Fixed Income Presentation

2Q18

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01

About BBVA

About BBVA

BBVA's global presence

Jun.18

€ 690 Bn assets

75 mn customers

25 mn digital customers

>30 countries

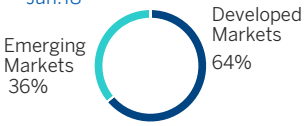
131,784 employees

8,141 branches

Well diversified & self-sufficient subsidiaries

Total Assets(1)

Jun.18



Gross Income(1)

1H18

- **Leading franchises** in **Developed** (Spain, USA) and **Emerging Markets** (Mexico, Turkey and South America).
- **Decentralized model:** Self-sufficient subsidiaries responsible for their own capital and liquidity management. No liquidity transfers.

(1) Percentage excludes the Corporate Center

Defined strategic path

Our Purpose

"To bring the age of opportunity to everyone"

Six Strategic Priorities

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

Committed with climate change and sustainable development

BBVA's Pledge 2025

€100 Billion
MOBILIZED
From 2018 to 2025

- Green finance
- Sustainable infrastructure and agribusiness
- Financial inclusion & entrepreneurship

Sustainable Development Goals Bond Framework recently announced

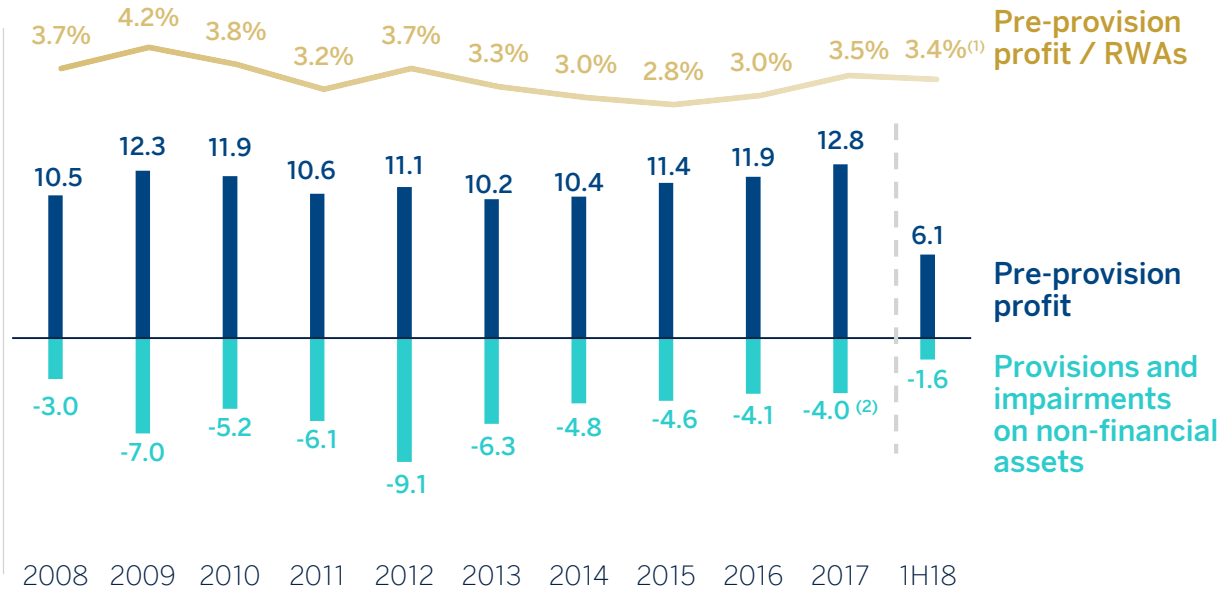
02

BBVA's Strengths & 1H18 Financial Highlights

BBVA's Strengths

Resilience and Low Earnings Volatility

(€ bn, current, %)



(1) Annualized Pre-provision profit for comparison purposes; (2) Excluding Telefónica one off impairment (€-1,123Mn)

Diversified footprint

Prudent risk profile

Sound capital and liquidity position

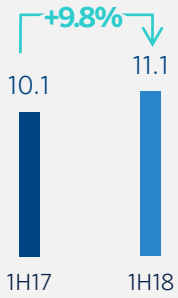
Delivering on our transformation strategy

Profit generation all through the crisis years

1H18 Highlights

Core revenues growth

Net interest income and fees
(€ Bn, constant)



Cost control

Core revenues vs. Op. Expenses
(YtD, € constant)

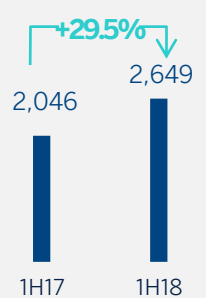
Core revenues
+9.8%
vs. 1H17

Operating Expenses
+2.9%
vs. 1H17

Efficiency ratio
(€ constant)
49.2%
-82 bps vs. 12M17

Increasing results

Group Net Attributable Profit
(€ Mn, constant)



Sound asset quality(1)

NPL	4.4%
Cost of Risk (YtD)	0.82%
Coverage	71%

Strong capital & liquidity ratios(1)

CET1 FL	LCR(3)	LEVERAGE RATIO
(Proforma(2))	(BBVA Group)	(Fully-loaded)
11.4%	127%	6.4%

Delivering on our transformation(1)

- **39%** Digital sales(4)
- **20.7m** Mobile customers
- **#1** NPS in 6 countries (Spain, Mexico, Turkey, Perú, Paraguay, Uruguay)

(1) Data as of 2Q18; (2) Data proforma includes +55 bps from corporate transactions (sale of BBVA Chile and RE Assets to Cerberus); (3) Liquidity Coverage Ratio; (4) % of total sales in Jun.18, # of transactions

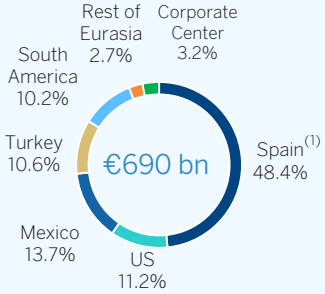
03

Diversified Footprint

Well diversified footprint with high growth prospects

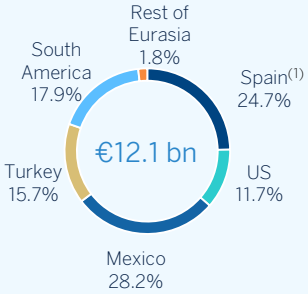
Breakdown by Business Area

Total Assets
Jun.18



64%(2) Developed Markets

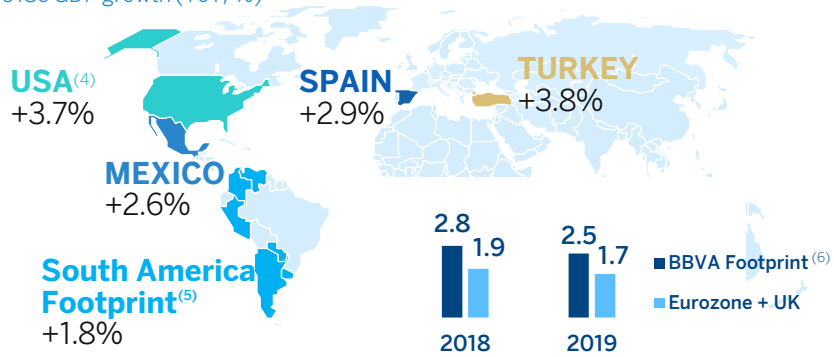
Gross Income(3)
1H18



38% Developed Markets

(1) Includes Banking activity in Spain and Non Core Real Estate; (2) Excludes Corporate Center; (3) Percentages exclude the Corporate Center (1H18 Gross Income of €-196Mn)

Higher Growth Prospects
2018e GDP growth (YoY, %)



Source: BBVA Research (4) USA Sunbelt GDP growth; (5) South America Footprint excludes Venezuela (6) BBVA's footprint GDP growth: weighted by each country contribution to Group's Gross Income.

Leadership positioning
Market share (in %) and ranking (7)

SPAIN #3	USA (Sunbelt) #4	MEXICO #1
13.7%	6.0%	22.9%

TURKEY #2	S.AMERICA (ex Brazil) #1
11.0%	10.3%

(7) Loans' market shares except for USA (Deposits). **Spain** based on BoS (May.18) and ranking (Mar.18) by AEB and CECA; **Mexico** data as of May.18 (CNBV); **S. America** (May.18), ranking considering main peers in each country; **USA**: SNL (Jun.17) considering Texas and Alabama; **Turkey**: BRSA performing loans; market share among commercial banks (Jun.18) and ranking (only considers private banks) as of Mar.18

Business areas in 1H18

Developed Markets
€1,196Mn, +47.5% YoY
1H18 Net attributable profit(2) (constant €)

SPAIN Banking Activity

NET ATTRIBUTABLE PROFIT (1H18)

793 €Mn

+19.2% vs. 1H17

NPL RATIO(1) Jun.18

5.2% **vs. 5.9% Jun.17**

COST OF RISK Jun.18 (YtD)

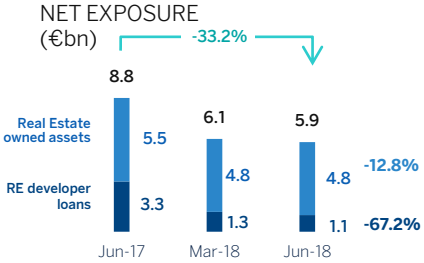
0.21% **vs. 0.35% Jun.17**

Non Core Real Estate

NET ATTRIBUTABLE PROFIT (1H18)

-36 €Mn

-80.8% vs 1H17



USA constant €

NET ATTRIBUTABLE PROFIT (1H18)

387 €Mn

+51.2% vs. 1H17

NPL RATIO Jun.18

1.2% **vs. 1.3% Jun.17**

COST OF RISK Jun.18 (YtD)

0.23% **vs. 0.39% Jun.17**

MAIN MESSAGES

- **Loans:** Improving trend (+1.6% qoq) Continued growth in most profitable retail segments.
- **Core revenue growth** (+1.5% yoy in 1H18): sound growth in asset management and retail banking fees
- **Costs** continue to decrease (-4.2% yoy in 1H18).
- **Asset quality**: NPLs down -€241 Mn qoq and CoR better than expected.

