

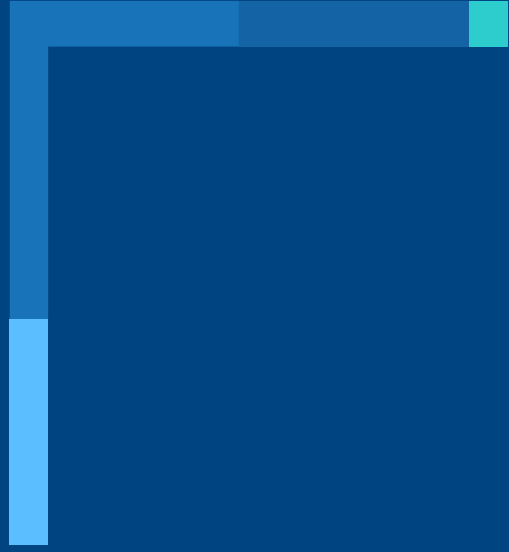


**BBVA** Creating  
Opportunities

# BBVA Francés 3Q18

# Disclaimer

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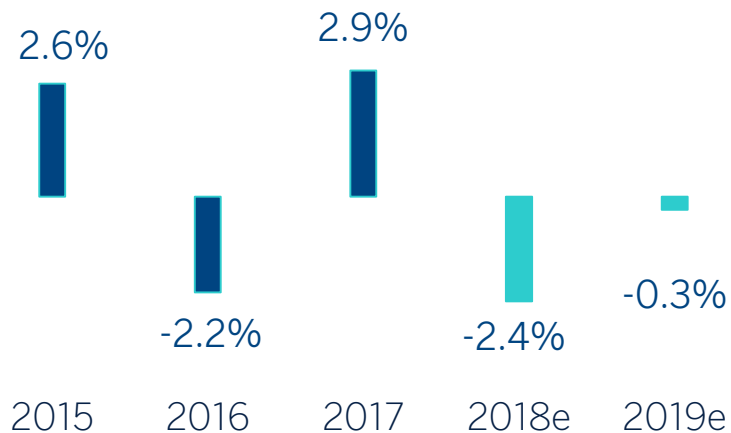
01

**Macroeconomic  
environment**

# GDP will start to grow steadily since 1Q19, ending the year at -0.3% due to statistical drag

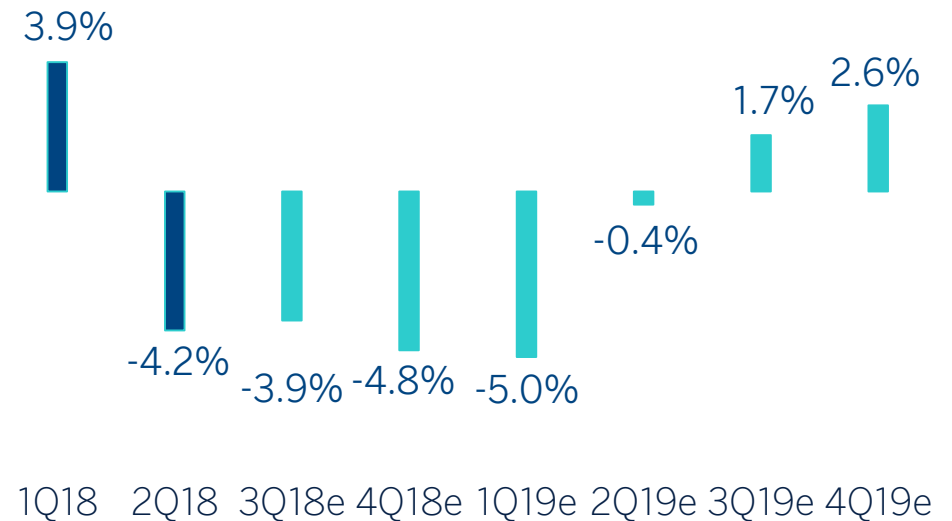
## GDP Growth

% yoy (base 2004)



## GDP: Quarterly Growth

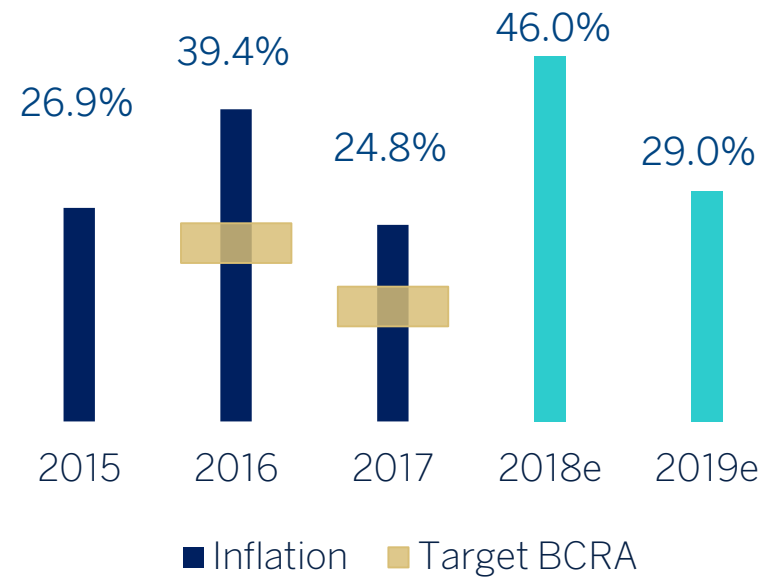
% yoy



## Acceleration of inflation in 2018 due to the depreciation of the peso and relative prices adjustment

- ✓ The Central Bank replaced the inflation targeting regime with a simple rule: 0 growth in the monetary base until June19.
- ✓ Restrictive monetary policy would allow to reduce inflation up to 29% on Dec19, with a monthly average inflation of 2.3% on 1H19 and of 2% on 2H19.

