

**BBVA**

Creating Opportunities

# 2020 Results

January 29<sup>th</sup>, 2021

Carlos Torres Vila  
Chairman

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# 2020 achievements

✓ **Successfully navigated through the crisis**  
with clear priorities

€**63** billion<sup>1</sup>

DEFERRALS, PAYMENT FLEXIBILITY  
AND CREDIT FACILITIES PROVIDED  
THROUGH GOVERNMENT PROGRAMS

✓ **Advanced in our strategy**  
addressing accelerating trends

+**56%**

DIGITAL CLIENT  
ACQUISITION VS. 2019

✓ **Delivered excellent results**  
despite a challenging environment

+**11.7%**

OPERATING INCOME GROWTH  
VS. 2019 IN CONSTANT EUROS

✓ **Achieved ample strategic optionality**  
with the BBVA USA sale, unlocking value

€**8.5** billion

CAPITAL GENERATION

(1) Includes loans granted throughout the year that have been paid off and undrawn commitments in credit facilities.

Allowing sizeable distributions to our shareholders in 2021

# The sanitary crisis has had a strong impact on economic growth in 2020

## GDP GROWTH ESTIMATES (% YoY)



Source: BBVA Research as of Jan-21  
(1) Weighted by gross margin

# BBVA has taken a step forward in response to the COVID-19 crisis



**Protect the health and safety** of our employees, clients and society



BBVA has donated more than **€35 million** and has mobilized more than **€11 million** through clients and employees contributions for the fight against COVID-19



At the peak, **86,000 teammates** working from home

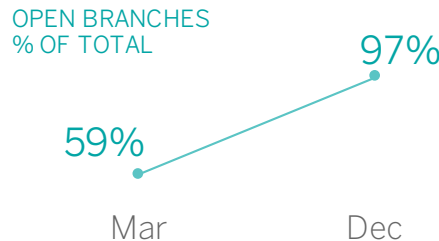


Return to the office plans **combining physical and remote work**



**Provide an essential service** to our communities

**Branch openings** based on operational and health protocols



Reorienting our clients to **remote and digital channels**

INTERACTIONS  
Global App Visits<sup>1</sup>  
(Pre vs. post COVID)



REMOTE BANKER INTERACTIONS  
"My Conversations in Spain"  
(Dec, 20 vs Dec, 19)



**Offer financial support** to our clients

**Deferrals** of loans and repayment flexibility

**€38 billion<sup>2</sup>**

Providing **credit facilities** through government programs

**€25 billion<sup>3</sup>**

**Financial support** to individuals and businesses

**~3 million clients**

(1) Only taking into account visits that log in the Private Area. (2) Includes loans that have been paid off. (3) Includes undrawn commitments.