- **2018e net losses below €100Mn**
- **Cerberus deal** (closing expected in 3Q18) will reduce almost entirely the exposure to Real Estate Owned Assets.

- **NII growth** as the main P&L driver, growing at double digit
- **Loan growth** accelerating. Focus on consumer loans: +18% yoy
- **Positive jaws** and efficiency improvement
- **CoR much better than expected** thanks to provision releases
- **Strengthening our retail franchise**

Note: NPL ratio of 2Q18 under IFRS9 standards, 2017 figures under IAS 39 (1) NPL ratio exclude repos ; (2) Excluding Corporate Center (€-586Mn 1H18)

Business areas in 1H18

Emerging Markets
€2,039Mn, +24.5% YoY
1H18 Net attributable profit(1) (constant €)

MEXICO constant €

NET ATTRIBUTABLE PROFIT (1H18)
1,208 €Mn
+21.2% vs. 1H17

NPL RATIO Jun.18
2.0% **vs. 2.3% Jun.17**

COST OF RISK Jun.18 (YtD)
2.93% **vs. 3.29% Jun.17**

TURKEY constant €

NET ATTRIBUTABLE PROFIT (1H18)
373 €Mn
+25.6% vs. 1H17

NPL RATIO Jun.18
4.5% **vs. 2.5% Jun.17**

COST OF RISK Jun.18 (YtD)
1.23% **vs. 0.84% Jun.17**

SOUTH AMERICA constant €

NET ATTRIBUTABLE PROFIT (1H18)
452 €Mn
30.6% vs. 1H17

NPL RATIO Jun.18
3.7% **vs. 3.5% Jun.17**

COST OF RISK Jun.18 (YtD)
1.30% **vs. 1.52% Jun.17**

MAIN MESSAGES

- **NII** growth at high single digit, in line with expectations
- **Loan growth** accelerates yoy to +8.6%, especially in commercial segments.
- **Sound growth in fees**, thanks to CIB and asset management.
- **Positive operating jaws** and efficiency improvement
- **CoR** significantly better than expected
- **Bottom line growth** above expectations

- **Loans:** TL loans growing at double digits +15.5% yoy and FC loan -8.4% yoy
- **Customer Spread:** excellent price management in a higher funding costs environment
- Solid **Core revenue growth:** +21% yoy in 1H18
- **Opex** growing **below inflation**
- **Asset quality** impacted by IFRS9 negative macro adjustment and large tickets in the commercial portfolio

- **Core revenues** growing at mid-teens
- **Lending growth** at double digits, with retail segments as main driver
- **Customer spreads** growing qoq across the board
- **Positive jaws** and improving efficiency
- **CoR** better than expected

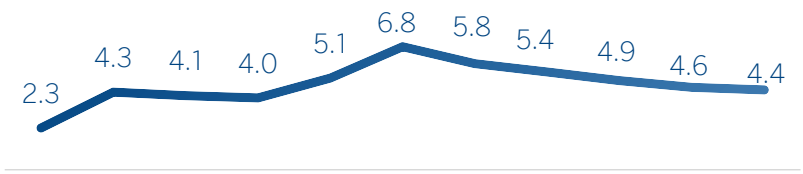
Note: NPL ratio of 2Q18 under IFRS9 standards, 2017 figures under IAS 39 ; (1) Excluding Corporate Center (€-586Mn)

04

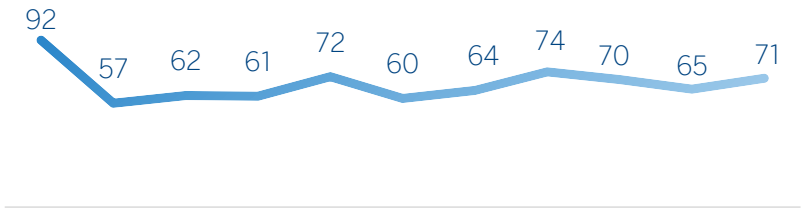
Asset Quality

Asset Quality: continued improvement after the crisis

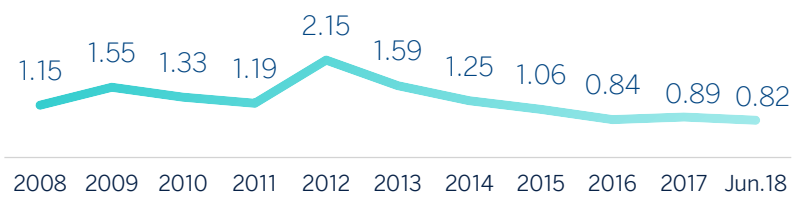
NPL Ratio (%)



Coverage ratio (%)



Cost of Risk (%)



Risk Framework

A Risk Management Model based on prudence and proactivity

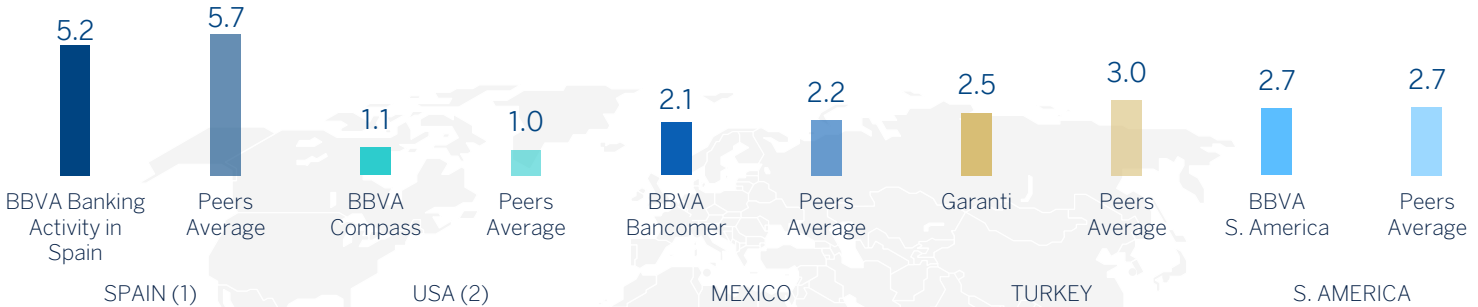
Risk Management Goal

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

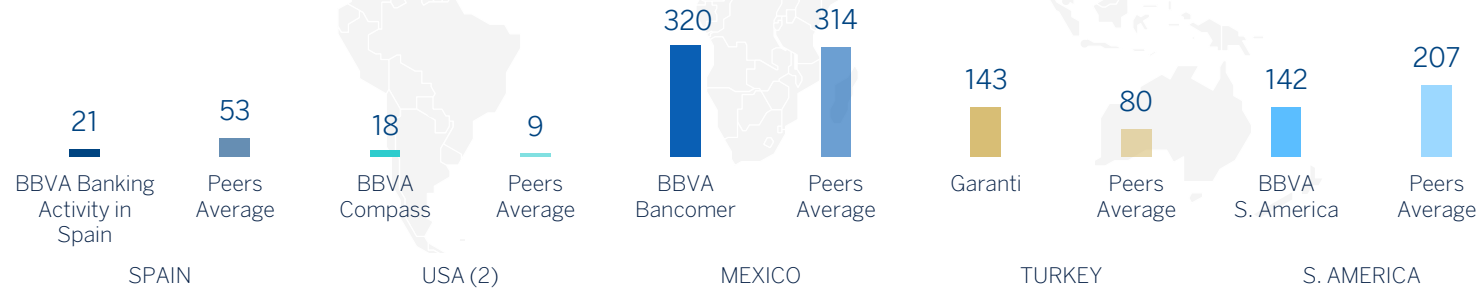
Note: Data as of 2Q18 under IFRS9 standards and 2017 figures under IAS 39. NPL ratio for 2017 and Jun.18 calculated excluding repos (the rest of the series has not been restated)

A prudent risk profile

NPL ratio (%)



Cost of Risk (YTD, bps)



