

# 3Q19 Results

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

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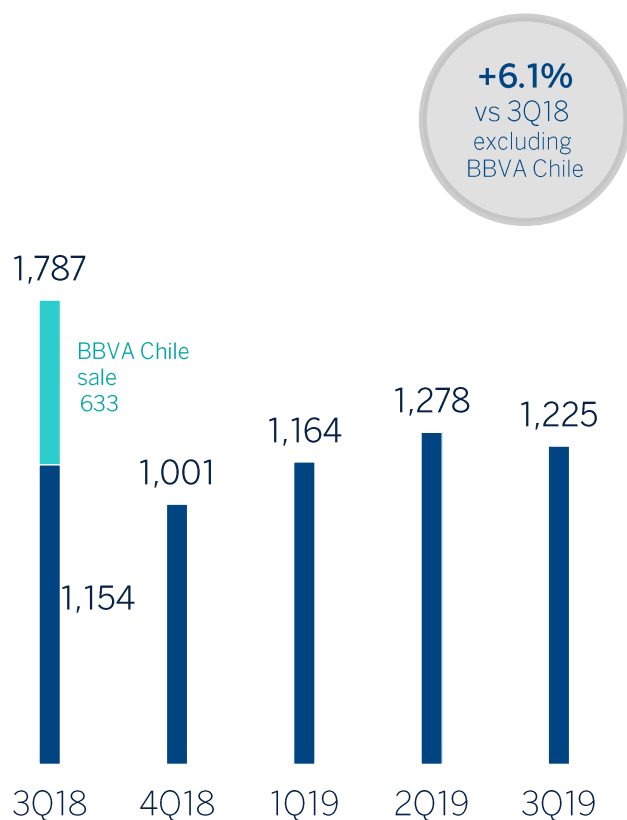
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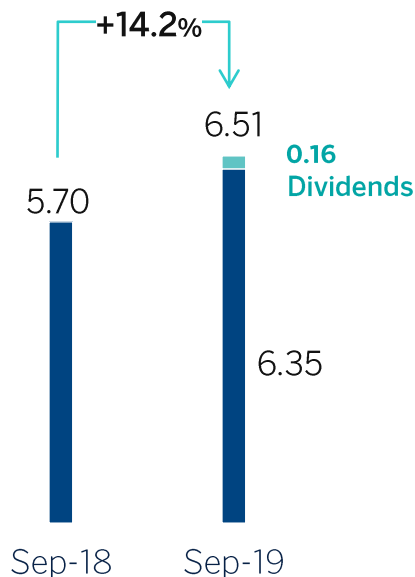
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# Outstanding value creation and strong capital position

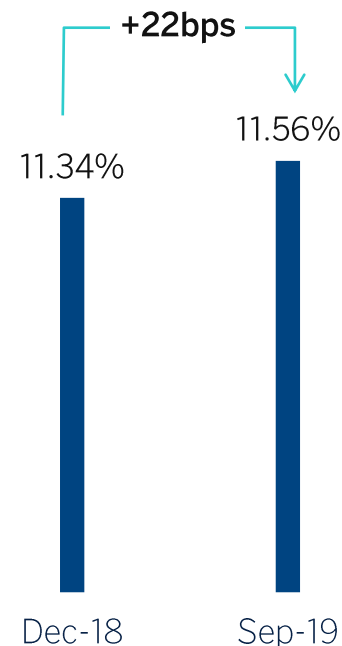
## NET ATTRIBUTABLE PROFIT (€M)



## TBV/SHARE + DIVIDENDS (€ PER SHARE)



## CET1 FULLY-LOADED (%)



Absorbing  
**-24 bps** from  
TRIM + IFRS16  
in 1H19

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.  
3Q18 figures include BBVA Chile recurrent operations (sale closed on July 6<sup>th</sup>).

# 3Q19 Highlights

**01** Robust growth in core revenues

NII (€ constant)  
**+3.2%** vs. 3Q18

FEES (€ constant)  
**+6.4%** vs. 3Q18

**02** Excellent operating income growth and efficiency

OPERATING INCOME  
**9.6%** vs. 3Q18 (€ const.)

COST TO INCOME (YTD)  
**48.7%** -75 bps vs. 12M18 (€ const.)

