



BBVA Creating
Opportunities

Delivering on our Strategy

London, March 21st 2017

Carlos Torres Vila
Chief Executive Officer

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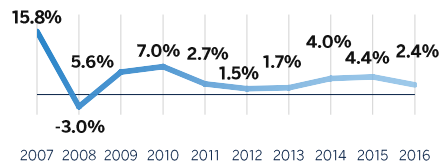
01

Execution of Our Transformation Journey

Clear Strategic Path

Industry Dynamics

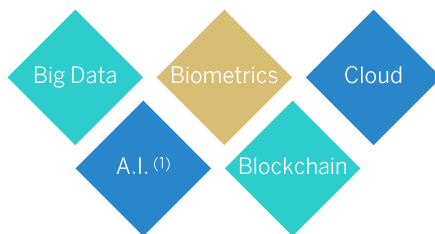
Profitability of financial industry under pressure



New disruptive entrants transforming each vertical



Transformative technologies and use of **data** open up unimaginable opportunities



(1) Artificial Intelligence







Our Purpose

To bring the age of opportunity to everyone

Redefined value proposition

Around positively impacting financial behavior of clients and customers

Six Strategic Priorities

-  New standard in customer experience
-  Drive digital sales
-  New business models
-  Optimal capital allocation
-  Unrivalled efficiency
-  A first class workforce

Creating Opportunities

Transformation Focused on the Customer

Above the Glass



- Customer Experience
- Digital Sales
- Advisory



Below the Glass



- Distribution Model
- Operations
- Technology and Platforms
- Agile Organization

Focus on Amazing Customer Experience Resulting in More Engagement and Satisfaction

Customer Interaction

(Average customer¹)

4 times
per year



40 times
per year



150 times
per year



Channel NPS at BBVA

(Spain Dec-16)

32%  #1

43%  #1

63%  #1

BBVA Leading in NPS

(Dec-16)



#1



#1



#1



#1



#1



#1



#1



#1

Attractive and
intuitive design

Transparent
& clear offer

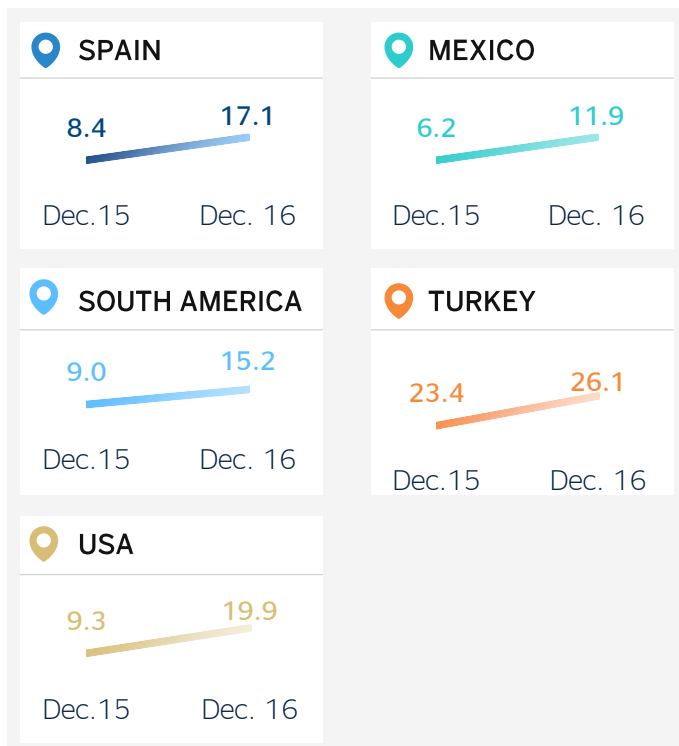
Revolution of
the small things

(1) Branch: proxy Spain / Web: digital active customers / Mobile: mobile active customers

