



BBVA Global Risk Management

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2 Strong Risk Indicators

3 View by Business Area

4 Conclusions

1

Global Risk Management Model

Global Risk Management Model

The risk management model provides **strength** and **stability** to the Group, supporting the Group's management and strategy

*General Model
for Risk Control
& Management*

1

Governance & Organization

Roles, responsibilities and management framework

2

Risk appetite principles

Level of risk willing to be assumed

3

Decision-making and processes

Appetite cascading into daily risk management

4

Assessment, Monitoring & Reporting

Dynamic and anticipatory control of the risk function

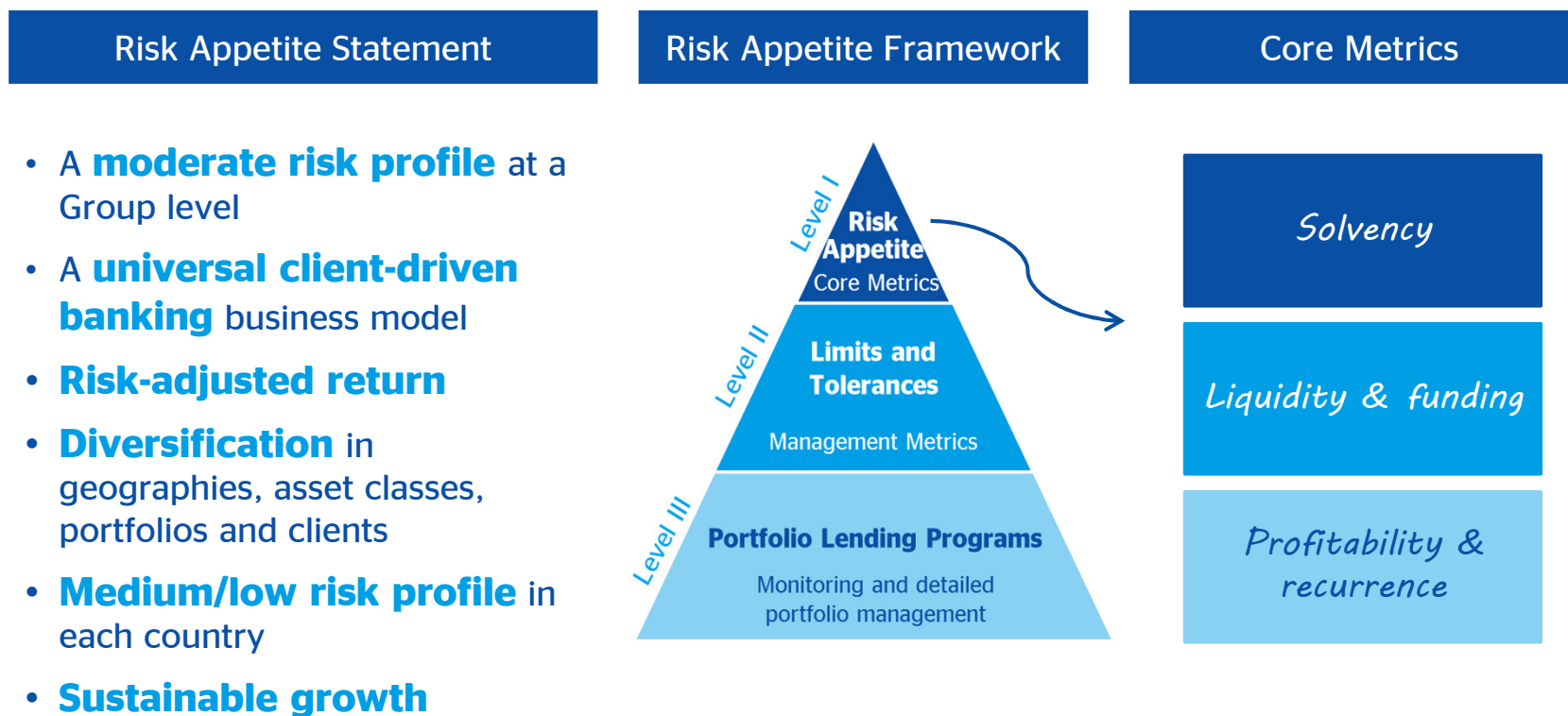
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Risk Infrastructures

