



**BBVA** Creating  
Opportunities

# Fixed Income Investors Presentation

## 2Q17



# Disclaimer

This document is only provided for information purposes and does not constitute, nor should it be interpreted as, an offer to sell or exchange or acquire, or an invitation for offers to buy securities issued by any of the aforementioned companies. Any decision to buy or invest in securities in relation to a specific issue must be made solely and exclusively on the basis of the information set out in the pertinent prospectus filed by the company in relation to such specific issue. No one who becomes aware of the information contained in this report should regard it as definitive, because it is subject to changes and modifications.

This document contains or may contain forward looking statements (in the usual meaning and within the meaning of the US Private Securities Litigation Reform Act of 1995) regarding intentions, expectations or projections of BBVA or of its management on the date thereof, that refer to or incorporate various assumptions and projections, including projections about the future earnings of the business. The statements contained herein are based on our current projections, but the actual results may be substantially modified in the future by various risks and other factors that may cause the results or final decisions to differ from such intentions, projections or estimates. These factors include, without limitation, (1) the market situation, macroeconomic factors, regulatory, political or government guidelines, (2) domestic and international stock market movements, exchange rates and interest rates, (3) competitive pressures, (4) technological changes, (5) alterations in the financial situation, creditworthiness or solvency of our customers, debtors or counterparts. These factors could cause or result in actual events differing from the information and intentions stated, projected or forecast in this document or in other past or future documents. BBVA does not undertake to publicly revise the contents of this or any other document, either if the events are not as described herein, or if such events lead to changes in the information contained in this document.

This document may contain summarised information or information that has not been audited, and its recipients are invited to consult the documentation and public information filed by BBVA with stock market supervisory bodies, in particular, the prospectuses and periodical information filed with the Spanish Securities Exchange Commission (CNMV) and the Annual Report on Form 20-F and information on Form 6-K that are filed with the US Securities and Exchange Commission.

Distribution of this document in other jurisdictions may be prohibited, and recipients into whose possession this document comes shall be solely responsible for informing themselves about, and observing any such restrictions. By accepting this document you agree to be bound by the foregoing restrictions.

## Index

**01** BBVA's Strengths &  
1H17 Financial Highlights

**02** Diversified Footprint

**03** Asset Quality

**04** Capital

**05** MREL

**06** Liquidity & Funding

**07** Transformation Strategy

## APPENDIX

- BBVA Group 1H17 Profit & Loss
- Capital Base: BBVA Group & BBVA S.A.
- EBA's Stress Test
- Debt Issuances – 1H17
- Amortized notes – 1H17



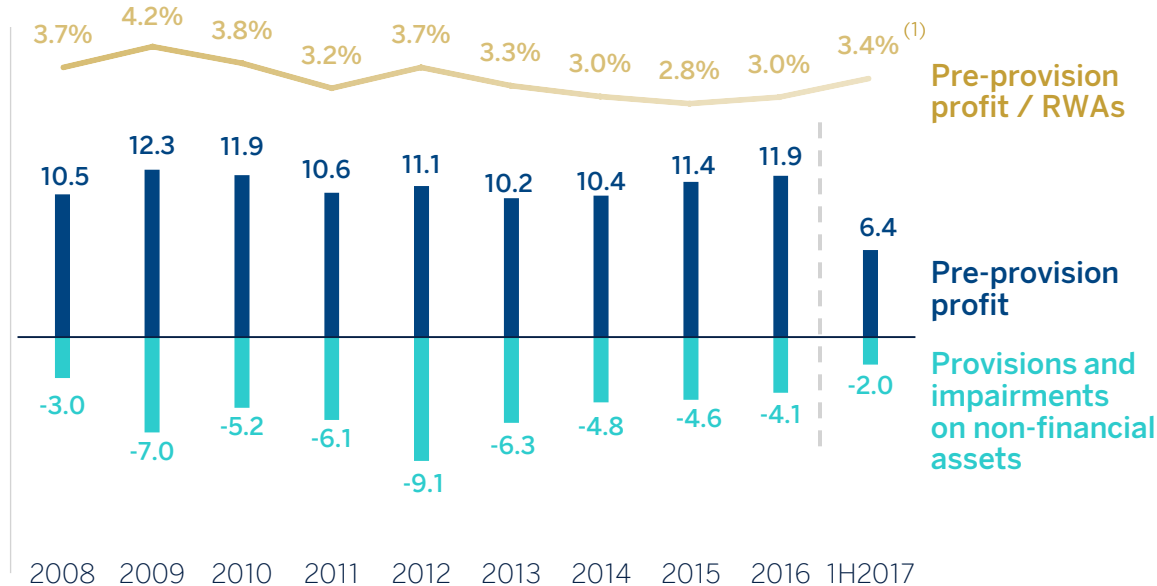
# 01

## BBVA's Strengths & 1H17 Financial Highlights

# BBVA's Strengths

## Resilience and Low Earnings Volatility

(€ bn, %)



(1) Annualized Pre-provision profit for comparison purposes

Diversified footprint

Prudent risk profile

Sound capital and liquidity position

Delivering on our transformation strategy



Profits generation all through the crisis years

# 1H17 Financial Highlights

## Core revenues growth

### Net interest income and fees

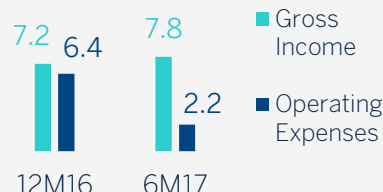
(€m constant)



## Cost control

### Gross income vs. Op. Expenses

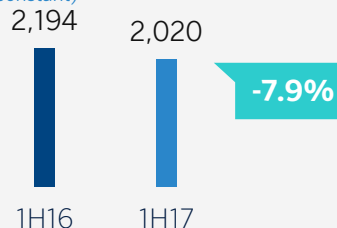
(YoY, %, constant)



## Decreasing impairments

### Total Impairments (Financial Assets and RE)

(€m constant)



2Q17 NET ATTRIB. PROFIT

1,107 € m

+1.0% vs. 2Q16  
(constant €)

1H17 NET ATTRIB. PROFIT

2,306 € m

+30.8% vs. 1H16  
(constant €)

## Sound asset quality

NPL  
RATIO

4.8%

COST  
OF RISK

0.9%

COVERAGE  
RATIO

71%

## Strong capital & liquidity ratios

CET1

(Fully-loaded)

11.10%

(Phased-In)

11.76%

LEVERAGE  
RATIO

(Fully-loaded)

6.8%

LIQUIDITY COVERAGE RATIO

LCR > 100%

(BBVA Group and all subsidiaries)

## Delivering on our transformation

22%

Digital sales

Jun.17<sup>(1)</sup>

#1

Mobile banking  
app in the world<sup>(2)</sup>



# 02

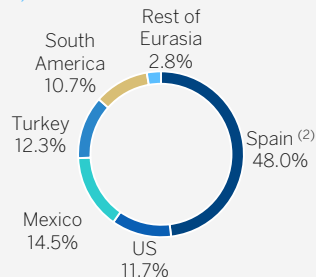
## Diversified Footprint

# Well diversified footprint with high growth prospects

## Breakdown by Business Area<sup>(1)</sup>

### Total Assets

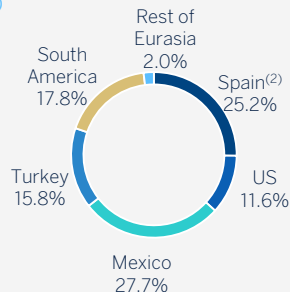
(Jun.17)



**62%**  
Developed Markets

### Gross Income

(1H17)

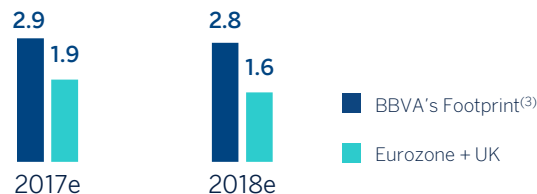


**39%**  
Developed Markets

(1) Excluding Corporate Center. (2) Includes the areas Banking activity in Spain and Non Core Real Estate.

