

The BBVA logo is displayed in white on a dark blue background. To its right, the tagline "Creating Opportunities" is written in a smaller, lighter blue font.

**BBVA** Creating Opportunities

# BBVA Group

Third Quarter 2017



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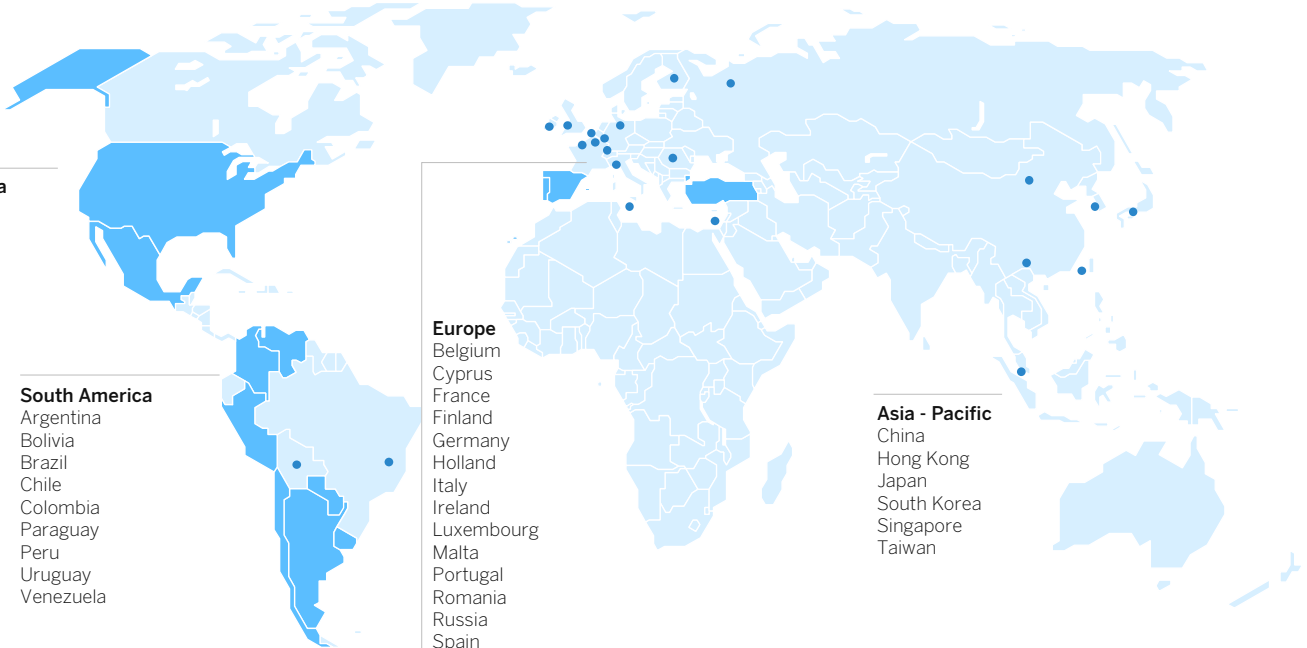
**BBVA** Bancomer

# BBVA's global presence

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**€ 691**  
billion in total assets

**72**  
million customers

**>30**  
countries

**8,374**  
branches

**31,214**  
ATMs

**132,019**  
employees

Data at the end of September 2017. Those countries in which BBVA has no legal entity or the volume of activity is not significant are not included

# More than 150 years of history

BBVA is the result of the merger of two major Spanish banking institutions

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1988



**BANCO BILBAO VIZCAYA**

- Banco de Bilbao
- Banco de Vizcaya

1998



**ARGENTARIA**

- Corporación Bancaria de España
- Caja Postal
- Bco. Exterior
- Bco. Hipotecario