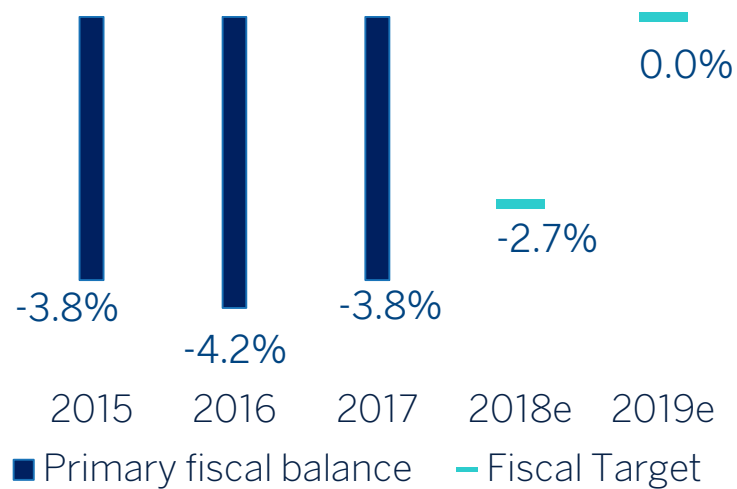
**National CPI**  
% yoy



# In search of fiscal equilibrium by 2019

## Primary fiscal balance

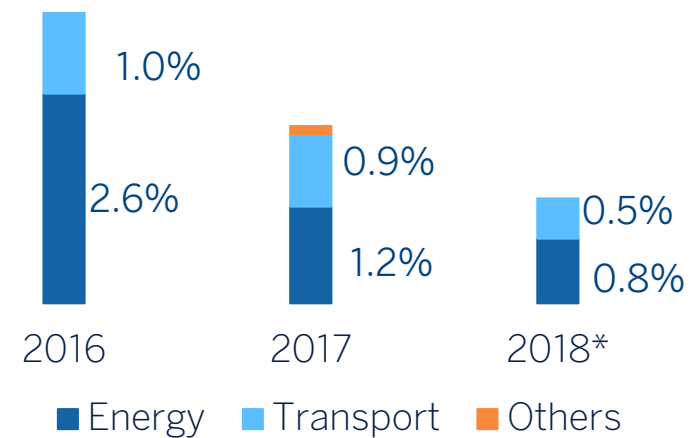
% GDP



Source: Ministry of Economy / 2018- 2019 Targets

## Subsidies to economic sectors

% GDP

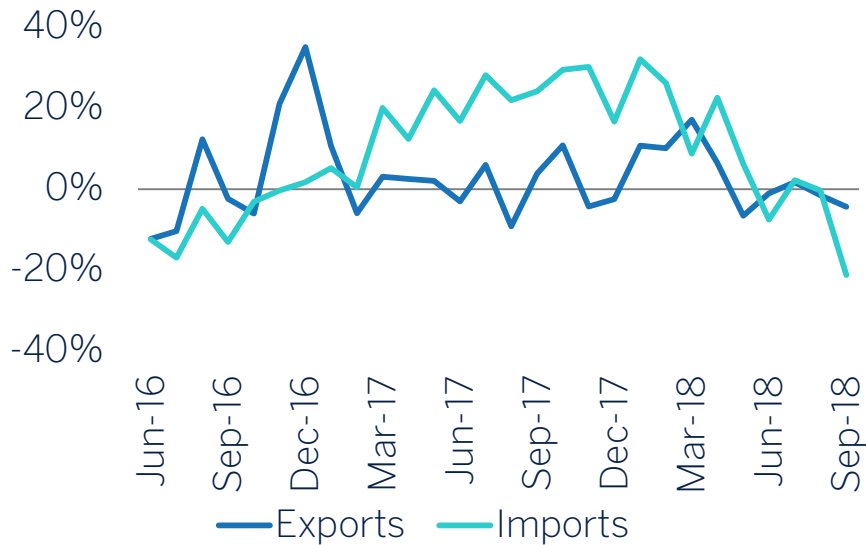


Source: Ministry of Finance and BBVA Research

# Sharp adjustment in current account due to the substantial peso depreciation

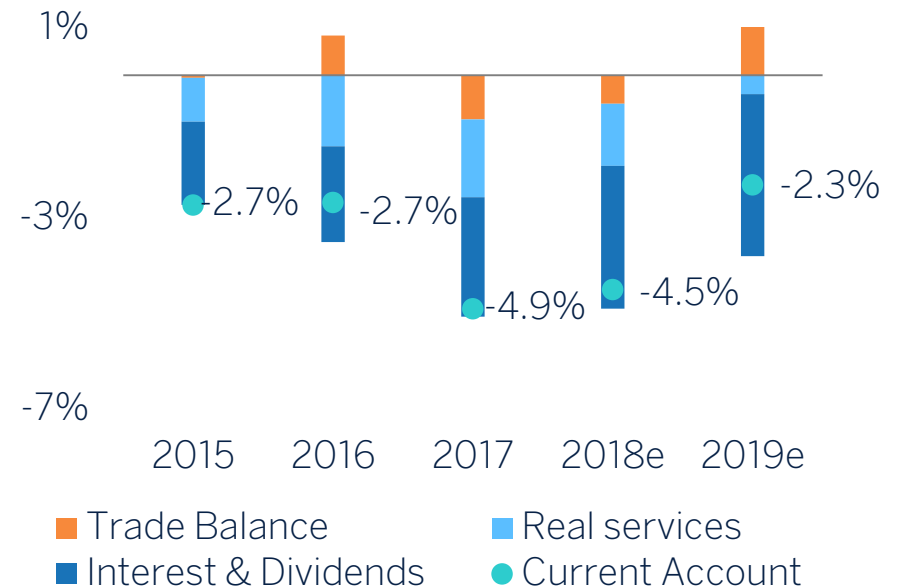
## Trade balance

% yoy – Source: INDEC



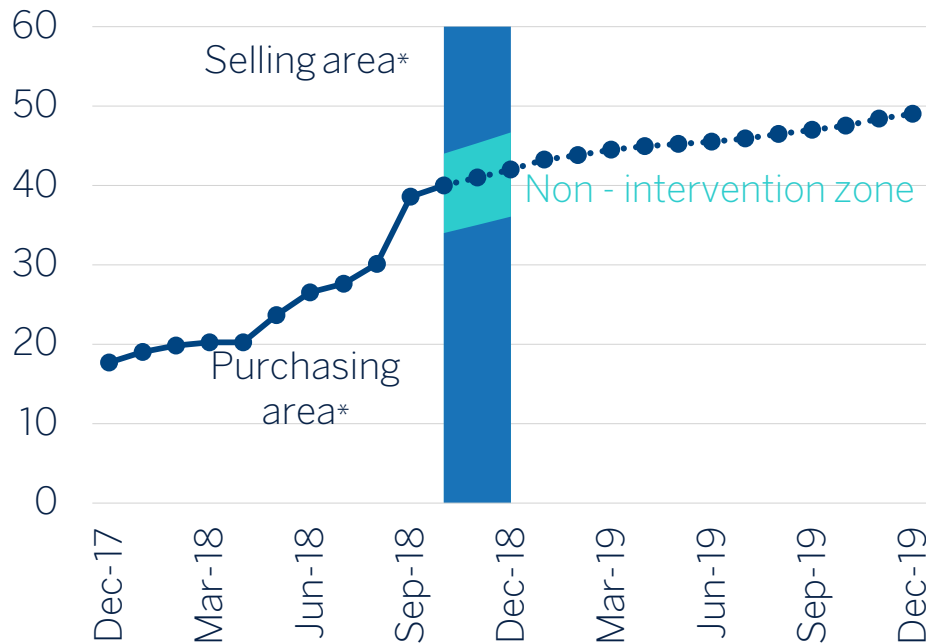
## Current Account

% of GDP – Source: INDEC



# The FX rate will remain within the BCRA "Non intervention bands"

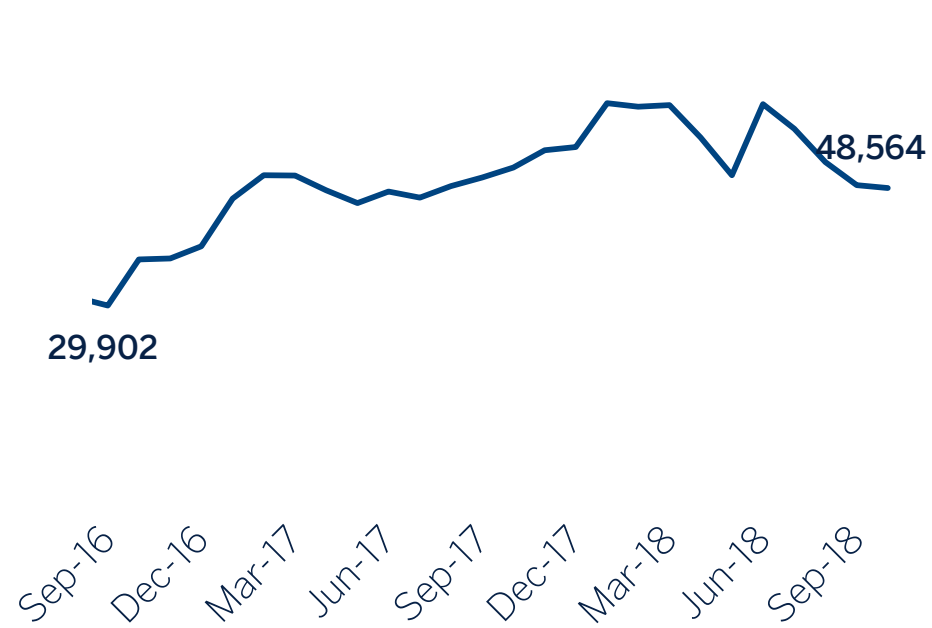
**FX Rate**  
(AR\$/USD)