## Higher Growth Prospects

(% GDP growth, BBVA Research)



(3) BBVA's footprint GDP growth: weighted by each country contribution to Group's gross income.

## Leadership positioning

Market share<sup>(4)</sup> (in %) and ranking

**US (SUNBELT) #4**

6.6%

**MEXICO #1**

23.4%

**SOUTH AMERICA #1  
(EX BRAZIL)**

10.2%

**SPAIN #2**

14.2%

**TURKEY #2**

11.6%

(4): **Spain** based on BoS other domestic sector and public sector loans (Jun.17), ranking based on AEB and CECA (Apr.17); **Mexico** data as of May.17 (CNBV); **South America** data as of May.17; ranking considering only our main peers in each country; **USA**: SNL data as of Jun.16; market share and ranking by deposits considering only Texas and Alabama; **Turkey**: BRSA performing loans; data for commercial banks as of Jun.17; ranking only considers private banks.

## Developed Markets

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

## Emerging Markets

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



# Business areas in 1H17

## SPAIN Banking activity

NET ATTRIBUTABLE PROFIT  
1H17

670 € m

+8.0% vs. 1H16

NPL RATIO Jun.17

5.7% vs. 5.8% Dec.16

COST OF RISK Jun.17 (YtD)

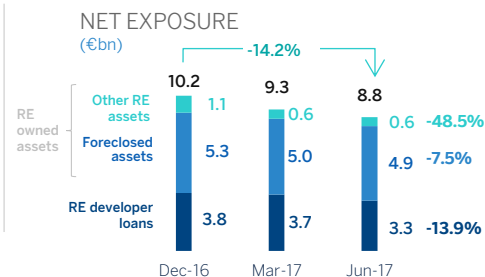
0.34% vs. 0.32% Dec.16 (YtD)

## Non Core Real Estate

NET ATTRIBUTABLE PROFIT  
1H17

-191 € m

-7.6% vs. 1H16



USA constant €

NET ATTRIBUTABLE PROFIT  
1H17

297 € m

+62.4% vs. 1H16

NPL RATIO Jun.17

1.3% vs. 1.5% Dec.16

COST OF RISK Jun.17 (YtD)

0.38% vs. 0.37% Dec.16 (YtD)

## MAIN MESSAGES

- Slight loan growth QoQ (+0.7%) thanks to SMEs and Consumer, offsetting deleverage in mortgages
- NII excluding CIB remains stable in 1H17. Lower contribution from CIB due to Global Markets and securities portfolio sales
- Good trends in fees and insurance
- Cost and impairments reductions as the main P&L drivers
- Sound asset quality indicators with NPLs decreasing by 8% YoY

- Good market trends
- Delivering on our strategy: reducing exposure using all available sources

- Profitable growth strategy, focusing on growing consumer loans (+1.2% qoq)
- Strong growth in core revenues, leveraging NII
- Contained costs. Room for improvement in efficiency
- Significant reduction of impairments and provisions. CoR evolution better than expected
- DFAST & CCAR results prove the strength of our capital and risk processes

# Business areas in 1H17

## MEXICO constant €

NET ATTRIBUTABLE PROFIT  
1H17

1,080 € m

+16.4% vs. 1H16

NPL RATIO Jun.17

2.3% vs. 2.3% Dec.16

COST OF RISK Jun.17 (YtD)

3.35% vs. 3.40% Dec.16 (YtD)

## TURKEY constant €

NET ATTRIBUTABLE PROFIT  
1H17

374 € m

+39.3% vs. 1H16

NPL RATIO Jun.17

2.5% vs. 2.7% Dec.16

COST OF RISK Jun.17 (YtD)

0.84% vs. 0.87% Dec.16 (YtD)

## SOUTH AMERICA constant €

NET ATTRIBUTABLE PROFIT  
1H17

404 € m

-3.0% vs. 1H16

NPL RATIO Jun.17

3.5% vs. 2.9% Dec.16

COST OF RISK Jun.17 (YtD)

1.52% vs. 1.15% Dec.16 (YtD)

## MAIN MESSAGES

- +8.8% YoY loan growth, in line with expectations. Focus on profitable growth
- Excellent top line growth thanks to core revenues (NII and fees)
- Positive operating jaws maintained ; best in class efficiency
- Stability of risk indicators; better than expected CoR evolution
- Bottom-line growth above year-end expectations

- High activity growth in TRY supported by the Credit Guarantee Fund
- Strong core revenue growth (NII and fees)
- Cost growth in line with inflation; improving efficiency
- CoR evolution better than expected
- Outstanding bottom-line growth

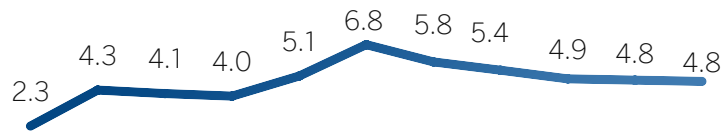
- Moderate loan growth, as macro recovers at a slower pace than expected
- Good growth in core revenues (NII and Fees)
- Cost growing with inflation; positive jaws excluding Argentina
- Deterioration in NPLs mainly in Colombia and Peru due to macro environment, as expected. CoR to remain around current levels

# 03

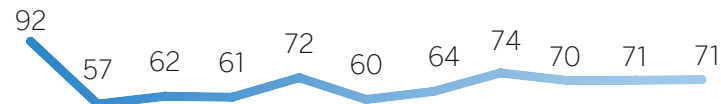
## Asset Quality

# Asset Quality: continued improvement after the crisis

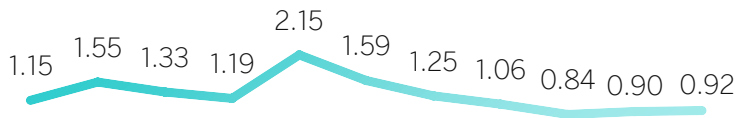
## NPL Ratio (%)



## Coverage ratio (%)



## Cost of Risk <sup>(1)</sup> (%)



2008 2009 2010 2011 2012 2013 2014 2015 2016 Mar.17 Jun.17

### Risk Framework

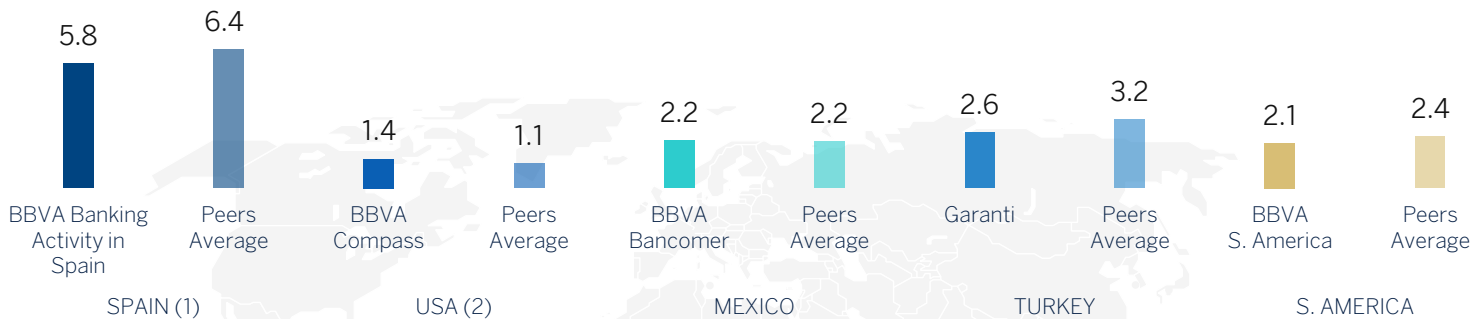
A Risk Management Model based on prudence and proactivity