# Our strategic priorities successfully address accelerating trends during the crisis



Improving our **clients'**  
**financial health**



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



Reaching **more**  
**clients**



Driving **operational**  
**excellence**



The best and most  
**engaged team**

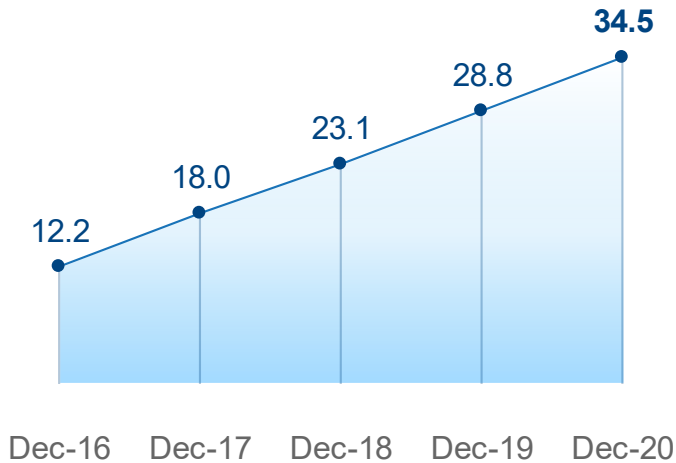


**Data and Technology**

# Leveraging our digital capabilities to better serve our clients

## MOBILE CUSTOMERS

MILLION CUSTOMERS, PERCENTAGE

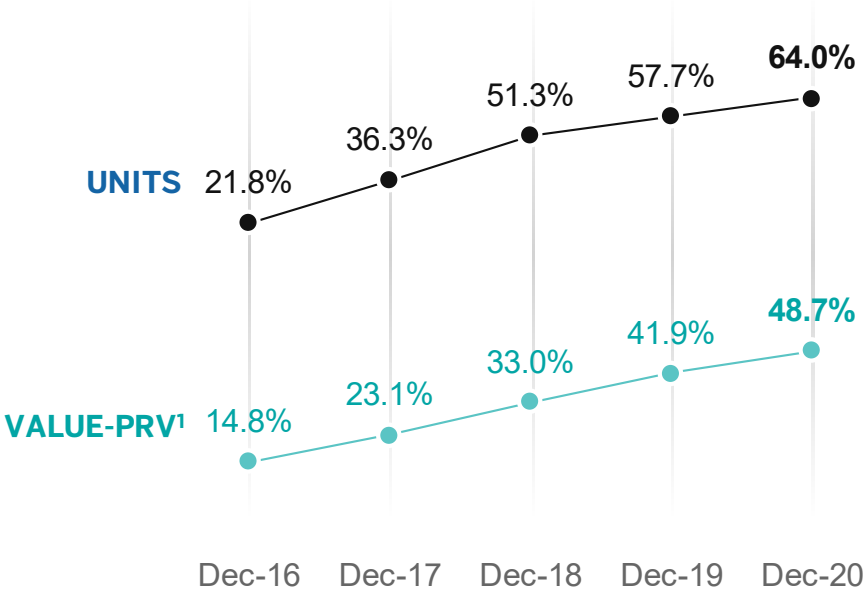


Dec-16 Dec-17 Dec-18 Dec-19 Dec-20

24.9%	35.1%	43.8%	51.8%	59.0%
MOBILE PENETRATION				

## GROUP DIGITAL SALES

YTD, PERCENTAGE

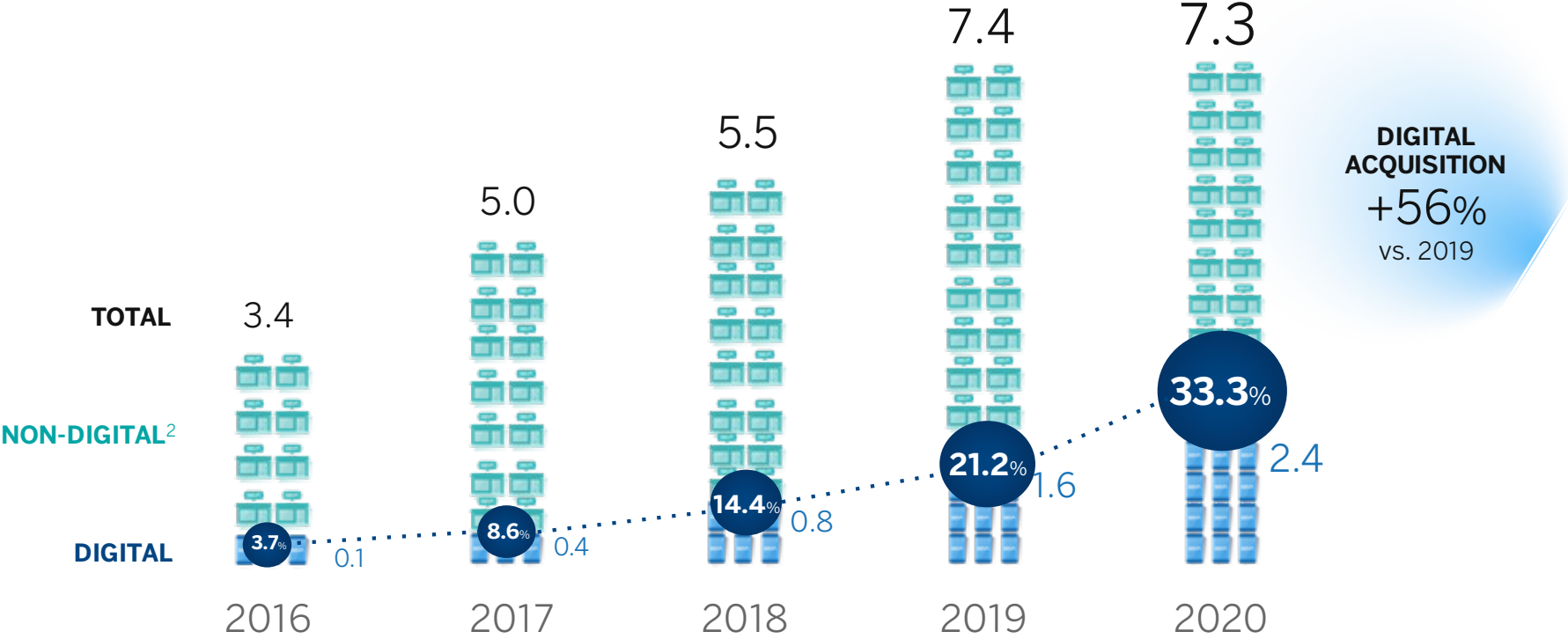


Dec-16 Dec-17 Dec-18 Dec-19 Dec-20

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

# We have reached more customers through digital channels

## GROSS NEW CUSTOMERS ACQUISITION<sup>1</sup> (MN CUSTOMERS, % CUSTOMERS ACQUIRED THROUGH DIGITAL CHANNELS)



(1) Gross customer acquisition through own channels for retail segment. (2) Branches, external salesforce and ATMs.



# We continue to successfully deliver on sustainability strategy

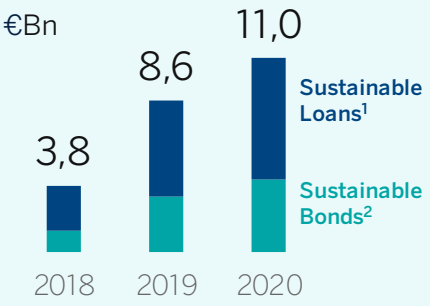
## Helping our clients transition towards a more sustainable future

### OVERDELIVERING ON BBVA'S 2025 PLEDGE



### PROVIDING SUSTAINABLE FINANCE AND ADVICE

Wholesale clients

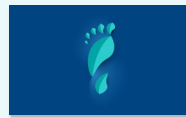


Note: preliminary data. (1) Corporate Sustainable Loans include BBVA's underwriting share in: (i) Certified Loans, (ii) Project Finance and (iii) KPI and/or ESG Linked Loans. (2) BBVA's underwriting share in ESG bonds (BBVA led bond issuances for a total €22 Bn in 2020).

