

BBVA

Creating Opportunities

BBVA in 2019



About BBVA

BBVA is a customer-centric global **financial services group** founded in 1857 that operates in more than 30 countries. The Group has a strong leadership position in the Spanish market, is the largest financial institution in Mexico, it has leading franchises in South America and the Sunbelt Region of the United States, being also the leading shareholder in Turkey's Garanti BBVA.

Its diversified business is based on high-growth markets and it relies on technology as a key sustainable competitive advantage. Corporate responsibility is at the core of its **business model**. BBVA fosters financial education and inclusion, and supports scientific research and culture. It operates with the highest integrity, a long-term vision and applies the best practices.



| | | | | | |
|-------------------------|-------------------|-----------|----------|--------|-----------|
| €699 | 78.1 | >30 | 7,744 | 32,658 | 126,973 |
| billion in total assets | million customers | countries | branches | ATMs | employees |

Note: Data at the close of December 2019. Those countries in which BBVA has no legal entity or the volume of activity is not significant, are not included.

Organizational chart

| Chief Executive Officer Onur Genç | | Group Executive Chairman Carlos Torres Vila | | |
|---|--|--|--|--|
| BUSINESS UNITS | GLOBAL FUNCTIONS | TRANSFORMATION | STRATEGY | LEGAL AND CONTROL |
| Corporate & Investment Banking Luisa Gómez Bravo | Client Solutions David Puente | Engineering & Organization Ricardo Forcano | Global Economics & Public Affairs José Manuel González-Páramo | Legal María Jesús Arribas |
| Country Monitoring ⁽¹⁾ Jorge Sáenz-Azcúnaga | Finance Jaime Sáenz de Tejada | Talent & Culture Carlos Casas | Senior Advisor to the Chairman Juan Asúa | General Secretary Domingo Armengol |
| Country Manager Spain Peio Belausteguigoitia | Global Risk Management Rafael Salinas | Data Ricardo Martín Manjón | Strategy & M&A Victoria del Castillo | Regulation & Internal Control ⁽²⁾ Ana Fernández Manrique |
| Country Manager Mexico Eduardo Osuna | | | Communications & Responsible Business Paul G. Tobin | Chief Audit Executive ⁽²⁾ Joaquín Gortari |
| Country Manager The United States Javier Rodríguez Soler | | | | |
| Country Manager Turkey Recep Bastug | | | | |

Note 1: Reporting channel to CEO for Argentina, Colombia, Peru, Venezuela, Uruguay and Paraguay, as well as monitoring of all countries, including Spain, Mexico, the United States and Turkey. **Note 2:** Reporting to the Board of Directors through its corresponding committees.

“ In 2019 we achieved excellent financial results, the best of the last ten years, additionally we made great progress in our transformation journey.

Looking forward, we want to help our clients to make better financial decisions and to support them in their transition to a more sustainable world. This aspect is crucial for all of us taking into account the important social and environmental challenges we are facing.

To this end, we have evolved our strategy and defined six new strategic priorities that seek to broaden the impact of our transformation journey on our clients and society, with the team, data and technology playing a key role to achieve our Purpose: to bring the age of opportunity to everyone.

Carlos Torres Vila
Group Executive Chairman



“ BBVA has proven once again the strength of its diversified business model and its ability to generate strong results with double-digit returns, leading our peer group. Despite the challenging environment, the net attributable profit of BBVA Group in 2019, excluding non-recurring impacts, was €4,830 millions, which is the highest since 2009.

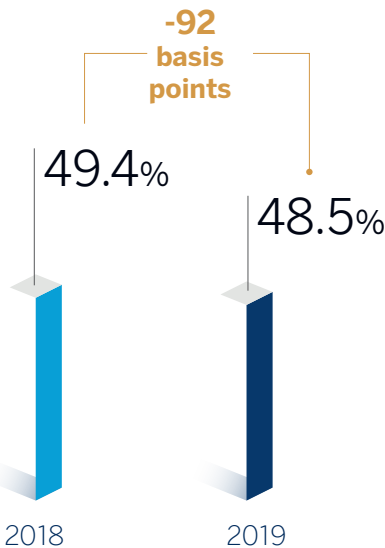
Onur Genç
Chief Executive Officer

Outstanding results in 2019

in a challenging environment thanks to record-high recurring revenue and exemplary cost management