1999

**BBVA**

- Banco Bilbao Vizcaya
- Argentaria

# More than 150 years of history

BBVA had significant growth since 1995

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|             |   |             |  |             |  |
|-------------|---|-------------|--|-------------|--|
| <b>1995</b> | Banco Continental (Peru)<br>Probursa (México)   | <b>2005</b> | Granahorrar (Colombia)<br>Hipotecaria Nacional (Mexico)  | <b>2013</b> | Sale of (Panama)<br>Sale of pension business in (Latam)<br>Sale of CNCB's 5.1% (China)   |
| <b>1996</b> | Banco Ganadero (Colombia)<br>Bancos Cremi and Oriente (Mexico)<br>Banco Francés (Argentina) | <b>2006</b> | Texas Regional Bancshares (USA)<br>Forum Servicios Financieros (Chile)<br>State National Bancshares (USA)<br>CITIC (China) | <b>2014</b> | Simple (USA)   |
| <b>1997</b> | Banco Provincial (Venezuela)<br>B.C. Argentino (Argentina)                                  | <b>2007</b> | Compass (USA)  | <b>2015</b> | Sale of CIFH's stake to CNCB (China)<br>Sale of CNCB's 4.9% (China)<br>Catalunya Banc (Spain)<br>Acquisition of an additional stake in Turkiye Garanti Bankasi (Turkey)<br>Acquisition of a 29.5% stake in Atom (UK) |
| <b>1998</b> | Poncebank (Puerto Rico)<br>Banco Excel (Brazil)<br>Banco BHIF (Chile)                       | <b>2008</b> | Extended CITIC agreement   | <b>2016</b> | Holvi (Finland)<br>Sale of CNCB's 1.12% (China)<br>Sale of GarantiBank Moscow AO (Moscow)<br>OpenPay (Mexico)  |
| <b>1999</b> | Provida (Chile)<br>Consolidar (Argentina)   | <b>2009</b> | Guaranty Bank (USA)  | <b>2017</b> | Sale of CNCB (China)<br>Acquisition of an additional stake in Turkiye Garanti Bankasi of 9.95% (Turkey)  |
| <b>2000</b> | Bancomer (Mexico)   | <b>2010</b> | New extension CITIC agreement<br>Turkiye Garanti Bankasi (Turkey)  |             |  |
| <b>2004</b> | Valley Bank (USA)<br>Laredo (USA)<br>Public takeover offer for Bancomer                     | <b>2011</b> | Extension of Forum SF agreement (Chile)<br>Credit Uruguay (Uruguay)  |             |  |
|             |   | <b>2012</b> | Sale of Puerto Rico<br>Unnim Banc (Spain)  |             |  |

# Main figures 9M17

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## Earnings (€m)

|                        |                           |                                  |
|------------------------|---------------------------|----------------------------------|
| 18,908<br>Gross income | 9,522<br>Operating income | 3,449<br>Net attributable profit |
|------------------------|---------------------------|----------------------------------|

## Balance sheet (€m)

|                         |                        |  |                                    |
|-------------------------|------------------------|--|------------------------------------|
| 690,797<br>Total assets | 54,400<br>Total equity | 416,240<br>Loans and advances to customers - gross | 392,865<br>Deposits from customers |
|-------------------------|------------------------|--|------------------------------------|

## Efficiency/ Profitability

|             |              |                           |
|-------------|--------------|---------------------------|
| 8.5%<br>ROE | 0.82%<br>ROA | 49.6%<br>Efficiency ratio |
|-------------|--------------|---------------------------|

## Risk management

|                   |                           |
|-------------------|---------------------------|
| 4.5%<br>NPL ratio | 72%<br>NPL coverage ratio |
|-------------------|---------------------------|

## Solvency – CET1 Ratio

|                            |                               |
|----------------------------|-------------------------------|
| 11.88%<br><i>Phased-in</i> | 11.20%<br><i>Fully-loaded</i> |
|----------------------------|-------------------------------|

[For more information click here](#) >



# BBVA share

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## Listed on the main international stock markets