### Risk Management Goal

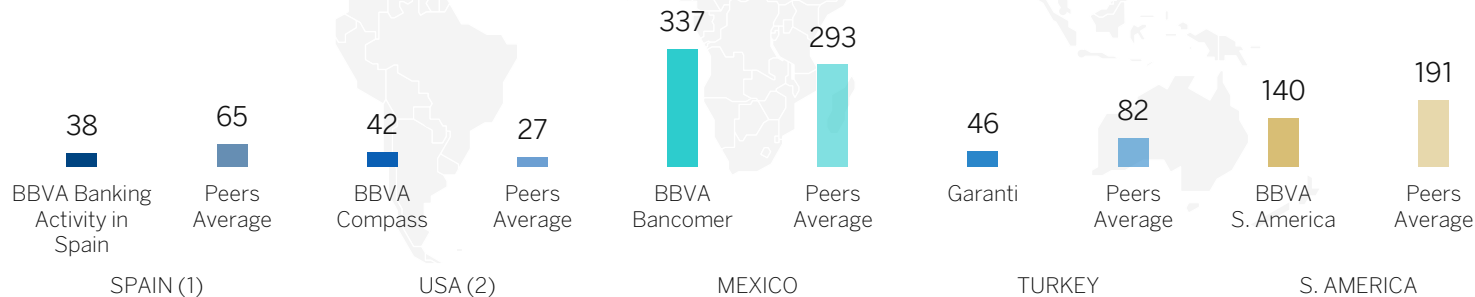
To preserve the Group's solvency, support its strategy and ensure business development

# A prudent risk profile

## NPL ratio (%)



## Cost of Risk (bps)



Figures according to local data to ensure comparability. Figures as of Mar.17 for Spain, Apr.17 for South America, May.17 for Mexico and Jun.17 for Turkey and USA.

(1) Including Non Core Real Estate, total NPL ratio would stand at 7.9% as of Mar.17 (vs. 8.2% peers average) and CoR would be 37bps (vs. 78 peers average); (2) USA figures refer to Compass for comparison purposes.

# 04

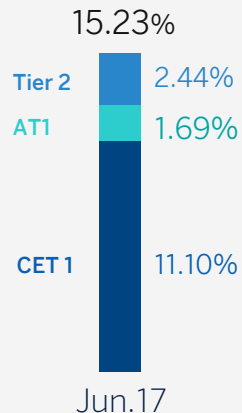
## Capital

# Sound capital position and proven ability to generate capital

## FL Capital Ratios

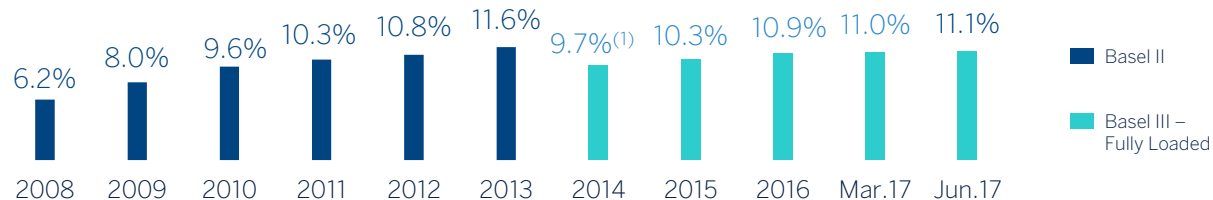
### BBVA Group

Jun.17 (%)

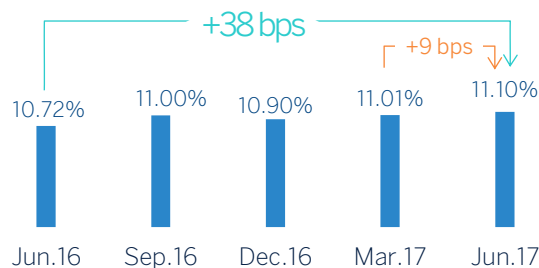


## CET1 FL Ratio – BBVA Group

(%)



CET1 €17.5 bn  $\xrightarrow{\times 2.4}$  €41.4 bn



CET1  
PHASED-IN

11.76%

CET1 FL  
TARGET

11%

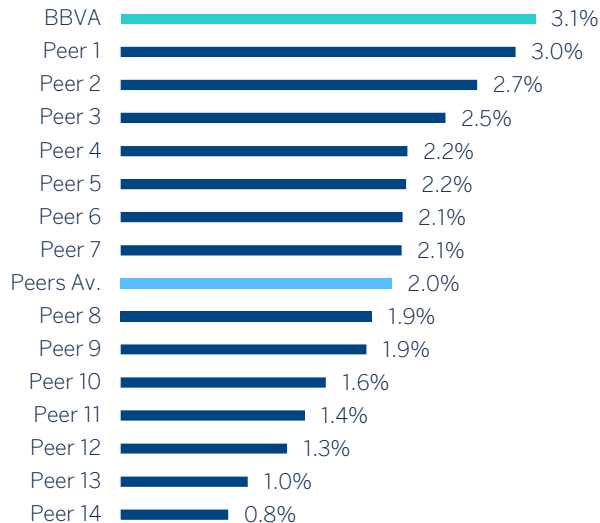
- CET1 fully loaded in line with our 11% Target
- 1.5% AT1 and 2% T2 buckets already covered on a fully-loaded basis
- € 500m AT1 issuance in 2Q17 at the lowest cost achieved by a Spanish institution (5.875%)

(1) Pro-forma ratio including corporate operations announced and pending to be closed (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%.

# Low earnings volatility and ability to generate capital allow for lower capital needs

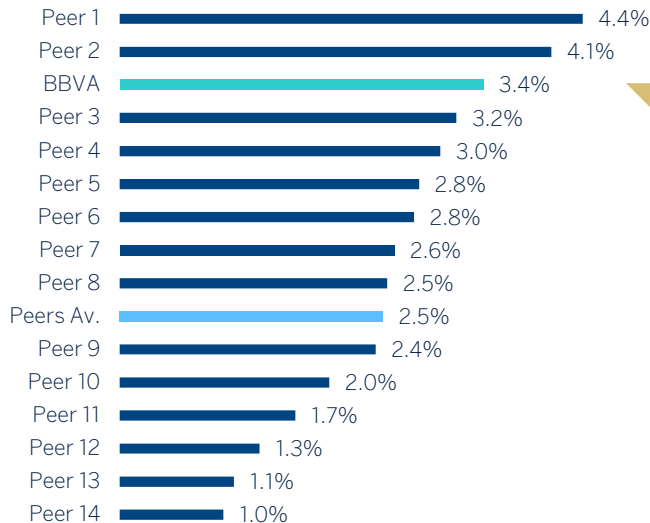
## Pre-provision profit<sup>(1)</sup> / Net Loans

(BBVA and European Peer Group<sup>(2)</sup>, 1H17)



## Pre-provision profit<sup>(1)</sup> / RWAs

(BBVA and European Peer Group<sup>(2)</sup>, 1H17)



In less than 4 years,  
BBVA is able to  
generate  
Pre-Provision Profit  
equivalent to its 11%  
CET1 FL target

(1) Annualized Pre-provision profit. (2) European Peer Group: BARC, BNPP, CASA, CS, CMZ, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS, UCG.

