

A low-angle photograph of the BBVA building in Bilbao, Spain, showing its distinctive curved facade and repetitive white balconies. The building is set against a clear blue sky. The BBVA logo is visible on the building's facade.

**BBVA**

Creating Opportunities

# General Shareholders' 2017

Bilbao March 17<sup>th</sup>, 2017

Carlos Torres Vila  
Chief Executive Officer

## Our Purpose

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

### Aligned with our vision of the future

- Helping customers to achieve their life goals and businesses
- Having a true impact on people's lives and businesses

# Successful Deployment of our Strategy

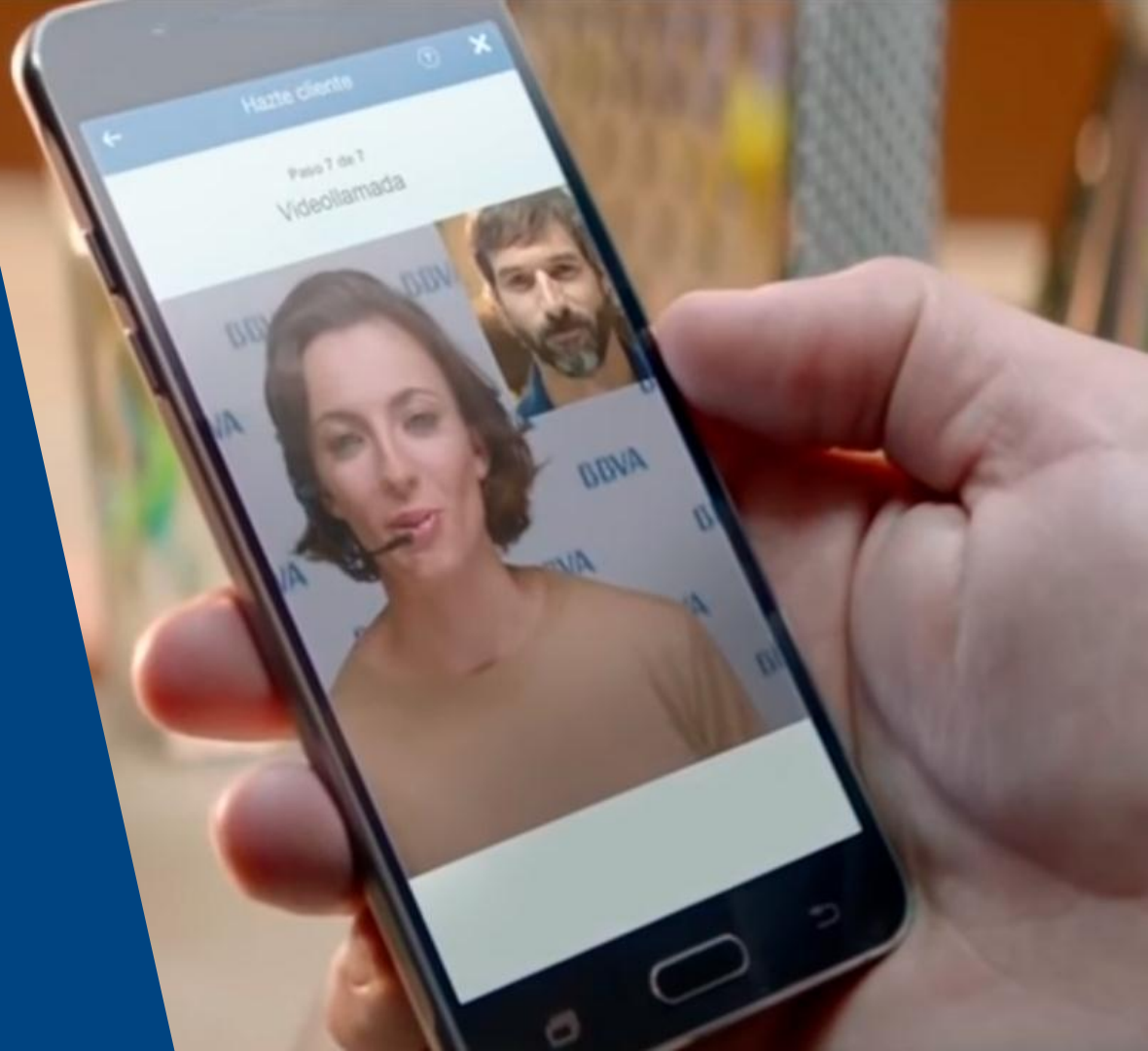
1



## New standard in customer experience

Deliver new products and functionalities improving CX

# Digital Onboarding Spain



# Pre-granted loan

## Mexico



# Bring my bills

Spain





# STEP Platform

Turkey



# BBVA Valora

## Spain

BBVA Valora Cómo es el barrio Cómo hacer tus números

Vivienda en CHURRUCA, 2 7-10 28004 MADRID

Referencia catastral 0756008VK4705F0220AH

★ Compártelo: [https://www.bbva.es/...](https://www.bbva.es/) Enviar a un amigo

¿Cómo calculamos?

Si piensas en comprar

Precio ofertado de venta

**276.375€** [Haz tus números](#)

Estimado sobre 65m² | Precisión de precios ALTA

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Precio aproximado de compra

262.556€

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Y si quieres alquilar

Precio ofertado de alquiler

**1.105€/mes**

Precio aproximado de alquiler

1.050€/mes

Datos de mapas ©2016 Google, Inst. Geogr. Nacional | Términos de uso | Informar de

