

# Fixed Income Presentation

4Q18

# 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 About BBVA
- 02 BBVA's Strengths & Financial Highlights
- 03 Diversified Footprint
- 04 Asset Quality
- 05 Capital
- 06 MREL & Funding Plan
- 07 Liquidity & Funding
- 08 Ratings
- 09 Transformation Strategy

## APPENDIX

- BBVA Group 2018 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 – 2017/2019YTD
- Amortized notes – 2017/2019YTD

# 01



## About BBVA

# About BBVA

## BBVA's global presence

Dec.18

€ 677 bn  
assets

74.5 mn  
customers

27 mn  
digital customers

>30  
countries

125,627  
employees

7,963  
branches

## Diversification under a decentralized model

### Total Assets<sup>(1)</sup>

Dec.18



### Gross Income<sup>(1)</sup>

2018



- **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) Figures excludes the Corporate Center

## Defined strategic path

### Our Purpose

*"To bring the age of opportunity to everyone"*

### Strategic Priorities



New standard in customer experience



Optimal capital allocation



Drive digital sales



Unrivalled efficiency



New business models



A first class workforce

## Committed with 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

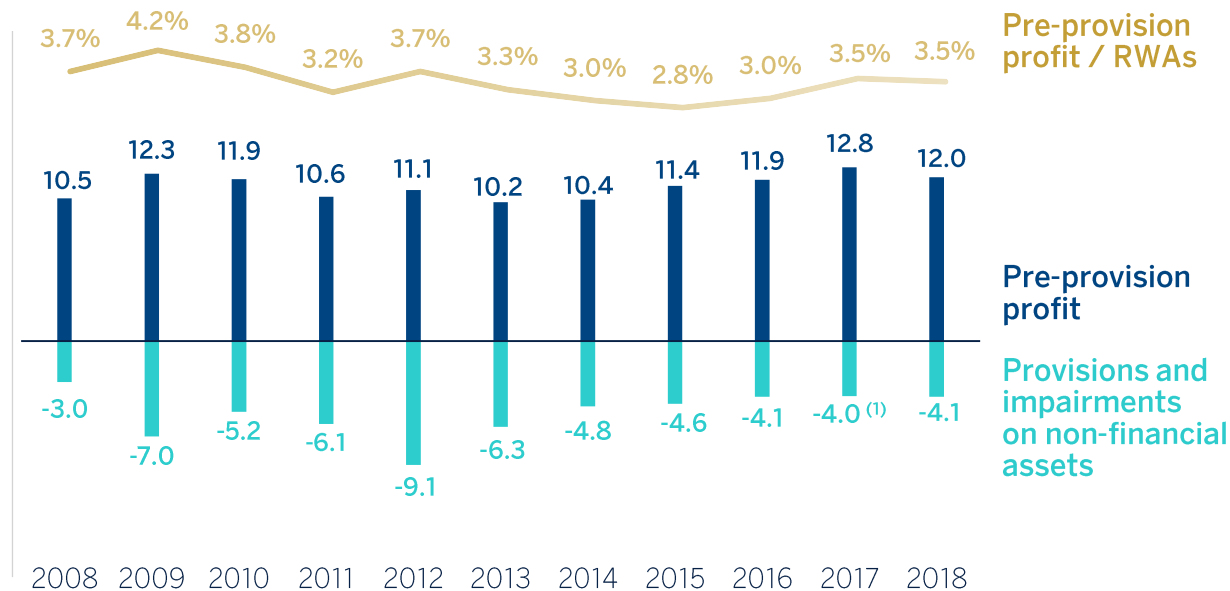


## BBVA's Strengths & Financial Highlights

# BBVA's Strengths

## Resilience and Low Earnings Volatility

(€ bn, current, %)



(1) Excluding Telefónica one off impairment (€-1,123Mn)

Diversified footprint

Sound asset quality

Strong capital and liquidity position

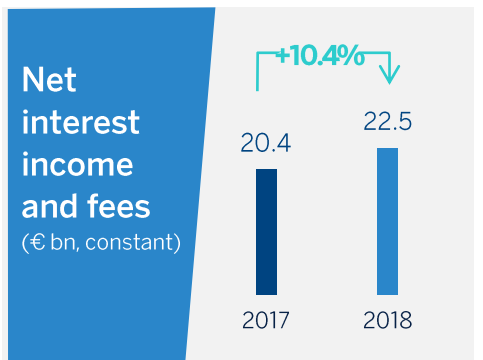
Transformation strategy



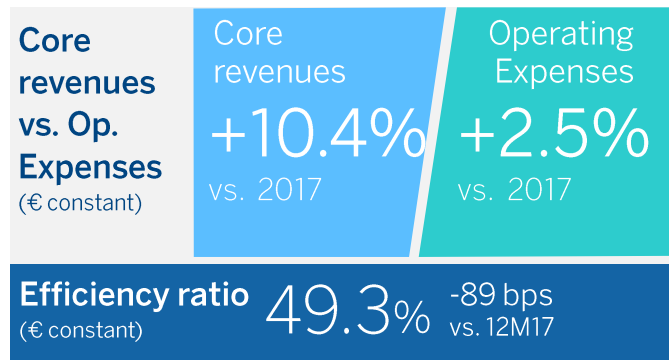
Continued profit generation

# 2018 Highlights

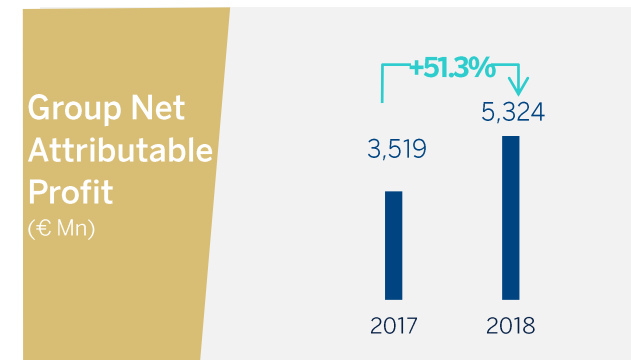
## Core revenue growth



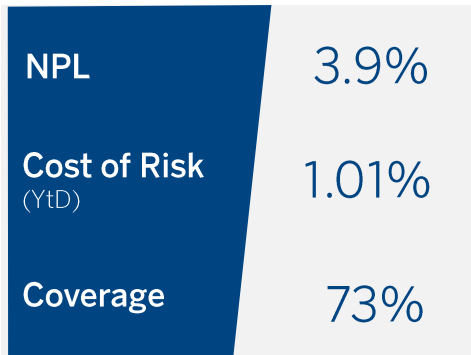
## Efficiency improvement



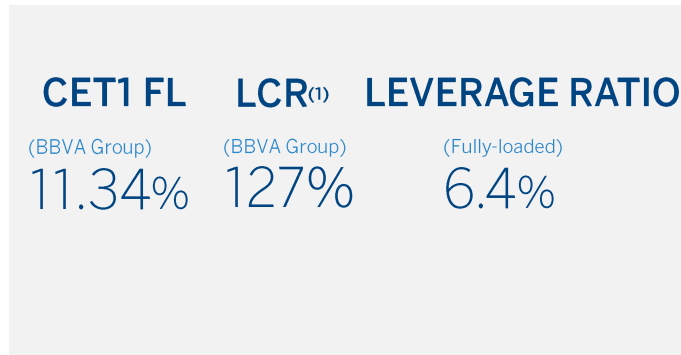
## Increasing results



## Sound risk indicators



## Strong capital & liquidity ratios



## Digital transformation



(1) Liquidity Coverage Ratio. Considering excess liquidity of the subsidiaries LCR would reach 154%; (2) as a % of total sales in 2018, # of transactions

