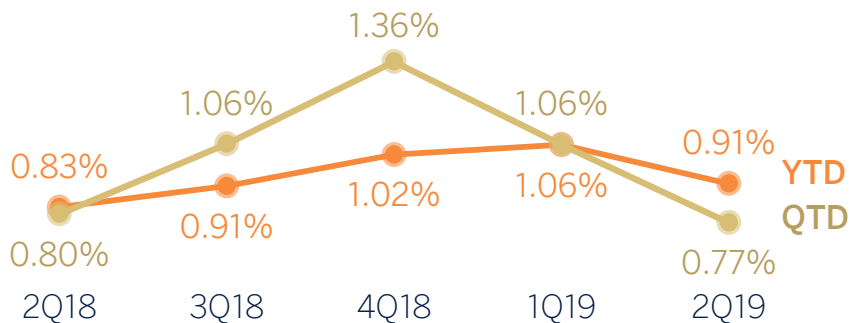
## FINANCIAL ASSETS IMPAIRMENTS (€M CONSTANT)



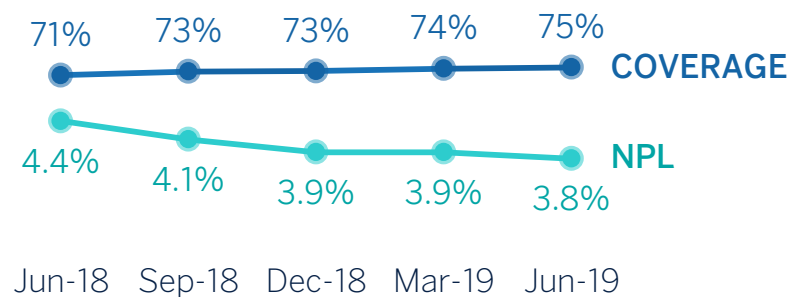
## NPLs (€BN)



## COST OF RISK (%)



## NPL & COVERAGE RATIOS (%)



Better than expectations

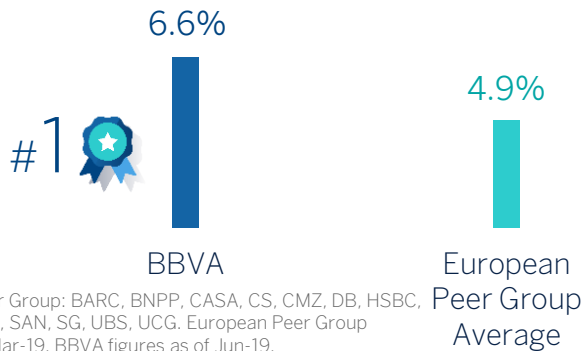
# Strong capital position

## CET1 FULLY-LOADED - BBVA GROUP QUARTERLY EVOLUTION (% , BPS)



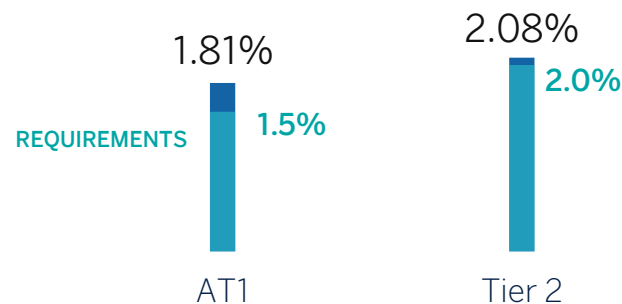
(\*) Others includes RWAs evolution and market related impacts such as FX impact, mark to market of the Held To Collect and Sell portfolios, among others items.

## HIGH QUALITY CAPITAL LEVERAGE RATIO FULLY-LOADED (%)



European Peer Group: BARC, BNPP, CASA, CS, CMZ, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS, UCG. European Peer Group figures as of Mar-19. BBVA figures as of Jun-19.

