

BBVA

BBVA Global Risk Management

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UBS European Conference 2015
London, November 10th, 2015

1. Global Risk Management Model

2. Sound Risk Indicators

3. Conclusions

Global Risk Management Model

The risk management model provides **strength** and **stability** to the Group, according to its management and strategy

*General Model
for Risk Control
& Management*



1

Governance & Organization

Roles, Responsibilities and management framework

2

Risk appetite principles

Level of risk willing to be assumed

3

Decision-making and processes

Appetite cascading into daily risk management

4

Assessment, Monitoring & Reporting

Dynamic and anticipatory control of the risk function

5

Risk Infrastructures

Resources for effective management and risk control

1 Governance & Organization

Corporate Governance



Global Risk Management Organization



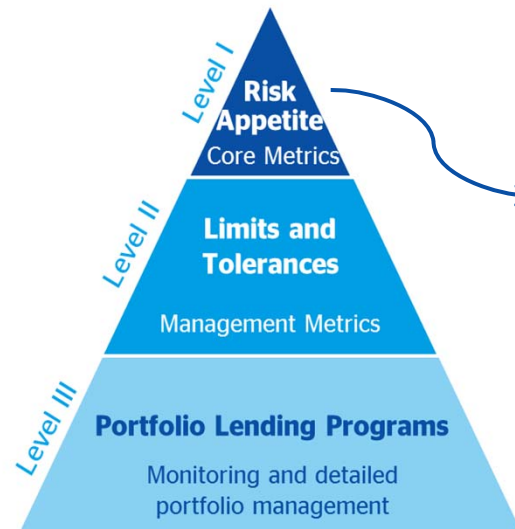
(1) RDO: Risk Data Office

2 Risk appetite principles

Risk Appetite Statement

- A **moderate risk profile** at a Group level
- A **universal banking** business model
- **Diversification** in geographies, asset classes, portfolios and clients
- **Medium/low risk profile** in each country
- **Sustainable growth**

Risk Appetite Framework



Core Metrics

Solvency

Liquidity & funding

Profitability & recurrence

All business units have their own Risk Appetite Framework

3 Decision making and processes...

... leveraged on ...

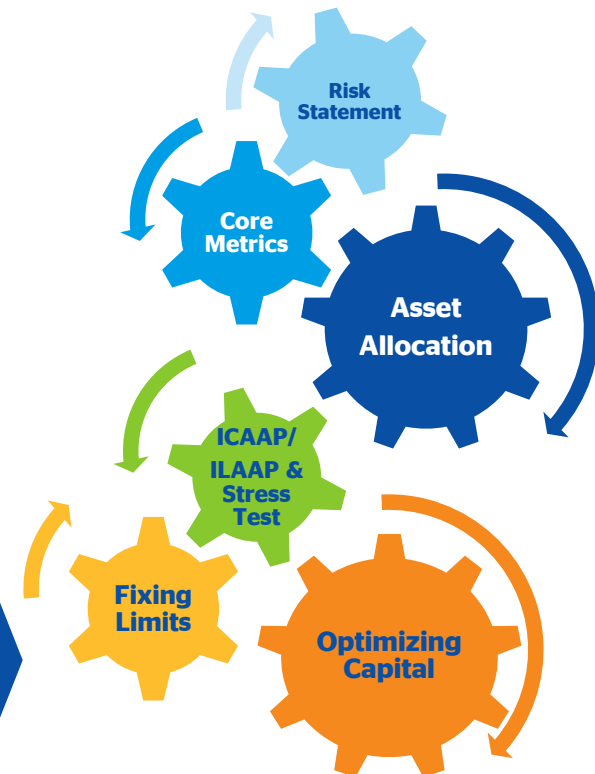
1 Internal policies & procedures



2 During the entire risk lifecycle



...through a Global and Integrated approach



4 Assessment, Monitoring and Reporting (AMR)

Dynamic and anticipatory approach of the risk management

Steps of Asset, Monitoring and Reporting process:

Identify risk factors

Evaluate the impact

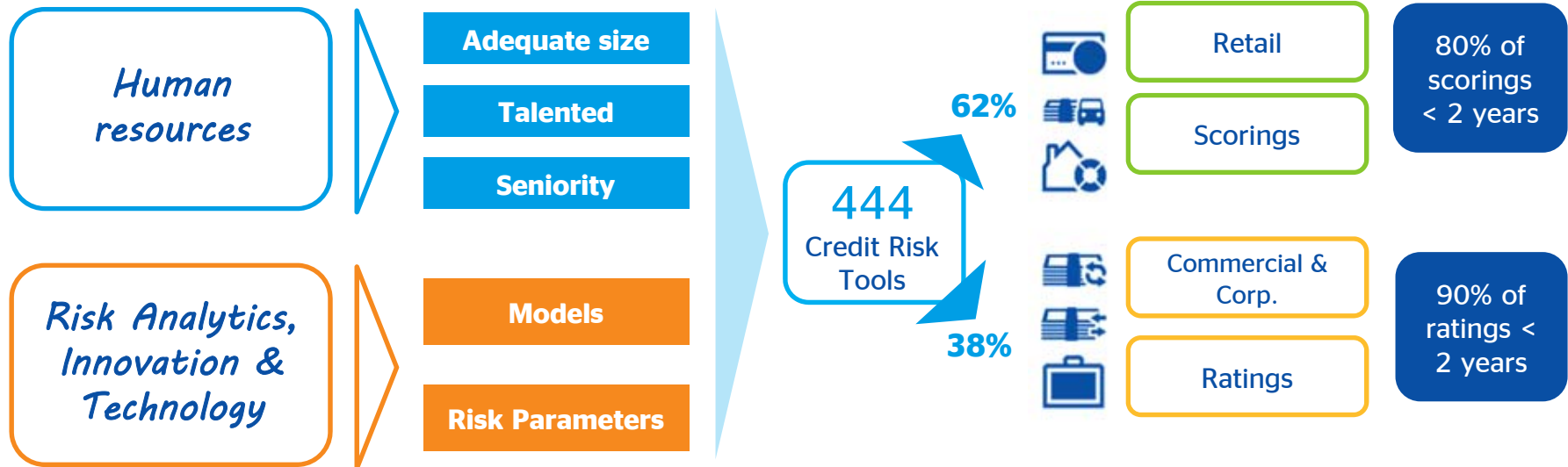
Reaction to adverse scenarios

Monitoring of the risk profile

Reporting

5 Risk Infrastructures

Relying on our **professionals and technological resources** to put in place an effective **risk supervision and management**