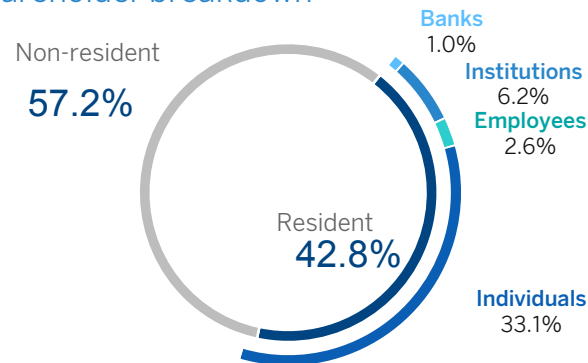
### Weighting (30-09-2017)

|             |                        |
|-------------|------------------------|
| <b>9.1%</b> | IBEX 35                |
| <b>2.1%</b> | Euro Stoxx 50          |
| <b>8.7%</b> | Euro Stoxx Banks       |
| <b>4.5%</b> | Stoxx Europe 600 Banks |

Note (1): Listed on the Lima Stock Exchange under an exchange agreement between the New York Stock Exchange and the Lima Stock Exchange

## BBVA's capital ownership is well diversified

### Shareholder breakdown



### Figures as of 30<sup>th</sup> September 2017

|                               |                 |
|-------------------------------|-----------------|
| Number of shares issued       | <b>6,668m</b>   |
| Tangible book value per share | <b>5.79€</b>    |
| Closing price                 | <b>7.56€</b>    |
| Market capitalization         | <b>50,416€m</b> |



[For more information click here](#) >

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**GROUP EXECUTIVE CHAIRMAN**

Francisco González



**CEO**

Carlos Torres Vila

**EXECUTION & PERFORMANCE**



**Corporate & Investment Banking**

Juan Asúa



**Country Monitoring<sup>1</sup>**

Jorge Sáenz-Azcúnaga



**Spain**

Cristina de Parias



**Mexico**

Eduardo Osuna



**USA**

Onur Genç



**Turkey**

Fuat Erbil

**NEW CORE COMPETENCIES**



**Customer Solutions<sup>2</sup>**

Derek White



**Talent & Culture**

Ricardo Forcano



**Engineering**

Ricardo Moreno



**Data**

David Puente



**Finance**

Jaime Sáenz de Tejada



**Global Risk Management**

Rafael Salinas



**Global Risk Management**

Rafael Salinas

**STRATEGY & CONTROL**



**Global Economics Regulation & Public Affairs**

José Manuel González-Páramo



**Legal & Compliance**

Eduardo Arbizu



**Strategy & M&A**

Javier Rodríguez Soler



**Accounting & Supervisors**

Ricardo Gómez Barredo



**Communications**

Paul G. Tobin



**General Secretary**

Domingo Armengol



**Internal Audit**

José Luis de los Santos

(1) Reporting channel to CEO for Argentina, Colombia, Chile, Peru, Venezuela, Uruguay and Paraguay, as well as monitoring of all countries, including Spain, Mexico, Turkey and USA.

(2) Integrates Global Products & Digital Sales; Design & Marketing; Data & Open Innovation; Business Development in Spain, Mexico, Turkey, USA and South America; Distribution model; Asset Management & Global Wealth and New Digital Businesses.

# Our team

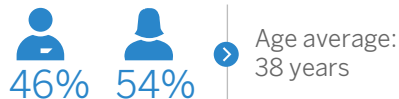
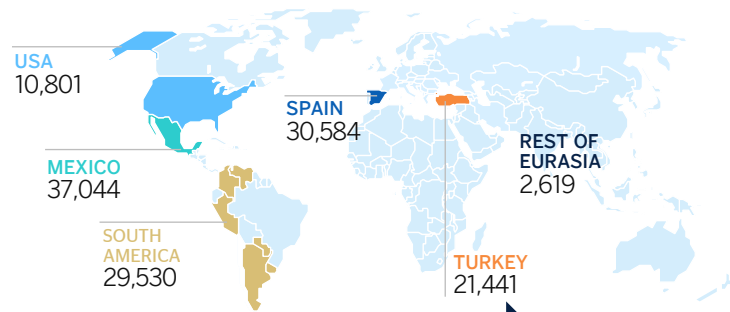
We are creating a culture, environment and ways of working where the customer is at the center of everything we do

## The best team

Our team is the cornerstone of our transformation, helping BBVA deliver the best customer experience anywhere

## A first class workforce

Our most valuable asset is a first class workforce, inspired by our Purpose and working as one team



**BBVA GROUP:**  
132,019  
employees



2016

we defined our Purpose as an organization



2017

we are implementing a new way of working and collaborating

Note 1: Figures as of 30<sup>th</sup> of June 2017.  
Note 2: Criteria for number of employees is based on location.