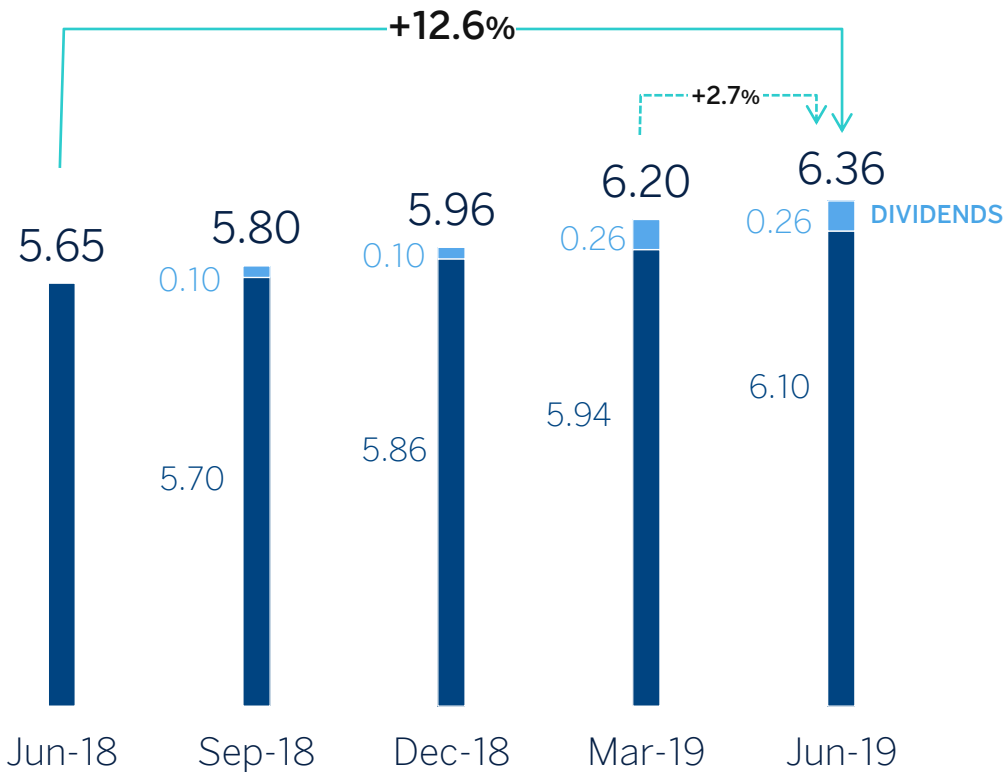
## AT1 AND TIER 2 BUCKETS ALREADY COVERED JUN-19, FULLY-LOADED (%)



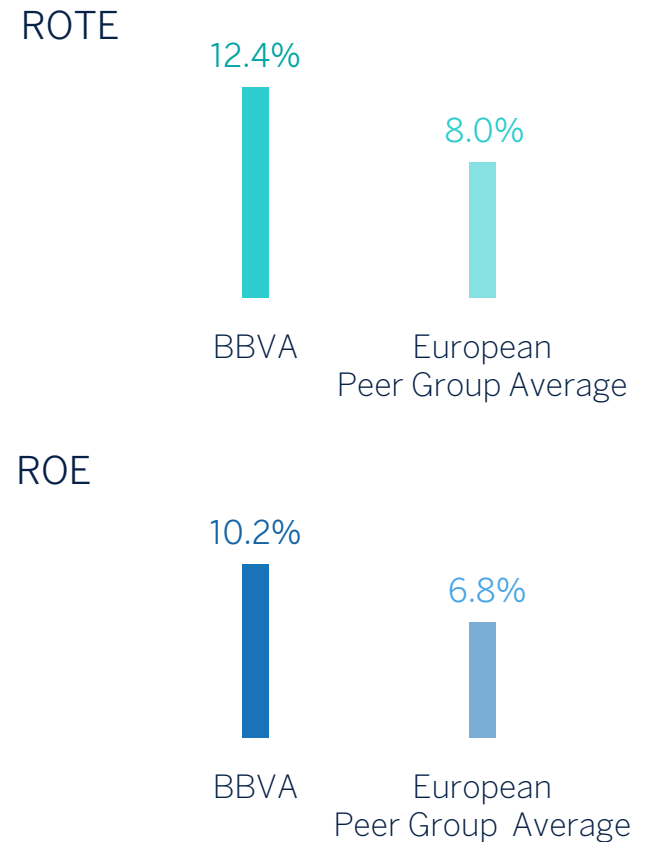
**CET1 FL already within the target range earlier than expected**