Digital Customers and Sales Grow Exponentially as we Broaden our Digital Offer

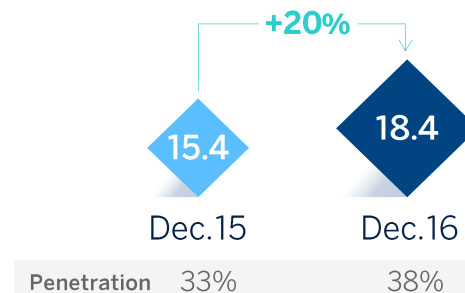
Digital Sales

(% of total sales YtD, # of transactions)



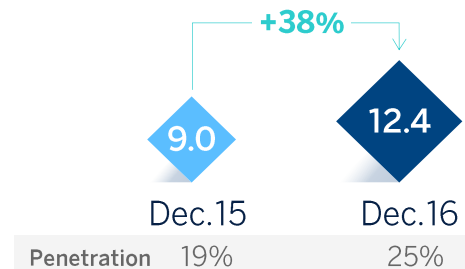
Digital Customers

BBVA Group (Million, % penetration)



Mobile Customers

BBVA Group (Million, % penetration)



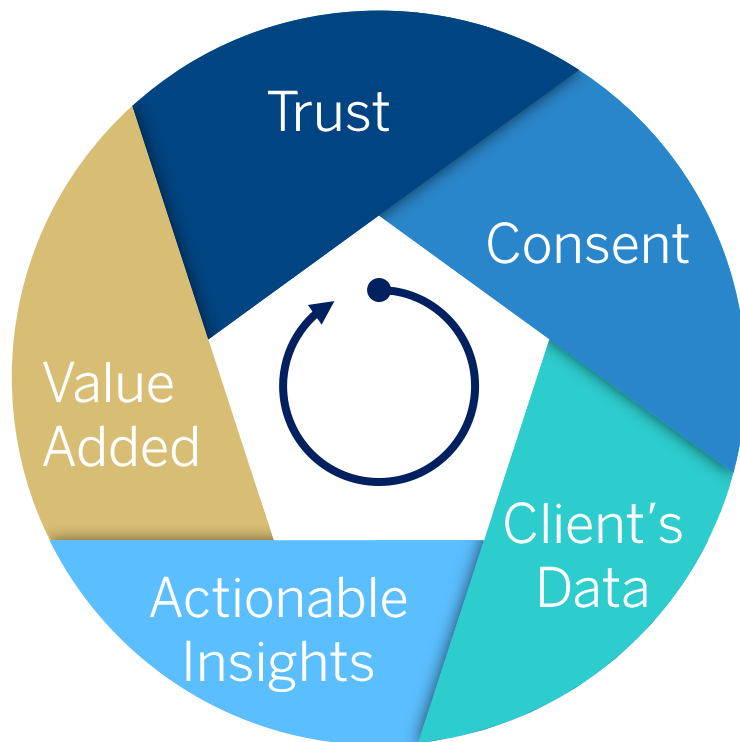
Digital onboarding

Increasing DIY⁽¹⁾ availability

Still room for growth

(1) DIY: Do-It-Yourself

Data-Driven Advisory at the Core of a Customized and Enriched Value Proposition



“Digitizing” trust

**Access to Data
through consent**

**Artificial Intelligence
to derive insights**

**Value added
decision-making**

Physical Network and Bankers Play a Key Role in the Transformation

Towards More Efficient Channels

Remote Managers

(Dec.16. BBVA Group)



>1,100

Remote managers

+26%

Customers in portfolio:
remote vs. branch
managers

(Dec.16. BBVA Spain)

20%

High-value customers
migrated to remote model

(Dec.16. BBVA Spain)

Cost to Income Ratio¹

Branch  45-55%

DIY  25-30%

(1) CIR comparing one-click loan sale process digital E2E vs. branch human front and back, Dec.16