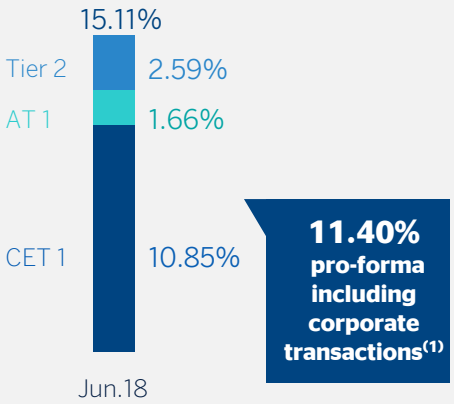
Figures according to local data to ensure comparability. Figures as of Jun.18 for Spain, as of May.18 for Mexico, as of Mar.18 for Turkey, USA and South America.
(1) NPL ratios calculated excluding repos in Spain.
(2) USA figures refer to Compass for comparison purposes

05

Capital

Sound capital position and a proven ability to generate capital

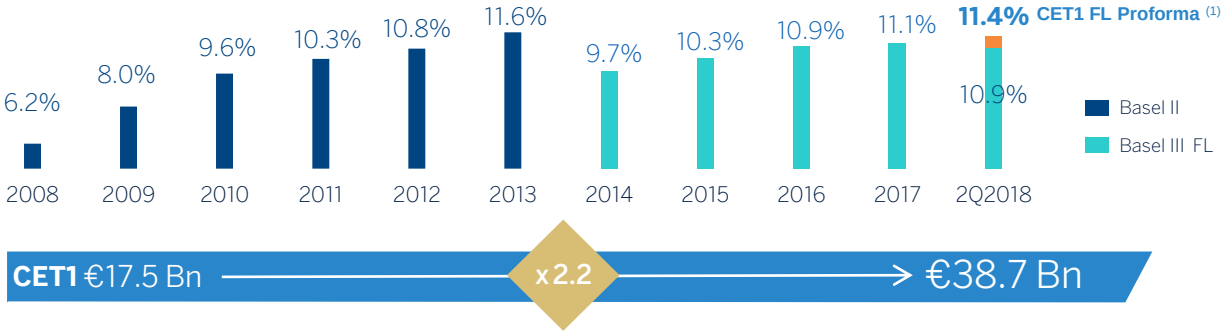
FL Capital Ratios
BBVA Group
Jun.18 (%)



11.40% pro-forma including corporate transactions(1)

- 11.40% CET1 FL pro-forma above our 11% Target.
- 1.5% AT1 and 2% T2 buckets already covered on a FL and phased-in basis

CET1 FL Ratio – BBVA Group
(%)

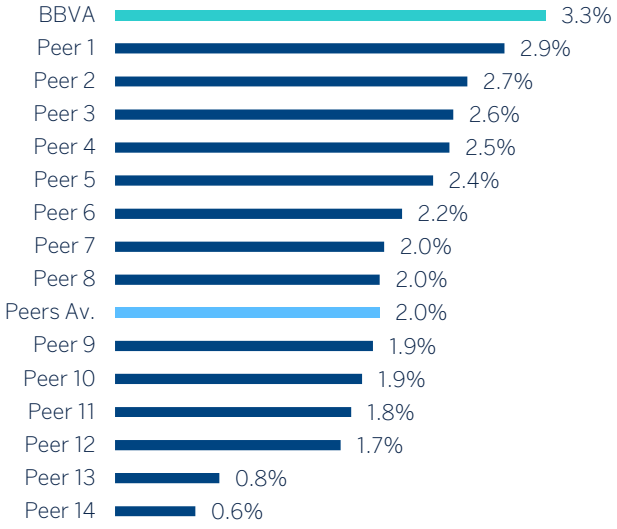


(1) Jun.18 proforma includes the updated impact of Corporate Transactions (+55 bps); (2) Data proforma Mar.18 includes IFRS9 full impact (-31bps) and +57 bps from corporate transactions (sale of BBVA Chile (closed on July 6th) and RE Assets to Cerberus); (3) Others includes mainly market related impacts (mark to market of the HTC&S portfolio, FX impact) and RWA ex FX, among others.

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

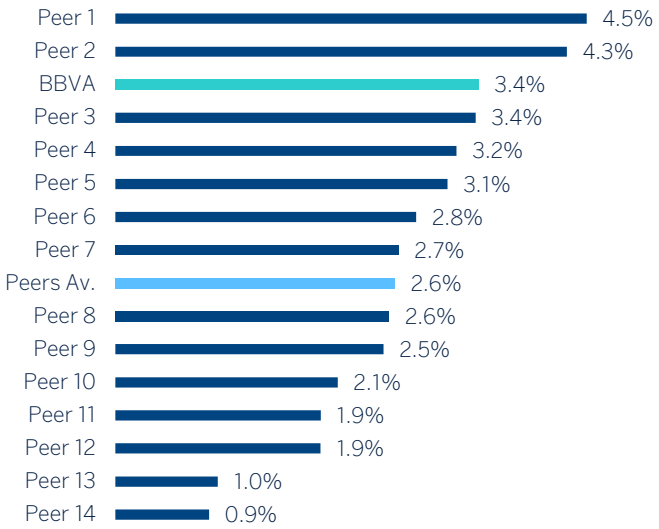
Pre-provision profit(1) / Net Loans

1H18 European peers / BBVA



Pre-provision profit(1) / RWAs

1H18 European peers / BBVA



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

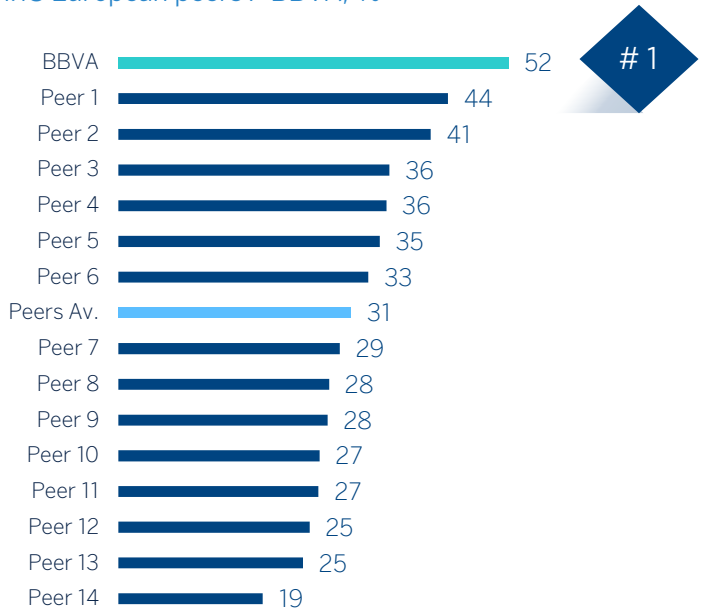
(1) Annualized Pre-provision profit for BBVA. European Peer Group: BARC, BNPP, CASA, CS, CMZ, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS, UCG.

BBVA's business model provides significant room to absorb losses

High quality capital

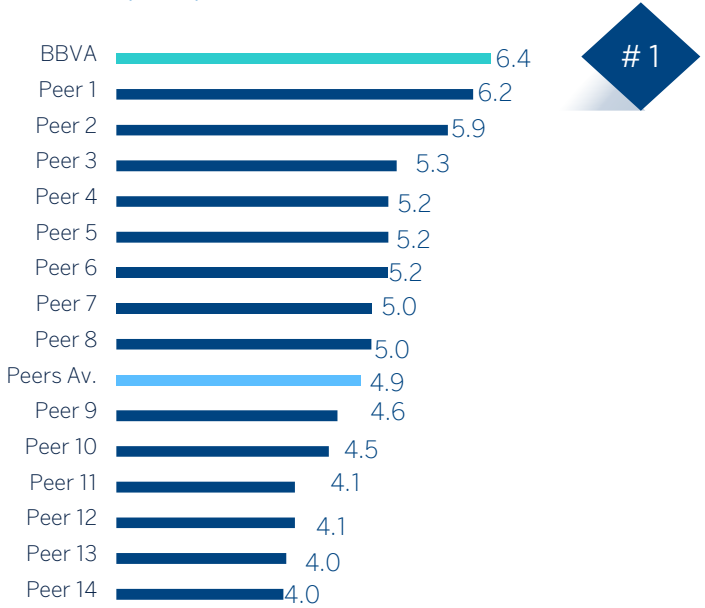
RWAs/ Total Assets

Jun.18 European peers / BBVA, %



Fully-Loaded Leverage Ratio

Jun.18 European peers / BBVA, %



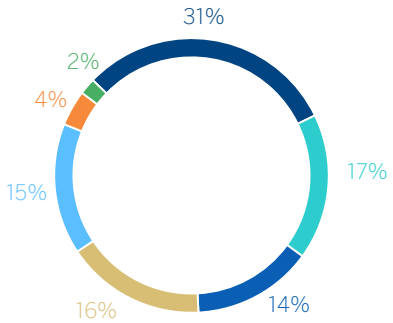
European Peer Group: BARC, BNPP, CASA, CS, CMZ, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS, UCG.