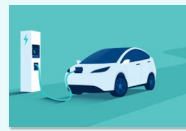
New sustainable solutions for all segments



Energy-efficient linked mortgages



Carbon footprint calculator



Hybrid and electric vehicles loans

## Aligning our Portfolio

- Climate risk included in loan admission frameworks
- Internal taxonomy on transition risk



## Increasing transparency



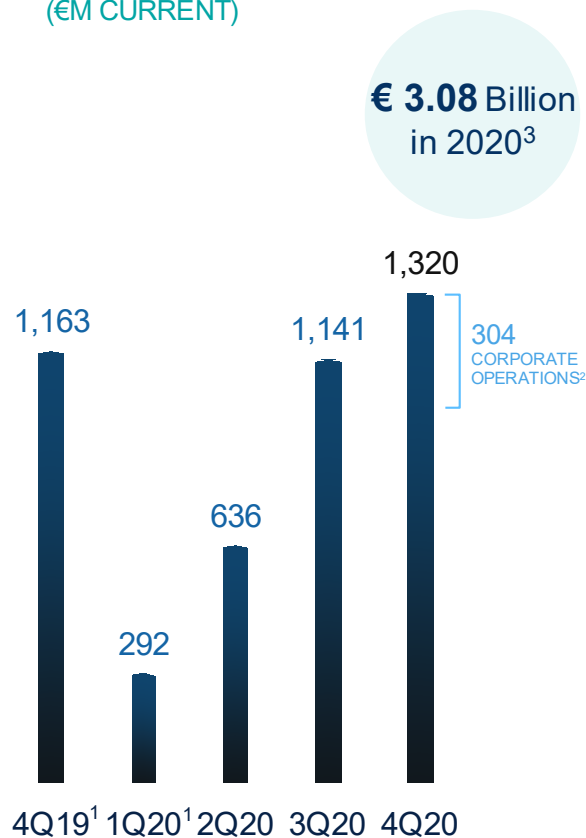
## Leading sustainability indexes



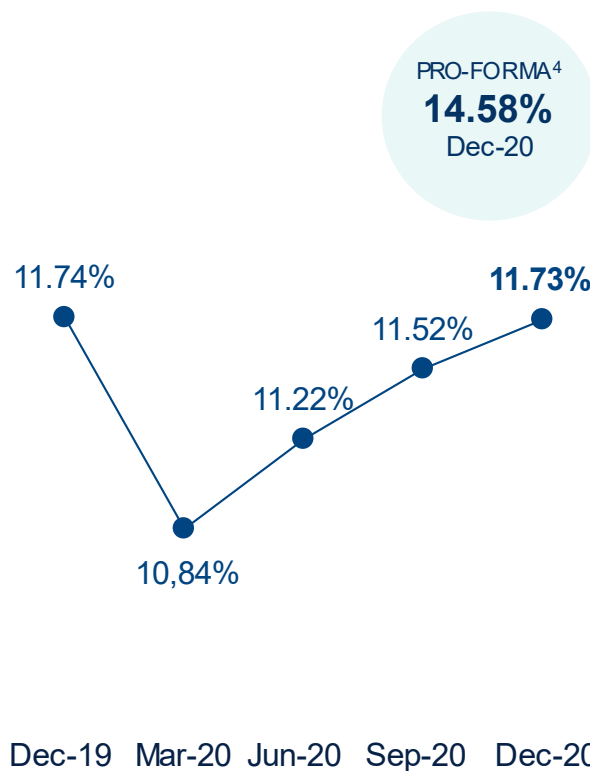
#1  
EUROPEAN BANK

# Solid quarterly profit evolution, improving capital position and tangible book value per share

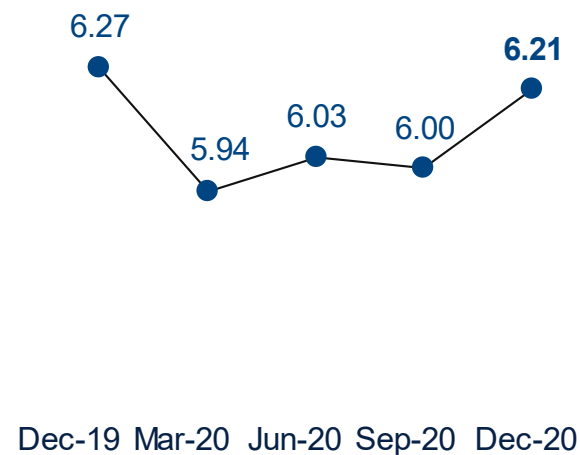
**NET ATTRIBUTABLE PROFIT**  
(€M CURRENT)



**CET1 FULLY LOADED**  
(%)



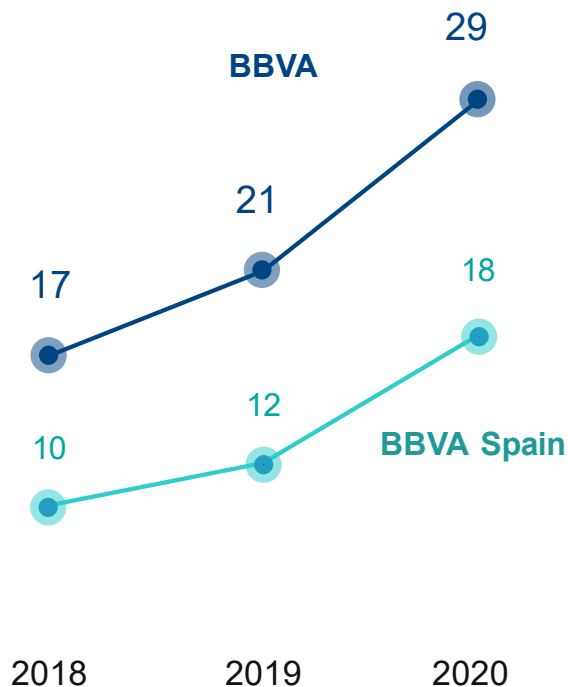
**TBV/SHARE + DIVIDENDS**  
(€/Share)