Expansion of
Remote Managers

Mobility tools

Face-to-face
focused on value
added advisory

Branch network, an
enabler of customer
digitization

Transformation of Operations for Higher Productivity, Quality and Speed

Areas of Productivity Improvement



Front-Office
Customer's
Transactions

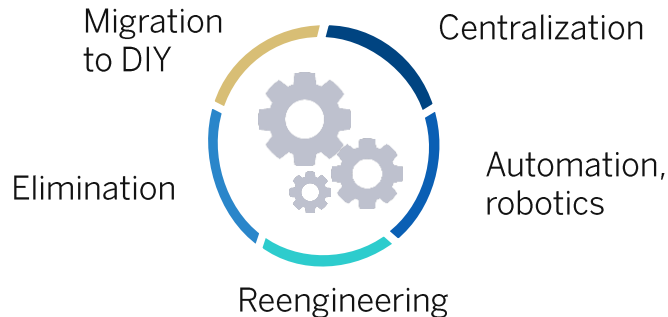


Front-Office
Operations



Back-Office
Operations

Levers for Efficiency



Migration to digital
channels

Centralized
operations

Straight through
processing

Automation

End-to-end
vision

Cost Reduction Through the Use of Cloud Technology

Storage and Processing

Real Time Transactions per Day
(managed by platform)



Software Development



Strategic Partners
for the Cloud

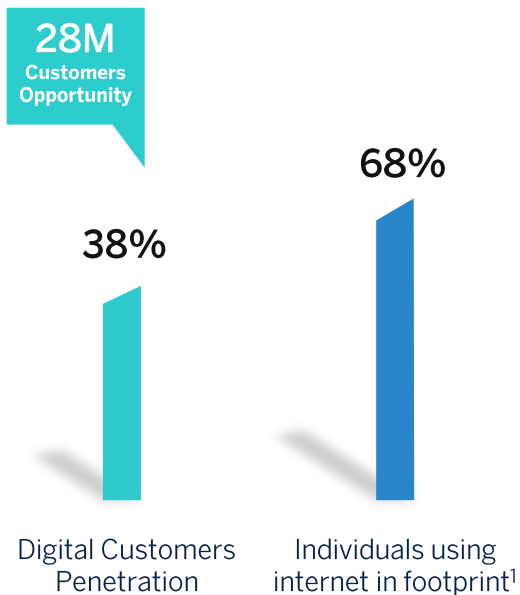
Global infrastructure
and software
platforms

Specific skilled
talent onboarded

Global “communities
of practice” of
Developers,
Engineers and
Designers

BBVA is Well-Positioned to Unlock the Opportunity

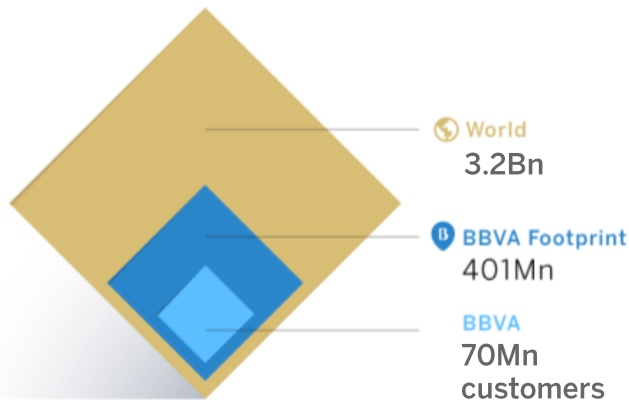
BBVA's Customer Base



(1) Source: World Economic Forum (2016) - The Global Information Technology Report 2016

Non-Customers

Banking Population > 15 years²



(2) Source: BBVA Research, Worldbank 2014 data (UN)

Driving DIY
adoption to our
current customers

Unlocking the
“open market”