Características de la vivienda



# Progress in our Transformation in 2016

## New solutions and capabilities in the hands of our customers: examples



### Relationship Model

- Remote Managers  
(Spain, Turkey, USA, Mexico and South America)
- My Chat  
(Spain)
- Digital Onboarding  
(Spain)
- Experiencia Única  
(Peru, USA and Mexico)
- STEP: Tablet-Based Relationship Platform (Turkey)
- ...

### Products & functionalities

- |  |  |
|--|--|
| ■ Bring my bills (Spain)                   | ■ Cuenta Metas (Spain)   |
| ■ Pre-granted loan (Mexico)                | ■ Easy Payment and Transfers (USA)                               |
| ■ Payroll loans (Mexico)                   | ■ BBVA Trader (Spain)  |
| ■ BBVA Valora (Spain)                      | ■ One Click Loans (Spain, South America, USA, Mexico and Turkey) |
| ■ “Quiero Contratar” functionality (Spain) | ■ Personal Financial Manager (Spain, USA and Mexico)             |
| ■ Contactless cards “Bfree” (Peru)         | ■ ...  |
| ■ ...                                      |  |

# Customer satisfaction leader

## Net Promoter Score (NPS)

BBVA (Dec-16)



Peer Group: Spain: Santander, CaixaBank, Bankia, Sabadell, Popular // Turkey: Akbank, Isbank, YKB, Deniz, Finans // 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

# Successful Deployment of our Strategy

1



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2



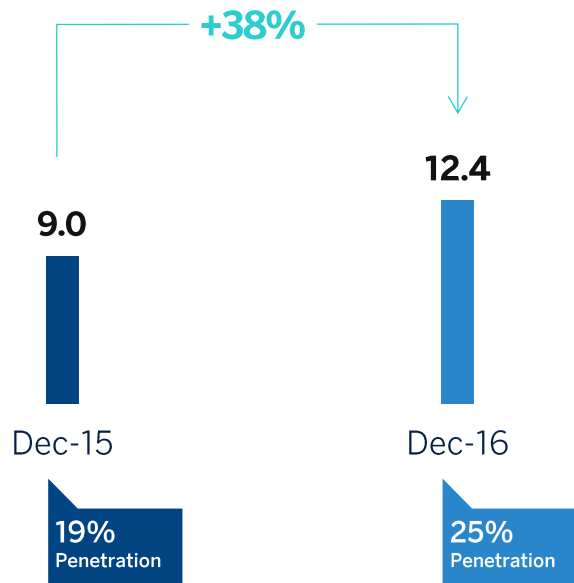
## Digital sales

Digital and mobile customer base and digital sales growth

# Growing our Digital Customer Base

## Mobile Customers – BBVA Group

(Million, % penetration)



## Customer interaction

(Average customer)



