



**BBVA** Creating  
Opportunities

# 2016 Results

Madrid, February 1<sup>st</sup> 2017

**Francisco González**  
Group Executive Chairman

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# 01

## Macro environment

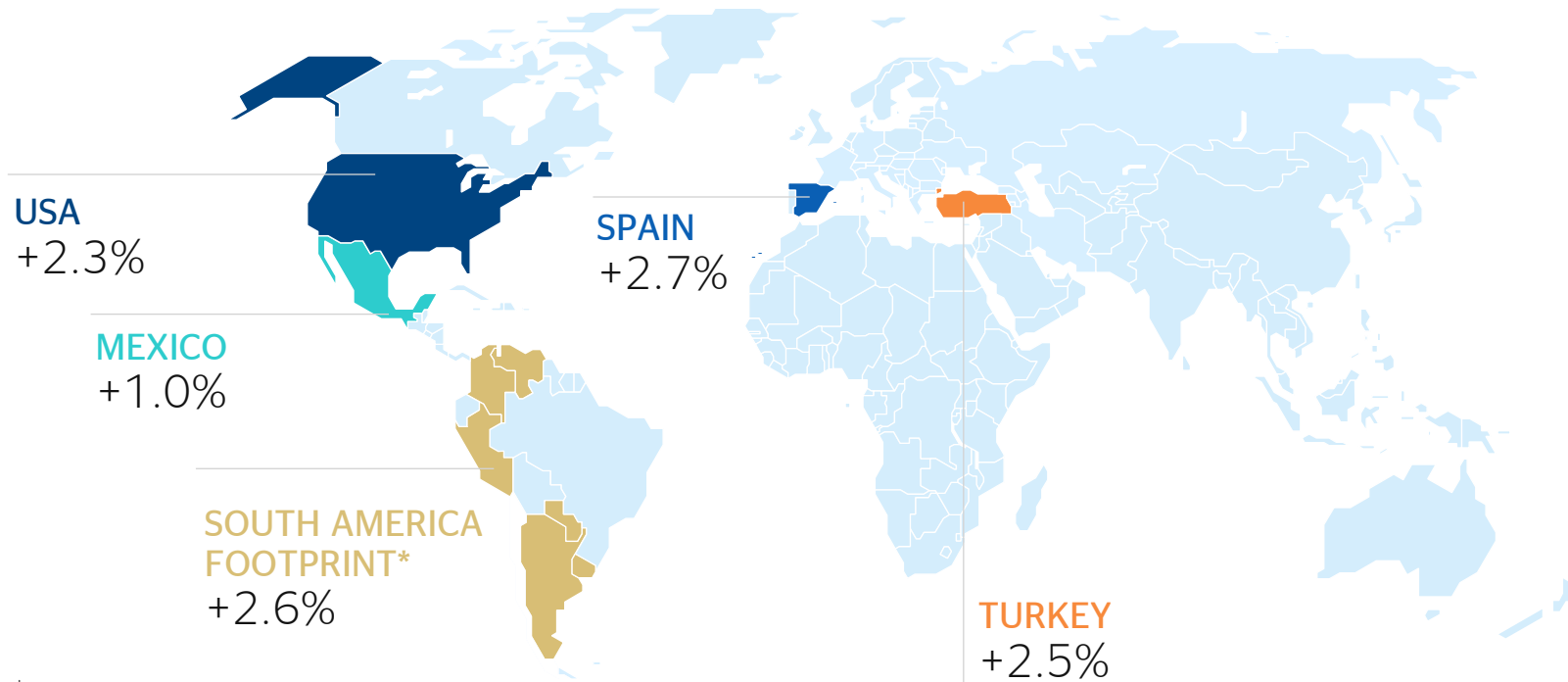
## The macro environment in 2016 has been complex

- High volatility in the 1Q2016
- Geopolitical tensions in the Middle East
- Currency devaluation in emerging countries
- Brexit, Italy, USA
- Slow recovery