# Outstanding delivery on shareholder value creation

## TBV PER SHARE & DIVIDENDS (€ PER SHARE)



## LEADING PROFITABILITY METRICS (%)

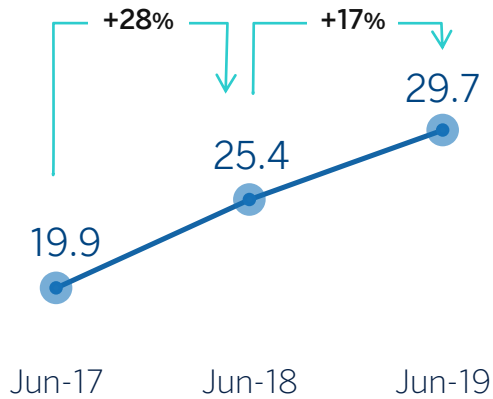


2018 Figures include BBVA Chile recurrent operations (sale closed on July 6th).

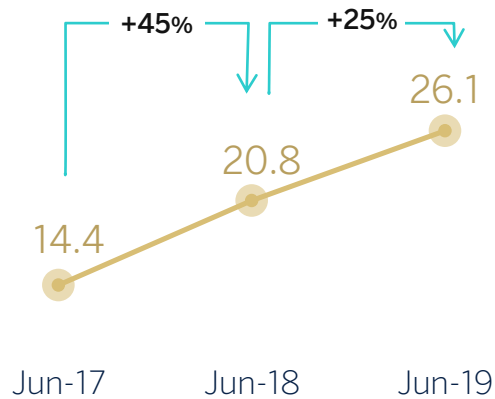
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# Growing in digital and mobile customers, leading to an outstanding trend in digital sales

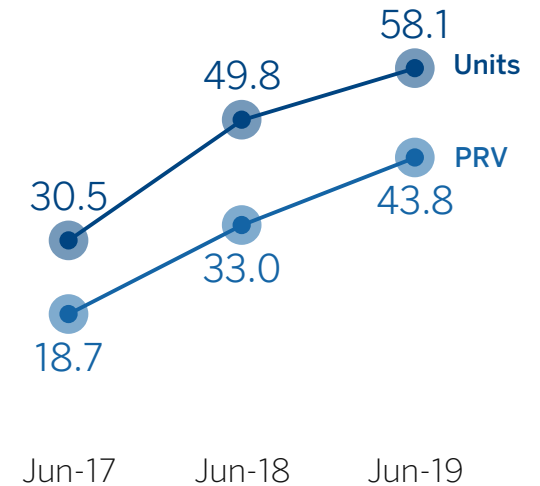
## DIGITAL CUSTOMERS MILLION, % YOY GROWTH



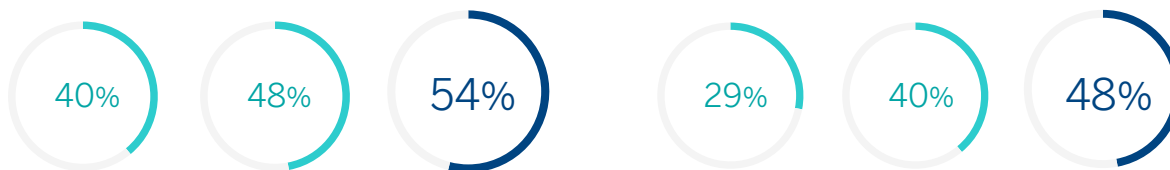
## MOBILE CUSTOMERS MILLION, % YOY GROWTH



## DIGITAL SALES (% OF TOTAL SALES YTD, # OF TRANSACTIONS AND PRV<sup>(1)</sup>)



## CUSTOMER PENETRATION RATE, %



Note: figures have been restated in order to include credit card related financing solutions and FX.  
(1) Product Relative Value as a proxy of a better economic representation of units sold.

# Digital transformation: a competitive advantage for BBVA

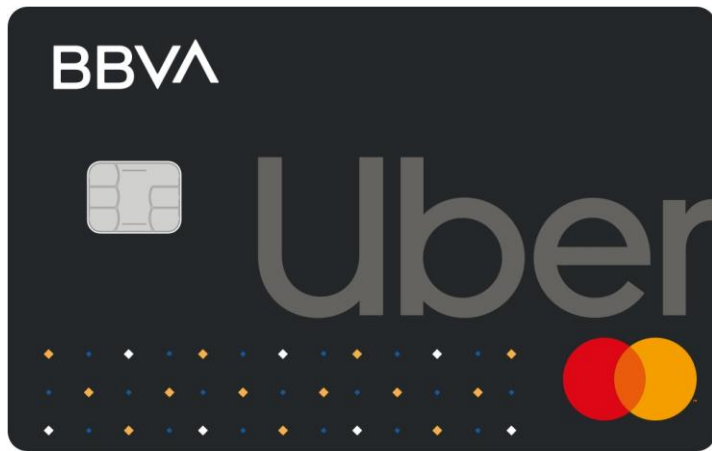
## CUSTOMER GROWTH

OPEN BANKING: PARTNERSHIP WITH UBER



## CUSTOMER ENGAGEMENT AND ADVICE

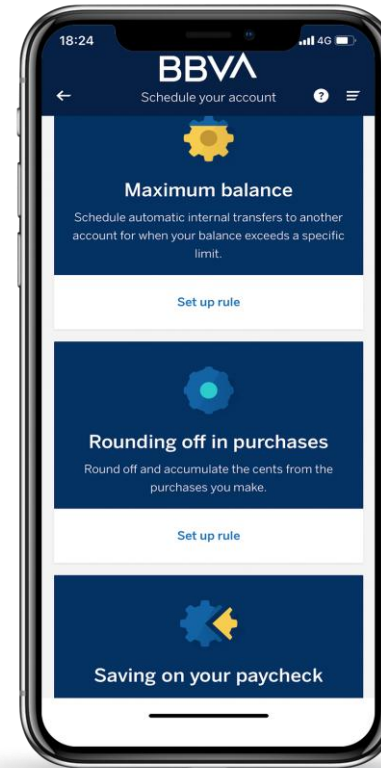
SELF-DRIVEN ACCOUNT



Uber's first financial product **outside USA**

First BBVA product created through our **Open Banking capabilities** in a partnership with a Bigtech company