**B 4**  
times per year

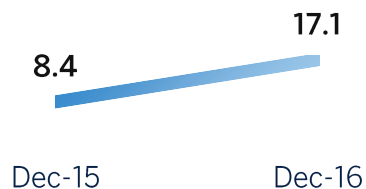
**150**  
times per year

# Driving Digital Sales Across All Franchises

## Digital Sales

(% of total sales YtD, # of transactions)

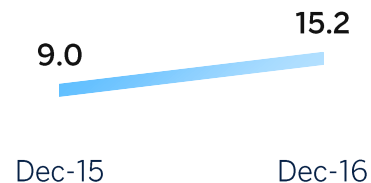
### SPAIN



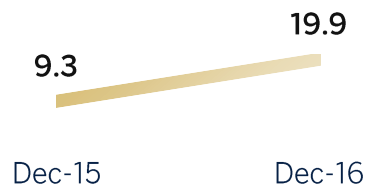
### MEXICO<sup>1</sup>



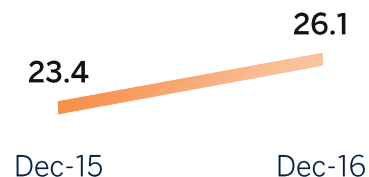
### SOUTH AMERICA



### USA



### TURKEY



(1) Figures have been restated due to changes in the inclusion of some products

# Successful Deployment of our Strategy

1



## New standard in customer experience

Deliver new products and functionalities improving CX

2



## Digital sales

Digital and mobile customer base and digital sales growth

3



## New business models

New revenue streams



# New business models

## Acquisitions



HOLVI\*



Atom

29.5% stake



SIMPLE

SpringStudio



MADIVA

## Investments (venture capital\*)

coinbase



civic

PROSPER



DocuSign

earnest

DRIVE MOTORS

hippo

INSIKT

Guideline



brave

hixme

Kasisto

(\*) DriveMotors, Civi, Hippo, Guideline, Brave and Hixme are investments made by Propel Venture Partners US Fund I, LP, fintech venture capital fund managed independently by Propel Venture Partners LLC, where BBVA Compass Bancshares Inc. is a Limited Partner.

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## New standard in customer experience

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2



## Digital sales

Digital and mobile customer base and digital sales growth

3



## New business models

New revenue streams

4



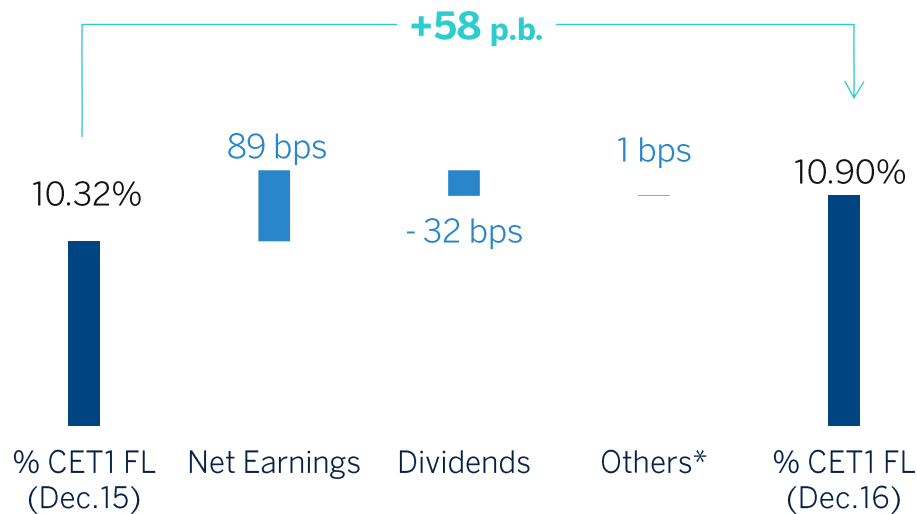
## Optimal capital allocation

+58 bps of CET1 generated in 2016

# Optimal capital allocation

## CET1 *fully-loaded* –BBVA Group

Evolution (% , bps)



CET1 *phased-in*:  
12.18%

\*Others mainly includes negative market related impacts (mark to market of FX and AFS portfolio), positive impact of the regulatory equivalence in Turkey and operational RWAs due to mortgage floors impact.

