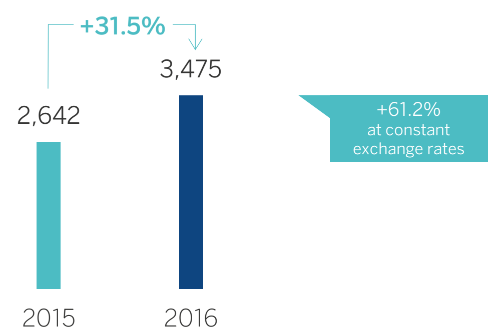
2. 1. BBVA in figures

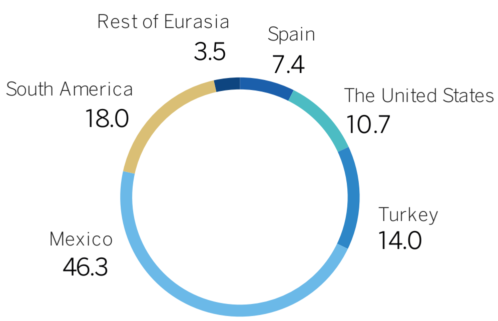
2. 1. 1. Results

In 2016, BBVA Group generated a **net attributable profit** of €3,475m, with a positive trend despite the difficult macroeconomic environment during the year and the need for a provision related to the so called "mortgage floor clauses". This positive trend is supported by good geographic diversification and a well defined and executed strategy.

Net attributable profit (Million euros)



Net attributable profit breakdown[1] (Percentage)

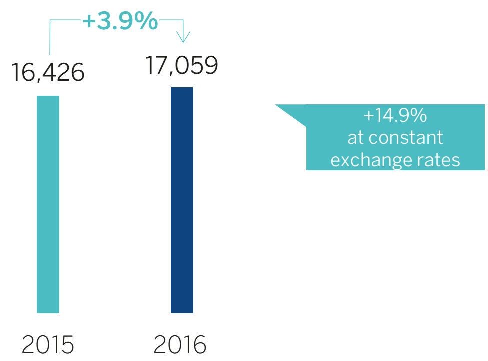


[1] Excludes the Corporate Center.

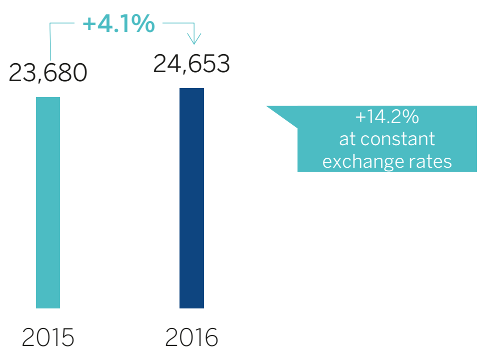
Highlights:

1. Positive performance of revenues.

Net interest income (Million euros)

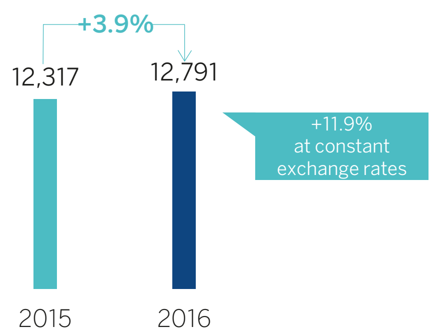


Gross income (Million euros)

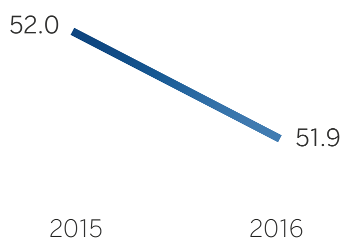


2. Limited growth of operating expenses, which have grown below the rate of increase in gross income; thus improving the efficiency ratio.

Operating expenses (Million euros)

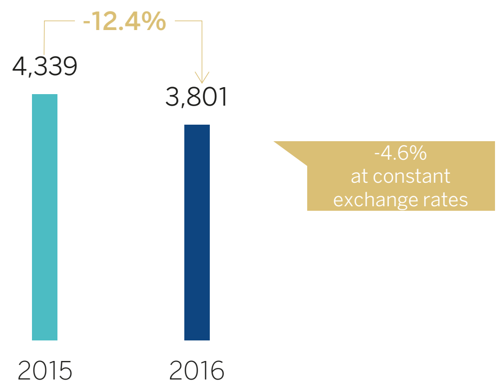


Efficiency ratio (Percentage)



3. Reduction in impairment losses on financial assets.

Impairment losses on financial assets (Million euros)



4. Increase in allocation to provisions, strongly affected by the booking of the provisions covering the contingency of possible future claims by customers as a result of the judgment by the Court of Justice of the European Union (CJEU) on "mortgage floor clauses" in loans with consumers.

