

# 2019 Results

January 31<sup>st</sup>, 2020

Carlos Torres Vila  
Chairman

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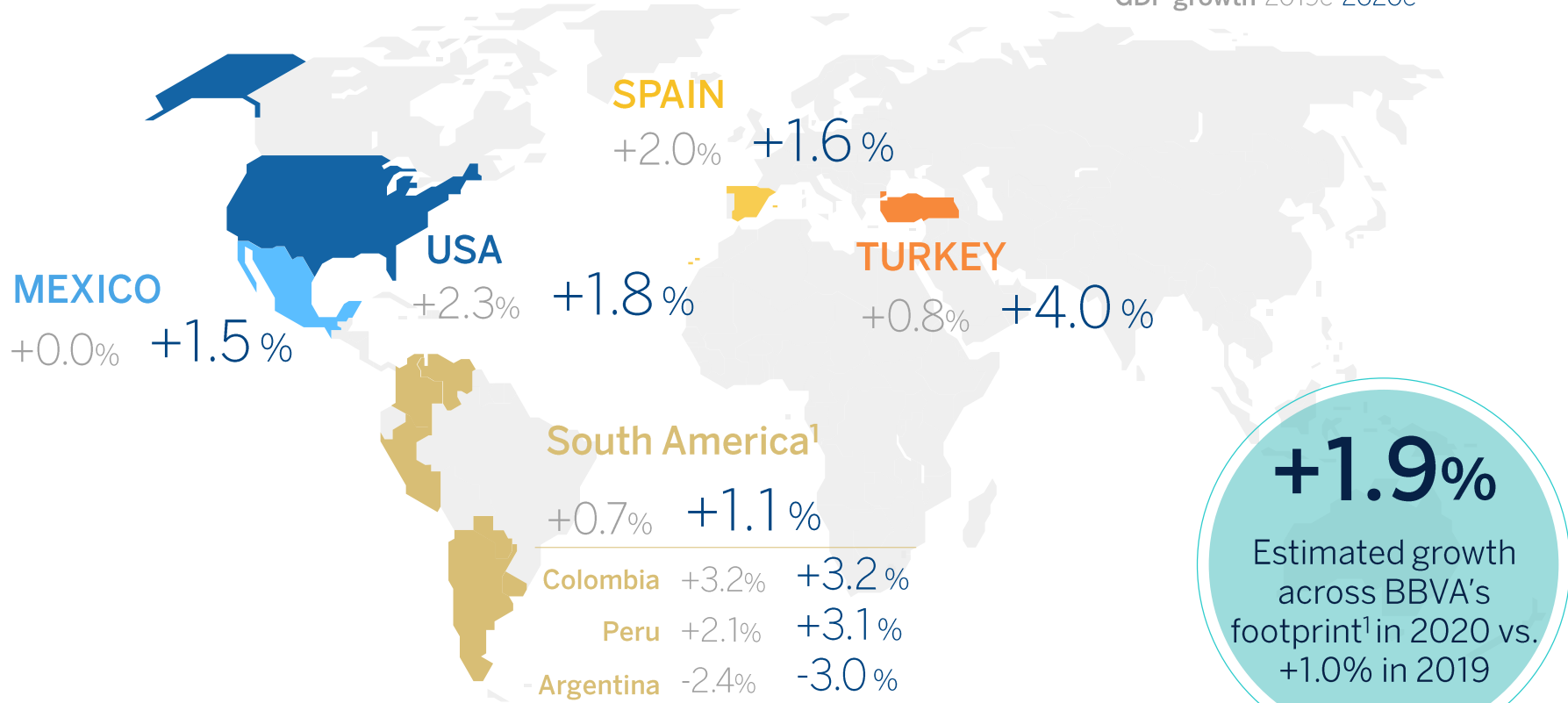
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# 2019 and 2020 Macro Outlook

GDP growth 2019e 2020e

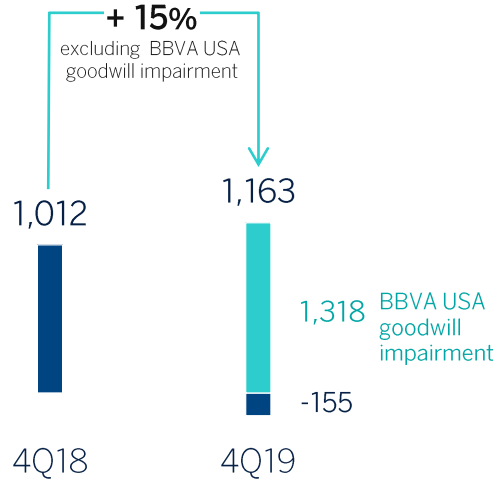


(1) Weighting based on the countries contribution (by Gross Margin) to our business.