Resources for effective management and risk control

Global Risk Management Model

Risk appetite principles



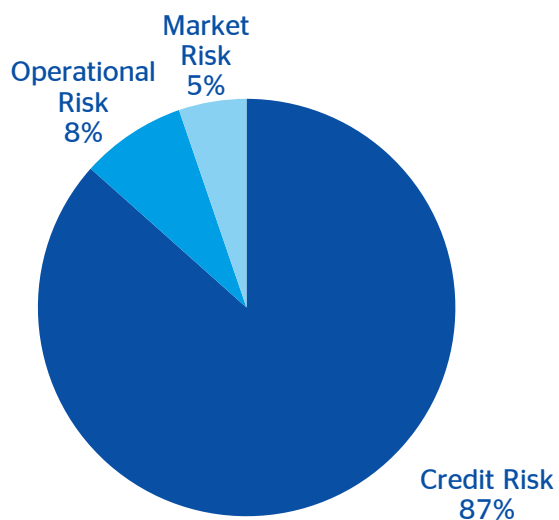
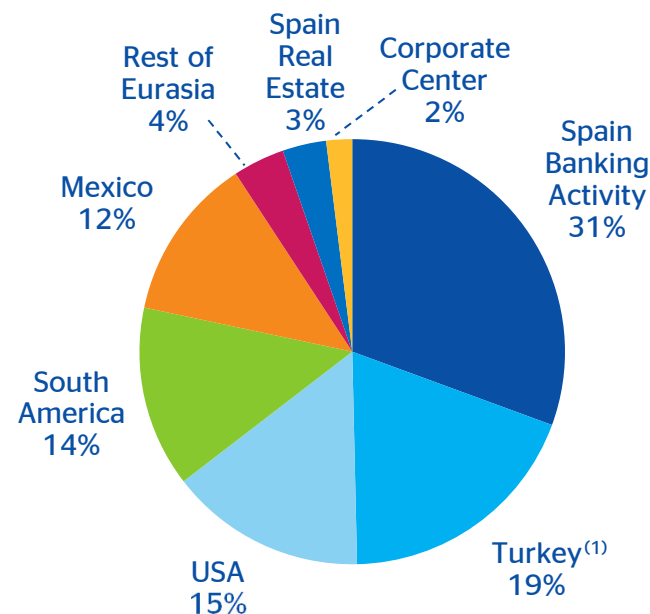
The Global Model is adopted in each business unit reflecting their specific features in an assigned Risk Appetite Framework and individual Core Metrics

2

Strong Risk Indicators

BBVA Group

A client-driven business in a well-diversified footprint

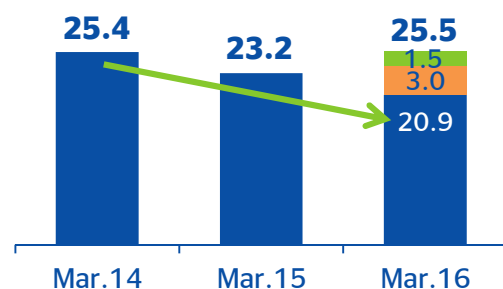
RWAs breakdown by type of risk
Mar.16**RWAs breakdown by business unit**
Mar.16**Total RWAs: € 399 Bn**

(1) Turkey includes 100% of Garanti's RWAs.

BBVA Group: Credit Quality

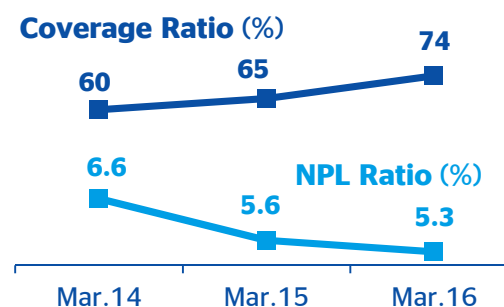
Continuous improvement thanks to Spain's recovery

Non-Performing Loans (€ Bn)