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  - Presence in social media
  - Social commitment
  - Awards and recognitions

# Presence in social media

BBVA's commitment is to be where the people are, to listen and understand their needs and dreams. This is the reason that makes BBVA a cutting-edge entity in social media

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29,761,026 **Facebook** (followers)

5,289,011 **Twitter** (followers)

238,901 **YouTube** (subscribers)

280,526 **Google+** (followers)

663,475 **LinkedIn** (followers)

431,204 **Instagram** (followers)

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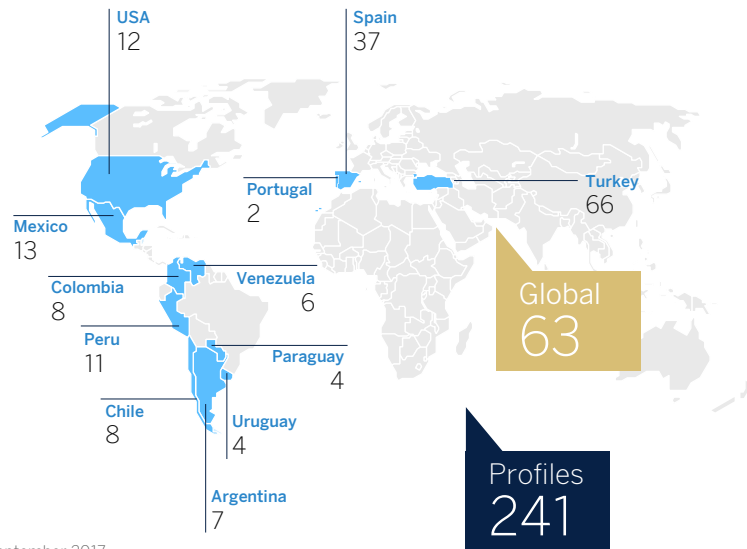
Our team

**Presence in social media**

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Awards and recognitions

## Number of BBVA's social media profiles by country (as of September 2017)



Social media incorporates some Garanti Bank profiles not included in previous quarters. Note: As of September 2017.

# Social commitment

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## Financial Literacy

**adelante.** Valores de futuro  
con tu futuro

*Mi*  
JUBILACIÓN

CheckUp  
Financiero

Informe PISA sobre Educación Financiera elaborado por



Center for Financial Education and Capability

## Social Entrepreneurship

Fundación  
**BBVA MicroFinanzas**

**BBVA** | Momentum

## Knowledge



**fundéu BBVA**

Fronteras del  
Conocimiento Award

[For more information click here](#) >

# BBVA Social Impact in 2016

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## Wealth Generation

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

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

 **24,692 €m**  
economic value generated in  
2016  
Representing 0.5% of GDP in  
the economies where it  
operates


## Growth and Welfare Contribution

 **70 MILLION**  
customers in 35 countries,  
18 m digital customers

 **1.8 MILLION**  
microentrepreneurs supported by  
Fundación Microfinanzas BBVA with  
1,009€m in 2016

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

## Sustainable Development Contribution

 **40%**  
of employees work in  
environmental certified  
buildings

 **4,444 €m**  
directed to finance renewable  
energy transactions

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

Investment in social  
programs



**93.3 €m**

# Awards and recognitions

Once more, BBVA's differentiated management has been recognized

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## 02. Vision and aspiration