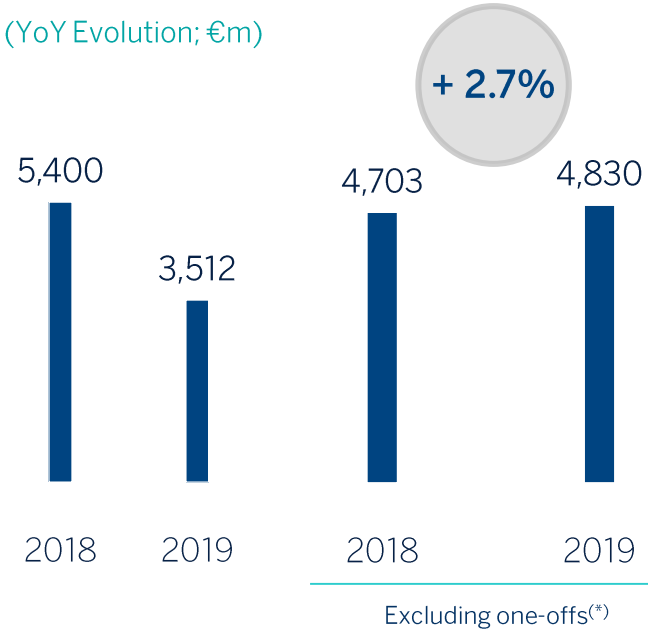
# Robust Profit Growth in a Challenging Environment

## NET ATTRIBUTABLE PROFIT

(QoQ Evolution; €m)



(YoY Evolution; €m)



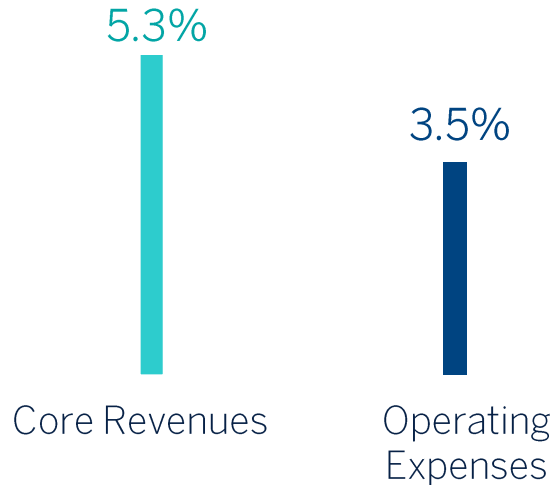
(\*) Net Attributable Profit excludes BBVA USA goodwill impairment in 2019 and BBVA Chile impact (recurrent operations and capital gains) in 2018.

Note: For a better understanding of the financial performance of BBVA Group, in the whole 2019 results presentation: 1) BBVA Chile recurrent operations have been excluded in 2018 (sale closed on July 6th); 2) Capital gains from BBVA Chile sale have been excluded in 2018; 3) An amendment to IAS 12 "Income Taxes" was introduced during the year 2019 with effect for accounting purposes January 1, 2019. For comparison purposes, 2018 income statement has been reexpressed. It did not result in any significant impact.