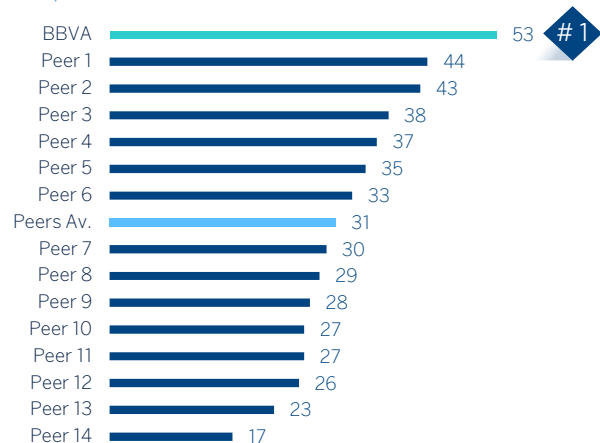
**BBVA's business model provides significant room to absorb losses**



# High quality capital

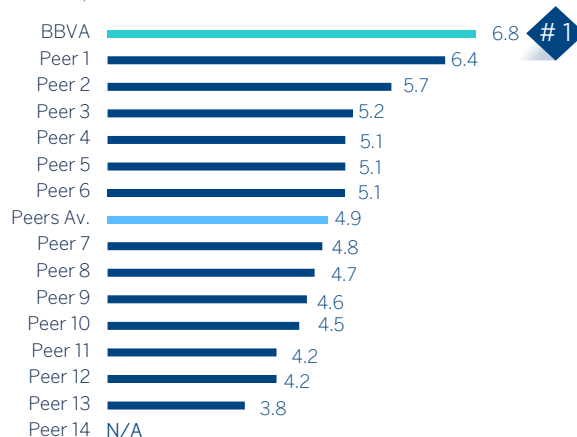
## RWAs/ Total Assets

Jun.17, %



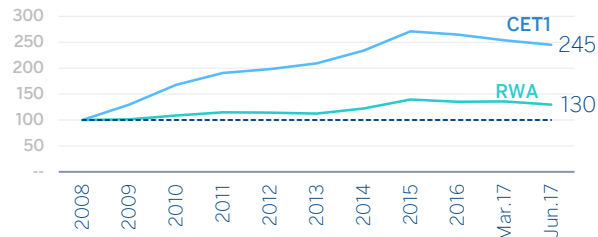
## Fully-Loaded Leverage Ratio

Jun.17, %

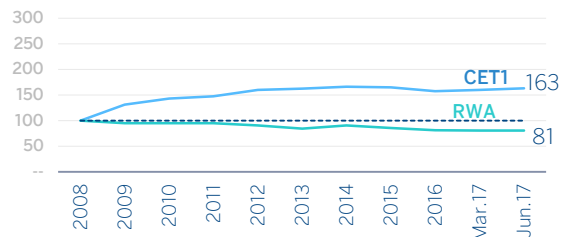


## CET 1 & RWA Evolution BBVA vs European Peer Group (Base 100 = 2008)

### BBVA



### European peers

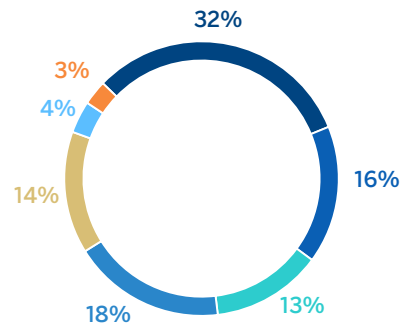


Note: European Peer Group: BARC, BNPP, CASA, CS, CMZ, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS, UCG . Aggregated data.

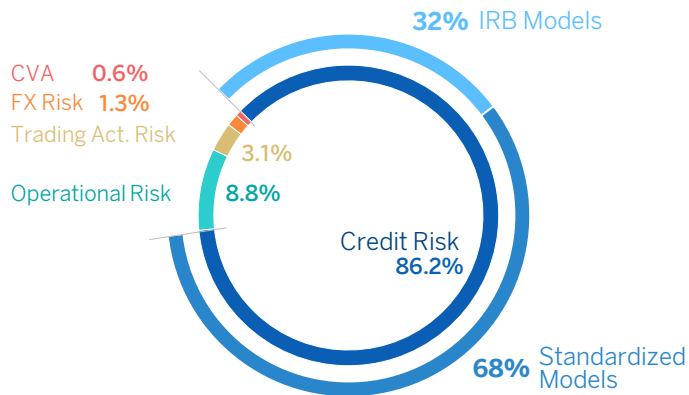
BBVA maintains the highest RWAs density and Leverage ratio, while improving its capital ratio

# Risk-Weighted Assets distribution

TOTAL RWAs Jun.17  
373,265 €m



Spain <sup>(1)</sup>	118,052 €m
USA	60,653 €m
Mexico	48,547 €m
Turkey	67,270 €m
South America	53,755 €m
Rest of Eurasia	14,144 €m
Corporate Center	10,844 €m



Optimizing Capital Allocation is one of BBVA's Strategic Priorities

~ 80% of the RWAs located in Investment Grade countries

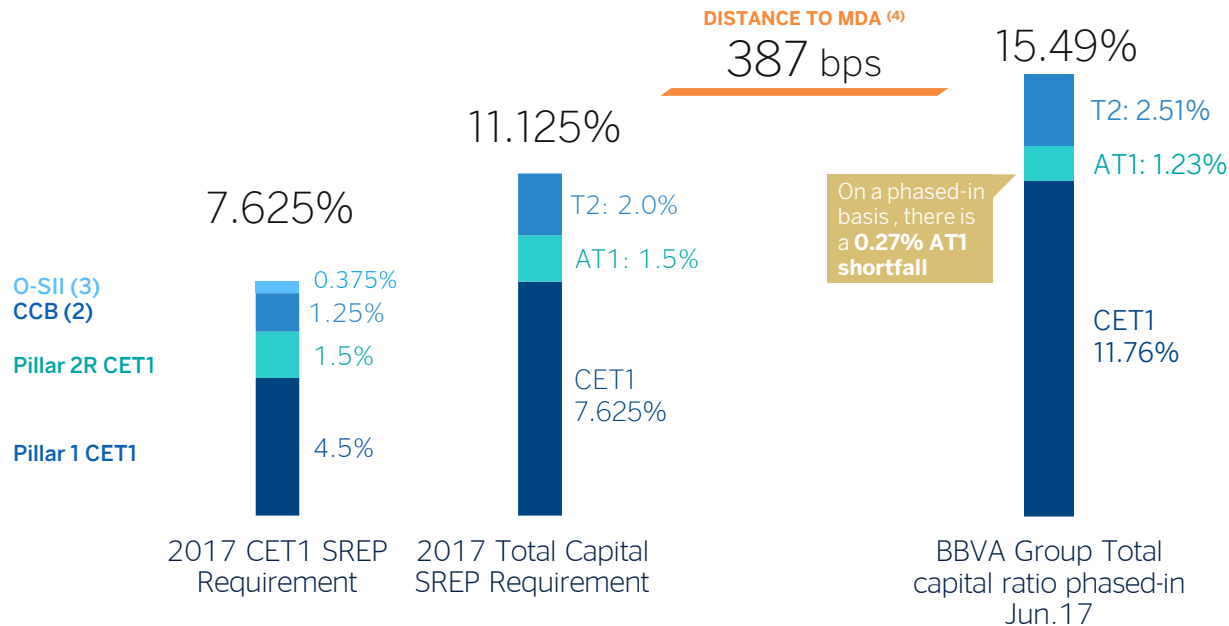
Limited usage of internal models in Credit Risk RWAs