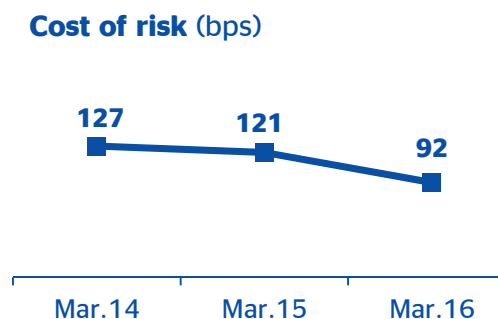


- Garanti (fully consolidated)
- CX
- BBVA Group

NPL and Coverage Ratios (%)



Cost of Risk (bps) ⁽¹⁾



A balanced approach between profitability and risk in Emerging Markets, maintaining ROEs above the system ⁽²⁾

(1) Cumulative data; (2) ROE as of December, 2015 (local criteria): Mexico: BBVA Bancomer 20.5% vs. 10.9% for the system; Turkey: Garanti 12.1% vs. 11.3% peers' average; Colombia: BBVA 19% vs. 16.9% for the system; Peru: BBVA 25.4% vs. 23.6% for the system; Argentina: BBVA 32.1% vs. 30.9% for the system; Chile: 15% vs. 15% for the system

3

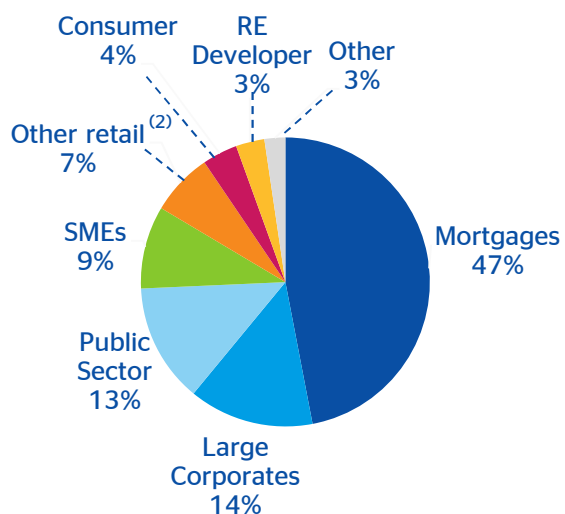
View by
Business Area

Spain (including Real Estate)

Cost of risk normalization as the main P&L driver

A portfolio mix biased to residential mortgages

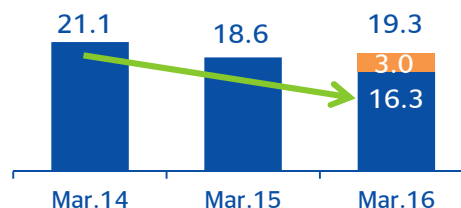
Performing loans breakdown ⁽¹⁾
Mar.16



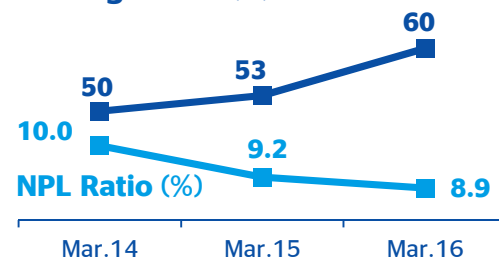
Total performing loans:
€ 178 Bn

2016e CoR < 60bps,
a conservative guidance

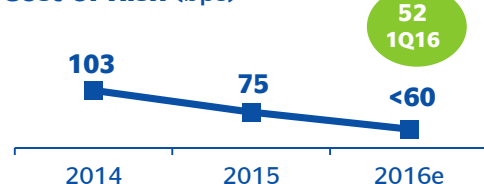
NPLs (€ Bn) ■ BBVA ex CX ■ CX



Coverage Ratio (%)



Cost of Risk (bps)



Better asset quality than peers

Asset quality indicators ⁽³⁾
Mar.16

NPL Ratio (%)



Coverage Ratio (%)



Cost of Risk (bps)