# Excellent Revenues and Expenses Evolution, while Maintaining Solid Risk Indicators

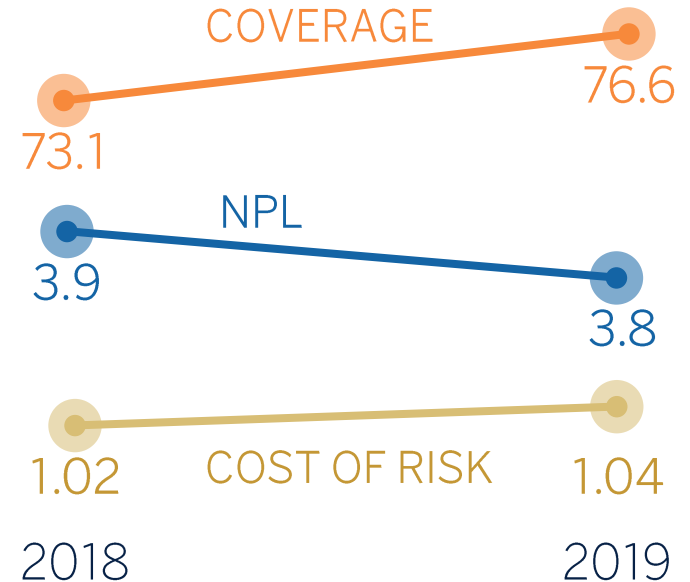
## POSITIVE JAWS

(12M YoY (%); € CONSTANT)



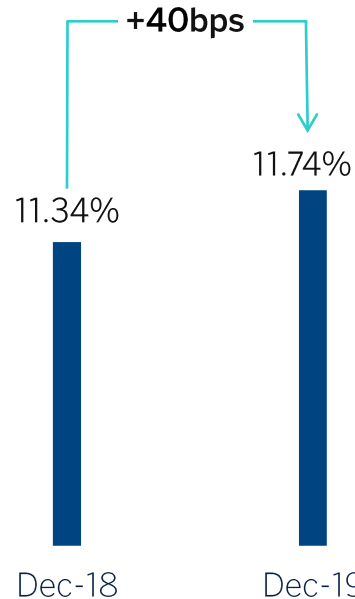
## MAIN RISK INDICATORS

(%)



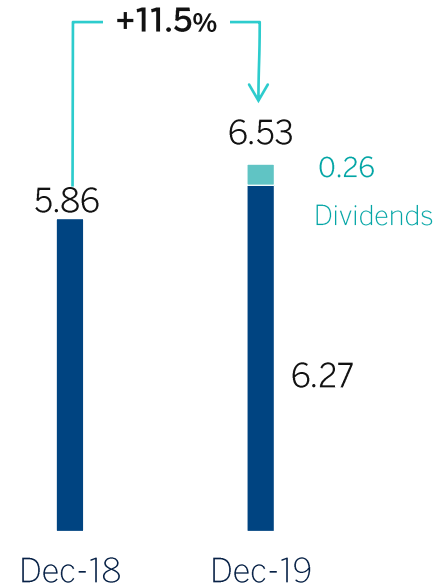
# Outstanding Capital Generation and Value Creation

## CET1 FULLY-LOADED (%)



Absorbing  
**-25 bps** from  
TRIM + IFRS16  
in 2019

## TBV/SHARE + DIVIDENDS (€/Share)



# A Clear, Sustainable and Predictable Dividend Policy

## 2019 SHAREHOLDER REMUNERATION

(€/SHARE, PAYMENT DATES)



## REMUNERATION POLICY

- 16€ cents / share in cash in April 2020<sup>(2)</sup>
- 2019 Pay-out of 36%<sup>(3)</sup>
- Going forward, we remain committed to our dividend policy:
  - 35-40% Cash Pay-out
  - 2 payments per year (tentatively October and April)




(1) Share price as of January 30<sup>th</sup>; (2) To be proposed for the consideration of the competent governing bodies; (3) Net attributable Profit excluding BBVA USA goodwill impairment; (4) Gross amount

# BBVA Strategy Defined in 2015: Boost Its Transformation







## OUR PURPOSE

“To bring the **age of opportunity** to **everyone**”

## OUR VALUES

-  **Customer** comes first
-  We think **big**
-  We are **one team**

## STRATEGIC PRIORITIES

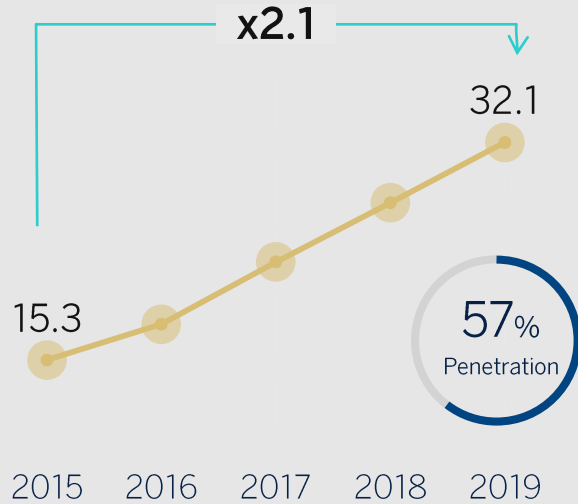
-  New standard in customer experience
-  Digital sales
-  New business models
-  Optimize capital allocation
-  Unrivalled efficiency
-  A first class workforce



