

BBVA

Creating Opportunities

1Q20 Results

April 30th, 2020

Carlos Torres Vila

Chairman

Onur Genç

CEO

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Our response to COVID-19

Our response to COVID-19: Anticipation



Protect the health and safety of our employees, clients and the community



Continue to provide an essential service to the economies where we operate



Offer financial support to our clients

**Our Purpose and our Values,
more important than ever
"Creating Opportunities"**

Contribute to the society to save lives



€35 million donation to fight the coronavirus pandemic

Support Public Health Systems

through the donation of medical equipment

Support NGOs

working with the most vulnerable sectors of society

Support Scientific Research

on the disease and its treatment



€2+ million in campaigns with employees' donations matched by BBVA

Protect our employees and vendors

PRESERVING HEALTH AND SAFETY

- 86,000 employees working remotely
- 95% Central services
- 71% Network

PROTECTING OUR TEAMMATES EMPLOYEMENT

- Our priority is to preserve our employees' jobs
- 300+ top management members waive 2020 bonus

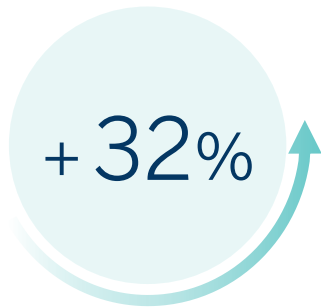
SUPPORTING TO OUR VENDORS

- Support to our closer vendors with protection scheme for employees and companies
- Advancing the payment of invoices

Continue to provide an essential service to the economy

REMOTE CHANNELS

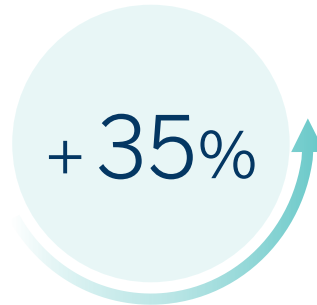
% OF ACTIVITY INCREASE^{1,2}



Transaction volume through digital and remote channels

REMOTE CAPABILITIES

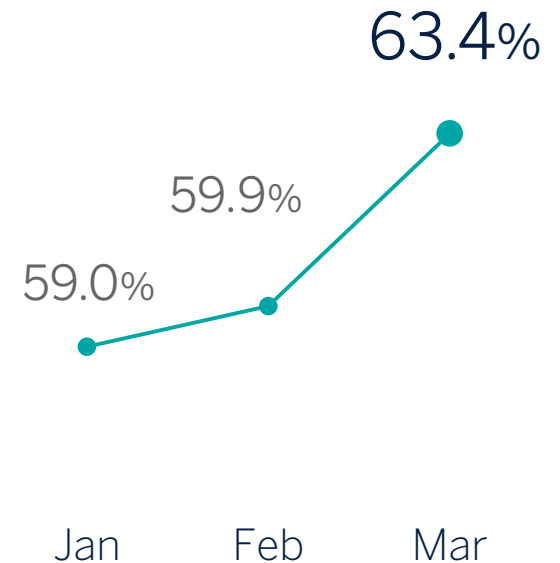
% VISITS TO "MY CONVERSATIONS"²



"My Conversations"
App functionality in Spain to chat with remote managers 4 weeks pre vs. post confinement

DIGITAL SALES

% OF TOTAL UNITS SALES MTD






(1) Remote= App, web and contact centers. Activity measured by technical Transactions. Transaction is the processing unit, being the set of orders to be executed building an indivisible working unit. Weekly average change between the week of Feb 17th vs. the week of Mar 30th.
 (2) Data corresponding to Spain.

Financial support our clients






PAYMENTS FLEXIBILITY

-  Deferrals of mortgages and other loans repayment flexibility
-  Deferral of auto loans repayment
-  Deferral of insurance repayment





SUPPORT AND PROACTIVE AID TO VULNERABLE GROUPS

-  Cancelling certain fees and commissions
-  Pension or unemployment aids payment advance
-  Rent deferrals for homes that are part of the Social Housing Fund



PROVIDE LIQUIDITY AND FUNDING

-  New liquidity to support companies from the beginning of COVID-19
-  Proactively providing new lines of credit through government guarantee schemes in Spain (including the Official Credit Institute (ICO)), USA or Turkey

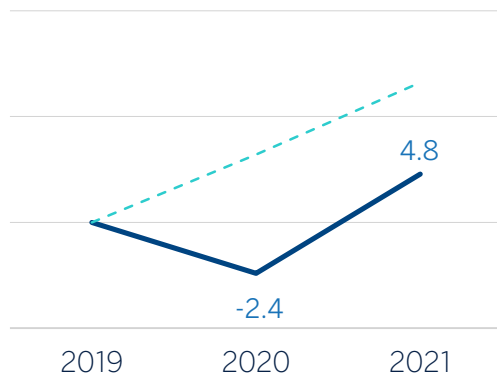
Severe global recession with a high degree of uncertainty