Potential lower impact from future regulatory requirements (Basel IV)

# Capital ratios well above requirements

## 2017 SREP Requirement and distance to MDA<sup>(1)</sup> at Group level

Jun.17



Well above 2017  
Total Capital and CET1  
SREP requirements

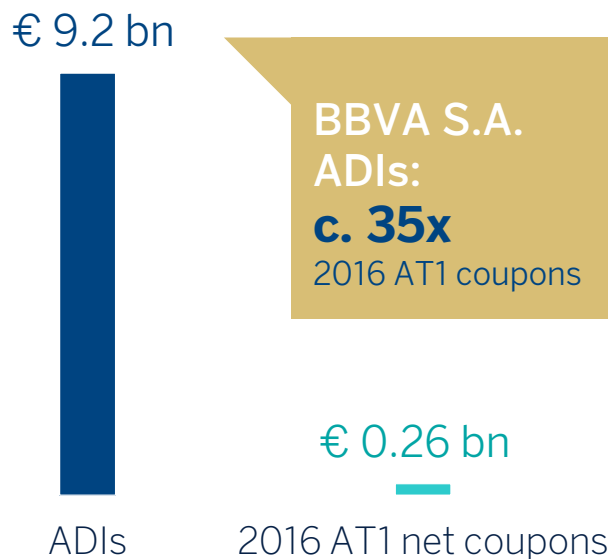
Significant buffer  
to MDA: **387bps**

(1) Maximum Distributable Amount; (2) The Capital Conservation Buffer (CCB) stands, in fully loaded terms, at 2.5% CET1; (3) The Other Systemic Important Institution buffer (O-SII) stands, in fully loaded terms, at 0.75% CET1; (4) 387 Bps of Buffer to MDA = 11.76% Jun.17 CET1 phased-in ratio – 7.625% 2017 CET1 SREP Requirement – 0.27% AT1 Shortfall.

# High level of Available Distributable Items (ADIs)

## BBVA, S.A. (Parent Company)

December 2016, € bn



**Significant  
payment capacity  
from distributable items  
despite conservative  
calculation**

(Share Premium not included)

**Supported by  
sustainable profitability**

Note: ADIs calculated at a parent company level (BBVA S.A.) as: Net Income + Voluntary Reserves - Dividends distributed until December 31st, 2016 - AT1 coupons. BBVA does not include within the ADIs figure the Share Premium (amounting to +€24 bn as of December 31st, 2016).

# FX Hedging policy

## Capital

- POLICY** BBVA hedges c.70% of the excess capital (what is not naturally hedged by the ratio)
- GOAL** Reduce Consolidated CET1 ratio volatility as a result of FX movements

### CET1 FL Ratio Sensitivity to a 10% Depreciation of EM Currencies (Jun.17)

**BELOW**  
**-2b.p.** For each currency  
 (i.e.: TRY, MXN and Rest of EM Currencies)

## P&L

- POLICY** BBVA hedges on average between 30%-50% of foreign subsidiaries expected net attributable income
- GOAL** Reduce Net Attributable Profit volatility as a result of FX movements

### 2017 Net Attributable Profit FX Hedging (Jun.17):

c. 55% At a Group level

c. 60% For EM Currencies  
 (of which Mexico c.60% and Turkey c.50%)

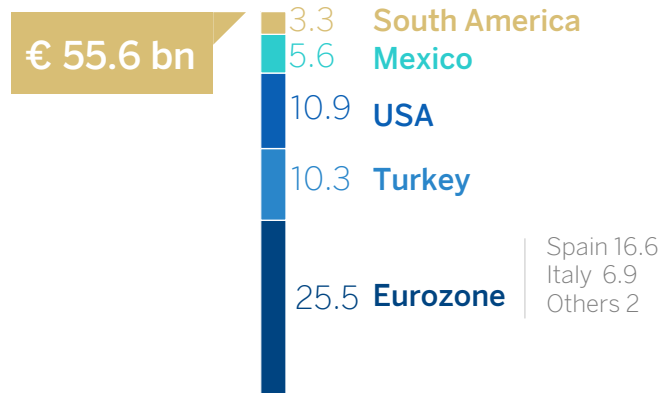
P&L hedging costs booked in the Corporate Center's NTI

**BBVA maintains a prudent FX hedging policy to ensure low volatility on the CET1 ratio and limited FX impact on the P&L account**

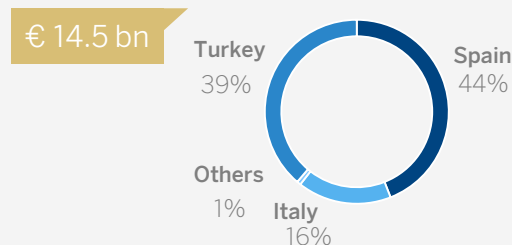
# ALCO & Equity AfS Portfolio

## ALCO Portfolio breakdown by region

(Jun.17, € bn)



### o.w. HTM Portfolio breakdown (Jun.17, € bn)



Diversified portfolio  
across BBVA's footprint

HTM portfolio  
contributes to maintain  
the overall impact of  
market volatility at  
sound levels

## Equity AfS portfolio – Main stakes



5.3%<sup>(1)</sup>



6.4%

(1): BBVA's own position (does not include clients' induced positions)



05

MREL

# MREL framework: creation of SNP layer in Spain

## Insolvency Hierarchy

Previous Insolvency Law		Approved New Spanish Insolvency Law	
Exempted deposits / Deposit Guarantee Schemes		Exempted deposits / Deposit Guarantee Schemes	
Preferred deposits (SMEs and natural persons)		Preferred deposits (SMEs and natural persons)	
Senior unsecured liabilities	Other Ordinary claims	Senior unsecured liabilities	Other Ordinary claims
Other sub debt		Senior Non Preferred debt	
Tier 2		Other sub debt	
AT1		Tier 2	
Equity		AT1	
		Equity	

- Spanish legal framework creating the Senior Non Preferred layer (RDL 11/17) was approved in June
- Clear identification and prioritization of debt securities available to absorb losses:
  - In case of insolvency, ordinary claims will be classified into preferred and non-preferred ordinary claims, the latter having a lower ranking than the former
  - Non-preferred ordinary claims will rank ahead of subordinated claims
- An ordinary claim will only be considered as non-preferred if it meets the following conditions:
  - It has been issued or created with an effective tenor  $\geq 1$  year,
  - It is not a derivative and has no embedded derivative, and
  - The terms include a clause establishing that it has a lower ranking vis-à-vis the remaining ordinary claims
- The creation of this new layer, expressly acknowledges the possibility for Spanish entities to issue senior debt instruments that meet MREL's subordination requirement (similar to the French statutory approach)



# MREL framework: uncertainty remains but closer to the final outcome

## MREL requirements and calendar are yet to be communicated

- *"As a first step, the SRB intends to set binding MREL targets at a consolidated level or appropriate sub-consolidated level according to the resolution strategy for major banking groups under its remit in 2017" (SRB, Feb-17)*
- The SRB will endeavor to establish a robust methodology for determining MREL for banking groups subject to an MPE resolution strategy in 2017

## Hypothesis for BBVA

- BBVA is an O-SII entity: subject to MREL (not TLAC)
- Based on its decentralized model, BBVA follows a MPE resolution strategy
- MREL perimeter: BBVA Euro subconsolidated level
- Potential transition period around 4 years (similar to UK framework)