1. Global Risk Management Model

2. Sound Risk Indicators

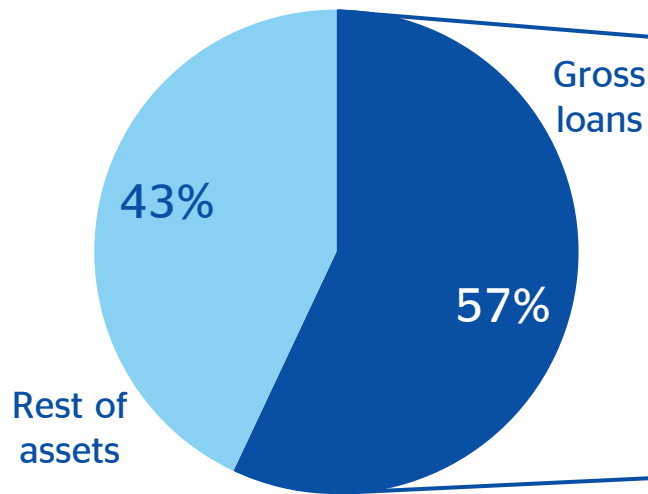
3. Conclusions

BBVA

BBVA: a client driven business in a well-diversified footprint

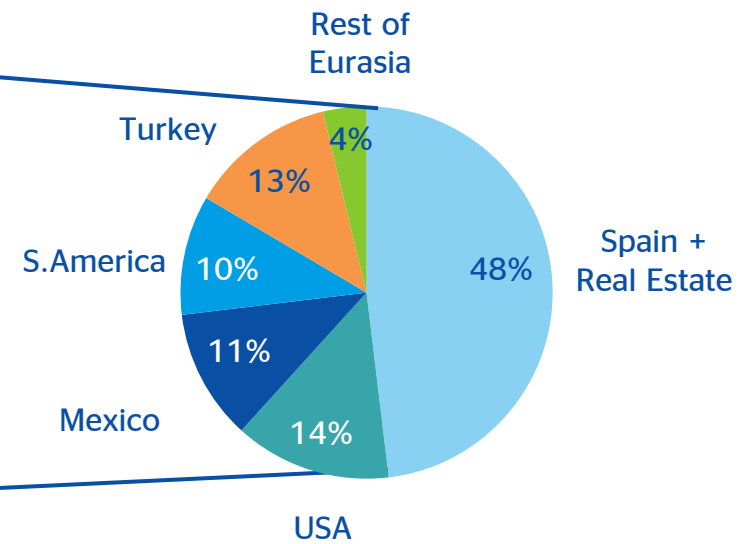
BBVA Group Total Assets structure

Sept.15



Gross loans: breakdown by country ⁽¹⁾

Sept.15

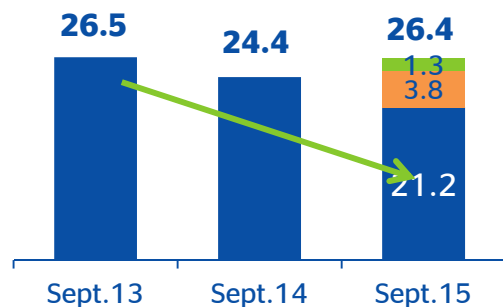


Total gross loans: € 426 Bn

(1) Excluding Corporate Center.

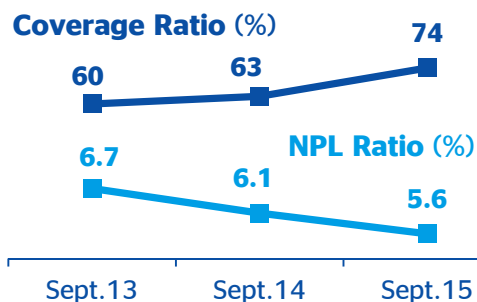
BBVA Group: Risk indicators continue to improve thanks to Spain's recovery

NPLs (€ Bn)