\*Purchasing/Selling limited up to USD 150 million on a daily basis

Source: BBVA Research

**International Reserves**  
(millions USD)



Source: Central Bank



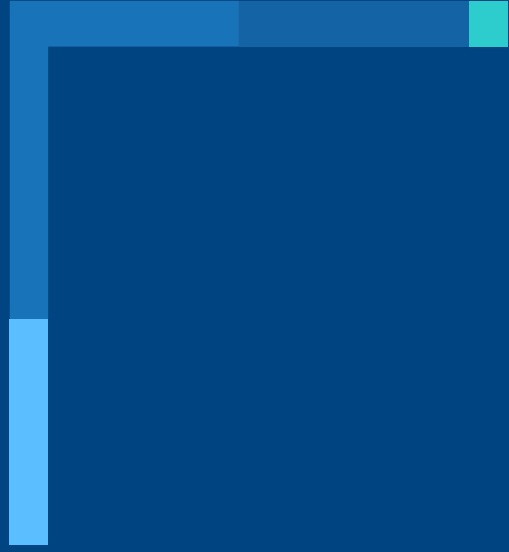
**The new agreement with the IMF includes primary fiscal equilibrium and zero growth of the monetary base.**

## **Main topics**

**The new agreement totaled USD 56.7 bn**

**2019 disbursements for USD 18.8 bn are anticipated.**

**Doubts about roll-over of debt are cleared.**



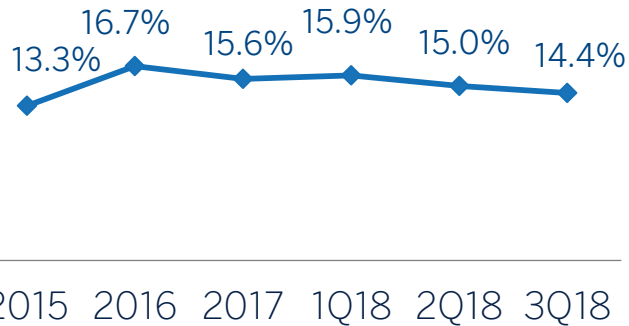
02

**Financial System**

# Adequate levels of liquidity and solvency and healthy asset quality indicators despite the impacts of the crisis

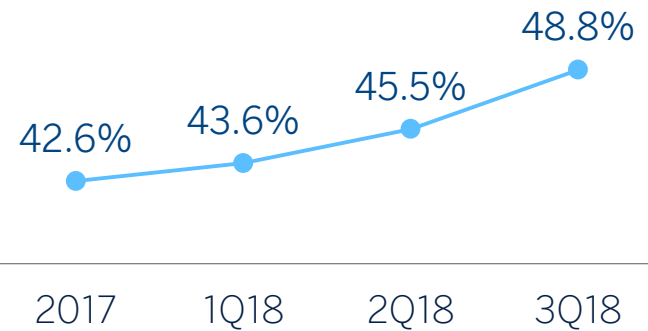
## Capital

Capital Integration / RWA according to BCRA regulation

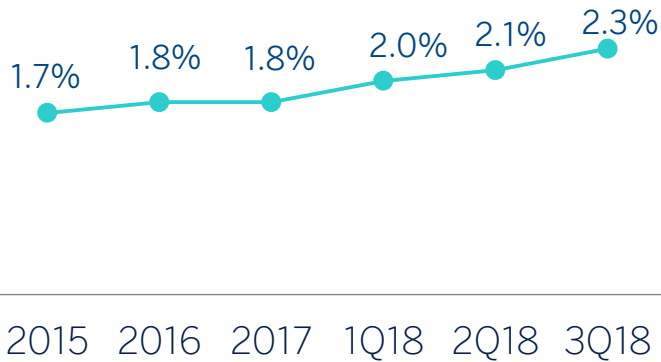


## Liquidity

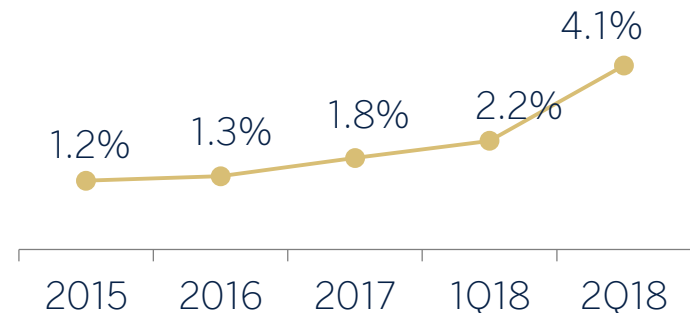
Cash + net repos with BCRA+BCRA bills / Total Deposits



## NPL

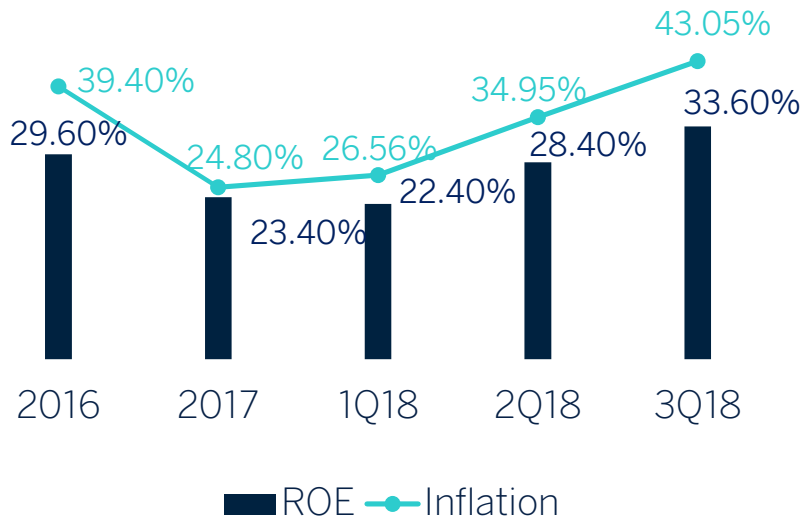


## Cost of Risk



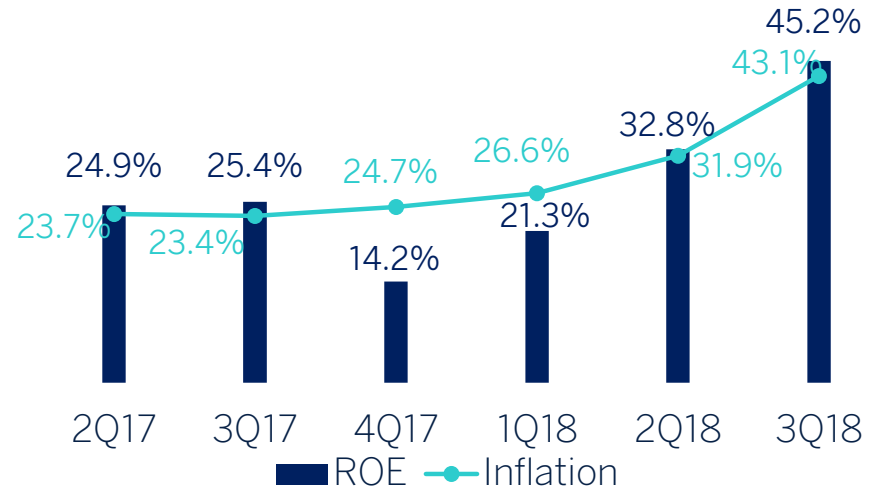
# Higher profitability in nominal terms, but negative in real terms

## ROE and Inflation



ROE: accumulated net income / monthly average equity  
 Inflation: Accumulated inflation, annualized