**03** Sound risk indicators

NPL RATIO  
**3.90%**  
-23 bps vs. Sep18

COVERAGE RATIO  
**75%**  
+257 bps vs. Sep18

CoR (YTD)  
**1.01%**  
+11 bps vs. 9M18

**04** Strong capital position

CET 1 FL  
**11.56%** +4 bps vs. Jun-19

**WITHIN THE  
TARGET RANGE**

**05** Outstanding delivery on shareholder value creation

ROTE (YTD)  
**12.2%**

TBV/SHARE + DIVIDENDS (YoY growth)  
**+14.2%**

**06** Ahead of the curve in digital transformation

DIGITAL SALES (YTD, units)  
**58.9%**

DIGITAL CUSTOMERS  
**55.7%**  
Penetration

MOBILE CUSTOMERS  
**49.7%**  
Penetration

Note: For a better understanding of the financial performance of BBVA Group, in the whole 3Q19 results presentation: 1) BBVA Chile recurrent operations have been excluded in 1Q18, 2Q18 and 3Q18 (sale closed on July 6th); 2) Capital gains from BBVA Chile sale have been excluded in 3Q18; 3) The hyperinflation impact in Argentina recorded in 3Q18 has been allocated on a monthly basis in the first nine 9 months of 2018; 4) Unless otherwise stated, period numbers refer to 3Q19, balance/penetration numbers refer to Sep19.

# 3Q19 Profit & Loss

BBVA Group (€m)	3Q19	Change 3Q19/3Q18	
		%	% constant
<b>Net Interest Income</b>	<b>4,488</b>	<b>4.1</b>	<b>3.2</b>
Net Fees and Commissions	1,273	8.5	6.4
Net Trading Income	351	65.5	76.1
Other Income & Expenses	22	-41.3	-69.1
<b>Gross Income</b>	<b>6,135</b>	<b>6.9</b>	<b>5.9</b>
Operating Expenses	-2,946	4.2	2.2
<b>Operating Income</b>	<b>3,189</b>	<b>9.6</b>	<b>9.6</b>
Impairment on Financial Assets	-1,187	16.0	17.6
Provisions and Other Gains and Losses	-117	-26.5	-23.7
<b>Income Before Tax</b>	<b>1,886</b>	<b>9.1</b>	<b>8.0</b>
Income Tax	-488	16.3	12.6
Non-controlling Interest	-173	12.3	9.4
<b>Net Attributable Profit ex-BBVA Chile</b>	<b>1,225</b>	<b>6.1</b>	<b>6.1</b>

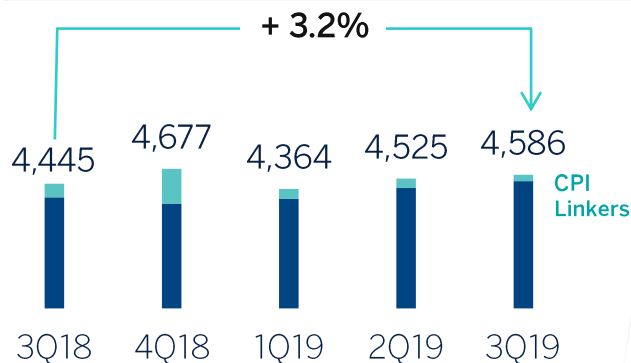
# 9M19 Profit & Loss

BBVA Group (€m)	9M19	Change 9M19/9M18	
		%	% constant
<b>Net Interest Income</b>	<b>13,475</b>	<b>6.3</b>	<b>7.1</b>
Net Fees and Commissions	3,743	3.4	3.8
Net Trading Income	893	2.6	3.9
Other Income & Expenses	13	-90.2	-89.7
<b>Gross Income</b>	<b>18,124</b>	<b>4.8</b>	<b>5.5</b>
Operating Expenses	-8,820	2.9	3.2
<b>Operating Income</b>	<b>9,304</b>	<b>6.6</b>	<b>7.9</b>
Impairment on Financial Assets	-2,964	14.5	16.2
Provisions and Other Gains and Losses	-402	68.9	72.7
<b>Income Before Tax</b>	<b>5,938</b>	<b>0.7</b>	<b>1.7</b>
Income Tax	-1,623	0.2	0.4
Non-controlling Interest	-648	-0.7	12.4
<b>Net Attributable Profit ex-BBVA Chile</b>	<b>3,667</b>	<b>1.2</b>	<b>0.5</b>