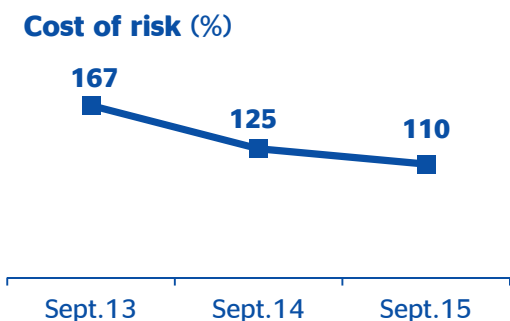


- Garanti (fully consolidated)
- CX
- BBVA Group

% NPL and % Coverage



Cost of Risk (%) ⁽¹⁾

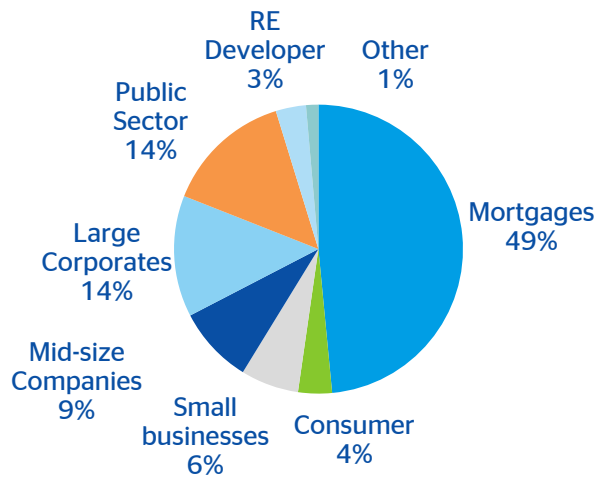


(1) Cumulative data for the first nine months of the year.

Spain (including Real Estate): cost of risk normalization as the main P&L driver

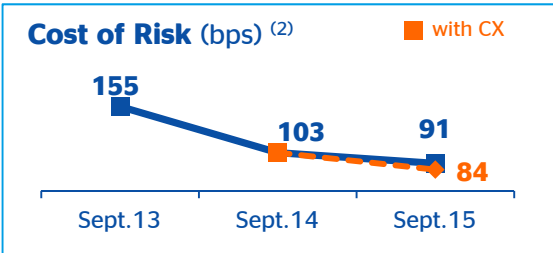
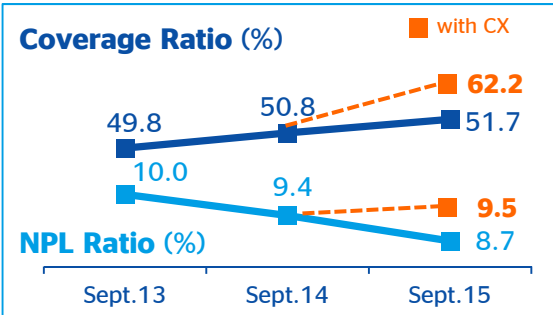
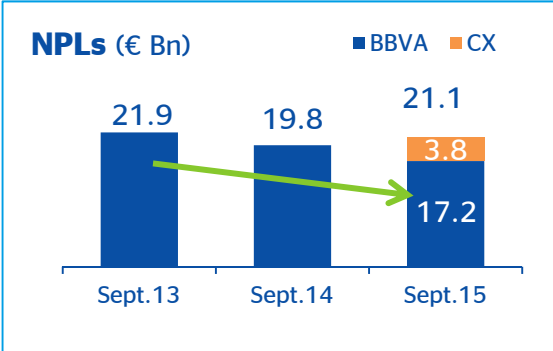
A portfolio mix biased to residential mortgages

Performing loans⁽¹⁾
Sept. 15



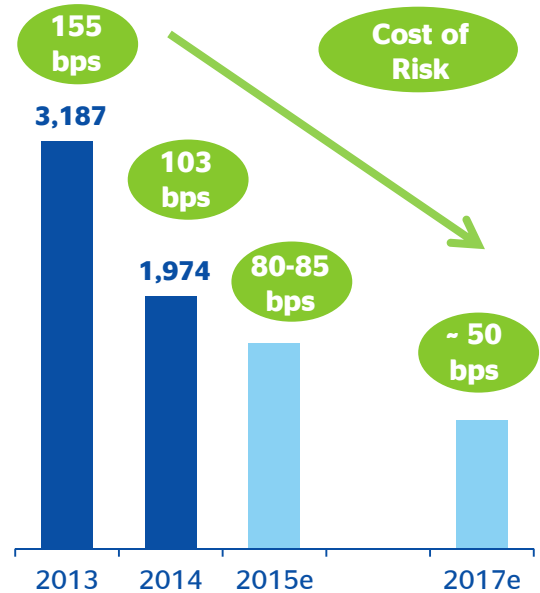
Total Loans: € 177.4 Bn

Improving risk indicators



Positive future trends

Loan-loss provisions (ex-CX)⁽²⁾
Banking activity + RE (€Mn)