# Impressive Progress on the Digitization of Our Clients and Value Proposition

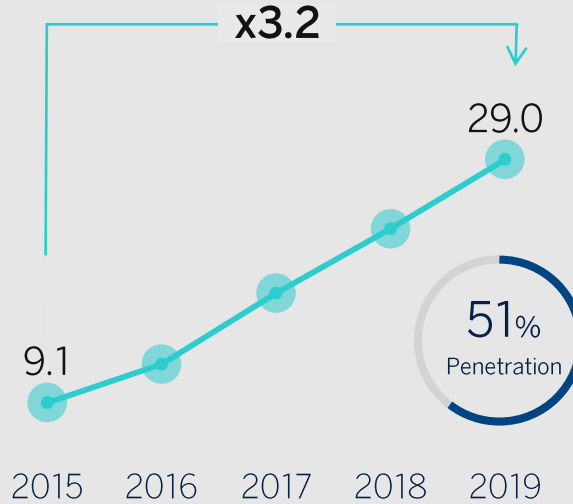
## DIGITAL CUSTOMERS

MILLION



## MOBILE CUSTOMERS

MILLION



## BEST MOBILE APP

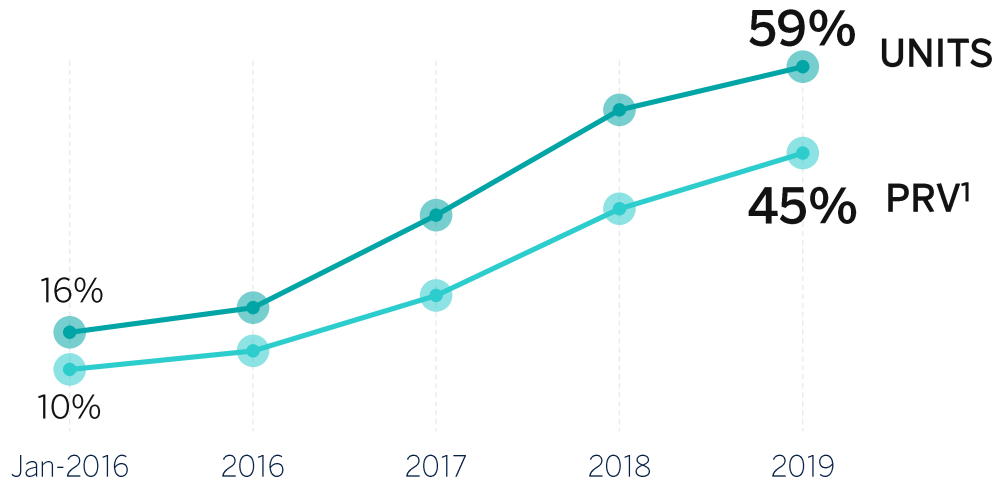
FORRESTER RESEARCH



# Digital Channels Allow Significant Acceleration in Sales Growth and Client Acquisition

## DIGITAL SALES

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



**E2E DIGITAL ONBOARDING FOR SMEs**

**650K**

potential new clients



**Open Banking - Customer Growth PARTNERSHIP WITH UBER**

**500K**

Uber drivers in Mexico



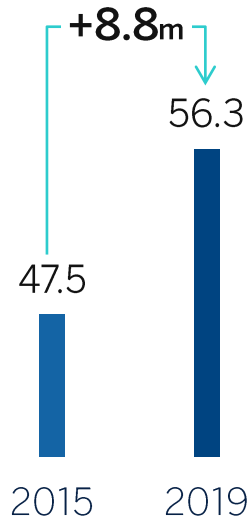
Group figures exclude Venezuela and Chile.

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

# Digitization Positively Impacting Growth and Customer Satisfaction



**MORE customers**



BBVA Group's active customers (in millions).