# 03



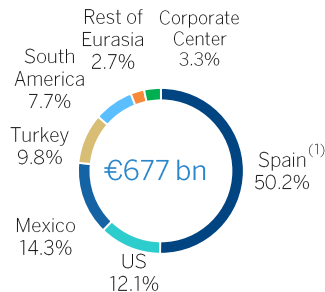
## Diversified Footprint

# Unique footprint with high growth prospects

## Breakdown by Business Area

### Total Assets

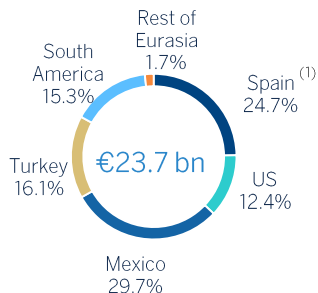
Dec.18



**67%<sup>(2)</sup>**  
Developed Markets

### Gross Income<sup>(3)</sup>

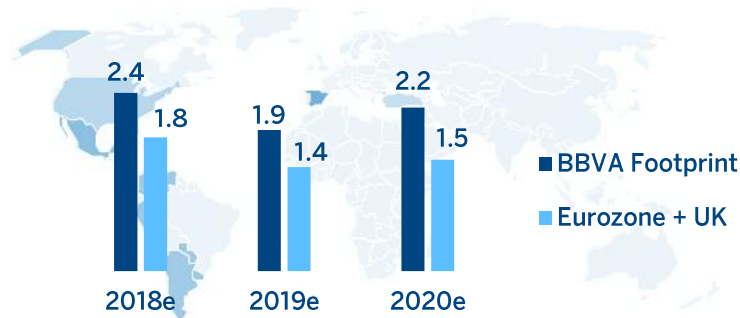
2018



**39%**  
Developed Markets

## Higher Growth Prospects

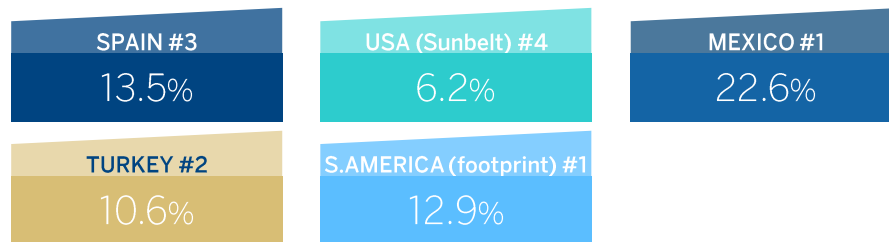
GDP growth (YoY, %)



Source: BBVA Research. GDP growth: weighted by each country contribution to Group's Gross Income (excluding BBVA Chile)

## Leadership positioning

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



(1) Includes Banking activity in Spain and Non Core Real Estate; (2) Excludes Corporate Center; (3) Percentages exclude the Corporate Center (2018 Gross Income of €-432Mn)

(4) Loans' market shares except for USA (Deposits). **Spain** based on BoS (Nov.18) and ranking (Oct.18) by AEB and CECA; **Mexico** data as of Nov.18 (CNBV); **S. America** (Nov.18), market share includes Argentina, Peru, Colombia, Venezuela, Uruguay and Paraguay. Ranking considering main peers in each country; **USA**: SNL (Jun.18) considering Texas and Alabama; **Turkey**: BRSA total performing loans equivalent to 17.5% among private banks (Dec.18) and ranking (only considers private banks) as of Sep.18

# Business areas in 2018



## SPAIN Banking Activity

NET ATTRIBUTABLE PROFIT (2018)

1,522€Mn

+10.8% vs. 2017

NPL RATIO Dec.18

4.6% vs. 5.5% Dec.17

COST OF RISK Dec.18 (YtD)

0.21% vs. 0.32% Dec.17

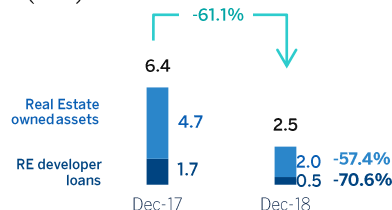
- Loans: growth in highly profitable segments.
- Core revenue growth (+1.0 % YoY): sound growth in asset management and retail banking fees.
- Significant cost reduction
- Asset quality: NPLs -€1.7 Bn YoY and CoR better than expected.

## Non Core Real Estate

NET ATTRIBUTABLE PROFIT (2018)

-78 €Mn

-84.2% vs 2017

NET EXPOSURE  
(€bn)

- Successful run-off: net exposure decrease due to Cerberus transaction and loan portfolio sales.
- Significant reduction in Net losses

## USA constant €

NET ATTRIBUTABLE PROFIT (2018)

735 €Mn

+56.9% vs. 2017

NPL RATIO Dec.18

1.3% vs. 1.2% Dec.17

COST OF RISK Dec.18 (YtD)

0.39% vs. 0.43% Dec.17

- Loan growth acceleration, well-balanced between commercial and retail segments.
- Double-digit NII growth main P&L driver.
- Costs: positive jaws and efficiency improvement
- Asset quality: CoR better than expected
- Achieving double-digit profitability

Note: NPL ratio of 2018 under IFRS9 standards, 2017 figures under IAS 39 (1) Excluding Corporate Center (€-494Mn 2018)

# Business areas in 2018



## MEXICO constant €

NET ATTRIBUTABLE PROFIT (2018)

2,384 €Mn

+16.1% vs. 2017

NPL RATIO Dec.18

2.1% vs. 2.3% Dec.17

COST OF RISK Dec.18 (YtD)

3.07% vs. 3.24% Dec.17

- Loans: high single digit growth. Well-balanced among retail and commercial.
- NII growth at high single digit, in line with expectations.
- Impressive trend in costs and efficiency.
- Strong asset quality metrics.
- Outstanding profitability: bottom line growth at double digits, better than expected

## TURKEY constant €

NET ATTRIBUTABLE PROFIT (2018)

569 €Mn

-4.5% vs. 2017

NPL RATIO Dec.18

5.3% vs. 3.9% Dec.17

COST OF RISK Dec.18 (YtD)

2.44% vs. 0.82% Dec.17

- Loans: TL loan growth significant slowdown explained by macro and higher rates. FC loans continue to decrease.
- NII growth boosted by higher CPI linkers contribution.
- Customer Spread: significant increase in TL funding costs.
- Expenses growth below inflation.
- Asset quality CoR increase due to IFRS9 macro impact and large tickets.

## SOUTH AMERICA constant €

NET ATTRIBUTABLE PROFIT (2018)

🇧🇷 229 €Mn +16.6% vs 2017

🇵🇪 195 €Mn +14.3% vs 2017

🇦🇷 -29 €Mn -130.5% vs 2017

COST OF RISK Dec.18 (YtD)

🇧🇷 2.16% vs. 2.59% Dec.17

🇵🇪 0.98% vs. 1.14% Dec.17

🇦🇷 1.60% vs. 0.61% Dec.17

- Colombia: loan growth driven by retail portfolios. Bottom line growth (+17% YoY) supported by core revenues and lower impairments.
- Peru: NII as the main P&L driver, thanks to a more profitable loan mix and lower funding costs.
- Argentina: loan growth slowdown due to the economic environment. Customer spread improvement due to higher rates. CoR increase but still at low levels.

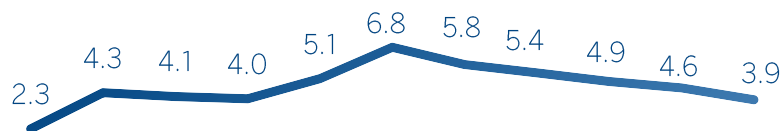
# 04



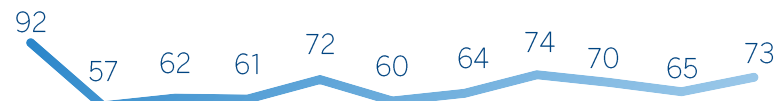
Asset Quality

# Sound risk indicators

## NPL Ratio (%)



## Coverage ratio (%)



## Cost of Risk YtD (%)



2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018

## 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 2018 under IFRS9 standards and 2017 figures under IAS 39. NPL ratio for 2017 and 2018 calculated excluding repos (the rest of the series has not been restated)

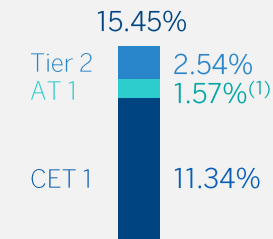
# 05



Capital

# Group's sound capital position and proven ability to generate capital

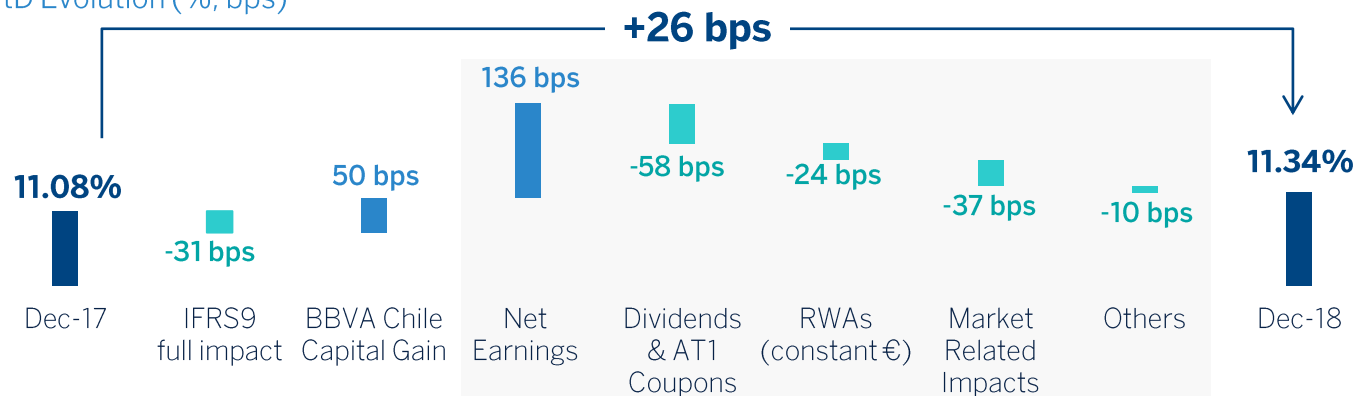
## FL Capital Ratios Dec.18 (%)