Co-branded **account and debit card** for 500k Uber drivers in Mexico



Self-configuration of rules help clients manage their finances

- Paycheck savings
- Minimum and maximum balance
- Rounding off in purchases
- Budget savings
- End of month savings

# The impact of transformation: Spain

Two years change (Jun'17 vs Jun'19)

BBVA Spain has grown its customer base. It has also increased client satisfaction and retention by using a more efficient relationship model, which has lowered operating expenses



## GROWTH

Acquiring more engaged and profitable clients

**+33%**

Digitally acquired clients

**+11%**

Net fees & commissions <sup>(1)</sup>



## ENGAGEMENT

Resulting in higher client satisfaction and retention

Leading since 2017

NPS <sup>(2)</sup>

**-18%**

Attrition rate

App European Leader  
in Mobile Banking

2017 | 2018 | 2019 <sup>(3)</sup>



## EFFICIENCY

Lowering cost to sell and serve our clients

**-8%**

Operating Expenses

**-14%**

Branches

**+79%**

Remote serviced clients

# Business Areas

# Business Areas

## Spain

### NET ATTRIBUTABLE PROFIT (1H19)

734 €m **-1.7%** vs. 1H18

NPL RATIO

4.6%

vs. 6.3% 2Q18

COVERAGE RATIO

58%

vs. 58% 2Q18

- **NII:** significant recovery QoQ (+5%) thanks to good commercial activity, higher contribution from ALCO and lower cost of excess liquidity.
- **Costs:** continue to go down.
- Strong **Asset quality:** positively impacted by mortgage portfolio sales.

## USA € constants

### NET ATTRIBUTABLE PROFIT (1H19)

297 €m **-27.8%** vs. 1H18

NPL RATIO

1.3%

vs. 1.2% 2Q18

COVERAGE RATIO

91%

vs. 93% 2Q18

- **NII:** growth at mid single-digit YoY in 1H19, supported by loan growth and higher customer spread.
- **Positive jaws:** with flat operating expenses.
- **Asset quality:** indicators improving QoQ.

## Mexico € constants

### NET ATTRIBUTABLE PROFIT (1H19)

1,287 €m **+0.6%** vs. 1H18

NPL RATIO

2.2%

vs. 2.0% 2Q18

COVERAGE RATIO

148%

vs. 155% 2Q18

- **NII:** as the main P&L driver.
- **Positive Jaws:** core revenues (+6.2%) above Opex growth (+3.7% excl. increased contribution to BBVA Foundation).
- Strong **asset quality metrics.**



# Business Areas

## Turkey € constants

### NET ATTRIBUTABLE PROFIT (1H19)

282 €m

-2.8% vs. 1H18

### NPL RATIO

6.3%

vs. 4.5% 2Q18

### COVERAGE RATIO

76%

vs. 76% 2Q18

- **Resilience** in a more challenging environment vs. 1H18.
- Strong **fee growth**.
- **Asset quality**: better than expectations.

## South America € constants

### NET ATTRIBUTABLE PROFIT<sup>1</sup> (1H19)

404 €m +72.4% vs. 1H18

### COST OF RISK (YTD)



1.87%

vs. 1.96% 2Q18



1.64%

vs. 1.29% 2Q18



3.00%

vs. 1.14% 2Q18

- **Colombia**: double-digit bottom line growth driven by revenues and flat expenses and provisions.
- **Peru**: NII growing at double-digit and positive jaws.
- **Argentina**: bottom line improvement driven by higher contribution from the securities portfolio and the sale of Prisma stake in 1Q19.

# Excellent 2Q Results

## driven by our unique and diversified footprint and business model

- **Robust core revenues** with double-digit growth in Net Interest Income
- **Best-in-class efficiency** with continuous improvement in our operating jaws
- **Sound risk indicators** with very positive evolution in the year
- **Strong capital position** with CET1 FL already within the target range, earlier than expected
- **Outstanding delivery on shareholder value creation** with double-digit profitability, leading our European peer group
- **Ahead of the curve in digital transformation**, positively impacting growth, customer engagement and efficiency



BBVA