(\*) Weighting based on the countries contribution to our business

**Growth across BBVA's Footprint\*: +2.2%**

# 2017 macro outlook



(\*) Ex-Venezuela

(\*\*) Weighting based on the countries contribution to our business

**Growth across BBVA's footprint\*\*: +2.1%**



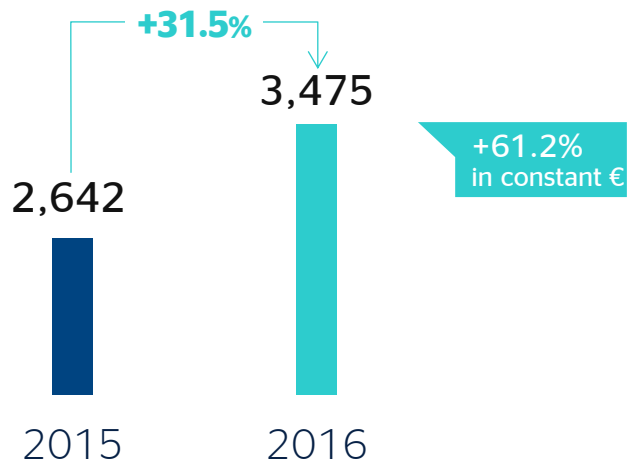
# 02

## Results

# A strong set of results in 2016

## Attributable Profit

(€ m)



## Key points

- Revenue growth
- Cost control
- Decrease in loan-loss provisions

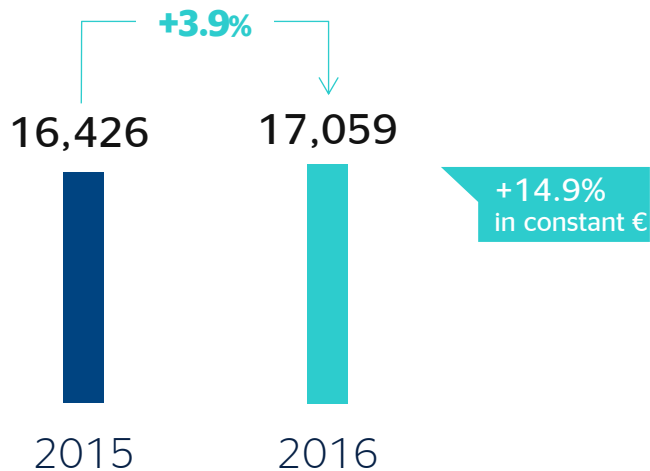
**Very solid Capital Base**



# Revenue growth

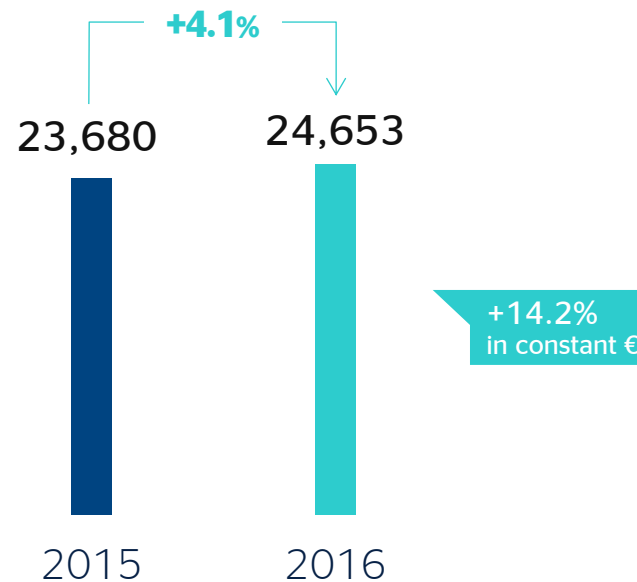
## Net interest Income

(€ m)



## Gross Income

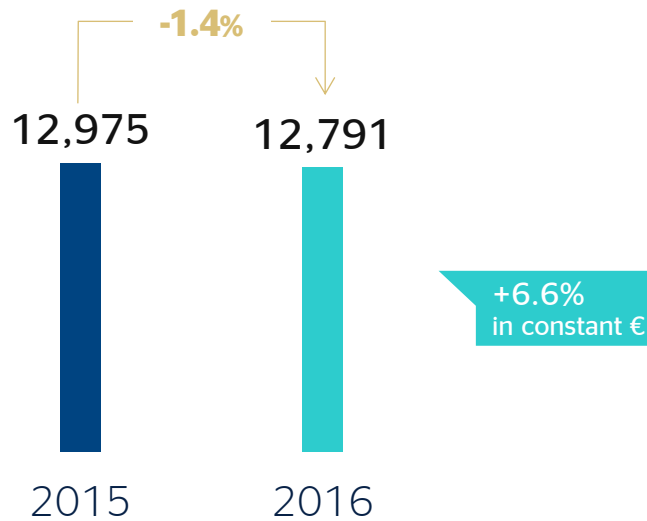
(€ m)