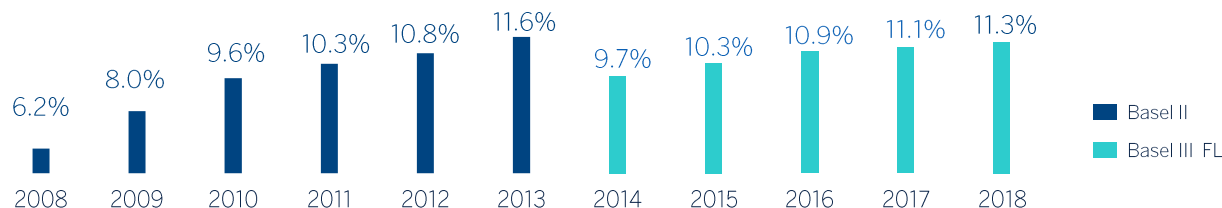
(1) Excludes the 2014 €1.5 bn AT1 issuance redeemed in Feb-19.

## CET1 FL

YtD Evolution (% , bps)



## CET1 FL Ratio (%)



CET1 €17.5 Bn  $\xrightarrow{\times 2.3}$  €39.6 Bn

## CET1 FL target

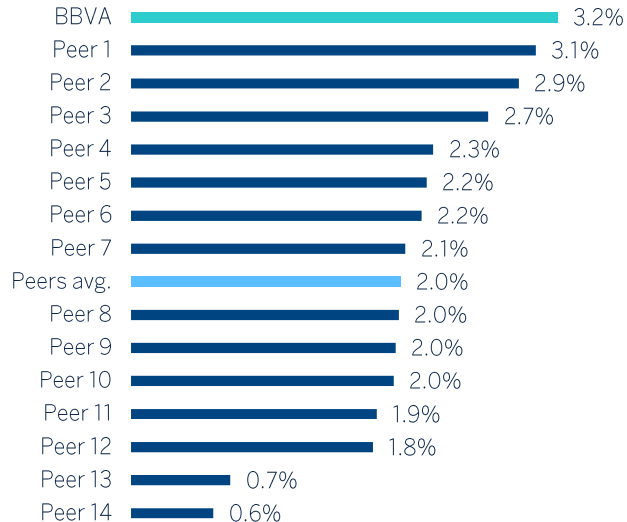
11.5% - 12.0%

Expected to be achieved by  
2019 year-end

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

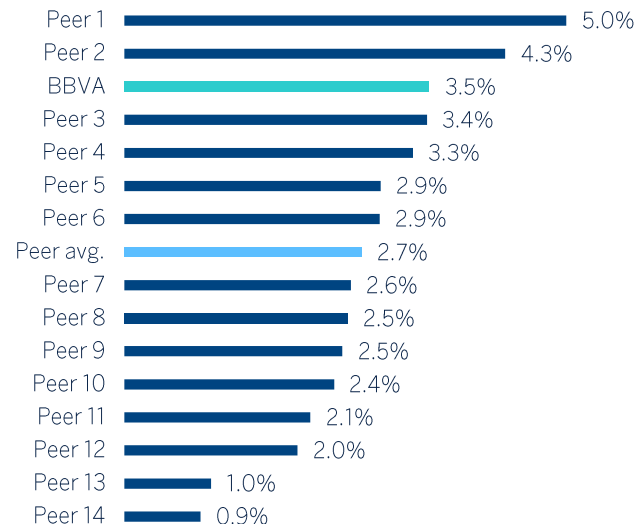
## Pre-provision profit<sup>(1)</sup> / Net Loans

9M18 European peers / 12M18 BBVA



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

9M18 European peers / 12M18 BBVA



In less than 4 years,  
BBVA is able to generate  
Pre-Provision Profit  
equivalent to its  
11.5%-12.0%  
CET1 FL target

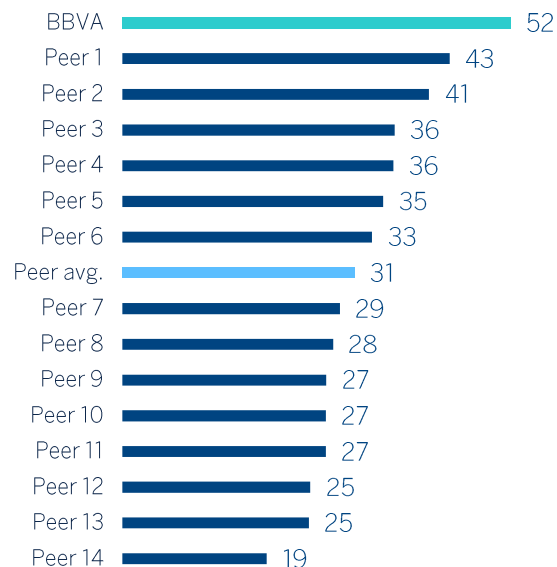
(1) Annualized Pre-provision profit. European Peer Group: BARC, BNPP, CASA, CS, CMZ, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS, UCG.

BBVA's business model provides significant room to absorb losses

# High quality capital

## RWAs/ Total Assets

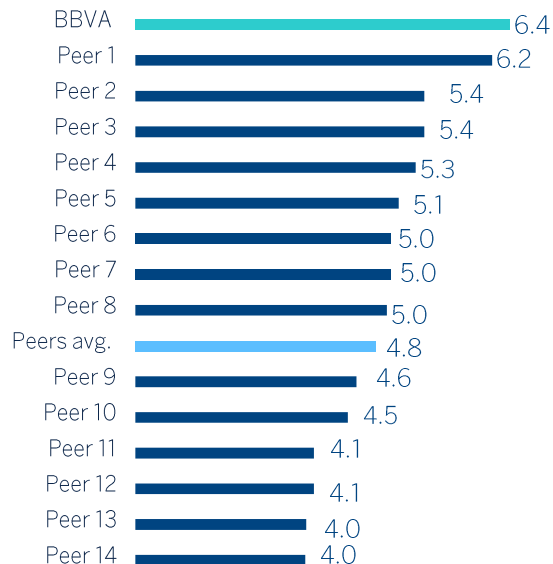
Sep.18 European peers / Dec.18 BBVA, %



# 1

## Fully-Loaded Leverage Ratio

Sep.18 European peers / Dec.18 BBVA, %



# 1

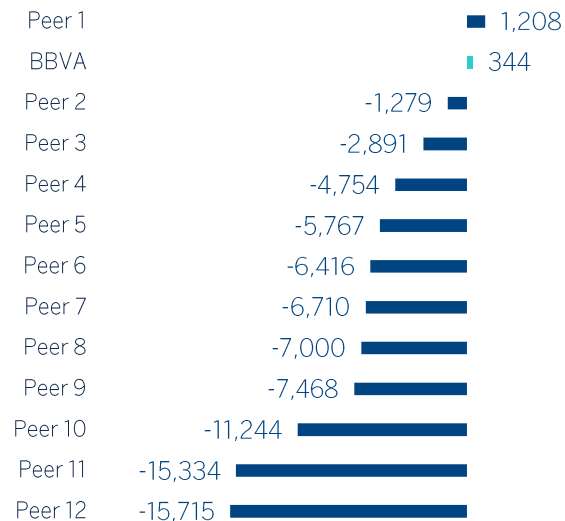
European Peer Group: BARC, BNPP, CASA, CS, CMZ, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS, UCG.

