

5. 4. Shareholders

BBVA seeks to **create long-term value** for all its stakeholders, particularly for its shareholders. To do so, the Bank is working hard to position itself as a model in the new environment for the banking industry, with a transformation based on and designed for the customers, transforming the business as it is today, creating new business models and maintaining a unique banking model.

Among its Strategic Priorities, BBVA includes **capital optimization** as one of the pillars to achieve its Purpose, which is: to bring the age of opportunity to everyone. Managing capital correctly will allow us to be more aware of the risks, make better decisions and have a clearer vision of the future. All this will help us to ensure greater value for our shareholders.

In **2016** BBVA Group:

- Has improved its ROE to 6.7%, from 5.2% of 2015.
- Has increased its ROA to 0.64%, from 0.46% of 2015.
- Continues to demonstrate a solid risk profile, with an NPL ratio down 48 basis points over the year to 4.9% as of 31-Dec-2016, and a cost of risk down 22 basis points to 0.84% (cumulative figure for 2016).
- Maintains sound capital adequacy ratios that are above legal requirements, with a fully-loaded CET1 of 10.9% as of 31-Dec-2016, an improvement of 58 basis points over the last twelve months.

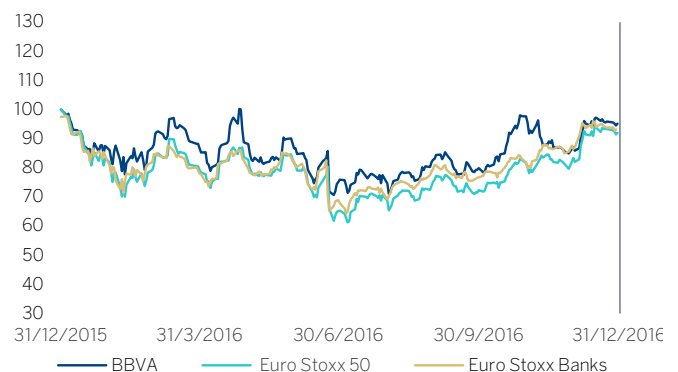
The Bank has also had to deal with a complex environment in 2016; marked by low interest rates in Europe and the United States; a slowdown in growth in developed economies; a difficult political situation in a number of regions, growing regulatory pressure; and the transformation of the banking industry mentioned earlier, with the entry of new competitors (startups and FinTech) and the increased use of mobile devices as the customers' channel of choice.

In this context, the performance of the main **stock-market indices** has varied greatly over the last twelve months. The Stoxx 50 lost 2.9%, while in the Eurozone the Euro Stoxx 50 gained 0.7% and in Spain, the Ibex 35 fell by 2.0%. The S&P 500, which tracks the share prices of U.S. companies, closed the year up 9.5%, most of the gain being in the second half of the year.

In the **banking sector**, the Stoxx Banks index of European banks, including those in the United Kingdom, slowed its decline of the first half of the year, and closed 2016 with a decline of 6.8%. The same trend is reflected in the Eurozone bank index, the Euro Stoxx Banks, which lost 8.0%. In the United States, the S&P Regional Banks sector index gained 32.4% in 2016, with the growth focused at the end the year following the results of the U.S. elections.

The **BBVA share** performed relatively better in 2016 than the European banking system as a whole. As of December 31, 2016, the BBVA share price was €6.41, a rise over the quarter of 19.2% and a year-on-year decline of 4.8%.

BBVA share evolution compared with European indices
(Base index 31-12-2015=100)



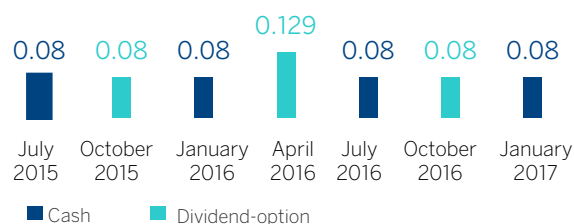
The BBVA share and share performance ratios

	31-12-16	31-12-15
Number of shareholders	935,284	934,244
Number of shares issued	6,566,615,242	6,366,680,118
Daily average number of shares traded	47,180,855	46,641,017
Daily average trading (million euros)	272	393
Maximum price (euros)	6.88	9.77
Minimum price (euros)	4.50	6.70
Closing price (euros)	6.41	6.74
Book value per share (euros)	7.22	7.47
Tangible book value per share (euros)	5.73	5.88
Market capitalization (million euros)	42,118	42,905
Yield (dividend/price; %) ⁽¹⁾	5.8	5.5

⁽¹⁾ Calculated by dividing shareholder remuneration over the last twelve months over the closing price at the end of the period.

As regards **shareholder remuneration**, two cash dividends have been paid for a gross €0.08 per share each. These payments were made on July 11, 2016 and January 12, 2017. The Board of Directors of BBVA also decided at its meetings on March 31 and September 28, 2016, to carry out two capital increases against voluntary reserves to implement the “dividend-option” system, in accordance with the terms agreed at the Annual General Meeting of March 11, 2016. In the first increase, the holders of 82.13% of the rights opted to receive new shares, while in the second, the figure was 87.85%. These percentages once more confirm the popularity of this remuneration system among BBVA shareholders. In the [Note number 4 of the Consolidated Financial Statements, Management Report and Auditors’ Report](#), more information about BBVA Group shareholder remuneration system is included.