# Cost management

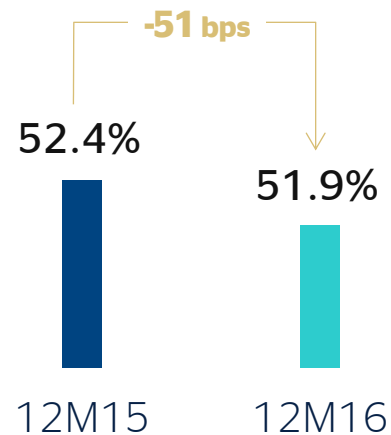
## Total Op. Expenses

(€ m)



## Efficiency ratio

(%)

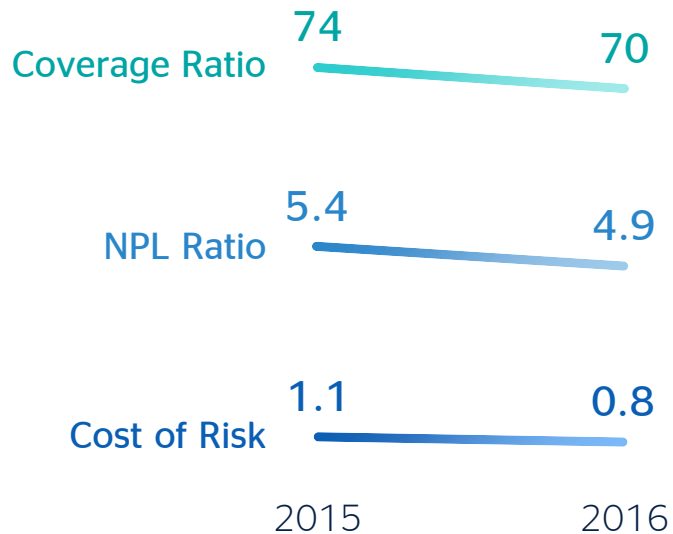


Note: 2015 includes the additional stake in Garanti consolidated by the global integration method since 01/01/2015 vs. acquisition closing date 07/01/15 (Garanti homogeneous).

# Risk - Sound asset quality

## Main risk indicators

(%)

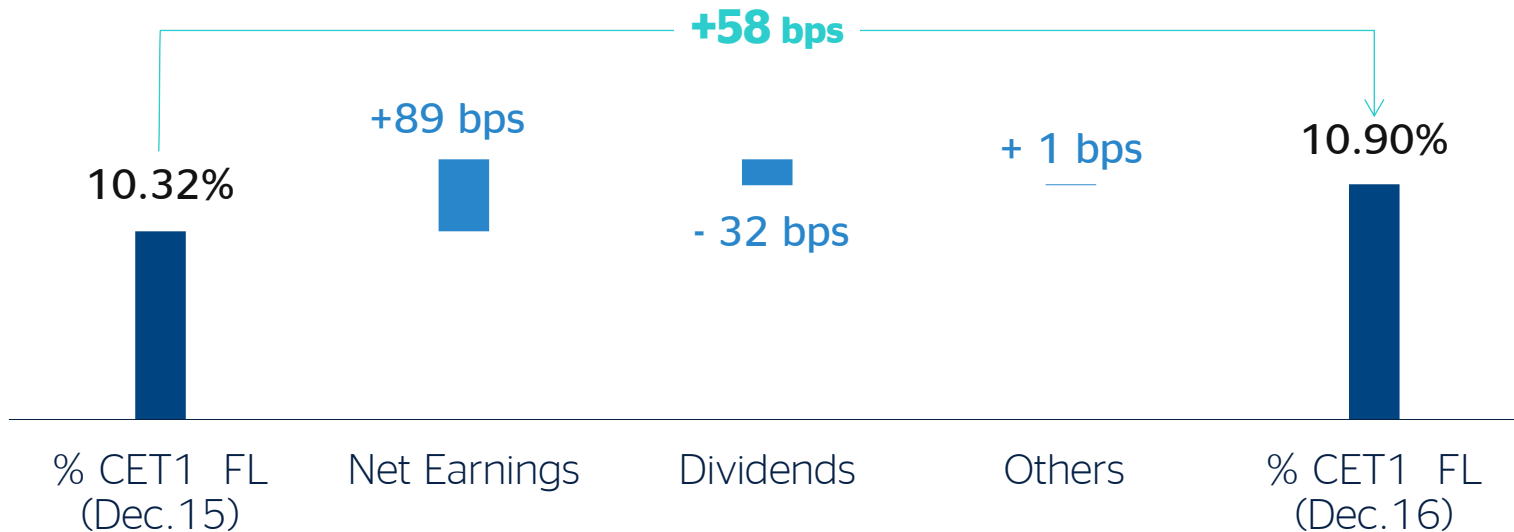


**Note:** 2015 includes the additional participation of Garanti consolidated by the global integration method since 01/01/2015 vs. acquisition closing date 07/01/15 (Garanti homogeneous).