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

# 2018 EBA Stress Test results confirms BBVA's resilience

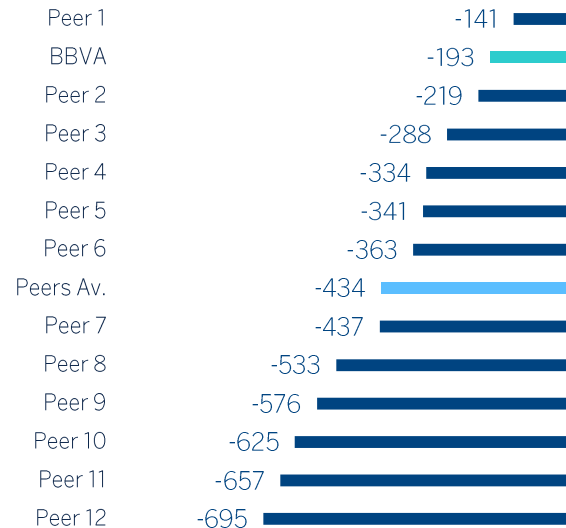
## Net Attributable Profit 2018-2020

under the adverse scenario (cumulative € Mn)



## CET1 FL Depletion 2020 vs 2017

under the adverse scenario (bps)



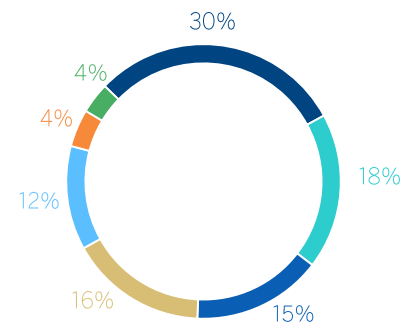
European Peer Group: BARC, BNPP, CASA, CMZ, DB, HSBC, ISP, LBG, RBS, SAN, SG, UCG.

- Positive cumulative profit 2018-2020
- Second lowest depletion under the adverse scenario

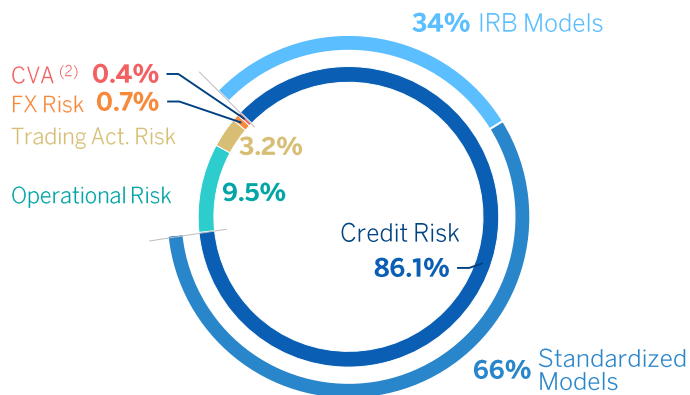
# Risk-Weighted Assets distribution

**TOTAL RWAs Fully Loaded** Dec.18 (€Mn)

348,804 €Mn



Spain (1)	103,972
USA	64,146
Mexico	53,359
Turkey	56,486
South America	42,736
Rest of Eurasia	15,449
Corporate Center	12,654



Optimizing Capital Allocation is one of BBVA's Strategic Priorities

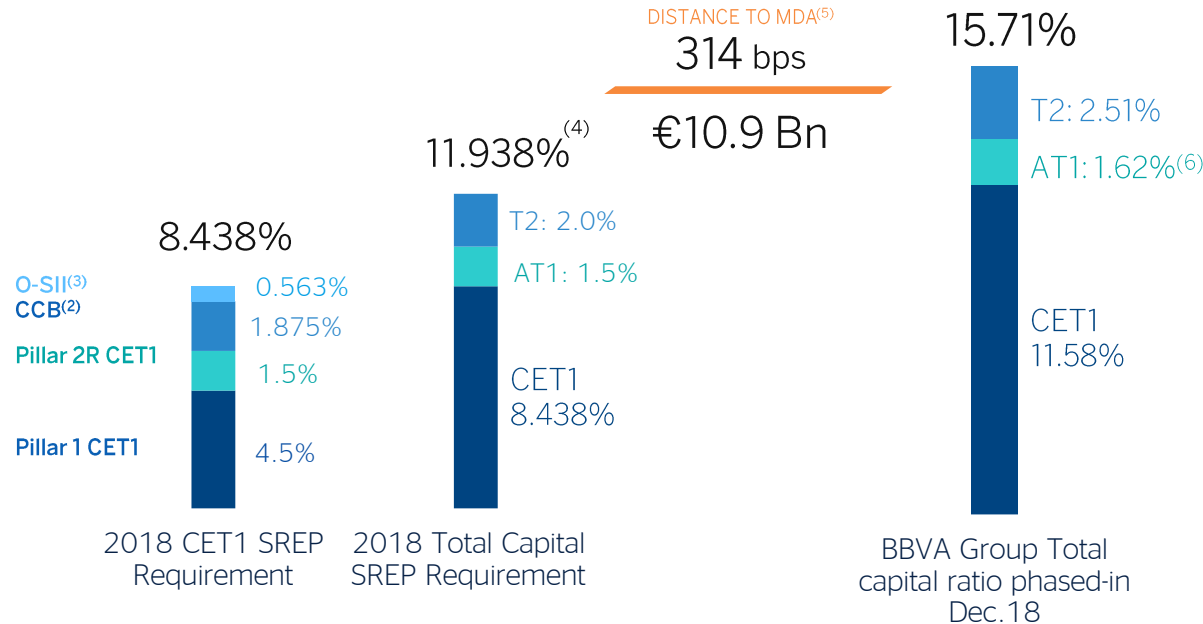
Limited usage of internal models in Credit Risk RWAs, mitigating potential impacts from future regulatory requirements

(1) Includes Banking Activity in Spain and Non Core RE; (2) Credit Valuation Adjustment.  
Note: Distribution of RWAs by type of risk and Model based on 3Q18 Pillar III report.

# Capital ratios well above requirements

## 2018 SREP Requirement and distance to MDA<sup>(1)</sup> at Group level

Dec.18



Well above 2018  
Total Capital and CET1  
SREP requirements.

Significant buffer  
to MDA: **314 bps**

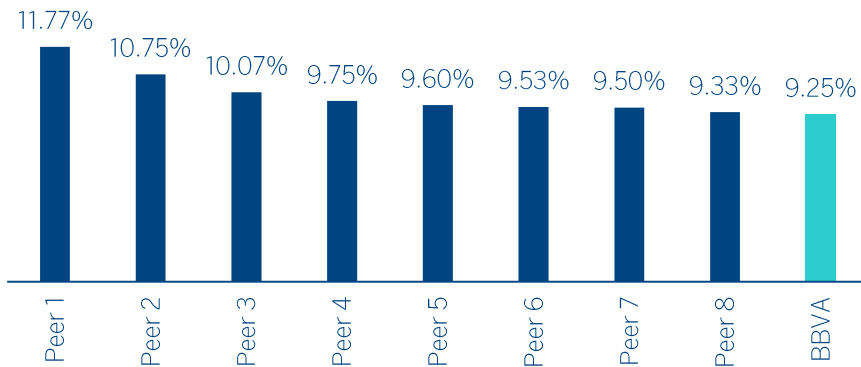
Pro-forma buffer to MDA  
on a fully loaded basis <sup>(7)</sup>:  
**209 bps**

(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) 314 bps of Buffer to MDA = 11.58% Dec-18 CET1 phased-in ratio – 8.438% 2018 CET1 SREP Requirement; (6) Excludes the 2014 €1.5 bn AT1 issuance to be redeemed in Feb.19; (7) provided for information purposes as the distance to MDA is calculated based on phased-in ratios and these are the legally binding ones

# The lowest 2018 SREP requirement among peers

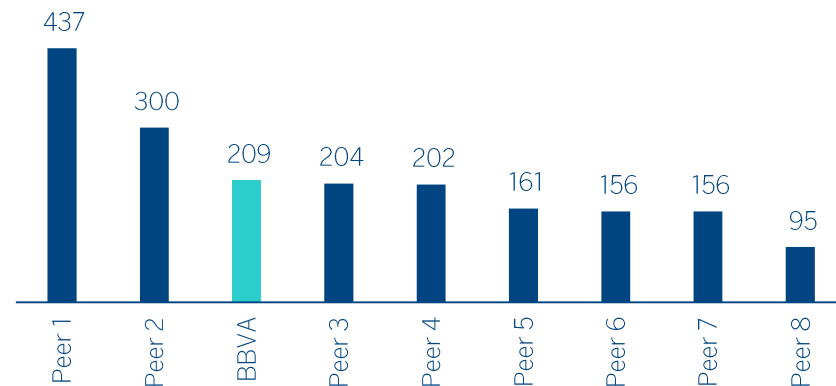
## CET1 SREP Requirement - FL

(based on 2018 requirement)