BBVA maintains the highest RWAs density and Leverage ratio of its European Peer Group

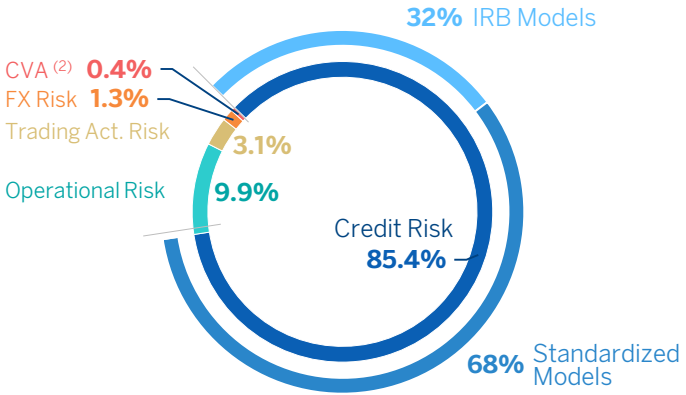
Risk-Weighted Assets distribution

TOTAL RWAs Fully Loaded Jun.18 (€Mn)

357,107 €Mn



Spain (1)	109,180
USA	61,473
Mexico	50,630
Turkey	58,770
South America	55,151
Rest of Eurasia	15,002
Corporate Center	6,901



(1) Includes Banking Activity in Spain an Non Core RE; (2) Credit Valuation Adjustment.
Note: Distribution of RWAs by type of risk and Model based on 1Q18 Pilar III report.

Optimizing Capital Allocation is one of BBVA's Strategic Priorities

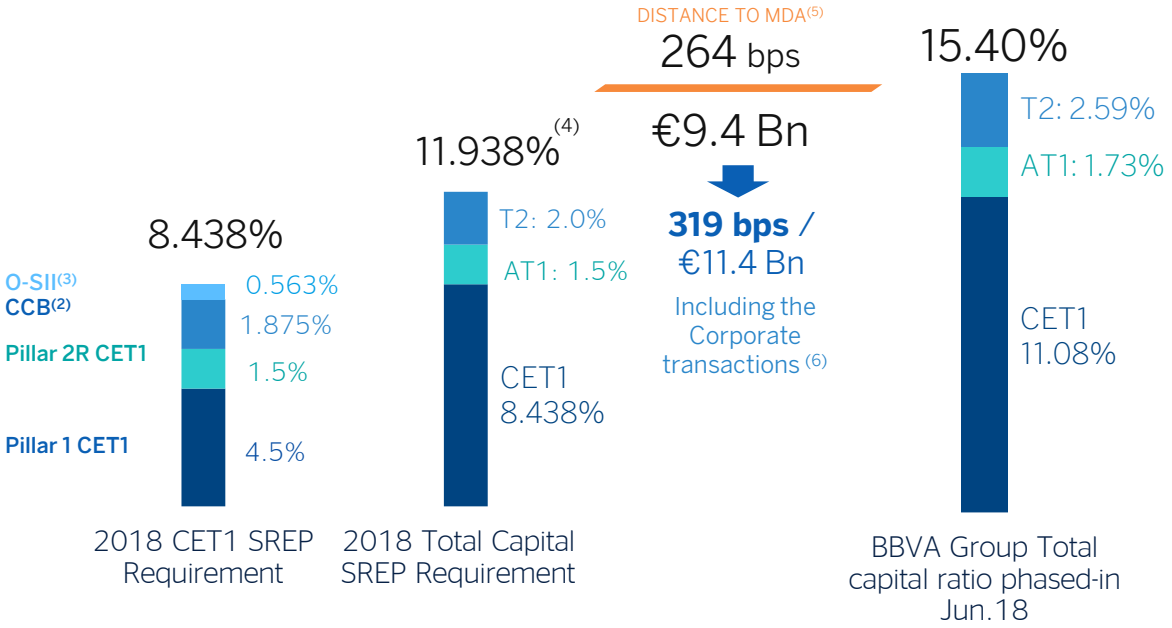
Limited usage of internal models in Credit Risk RWAs

Potential lower impact from future regulatory requirements

Capital ratios well above requirements

2018 SREP Requirement and distance to MDA(1) at Group level

Jun.18



Well above 2018 Total Capital and CET1 SREP requirements.

Significant buffer to MDA: 264 bps/**319 bps** including Corp. Transactions (6)

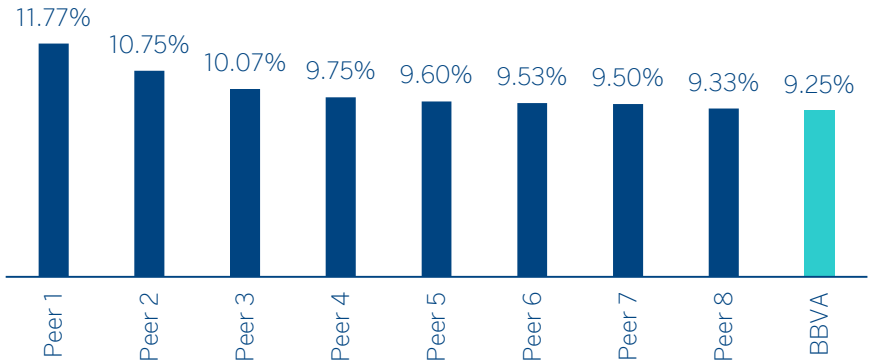
Pro-forma buffer to MDA on a fully loaded basis (6), (7): **215 bps**

(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) 2018 SREP Requirement as announced on the Relevant Event dated 13 Dec.2017; (5) 264bps of Buffer to MDA = 11.08% Jun-18 CET1 phased-in ratio – 8.438% 2018 CET1 SREP Requirement; (6) Includes +55bps from Corporate transactions (Sale of BBVA Chile and RE Assets to Cerberus); (7) provided for information purposes as the distance to MDA is calculated based on phased-in ratios and these are the legally binding ones

BBVA has the lowest SREP requirement among peers

CET1 SREP Requirement - FL

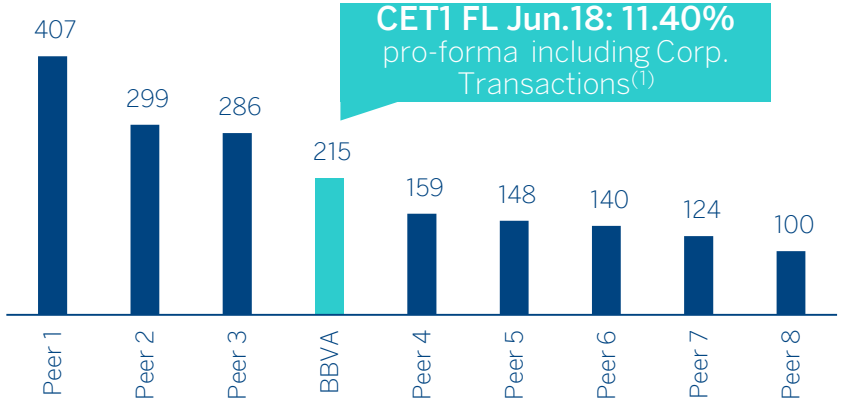
(based on 2018 requirement)



- **BBV**A has the **lowest SREP requirement** among its European peers
- BBVA 2018 SREP requirement remains **unchanged vs. 2017** one

Distance to MDA vs Fully Loaded SREP requirement

Mar.18 European peers / Jun.18 BBVA



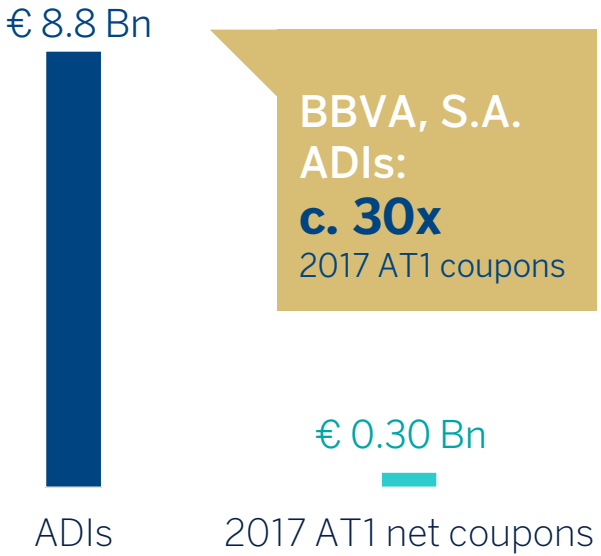
- **Ample buffer** over minimum requirements
- **Efficient capital structure**

European Peer Group: BNPP, CA, CMZ, DB, ISP, SAN, SG, UCG (entities subject to ECB regulation); (1) +55bps from the sale of BBVA Chile and RE Assets to Cerberus.

High level of Available Distributable Items (ADIs)

BBVA, S.A. (Parent Company)

Dec.17, € 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 – 2017 Dividend - AT1 coupons. BBVA does not include within the ADIs figure the Share Premium (amounting to +€24 Bn as of December 31st, 2017).