## Quarterly figures



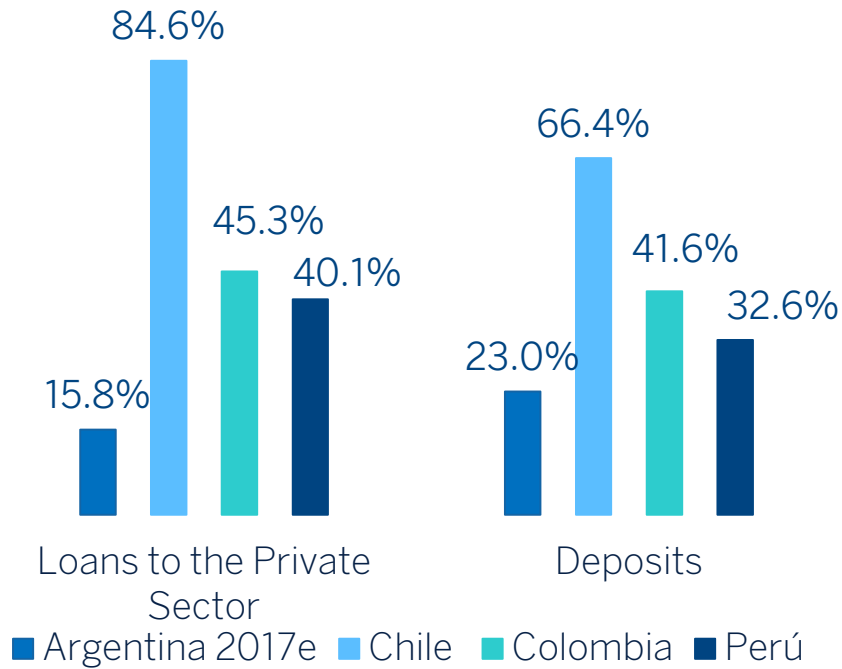
ROE: quarterly net income / quarterly average equity.  
 Inflation: Accumulated inflation, annualized

Source: BCRA and IPC CABA (from Jan-13 to Apr-16) – IPC GBA INDEC (from May -16 to May -17) – IPC Nacional INDEC (from June -17)  
 ROE: "Informe de bancos" BCRA  
 3Q as Aug-18

# A small financial system, but with a good infrastructure to face potential growth

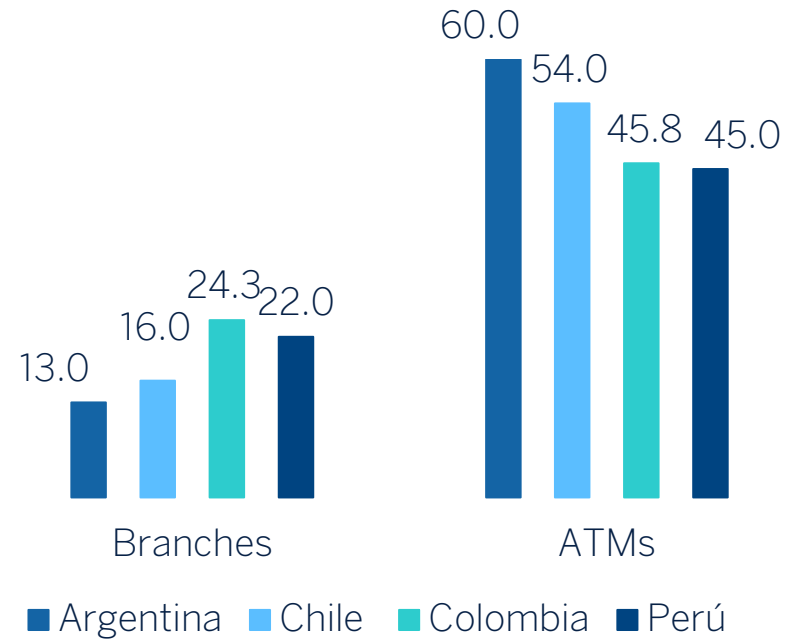
## Latam Private Loans and Total Deposits % GDP

Figures as of November 2017



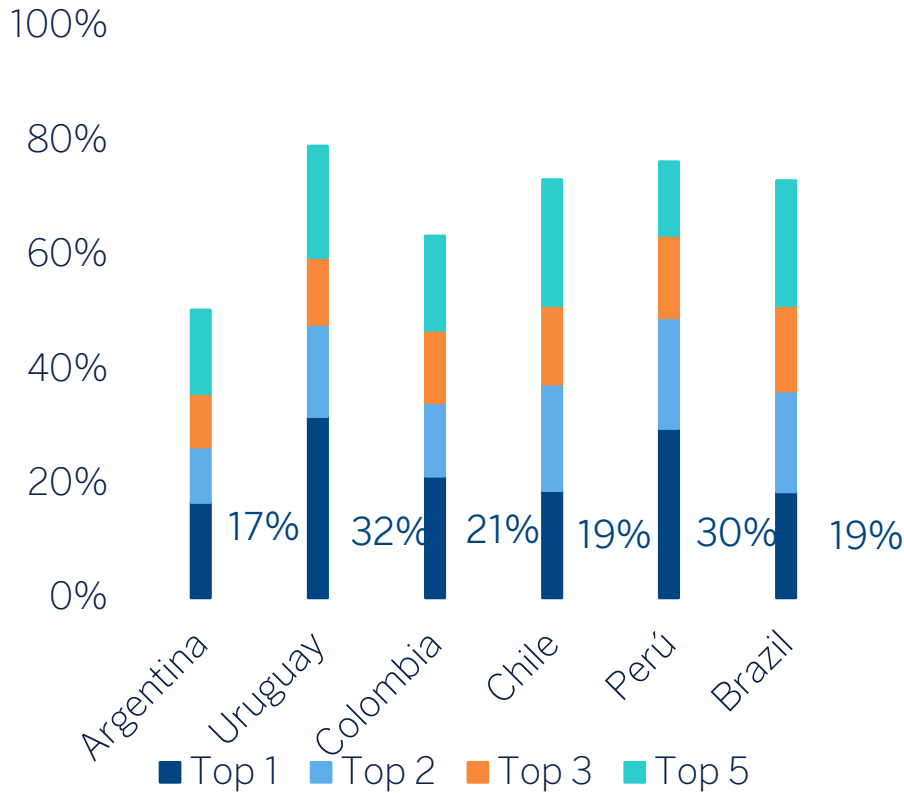
## Branches and ATMs / 100,000 adult population

Figures as of December 2016



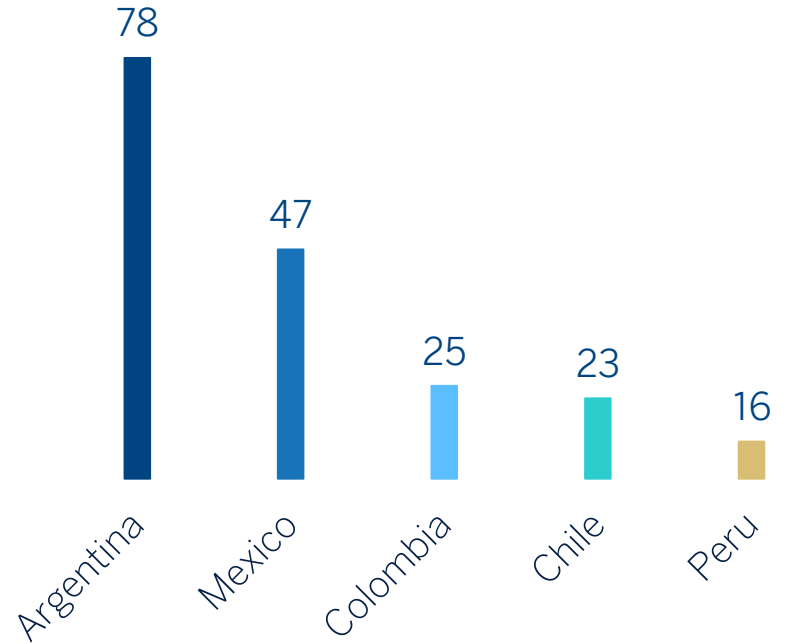
# Argentina has the less concentrated financial system in the region