# Strong Capital Base

## CET1 Fully-Loaded - BBVA Group

YoY trend (% , bps)



## Shareholder remuneration policy

- Going forward **100% of the dividend** will be paid **in cash**.
- The last scrip dividend would be paid in **April 2017 (13 cents/share)**, subject to proposal and approval from the corporate bodies.
- **Pay-out in cash: between 35% and 40%** of the results obtained in each financial year, as announced in October 2013.
- **Two dividend payments per year;** (tentatively in October and April) instead of the 4 current ones.

**A clear, sustainable and predictable dividend policy, in line with best market practices**

# Results overview

BBVA Group (€ m)	2016	Change 2016 / 2015	
		% Current	% Constant
Net Interest Income	17,059	3.9	14.9
Gross Income	24,653	4.1	14.2
Net Income	11,862	4.4	16.9
Profit Before Taxes	6,392	8.7	26.2
<b>Net Attributable Profit</b>	<b>3,475</b>	<b>31.5</b>	<b>61.2</b>



# 03

## Transformation

# Reshaping the financial industry

## Exponential Technologies

- Cloud Computing
- Mobile
- Open Innovation
- Big Data
- Biometrics
- Distributed ledgers
- Artificial Intelligence

## New entrants

### Payments



### Loans



### Wealth management





# Banking of the future

**Technological  
excellence**

**Customer  
experience**

**Zero conflicts of  
interest**

**Transparency**

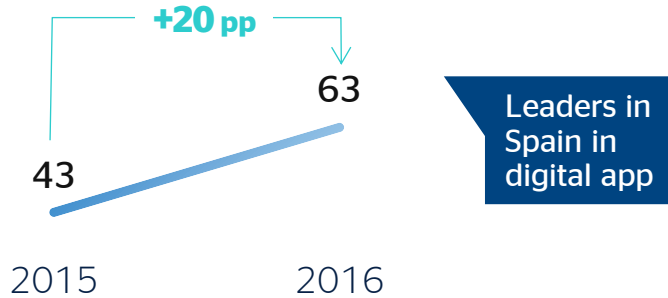
## A well defined and implemented strategy



# 2016: Delivering results

## 1 The Best Customer Experience

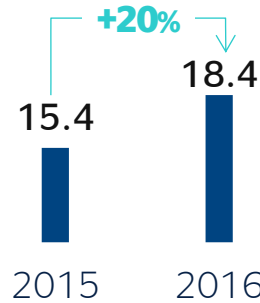
### NPS Mobile App Spain\*



(\*) NPS of BBVA mobile app for digital clients in Spain

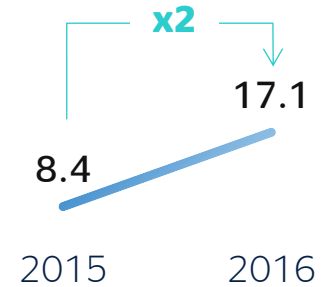
## 2 Digital Sales

### Digital Customers (m)



(\*\*) in Spain

### Digital Sales (%)\*\*



## 3 New Business Models

## 4 Capital Optimization

## 5 Efficiency

## 6 Talent

## ... and leading the digital transformation <sup>(1)</sup>

ENTITY / CHANNEL	BBVA's Position <sup>(2)</sup>	NPS <sup>(3)</sup>	Change vs. 2015	PRODUCTS	BBVA's Position <sup>(2)</sup>	NPS <sup>(3)</sup>	Change vs. 2015
Entity	1 <sup>o</sup>	13%	+10 pp	Current account	1 <sup>o</sup>	41%	+12 pp
Online Banking	1 <sup>o</sup>	43%	+2 pp	Deposits	1 <sup>o</sup>	30%	+36 pp
Mobile App	1 <sup>o</sup>	63%	+20 pp	Cards	1 <sup>o</sup>	45%	+9 pp
Branch	1 <sup>o</sup>	32%	+14 pp	Securities account	1 <sup>o</sup>	24%	+5 pp
ATM's	1 <sup>o</sup>	39%	+10 pp	Insurance	1 <sup>o</sup>	18%	+4 pp

### BBVA's Position <sup>(2)</sup>

% Digital customers	1 <sup>o</sup>	41%	+11 pp vs. 2015
Perception about transformation <sup>(4)</sup>	1 <sup>o</sup>	8.23	Valuation from 0 to 10

(1) According to a survey conducted by Accenture on individual commercial banking customers in Spain, excluding CX.