# Robust growth in core revenues

## NET INTEREST INCOME

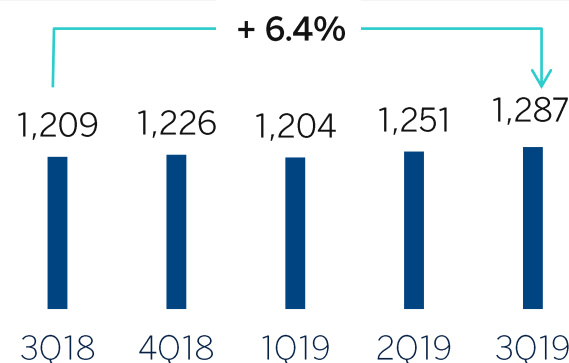
(€M CONSTANT)



Growth despite challenging macro, low interest rates and lower contribution from CPI Linkers

## NET FEES AND COMMISSIONS

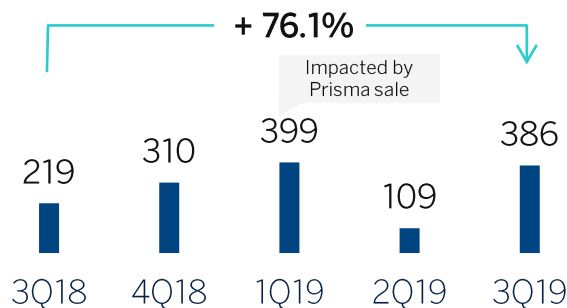
(€M CONSTANT)



Strong fee generation across the board

## NET TRADING INCOME

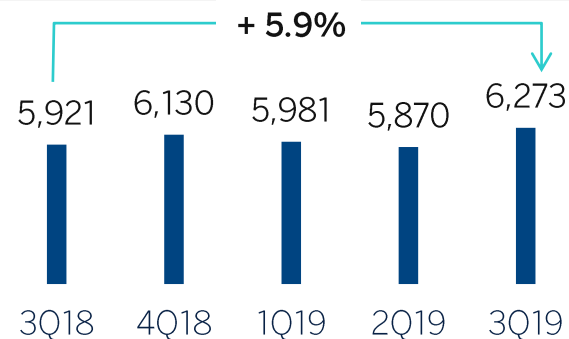
(€M CONSTANT)



Positively impacted by better Global Markets results

## GROSS INCOME

(€M CONSTANT)

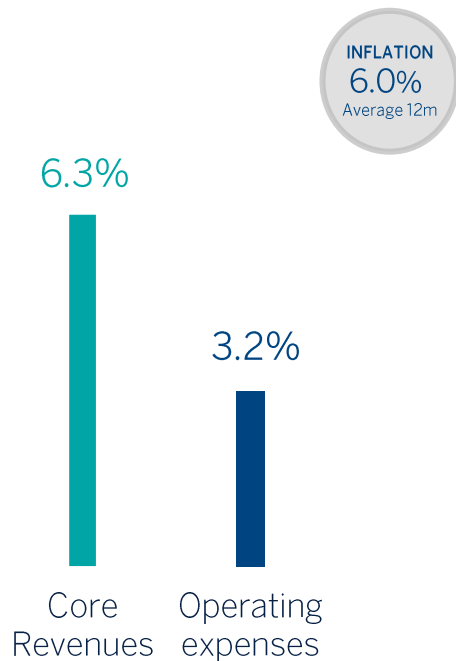


Supported by core revenues and NTI

# Excellent operating income growth and efficiency

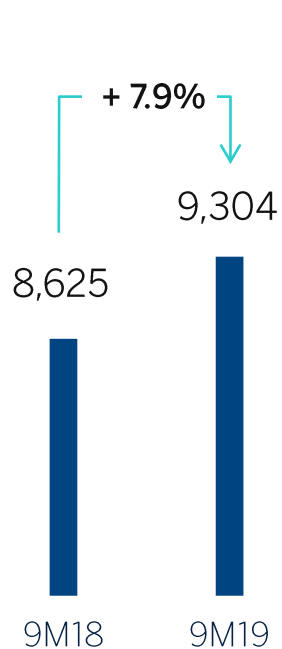
## GROUP OPERATING JAWS

(9M YoY (%); (€ CONSTANT))