Macro scenarios by country

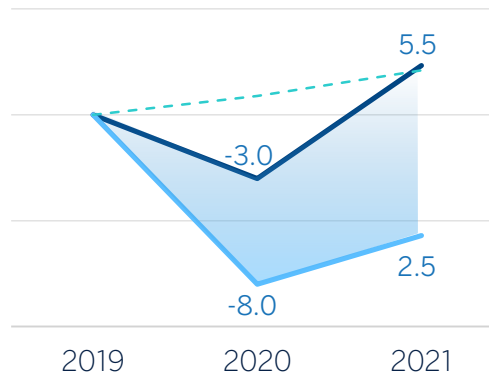
GDP LEVELS CURRENT AND PREVIOUS FORECASTS (2019=100)

- Range, upper bound APR-20
- Range, lower bound APR-20
- - - Previous forecast, FEB-20

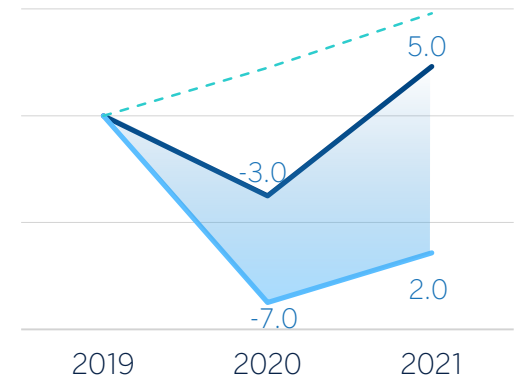
 **GLOBAL** (GDP YOY%)



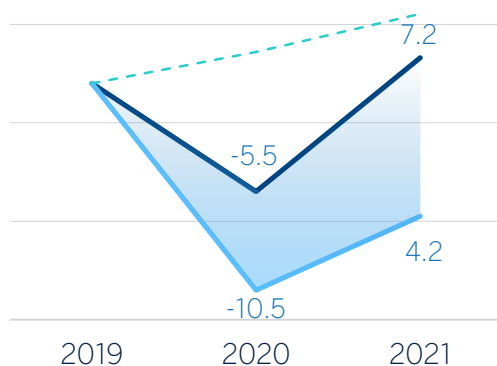
 **EUROZONE** (GDP YOY%)



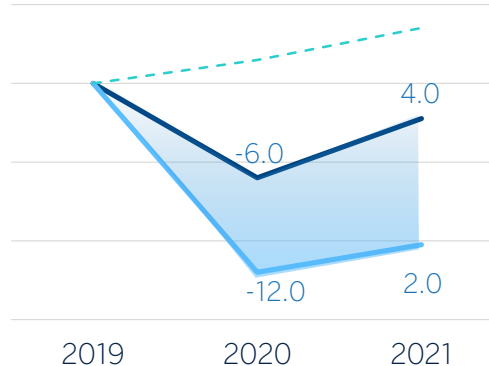
 **USA** (GDP YOY%)



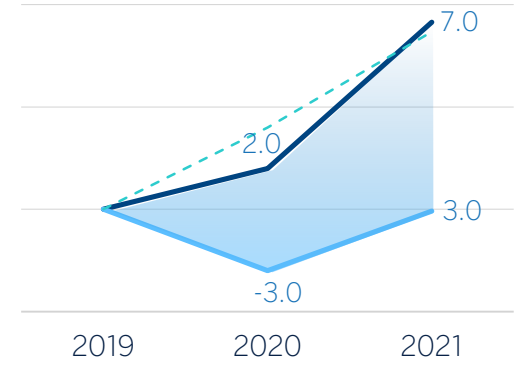
 **SPAIN** (GDP YOY%)