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.18)

APROX
-2 bps

For each currency

(MXN, TRY, and rest of EM currencies)

P&L

POLICY BBVA hedges on average between 30%-50% of foreign subsidiaries expected net attributable profit

GOAL Reduce Net Attributable Profit volatility as a result of FX movements

2018 Net Attributable Profit FX Hedging (Jun.18):

c. 50% At a Group level

c. 60% For EM Currencies
(of which Mexico c.70% 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 HTC&S(1) Portfolio

ALCO Portfolio breakdown by region

(Jun.18, € Bn)

€ 56.8 Bn

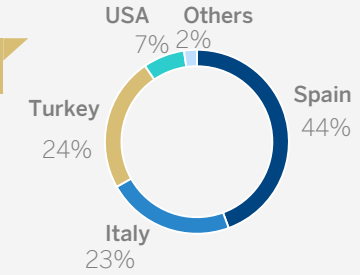
- 3.5 South America
- 5.1 Mexico
- 8.6 Turkey
- 11.2 USA
- 28.4 Eurozone

Spain 17.3
Italy 7.6 (2)
Others 3.5

o.w. HTC(3) Portfolio breakdown

(Jun.18, € Bn)

€ 17.9 Bn



Equity HTC&S(1) portfolio – Main stake

Telefónica

5.13%(4)

Diversified portfolio across BBVA's footprint

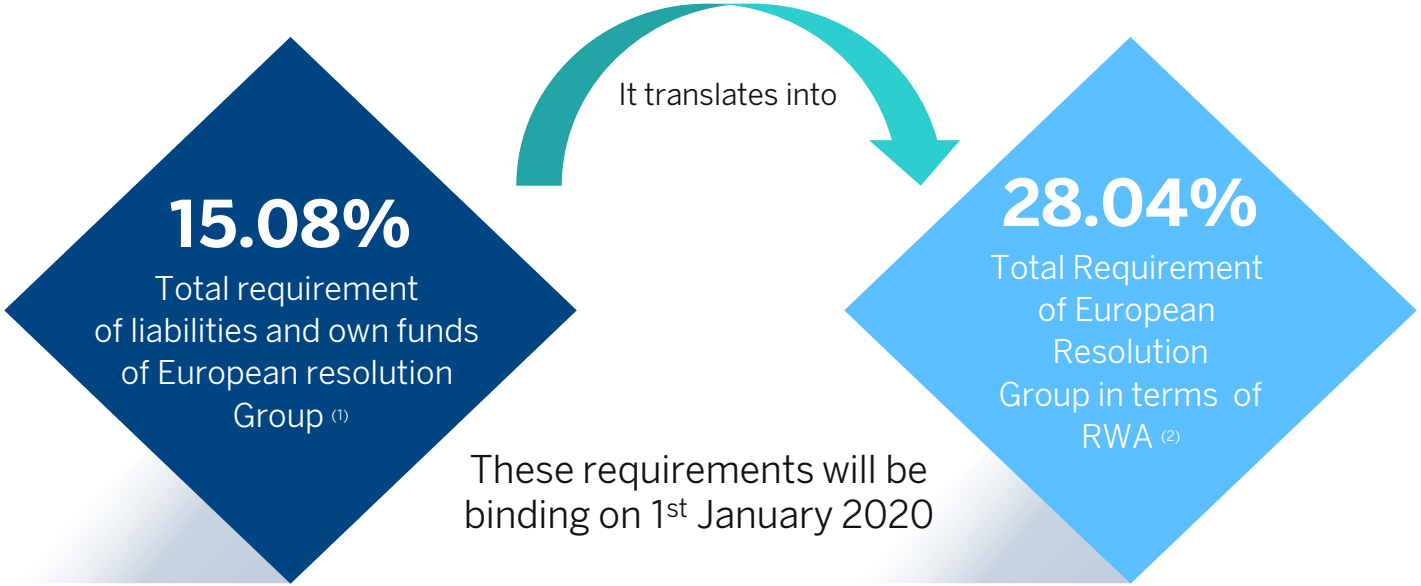
HTC(3) portfolio contributes to maintain the overall impact of market volatility at sound levels

(1): HTC&S: Held to Collect and Sell; (2) Of which €3.8bn mature before year end; (3): HTC: Held to Collect; (4): BBVA's own position (does not include clients' induced positions)

06

MREL

MREL requirement



- **BBVA complies with MREL Requirement** communicated by Bank of Spain
- **Funding Plan ensures the fulfillment of MREL** requirement in 2020

(1) BBVA resolution group consists on Banco Bilbao Vizcaya Argentaria S.A. and its subsidiaries that belong to the same European resolution group. As of December 2016, the amount of Total Liabilities and own finds of the European Resolution Group was € 385,647 Mn
(2) As of December 2016, the RWAs of the European resolution Group stood at € 207,362 Mn

BBVA's 2018 Funding plan

Capital

- BBVA has already filled its AT1 and T2 layers
- BBVA expects to maintain the 1.5% AT1 and 2% T2 regulatory buckets
- Hybrid capital issuance will be limited to maturities and call options
  - 2013 AT1 USD 1.5 Bn (9% coupon) amortized in May 18

MREL Eligible Debt

- BBVA's funding plans will be focused on rolling over non-capital wholesale funding maturities into MREL eligible instruments
- According to the funding plan, € 2.5-3.5 Bn SNP issuances are expected during 2018 (1)
  - BBVA successfully issued a € 1.5 Bn SNP 5y FRN in March and a inaugural Green Bond SNP € 1 Bn 7y in May

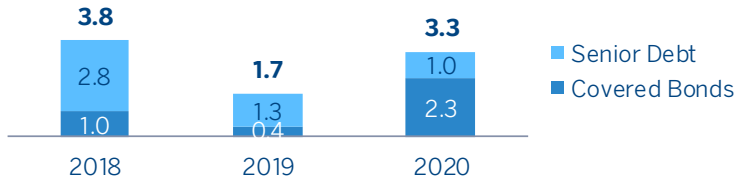
(1) Subject to market conditions

Maturity profile

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

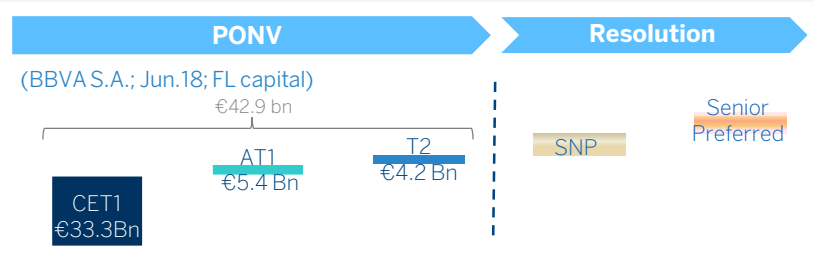
2018-20 BBVA, S.A. senior & covered bonds maturity profile

(BBVA, S.A.; Dec. 17; € Bn)



SNP noteholders have significant buffer

- Significant capital buffer of € 43 Bn of subordinated capital (CET1, AT1 and T2)



This plan would position BBVA's capital structure in a very solid stance, currently aligned with the MREL requirement

07

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: Multiple Point of Entry

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

Advantages

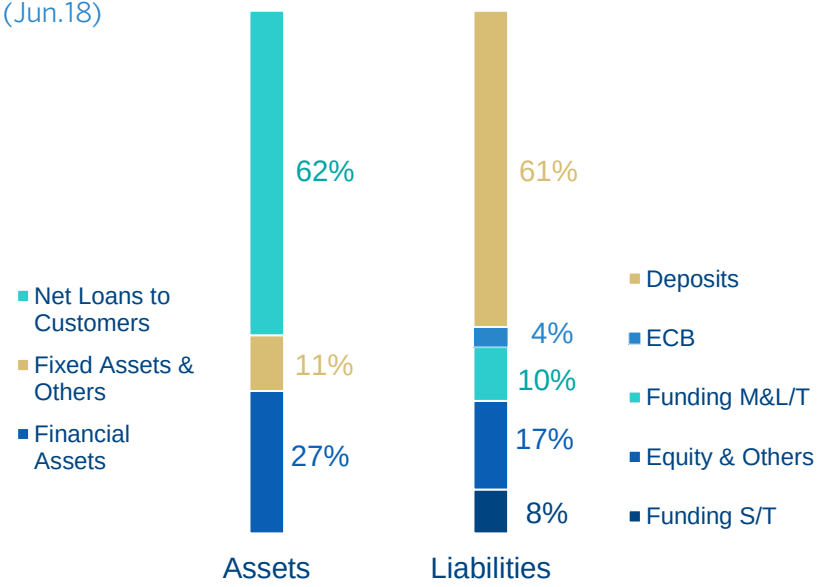
- Medium term orientation / consistent with retail banking
- Improves risk assessment: imposes market discipline and proper incentives to reach sustainable credit growth
- Absence of cross-funding or cross-subsidies
- Helps development of local capital markets
- It curtails the risk of contagion: natural firewalls / limited contagion
- Safeguards financial stability / proven resilience during the crisis
- Liquidity and capital 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 (1)

(Jun.18)



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

BBVA Group Liquidity metrics

(Jun.18)

	Euroz.(2)	USA	Mexico	Turkey	S. Amer
LTD(3)	104%	94%	100%	112% (5)	107%
LCR	153%	142% (4)	136%	133%	well >100%

LCR Group 127%

(2) Perimeter: Spain+Portugal+Rest of Eurasia
(3) Calculated under IFRS9
(4) Compass LCR calculated according to local regulation (Fed Modified LCR)
(5) Calculated at bank-only local level

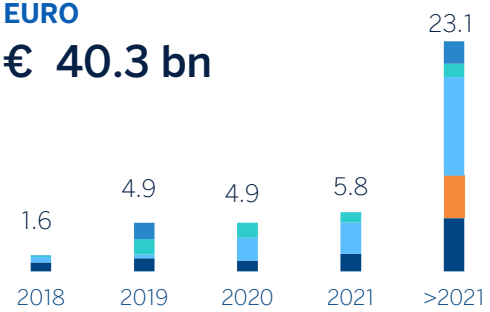
Comfortable liquidity position

LCR ratios clearly above regulatory requirements (> 100% in 2018), both at a Group level and in all banking subsidiaries