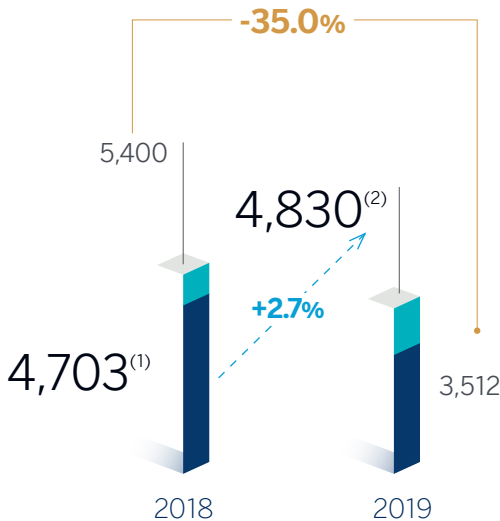
EFFICIENCY RATIO

(At constant exchange rates)



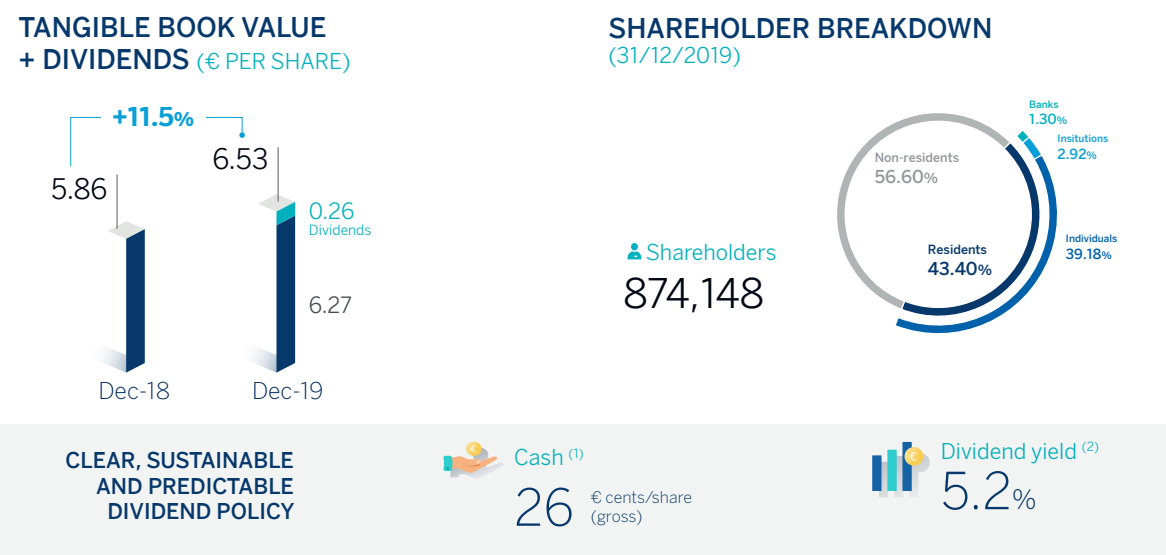
NET ATTRIBUTABLE PROFIT

(€ Mill)



(1) Excluding earnings generated by BBVA Chile until its sale on July 6, 2018 and the net capital gains from the operation.
(2) Excluding the goodwill impairment in the United States.

Focus on shareholder value creation



(1) €10 cents / share paid in October 2019 plus €16 cents / share as final dividend for the year 2019 which, if approved, would be paid on April 9, 2020.
(2) Calculated with the share closing price as of December 31, 2019.

BBVA Transformation Journey

PURPOSE:

“To bring the age of opportunity to everyone”

VALUES:

Customer comes first:

- We are empathetic
- We have integrity
- We meet their needs

We think big:

- We are ambitious
- We break the mold
- We amaze our customers

We are one team:

- I am committed
- I trust others
- I am BBVA

Progress achieved by BBVA on its transformation since 2015



Evolution in the strategic priorities



Improving our **clients'**
financial health



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



Reaching more **clients**



Driving operational **excellence**

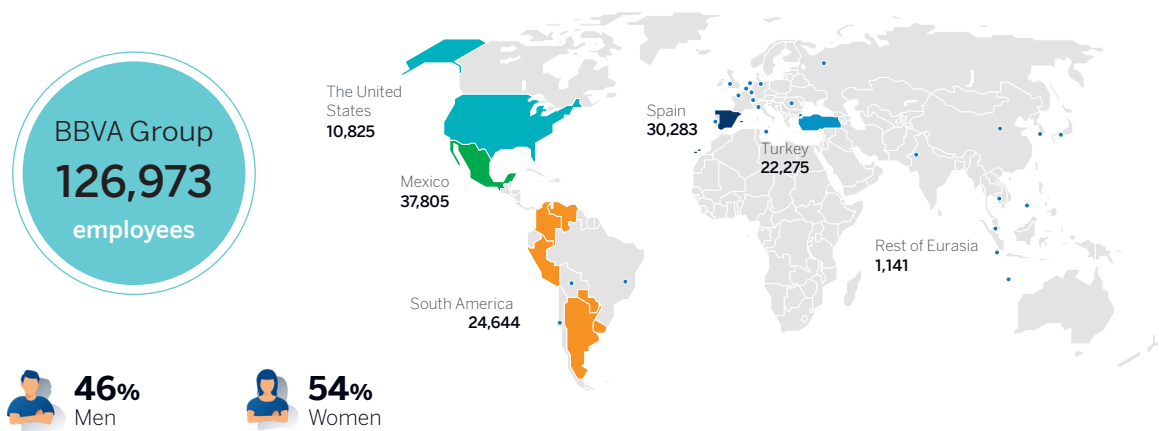


The best and most
engaged team



Data and Technology

With the best and the most engaged team



People that make up the Group are the most important asset and take part in its transformation strategy with a professional development and agile organization models

Note: figures as of December 31, 2019.

Promoting a more sustainable and inclusive society

2025 Pledge



To mobilize **€100 Bn**
in sustainable finance



39%

Use of renewable
energies

€113.8m

Investment in
social programs

€9,290m

Tax paid
and collected

BBVA Group highlights

| Consolidated figures | IFRS 9 | | | IAS 39 |
|--|----------|-------|----------|----------|
| | 31-12-19 | Δ % | 31-12-18 | 31-12-17 |
| Balance sheet (millions of euros) | | | | |
| Total assets | 698,690 | 3.3 | 676,689 | 690,059 |
| Loans and advances to customers (gross) | 394,763 | 2.2 | 386,225 | 400,369 |
| Deposits from customers | 384,219 | 2.2 | 375,970 | 376,379 |
| Total customer funds | 492,022 | 3.8 | 474,120 | 473,088 |
| Total equity | 54,925 | 3.9 | 52,874 | 53,323 |
| Income statement (millions of euros) | | | | |
| Net interest income | 18,202 | 3.5 | 17,591 | 17,758 |
| Gross income | 24,542 | 3.3 | 23,747 | 25,270 |
| Operating income | 12,639 | 4.9 | 12,045 | 12,770 |
| Net attributable profit ⁽¹⁾ | 4,830 | 2.7 | 4,703 | 4,637 |
| The BBVA share and share performance ratios | | | | |
| Number of shares (millions) | 6,668 | - | 6,668 | 6,668 |
| Share price (euros) | 4.98 | 7.5 | 4.64 | 7.11 |
| Earning per share (euros) ^{(1) (2)} | 0.66 | 3.4 | 0.64 | 0.63 |
| Book value per share (euros) | 7.32 | 2.8 | 7.12 | 6.96 |
| Tangible book value per share (euros) | 6.27 | 7.1 | 5.86 | 5.69 |
| Market capitalization (millions of euros) | 33,226 | 7.5 | 30,909 | 47,422 |
| Yield (dividend/price; %) | 5.2 | | 5.4 | 4.2 |
| Significant ratios (%) | | | | |
| ROE (net attributable profit/average shareholders' funds +/- average accumulated other comprehensive income) ⁽¹⁾ | 9.9 | | 10.2 | 9.7 |
| ROTE (net attributable profit/average shareholders' funds excluding average intangible assets +/- average accumulated other comprehensive income) ⁽¹⁾ | 11.9 | | 12.4 | 12.0 |
| ROA (Profit or loss for the year/average total assets) ⁽¹⁾ | 0.82 | | 0.81 | 0.84 |
| RORWA (Profit or loss for the year/average risk-weighted assets - RWA) ⁽¹⁾ | 1.57 | | 1.56 | 1.57 |
| Efficiency ratio | 48.5 | | 49.3 | 49.5 |
| Cost of risk | 1.04 | | 1.01 | 0.89 |
| NPL ratio | 3.8 | | 3.9 | 4.6 |
| NPL coverage ratio | 77 | | 73 | 65 |
| Capital adequacy ratios (%) | | | | |
| CET1 fully-loaded | 11.74 | | 11.34 | 11.08 |
| CET1 phased-in ⁽³⁾ | 11.98 | | 11.58 | 11.71 |
| Total ratio phased-in ⁽³⁾ | 15.92 | | 15.71 | 15.51 |
| Other information | | | | |
| Number of clients (millions) | 78.1 | 4.4 | 74.8 | 72.8 |
| Number of shareholders | 874,148 | (3.2) | 902,708 | 891,453 |
| Number of employees | 126,973 | 1.1 | 125,627 | 131,856 |
| Number of branches | 7,744 | (2.8) | 7,963 | 8,271 |
| Number of ATMs | 32,658 | 0.5 | 32,502 | 32,327 |