Potential for
global plays

Leveraging
technology and
data for scalability

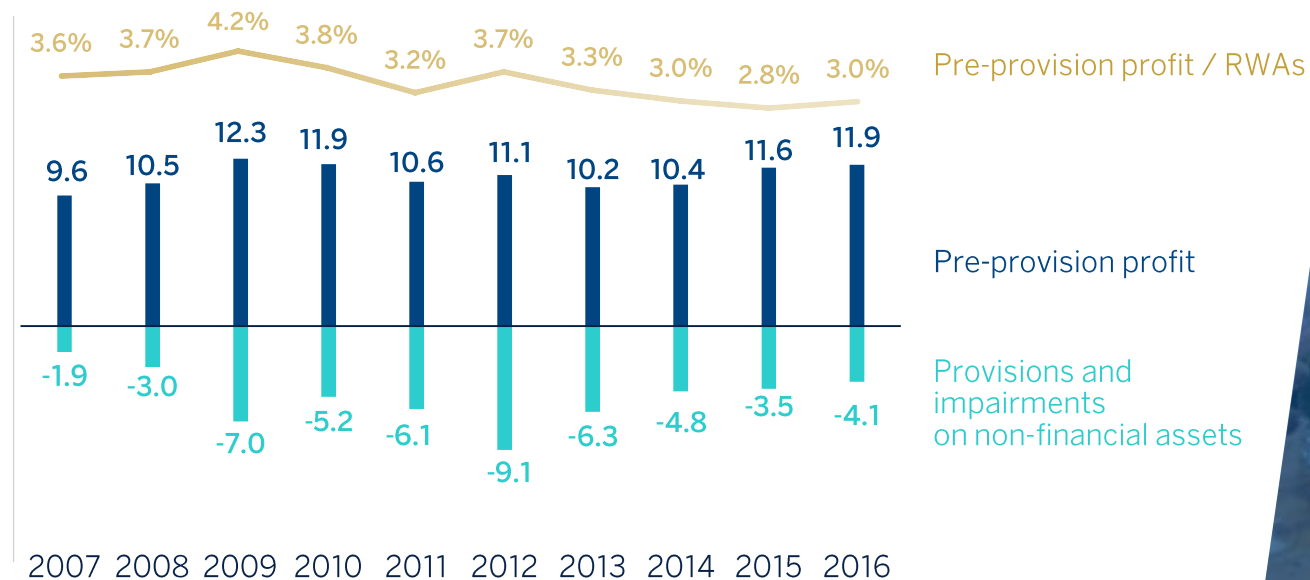
02

BBVA's Strengths

BBVA's Strengths

Resilience and Low Earnings Volatility

(€ Bn, %)



**Diversified
footprint**

Prudent risk profile

**Sound capital
position**

✓ Profits through the crisis years

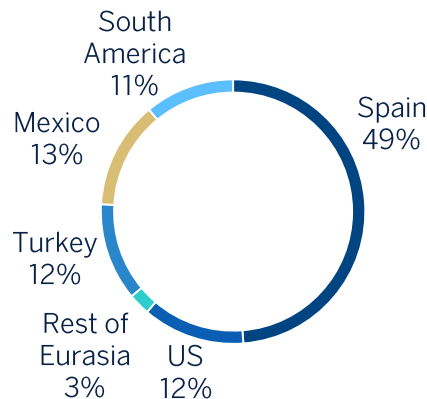
✓ Superior earnings power

Diversified Footprint Provides Earnings Resilience

Breakdown by Business Area¹

Total Assets

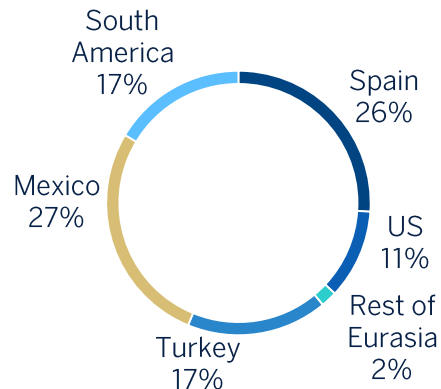
(Dec.16)



64%
Developed
Markets

Gross Income

(2016)



39%
Developed
Markets

Developed Markets

- Positive macro outlook
- Well positioned to benefit from rising interest rates

Emerging Markets

- Leading position in main markets
- Resilient franchises despite challenging environments

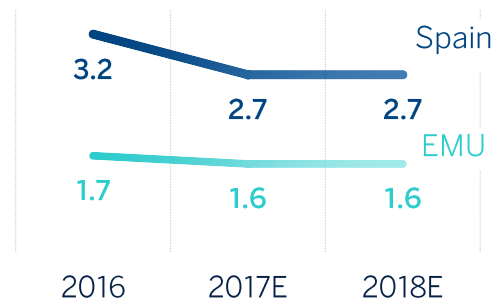
(1) Excluding Corporate Center.