## Key themes to manage (still under discussion)

**Perimeter for quantification of MREL**

**Calibration**

**Treatment of intragroup investments for  
MREL calculation**

**Eligibility of instruments**

**Calendar / Transition period**

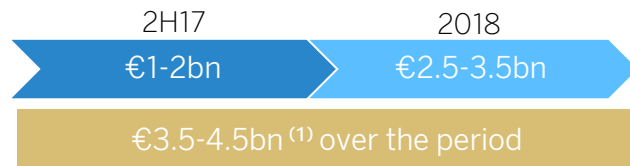
# BBVA's MREL Strategy: 2017-2018 Plan

## Capital

- BBVA has already filled its AT1 and T2 layers
- BBVA expects to maintain the 1.5% AT1 and 2% T2 regulatory buckets

## SNP

- BBVA plans to issue €1-2bn of SNP during the remainder of 2017, starting with this inaugural transaction
- In 2018, BBVA expects to refinance its non-capital wholesale funding maturities into new SNP instruments



(1) Subject to market conditions

## Maturity profile

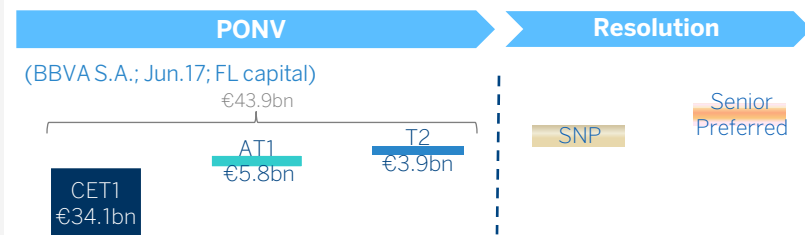
- Wholesale debt maturity profile offers flexibility to refinance current instruments into new SNP, if required:

### 2017-2020 BBVA S.A. senior & covered bonds maturity profile (BBVA S.A.; Jun.17; € bn)



## SNP noteholders have significant buffer

- Significant capital buffer of €44bn of subordinated capital (CET1, AT1 and T2)



This plan would position BBVA's capital structure in a very solid stance to meet any further MREL needs (if required by the final calibration), over the rest of the transition period

# 06

## Liquidity & Funding

# Liquidity & Funding

Self-sufficient subsidiaries from a liquidity point of view, with robust supervision and control by parent company

Retail profile of BBVA Group balance sheet with limited dependence on wholesale funding

Parent and subsidiaries proven ability to access the wholesale funding markets (medium & long term) on a regular basis

Ample high quality collateral available, compliant with regulatory liquidity requirements at a Group and Subsidiary level

# Principles of BBVA Group's self-sufficient business model

## Subsidiaries

- Self-sufficient balance-sheet management
- Own capital and liquidity management
- Market access with its own credit, name and rating
- Responsible for doing business locally

## Corporate Center

- Guidelines for capital and liquidity / ALCO supervision
- Common risk culture

Decentralized model



## Advantages

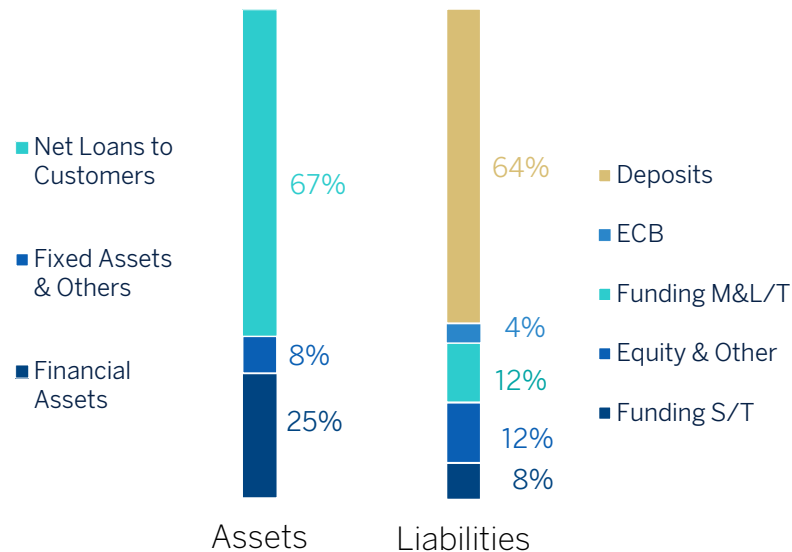
- Market discipline and proper incentives / sustainable credit growth
- Medium term orientation / consistent with retail banking
- Natural firewalls / limited contagion
- Safeguards financial stability / proven resilience during the crisis
- Helps development of local capital markets
- Buffers in different balance sheets

No liquidity transfers between the parent and subsidiaries or among subsidiaries

# Financial soundness based on the funding of lending activity

## BBVA Group Liquidity balance sheet <sup>(1)</sup>

(Jun.17)



(1) Management liquidity balance sheet (net of interbank balances and derivatives)

## BBVA Group Liquidity metrics <sup>(1)</sup>

(Jun.17)

	Euroz. <sup>(2)</sup>	USA	Mexico	Turkey	S. Amer
LTD	108%	95%	92%	118%	102%
LCR	141%	143% <sup>(3)</sup>	121%	135%	well >100%

(2) Perimeter: Spain+Portugal+Rest of Eurasia

(3) Compass LCR calculated according to local regulation (Fed Modified LCR)

**Comfortable  
liquidity position**

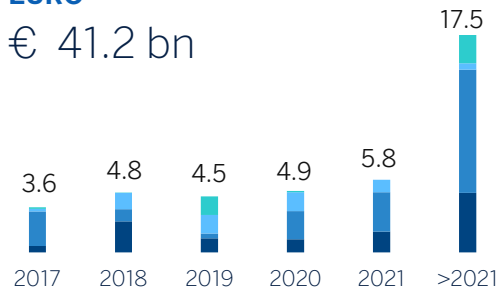
**LCR ratios clearly above regulatory requirements (> 80% in 2017),  
both at a Group level and in all banking subsidiaries**

# Broaden geographical diversification of access to market

Medium & long-term wholesale funding maturities (Jun.17; € bn)

## EURO

€ 41.2 bn



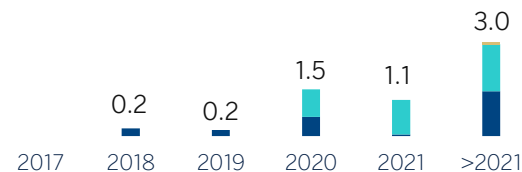
## USA

€ 2.8 bn



## MEXICO

€ 6.0 bn



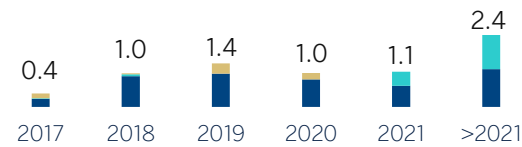
## TURKEY

€ 7.4 bn



## S. AMERICA

€ 7.3 bn



■ Senior Debt    ■ Covered Bonds    ■ Preferred Shares / AT1  
 ■ Subordinated    ■ Others

Outstanding amounts as of Jun.17  
 FX as of Jun.17: EUR = 1.14 USD; EUR = 20.58 MXN; EUR = 4.01 TRY

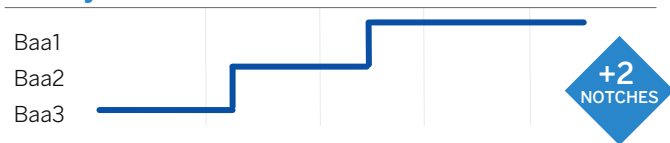
Ability to access the funding markets in all our main subsidiaries  
using a diversified set of debt instruments