General note: as a result of the amendment to IAS 12 "Income Taxes", and in order to make the information comparable, the 2018 and 2017 income statements have been restated.

(1) Excluding the goodwill impairment in the United States in 2019, BBVA Chile in 2018 and Telefónica impairment in 2017.

(2) Adjusted by additional Tier 1 instrument remuneration.

(3) Phased-in ratios include the temporary treatment on the impact of IFRS 9, calculated in accordance with Article 473 bis of the Capital Requirements Regulation (CRR).

Financial performance in 2019

Robust core revenues growth

Net interest income
(At constant exchange rates)

+4.3%
vs. 2018

Fees
+3.6%
vs. 2018

Further improvement in best-in-class efficiency

Efficiency ratio
(At constant exchange rates)

48.5%
vs. 2018

-92
basis points
vs. 2018

Sound risk indicators

NPL ratio
3.8%
-15 basis points
vs. Dec 2018

NPL coverage ratio
77%
+349 basis points
vs. Dec 2018

Cost of risk
1.04%
+3 basis points
vs. 2018

Strong capital position

CET1 fully-loaded
11.74%
+40 basis points
vs. Dec 2018

Leading profitability metrics

ROTE
11.9%

ROE
9.9%

| CONSOLIDATED INCOME STATEMENT. BBVA GROUP (Millions of euros) | 2019 | Δ% | Δ% at constant exchange rates | 2018 |
|--|---------------|---------------|----------------------------------|---------------|
| Net interest income | 18,202 | 3.5 | 4.3 | 17,591 |
| Net fees and commissions | 5,033 | 3.2 | 3.6 | 4,879 |
| Net trading income | 1,383 | 13.1 | 15.4 | 1,223 |
| Other operating income & expenses | (77) | n.s. | n.s. | 54 |
| Gross income | 24,542 | 3.3 | 4.2 | 23,747 |
| Operating expenses | (11,902) | 1.7 | 2.2 | (11,702) |
| Operating income | 12,639 | 4.9 | 6.1 | 12,045 |
| Impairment on financial assets | (4,151) | 4.3 | 6.0 | (3,981) |
| Provisions and other gains (losses) | (2,090) | n.s. | n.s. | 383 |
| Profit /(loss) before tax | 6,398 | (24.2) | (23.8) | 8,446 |
| Income tax ⁽¹⁾ | (2,053) | (7.5) | (7.4) | (2,219) |
| Profit /(loss) for the year⁽¹⁾ | 4,345 | (30.2) | (29.7) | 6,227 |
| Non-controlling interests | (833) | 0.8 | 11.6 | (827) |
| Net attributable profit⁽¹⁾ | 3,512 | (35.0) | (35.3) | 5,400 |
| Of which: | | | | |
| Goodwill impairment in the United States | (1,318) | | | |
| BBVA Chile ⁽²⁾ | | | | 697 |
| Net attributable profit excluding the goodwill impairment in the United States and BBVA Chile | 4,830 | 2.7 | 2.0 | 4,703 |

(1) As a result of the amendment to IAS 12 “Income Taxes”, and in order to make the information comparable, the 2018 income statement has been restated.
(2) Earnings generated by BBVA Chile until its sale on July 6, 2018 and the capital gains from the operation.