5. Reduction in other gains (losses), mainly as a result of increased provisioning requirements for properties.

Consumer income statement

	2016	Δ%	Δ% at constant exchange rates	2015
Net interest income	17,059	3.9	14.9	16,426
Net fees and commissions	4,718	0.3	8.5	4,705
Net trading income	2,132	6.1	16.2	2,009
Dividend income	467	12.4	13.5	415
Share of profit loss of entities accounted for using the equity method	25	n.m.	n.m.	8
Other operating income and expenses	252	114.5	86.5	117
Gross income	**24,653**	**4.1**	**14.2**	**23,680**
Operating expenses	(12,791)	3.9	11.9	(12,317)
Personnel expenses	(6,722)	5.4	12.6	(6,377)
Other administrative expenses	(4,644)	(0.1)	9.5	(4,650)
Depreciation	(1,426)	10.5	16.6	(1,290)
Operating income	**11,862**	**4.4**	**16.9**	**11,363**
Impairment on financial assets (net)	(3,801)	(12.4)	(4.6)	(4,339)
Provisions (net)	(1,186)	61.9	73.5	(733)
Other gains (losses)	(482)	17.0	16.6	(412)
Income before tax	**6,392**	**8.7**	**26.2**	**5,879**
Income tax	(1,699)	17.9	43.1	(1,441)
Net income from ongoing operations	**4,693**	**5.7**	**21.0**	**4,438**
Results from corporate operations [2]	-	-	-	(1,109)
Net income	**4,693**	**41.0**	**69.5**	**3,328**
Non-controlling interests	(1,218)	77.5	98.4	(686)
Net attributable profit	**3,475**	**31.5**	**61.2**	**2,642**
Attributable profit without corporate transactions	**3,475**	**(7.4)**	**6.4**	**3,752**
Earning per share (euros) [3]	**0.50**			**0.37**
Earning per share (excluding corporate operations; euros) [3]	**0.50**			**0.54**

[1] From the third quarter of 2015, BBVA's total stake in Garanti is consolidated by the full integration method. For previous periods, Garanti's revenues and costs are integrated in the proportion corresponding to the percentage of the Group's stake then (25.01%).
[2] 2015 includes the capital gains from the various sale operations equivalent to 6.34% of BBVA Group's stake in CNCB, the badwill from the CX operation, the effect of the valuation at fair value of the 25.01% initial stake held by BBVA in Garanti and the impact of the sale of BBVA's 29.68% stake in CIFH.
[3] Adjusted by additional Tier I instrument remuneration.

To ensure comparable figures, the Group's income statement with year-on-year rates of change and Turkey in comparable terms is presented below (to isolate the effects of the purchase of an additional 14.89% stake in Garanti).

Evolution of the consolidated income statement with Turkey in comparable terms [(1)] (Million euros)

	2016	Δ%	Δ% at constant exchange rates
Net interest income	17,059	(3.6)	7.0
Net fees and commissions	4,718	(5.6)	2.5
Net trading income	2,132	9.7	19.8
Other income/expenses	744	31.1	31.1
Gross income	**24,653**	**(2.2)**	**7.7**
Operating expenses	(12,791)	(1.4)	6.6
Operating income	**11,862**	**(3.1)**	**8.9**
Impairment on financial assets (net)	(3,801)	(16.5)	(8.8)
Provisions (net) and other gains (losses)	(1,669)	46.0	52.3
Income before tax	**6,392**	**(2.3)**	**13.5**
Income tax	(1,699)	7.8	30.5
Net income from ongoing operations	**4,693**	**(5.5)**	**8.4**
Results from corporate operations [(2)]	-	-	-
Net income	**4,693**	**21.7**	**45.7**
Non-controlling interests	(1,218)	9.9	24.9
Net attributable profit	**3,475**	**26.5**	**54.7**
Attributable profit without corporate transactions	**3,475**	**(9.9)**	**3.6**

[(1)] Variations taking into account the financial statements of Garanti Group calculated by the full integration method since January 1, 2015, without involving a change of the data already published.
[(2)] 2015 includes the capital gains from the various sale operations equivalent to 6.34% of BBVA Group's stake in CNCB, the badwill from the CX operation, the effect of the valuation at fair value of the 25.01% initial stake held by BBVA in Garanti and the impact of the sale of BBVA's 29.68% stake in CIFH.