 **MEXICO** (GDP YOY%)

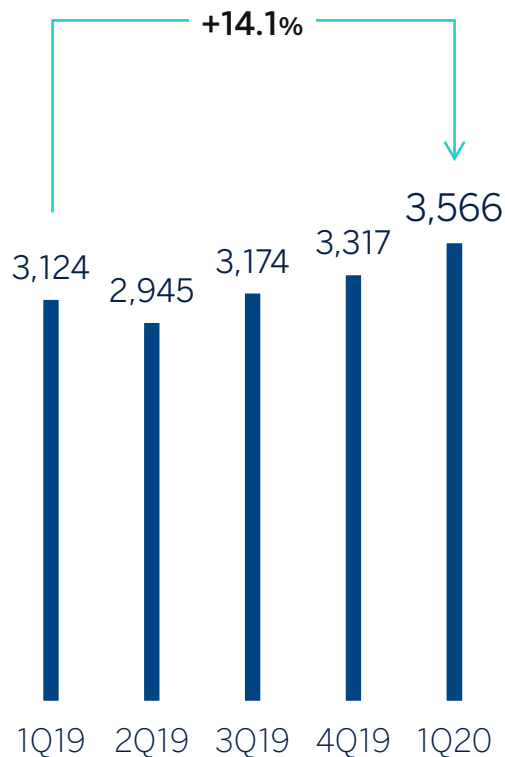


 **TURKEY** (GDP YOY%)

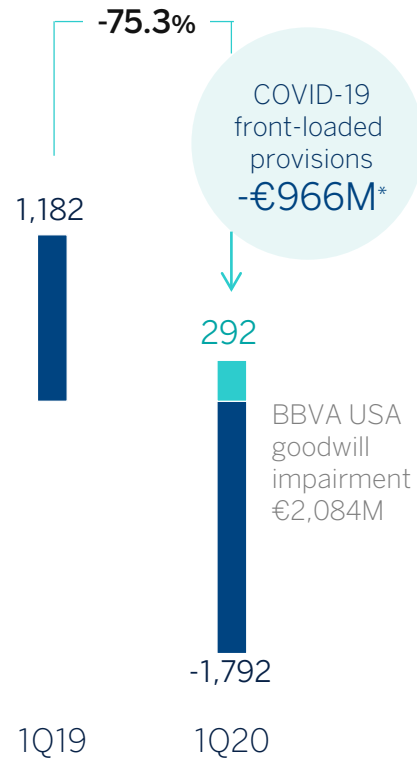


Strong Pre-Provision Profit growth and anticipation of COVID-19 provisions

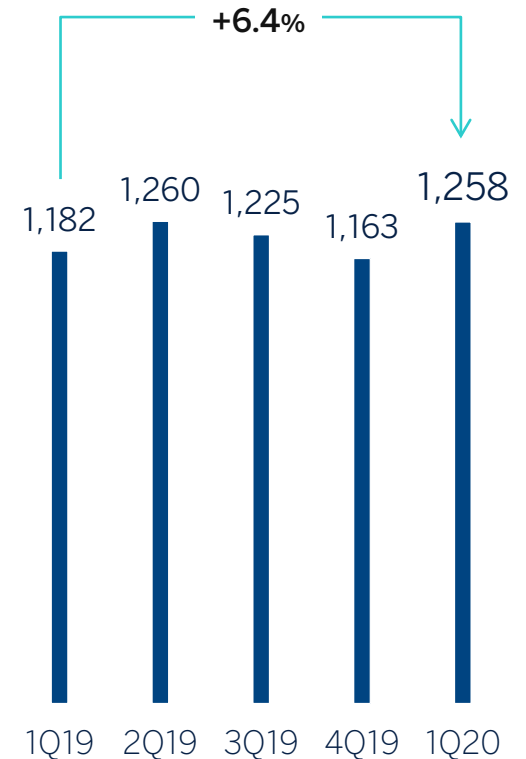
OPERATING INCOME (€M current)



NET ATTRIBUTABLE PROFIT (€M current)



Excluding COVID-19 front-loaded provisions and one-offs**

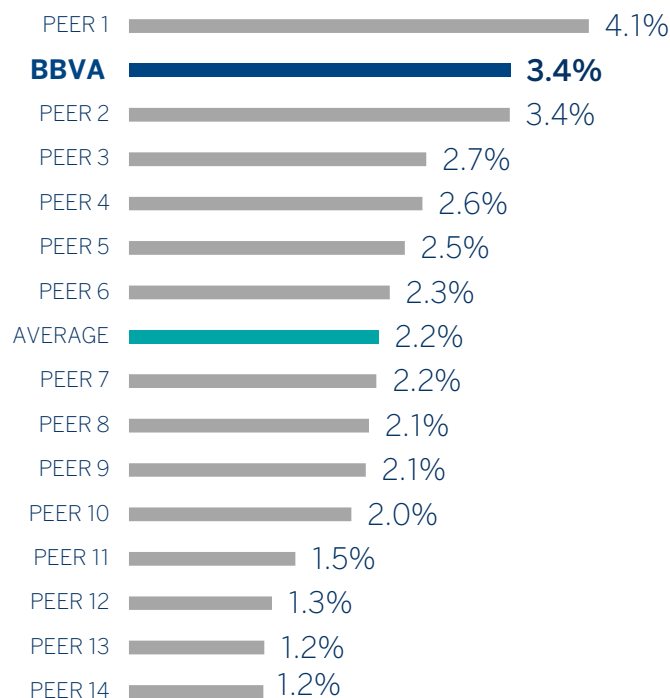


(*) COVID-19 impairment net of taxes and non-controlling interests at -€966M corresponding to a gross amount of COVID-19 impairments -€1,460M (of which -€1,433M accounted in impairments and -€27M in provisions). (**) One-offs: 1Q20 and 4Q19 include BBVA USA goodwill impairment of -€2,084M and -€1,318M, respectively.

We face this crisis from a position of strength

STRONG AND LOW VOLATILE OPERATING INCOME

/ OPERATING INCOME/ RWAS (2008-2019 AVERAGE, %)

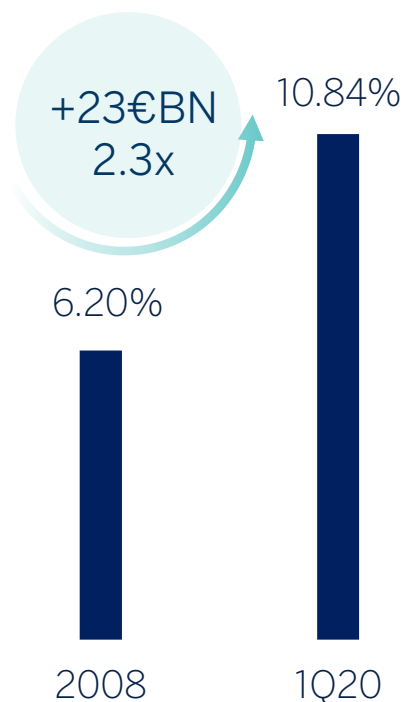


VOLATILITY - STANDARD DEVIATION

BBVA **±0.4%** European Peers¹ **±0.9%**

PROVEN CAPACITY TO GENERATE CAPITAL

/ CET1 FULLY LOADED (%)



COMFORTABLE LIQUIDITY POSITION

Well above the 100% minimum requirements

LCR Group **134%** NSFR Group **120%**

156% considering excess liquidity in subsidiaries

Mainly retail and long term funding structure

LTD in all subsidiaries **c.100%**

(1) Simple average. European Peer Group: BARC, BNPP, CASA, CS, CMZ, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS, UCG.