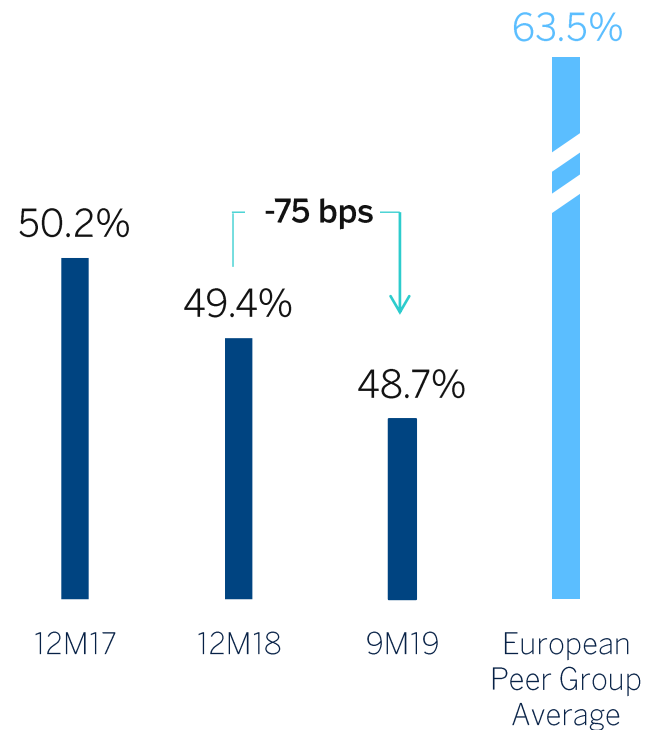
## GROUP OPERATING INCOME

(YoY (%); (€M CONSTANT))



## EFFICIENCY RATIO

(%; € CONSTANT)

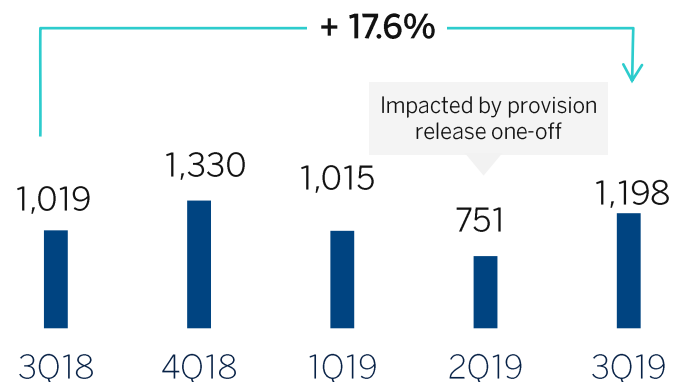




# Sound risk indicators

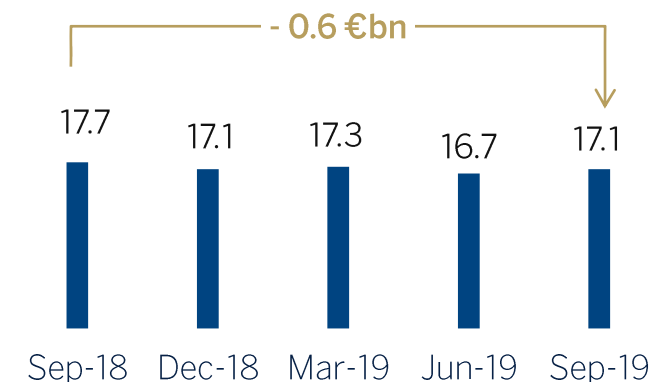
## FINANCIAL ASSETS IMPAIRMENTS

(€M CONSTANT)



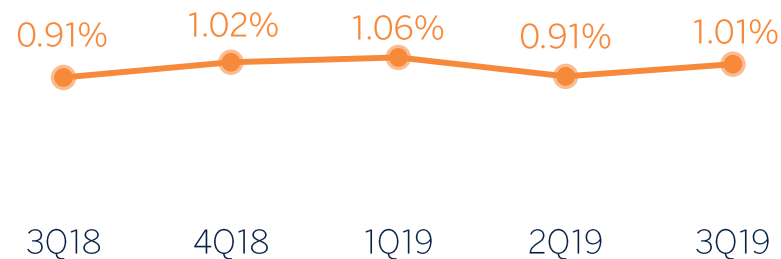
## NPLs

(€BN)