# BBVA Group Ratings by Agency

## Latest Rating Actions

Three major agencies – Long Term Issuer / Senior Unsecured Ratings

### Moody's



### S&P



### Fitch



2013 2014 2015 2016 2017

## BBVA's Ratings<sup>(1) (2)</sup>

	Moody's	S&P	Fitch	DBRS	Scope
<b>Outlook</b> Issuer/Senior	<b>Stable</b>	<b>Positive</b>	<b>Stable</b>	<b>Stable</b>	<b>Stable</b>
<b>Investment grade</b>	Aaa Aa1 <b>Aa2 CB</b> Aa3 A1 A2 A3 <b>Baa1 Senior</b> Baa2 <b>Baa3 T2 / SNP</b>	AAA AA+ AA AA- <b>A+ CB</b> A A- <b>BBB+ Senior</b> <b>BBB SNP</b> <b>BBB- T2</b>	AAA AA+ AA AA- A+ A <b>A- Senior / SNP</b> <b>BBB+ T2</b> BBB BBB-	<b>AAA CB</b> AA (H) AA AA (L) A (H) <b>A Senior</b> <b>A (L) SNP</b> <b>BBB (H) T2</b> BBB BBB (L)	<b>AAA CB</b> AA+ AA AA- <b>A+ Senior</b> <b>A SNP</b> A- BBB+ BBB BBB-
<b>Non Investment Grade</b>	Ba1 <b>Ba2 AT1</b> Ba3 B1 B2 B3 (...)	BB+ BB BB- B+ B B- (...)	BB+ <b>BB AT1</b> BB- B+ B B- (...)	BB (H) BB BB (L) B (H) B B (L) (...)	<b>BB+ AT1</b> BB BB- B+ B B- (...)

Note: CB = Covered Bonds, SNP = Senior Non Preferred

(1) A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. (2) SNP ratings are expected

BBVA ratings have improved since end 2013

New methodologies have improved BBVA's absolute and / or relative rating position vs. peers





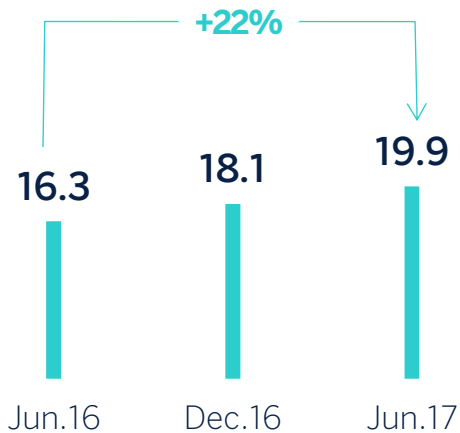
# 07

## Transformation Strategy

# Digital Customers – BBVA Group

## Digital Customers

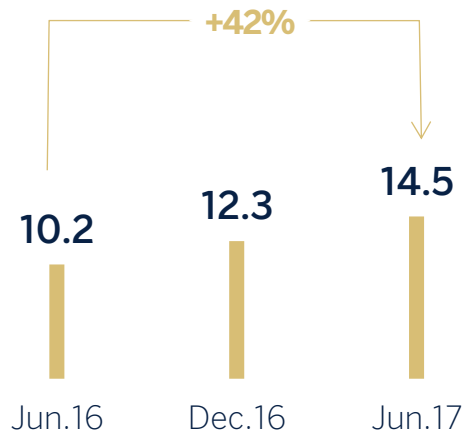
(Million, % penetration)



Penetration **33%** **36%** **39%**

## Mobile Customers

(Million, % penetration)



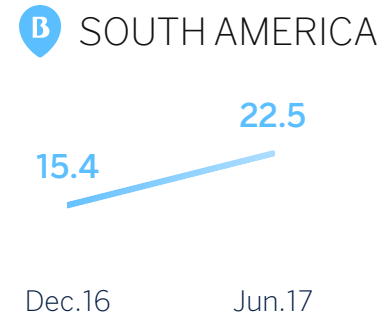
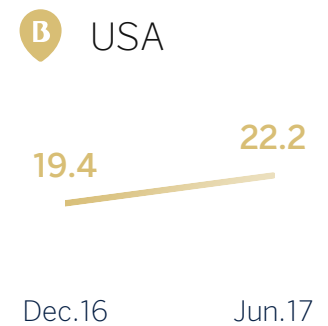
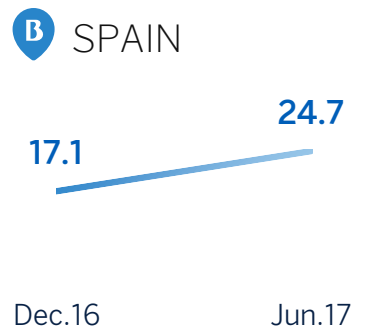
**20%** **24%** **28%**

# #1

Mobile banking  
app  
in the  
world <sup>(1)</sup>

# Digital Sales

(% of total sales YtD, # of transactions)



**Exponential growth in all franchises**



# APPENDIX

BBVA Group 1H17 Profit & Loss

Capital Base: BBVA Group & BBVA, S.A.

EBA's Stress Test

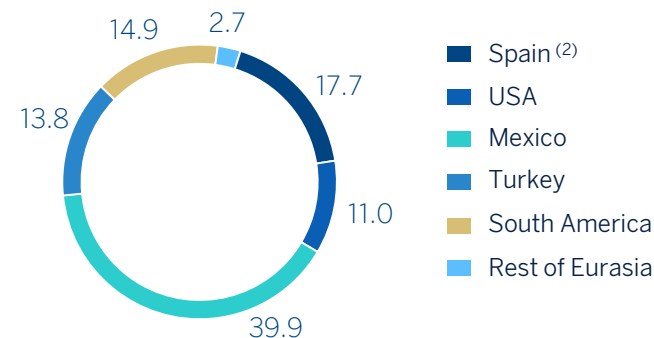
Debt Issuances – 1H17

Amortized notes – 1H17

# BBVA Group 1H17 Profit & Loss

BBVA Group (€m)	1H17	Change 1H17/1H16	
		%	% constant
<b>Net Interest Income</b>	<b>8,803</b>	<b>5.2</b>	<b>9.6</b>
Net Fees and Commissions	2,456	4.5	8.0
Net Trading Income	1,069	-9.1	-2.4
Other Income & Expenses	390	13.7	-1.7
<b>Gross Income</b>	<b>12,718</b>	<b>4.0</b>	<b>7.8</b>
Operating Expenses	-6,311	-0.3	2.2
<b>Operating Income</b>	<b>6,407</b>	<b>8.6</b>	<b>13.9</b>
Impairment on Financial Assets	-1,941	-8.0	-4.9
Provisions and Other Gains	-432	8.2	4.0
<b>Income Before Tax</b>	<b>4,033</b>	<b>18.9</b>	<b>27.2</b>
Income Tax	-1,120	21.8	32.9
<b>Net Income</b>	<b>2,914</b>	<b>17.9</b>	<b>25.2</b>
Non-controlling Interest	-607	-5.0	7.7
<b>Net Attributable Profit</b>	<b>2,306</b>	<b>25.9</b>	<b>30.8</b>