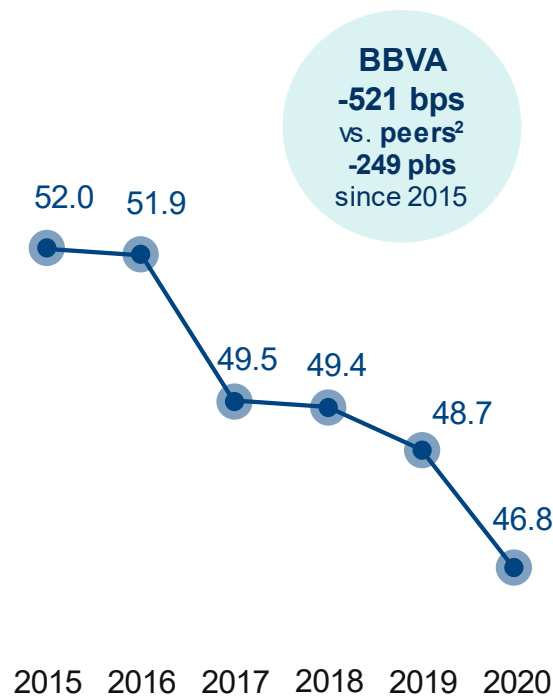
(1) Excluding BBVA USA goodwill impairment (1,318€m in 4Q19 and 2,084€m in 1Q20). (2) Includes capital gain from the JV with Allianz and closed in 4Q20. (3) Excluding BBVA USA goodwill impairment (2,084 €m) and corporate operations. (4) Includes impact from BBVA USA sale.

# Our commitment to efficiency is reinforced by the acceleration of trends such as digitization

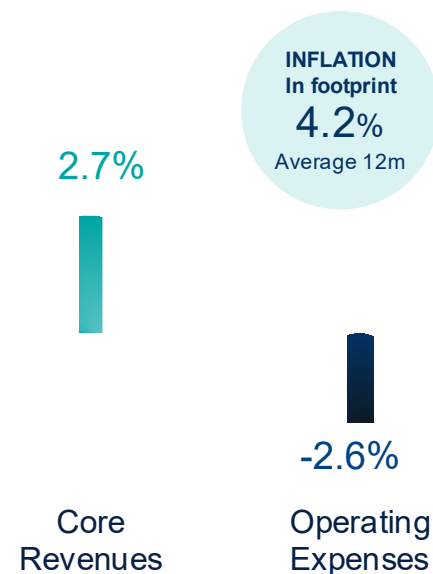
## / DIGITAL TRANSACTIONS<sup>1</sup> TRANSACTIONS PER CLIENT



## / COST-TO-INCOME RATIO BBVA GROUP. PERCENTAGE



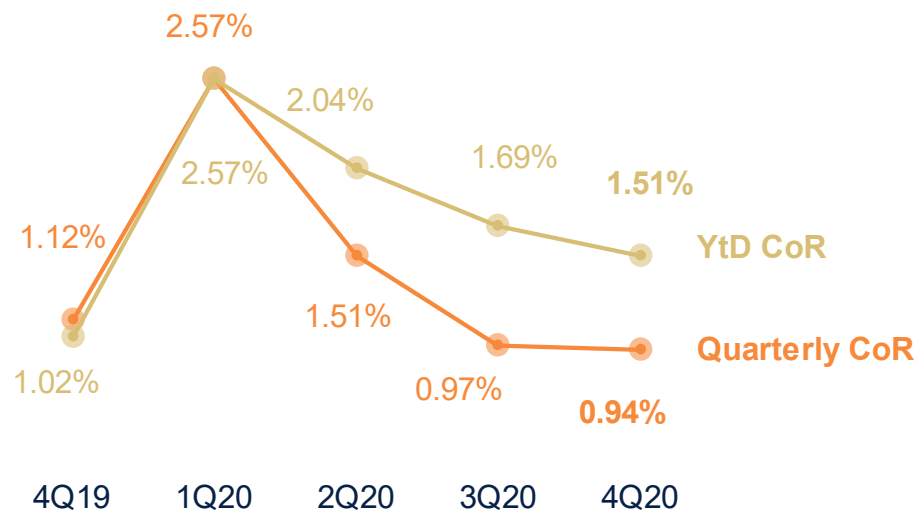
## / OPERATING JAWS (12M20 YOY, %; € CONSTANT)



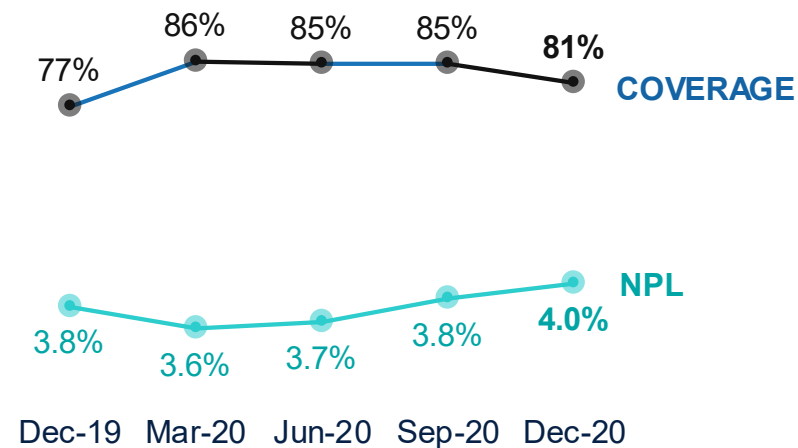
(1) Includes monetary and non-monetary transactions excluding sales and information inquiries. (2) European peer group: BARC, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS, UCG. European Peer Group figures 9M20. BBVA figures 12M20.