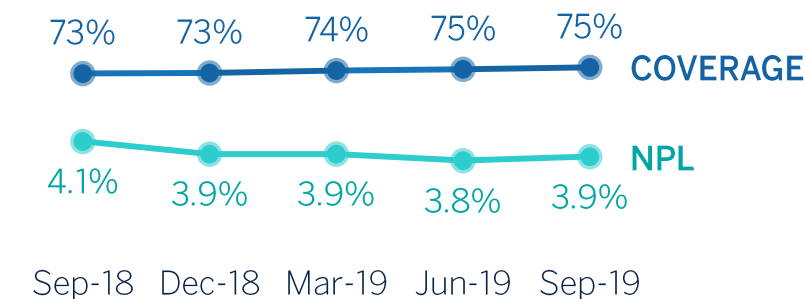
## COST OF RISK

(YTD (%))



## NPL & COVERAGE RATIOS

(%)



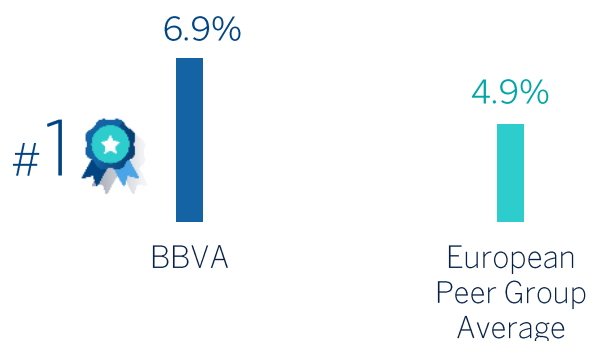
# Strong capital position

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

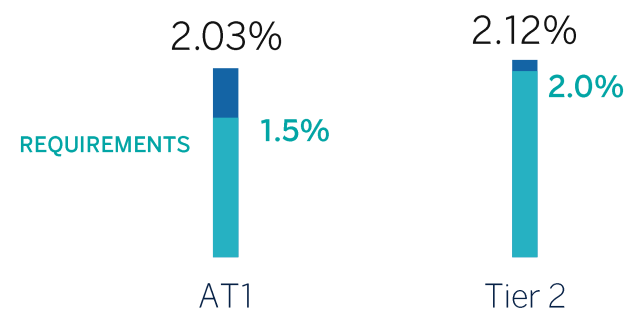


(1) Others includes market related impacts such as FX impact, mark to market of the Held To Collect and Sell portfolios, among other items.

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



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



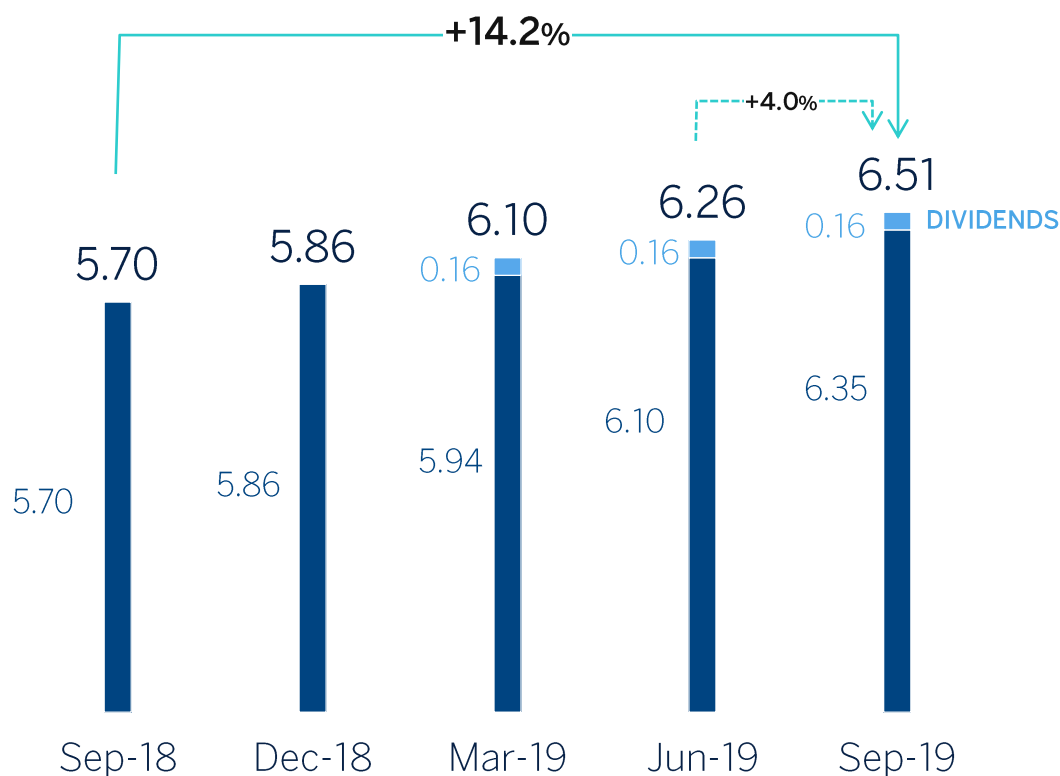
European Peer Group: BARC, BNPP, CASA, CS, CMZ, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS, UCG. European Peer Group figures as of Jun-19. BBVA figures as of Sep-19.