Business areas

■ NPL coverage ratio (%) ■ NPL ratio (%) ■ Cost of risk (%)

SPAIN

ACTIVITY⁽¹⁾

Performing loans under management

-1.4%

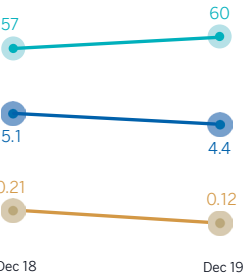
Total customer funds under management

+1.2%

Year-on-year changes, data as of 31-12-2019

- Growth in consumer, retail and commercial portfolios.
- Net interest income influenced by the impact of IFRS 16 "Leases".

RISKS



Results. 2019. Millions of euros.
Year-on-year changes.

| | | |
|-------------------------|-------|-------|
| Net interest income | 3,645 | -1.4% |
| Gross income | 5,734 | -3.9% |
| Operating income | 2,480 | -5.8% |
| Net attributable profit | 1,386 | -1.0% |

- Continued decrease in operating expenses.
- Positive impact of the sale of non-performing and write-off portfolios on loan loss provisions and risk indicators.

THE UNITED STATES

ACTIVITY⁽¹⁾

Performing loans under management

+2.1%

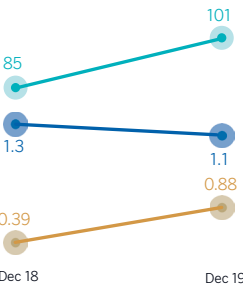
Total customer funds under management

+3.7%

Year-on-year changes at constant exchange rate, data as of 31-12-2019

- Activity impacted by Fed's interest-rate cuts.
- Good performance of net fees and commissions and net trading income.

RISKS



Results. 2019. Millions of euros.
Year-on-year changes at constant exchange rate.

| | | |
|-------------------------|-------|--------|
| Net interest income | 2,395 | -0.2% |
| Gross income | 3,223 | +2.3% |
| Operating income | 1,257 | +5.8% |
| Net attributable profit | 590 | -23.9% |

- Continued improvement of the efficiency ratio.
- Net attributable profit affected by the impairment on financial assets.

MEXICO

ACTIVITY⁽¹⁾

Performing loans under management

+7.6%

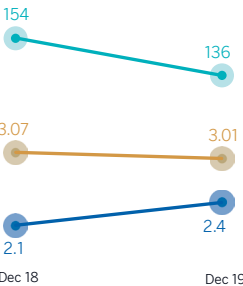
Total customer funds under management

+7.0%

Year-on-year changes at constant exchange rate, data as of 31-12-2019

- Good performance of the lending activity, boosted by growth in the retail portfolio.
- Positive trend of customer funds especially in demand deposits.

RISKS



Results. 2019. Millions of euros.
Year-on-year changes at constant exchange rate.

| | | |
|-------------------------|-------|-------|
| Net interest income | 6,209 | +5.9% |
| Gross income | 8,029 | +6.0% |
| Operating income | 5,384 | +6.5% |
| Net attributable profit | 2,699 | +8.2% |

- Net interest income growth in line with activity.
- Excellent performance of the net trading income.
- Cumulative cost of risk at historically low levels.

TURKEY

ACTIVITY⁽¹⁾

Performing loans under management

+6.7%

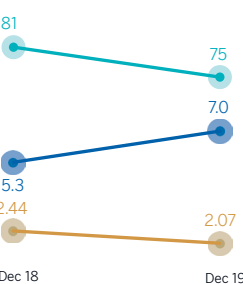
Total customer funds under management

+16.6%

Year-on-year changes at constant exchange rate, data as of 31-12-2019

- In Turkish lira, positive activity performance and relevant improvement in the spread.
- Operating expenses growth below the inflation rate.

RISKS



Results. 2019. Millions of euros.
Year-on-year changes at constant exchange rate.

| | | |
|-------------------------|-------|-------|
| Net interest income | 2,814 | +0.1% |
| Gross income | 3,590 | +2.6% |
| Operating income | 2,375 | -0.2% |
| Net attributable profit | 506 | -0.5% |

- Positive evolution of net fees and commissions and lower requirements for loan-loss provisions on financial assets.