Total loans market share in Latam



Number of financial institutions per country

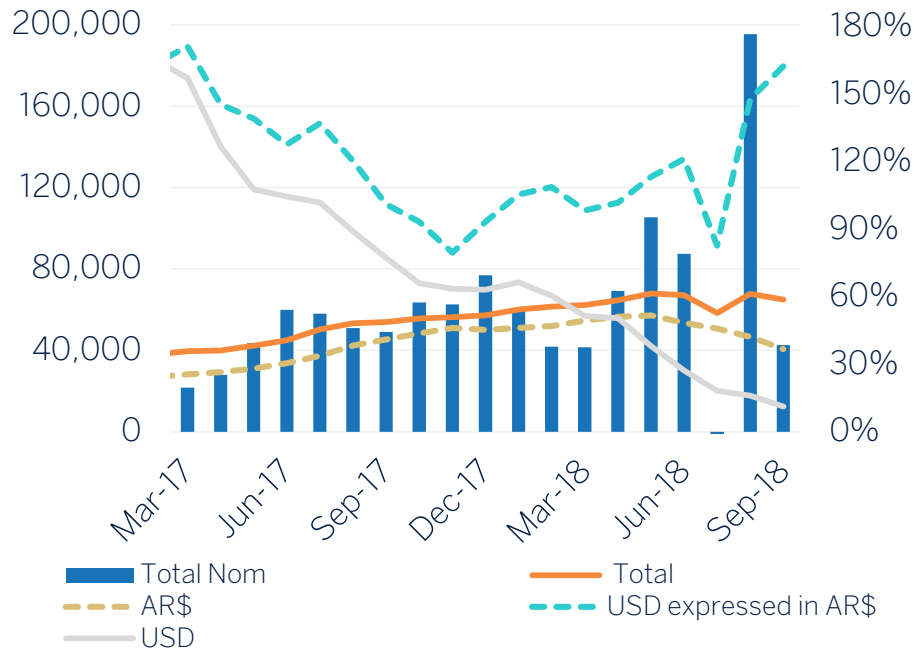
As of 2016



# Private loans trend

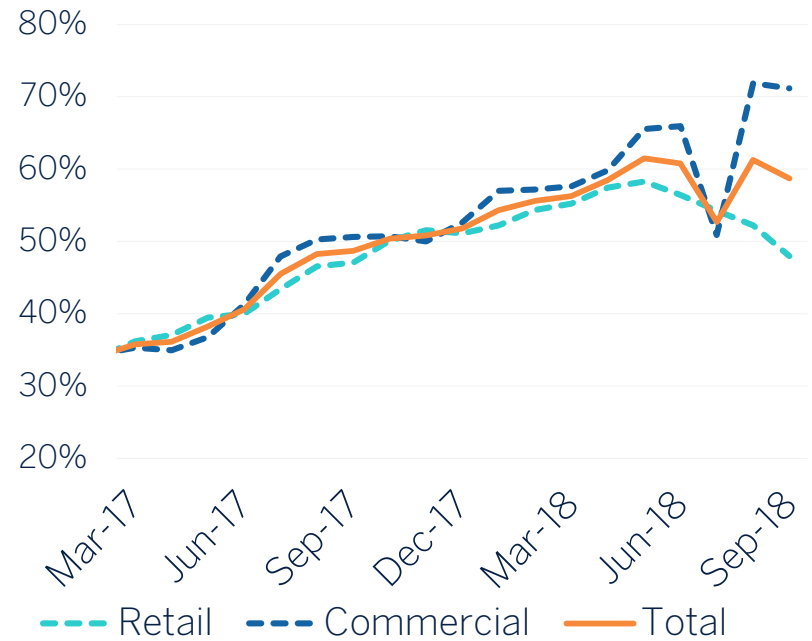
## Total Private Loans growth

(var yoy % - millions AR\$)



## Retail and Commercial Loans

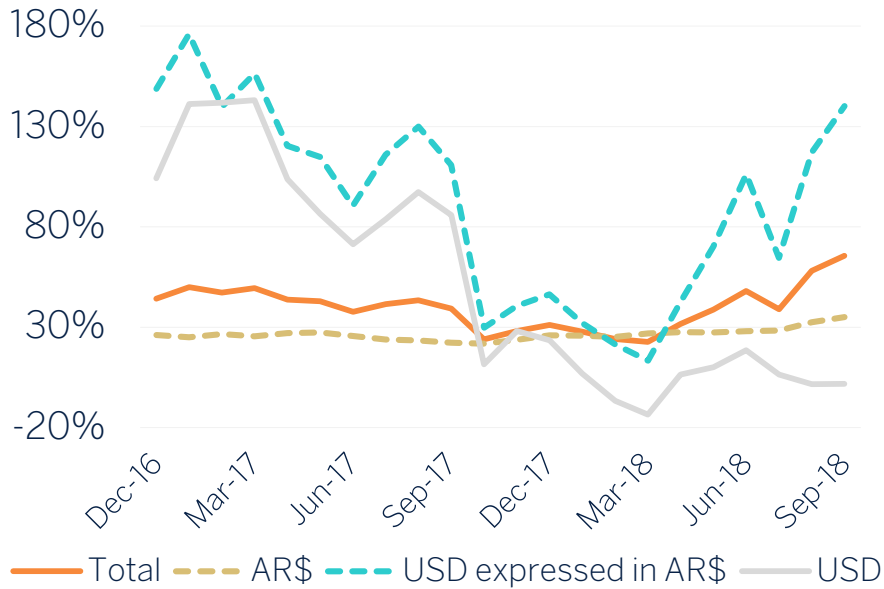
AR\$ + USD (var yoy %)



# Private deposits trend

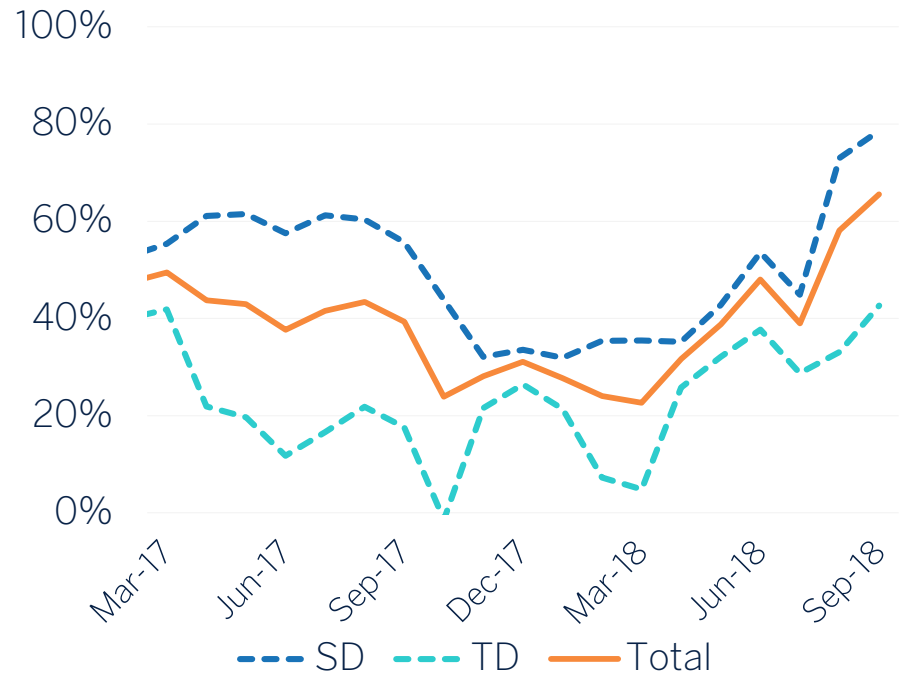
## Total Private Deposits growth

(var yoy %)

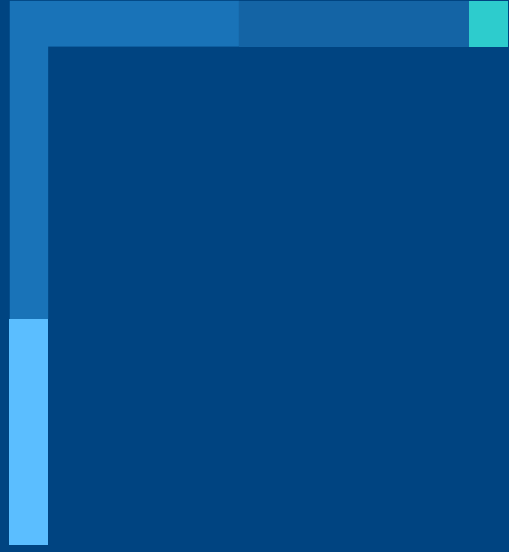


## Sight Deposits and Time Deposits

AR\$ + USD (var yoy %)