(2) Ranking between peer group entities in Spain: BKIA, CABK, POP, SAB and SAN.

(3) Net Promoter Score (NPS) of individual customers (for Entity and Online Banking), individual digital customers (for Mobile app) and hybrid individual customers (for the rest).

(4) Valuation of individual customers.

# Conclusions

## Results

- ▮ Revenue Growth
- ▮ Cost Management
- ▮ Improvement in Risk Indicators
- ▮ Capital Generation

## Transformation

- ▮ Major leap in strategic priorities
- ▮ Delivery
- ▮ The customer is the big winner

**A good year in a complex environment**



**BBVA** Creating  
Opportunities

# 2016 Results

Madrid, February 1<sup>st</sup> 2017

**Carlos Torres Vila**  
Chief Executive Officer

## Net Promoter Score (NPS)

**BBVA** (Dec-16)

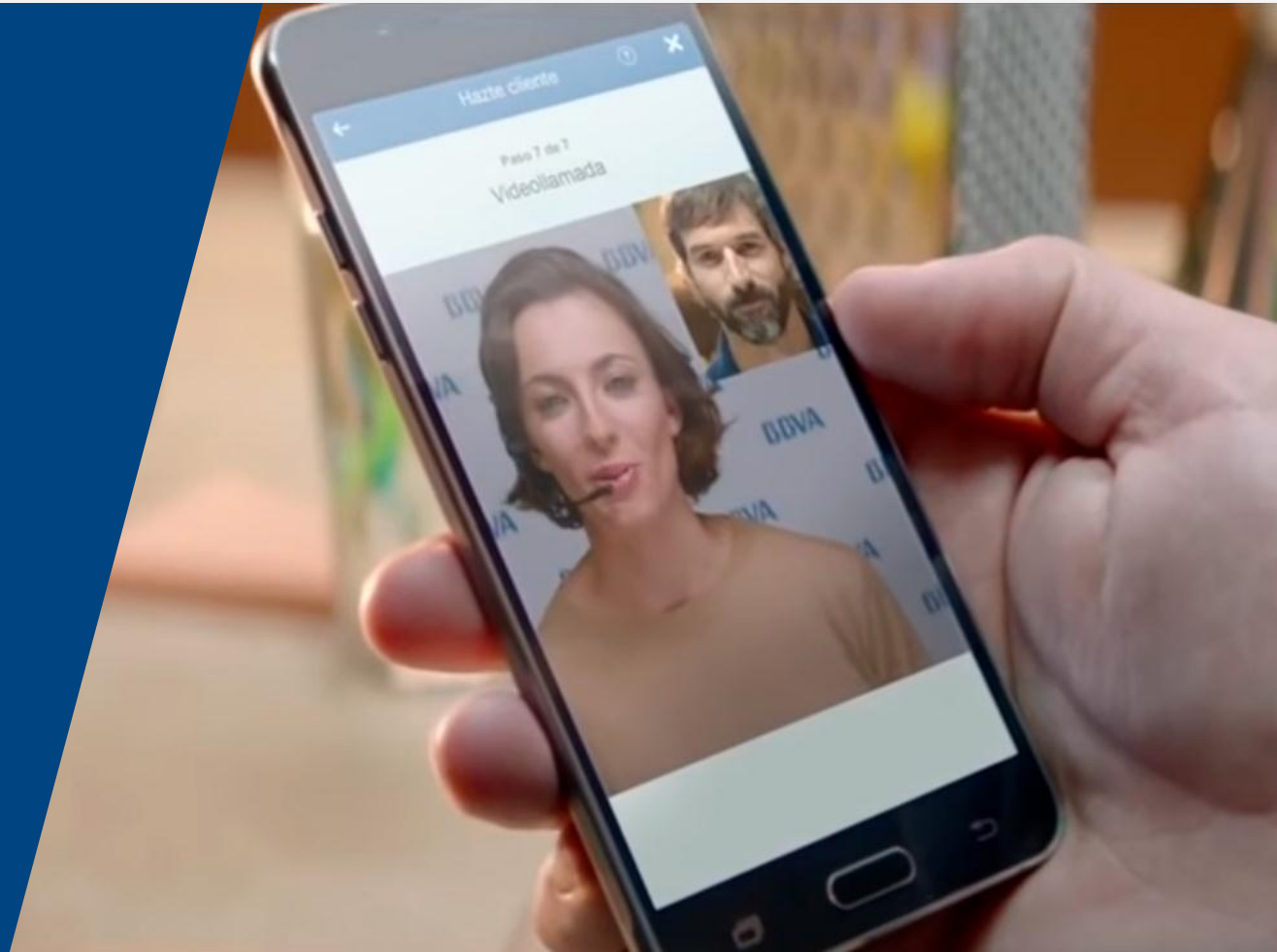


Peer Group: Spain: Santander, CaixaBank, Bankia, Sabadell, Popular // Turkey: Akbank, Isbank, YKB, Deniz, Finanz // Mexico: Banamex, Santander, Banorte, HSBC / Argentina: Galicia, HSBC, Santander Río // Venezuela: Banesco, Mercantil, Venezuela. / Uruguay: ITAU, Santander, Scotiabank. Paraguay: Continental, Itau, Regional