# Successful Deployment of our Strategy

1



## New standard in customer experience

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## Digital sales

Digital and mobile customer base and digital sales growth

3



## New business models

New revenue streams

4



## Optimal capital allocation

+58 bps of CET1 generated in 2016

5



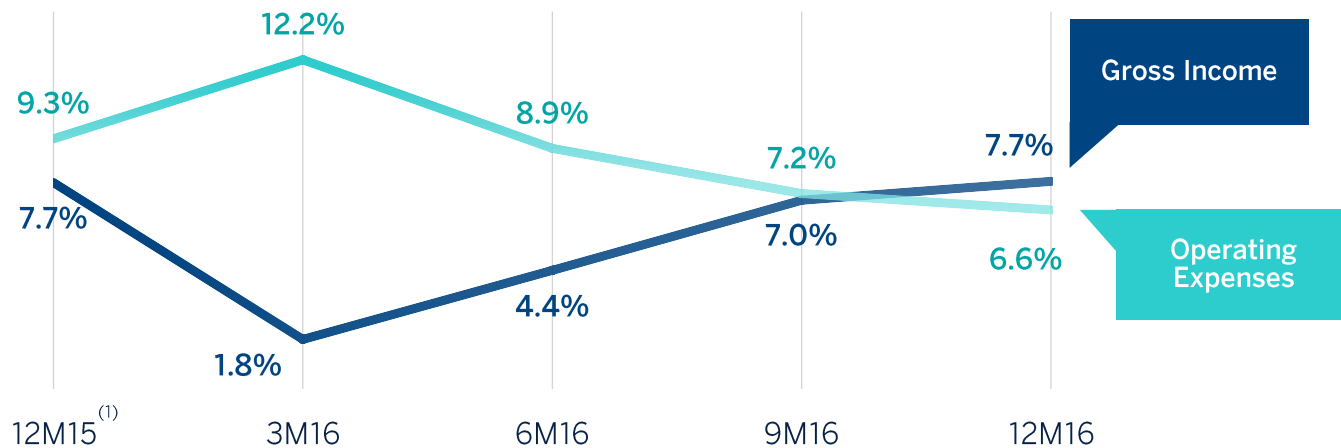
## Unrivaled efficiency

Positive jaws

# Unrivalled efficiency

## Group Operating Jaws: income growth vs. expenses

YTD (%); (€m constant)



(1) 12M15 includes Garanti like-for-like basis (additional stake in Garanti accounted by full consolidation method from 01/01/15 vs. 07/01/15 deal closing)

# Successful Deployment of our Strategy

1



## New standard in customer experience

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## Digital sales

Digital and mobile customer base and digital sales growth

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## New business models

New revenue streams

4



## Optimal capital allocation

+58 bps of CET1 generated in 2016

5



## Unrivaled efficiency

Positive jaws



## A first class workforce

Agile organization focus on delivery



# A first class workforce

We are transforming the organization by fostering key values and behaviours

- **Organization** simple, agile, global.
- **New ways of working**, project based, frequent pace of deliveries, open spaces, multitasking teams.
- **Internal talent development**, new skills incorporation.
- **Values and behaviours**.



# Successful Deployment of our Strategy

1



## New standard in customer experience

Deliver new products and functionalities improving CX

2



## Digital sales

Digital and mobile customer base and digital sales growth

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

# Results overview

BBVA Group (€m.)	2016	Change 2016 / 2015	
		% Current	% Constant
<b>Net Interest Income</b>	<b>17,059</b>	<b>3.9</b>	<b>14.9</b>
<b>Gross Income</b>	<b>24,653</b>	<b>4.1</b>	<b>14.2</b>
<b>Net Income</b>	<b>11,862</b>	<b>4.4</b>	<b>16.9</b>
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>
<b>Net Attributable profit (ex-mortgage floor provision)</b>	<b>3,879</b>	<b>3.4</b>	<b>18.8</b>