Note: liquidity ratios as of March 2020.

BBVA reaches an agreement with Allianz to boost its non-life insurance business in Spain

STRATEGIC LONG TERM ALLIANCE

Non-Life Insurance business is **strategic for BBVA**

This alliance strengthens our **innovative products** offer, leveraging on capabilities of a leading global industrial partner like Allianz

It also reinforces our strategic priority **to help our clients** improve their financial health, offering the best products and services

Sound Economics

€377M

Total Price for 50% Stake

€300M¹

Net impact on P&L

+ 7bps

Impact on
CET1 FL¹

(1) Impacts in P/L and Solvency calculated only with the Fixed Price (€277M)

1Q20 Results

1Q20 Highlights

1



Robust core **revenue growth**

Gross loan growth

Ending balance
€ constant

+4.5% vs. Dec 19

NII

€ constant

+7.5% vs. 1Q19

FEES

€ constant

+6.3% vs. 1Q19

2



Outstanding **operating income and efficiency**

OPERATING INCOME

€ constant

+20.3% vs. 1Q19

COST TO INCOME

€ constant, YTD

45.0%

-401 bps vs. 12M19

3



Risk indicators impacted by COVID-19 impairments

NPL RATIO

3.61%

-32 bps vs. 1Q19

COVERAGE RATIO

86%

+11.85p.p. vs. 1Q19

COST OF RISK

2.57%

+154 bps vs. 1Q19

4



Capital, shareholder value creation and profitability affected by markets and impairments

CET1 FL

10.84%

-90 bps vs. Mar-19
+225 bps above
minimum requirement

TBV/ SHARE +DIVIDENDS

+1.7%

YoY growth

ROTE YTD

2.81%

12.12%
ex- BBVA USA goodwill
impairment and COVID-
19 impact

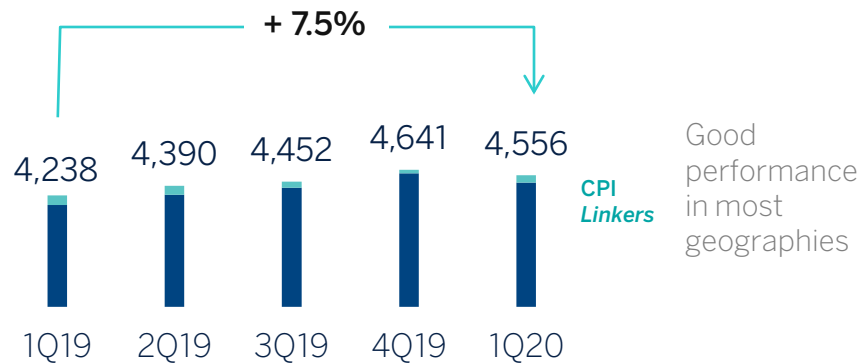
1Q20 Profit & Loss

BBVA Group (€m)	1Q20	Change 1Q20/1Q19	
		%	% constant
Net Interest Income	4,556	3.6	7.5
Net Fees and Commissions	1,258	3.6	6.3
Net Trading Income	594	39.5	54.6
Other Income & Expenses	75	n.a.	n.a.
Gross Income	6,484	7.2	11.4
Operating Expenses	-2,918	-0.1	2.2
Operating Income	3,566	14.1	20.3
Impairment on Financial Assets	-2,575	n.a.	n.a.
Provisions and Other Gains and Losses	-341	n.a.	n.a.
Income Before Tax	649	-66.8	-64.6
Income Tax	-186	-65.6	-63.4
Non-controlling Interest	-172	-26.6	-15.7
Net Attributable Profit (ex-BBVA USA Goodwill impairment)	292	-75.3	-74.0
BBVA USA Goodwill impairment	-2,084	n.a.	n.a.
Net Attributable Profit (reported)	-1,792	-251.6	-259.7

Robust core revenue growth

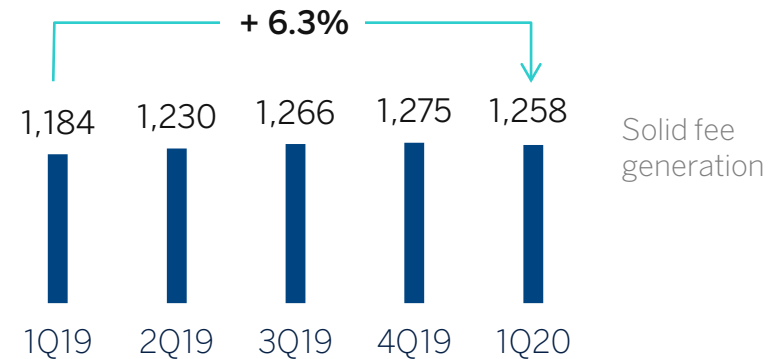
/ NET INTEREST INCOME

(€M CONSTANT)