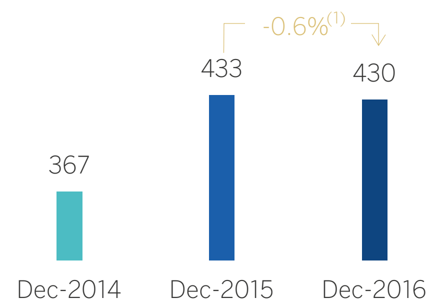
A detailed explanation about the Group's results can be found in the Consolidated Annual Accounts, the Management Report and the Auditors' Report.

2. 1. 2. Balance sheet and activity

BBVA Group managed €731,856m of assets as of 31-Dec-2016. The most notable aspects of this activity are:

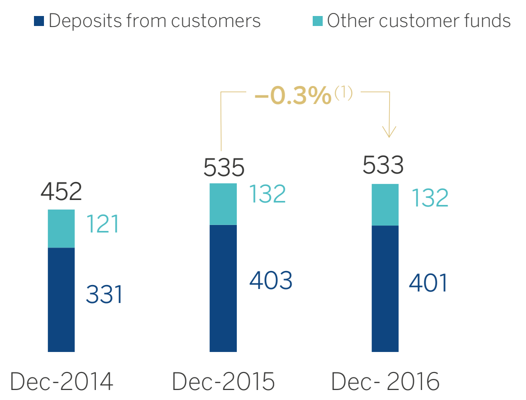
1. Slight slowdown in **lending** due to its performance in the domestic sector, though the non-domestic sector remains robust. Despite the good performance from new production in the domestic sector, its balance declined due to weaker activity with institutions and higher repayments on mortgage loans.
2. Downward trend in **non-performing loans**, particularly in Spain, Turkey and Mexico.
3. Slight downturn in **deposits**, strongly affected by a significant fall in balances from the public sector. In contrast, favorable performance of the most liquid and lower-cost items.
4. **Off-balance sheet funds** were flat, with the most outstanding features being a positive performance in Spain and the adverse exchange-rate effect.

Loans and advances to customers (gross) (Billion euros)



(1) At constant exchange rates +2.1%.

Customer funds (Billion euros)



(1) At constant exchange rates +1.5%.

Consolidated balance sheet (Million euros)

	31-12-16	Δ%	31-12-15
Cash, cash balances at central banks and other demand deposits	40,039	36.7	29,282
Financial assets held for trading	74,950	(4.3)	78,326
Other financial assets designated at fair value through profit or loss	2,062	(10.8)	2,311
Available-for-sale financial assets	79,221	(30.2)	113,426
Loans and receivables	465,977	(1.2)	471,828
Loans and advances to central banks and credit institutions	40,268	(14.6)	47,147
Loans and advances to customers	414,500	0.1	414,165
Debt securities	11,209	6.6	10,516
Held-to-maturity investments	17,696	n.m.	-
Investments in subsidiaries, joint ventures and associates	765	(13.0)	879
Tangible assets	8,941	(10.1)	9,944
Intangible assets	9,786	(2.7)	10,052
Other assets	32,418	(4.1)	33,807
Total assets	**731,856**	**(2.4)**	**749,855**
Financial liabilities held for trading	54,675	(1.0)	55,202
Other financial liabilities designated at fair value through profit or loss	2,338	(11.7)	2,649
Financial liabilities at amortized cost	589,210	(2.8)	606,113
Deposits from central banks and credit institutions	98,241	(9.6)	108,630
Deposits from customers	401,465	(0.5)	403,362
Debt certificates	76,375	(6.8)	81,980
Other financial liabilities	13,129	8.1	12,141
Memorandum item: subordinated liabilities	17,230	7.0	16,109
Liabilities under insurance contracts	9,139	(2.8)	9,407
Other liabilities	21,066	(0.6)	21,202
Total liabilities	**676,428**	**(2.6)**	**694,573**
Non-controlling interests	8,064	0.9	7,992
Accumulated other comprehensive income	(5,458)	63.0	(3,349)
Shareholders' funds	52,821	4.3	50,639
Total equity	**55,428**	**0.3**	**55,282**
Total equity and liabilities	**731,856**	**(2.4)**	**749,855**
Memorandum item:			
Collateral given	50,540	1.3	49,876

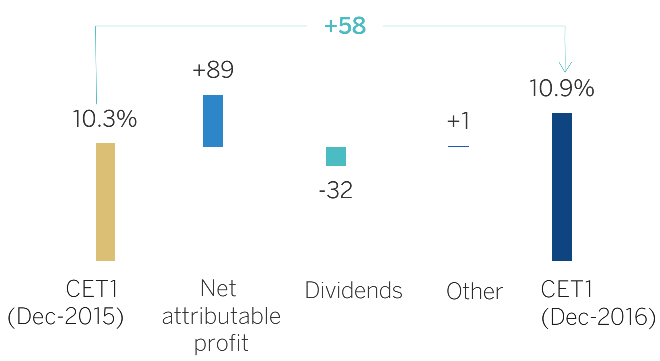
A detailed explanation about the Group's balance sheet and activity can be found in the Consolidated Annual Accounts, the Management Report and the Auditors' Report.