## Distance to MDA vs Fully Loaded SREP requirement

Sep.18 European peers / Dec.18 BBVA



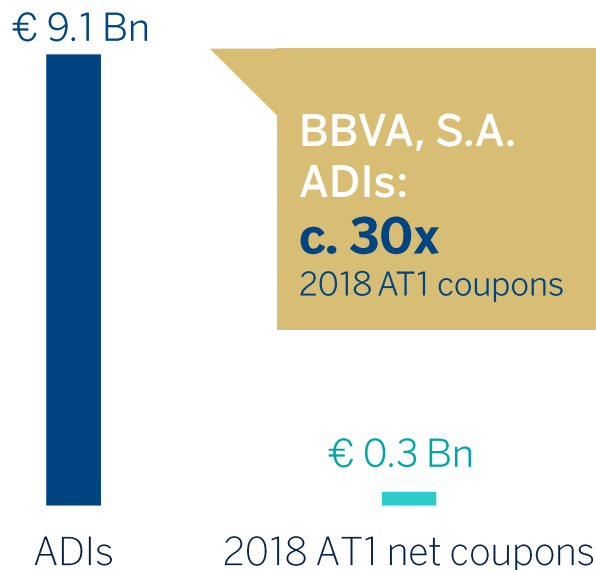
- **BBVA** had the **lowest SREP requirement** among its European peers
- BBVA 2018 SREP requirement remained **unchanged vs. 2017** one

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

# High level of Available Distributable Items (ADIs)

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

Dec.18, € 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 – 2018 Dividend – AT1 coupons. BBVA does not include within the ADIs figure the Share Premium (amounting to +€24 Bn as of December 31<sup>st</sup>, 2018).

# 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 (Dec.18)

APROX	For each currency
-2 bps	(MXN and TRY)
-1 bps	(Rest of S.Am 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

### 2019 Net Attributable Profit FX Hedging (as of Jan.19):

c. 50%	At a Group level
c. 65%	For EM Currencies (of which Mexico c.85% and Turkey c.30%)

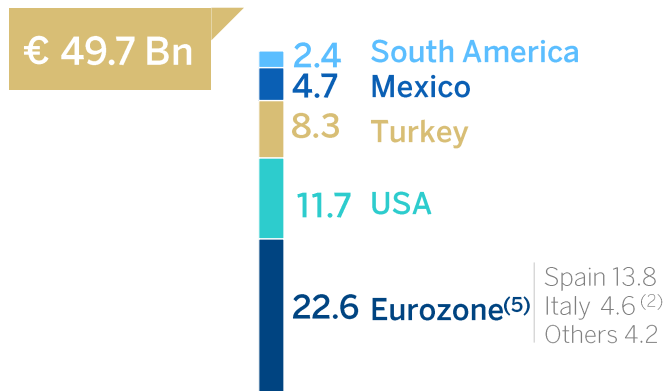
P&L hedging costs booked in the Corporate Center's NTI

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<sup>(1)</sup> Portfolio

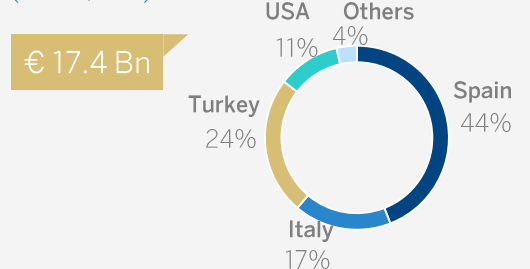
## ALCO Portfolio breakdown by region

(Dec.18, € Bn)



## o.w. HTC<sup>(3)</sup> Portfolio breakdown

(Dec.18, € Bn)



Diversified portfolio  
across BBVA's footprint

HTC<sup>(3)</sup> portfolio  
contributes to mitigate  
the overall impact of  
market volatility

## Equity HTC&S<sup>(1)</sup> portfolio – Main stake

*Telefonica*

5.13%<sup>(4)</sup>

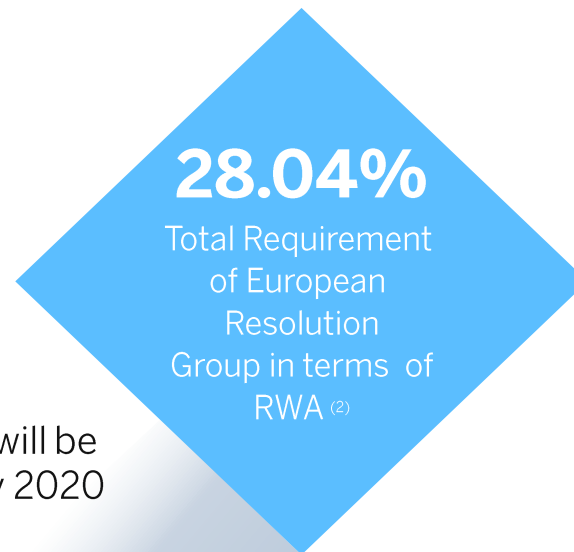
(1): HTC&S: Held to Collect and Sell; (2) Of which €0.8Bn mature in 2019; (3): HTC: Held to Collect;  
(4) BBVA's own position (does not include clients' induced positions) (5) Figures excludes SAREB bonds (€ 4.6 bn as of Dec-18)

# 06



## MREL & Funding Plan

# MREL requirement



These requirements will be binding on 1<sup>st</sup> January 2020



**BBVA considers that it currently 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 funds 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 2019 Funding plan

## Goals:

- Keep AT1 and T2 layers endowed
- Preserve compliance with MREL requirements

## Funding Plan for 2019:

- Hybrid instruments: keep buckets fulfilled, considering maturities and potential future call options
  - AT1: €1 bn AT1 PNC 5.875% issuance Sep'18
    - €1.5 bn AT1 7% issued on 2014-call announced Jan'19
    - €1.5 bn AT1 6.75% call date on Feb'20
  - Tier 2: USD 300 mn private placement in 2018
    - €1.5 bn T2 10NC5 call date on Apr'19
- SNP: expected issuance of €2.5-3.5bn <sup>(1)</sup>
  - Roll over of non-capital wholesale funding maturities into MREL eligible instruments
- Senior and covered bonds: dependent on Euro BS evolution

(1) Subject to market conditions

## MREL

- More than 90% MREL eligible instruments are subordinated
- Limited amount of corporate deposits accounted as MREL eligible liabilities
- Wholesale debt maturity profile offers flexibility to keep refinancing current instruments into new SNP, if required

Already complying with MREL

This plan maintains BBVA's solid capital structure, ensuring continuous fulfillment of MREL

# 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

## B 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

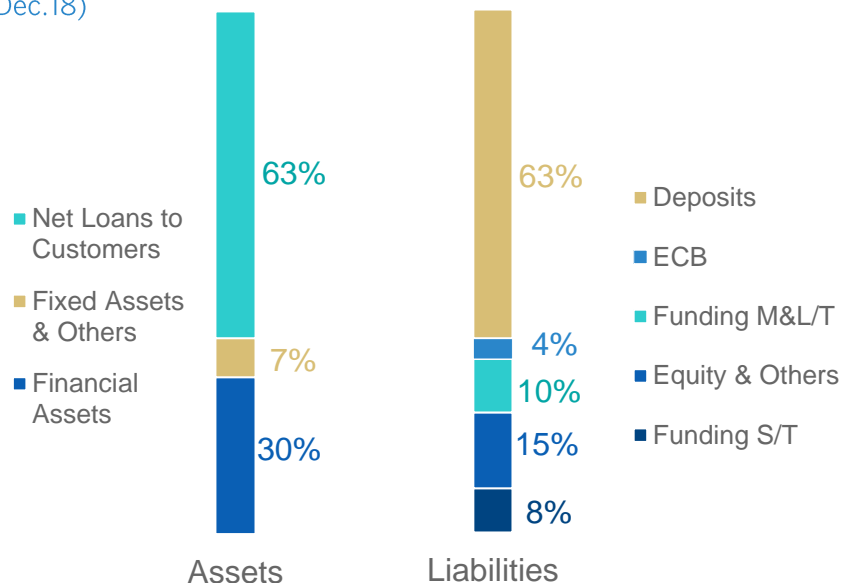
- Medium term orientation / consistent with retail banking
- Improves risk assessment: imposes market discipline and proper incentives to reach sustainable credit growth
- Absence of cross-funding or cross-subsidies
- Helps development of local capital markets
- It curtails the risk of contagion: natural 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 <sup>(1)</sup>