# Business Areas results

# Spain

## P&L

(€m) 2016 / 2015

Gross Income

**6,445**

-5.3%

Operating Income

**2,846**

-15.2%

Net Attributable Profit

**912**

-16.0%

Net. Atr. Prof. ex-mortgage floor

**1,316**

21.2%

## 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

6.6%

5.8%

4Q15

4Q16

Coverage ratio

59%

53%

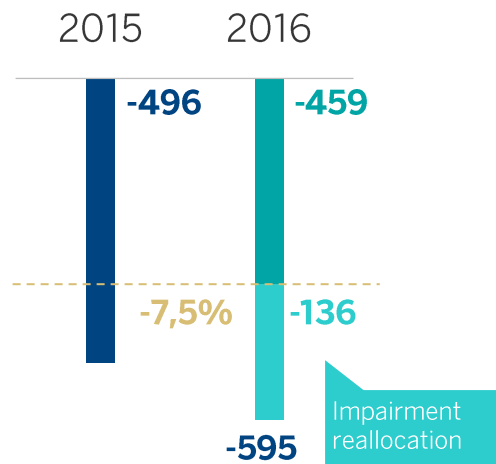
4Q15

4Q16

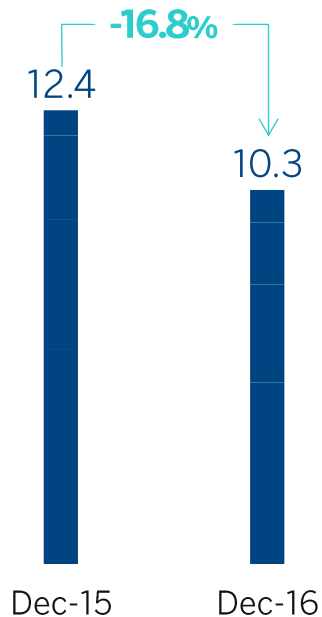
- Revenues impacted by the environment
- Deleveraging continues, mortgages and public sector
- Good evolution in costs and impairments
- Impact of mortgages floor clauses
- Improvement in risk indicators

# Real Estate

## Net attributable profit (€m)



## Net exposure (€bn)



- Significant exposure reduction
- Loan-loss provisions reallocation
- RE assets coverage increase
- Better market dynamics

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



# USA

## P&L

(constant €m) 2016 / 2015

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%**

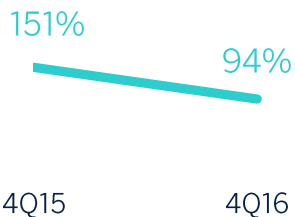
(1) Performing loans under management  
Note: Activity excludes repos

## Risk Indicators

NPL ratio



Coverage ratio



- Upward YoY trend
- Focus on profitable growth
- Better performance of the Oil&Gas portfolio
- Environment conditions improving

# Mexico

## P&L

(constant €m) 2016 / 2015

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

2.6%

2.3%

4Q15

4Q16

Coverage ratio

120%

127%

4Q15

4Q16

- Good performance in activity growth and recurrent income
- Cost management
- Asset quality resilience
- High Attributable profit growth

# Turkey

## P&L

(constant €m) 2016 / 2015

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

2.8%

2.7%

4Q15

4Q16

Coverage ratio

129%

124%

4Q15

4Q16

- Income growth due to price and activity management
- 2016 costs in line with inflation
- Focus on profitable growth
- Proven risk management capacity

(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

# South America

## P&L

(constant €m) 2016 / 2015

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%**

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

## Risk Indicators

NPL ratio

2.3% 2.9%



4Q15

4Q16

Coverage Ratio

123% 103%



4Q15

4Q16

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

# Results summary and Outlook

## 2016 P&L summary

- Revenue Growth
- Cost Management
- Improvement in Risk Indicators
- Increasing Net profit
- Capital Generation

## Outlook

- Growing profitability
- Risk indicators positive evolution
- Solvency
- Transformation execution

# 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



**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

**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**



**5.350M€**

Of placement in 8 **green and social bond issues**

# Creating Opportunities

The background of the slide is a solid blue color. On the right side, there is a complex, abstract geometric pattern composed of various shades of blue, creating a sense of depth and movement. In the bottom left corner, there is a faint, stylized image of a white cloud against the blue background.

A low-angle photograph of the BBVA building in Bilbao, Spain, showing its distinctive curved facade and repetitive white balconies. The building is set against a clear blue sky. The image is partially overlaid by a dark blue banner on the left and a blue geometric graphic on the bottom right.

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