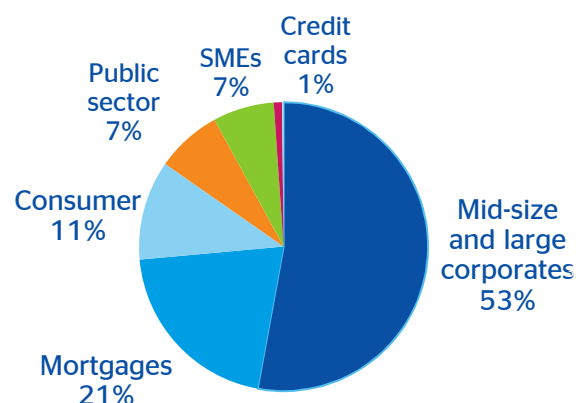
(1) Excluding Repos. (2) Very small businesses. (3) Including Banking Activity in Spain and Real Estate loans. Peers include: Bankia, Bankinter, Caixabank, Popular, Sabadell and Santander.

USA

Risk indicators impacted by Oil & Gas sector

Growth biased to commercial and consumer portfolios

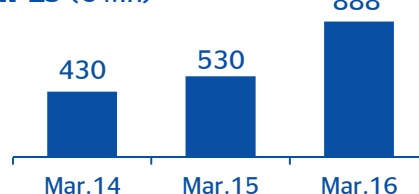
Performing loans breakdown ⁽¹⁾
Mar.16



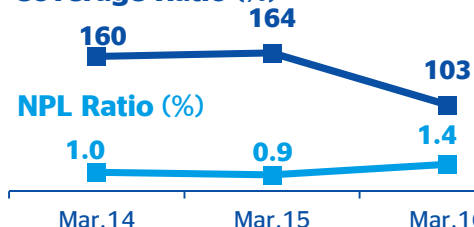
Total performing loans:
€ 58.2 Bn

Risk indicators setback from historically low levels

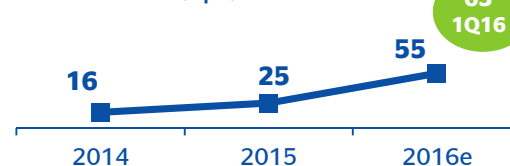
NPLs (€ Mn)



Coverage Ratio (%)



Cost of Risk (bps)



Closely monitoring BBVA Compass' Oil & Gas portfolio

Key figures

Mar.16

Exposure ⁽²⁾

€ 3.9 Bn

As % of
Credit Risk

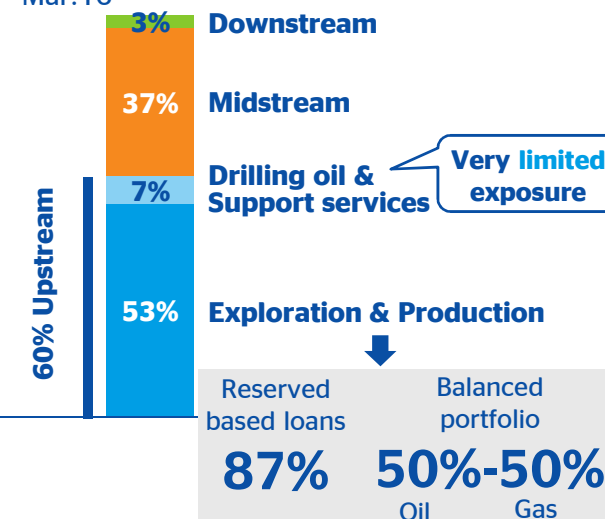
6.8%

NPL Ratio

12.4%

Subsector breakdown

Mar.16



Revision of 2016e CoR guidance to 55 bps

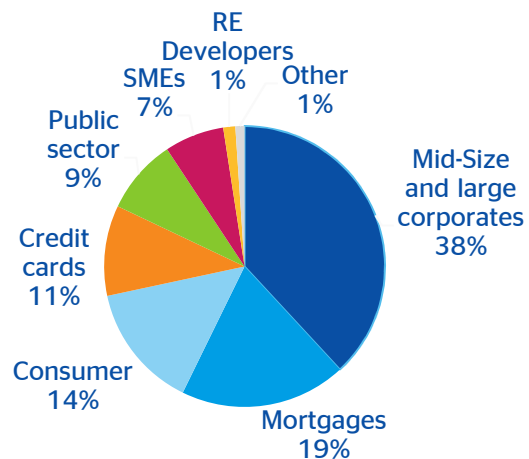
(1) Excluding Repos. (2) Funded exposure.