# Risk indicators impacted by COVID-19 but better than initial estimates

## / COST OF RISK (%)



## / NPL & COVERAGE RATIOS (%)

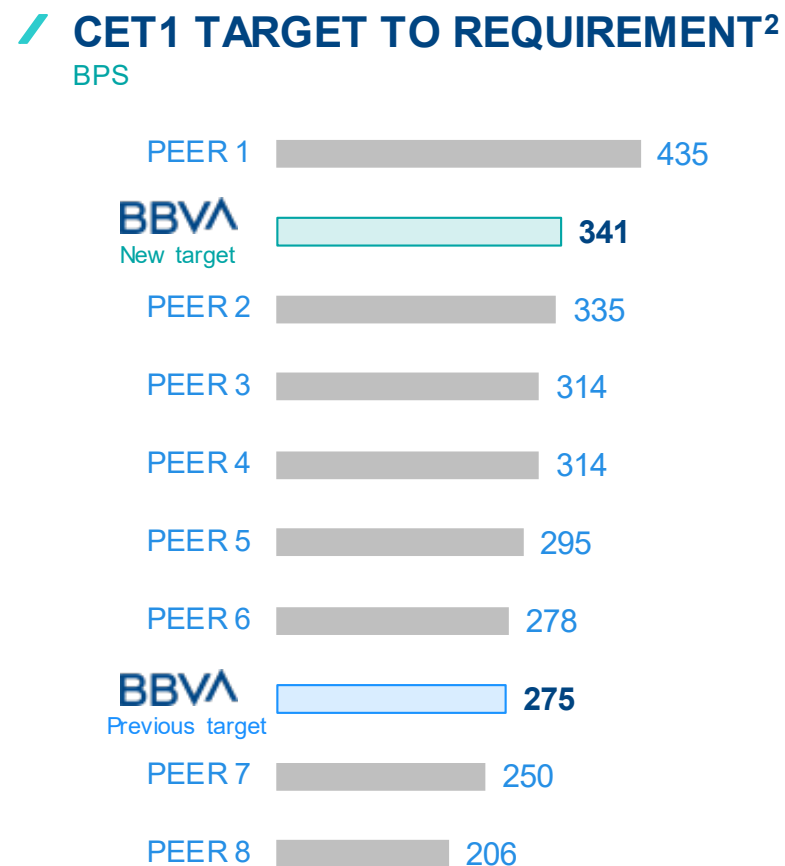
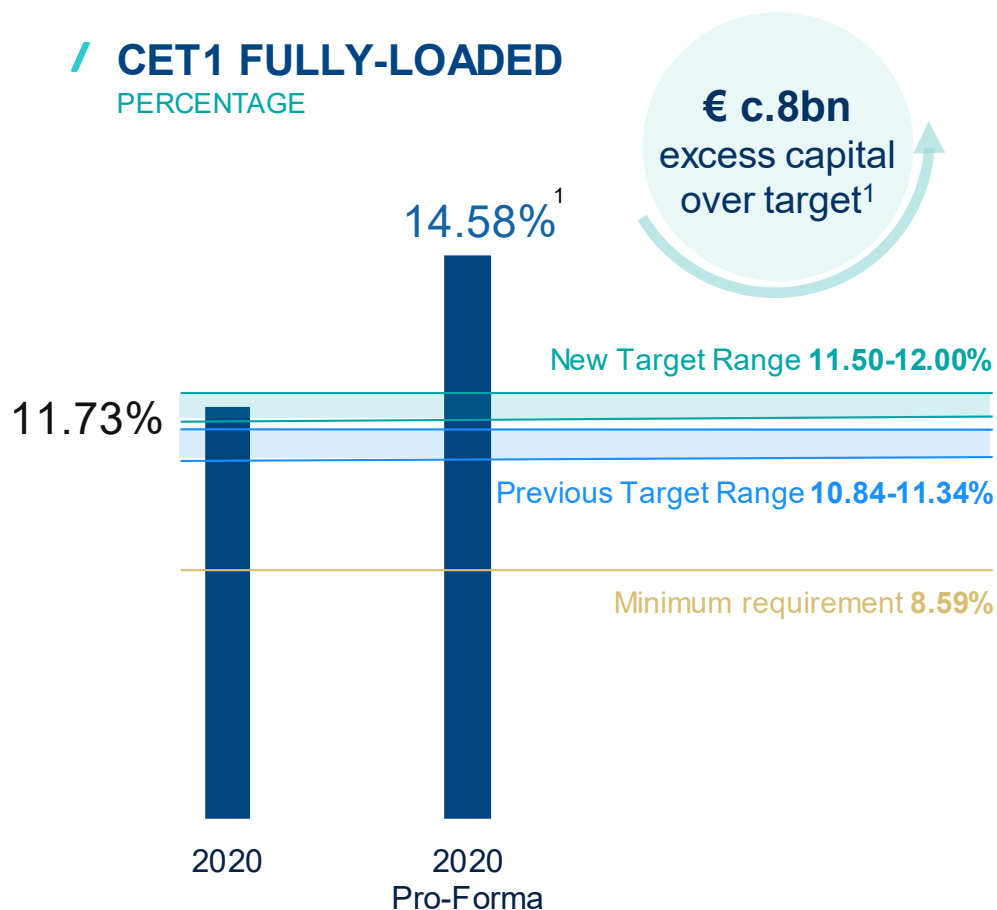


(1) In constant Euros.

Very significant effort to increase our reserves (impairments +67% in 2020 vs 2019<sup>1</sup>)

# We closed the year with a strong capital position and revising our target ratio upwards

## New CET1 FL target: 11.5 - 12.0%



(1) Includes the sale of BBVAUSA. Excess capital calculated comparing BBVA's 2020 %CET1 Pro-Forma versus 12% (upper part of our new target range).