(Dec.18)



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

## BBVA Group Liquidity metrics

(Dec.18)

	Euroz. <sup>(2)</sup>	USA	Mexico	Turkey	S. Amer
LTD <sup>(3)</sup>	100%	95%	101%	101% <sup>(5)</sup>	96%

LCR	145%	143% <sup>(4)</sup>	154%	209%	well >100%
-----	------	---------------------	------	------	------------

**LCR Group  
127%<sup>(6)</sup>**

(2) Perimeter: Spain+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

(6) The ratio would stand at 154% when considering the excess liquidity level in the subsidiaries

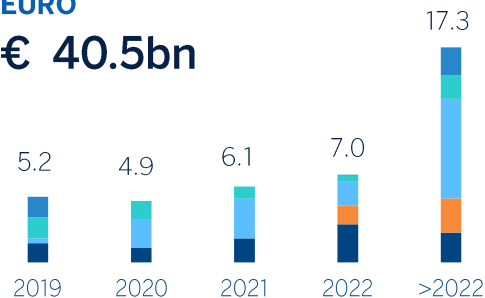
Comfortable  
liquidity position

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

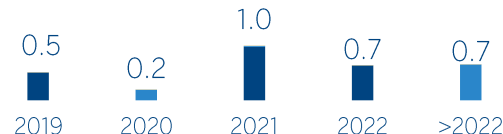
# Broaden geographical diversification of access to market

Medium & long-term wholesale funding maturities (Dec.18; € bn)

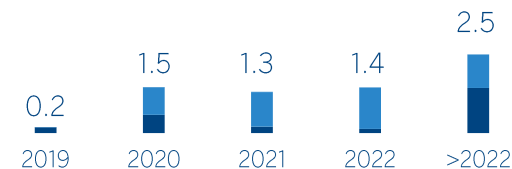
**EURO**  
€ 40.5bn



**USA**  
€ 3.1 bn

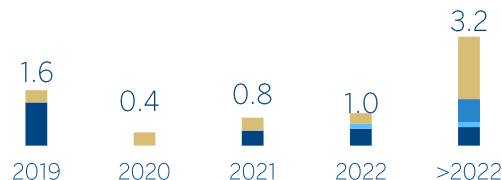


**MEXICO**  
€ 6.9 bn

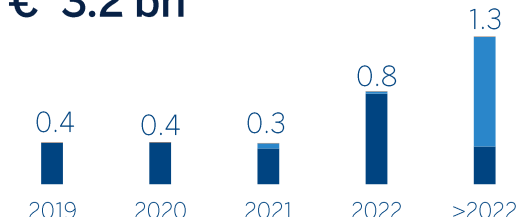


**TURKEY\***  
€ 7 bn

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



**S. AMERICA\*\***  
€ 3.2 bn



Outstanding amounts as of Dec.18  
FX as of Dec.18: EUR = 1.15 USD; EUR = 22.49 MXN; EUR = 6.06 TRY

\*Not including USD 2.4 bn from Syndicated loans and USD 2.1 bn, mainly bilateral loans and other ST funding

\*\*In Chile, only Forum, BBVA closed the sale of its stake in BBVA Chile in July 6<sup>th</sup>. Included: Argentina, Colombia, Peru, Uruguay, Paraguay

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

# Turkey – Liquidity & Funding Sources

- LTD ratio 101%, 15** p.p. improvement in the year, mainly driven by a reduction in **Local Currency LTD**. On top of this **Foreign Currency LTD** improved by 7 p.p. to 65%
- Liquidity Coverage Ratio** (EBA): **209%** vs. 100% required for 2018
- Foreign Currency loans** decreased by 19% in 2018
- Limited External wholesale funding** needs: USD 12.4 Bn

## FC Liquidity Buffers

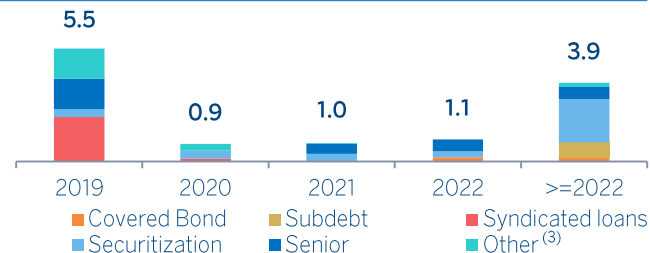
- ✓ Short Term Swaps
- ✓ Unencumbered FC securities
- ✓ FC Reserves under ROM<sup>(1)</sup>
- ✓ Money Market Placements

**c.USD 11 Bn** liquidity buffer

Note: All figures are Bank-only, as of Dec.18.

(1) ROM: Reserve Option Mechanism

## External Wholesale Funding Maturities<sup>(2)</sup> (USD Bn)



**USD 12.4 Bn** including syndicated loans

(2) Includes TRY covered bonds and excludes on balance sheet IRS transactions

(3) Other includes mainly bilateral loans, secured finance and other ST funding

Ample liquidity buffers and limited wholesale funding maturities,  
USD 5.5 Bn in 2019, including syndicated loans

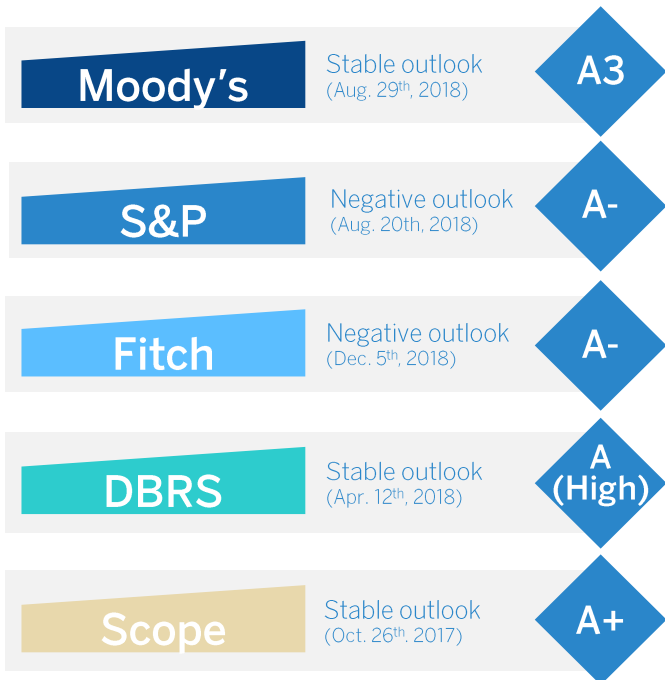
# 08



Ratings

# BBVA Group Ratings by Agency <sup>(1)</sup>

## BBVA Long Term Issuer / Senior Unsecured Ratings



## BBVA Ratings by type of instrument

	Moody's	S&P	Fitch	DBRS	Scope
Investment grade	Aaa	AAA	AAA	<b>AAA CB</b>	<b>AAA CB</b>
	<b>Aa1 CB</b>	AA+	AA+	AA (H)	AA+
	Aa2	AA	AA	AA	AA
	Aa3	<b>AA- CB</b>	AA-	AA (L)	AA-
	A1	A+	A+	<b>A (H) Senior</b>	<b>A+ Senior</b>
	A2	A	A	A	<b>A SNP</b>
	<b>A3 Senior</b>	<b>A- Senior</b>	<b>A- Senior / SNP</b>	<b>A (L) T2</b>	A-
	Baa1	<b>BBB+ SNP</b>	<b>BBB+ T2</b>	BBB (H)	BBB+
	<b>Baa2 SNP</b>	<b>BBB T2</b>	BBB	BBB	BBB
	<b>Baa3 T2</b>	BBB-	BBB-	BBB (L)	BBB-
	Ba1	BB+	BB+	BB (H)	<b>BB+ AT1</b>
Non Investment Grade	<b>Ba2 AT1</b>	BB	<b>BB AT1</b>	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. Ratings as of February 1<sup>st</sup>, 2019.