Broaden geographical diversification of access to market

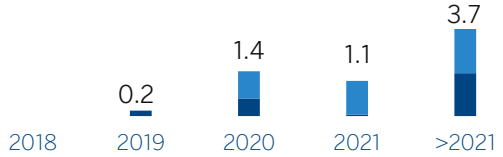
Medium & long-term wholesale funding maturities (Jun.18; € bn, except Turkey in bn USD)

EURO
€ 40.3 bn



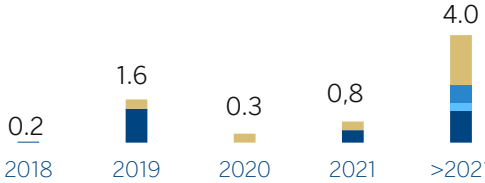
USA
€ 3.0 bn

MEXICO
€ 6.4 bn

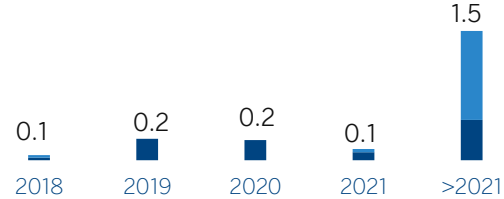


- Senior Debt
- Senior Non Preferred
- Preferred Shares / AT1
- Subordinated
- Covered Bonds
- Others

TURKEY*
€ 6.9 bn



S. AMERICA**
€ 2.1 bn



Outstanding amounts as of Jun.18
FX as of Jun.18: EUR = 1.16 USD; EUR = 22,88 MXN; EUR= 5,33 TRY

*Not including USD 2,7 bn from Syndication ; USD 2.3 bn, mainly bilateral loans and other ST funding

**Ex BBVA Chile. BBVA closed the sale of its stake in July 6th
Included: Argentina, Colombia, Peru, Uruguay, Paraguay

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

Turkey – Liquidity & Funding Sources

- **LTD ratio of 112%,** 3.2 pp improvement YTD, mainly due to **Foreign Currency LTD**, improving 2.3 pp YTD to **70%**. Stable deposit base: 77% of TRY deposits in Retail and SMEs.
- **Liquidity Coverage Ratio** (EBA): **133%** vs. 100% required for 2018
- **Foreign Currency loans** c.USD17 Bn, -6% YTD, representing **22% of total assets**
- **Limited Foreign Currency wholesale funding** needs: USD 13.1 Bn

In 1H18

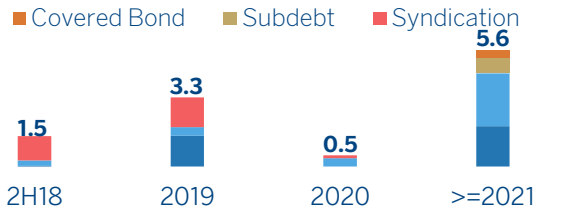
- **€1.1 Bn syndicated loan rolled**: c.100% rollover ratio and 10% in new 2 yr tranche.
- **USD75 Mn 6 yr Gender Bond**

FC Liquidity Buffers

- ✓ Short Term Swaps
- ✓ Unencumbered FC securities
- ✓ FC Reserves under ROM (1)
- ✓ Money Market Placements

c.USD 10 Bn liquidity buffer

FC Wholesale Funding Maturities (USD Bn)



USD 10.8 Bn including syndications

Note: All figures are Bank-only, as of June 2018. (1) ROM: Reserve Option Mechanism

(2) Not including USD 2.3 Bn, mainly bilateral loans and other ST funding

Ample liquidity buffers and limited wholesale funding maturities, USD 1.5 Bn in 2H18, including syndications

08

Ratings

BBVA Group Ratings by Agency

Latest Rating Actions (1H18)

Long Term Issuer / Senior Unsecured Ratings

Moody's

+1 notch upgrade to A3
(May. 31st, 2018)

→ A3

S&P

+1 notch upgrade to A-
(Apr. 6th, 2018)(2)

→ A-

DBRS

+1 notch upgrade to A(High)
(Apr. 12th, 2018)

→ A(High)

Fitch

A- rating affirmed
(July. 17th, 2018)

→ A-

BBVA Ratings(1)

	Moody's	S&P	Fitch	DBRS	Scope
Outlook Issuer/Senior	Stable	Negative	Stable	Stable	Stable
Investment grade	Aaa	AAA	AAA	AAA CB	AAA CB
	Aa1 CB	AA+	AA+	AA (H)	AA+
	Aa2	AA	AA	AA	AA
	Aa3	AA- CB	AA-	AA (L)	AA-
	A1	A+	A+	A (H) Senior	A+ Senior
	A2	A	A	A	A SNP
	A3 Senior	A- Senior	A- Senior / SNP	A (L) T2	A-
	Baa1	BBB+ SNP	BBB+ T2	BBB (H)	BBB+
	Baa2 SNP	BBB T2	BBB	BBB	BBB
	Baa3 T2	BBB-	BBB-	BBB (L)	BBB-
Non Investment Grade	Ba1	BB+	BB+	BB (H)	BB+ AT1
	Ba2 AT1	BB	BB AT1	BB	BB
	Ba3	BB-	BB-	BB (L)	BB-
	B1	B+	B+	B (H)	B+
	B2	B	B	B	B
	B3	B-	B-	B (L)	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) On Aug.20th, 2018, S&P changed the outlook from Stable to Negative.

3 Rating Agencies have upgraded BBVA in 1H18

All Rating Agencies assign BBVA a rating on the single A space

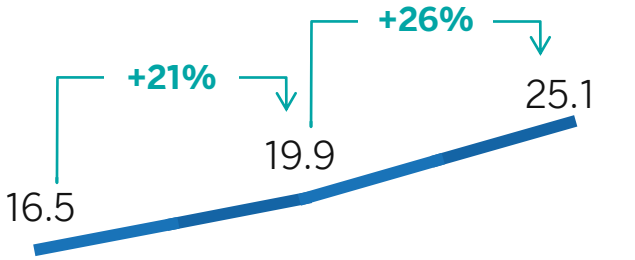
09

Transformation Strategy

Digital Customers – BBVA Group

Digital Customers

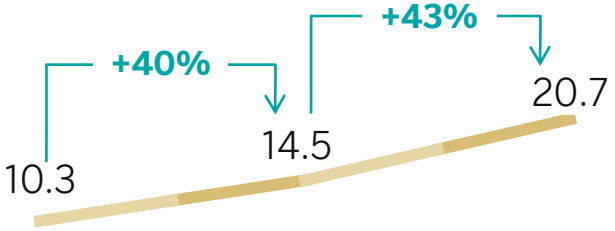
(Mn, % penetration)



	Jun-16	Jun-17	Jun-18
PENETRATION	33%	39%	46%

Mobile Customers

(Mn, % penetration)



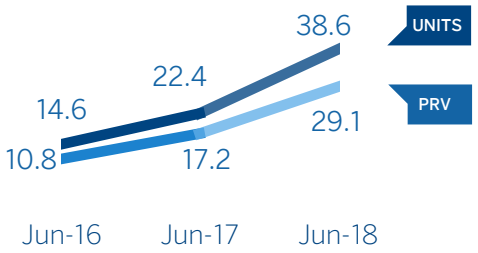
	Jun-16	Jun-17	Jun-18
PENETRATION	21%	28%	38%

Goal: 50% tipping point of digital customers in 2018 and mobile customers in 2019

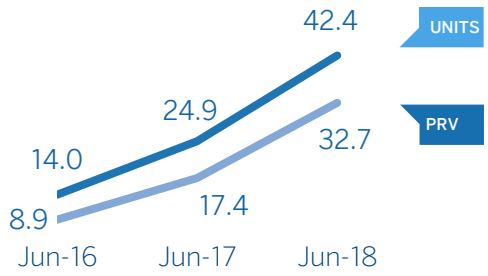
Digital Sales

(% of total sales YtD, # of transactions and PRV*)

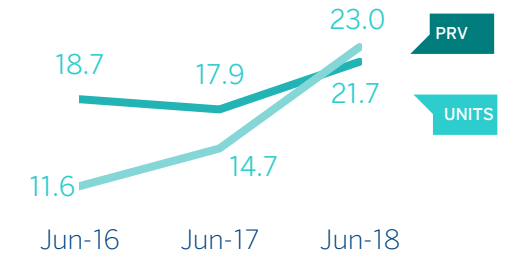
GROUP



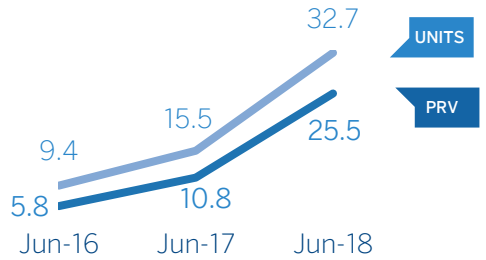
SPAIN



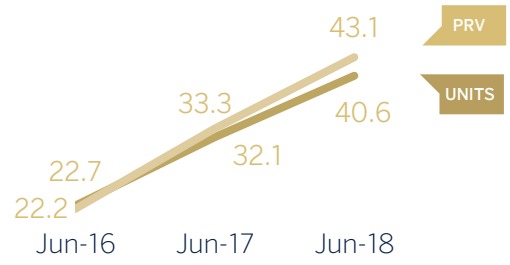
USA



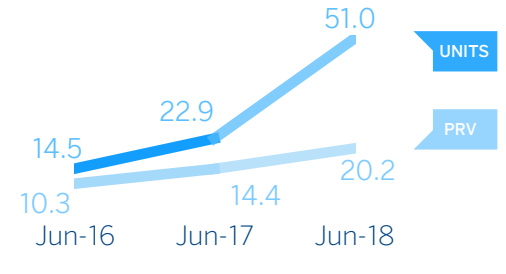
MEXICO



TURKEY



SOUTH AMERICA



Data has been restated due to the inclusion of new products; (*) Product Relative Value as a proxy of a better economic representation of units sold