(2) Distance of CET1 published targets (considering the upper part when is provided as a target range) versus 2020 CET1 SREP Requirement. European Peer Group subject to ECB regulation: BNPP, CA, CMZ, DB, ISP, SAN, SG, UCG.

# BBVA USA sale: a historic deal that unlocks value

## LARGE SIZE TRANSACTION AT VERY ATTRACTIVE PRICE



## MAIN RATIOS

**19.7x**  
PER  
2019

**1.34x**  
P/TBV  
Sep 2020

(1) Based on a EUR/ USD exchange rate of 1.20.



# BBVA USA transaction shows disciplined value-based approach to capital allocation

We will deploy the excess capital:



In our markets through profitable growth and costs' reduction



Through increased distributions to shareholders

Significant EPS and TBV per share accretion potential

# Capital deployment. Shareholder distributions

## 2020 dividend

Follows regulatory guidance

- **€5.9 cents per share** (maximum allowed by regulatory guidance<sup>1</sup>)
- 100% cash
- Payment in April 2021

## 2021 ordinary dividend

Plan to recover our clear, predictable and sustainable policy once regulatory restrictions are lifted (expected in Sep 2021)<sup>2</sup>

- **35-40% payout**
- 100% cash
- Payments in October 2021 and April 2022

## Extraordinary distributions

The excess capital allows for additional distributions to shareholders, through buybacks and extraordinary dividends

Targeting a buyback of **around 10%** of ordinary shares, after the closing of BBVA USA transaction<sup>3</sup>

(1) Includes dividend accrual of 5.9 Euro cents per share (gross) payable in April-21 subject to shareholders and supervisors approval. Calculated as the 15% payout over 2020 results, excluding goodwill impairments, the capital gain from the JV with Allianz and AT1 Coupons.

(2) Subject to shareholders and supervisors approval.

(3) Any potential repurchase of shares would, at the earliest, take place after the expected close of the BBVA USA transaction in mid 2021. Any decision on a repurchase of ordinary shares would (i) require certain shareholders resolutions and supervisors approval and the lifting of the ECB recommendation on distributions to shareholders, and (ii) take into consideration share prices, among other factors.



# 2020 Results

January 29<sup>th</sup>, 2021

**Onur Genç**  
Consejero Delegado

# 2020 top financial messages

1	Solid <b>core revenue</b> growth	NII + FEE INCOME (€ constant) <b>+2.7%</b> vs. 12M19
2	Very strong <b>cost control</b> and <b>efficiency</b>	OPERATING EXPENSES (€ constant) <b>-2.6%</b> vs. 12M19
3	Resilient <b>pre-provision profit</b> growth	OPERATING INCOME (€ constant) <b>+11.7%</b> vs. 12M19
4	<b>Risk indicators</b> impacted by COVID-19 but better than initial expectations	COST OF RISK (YtD) <b>1.51%</b> vs. <b>1.50-1.60%</b> updated guidance vs. <b>1.02%</b> in 12M19
5	Reinforced <b>capital position</b> after BBVA USA sale	PRO-FORMA CET1 FL <b>14.58%</b>
6	Continue leading <b>profitability metrics</b>	ROTE <sup>1</sup> <b>7.8%</b> vs. 4.5% European peer group average
7	Expecting to resume <b>shareholder distribution</b>	2020 DIVIDEND <sup>2</sup> <b>€5.9</b> cents per share

(1) Excludes goodwill impairments from BBVA and European peers. Excludes capital gains from corporate operation from BBVA. European Peer Group: BARC, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS, UCG. European Peer Group figures 9M20. BBVA figures 12M20. (2) Includes dividend accrual of 5.9 Euro cents per share (gross) payable in April-21 subject to shareholders and supervisors approval. Calculated as the 15% payout over 2020 results, excluding goodwill impairments, the capital gain from the JV with Allianz and AT1 Coupons.

# 2020 Profit & Loss

BBVA Group (€m)	2020	Change 2020/2019	
		%	% constant
<b>Net Interest Income</b>	<b>16,801</b>	<b>-7.3</b>	<b>3.6</b>
Net Fees and Commissions	4,616	-8.3	-0.4
Net Trading Income	1,692	22.3	37.6
Other Income & Expenses	-135	n.s.	n.s.
<b>Gross Income</b>	<b>22,974</b>	<b>-6.1</b>	<b>4.5</b>
Operating Expenses	-10,755	-9.6	-2.6
<b>Operating Income</b>	<b>12,219</b>	<b>-2.7</b>	<b>11.7</b>
Impairment on Financial Assets	-5,908	45.1	67.3
Provisions and Other Gains and Losses	-1,085	40.6	51.4
<b>Income Before Tax</b>	<b>5,225</b>	<b>-32.3</b>	<b>-21.9</b>
Income Tax	-1,385	-32.5	-22.4
Non-controlling Interest	-756	-9.3	13
<b>Net Attributable Profit</b> (ex-BBVA USA goodwill impairment and Corporate Operations)	<b>3,084</b>	<b>-36.1</b>	<b>-27.2</b>
Corporate Operations	304	n.s.	n.s.
BBVA USA goodwill impairment	-2,084	58.1	58.1
<b>Net Attributable Profit</b> (reported)	<b>1,305</b>	<b>-62.9</b>	<b>-55.3</b>



# Spain

## / RESULTS

12M20 (€m; YoY%)

NET INTEREST INCOME

**3,553** -0.4%

FEES AND  
COMMISSIONS

**1,802** +2.9%

OPERATING EXPENSES

**-3,039** -6.6%

OPERATING INCOME

**2,515** +4.7%

IMPAIRMENT ON FINANCIAL ASSETS

**-1,167** n.s.

NET ATTRIBUTABLE PROFIT

**606** -56.3%

## / ACTIVITY

DEC-20 (YoY%)