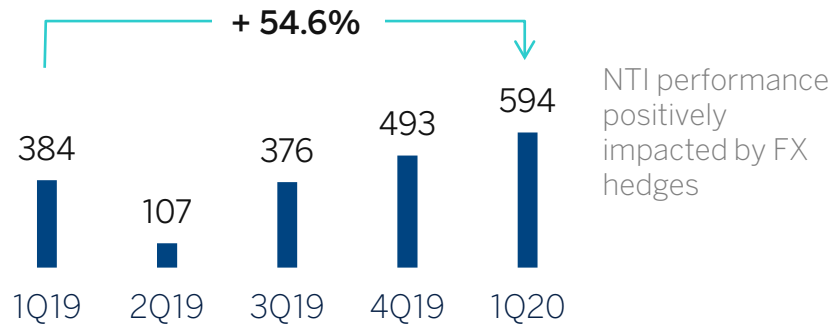
/ NET FEES AND COMMISSIONS

(€M CONSTANT)



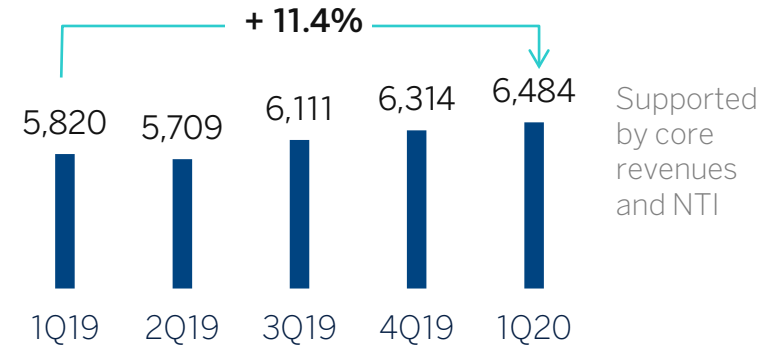
/ NET TRADING INCOME

(€M CONSTANT)



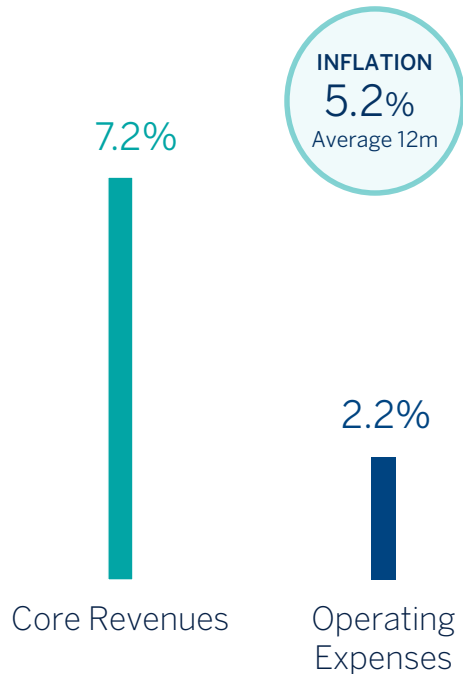
/ GROSS INCOME

(€M CONSTANT)

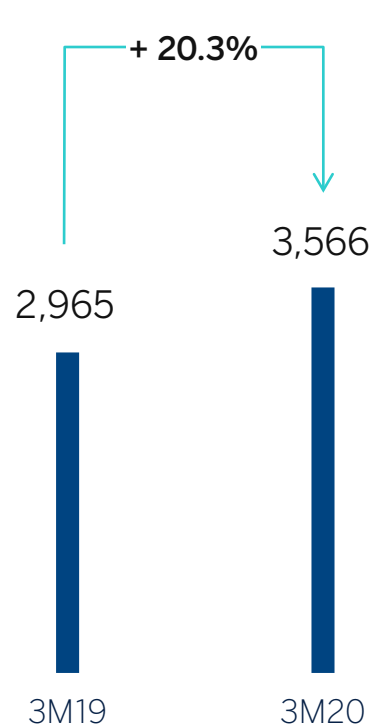


Outstanding operating income and efficiency

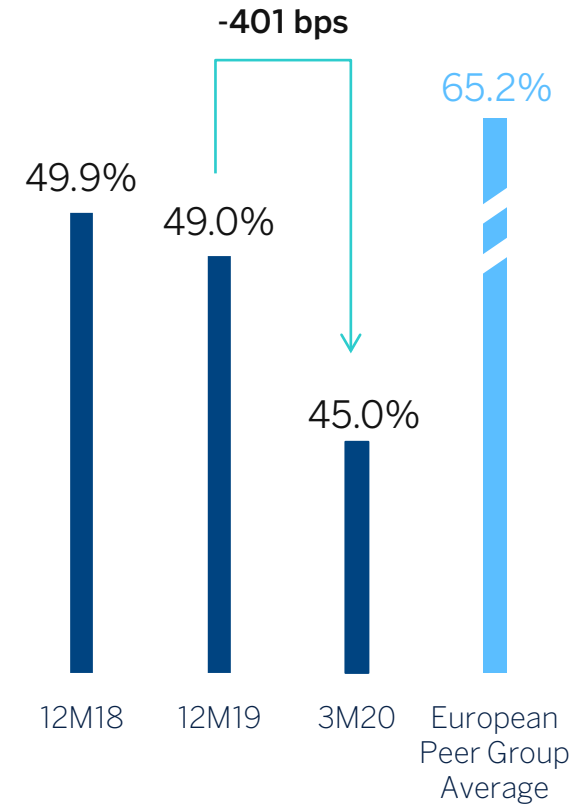
/ GROUP OPERATING JAWS (3M20 YoY (%); € CONSTANT)