SOUTH AMERICA

ACTIVITY⁽¹⁾

Performing loans under management

+7.0%

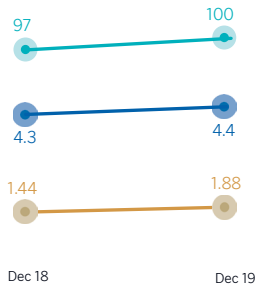
Total customer funds under management

+7.2%

Year-on-year changes at constant exchange rates, data as of 31-12-2019

- Positive evolution of activity in the main countries: Argentina, Colombia and Peru.
- Improved efficiency ratio, supported by the growth in net interest income and the control in operating expenses.

RISKS



Results. 2019. Millions of euros.

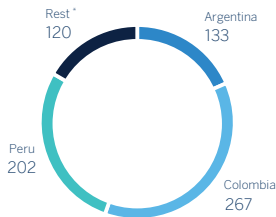
Year-on-year changes at constant exchange rates.

| | | |
|-------------------------|-------|--------|
| Net interest income | 3,196 | +15.2% |
| Gross income | 3,850 | +14.3% |
| Operating income | 2,276 | +25.2% |
| Net attributable profit | 721 | +43.8% |

- Greater net trading income contribution in the year due to the positive effect derived from the positive contribution of foreign exchange transactions and Prisma sale in Argentina.
- Net attributable profit negatively impacted by Argentina's inflation adjustment.

ARGENTINA, COLOMBIA AND PERU

Net attributable profit breakdown. Millions of euros



* Rest includes Venezuela, Paraguay, Uruguay, Bolivia and Forum (Chile).

- **Argentina:** positive contribution to the area's result thanks to excellent revenues' performance.
- **Colombia:** remarkable year-on-year growth of the net attributable profit, boosted by activity, efficiency improvement and lower impairments on financial assets.
- **Peru:** net attributable profit growth favoured by revenues and offset by higher impairments on financial assets.

REST OF EURASIA

ACTIVITY⁽¹⁾

Performing loans under management

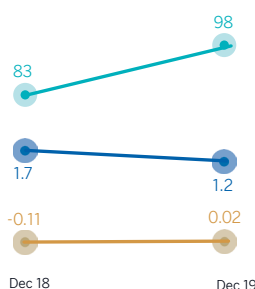
+18.7%

Total customer funds under management

-1.1%

Year-on-year changes, data as of 31-12-2019

RISKS



Results. 2019. Millions of euros. Year-on-year changes.

| | | |
|-------------------------|-----|--------|
| Net interest income | 175 | 0.0% |
| Gross income | 454 | +9.6% |
| Operating income | 161 | +26.1% |
| Net attributable profit | 127 | +32.3% |

- Good performance in lending, especially in Asia.
- Flattish recurring revenue and positive performance of the net trading income.

- Controlled growth of operating expenses.
- Improved risk indicators.

OTHER INFORMATION: CORPORATE & INVESTMENT BANKING

ACTIVITY⁽¹⁾

Performing loans under management

+11.9%

Total customer funds under management

-1.7%

Year-on-year changes at constant exchange rates, data as of 31-12-2019

- Good performance of activity with customers.
- Leadership position in green and sustainable loans.

CLIENT'S REVENUE

€ Mill, Year-on-year changes at constant exchange rates

2,894

+7%

Wholesale banking recurrent business⁽²⁾

95% of revenues given by our relations with clients

Results. 2019. Millions of euros.

Year-on-year changes at constant exchange rates.

| | | |
|-------------------------|-------|-------|
| Gross income | 3,055 | +4.8% |
| Operating income | 1,988 | +5.4% |
| Net attributable profit | 1,031 | +1.5% |

- Positive evolution of net interest income, linked to the activity.
- Net attributable profit positively impacted by good performance in the fourth quarter.

(1) Performing loans under management excluding repos. Total customer funds under management are made up of the sum of customer deposits under management excluding repos plus mutual funds, pension funds and other off-balance-sheet funds.

(2) Client's revenue / Gross income



More information:

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