Strong growth across markets

APPENDIX

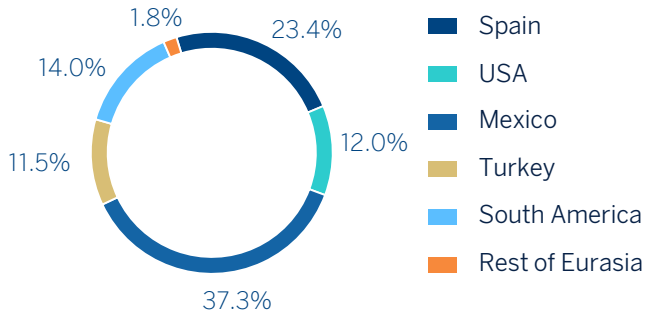
- BBVA Group 1H18 Profit & Loss
- Risk Indicators by Areas
- Capital Base: BBVA Group & BBVA S.A.
- BBVA, S.A.: 2018 SREP Requirement and distance to MDA
- Debt Issuances – 2017/2018YTD
- Amortized notes – 2017/2018YTD
- BBVA, S.A.: 2018 Issuances
- MREL framework

BBVA Group 1H18 Profit & Loss

BBVA Group (€m)	1H18	Change 1H18/1H17 %	Change 1H18/1H17 % constant
Net Interest Income	**8,643**	**-1.8**	**9.4**
Net Fees and Commissions	2,492	1.5	11.3
Net Trading Income	708	-33.8	-30.4
Other Income & Expenses	231	-40.8	-36.0
Gross Income	**12,074**	**-5.1**	**4.8**
Operating Expenses	-5,942	-5.8	2.9
Operating Income	**6,131**	**-4.3**	**6.8**
Impairment on Financial Assets	-1,611	-17.0	-9.0
Provisions and Other Gains and Losses	-77	-82.2	-82.0
Income Before Tax	**4,443**	**10.2**	**25.5**
Income Tax	-1,213	8.3	21.5
Net Income	**3,230**	**10.9**	**27.0**
Non-controlling Interest	-581	-4.3	17.0
Net Attributable Profit	**2,649**	**14.9**	**29.5**

Net Attributable Profit breakdown

(%, 1H18)



Note: Spain includes Banking activity in Spain and Non Core Real Estate. Figures exclude Corporate Center

Risk Indicators by Areas

NPL ratio (1)

(%)

	Dec.17	Mar.18	Jun.18
BBVA Group	**4.6**	**4.4**	**4.4**
Banking activity in Spain (2)	5.5	5.4	5.2
The United States	1.2	1.2	1.2
Mexico	2.3	2.1	2.0
Turkey	3.9	3.7	4.5
South America	3.4	3.6	3.7
Rest of Eurasia	2.4	2.1	1.7

NPL coverage ratio (1)

(%)

	Dec.17	Mar.18	Jun.18
BBVA Group	**65**	**73**	**71**
Banking activity in Spain	50	57	57
The United States	104	98	93
Mexico	123	153	155
Turkey	85	86	76
South America	89	93	91
Rest of Eurasia	74	88	93

Cost of Risk (1)

(%)

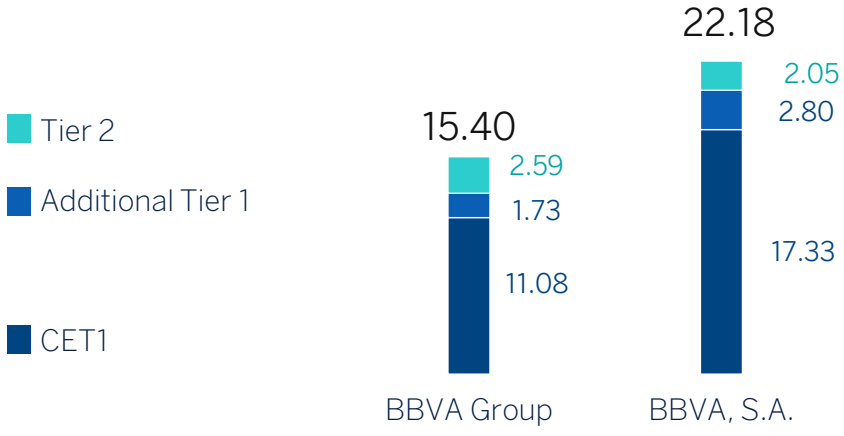
	Dec.17	Mar.18	Jun.18
BBVA Group	**0.89**	**0.85**	**0.82**
Banking activity in Spain	0.32	0.17	0.21
The United States	0.43	0.16	0.23
Mexico	3.24	3.18	2.93
Turkey	0.82	1.17	1.23
South America	1.32	1.37	1.30
Rest of Eurasia	-0.16	-0.36	-0.15

(1) Data as of 1H18 under IFRS9 standards, 2017 figures under IAS 39. (2) NPL ratio exclude repos

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

Phased-in capital ratios

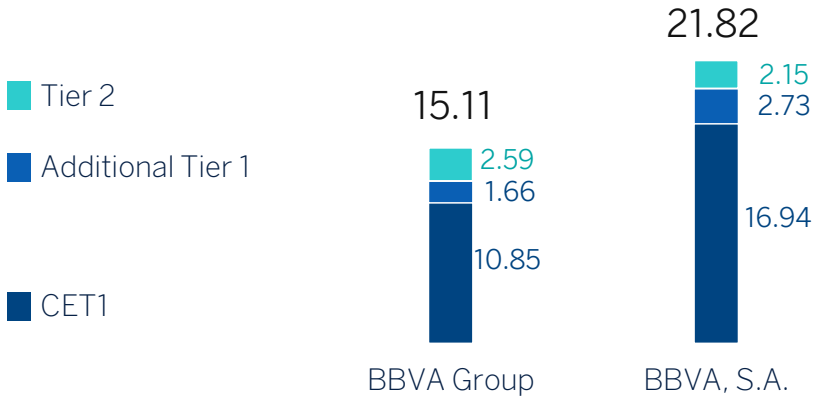
Jun.18 (%)



	BBVA Group	BBVA, S.A.
CET1	€ 39,550 m	€ 34,018 m
AT1	€ 6,167 m	€ 5,500 m
T2	€ 9,241 m	€ 4,017 m
Total Capital Base	**€ 54,958 m**	**€ 43,536 m**
RWA	**€ 356,887 m**	**€ 196,276 m**

Fully-loaded capital ratios

Jun.18 (%)

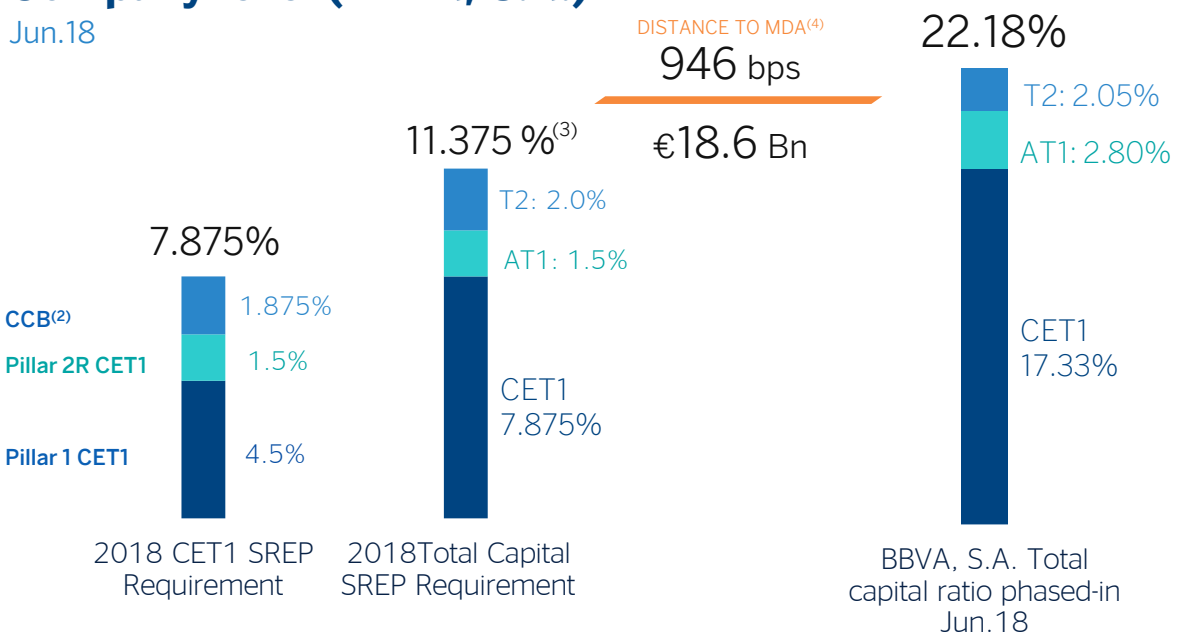


	BBVA Group	BBVA, S.A.
CET1	€ 38,746 m	€33,296 m
AT1	€ 5,939 m	€ 5,358 m
T2	€ 9,263 m	€ 4,221 m
Total Capital Base	**€ 53,947 m**	**€ 42,875 m**
RWA	**€357,107 m**	**€ 196,504 m**