**MORE satisfied**

## Net Promoter Score<sup>1</sup>

Ranking, December 2019

### Individuals

- #1
- #1
- #1
- #1
- #1
- #1
- #2
- #2

### Commercial

- #1
- #1
- #1
- #1
- #1

(1) Retail & Commercial NPS with YTD data.

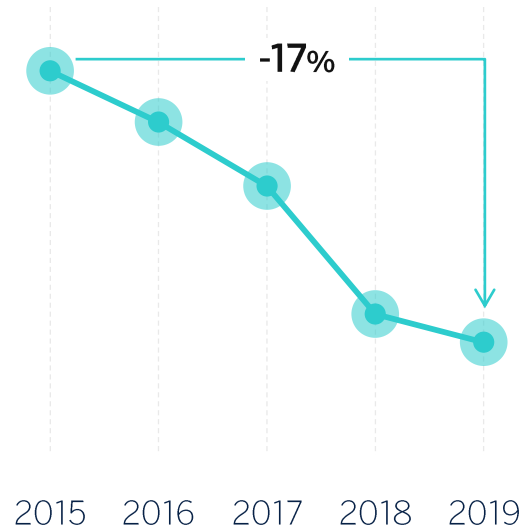
Peer Group: Spain: Santander, CaixaBank, Bankia, Sabadell // Mexico: Banamex, Santander, Banorte, HSBC // Argentina: Banco Galicia, HSBC, Santander Río y Banco Macro // Colombia: Davivienda, Bancolombia, Banco de Bogotá // Peru: Interbank, BCP, Scotiabank // Uruguay: ITAU, Santander, Scotiabank // Turkey: Akbank, Isbank, YKB, Deniz, Finans.



**MORE loyal**

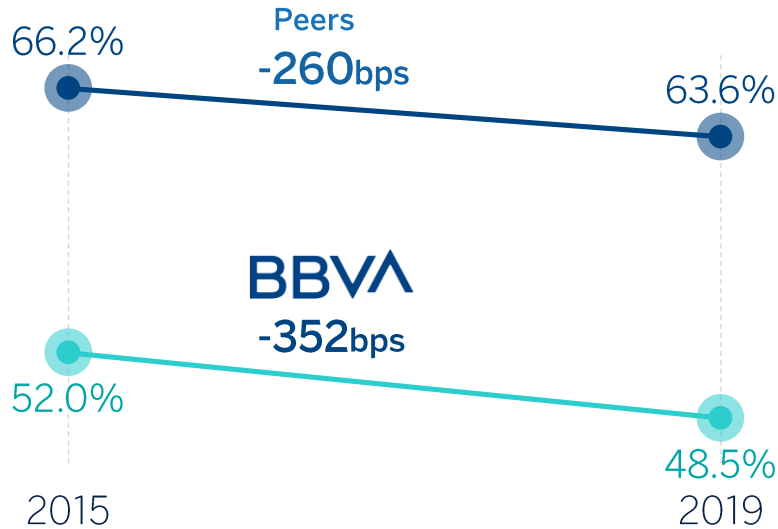
## 12 months attrition rate

%

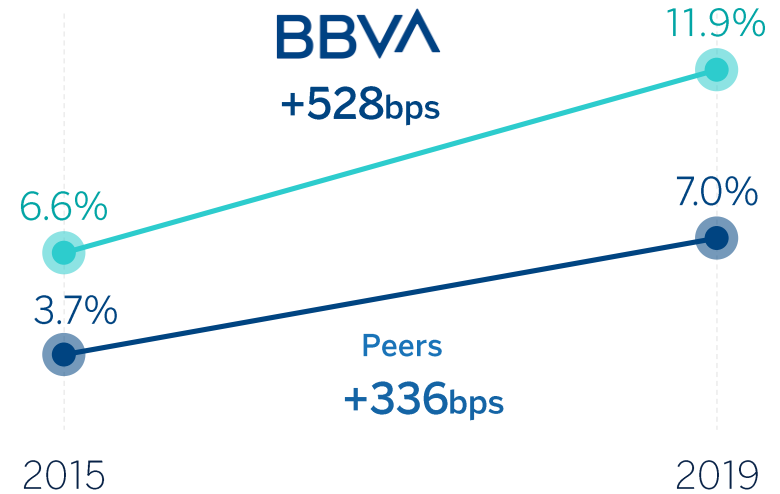


# We Have Achieved Outstanding Financial Results Outperforming Peers Thanks to our Transformation

## EFFICIENCY RATIO (%)



## ROTE (%)



European Peer Group: BARC, BNPP, CASA, CS, CMZ, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS, UCG. 2019 European Peer Group figures as of Sep-19. BBVA figures as of Dec-19. BBVA ROTE figures exclude BBVA USA goodwill impairment as of Dec-19.