Vision of the financial industry

Our aspiration

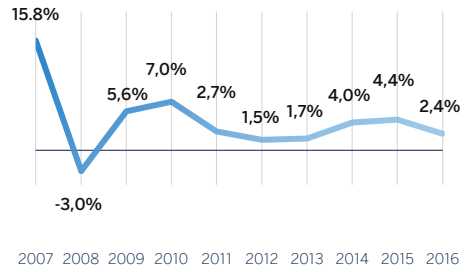


# Reshape of the financial industry

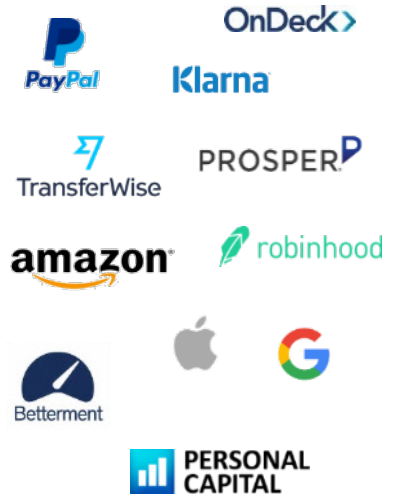
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## Regulatory pressure and the impact in profitability

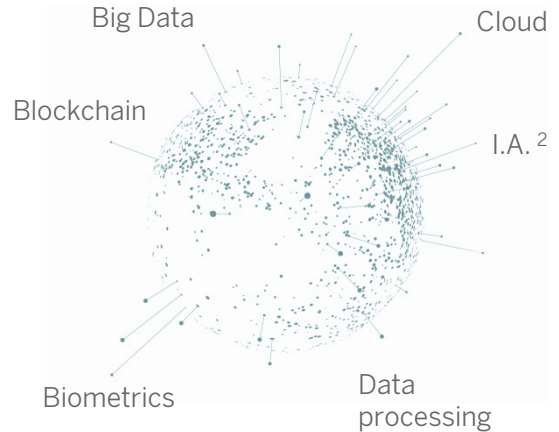
Banks ROE Evolution<sup>1</sup> (%)



## New players are entering the value chain



## Transforming technologies and use of data



(1) Source: BBVA; Banks in peer group: Santander, Deutsche, Commerzbank, BNPP, SocGen, CASA, Intesa, Unicredit, HSBC, Barclays, Royal Bank of Scotland, Lloyds, UBS y Credit Suisse, Citigroup, Bank of America, JP Morgan y Wells Fargo.  
(2) Juniper Research Future Proofing Digital Banking.

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Vision of the financial industry

Our aspiration



# Shifting customers and needs

## ■ Shifting customers and needs

Banking anytime, anywhere

## ■ Used to digital experiences

Expect proactive and personalized help in their finance management

## ■ Interaction with multiple devices and applications

Seeking the best experiences for each of their banking needs

# Our aspiration

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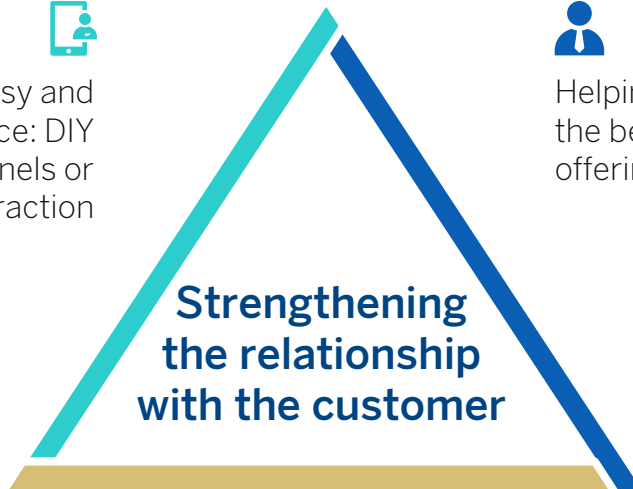
Vision of the financial industry  
Our aspiration



Through an easy and convenient experience: DIY through digital channels or human interaction



Helping our customers to make the best financial decisions offering relevant advice



Providing the best solutions that generate trust: clear, simple, transparent and fair conditions

**Redefining our Value Proposition based on customer experience and trust**

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# 03. BBVA's Transformation Journey

# Defined strategic path

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## Our Purpose

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

**BBVA**  
Creating Opportunities

## Six Strategic Priorities



New standard in customer experience



Digital sales



New business models



Optimize capital allocation



Unrivaled efficiency



A first class workforce

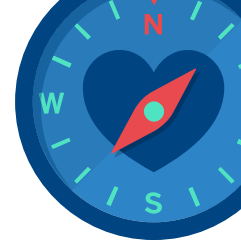
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**We are BBVA. We create opportunities**