/ GROUP OPERATING INCOME (YoY (%); €M CONSTANT)



/ EFFICIENCY RATIO (%; € CONSTANT)

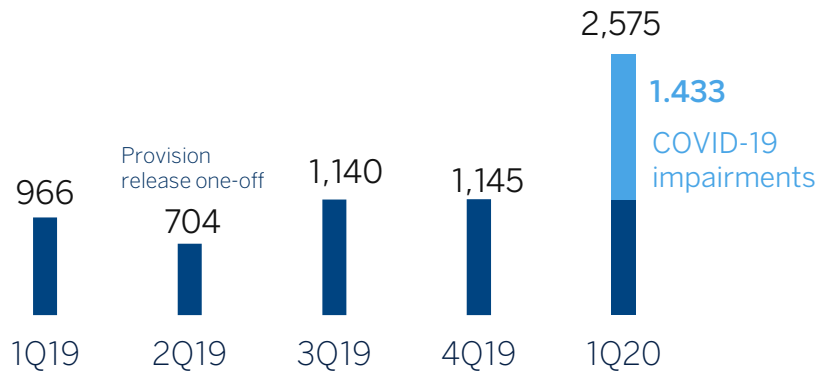


European Peer Group: BARC, BNPP, CASA, CS, CMZ, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS, UCG. European Peer Group figures as of Dec-19. BBVA figures as of Mar-20.

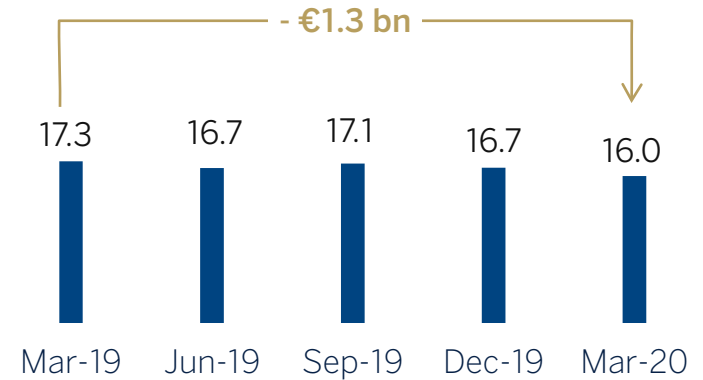
Highest quarterly Operating Income in the past 10 years

Risk indicators impacted by COVID-19 impairments

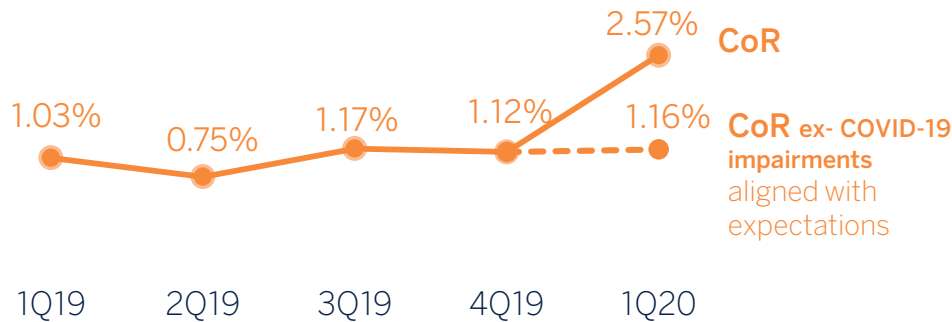
/ FINANCIAL ASSETS IMPAIRMENTS (€M CONSTANT)



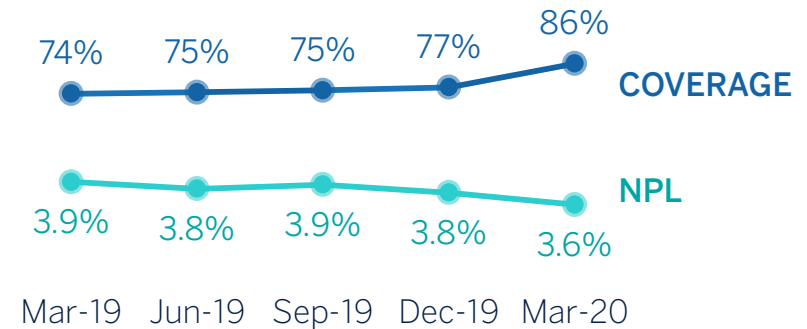
/ NPLs (€BN)



/ COST OF RISK (%)