LENDING<sup>1</sup>

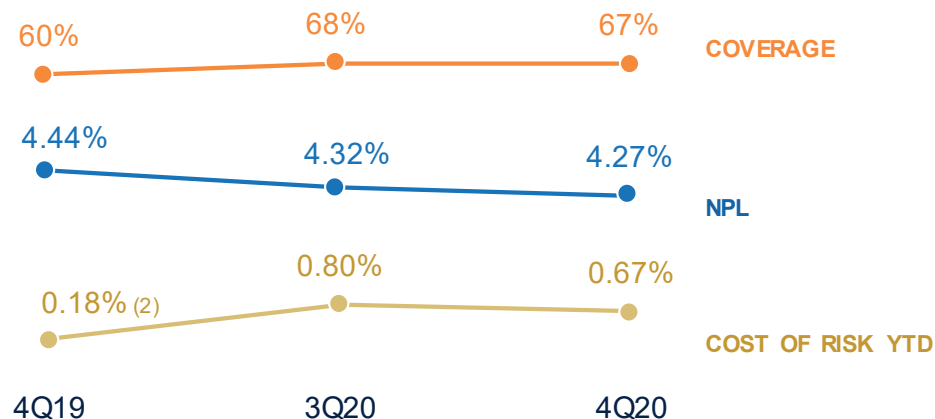
**+0.8%**



CUSTOMER FUNDS

**+8.1%**

## ASSET QUALITY RATIOS



(1) Performing loans under management. Note: activity exclude repos.

(2) 4Q19 CoR ex mortgage portfolio sale in 2Q19.

Core Revenue growth  
driven by fees

Excellent expenses  
management, improving  
the efficiency ratio

Growth in lending driven by  
commercial segments, supported  
by State guaranteed loans

Front-loaded COVID  
provisions set aside in 1H20  
and best in class coverage



## / RESULTS

12M20 (€m; YoY % constant)

NET INTEREST INCOME

2,284 -2.6%

NET FEES & COMMISSIONS

665 +5.5%

OPERATING EXPENSES

-1,870 -2.8%

OPERATING INCOME

1.281 +4.4%

IMPAIRMENT ON FINANCIAL ASSETS

-776 +44.3%

NET ATTRIBUTABLE PROFIT

429 -25.5%

## / ACTIVITY

DEC-20 (YoY %, € constant)



LENDING<sup>1</sup>

0.0%

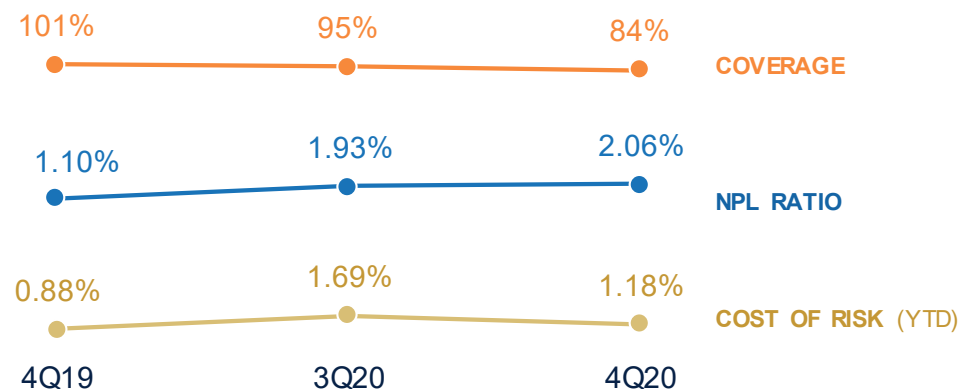


CUSTOMER FUNDS

+13.1

%

## ASSET QUALITY RATIOS



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

Positive jaws and cost reduction, resulting in a significant operating income growth

Flat lending evolution; lower activity in retail and Corporate & Investment Banking has been offset by commercial portfolios, driven by State guaranteed loans

Asset quality better than expected



# MEXICO

## / RESULTS

12M20 (€m; YoY% constant)

NET INTEREST INCOME

5,415 -0.7%

NET FEES & COMMISSIONS

1,065 -6.6%

OPERATING EXPENSES

-2,340 +0.7%

OPERATING INCOME

4,677 -1.1%

IMPAIRMENT ON FINANCIAL ASSETS

-2,172 +45.6%

NET ATTRIBUTABLE PROFIT

1,759 -25.8%

## / ACTIVITY<sup>1</sup>

DEC-20 (YoY%, € constant)



LENDING

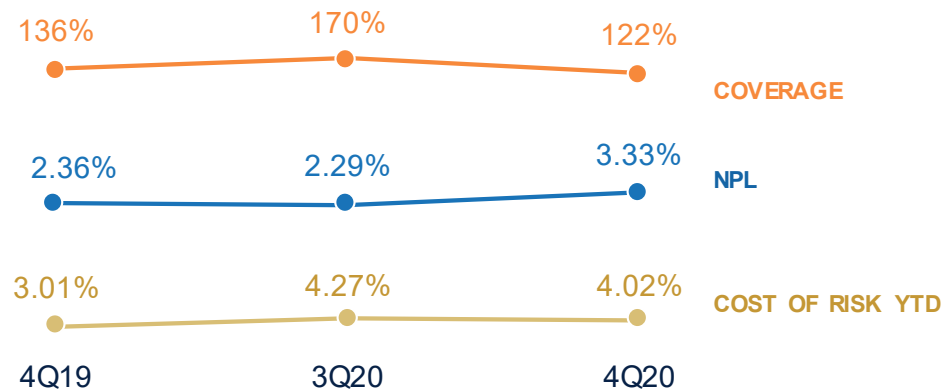
-0.6%



CUSTOMER FUNDS

+10.5%

## ASSET QUALITY RATIOS



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

Costs under control, significantly growing below inflation

Flat lending evolution; Growth in mortgages and public sector offsetting deleverage of commercial portfolios, and consumer & credit cards