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

# 09

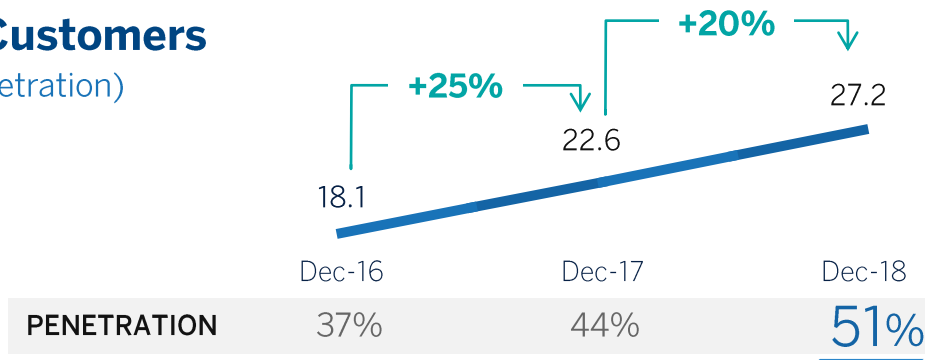


## Transformation Strategy

# Digital Customers – BBVA Group

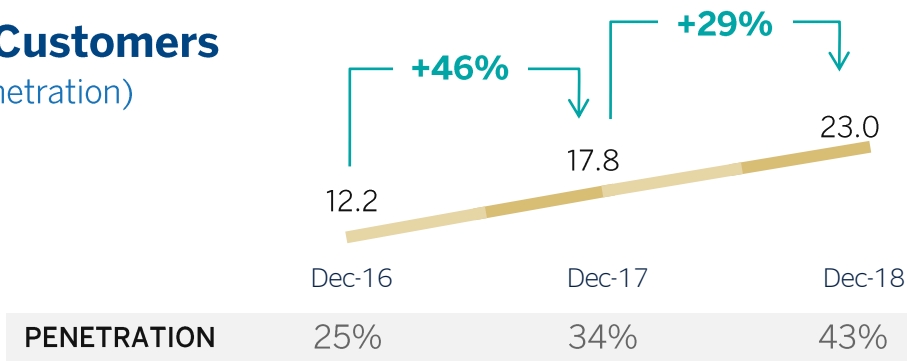
## Digital Customers

(Mn, % penetration)



## Mobile Customers

(Mn, % penetration)



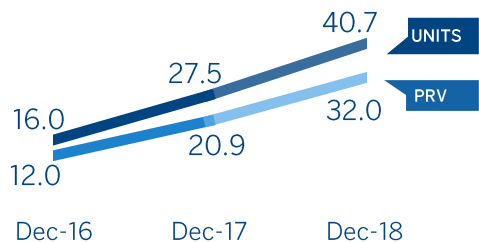
**2019 Goal:**  
**50% mobile**  
**customers**



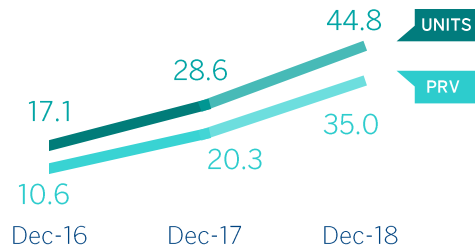
# Digital Sales

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

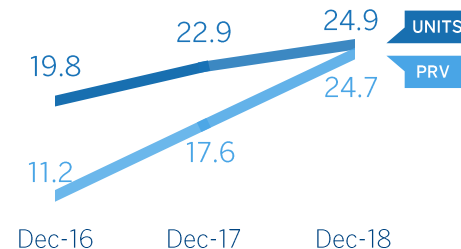
## GROUP



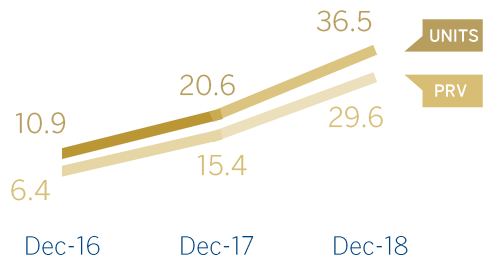
## SPAIN



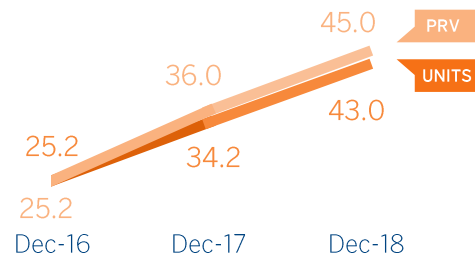
## USA



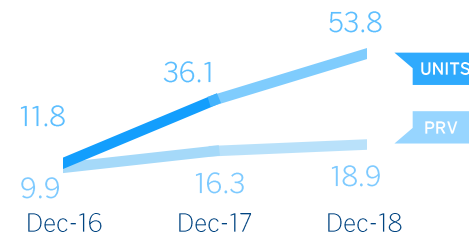
## MEXICO



## TURKEY



## SOUTH AMERICA



Figures have been restated due to the inclusion of additional products. Group and South America figures exclude Venezuela and Chile. (\*) Product Relative Value as a proxy of a better economic representation of units sold

Strong growth across markets

# APPENDIX

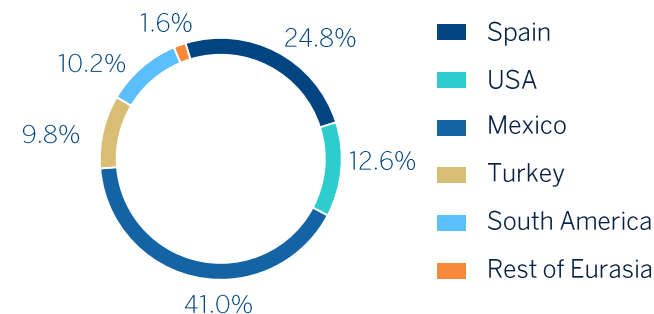


- BBVA Group 2018 Profit & Loss
- Risk Indicators by Areas
- Capital Base: BBVA Group & BBVA S.A.
- BBVA, S.A.: 2018 SREP Requirement and distance to MDA
- Debt Issuances – 2017/2019YTD
- Amortized notes – 2017/2019YTD

# BBVA Group 2018 Profit & Loss

BBVA Group (€m)	12M18	12M17	Change 12M18/12M17	
			%	% constant
<b>Net Interest Income</b>	<b>17,591</b>	<b>17,758</b>	<b>-0.9</b>	<b>10.8</b>
Net Fees and Commissions	4,879	4,921	-0.8	8.9
Net Trading Income	1,223	1,968	-37.8	-33.9
Other Income & Expenses	54	622	-91.4	-90.2
<b>Gross Income</b>	<b>23,747</b>	<b>25,270</b>	<b>-6.0</b>	<b>4.3</b>
Operating Expenses	-11,702	-12,500	-6.4	2.5
<b>Operating Income</b>	<b>12,045</b>	<b>12,770</b>	<b>-5.7</b>	<b>6.2</b>
Impairment on Financial Assets	-3,981	-4,803	-17.1	-12.0
Provisions and Other Gains and Losses	-483	-1,036	-53.3	-51.8
<b>Income Before Tax</b>	<b>7,580</b>	<b>6,931</b>	<b>9.4</b>	<b>30.4</b>
Income Tax	-2,062	-2,169	-4.9	9.2
Corporate Operations Income	633	0	n.s.	n.s.
Non-controlling Interest	-827	-1,243	-33.5	-11.7
<b>Net Attributable Profit</b>	<b>5,324</b>	<b>3,519</b>	<b>51.3</b>	<b>78.2</b>
BBVA Chile impact (capital gains in 2018 and recurrent operations in 2017 and 2018)	697	127	n.s.	n.s.
Telefónica impairment and capital gains from CNCB sale	0	-931	n.s.	n.s.
<b>Net Attributable Profit</b> (ex-BBVA Chile impact & ex-Telefónica imp. and CNCB sale in 2017)	<b>4,627</b>	<b>4,324</b>	<b>7.0</b>	<b>21.9</b>

## Net Attributable Profit breakdown (%, 2018)



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

# Risk Indicators by Areas

NPL ratio			
(%)	Dec.17	Sep.18	Dec.18
<b>BBVA Group</b>	<b>4.6</b>	<b>4.1</b>	<b>3.9</b>
Banking activity in Spain	5.5	5.0	4.6
The United States	1.2	1.1	1.3
Mexico	2.3	2.0	2.1
Turkey	3.9	5.2	5.3
Argentina	0.8	1.1	2.0
Peru	3.8	4.1	4.0
Colombia	5.3	5.8	6.0
Rest of Eurasia	2.4	1.6	1.7