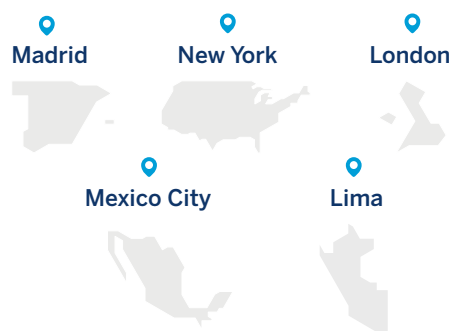
Shareholder remuneration (Gross euros/share)



The number of BBVA shares as of 31-Dec-2016 is 6,566,615,242. The **number of shareholders** is 935,284. Residents in Spain hold 45.4% of the share capital, while the percentage owned by non-resident shareholders stands at 54.6%. It is worth noting that at the last Annual General Meeting both institutional and minority shareholders gave their mass support in a large turnout in favor of the points on the agenda. The percentage approving the annual accounts was over 99%, representing a very strong backing for the management of BBVA.

BBVA share

Listed on the main international stock markets



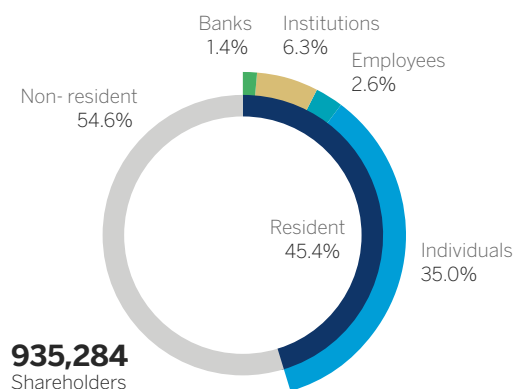
Weighting (31/12/2016)

IBEX 35	8.7%
Euro Stoxx 50	1.9%
Euro Stoxx Baks	9.3%
Stoxx Europe 600 Banks	4.4%

BBVA **shares** are traded on the Continuous Market of the Spanish Stock Exchanges and also on the stock exchanges in London and Mexico. BBVA American Depositary Shares (ADS) are traded on the New York Stock Exchange and also on the Lima Stock Exchange (Peru) under an exchange agreement between these two markets. Among the main stock-market

BBVA's capital ownership is well diversified

SHAREHOLDER BREAKDOWN



indices, BBVA shares are included on the Ibex 35, Euro Stoxx 50 and Stoxx 50, with a weighting of 8.70%, 1.90% and 1.21% respectively. They are also listed on several sector indices, such as the Stoxx Banks, with a weighting of 4.39%, and the Euro Stoxx Banks, with a weighting of 9.29%.

Shareholder and Investor Relations

The bank has a **communication policy with shareholders and investors**, which can be accessed via the corporate website. Its basic principles are:

- Transparency, truthfulness, immediacy and standardization in providing information.
- Facilitate awareness of those issues that may be necessary to enable an appropriate exercise of shareholders' rights, providing clear and direct communication channels and lines which allow any doubt on the provided information to be cleared up.
- Publish information periodically, adequately and available in time to enable shareholders and investors to be informed of the most relevant aspects of the Bank at any time.
- Equal treatment for all shareholders and investors in the same situation, in terms of information, participation and exercise of their rights as shareholders and investors.
- Use a variety of communication instruments and channels that enable shareholders to access the Bank in the easiest and most convenient way.

In addition, through its [website](#) the Investor Relations unit gives all BBVA shareholders access to the [Shareholder Office](#), which provides information on relevant aspects related to the BBVA share and the Group, offers special products and responds to suggestions. Below are some of the most relevant initiatives carried out by the Shareholder Office in 2016:

- Improved access to quarterly information for shareholders and investors, with a digital version of the shareholder report.
- Inclusion of an interactive tool for analyzing the results of the Group and business areas.

Finally, it is worth noting that in 2016 the Shareholder Office has dealt with 3,676 e-mails and 4,216 phone queries. There have also been numerous meetings with both minority and institutional shareholders.

Sustainability ratings

Lastly, BBVA maintains a significant presence on a number of international sustainability indices or ESG (environmental, social and governance), which evaluate the performance of companies in this area, as summarized in the table below.

Sustainability indices on which BBVA is listed as of 31-12-2016.



Listed on the MSCI Global Sustainability indices
AAA rating



Listed on the FTSE4Good Global, FTSE4Good
Europe and FTSE4Good IBEX indices



Industry leader according to the latest ESG 2015 rating



Listed on the Euronext Vigeo Eurozone 120 indices



Included on the Ethibel Excellence Investment Register



In 2016, BBVA obtained a "B" rating

⁽¹⁾ The inclusion of BBVA in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein do not constitute a sponsorship, endorsement or promotion of BBVA by MSCI or any of its affiliates. The MSCI indices are the exclusive property of MSCI. MSCI and MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

Since 2014 BBVA has also been part of the investment universe of **Triodos Investment Management**, the Triodos Group subsidiary that manages socially responsible mutual funds. It is the only Spanish Bank on this list.