/ NPL & COVERAGE RATIOS (%)



Impairments breakdown by business area

/ IMPAIRMENTS BREAKDOWN (€M CONSTANT)

	Recurrent Impairments	COVID-19 Frontloaded Impairments*	Total Impairments
 Spain	143	517	660
 USA	146	280	426
 Mexico	453	320	773
 Turkey	234	169	403
 Argentina	25	39	64
 Colombia	66	64	130
 Peru	54	42	96
Rest	20	2	22
TOTAL	1,142	1,433	2,575

/ COST OF RISK BREAKDOWN (%, CURRENT YTD)

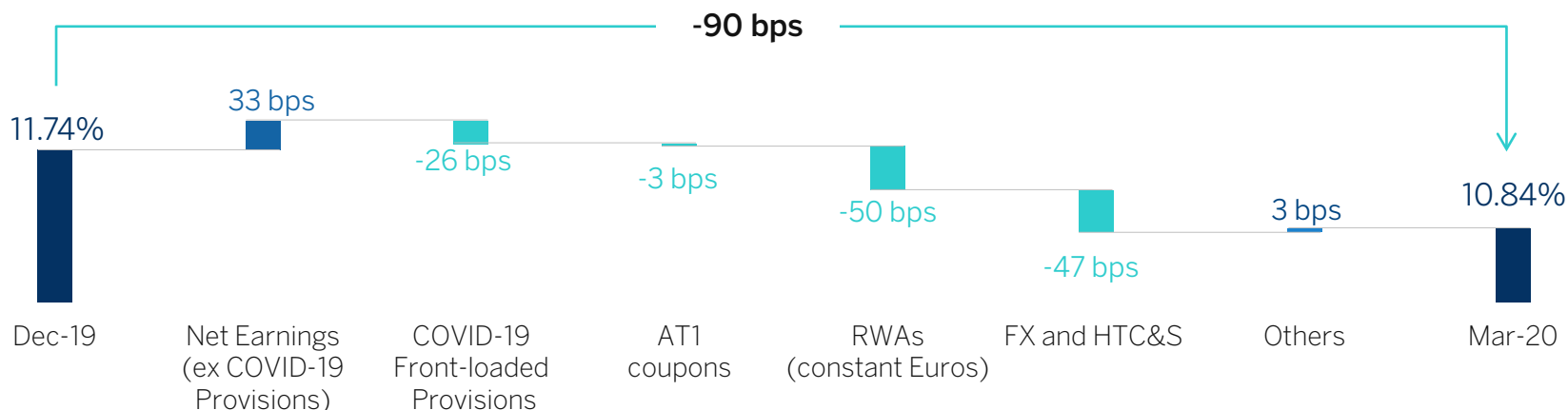
Recurrent Impairments	Total Impairments	2019
0.33%	1.54%	0.18%(**)
0.90%	2.60%	0.88%
3.11%	5.30%	3.01%
2.19%	3.80%	2.07%
2.87%	2.62% (***)	4.22%
2.02%	4.01%	1.67%
1.37%	2.43%	1.45%
n.a.	n.a.	n.a.
1.16%	2.57%	1.02%

(*) IRFS9 updated macro adjustment plus specific provisions for most affected portfolios (**) Excludes 2Q19 mortgage portfolio sales (***) Excludes €42M accounted in provisions.

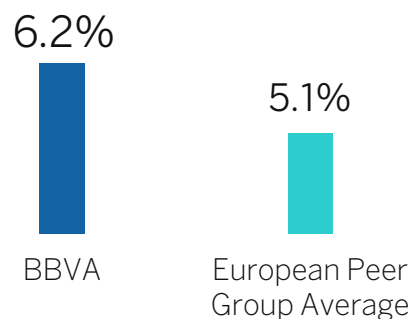
2020 CoR to be significantly below 1Q20 levels:
c. 150-180 bps, according to our best estimate

On capital, first quarter impacted by strong activity, market related impacts and provision frontloading

/ CET1 FULLY-LOADED QUARTERLY EVOLUTION (% , BPS)



/ HIGH QUALITY CAPITAL. LEVERAGE RATIO FL MAR-20 BBVA, DEC-19 EUROPEAN PEERS



/ DIVIDENDS

2019

0.26 € / share paid for 2019 results, last payment of 0.16 € / share (29 bps of CET1) paid in April 2020. **Already booked in 2019**