BBVA Bancomer

Focus on profitability, having asset quality in mind

Retail growth rate accelerating to reach a pace similar to commercial

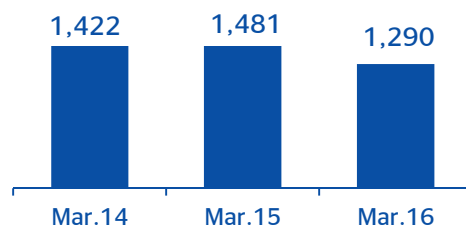
Performing loans breakdown ⁽¹⁾
Mar.16



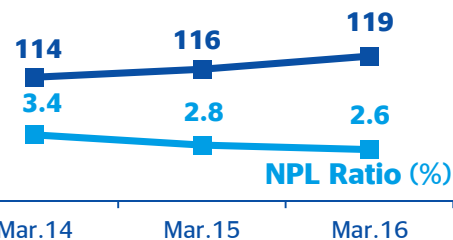
Total performing loans:
€ 47.6 Bn

2016e CoR to slightly deteriorate to ~ 350 bps

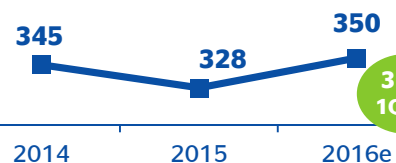
NPLs (€ Mn)



Coverage Ratio (%)



Cost of Risk (bps)



Maintaining better asset quality than peers

Asset quality indicators ⁽²⁾

Local criteria data (Mar.16)

NPL Ratio (%)



Coverage Ratio (%)



Cost of Risk (bps)



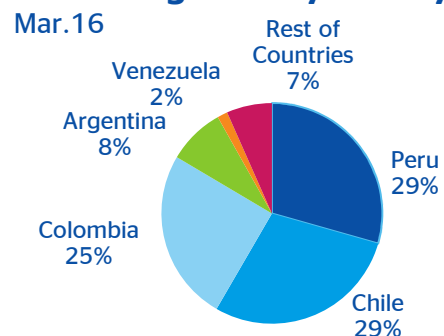
(1) Excluding Repos. (2) Source: CNBV. System's data exclude BBVA Bancomer.

South America

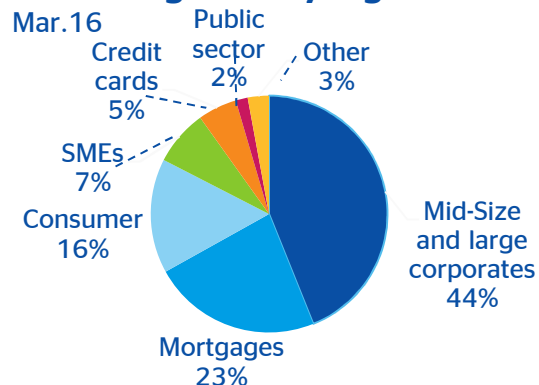
Sound asset quality despite lower GDP growth

A loan portfolio biased to the Andean region and commercial segments

Performing loans by country ⁽¹⁾



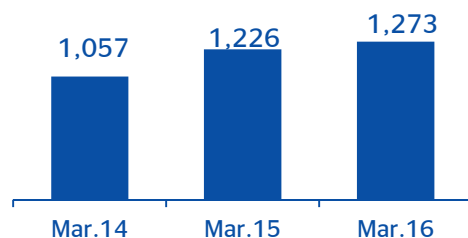
Performing loans by segment ⁽¹⁾



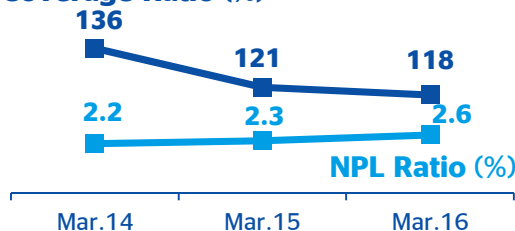
Total performing loans:
€ 42.7 Bn

Limited impact of macro headwinds:
2016e CoR ~ 140 -145 bps
(+15/20 bps vs. Dec.15)