2. 1. 3. Solvency

BBVA Group closed 2016 with a capital adequacy position above regulatory requirements. Of note in this regard are:

1. The fully-loaded **CET1** ratio was 10.9%, with the phased-in ratio standing at 12.2%.

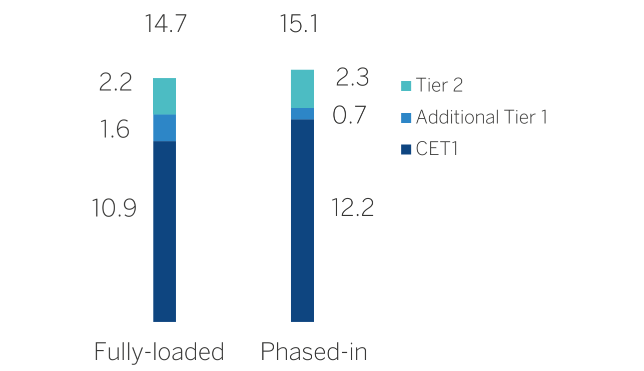
CET1 Fully-Loaded (Year-on-year trend in basis points)



We maintain our 11% CET1 fully-loaded target for 2017.

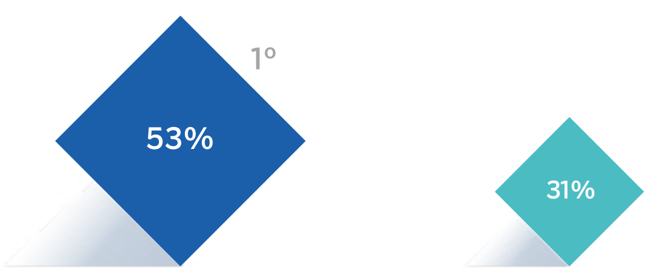
2. The total fully-loaded capital ratio closed at 14.7%, and the phased-in ratio at 15.1%

Capital ratios (Percentage. 31-12-2016)

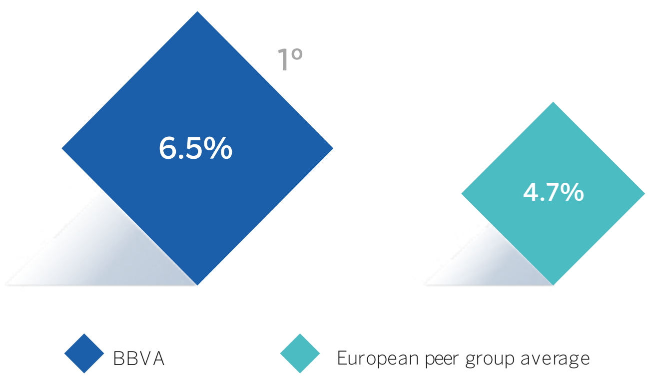


3. High capital quality, with leverage levels that continue to compare very favorably with the rest of its peer group.

RWAs/ Total assets



Leverage ratio



European peer group: BARC, BNPP, CASA, CS, CMZ, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS, UCG. European peer group figures as of September. BBVA figures as of December 2016.

Capital base [1] (Million euros)

	CRD IV phased-in				
	31-12-2016	30-09-2016	30-06-16	31-03-16	31-12-15
Common Equity Tier 1 (CET 1)	47,370	47,801	47,559	46,471	48,554
Tier 1	50,083	50,545	50,364	48,272	48,554
Tier 2	8,810	11,635	11,742	11,566	11,646
Total Capital (Tier 1 + Tier 2)	**58,893**	**62,180**	**62,106**	**59,838**	**60,200**
Risk-weighted assets	**388,951**	**389,814**	**395,085**	**399,270**	**401,277**
CET1 (%)	12.2	12.3	12.0	11.6	12.1
Tier 1 (%)	12.9	13.0	12.7	12.1	12.1
Tier 2 (%)	2.3	3.0	3.0	2.9	2.9
Total capital ratio (%)	**15.1**	**15.9**	**15.7**	**15.0**	**15.0**

[1] The capital ratios are calculated under CRD IV from Basel III regulation, applying a 60% phase-in for 2016 and a 40% for 2015.

A detailed explanation about the Group's solvency can be found in the Consolidated Annual Accounts, the Management Report and the Auditors' Report and in the Pillar III report.