Spain: Banking Activity

Increasing Bottom-Line Contribution

Robust Macro Perspectives¹

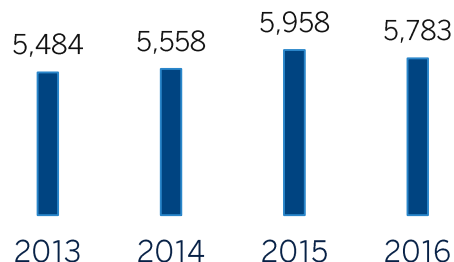
(% YoY GDP growth)



- Strong domestic demand
- Investment in equipment and machinery as the main driver of commercial loan growth

Core Revenues

Net Interest Income + Net Fees & Commissions + Insurance Results² (€ mn)



- Price management focus
- Lower funding costs to continue
- Higher contribution of non-interest income products

CX Cost Synergies Started to Materialize in 4Q

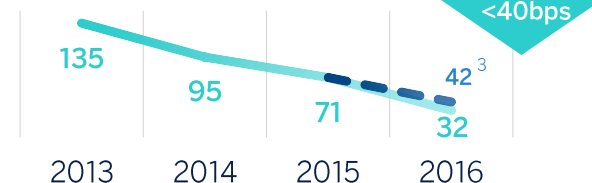
(Evolution of operating expenses, %)



2017E
Mid-single
digit
reduction

Improvement in Risk Indicators

(Cumulative CoR, bps)



(1) Source: BBVA Research. (2) Insurance Results includes the premiums received and the estimated provisions resulting from technical reserves. (3) Excluding relocation of loan loss provisions to RE impairments

Cost reduction as a key P&L driver in 2017

Spain: Real Estate

Accelerated Divestments in a Healthier Environment

Improved Market Dynamics

(YoY growth)

Housing prices¹



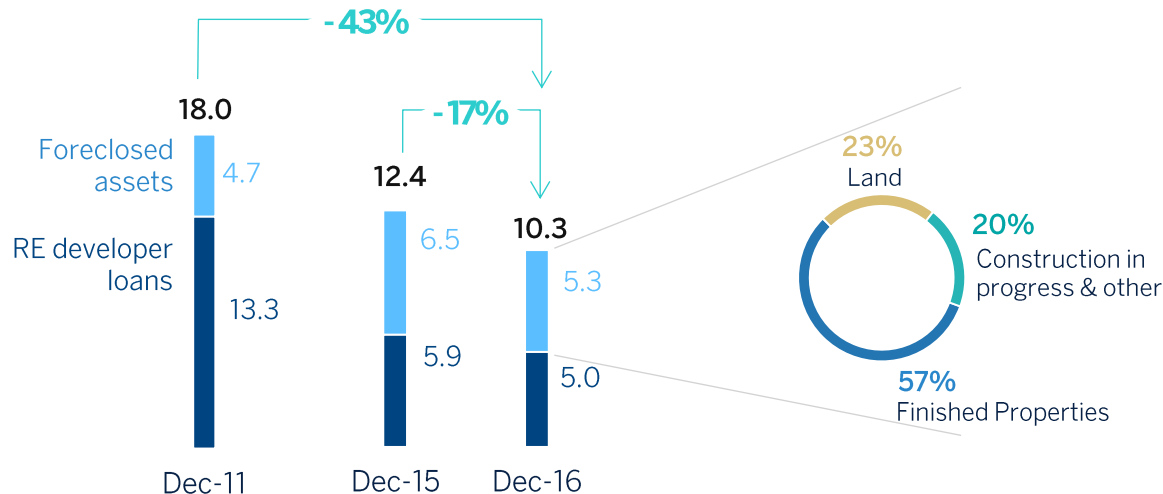
+2%
2016



+3%
2017e

Decreasing Net Exposure to RE²

(€ Bn)



(1) Source: BBVA Research. (2) Transparency scope according to Bank of Spain Circular 5/2011.