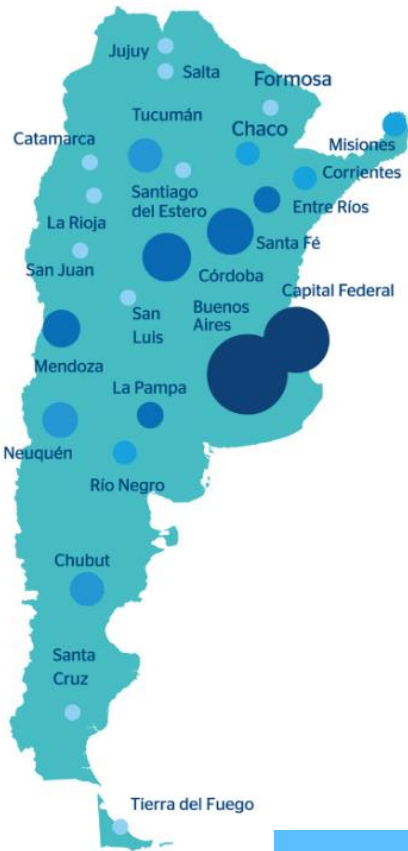




03

**BBVA Francés**

# A universal bank with a countrywide presence

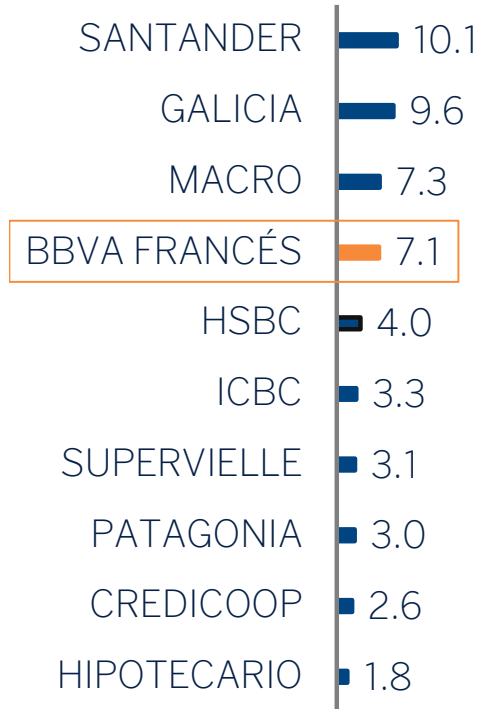


## Clients

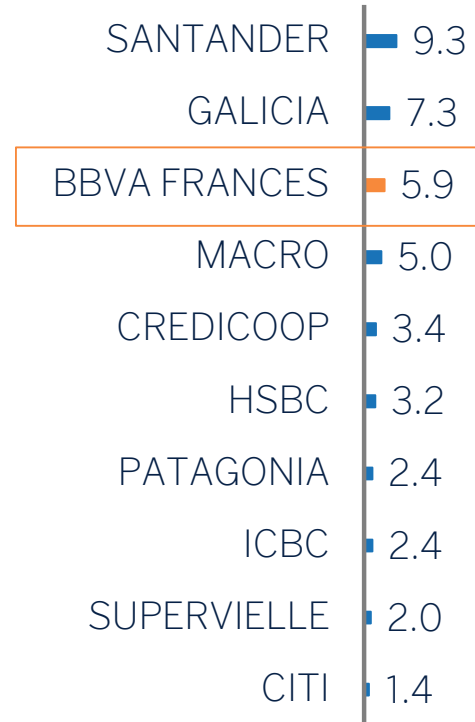


# One of the leading private banks

## Total loans



## Total deposits



Figures as of April-18

Private Loans \*

8.4%

Mutual Funds

6.4%

Private Deposits \*

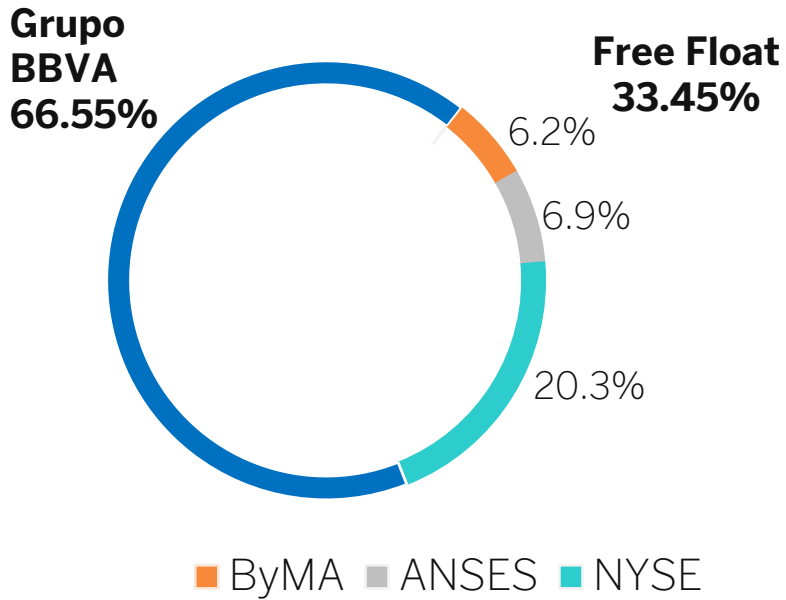
8,4%

Branches

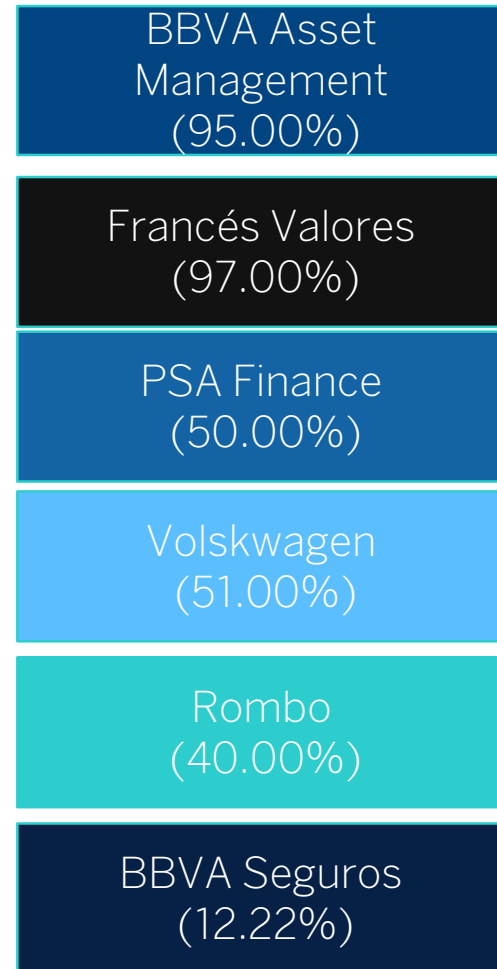
5.5%

# Equity Ownership

## Ownership structure

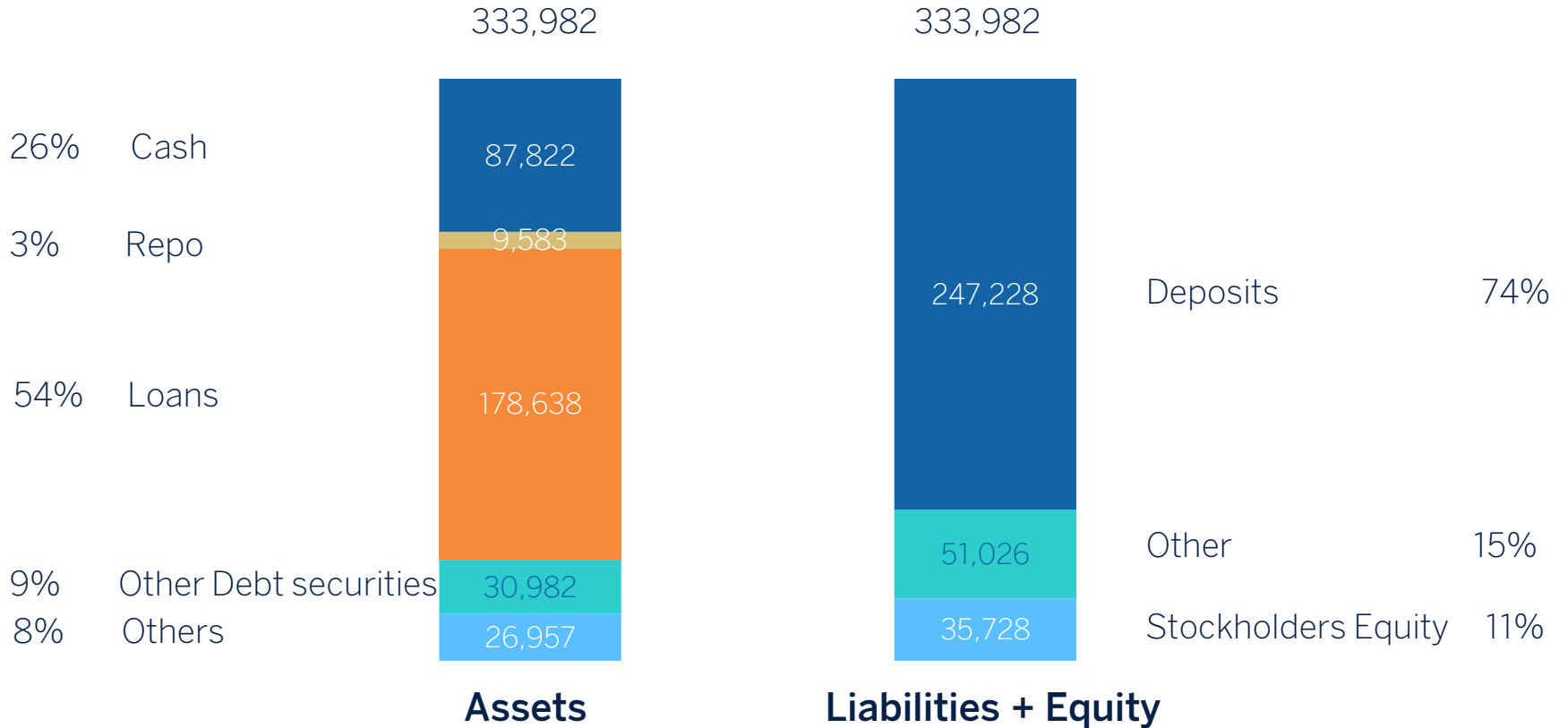


## Subsidiaries and equity participations



# Solid Balance Sheet Structure

(millions AR\$)