# New Strategic Priorities

What we stand for



Improving our **client's financial health**



Helping our clients transition towards a **sustainable future**

Drivers of superior Performance



Reaching **more clients**



Operational **excellence**

Accelerators to Deliver on our Strategy



The **best** and most **engaged team**



**Data and Technology**

**BBVA**

Creating Opportunities

# 2019 Results

January 31<sup>st</sup>, 2020

**Onur Genç**

Chief Executive Officer

# 2019 Profit & Loss

BBVA Group (€m)	2019	Change (*) 2019/2018	
		%	% constant
<b>Net Interest Income</b>	<b>18,202</b>	<b>4.8</b>	<b>5.6</b>
Net Fees and Commissions	5,033	3.9	4.2
Net Trading Income	1,383	16.6	18.9
Other Income & Expenses	-77	n.a.	n.a.
<b>Gross Income</b>	<b>24,542</b>	<b>4.7</b>	<b>5.4</b>
Operating Expenses	-11,902	3.0	3.5
<b>Operating Income</b>	<b>12,639</b>	<b>6.2</b>	<b>7.4</b>
Impairment on Financial Assets	-4,151	5.3	7.1
Provisions and Other Gains and Losses	-772	58.3	62.2
<b>Income Before Tax</b>	<b>7,716</b>	<b>3.3</b>	<b>4.0</b>
Income Tax	-2,053	4.5	4.5
Non-controlling Interest	-833	4.4	16.0
<b>Net Attributable Profit (ex-BBVA USA Goodwill impairment)</b>	<b>4,830</b>	<b>2.7</b>	<b>2.0</b>
BBVA USA Goodwill impairment	-1,318	n.a.	n.a.
<b>Net Attributable Profit (reported)</b>	<b>3,512</b>	<b>-35.0</b>	<b>-35.3</b>

(\*) Variations exclude BBVA Chile recurrent operations and capital gains in 2018 except for Net Attributable Profit line reported.