**Focused on customer satisfaction**

# Digital Onboarding

Spain





# Digital Auto Credit

Mexico



# Seamless Technology for Enterprise Platform (STEP) Turkey



# 4Q Customer Experience Improvement

## Customer Experience



### Relationship Model

- Digital onboarding (Spain)
- Salesforce Integration (USA)
- New Private Web (Colombia and Turkey)
- New Front Desk (Peru and USA)
- Provinet Chat for Commercial Banking (Venezuela)

### Products & Functionalities

- GarantiOne - Digital Gifting (Turkey)
- Digital Auto Credit and Mortgages (Mexico)
- "Cuenta Metas" (Spain)
- "Quiero Contratar" functionality (Spain)
- Easy Payment and Transfers (USA)
- Call me back (Mexico)
- Digital Mortgages and Deposits (Atom)
- Mobile App Adaptation (Argentina and Chile)
- Personal Management Tool (USA)
- Face Recognition in Mobile Banking (Mexico)
- One-Click (Chile and Peru)
- BBVA Trader (Spain)
- "Bfree" Contactless Cards (Peru)
- Shared Accounts (Simple)
- Wallet (Colombia)

## 1 New standard in customer experience

✓ Deliver new products and functionalities improving CX

## 2 Digital sales

✓ Growing digital and mobile customer base and digital sales rate

## 3 New business models

✓ New revenue streams

## 4 Optimal capital allocation

✓ +58 bps of CET1 generated in 2016

## 5 Unrivalled efficiency

✓ Positive jaws

## 6 A first class workforce

✓ Agile organization focus on delivery



# 04

## Business Areas

## P&L (€m) 2016/2015

### Net interest income

3,883 -2.9%

### Gross Income

6,445 -5.3%

### Operating Income

2,846 -15.2%

### Net Attributable Profit

912 -16.0%

## Activity (€m) dec-16/dec-15

### Lending<sup>1</sup>

-2.9%

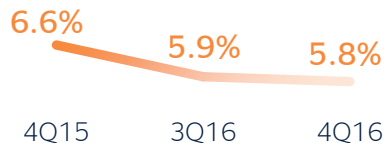
### Customer Funds

+2.6%

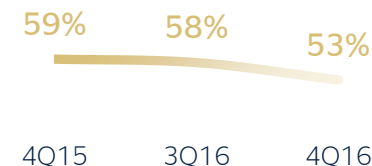
(1) Performing loans under management  
Note: Activity excludes repos

## Risk Indicators

### NPL ratio



### Coverage ratio

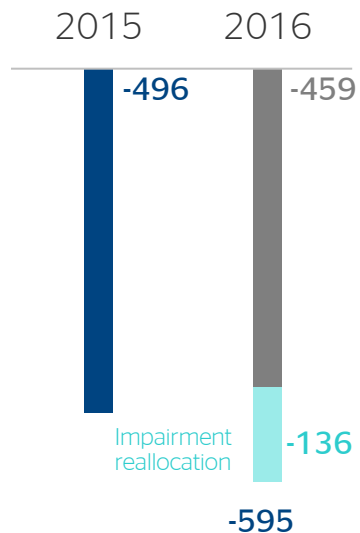


- ▮ Weaker revenues due to environment
- ▮ Good evolution in costs and impairments. CX cost synergies initial impact in 4Q
- ▮ Impact of mortgages floor clauses
- ▮ Deleveraging continues due to mortgages and public sector
- ▮ Improvement in risk indicators



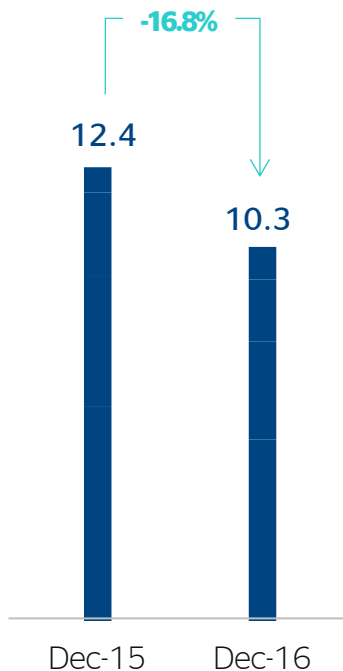
### Net attributable profit

(€m)