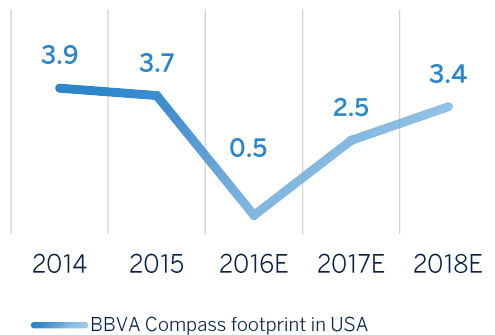
Growth of wholesale transactions ("Buffalo", "Boston", Testa Residencial)

USA

Enhancing Profitability

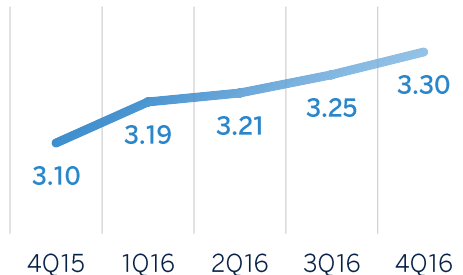
Improving Macro Outlook

(% YoY GDP growth)¹



Customer Spread

(%)



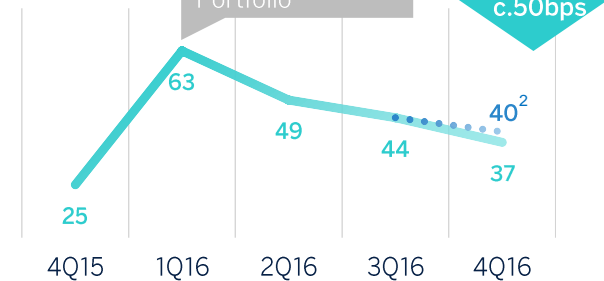
- Focus on profitable segments
- Well positioned to benefit from rising rates

12-month NII sensitivity to +100bps interest rate:

+6%

Cumulative CoR

(bps)



- Change in loan mix (increasing weight of retail loans) should translate into a slight increase in CoR in 2017

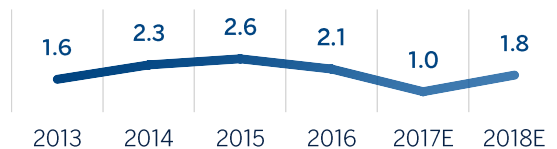
(1) Source: BBVA Research. Weighted GDP growth considering BBVA Compass' loans in every State. (2) Including unfunded commitments

Retail loan growth, increased branch network productivity

Mexico

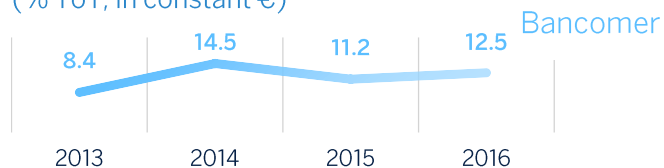
Leadership and Resilience

Recovery Expected in 2018, after a Challenging 2017¹ (% YoY GDP growth)

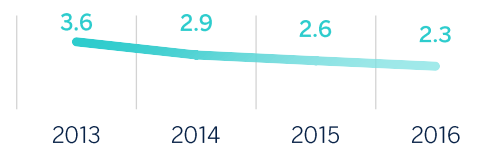


■ Slowdown in internal demand and investment partially offset by the external sector