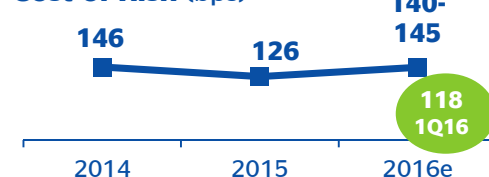
NPLs (€ Mn)



Coverage Ratio (%)



Cost of Risk (bps)



Better asset quality than
peers' average in every country

Asset quality indicators ⁽²⁾

Local criteria data (Jan.16)

NPL Ratio (%)



Coverage Ratio (%)



Cost of Risk (bps)

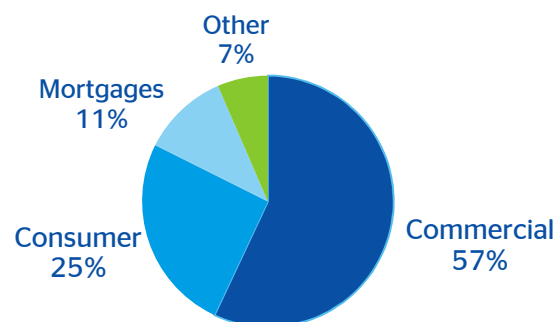


(1) Excluding Repos. (2) Source: Local Superintendencies. System's data exclude BBVA.

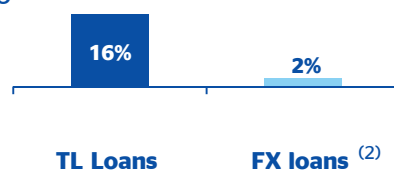
Garanti

Well-positioned to cope with short-term volatility

Selective lending strategy

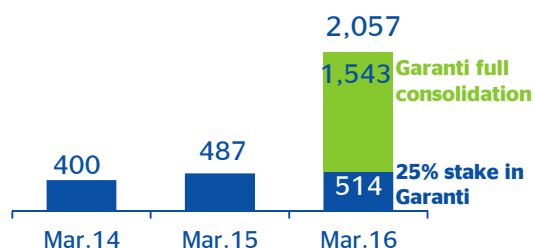
Performing loans breakdown ⁽¹⁾
Mar.16

Total performing loans:
€ 56.9 Bn

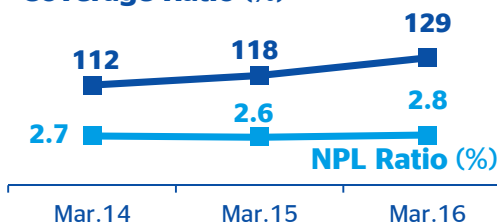
YoY Performing loans growth
Mar.16

Stability of 2016e CoR ~ 110 bps

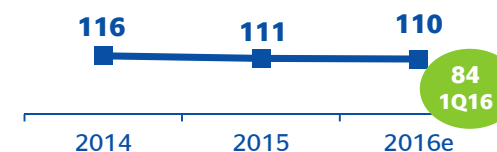
NPLs (€ Mn)



Coverage Ratio (%)



Cost of Risk (bps)



Maintaining better asset quality than peers

Asset quality indicators ⁽³⁾
Local criteria data (Mar.16)

NPL Ratio (%)



Coverage Ratio (%)



Net Cost of Risk (bps)



(1) Excluding Repos. (2) In US\$. (3) Peers include: Akbank, Halkbank, Isbank, Vakif Bank and Yapi Kredi. (4) Excluding collateral re-assessment related extra provision.

4

Conclusions

Takeways

1

Well-established and **fully integrated**
Risk Management model

2

A **client driven** business in a **well-diversified** footprint

3

Medium-low risk profile

4

Resilient risk indicators



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