**CET1 FL within the target range**

# Outstanding delivery on shareholder value creation

## TBV PER SHARE & DIVIDENDS

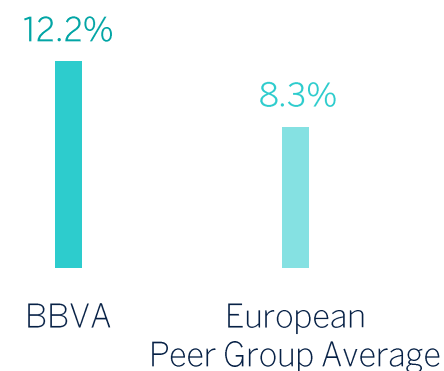
(€ PER SHARE)



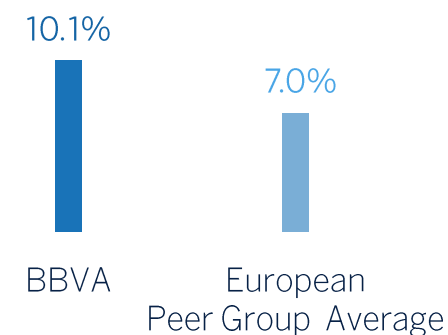
## LEADING PROFITABILITY METRICS

(%)

ROTE



ROE



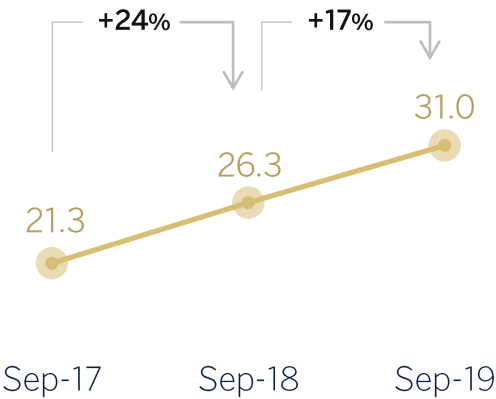
2018 figures include BBVA Chile recurrent operations (sale closed on July 6th).