### Net exposure

(€bn)



- ▮ Reallocation loan-loss provisions from Spain banking activity to RE foreclosed assets provisions
- ▮ RE assets coverage increase (from 59% to 63%)
- ▮ Significant exposure reduction
- ▮ Better market dynamics



# REAL ESTATE

Note: Net exposure according to Bank of Spain's "RE transparency scope" (Circular 5-2011).

**P&L** (constant €m)

2016/2015

**Net interest income**

1,953 +7.6%

**Gross Income**

2,706 +2.5%

**Operating Income**

863 +4.3%

**Net Attributable Profit**

459 -11.5%

**Activity** (constant €m)

dec-16/dec-15

**Lending<sup>1</sup>**

-1.7%

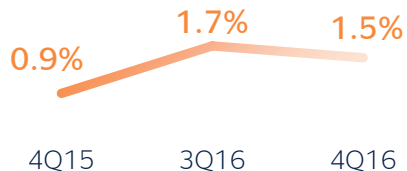
**Customer Funds**

+1.7%

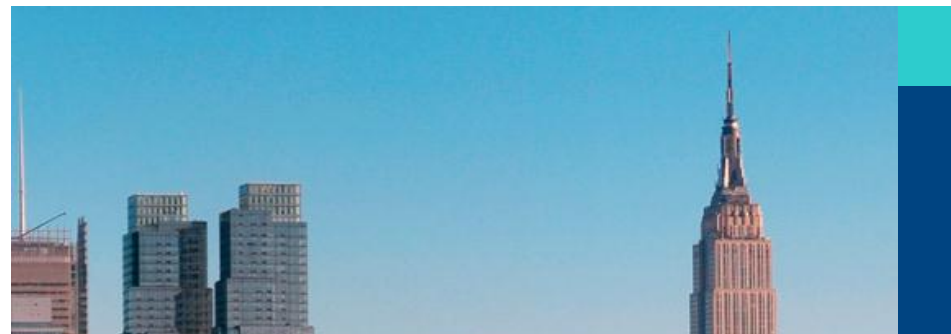
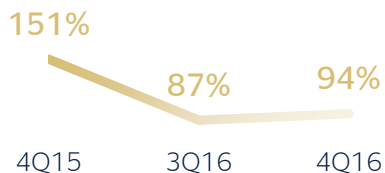
(1) Performing loans under management  
Note: Activity excludes repos

**Risk Indicators**

**NPL ratio**



**Coverage ratio**



- ▮ Good quarterly results supported by NII performance
- ▮ Impairments better than expected
- ▮ Upward QoQ trend
- ▮ Focus on profitable growth
- ▮ Better performance of the Oil&Gas portfolio



**USA**



## P&L (constant €m)

2016/2015

### Net interest income

3,404 +10.6%

### Gross Income

4,257 +21.2%

### Operating Income

2,519 +32.6%

### Net Attributable Profit

599 +40.5%

## Activity (constant €m)

dec-16/dec-15

### Lending<sup>1</sup>

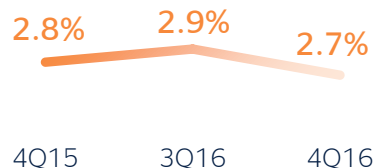
+17.2%

### Customer Funds

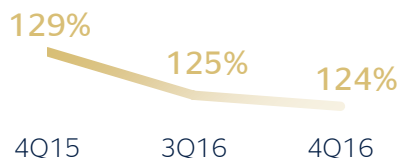
+15.1%

## Risk Indicators

### NPL ratio



### Coverage ratio



- ▮ NII growth due to price management and activity
- ▮ 2016 costs in line with inflation
- ▮ Focus on profitable growth, driven mainly by business banking loans
- ▮ Proven risk management capacity in a complex environment



**TURKEY**

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

Note: Turkey is like-for-like basis, which considers the additional stake in Garanti accounted by full consolidation method from 01/01/15 vs 01/07/15 deal closing.