# SPAIN

## RESULTS (€m; YoY %) 12M19

NET INTEREST INCOME  
3,645 -1.4%

FEE INCOME  
1,751 +4.1%

GROSS INCOME  
5,734 -3.9%


OPERATING EXPENSES  
-3,253 -2.4%

NET ATTRIBUTABLE PROFIT  
1,386 -1.0%

## ACTIVITY (YoY %)

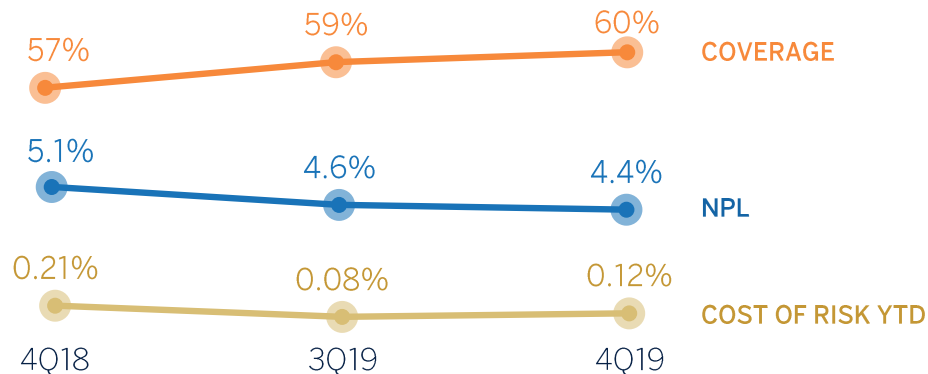


LENDING<sup>1</sup>  
-1.4%



CUSTOMER FUNDS  
+1.2%

## ASSET QUALITY RATIOS



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

■ NII aligned with expectations

■ Costs continue to go down

■ Loan growth in most profitable segments

■ Strong asset quality metrics





# USA

## RESULTS (€m; YoY % constant) 12M19

NET INTEREST INCOME  
2,395 -0.2%

FEE INCOME  
644 +2.6%

GROSS INCOME  
3,223 +2.3%

OPERATING EXPENSES  
-1,966 +0.3%

NET ATTRIBUTABLE PROFIT  
590 -23.9%

## ACTIVITY (YoY %, € constant)

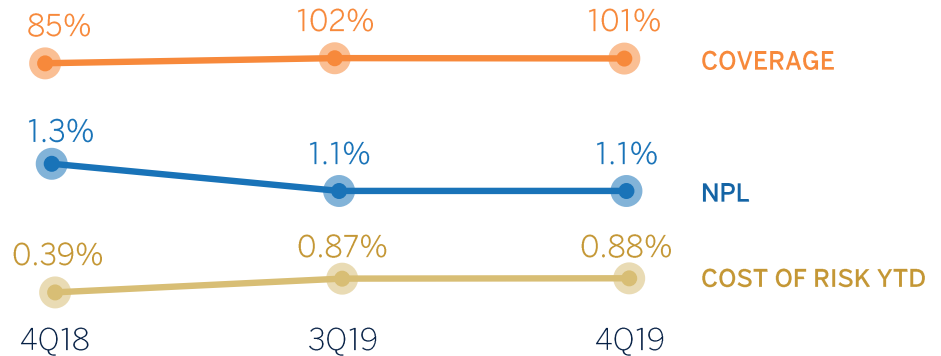


LENDING<sup>1</sup>  
+2.1%



DEPOSITS  
+3.7%

## ASSET QUALITY RATIOS



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

- Flat NII, as expected
- Positive jaws with flat expenses leading to a strong operating income growth
- Loan growth at low single digit, driven by the commercial portfolio
- Asset quality within our guidance

# MEXICO

## RESULTS (€m; YoY % constant) 12M19

NET INTEREST INCOME  
6,209 +5.9%

FEE INCOME  
1,298 +2.3%


GROSS INCOME  
8,029 +6.0%

OPERATING EXPENSES  
-2,645 +4.9%

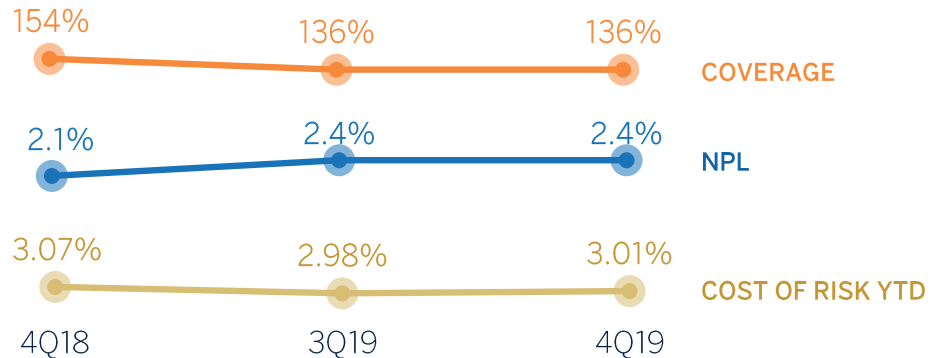
NET ATTRIBUTABLE PROFIT  
2,699 +8.2%

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

 LENDING  
+6.6%

 CUSTOMER FUNDS  
+8.2%

## ASSET QUALITY RATIOS



(1) Performing loans and Cust. Funds under management, excluding repos, according to local GAAP.