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

# Leading digital transformation

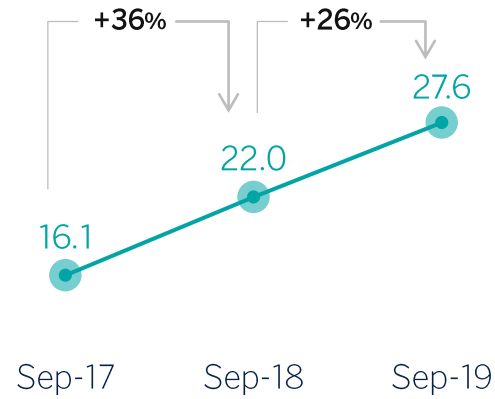
## DIGITAL CUSTOMERS

MILLION, % GROWTH



## MOBILE CUSTOMERS

MILLION, % GROWTH



## BEST MOBILE APP

FORRESTER RESEARCH



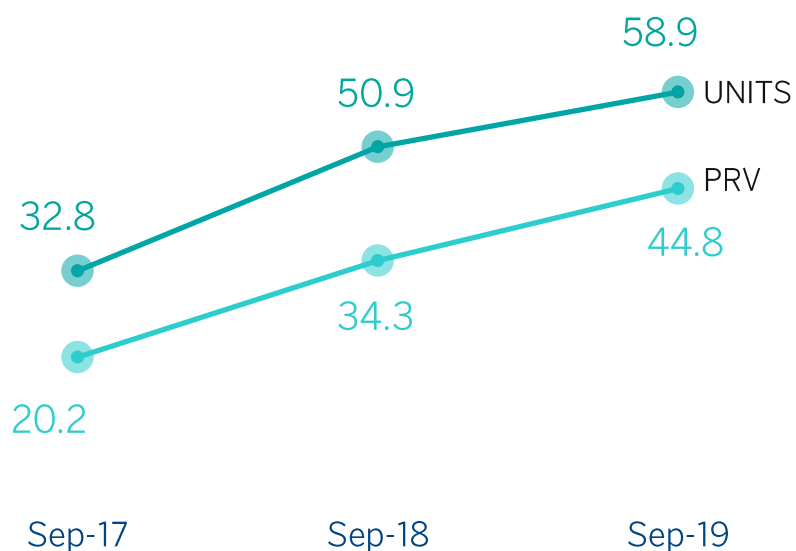
CUSTOMER PENETRATION RATE, %



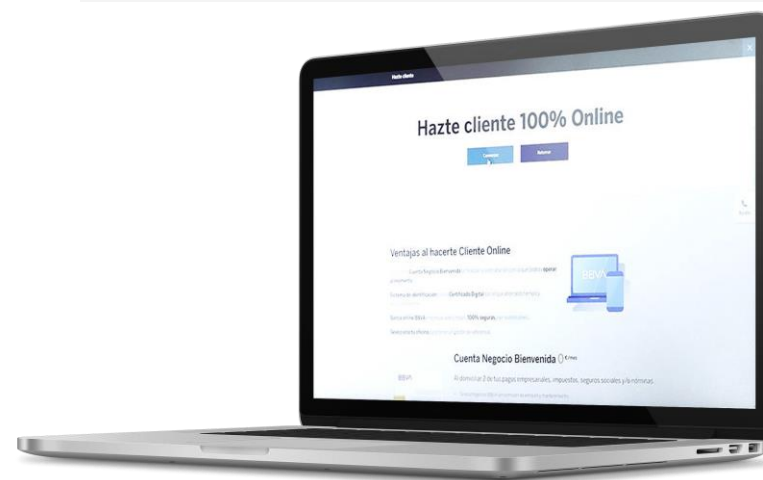
# Transformation boosting digital sales and client acquisition

## DIGITAL SALES

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



## E2E DIGITAL ONBOARDING FOR SMEs



First bank in Spain providing full digital onboarding for SMEs targeting more than **650K potential new clients**

Figures have been restated in order to include credit card related financing solutions and FX.  
Group figures exclude Venezuela and Chile.

(1) Product Relative Value as a proxy of a better economic representation of units sold.

# The impact of transformation: Mexico

(Sep-17 vs Sep-19)



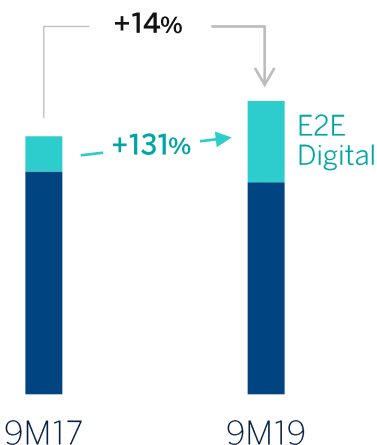
## GROWTH

Acquiring more clients and increasing sales

**+2.1Mn** ACTIVE INCREMENTAL CLIENTS

## YTD SALES GROWTH

(9M17/9M19 PRV)



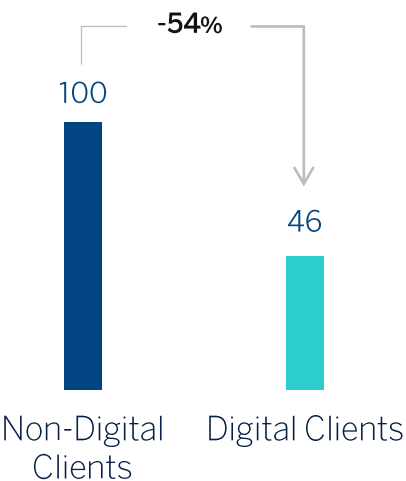
## ENGAGEMENT

Resulting in higher client satisfaction and retention

**NPS #1**  **BBVA**

## ATTRITION RATE

(INDEX)