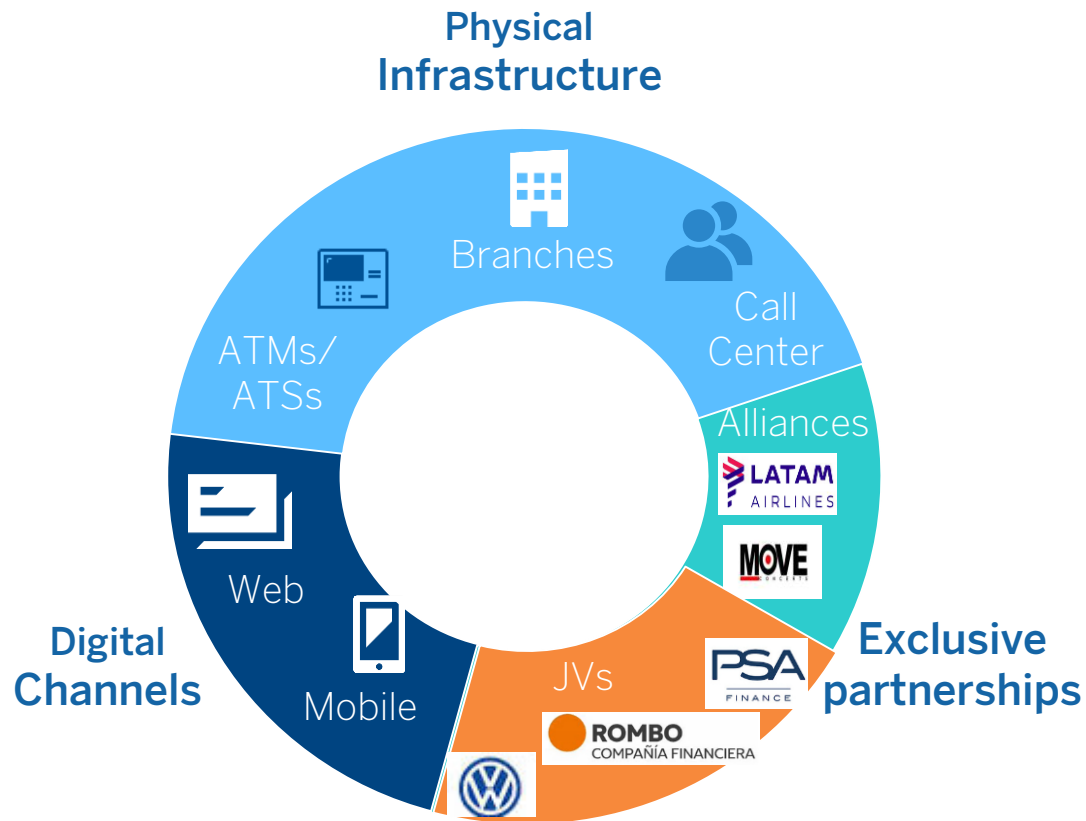
**Leverage** 8.35x

**LtD Ratio** 72%

**Liquid Assets/ Deposits** 52.1%

# With a diversified business model

## Multichannel structure and exclusive partnerships



# BBVA Francés growth strategy is focus on two key goals

## Transformation

- Digitalization
- Servicing

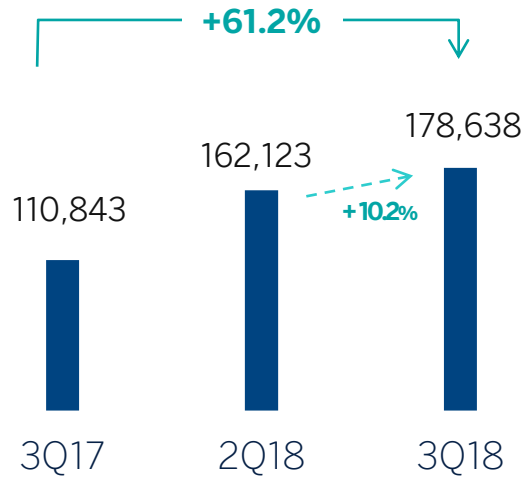
## Open Market

- Differentiated commercial offering
- Digital acquisition engines
- Development of key digital competences

# Loans

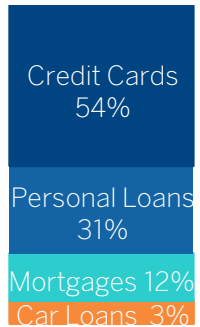
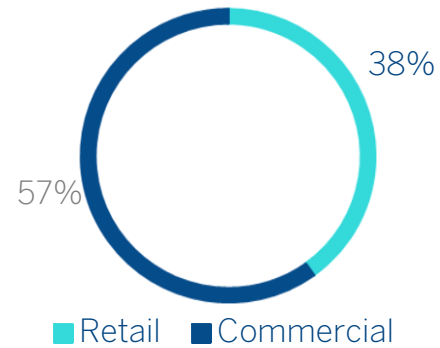
## Private loans

(millions AR\$)