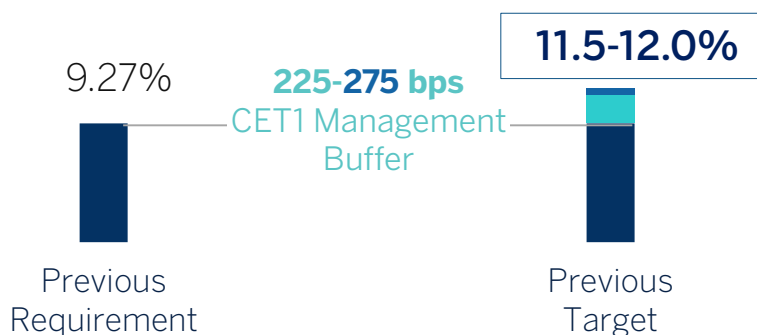
2020

No dividend payment until uncertainties disappear

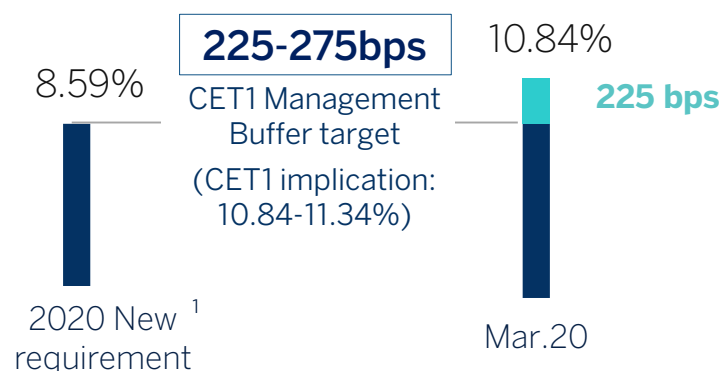
Moving from a CET1 target of 11.5%-12% to a 225-275 bps CET1 management buffer target

/ CET1 FULLY-LOADED- BBVA GROUP (%)

FROM: %CET1 TARGET



TO: CET1 MANAGEMENT BUFFER



/ AT1 (%)



/ TIER 2 (%)



(1) P2R tiering measure announced by ECB, maintains total capital requirement but reduces CET1 requirement by 66 bps while increasing AT1 (+28 bps) and T2 (+38 bps). Additionally, Countercyclical buffer requirement has been removed (-2 bps).

We have adapted our capital target to maintain the same comfortable and efficient capital position in a context of lower CET1 requirements

Business Areas

€M 1Q20. Change in % vs 1Q19

Spain

/ NET ATTRIB. PROFIT		/ OPERATING INCOME	
-141		728	
n.a.		+10.3%	
NET INTEREST INCOME	NET FEES & COMMISSIONS	OPERATING EXPENSES	
+1.7%	+13.4%	-4.4%	

- **Strong core revenue growth** , mainly driven by fees.
- **Costs** continue to go down.

USA Constant €

/ NET ATTRIB. PROFIT		/ OPERATING INCOME	
-100		315	
n.a.		-7.6%	
NET INTEREST INCOME	NET FEES & COMMISSIONS	OPERATING EXPENSES	
-13.3%	+13.5%	+2.4%	

- **NII** impacted by lower interest rates and a lower contribution from the securities portfolio
- Double digit growth in **Fees**

Mexico Constant €

/ NET ATTRIB. PROFIT		/ OPERATING INCOME	
372		1,330	
-39.9%		+6.3%	
NET INTEREST INCOME	NET FEES & COMMISSIONS	OPERATING EXPENSES	
+4.4%	-0.1%	+5.5%	

- **NII growth** driven by activity, despite lower lending yields.
- **Resilient operating income**, with revenues and positive operating jaws as the main levers.

Business Areas

€M 1Q20. Change in % vs 1Q19

Turkey Constant €

/ NET ATTRIB. PROFIT

129

+0.3%

NET INTEREST INCOME

+30.2%

NET FEES & COMMISSIONS

-6.1%

/ OPERATING INCOME

763

+47.6%

OPERATING EXPENSES

+9.3%

South America¹ Constant €

/ NET ATTRIB. PROFIT

70

-53.8%

NET ATTRIB. PROFIT 

8 -84.5%

NET ATTRIB. PROFIT 

30 -30.7%

/ OPERATING INCOME

473

-6.8%

NET ATTRIB. PROFIT 

8 -70.4%

- **Significant NII growth** explained by loan growth and the improvement in customer spreads.
- **Fees** impacted by regulatory cup
- **Costs** growing below average inflation.

- **Colombia:** High single digit growth in NII, supported by activity.
- **Peru:** Loan growth driven by CIB.
- **Argentina:** Positive Net Attributable Profit despite provisions for the sovereign debt portfolio

(1) Venezuela in current €.

BBVA

Creating Opportunities

Outlook and Final Remarks



Outlook 2020

COSTS

Real negative growth expected in all business areas. Better than expected across the board

COST OF RISK

2020 cost of risk to be significantly below 1Q20, c. 150-180 bps, according to our best estimate

CAPITAL

In our base case scenario, we should be close to the upper part of the target range by the end of the year, considering transactions pending to be closed, certain capital relief by regulators and our track record of capital generation

CONCLUSIONS

Outstanding Operating Income growth, demonstrating resilience to cover potential Covid-19 losses

Risk indicators impacted by significant COVID-19 provision frontloading, including updated macro scenarios and specific provisions for most affected exposures

We operate from a position of strength from a capital and liquidity perspective, well above requirements

Our priorities are clear: the safety and health of our employees, clients and society, and the continuity of our operations to support our clients



FINAL REMARKS

Restrictions related to COVID-19 are having very significant economical effect but it will be limited in time

In this context, it is key to preserve employment, support companies and the self-employed, in order to have a strong subsequent recovery

The de-escalate from COVID-19 must allow to go back progressively to the economic activity with the appropriate measures of health prevention

Banks are an essential part of the solution
It's time to step up and make a difference,
supporting our clients.



BBVA