## P&L (constant €m)

2016/2015

### Net interest income

5,126 +11.6%

### Gross Income

6,766 +12.1%

### Operating Income

4,371 +15.0%

### Net Attributable Profit

1,980 +11.0%

## Activity (constant €m)

dec-16/dec-15

### Lending<sup>1</sup>

+13.3%

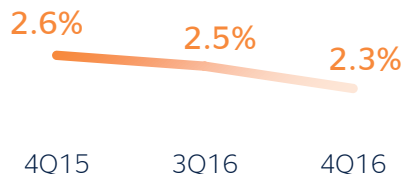
### Customer Funds

+8.4%

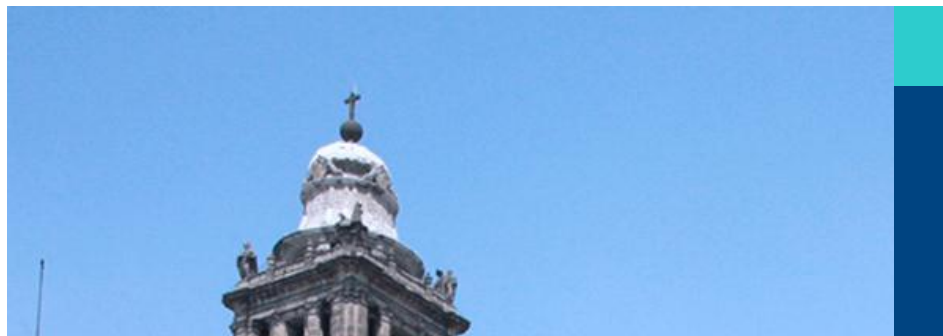
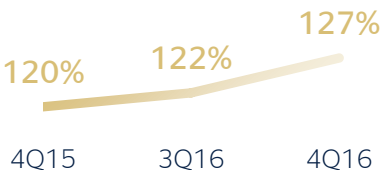
(1) Performing loans under management  
Note: Activity excludes repos

## Risk Indicators

### NPL ratio



### Coverage ratio



- ▮ Top-line growth translated into double-digit bottom-line in constant euro terms, in line with expectations
- ▮ Other income & expenses growth impacted by positive one-off in 4Q in insurance business (+93 €m)
- ▮ Activity double-digit growth
- ▮ Asset quality resilience



**MEXICO**

**P&L** (constant €m)

2016/2015

**Net interest income**

2,930 +11.4%

**Gross Income**

4,054 +10.3%

**Operating Income**

2,160 +4.7%

**Net Attributable Profit**

771 +1.1%

**Activity** (constant €m)

dec-16/dec-15

**Lending<sup>1</sup>**

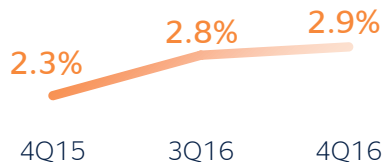
+7.3%

**Customer Funds**

+14.2%

**Risk Indicators**

**NPL ratio**



**Coverage ratio**



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



- ▮ Top-line double digit growth
- ▮ Cost impacted by inflation (Argentina) and USD denominated expenses
- ▮ Activity decelerating on the back of a slower macro growth
- ▮ Slight deterioration in risk indicators due to macro environment



**S. AMERICA**

## In 2016 BBVA supported high-impact social programs for people and companies

### Financial Literacy

Valores de futuro

**adelante.**  
con tu futuro



**1,058,000**  
beneficiaries in 2016

### Social Entrepreneurship

 **Fundación BBVA MicroFinanzas**

 **BBVA momentum**  
OPORTUNIDADES PARA EMPRENDEDORES QUE TRANSFORMAN VIDAS



**1,700,000**  
Microentrepreneurs supported

### Knowledge

**Fundación BBVA**



Premios Frontera del Conocimiento  
Research grants  
Mathematics & Physics awards

# BBVA Social Impact in 2016

## Wealth Generation



40  
**Training hours**  
yearly by employee



4,240  
**suppliers**  
who invoiced 7,751M€



9,440 m€  
of **accrued taxes** collected by  
BBVA's activity



22,246 m€  
**Economic value generated  
in 2015**  
Representing 0.5% of GDP in  
the economies where it  
operates

## Growth and Welfare Contribution

66 M

**Customers** in 35 countries,  
12.4 digital customers

1.8 M

**Microentrepreneurs**  
supported by Fundación  
Microfinanzas BBVA with  
1,161 €m in 2016

9.7 M

**People** benefited from financial  
inclusion segment

2,5 M

**SMEs and Self-Employees**  
financed by BBVA

## Sustainable Development Contribution



39%  
Of employees work in  
**certified buildings**



91 €m  
Directed to finance **social  
infrastructure projects**



5,350 €m  
Of placement in 8 **green and  
social bond issues**



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