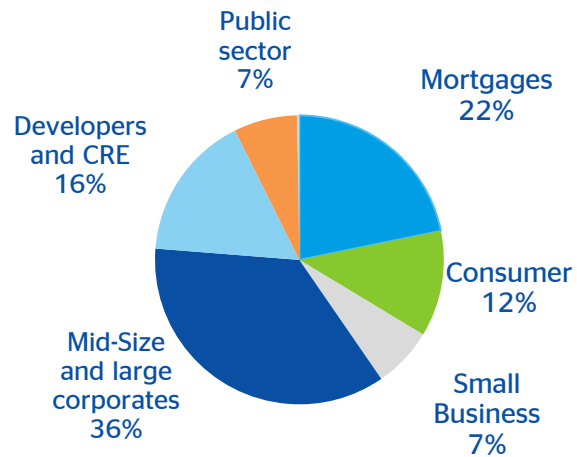


(1) Excluding Repos. (2) Cumulative data for the first nine months of the year.

USA: Risk indicators at historically low levels

Growth biased to the commercial portfolio

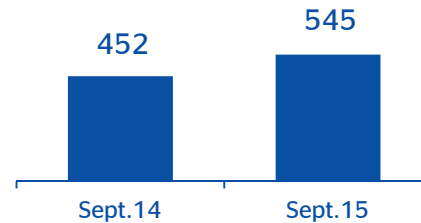
Performing loans⁽¹⁾
Sept. 15



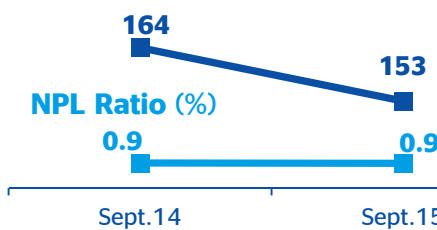
Total Loans: € 57.5 Bn

Group's best risk indicators

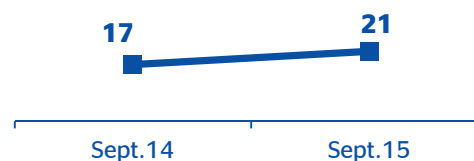
NPLs (€ Mn)



Coverage Ratio (%)



Cost of Risk (bps)⁽²⁾



Comparing favorably to its peers

Asset quality indicators

Local criteria data (June 15)

NPL Ratio (%)



Coverage Ratio (%)



Cost of Risk (bps)⁽²⁾

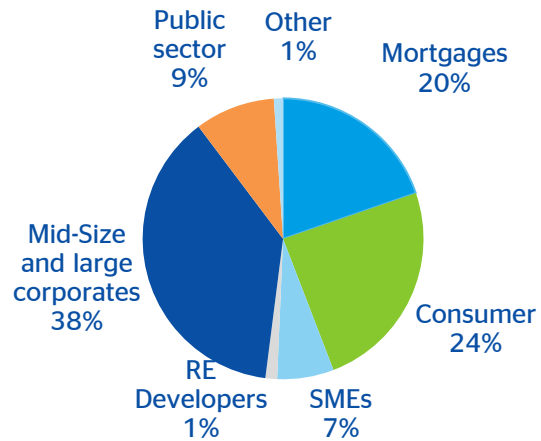


(1) Excluding Repos. (2) Cumulative data for the first nine months of the year.