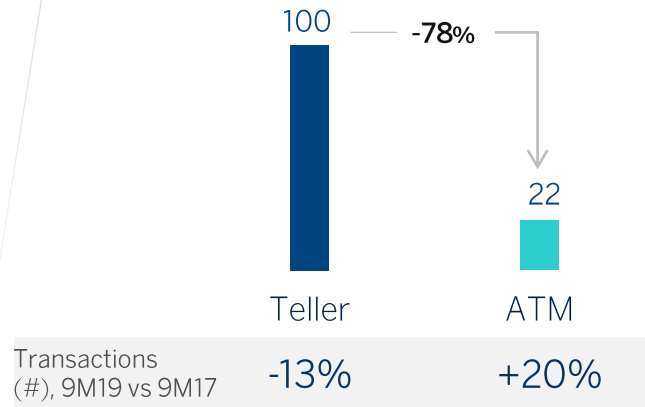
## EFFICIENCY

Lowering cost to sell and serve our clients

**+1%** NETWORK FTEs

## MIGRATION TO MORE EFFICIENT CHANNELS

(COST PER TRANSACTION, INDEX)



# Business Areas

# Business Areas

## Spain

### NET ATTRIBUTABLE PROFIT (9M19)

1,064 €m -2.5% vs. 9M18

CORE REVENUE GROWTH	COST GROWTH	COST OF RISK (YTD)
-0.9%	-3.0%	-14 bps
vs. 9M18		

- **NII** in line with expectations driven by positive performance of commercial activity.
- **Costs**: continue to decline.
- **Asset quality**: positive evolution of risk indicators.

## USA € constants

### NET ATTRIBUTABLE PROFIT (9M19)

478 €m -17.0% vs. 9M18

CORE REVENUE GROWTH	COST GROWTH	COST OF RISK (YTD)
2.4%	-0.3%	+54 bps
vs. 9M18		

- **NII**: increasing despite lower interest rate environment.
- **Positive jaws**: with flat operating expenses.
- **Asset quality**: CoR in line with expectations.

## Mexico € constants

### NET ATTRIBUTABLE PROFIT (9M19)

1,965 €m +1.7% vs. 9M18

CORE REVENUE GROWTH	COST GROWTH	COST OF RISK (YTD)
5.4%	4.8%	+16 bps
vs. 9M18		

- **NII** as the main P&L driver, supported by activity growth.
- **Positive Jaws**: core revenues (+5.4% YoY) and Opex growth (+4.2% YoY, excluding increased contribution to BBVA Foundation).
- **Asset quality**: CoR stable and in line with expectations.



# Business Areas

## Turkey € constants

### NET ATTRIBUTABLE PROFIT (9M19)

380 €m -10.0% vs. 9M18

CORE REVENUE  
GROWTH

9.1%

COST GROWTH

11.3%

vs. 9M18

COST OF RISK  
(YTD)

+27 bps

- **Earnings resilience:** operating income +1.5% YoY.
- Strong **fee income growth**.
- **Costs** growing significantly below inflation.
- **Asset quality:** better than our expectations.

## South America € constants

### NET ATTRIBUTABLE PROFIT<sup>(1)</sup> (9M19)

569 €m +62.0% vs. 9M18

COST OF RISK (YTD)



1.66%

vs. 1.95% 3Q18



1.50%

vs. 1.40% 3Q18



4.49%

vs. 1.22% 3Q18

- **Colombia:** bottom line growth at high-teens, supported by activity, positive jaws and lower impairments.
- **Peru:** double-digit growth in NII and positive jaws drive bottom line growth at high-teens.
- **Argentina:** positive contribution thanks to NII growth (due to securities portfolios) and the sale of Prisma stake in 1Q19.

# Final Remarks

# Excellent 3Q Results

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

- Operating income growing at nearly double-digit, with continuous improvement in efficiency
- Risk indicators in line with expectations
- Strong capital position with CET1 FL within the target range
- Outstanding delivery on shareholder value creation with double-digit profitability, at the forefront of our European peer group
- Ahead of the curve in digital transformation, positively impacting growth, customer engagement and efficiency



BBVA