# Our Values



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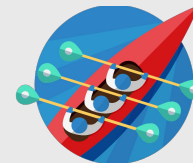
04 Results' highlights




Customer **comes first**



We think **big**



We are **one team**


 We are empathetic

 We are ambitious


 I am committed

 We have integrity

 We break the mold

 I trust others

 We meet their needs

 We amaze our customers

 I am BBVA

# Progress in our Transformation

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## Products & Functionalities

- Economy (Spain)
- New app design(Spain)
- Insurance one-click (Mexico)
- Saving goals(Peru)
- ATM's cash withdrawals theft micro insurance (Colombia)
- Collective Savings Tandapp (Mexico)
- Money Deposit with QR (Turkey)
- Tuyyo(USA)
- Integrated CRM Commercial Segment(Spain)
- Transportation Card online payment (Turkey)
- Online Transfer Services Enrollment & Payees(USA)
- Virtual Spending pockets (Mexico)
- Trading equity structured products online(USA-CIB)

## Relationship Model

- Voice biometrics authentication (Turkey)
- Cloud based customer integrated position management (USA)

**Delivering solutions to our customers**

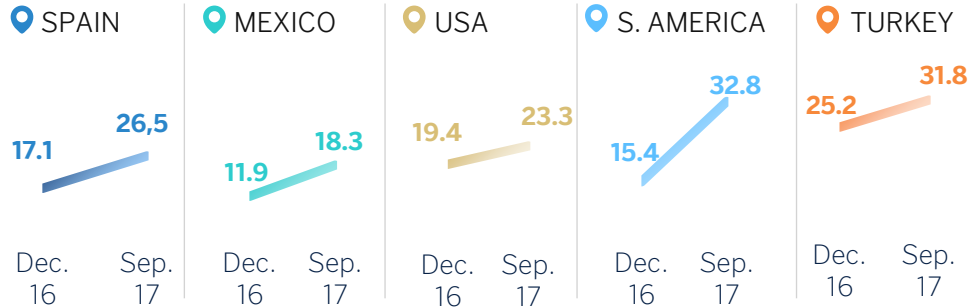




# Digital Sales

## Digital Sales

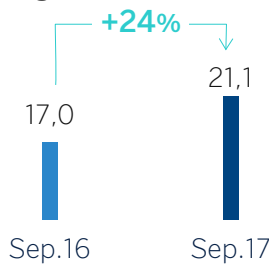
(% of total sales YtD, # of transactions)



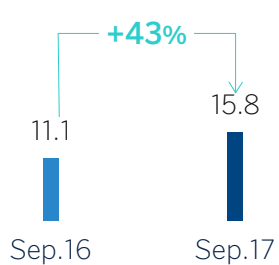
## BBVA Group

(Million)

### Digital Customers



### Mobile Customers



**50% tipping point in digital customers achieved**



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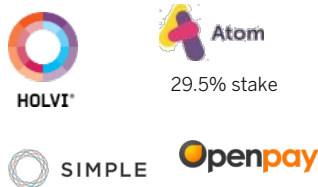
Progress in our transformation



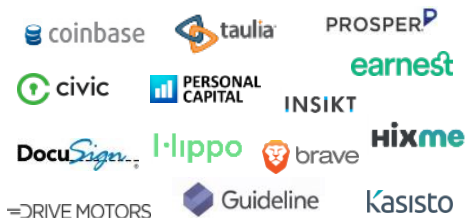
# New business models

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## Acquisitions

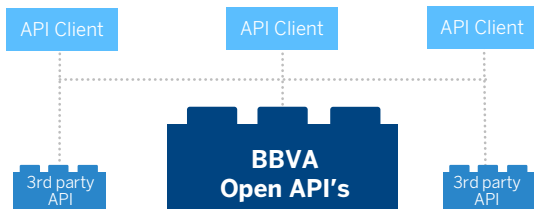


## Investments (venture capital\*)



## Open Platform

Enable new developments combining BBVA's APIs, client's technology and other building blocks



➤ **BBVA is driving the modularization of finance**

**Leveraging the Fintech ecosystem to develop our value proposition**

(\*) 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.