BBVA Bancomer: change in mix leading to an improvement in asset quality

Mix change: growth biased to the commercial portfolio

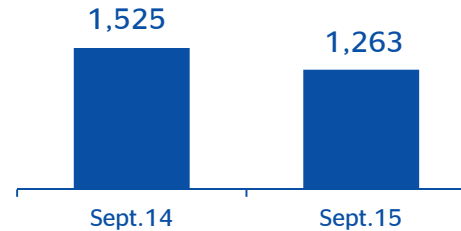
Performing loans⁽¹⁾
Sept. 15



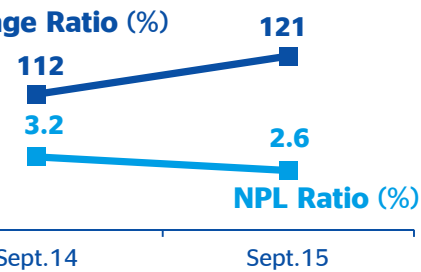
Total Loans: € 46.9 Bn

Sound and improving risk indicators

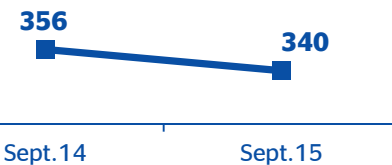
NPLs (€ Mn)



Coverage Ratio (%)



Cost of Risk (bps)⁽²⁾



Maintaining a better asset quality than peers

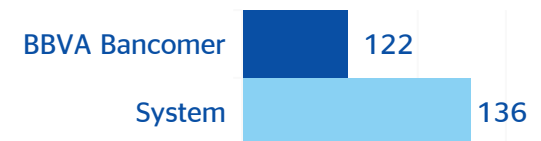
Asset quality indicators

Local criteria data (Aug. 15)

NPL Ratio (%)



Coverage Ratio (%)



Cost of Risk (bps)⁽²⁾



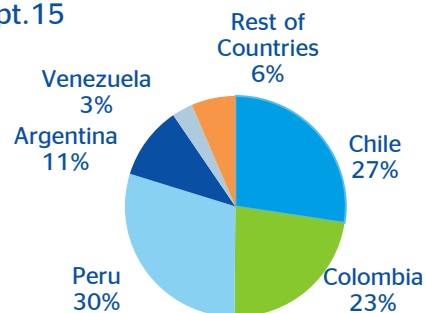
(1) Excluding Repos. (2) Cumulative data for the first nine months of the year.

South America: sound asset quality despite slight deterioration due to lower GDP growth

A loan portfolio biased to the Andean region and commercial segments

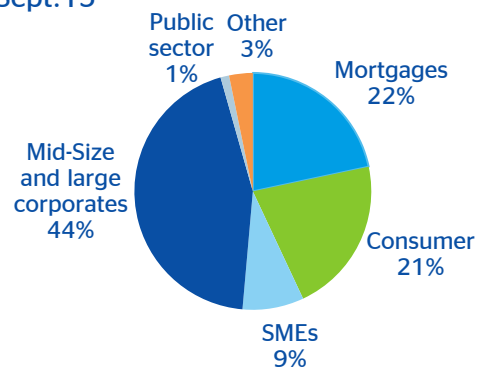
Performing loans by country ⁽¹⁾

Sept. 15



Performing loans by segment ⁽¹⁾

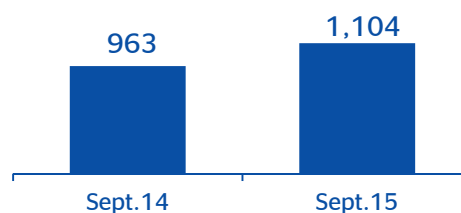
Sept. 15



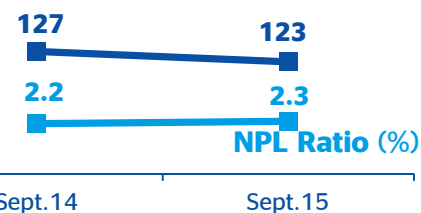
Total Loans: € 43.2 Bn

Maintaining sound risk indicators

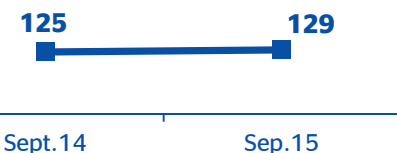
NPLs (€ Mn)



Coverage Ratio (%)