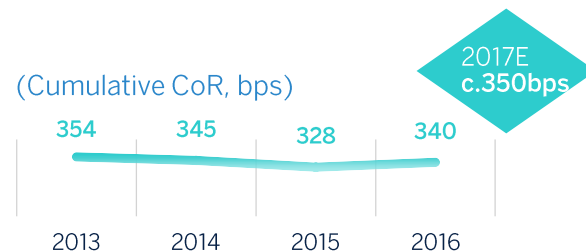
Solid Loan Growth²
(% YoY, in constant €)



Resilient Asset Quality
(NPL ratio, %)

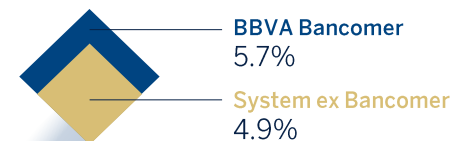


(Cumulative CoR, bps)

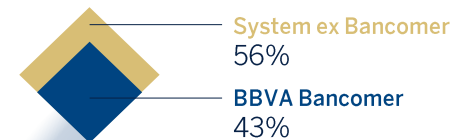


Best- in-Class Profitability³

NIM



Efficiency



■ Current FX hedging:
c. 60% of 2017 expected
net income

(1) Source: BBVA Research. (2) Net loans growth at BBVA consolidated level. (3) Data as of Dec.16 and based on local criteria. Source: CNBV.

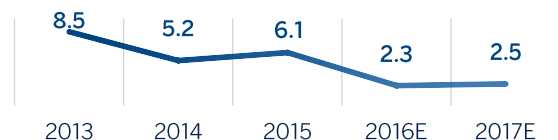
High-single digit growth expected in loans and net income in 2017 (in constant €)

Turkey

Resilient in a Volatile Environment

Resilient Economy¹

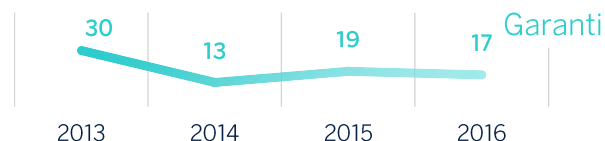
(% YoY GDP growth)



- Macro prudential and fiscal measures are loan growth supportive

Robust Loan Growth²

(% YoY, in constant €)



Prudent Risk Management

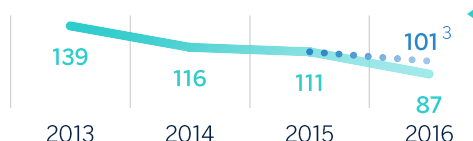
(NPL ratio, %)



- Increased contribution from higher stake (49.85%)

- Current FX hedging: c. 60% of 2017 expected net attributable profit

(Cumulative CoR, bps)



(1) Source: BBVA Research. (2) Net performing loans at BBVA consolidated Level. (3) Including unfunded commitments

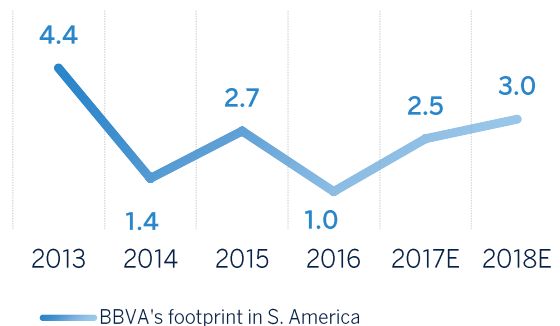
Loans decelerating, but expected to grow at double digit in 2017