# Leveraging technology

In 2007 we began our transformation process

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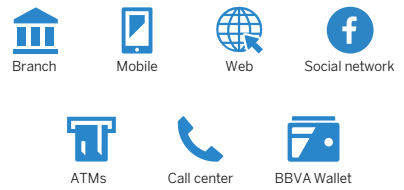
03 BBVA transformation journey

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We have been working on our platforms

And now we are adapting to the new paradigms of development

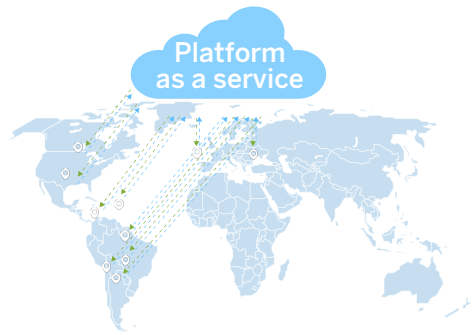
## Front-Office / Channels



### Multichannel Architecture

## Middleware / Services

## Back-office or Core Banking System



Placing technology at the customer's service

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# Cultural change

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■ **Zero tolerance against low quality**

■ **New ways of working:**  
Agile, collaborative tools

■ **New headquarters**

■ **Collaborative culture, entrepreneurship**  
(‘trial - error’)

■ **Leaner structures**

**We are transforming the organization internally by fostering a new culture**

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“ At BBVA, we are accelerating our transformation process to become the best bank for our customers ”

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3Q17

# 04. Results' highlights





# 9M17 Highlights

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## NET ATTRIBUTABLE PROFIT

9M17

**3,449 €m**

+23.3% vs 9M16

+28.7% constant €

- Earnings growth supported by core revenues
- Transformation leading to efficiency gains
- Good evolution of CoR
- Strong capital generation

## GROSS INCOME

9M17

**18,908 €m**

+2.6% vs 9M16

+7.2% constant €

## OPERATING INCOME

9M17

**9,522 €m**

+7.2% vs 9M16

+13.1% constant €

## RISKS 3Q17

Risk indicators improvement

NPL RATIO

**4.5%**

## SOUND ASSET QUALITY

Cost of risk improvement

COST OF RISK YTD

**0.9%**

## CAPITAL 3Q17

Solid capital ratios

LEVERAGE RATIO

**6.7%**

FULLY-LOADED

CET 1 RATIO

**11.88%**

PHASED-IN

COVERAGE RATIO

**72%**

IMPAIRMENTS (Financial Assets+ RE) 3Q17

**1,044 €m**

FULLY-LOADED

**11.20%**

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**3Q17**

# Profit & Loss

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3Q17

| BBVA Group (€m)                       | 9M17          | Change<br>9M17/9M16 |             |
|---------------------------------------|---------------|---------------------|-------------|
|                                       |               | %                   | % constant  |
| <b>Net Interest Income</b>            | <b>13,202</b> | <b>4.2</b>          | <b>9.5</b>  |
| Net Fees and Commissions              | 3,705         | 4.2                 | 8.4         |
| Net Trading Income                    | 1,416         | -19.2               | -13.3       |
| Other Income & Expenses               | 585           | 31.1                | 8.9         |
| <b>Gross Income</b>                   | <b>18,908</b> | <b>2.6</b>          | <b>7.2</b>  |
| Operating Expenses                    | -9,386        | -1.7                | 1.8         |
| <b>Operating Income</b>               | <b>9,522</b>  | <b>7.2</b>          | <b>13.1</b> |
| Impairment on Financial Assets        | -2,917        | -6.3                | -2.7        |
| Provisions and Other Gains and Losses | -589          | -10.9               | -13.8       |
| <b>Income Before Tax</b>              | <b>6,015</b>  | <b>17.8</b>         | <b>27.0</b> |
| Income Tax                            | -1,670        | 20.6                | 33.4        |
| <b>Net Income</b>                     | <b>4,345</b>  | <b>16.7</b>         | <b>24.6</b> |
| Non-controlling Interest              | -896          | -3.1                | 11.2        |
| <b>Net Attributable Profit</b>        | <b>3,449</b>  | <b>23.3</b>         | <b>28.7</b> |