Asset quality in line with expectations



# TURKEY

## / RESULTS

12M20 (€m; YoY % constant)

NET INTEREST INCOME

2,783 +25.2%

NET FEES & COMMISSIONS

510 -9.9%

OPERATING EXPENSES

-1,029 +7.3%

OPERATING INCOME

2,544 +35.6%

IMPAIRMENT ON FINANCIAL ASSETS

-895 +25.0%

NET ATTRIBUTABLE PROFIT

563 +41.0%

## / ACTIVITY<sup>1</sup>

DEC-20 (YoY %, € constant)



LENDING

LIRAS: +33.6%

FC: -5.4%

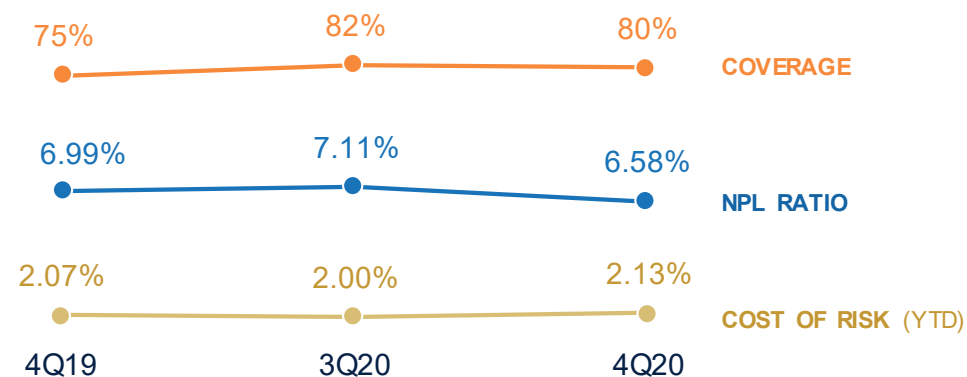


CUSTOMER FUNDS

LIRAS: +25.5%

FC: +7.9%

## ASSET QUALITY RATIOS



(1) Foreign currency (FC) evolution excluding FX impact. Bank only. Performing loans and deposits under management, excluding repos, according to local GAAP.

Robust operating income growth, driven by NII, NTI and expenses control

Cost growth significantly below inflation

Significant Turkish Lira loan growth, driven by commercial portfolio

Asset quality in line with expectations



# SOUTH AMERICA

## / RESULTS<sup>1</sup>

12M20 (€m; YoY % constant)

NET INTEREST INCOME

2,701 +0.9%

NET FEES & COMMISSIONS

484 +0.6%

OPERATING EXPENSES

-1,372 +2.8%

OPERATING INCOME

1,853 +0.8%

IMPAIRMENT ON FINANCIAL ASSETS<sup>1</sup>

-864 +34.0%

NET ATTRIBUTABLE PROFIT

446 -22.6%

COLOMBIA 165 -28.9%

PERÚ 110 -41.8%

ARGENTINA 89 n.s.

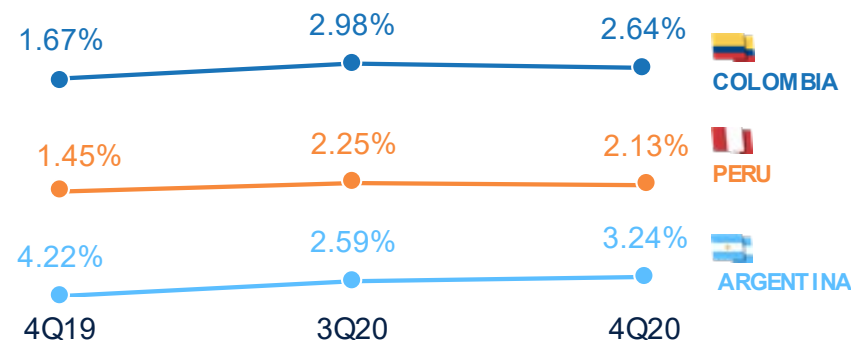
## / ACTIVITY<sup>2</sup>

DEC-20 (YoY %, € constant)



## ASSET QUALITY RATIOS

COST OF RISK (YTD)



(1) South America at constant perimeter (excludes BBVA Chile in 2018). (2) Performing loans under management. Nota: Activity excludes repos.

**Colombia:** operating income growth (6,2%) thanks to NII growth due to good spread management, and control of expenses growing below inflation

**Peru:** significant growth in activity supported by government programs. Improvement in the cost of risk since 1Q20

**Argentina:** continues to show a positive contribution although affected by hyperinflation



BBVA

Creating Opportunities

# Final remarks and 2021 outlook



# 2020 in review

- ✓ Successfully navigated through the crisis with clear priorities: first and foremost, the safety and health of our employees, clients and society, and support our clients
- ✓ Advanced in our strategy addressing accelerating trends
- ✓ Delivered excellent results despite a challenging environment
  - Strong **Operating Income** growth (+11.7%) driven by core revenue and very strong cost control
  - **Risk indicators** better than initial expectations
  - Outstanding **capital position**
- ✓ Achieved ample strategic optionality with the BBVA USA sale, unlocking value



# 2021 Outlook

- Core revenues to continue growing with improving mix, price management and fee income as key levers
- Costs to grow below inflation
- 2021 CoR below 2020 levels, although uncertainties remain
- Sizeable distributions to our shareholders in 2021



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