South America

Sound and Sustainable Growth

Turning Point in 2017

(% YoY GDP growth)¹

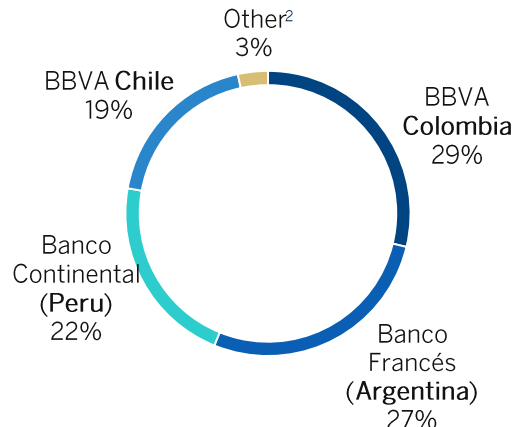


■ 2017: Strong recovery in Argentina

■ 2018: Andean countries to accelerate

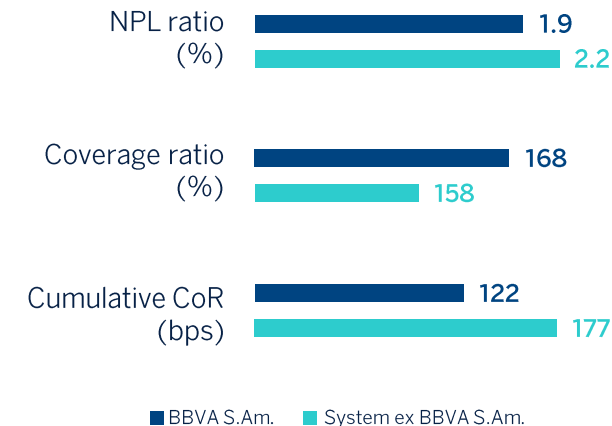
A Well-Diversified Footprint

(2016 Net attributable profit)



Better Asset Quality than Peers³

(BBVA South America vs. System)



(1) Source: BBVA Research. Weighting based on the countries' contribution to BBVA's Gross Income in 2016. Countries included: Argentina, Chile, Colombia, Paraguay, Peru, Uruguay and Venezuela.

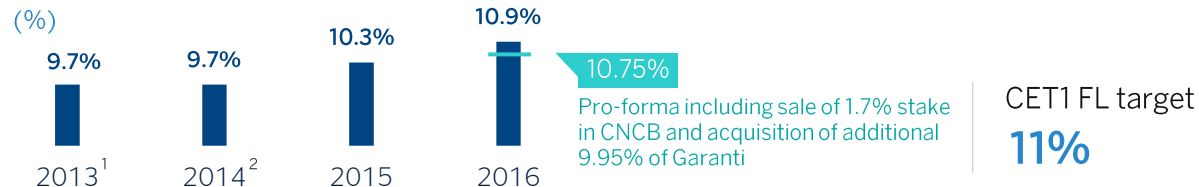
(2) Other includes Paraguay, Uruguay, Venezuela and Bolivia. (3) Data as of Dec. 16 based on local criteria. Source: Local Superintendencies.

**Macro recovery to support loan growth in 2017
and limited asset quality deterioration (2017E CoR c.140 bps)**

Capital

Sound Capital Position

CET1 Fully-Loaded Ratio – BBVA Group



RWAs/ Total Assets³



Leverage Ratio³



◆ BBVA ◆ European Peer Group Average

Current CET1 FL Ratio Sensitivity to a 10% Depreciation of EM Currencies

Turkey
Lower than
-2bp

Mexico
-1bp

Rest of EM
-2bps

(1) Pro-forma ratio as Basel 3 was not in place. (2) Pro-forma ratio including corporate operations announced and pending to be closed in 2014 (acquisition of Catalunya Banc, acquisition of an additional 14.89% stake in Garanti, sale of 29.86% of CIFH and sale of a 4.9% stake in CNCB); reported ratio stood at 10.4%. (3) As of Dec.16. European Peer Group: BARC, BNPP, CASA, CS, CMZ, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS, UCG.

**Solid capital ratios and
proven ability to
generate capital**

High quality capital

**Effective CET1 FX
hedging policy in place**

03

Final Remarks

Final Remarks

- 1 Strategy: **A clear strategic path** around our purpose and six strategic priorities
- 2 Execution: **Progressing on our transformation journey** leveraging data and technology to support our clients and customers in their life and business
- 3 Earnings Power: **Well positioned** in this environment to take advantage of the market opportunities
 - Diversified footprint
 - Prudent risk profile
 - Sound capital position





BBVA Creating
Opportunities

Delivering on our Strategy

London, March 21st 2017

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Chief Executive Officer