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## SPAIN Banking activity

NET ATTRIBUTABLE PROFIT (9M17)

**1,061 €m**

**+13.7%** vs. 9M16

NPL RATIO

**5.6%** vs. 5.9% 3Q16

COVERAGE RATIO

**52%** vs. 57% 3Q16

## NON CORE REAL ESTATE

NET ATTRIBUTABLE PROFIT (9M17)

**-281 €m**

**-10.9%** vs. 9M16

NET EXPOSURE

**-23.3%**

vs. Dec.16

## USA constant €

NET ATTRIBUTABLE PROFIT (9M17)

**422 €m**

**+42.0%** vs. 9M16

NPL RATIO

**1.2%** vs. 1.7% 3Q16

COVERAGE RATIO

**119%** vs. 87% 3Q16

- Flat NII qoq despite seasonality, supported by Global Markets.
- Good trend in fees, despite seasonality
- Cost and impairments reductions as the main P&L drivers
- Sound asset quality indicators, with CoR significantly below expectations

- Continued positive RE market dynamics
- Significant reduction of the net exposure in the quarter (-10.6% qoq)

- Positive earnings momentum maintained
- Strong YoY revenue growth on the back of NII
- Contained costs, growing below inflation. Efficiency improvement
- CoR better than expectations, despite the impact on impairments from hurricanes

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## MEXICO constant €

NET ATTRIBUTABLE PROFIT (9M17)

**1,616 €m**

**+15.3%** vs. 9M16

NPL RATIO

**2.3%** vs. 2.5% 3Q16

COVERAGE RATIO

**126%** vs. 122% 3Q16

- Sustained growth in all P&L lines
- Outstanding growth of core revenues: NII + fees
- Positive operating jaws
- Stability of risk indicators

## TURKEY constant €

NET ATTRIBUTABLE PROFIT (9M17)

**568 €m**

**+49.6%** vs. 9M16

NPL RATIO

**2.5%** vs. 2.9% 3Q16

COVERAGE RATIO

**138%** vs. 125% 3Q16

- Outstanding growth across the board
- Strong core revenue growth, thanks to TL lending activity and good trend in fees
- Cost growth below inflation and efficiency improvement

## SOUTH AMERICA constant €

NET ATTRIBUTABLE PROFIT (9M17)

**616 €m**

**5.4%** vs. 9M16

NPL RATIO

**3.5%** vs. 2.8% 3Q16

COVERAGE RATIO

**94%** vs. 110% 3Q16

- Improving trends vs previous quarters
- Positive jaws in all countries in the quarter. Excluding high inflation countries, costs are flat in 9M
- Asset quality indicators remain stable in the quarter

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# CIB – 9M17 Results

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## Business activity

(constant €, % YTD)

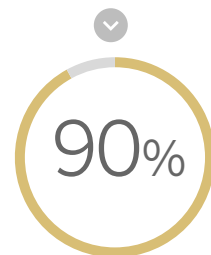
LENDING (Gross)  
**52 €bn** -2.9%

CUSTOMER FUNDS  
**40 €bn** +6.4%

## Client's revenue

(constant €, % YoY)

**1,872 €m** +2.0%



**Wholesale banking recurrent business<sup>1</sup>**  
% of revenues given by our relations with clients

## Results

(constant €, % YoY)

GROSS MARGIN  
**2,072 €m** +6.8%

NET MARGIN  
**1,338 €m** +12.5%

NET ATTRIBUTABLE PROFIT  
**810 €m** +43.3%

- Strong customer funds recovery and decrease in lending in Spain and USA
- High recurrence of our client's revenues
- GM outstanding performance causes a solid increase in results, especially in Spain and Mexico
- Good evolution of fees in all business units

(1) Client's revenue / Gross margin.

Note: All data includes Venezuela



**BBVA** Creating  
Opportunities

# BBVA Group

Third Quarter 2017