Cost of Risk (bps) ⁽²⁾



Better asset quality than peers' average in every country

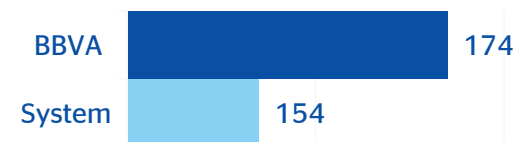
Asset quality indicators

Local criteria data (Jun. 15)

NPL Ratio (%)



Coverage Ratio (%)



Cost of Risk (bps) ⁽²⁾

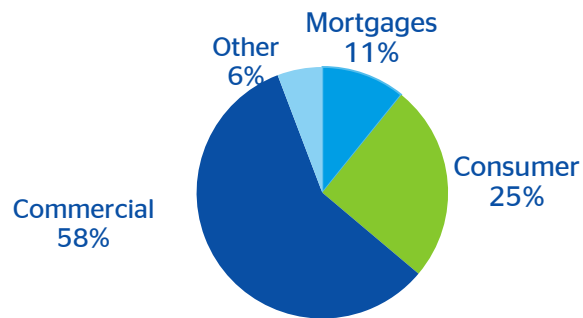


Note: Risk indicators exclude Venezuela. (1) Excluding Repos. (2) Cumulative data for the first nine months of the year.

Garanti: well-positioned to cope with short-term volatility

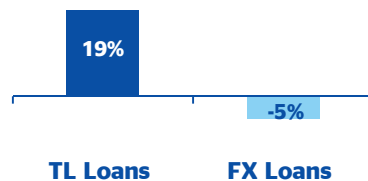
Selective lending strategy

Performing loans⁽¹⁾
Sept. 15

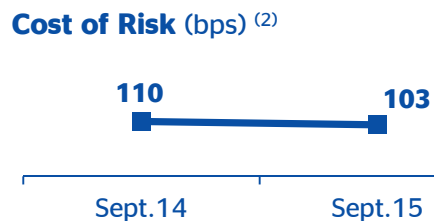
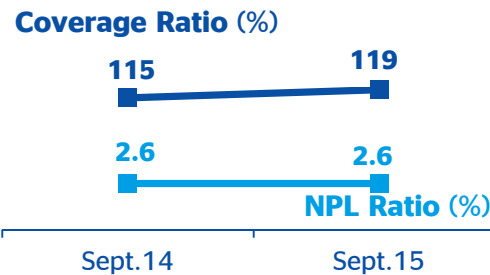
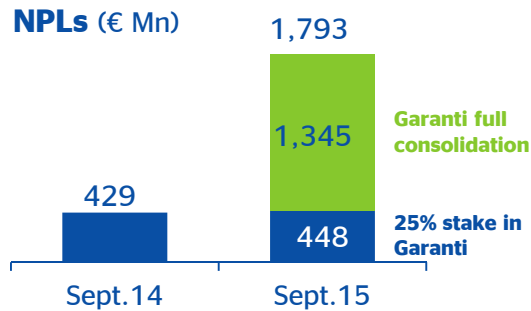


Total Loans: € 52.6 Bn

YoY Performing loan growth
Sept. 15



Asset quality resilient to volatility



Maintaining a better asset quality than peers

Asset quality indicators
Local criteria data (Sept. 15)

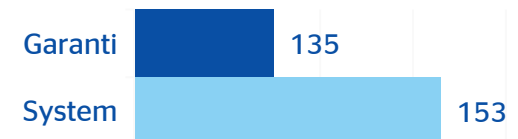
NPL Ratio (%)



Coverage Ratio (%)



Cost of Risk (bps)⁽²⁾



(1) Excluding Repos. (2) Cumulative data for the first nine months of the year.



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Wrapping up

1

Well-established and **fully integrated**
Risk Management model

2

A **client driven** business in a **well-diversified** footprint

3

Medium-low risk profile

4

Sound risk indicators in all franchises

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