Capital ratios well above requirements

2018 SREP Requirement and distance to MDA(1) at a Parent Company level (BBVA, S.A.)

Jun.18



Well above 2018 Total Capital and CET1 SREP requirements

Significant buffer to MDA: **946 bps**

(1) Maximum Distributable Amount; (2) The Capital Conservation Buffer (CCB) stands, in fully loaded terms, at 2.5% CET1; (3) 2018 SREP Requirement as announced on the Relevant Event dated 13 Dec 2017; (4) 946 bps of Buffer to MDA = 17.33% Jun-18 CET1 phased-in ratio – 7.875% 2018 CET1 SREP Requirement.

Debt Issuances – 2017 - 2018YTD

BBVA, S.A.

Product	Issue Date	Call Date	Maturity	Nominal currency	Coupon	Isin
Tier 2	May-18	-	May-33	$ 300 M	5.25%	XS1824263260
SNP	May-18	-	May-25	€ 1,000 M	1.375%	XS1820037270
SNP	Mar-18	-	Mar-23	€ 1,500 M	3ME+ 0.60%	XS1788584321
SNP	Nov-17	-	Nov-23	€ 150 M	3ME+0.67%	XS1724512097
AT1	Nov-17	Nov-27	Perp	$ 1,000 M	6.13%	US05946KAF84
SNP	Nov-17	-	May-28	€ 140 M	1.72%	XS1712061032
SNP	Sep-17	-	Sep-22	€ 1,500 M	0.75%	XS1678372472
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
Senior Unsec	Apr-17	-	Apr-22	€ 1,500 M	3ME+0,60%	XS1594368539
Tier 2	Mar-17	Mar-27	Mar-32	$ 120 M	5.700%	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	4.000%	XS1569874503
Tier 2	Feb-17	-	Feb-27	€ 1,000 M	3.50%	XS1562614831
Senior Unsec	Jan-17	-	Jan-22	€ 1,000 M	0.625%	XS1548914800

BBVA Turkey

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

BBVA USA

Product	Issue Date	Call Date	Maturity	Nominal currency	Coupon	CUSIP
Senior Unsec	Jun-18	May-21	Jun-21	$ 1.150 M	FXD: 3.5%($ 700 M) FRN:3mL+73 bps($ 450 M)	20453KAC9 20453KAD7
Senior Unsec	Jun-17	May-22	Jun-22	$ 750 M	2.875%	20453KAB1

BBVA Mexico

Product	Issue Date	Call Date	Maturity	Nominal currency	Coupon	Isin
Tier 2	Jan-18	Jan-28	Jan-33	$ 1,000 M	5.125%	US05533UAF57

Amortized notes – 2017 - 2018YTD

	Product	Issue Date	Redemption	Outstanding currency (M)	Outstanding € (M)	Coupon
BBVA, S.A.	AT1	May-13	May-18	$ 1,500 M	1248	9.00%
	Tier 2	Feb-07	Feb-18	€ 257	257	3ME+0.80%
BBVA Subordinated Capital	Tier 2	Oct-05	Jan-18	€ 99	99	3ME+0.80%
BBVA International Preferred, S.A. Unipersonal	Preferred	Apr-07	Apr-17	$ 600	499	5.919%
	Preferred	Sep-06	Mar-17	€ 164	164	3ME+1.95%
	Preferred	Sep-05	Mar-17	€ 86	86	3ME+1.65%
BBVA Mexico	Tier 2	May-07	May-17	$ 500	416	6%
BBVA Peru	Tier 2	May-07	May-17	PEN 40	11	5.85%
BBVA USA(1)	Tier 2	Jun-03/04	Sept/Oct-17	$ 100	83	3ML+2.81%(2)

(1) Includes a total of 4 trust preferred securities issued in 2003 and 2004; (2) Average coupon of the 4 issuances

BBVA follows an economic call policy

2018 Issuances: BBVA Eur 1.5 bn 5-year FRN SNP

Highlights

- Following up with BBVA's **issuance plan of € 2.5-3.5 bn of SNP** for 2018, **in anticipation of upcoming MREL requirements**
- This issuance was the **first public transaction** in 2018 for BBVA SA, the second one in SNP format (1)

Key Features

- Settlement Date: **9th March, 2018**
- Amount: **€ 1.5 bn**
- Maturity: **5 years**
- Coupon: **3mE +60 bps** (FRN-Floating Rate Notes)
- Re-offer Spread at **3mE+52 bps**, after a strong book of c3.2 bn (pre-rec), that allowed c15bps tightening from IPT (2) 3mE+high 60s bps. This means no issue concession
- Great book granularity and quality. **Real Money represented 86%** (Fund Managers 77%, Insurance and Pension Funds 9%). In terms of **geographical distribution,** demand was mainly led by **Germany/Austria (35%)**, followed by **Spain (24%)** and France **(14%)**

(1) During 2017 BBVA issued its inaugural SNP € 1.5 bn 0.75% Fixed 5Y and € 290 Mn through private deals (2) IPT= Initial Pricing Talk

BBVA successfully issued a Eur 1.5 bn 5Y FRN Senior Non-Preferred, paying the lowest coupon for a Spanish issuer in this instrument

2018 Issuances: BBVA Inaugural Eur 1 bn 7-year Green Bond SNP

Highlights

- Following up with BBVA's **issuance plan of € 2.5-3.5 bn of SNP** for 2018, **in anticipation of upcoming MREL requirements**.
- This issuance was the **second public transaction** in 2018 for BBVA SA, the third one in SNP format (1)

Key Features

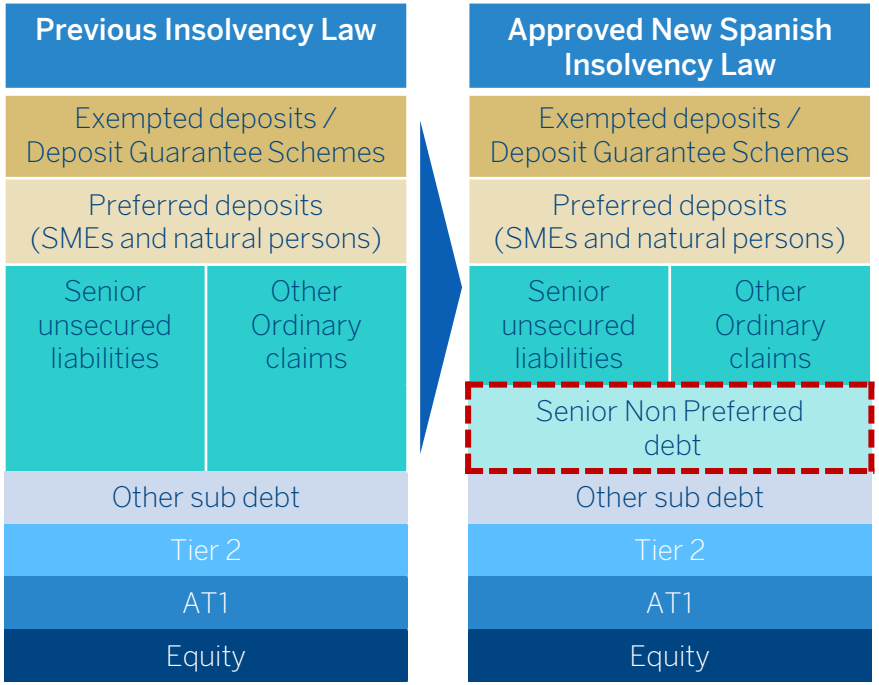
- Settlement Date: **14th May, 2018**
- Amount: **€ 1 bn**
- Maturity: **7 years**
- Coupon: **1.375%** (Fixed Rate Notes)
- Re-offer Spread at **MS+80 bps**, tightening 15 bps from IPT (2) thanks to a strong book of c3 bn (pre-rec). That meant **zero new issue premium**
- High presence of **green investors** that represented **more than 50% of the final book**
- Great book granularity and quality

(1) During 2017 BBVA issued its inaugural SNP € 1.5 bn 0.75% Fixed 5Y and € 290 Mn through private deals (2) IPT= Initial Pricing Talk

The largest financial Green Bond in the Eurozone and the first Green Bond for a Spanish bank

MREL framework: creation of SNP layer in Spain

Insolvency Hierarchy



- 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 ≥ 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)

Fixed Income Presentation

2Q18