## Net attributable profit <sup>(1)</sup> (%, 1H17)



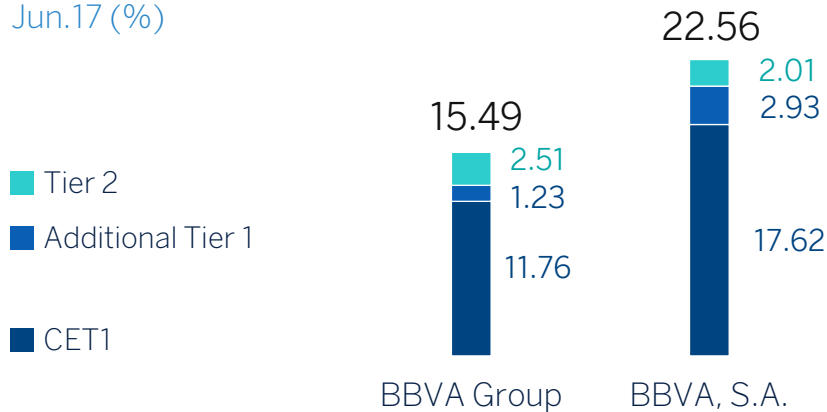
(1) Excludes the Corporate Center

(2) Includes the areas Banking activity in Spain and Non Core Real Estate

# Capital Base: BBVA Group & BBVA S.A.

## Phased-in capital ratios

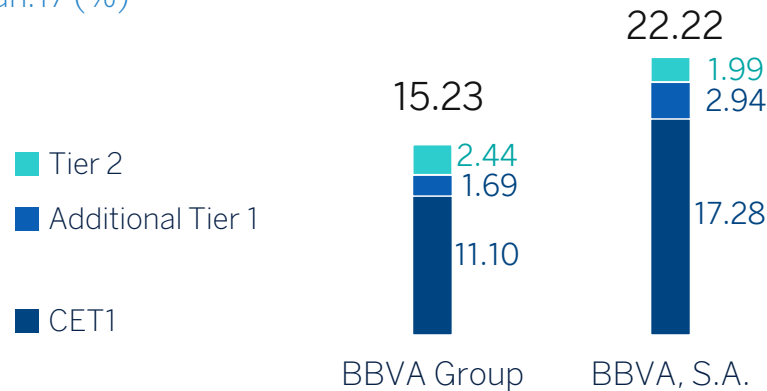
Jun.17 (%)



CET1	€ 43,888 m	€ 35,813 m
AT1	€ 4,596 m	€ 5,789 m
T2	€ 9,351 m	€ 3,971 m
<b>Total Capital Base</b>	<b>€ 57,835 m</b>	€ 44,573 m
<b>RWA</b>	<b>€ 373,265 m</b>	€ 197,534 m

## Fully-loaded capital ratios

Jun.17 (%)

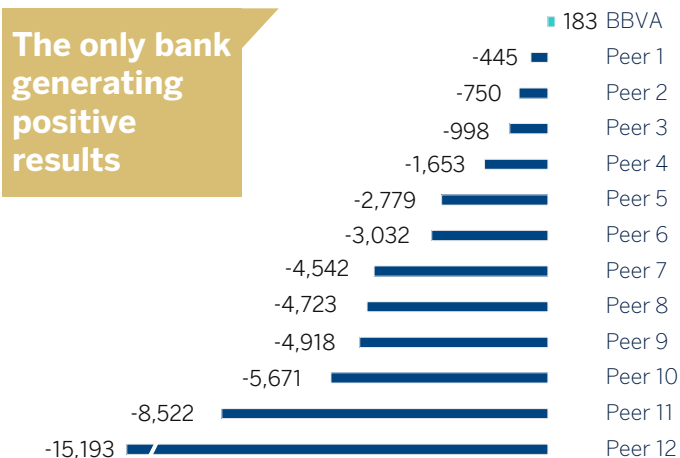


CET1	€ 41,425 m	€ 34,136 m
AT1	€ 6,307 m	€ 5,814 m
T2	€ 9,123 m	€ 3,938 m
<b>Total Capital Base</b>	<b>€ 56,855 m</b>	€ 43,888 m
<b>RWA</b>	<b>€ 373,265 m</b>	€ 197,534 m

# EBA's Stress Test

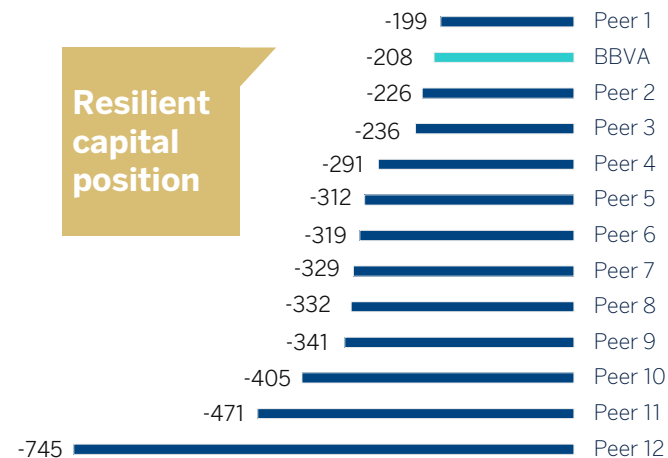
## Profit generation in the adverse scenario

Cumulative 2016-2018 (€ m)



## CET1 Fully Loaded ratio evolution in the adverse scenario

2015-2018 (bps)



Source: BBVA based on 2016 EBA stress test.

Note: Peers included: BARC, BNPP, CASA, CMZ, DB, HSBC, ISP, LBG, RBS, SAN, SG and UCG.

**2016 EBA stress test evidenced BBVA's lower capital needs thanks to its ability to generate recurrent results**

# Debt Issuances – 1H17

## BBVA, S.A.

Product	Issue Date	Call Date	Maturity	Nominal currency (M)	Coupon	Isin
AT1	May-17	May-22	Perp	€ 500 M	5.875%	XS1619422865
Tier 2	May-17	-	May-27	CHF 20 M	1.60%	XS1615673701
Tier 2	May-17	-	May-27	€ 150 M	2.541%	XS1615674261
Tier 2	Mar-17	Mar-27	Mar-32	\$ 120 M	5.70%	XS1587857498
Tier 2	Mar-17	-	Mar-27	€ 53.4 M	fixed 3% (2 yr) - floating CMS10y + 1.30% (8 yr)	XS1579039006
Tier 2	Feb-17	-	Feb-32	€ 165 M	4.00%	XS1569874503
Tier 2	Feb-17	-	Feb-27	€ 1,000 M	3.50%	XS1562614831
Senior Unsec	Apr-17	-	Apr-22	€ 1,500 M	3M+0,60%	XS1594368539
Senior Unsec	Jan-17	-	Jan-22	€ 1,000 M	0.625%	XS1548914800

## Garanti

Product	Issue Date	Call Date	Maturity	Nominal currency	Coupon	Isin
Tier 2	May-17	May-22	May-27	\$ 750 M	6.125%	XS1617531063
Senior Unsec	Mar-17	-	Mar-23	\$ 500 M	5.875%	XS1576037284

## Compass

Product	Issue Date	Call Date	Maturity	Nominal currency	Coupon	Isin
Senior Unsec	Jun-17	May-22	Jun-22	\$ 750 M	2.875%	XS1617531063



# Amortized notes – 1H17

## BBVA International Preferred SA Unipersonal

Product	Issue Date	Redemption	Outstanding currency (M)	Outstanding € (M)	Coupon
Preferred	Apr-07	Apr-17	\$ 600 M	536	5.919%
Preferred	Sep-06	Mar-17	€ 164 M	164	3ME+1.95%
Preferred	Sep-05	Mar-17	€ 86 M	86	3ME+1.65%

## BBVA Bancomer

Product	Issue Date	Redemption	Outstanding currency (M)	Outstanding € (M)	Coupon
Tier 2	May-07	May-17	\$ 500 M	446	6%

## BBVA Continental

Product	Issue Date	Redemption	Outstanding currency (M)	Outstanding € (M)	Coupon
Tier 2	May-07	May-17	PEN 40 M	11	5.85%

**BBVA follows an economic call policy**



**BBVA** Creating  
Opportunities

# Fixed Income Investors Presentation

## 2Q17