■ Resilient profitability in a lower GDP growth context

■ NII is the main P&L driver, supported

■ Positive Jaws

■ Loan growth driven by retail

■ Good asset quality despite macro context



# TURKEY

## RESULTS (€m; YoY % constant) 12M19

NET INTEREST INCOME

2,814 +0.1%

FEE INCOME

717 +16.5%

GROSS INCOME

3,590 +2.6%

OPERATING EXPENSES

-1,215 +8.6%

NET ATTRIBUTABLE PROFIT

506 -0.5%

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



LENDING

TL: +9.9%

FC: -14.0%

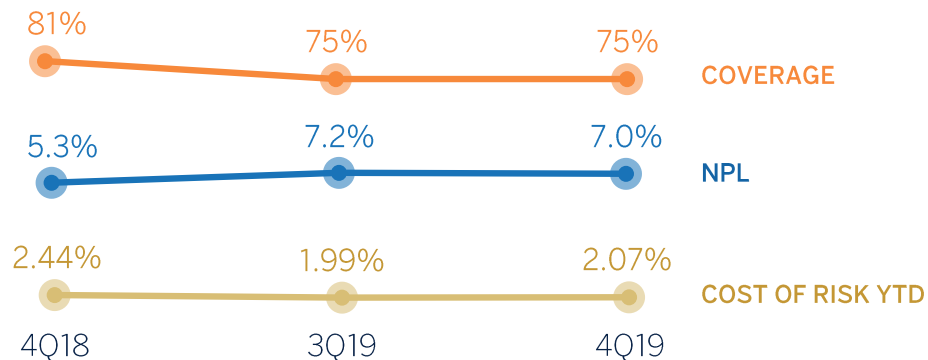


DEPOSITS

TL: +10.7%

FC: +8.0%

## ASSET QUALITY RATIOS



(1) FC evolution excluding FX impact. Bank only. Performing loans and Deposits, excluding repos, according to local GAAP.

■ **NII** is flat in 2019 despite the lower contribution from CPI-linkers

■ **Costs** growing significantly below inflation

■ **TL loan** growth acceleration in 4Q19. FC loans continue to shrink, in line with expectations

■ **Asset quality** in line with expectations



# SOUTH AMERICA

## RESULTS<sup>1</sup> (€m; YoY % constant) 12M19

NET INTEREST INCOME

3,196 +24.7%

FEE INCOME

557 +0.4%

GROSS INCOME

3,850 +24.9%

OPERATING EXPENSES

-1,574 +12.0%

NET ATTRIBUTABLE PROFIT

721 +64.0%

## ACTIVITY<sup>2</sup> (YoY %, € constant)



COLOMBIA

+6.8%

PERU

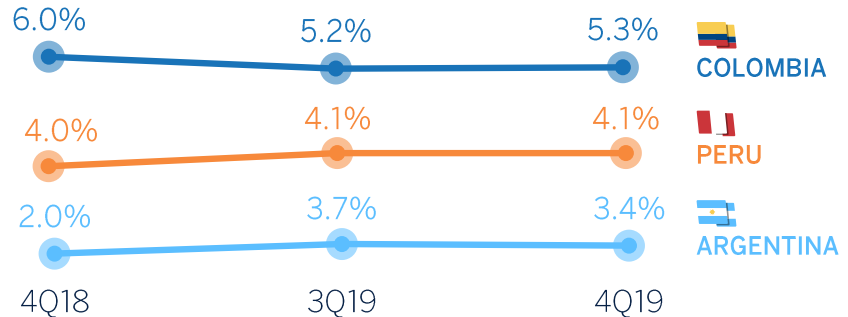
+8.5%

ARGENTINA

+7.9%

## ASSET QUALITY RATIOS

NPL



(1) South America comparison at constant perimeter (excl. BBVA Chile in 2018). (2) Performing loans under management.

Note: Activity excludes repos.

■ **Colombia:** bottom line growth supported by activity, positive jaws and lower impairments

■ **Peru:** high-single digit growth in revenues more than offsetting the increase in provisions, due to releases in 2018

■ **Argentina:** positive contribution thanks to NII growth and NTI

# Final Remarks

## 2019 Outstanding performance



Great operating income growth, in a difficult environment, driven by **core revenues and efficiency improvement**



Risk indicators in line with expectations



Strong capital position, with CET 1 FL within the target range



Outstanding delivery on shareholder value creation and profitability, leading our European Peers Group



New strategic priorities that strengthen our Purpose and address key trends

## 2020 Outlook



### SPAIN

Loan growth turning around. Focus on fee income, improving efficiency and sound risk metrics



### USA

Focus on activity growth and risk profile



### MEXICO

Solid earnings growth to continue. Similar trends vs. 2019



### TURKEY

Significant recovery based on activity growth and margin improvement



### SOUTH AMERICA

Good prospects in Andean countries

BBVA