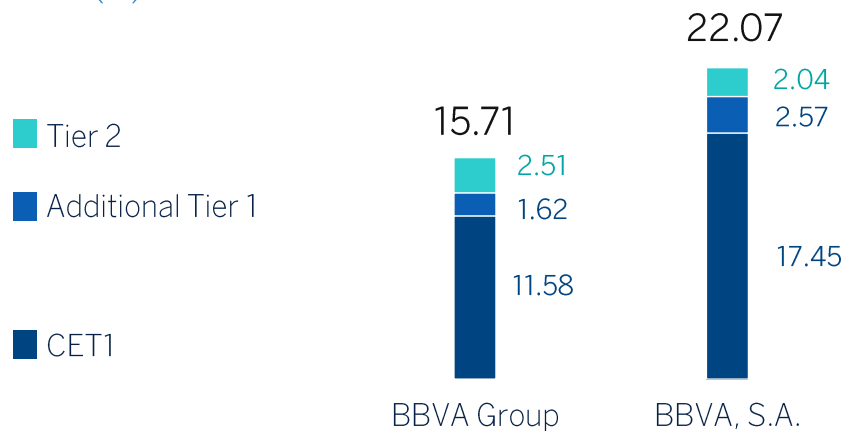
Cost of Risk YtD			
(%)	Dec.17	Sep.18	Dec.18
<b>BBVA Group</b>	<b>0.89</b>	<b>0.90</b>	<b>1.01</b>
Banking activity in Spain	0.32	0.22	0.21
The United States	0.42	0.33	0.39
Mexico	3.25	2.82	3.07
Turkey	0.82	1.72	2.44
Argentina	0.61	1.22	1.60
Peru	1.14	1.40	0.98
Colombia	2.59	1.95	2.16
Rest of Eurasia	-0.16	0.13	-0.11

NPL coverage ratio			
(%)	Dec.17	Sep.18	Dec.18
<b>BBVA Group</b>	<b>65</b>	<b>73</b>	<b>73</b>
Banking activity in Spain	50	56	57
The United States	104	101	85
Mexico	123	150	154
Turkey	85	77	81
Argentina	198	175	111
Peru	100	99	94
Colombia	88	102	100
Rest of Eurasia	74	101	83

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

## Phased-in capital ratios

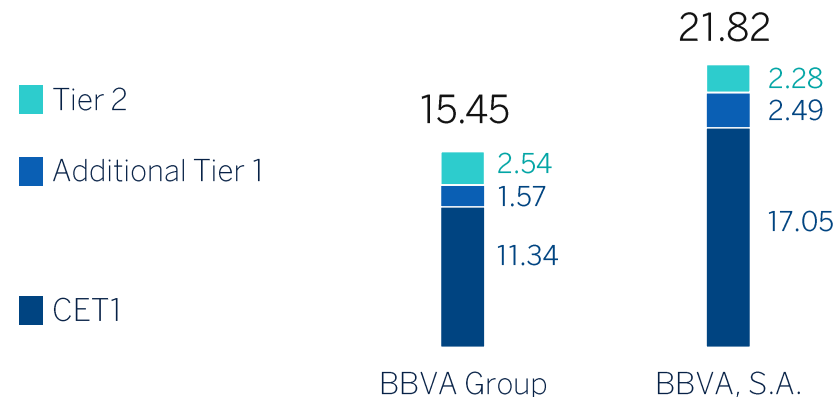
Dec.18 (%)



CET1	€ 40,313 m	€ 33,977 m
AT1	€ 5,634 m	€ 5,005 m
T2	€ 8,756 m	€ 3,975 m
<b>Total Capital Base</b>	<b>€ 54,703 m</b>	<b>€ 42,957 m</b>
<b>RWA</b>	<b>€ 348,264 m</b>	<b>€ 194,663 m</b>

## Fully-loaded capital ratios

Dec.18 (%)

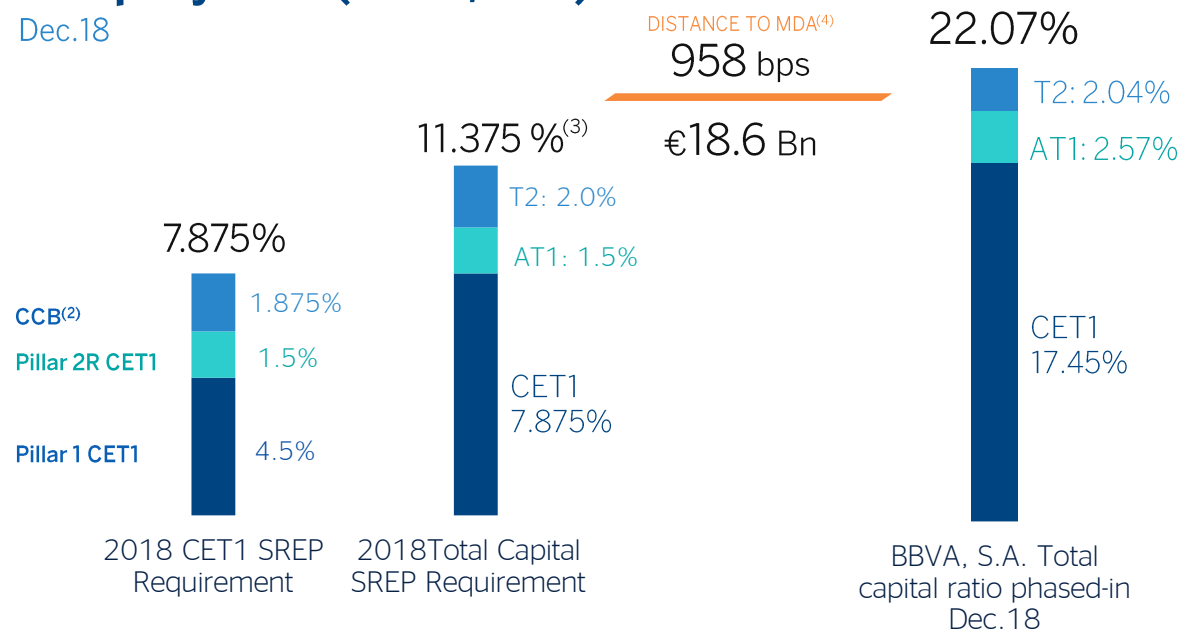


CET1	€ 39,571 m	€ 33,255 m
AT1	€ 5,475 m	€ 4,863 m
T2	€ 8,861 m	€ 4,455 m
<b>Total Capital Base</b>	<b>€ 53,907 m</b>	<b>€ 42,573 m</b>
<b>RWA</b>	<b>€ 348,804 m</b>	<b>€ 195,083 m</b>

# Capital ratios well above requirements

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

Dec.18



Well above 2018  
Total Capital and CET1  
SREP requirements

Significant buffer  
to MDA: **958 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) 958 bps of Buffer to MDA = 17.45% Dec-18 CET1 phased-in ratio - 7.875% 2018 CET1 SREP Requirement.

# Debt Issuances – 2017 - 2019YTD

## BBVA, S.A.

Product	Issue Date	Call Date	Maturity	Nominal currency	Coupon	ISIN
AT1	Sep-18	Sep-23	Perp	€ 1,000 M	5.875%	ES0813211002
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	6.125%	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	ISIN
Senior Unsec	Jun-18	May-21	Jun-21	\$ 1.150 M	Fixed 3.5% FRN 3ML+73 bps	US20453KAC99 US20453KAD72
Senior Unsec	Jun-17	May-22	Jun-22	\$ 750 M	2.875%	XS1617531063

## 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

# Called notes – 2017 - 2019YTD

	Product	Issue Date	Redemption	Outstanding currency (M)	Coupon
BBVA, S.A.	AT1	Feb-14	Feb-19	€ 1,500	7.00%
	AT1	May-13	May-18	\$ 1,500	9.00%
	Tier 2	Feb-07	Feb-18	€ 257	3ME+0.80%
BBVA Subordinated Capital	Tier 2	Oct-05	Jan-18	€ 99	3ME+0.80%
BBVA International Preferred, S.A. Unipersonal	Preferred	Apr-07	Apr-17	\$ 600	5.919%
	Preferred	Sep-06	Mar-17	€ 164	3ME+1.95%
	Preferred	Sep-05	Mar-17	€ 86	3ME+1.65%
BBVA Mexico	Tier 2	May-07	May-17	\$ 500	6%
BBVA Peru	Tier 2	May-07	May-17	PEN 40	5.85%
BBVA USA <sup>(1)</sup>	Tier 2	Jun-03/04	Sept/Oct-17	\$ 100	3ML+2.81% <sup>(2)</sup>

(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

# Fixed Income Presentation

4Q18