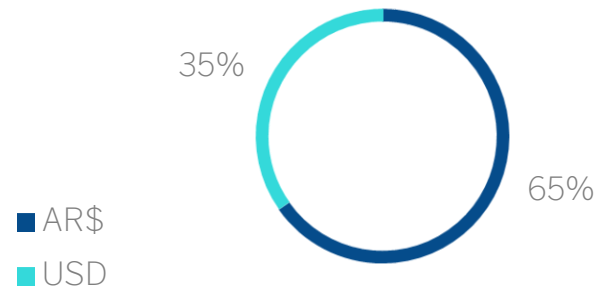
## Private loans structure \*

\* Private loans includes loans of BBVA Francés + VW



Market share	8,1	8,2	8,4

## Private loans by currency

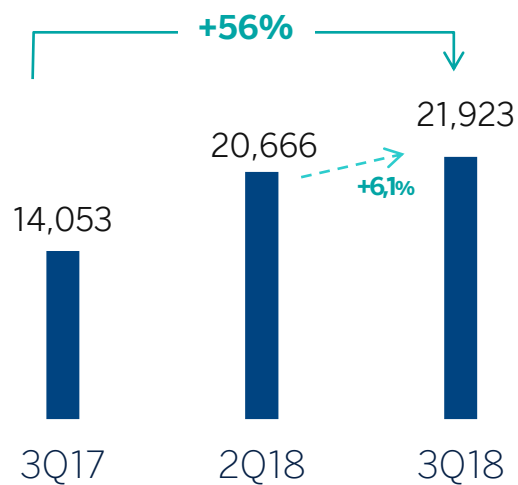




# Retail banking

## Consumer loans

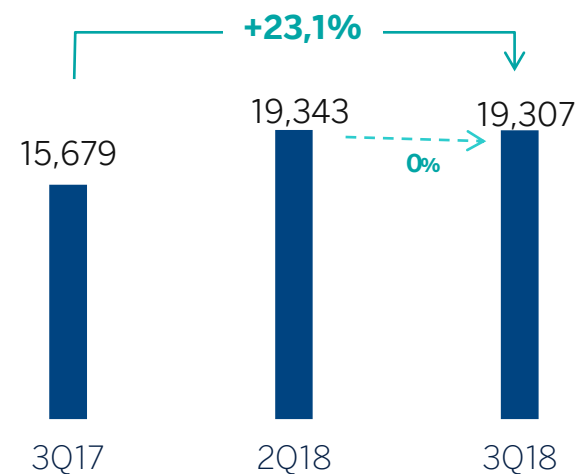
(millions AR\$)



Market share	3Q17	2Q18	3Q18
	4.4	4.9	5.0

## Car loans

(millions AR\$)



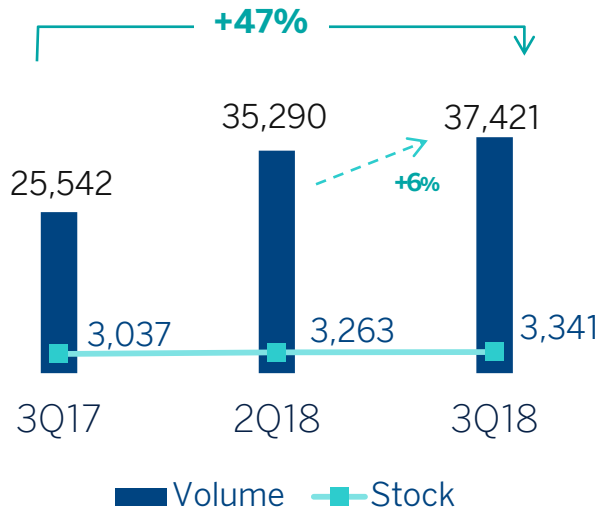
Market share	3Q17	2Q18	3Q18
	18.7	17.5	17.1

Consolidating with Volkswagen, PSA and Rombo Compañía Financiera

# Retail banking

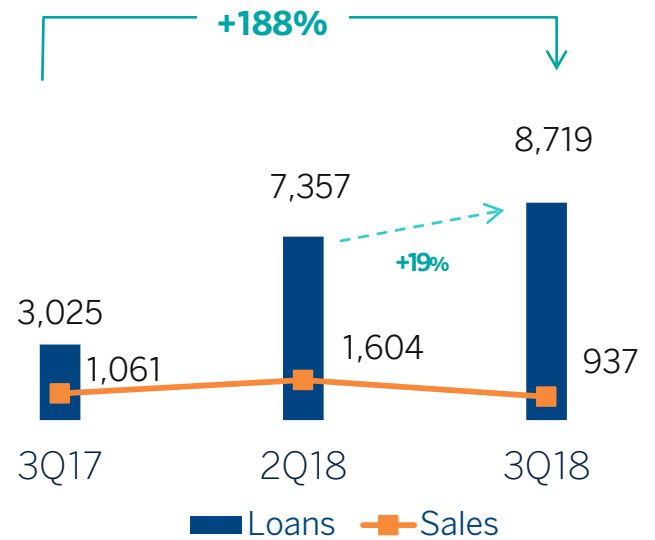
## Credit Cards

(Millions AR\$)



## Mortgages

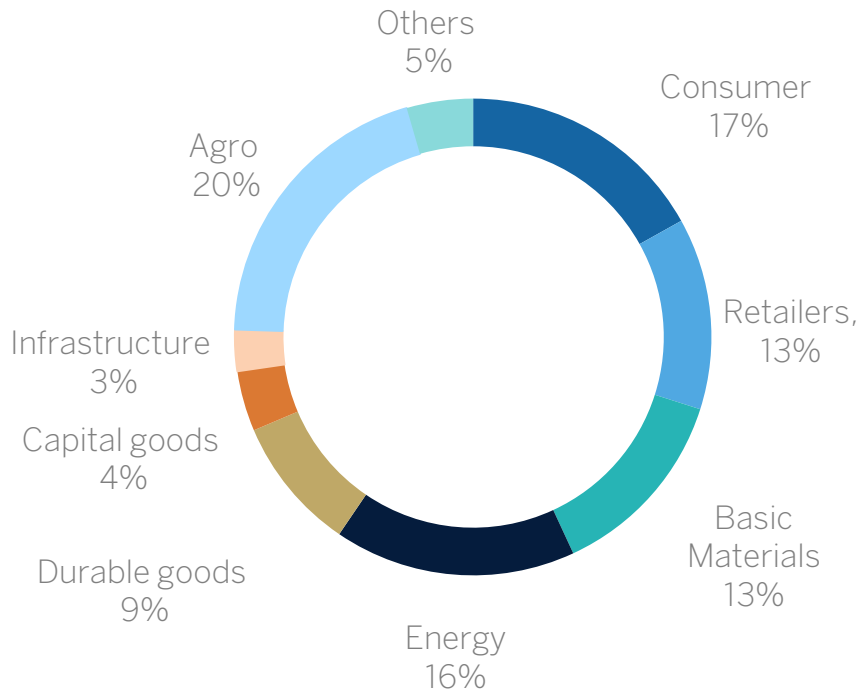
(Millions AR\$)



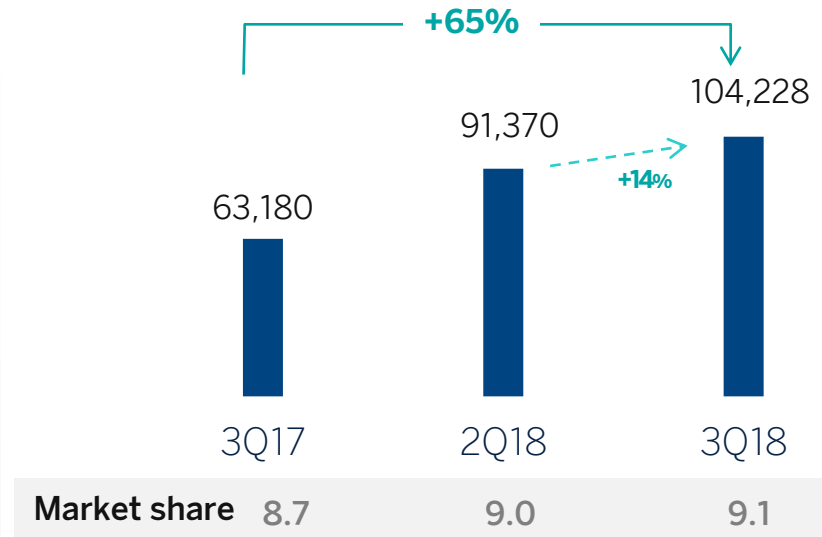
POS Volumen Market share	3Q17	2Q18	3Q18
POS Volumen Market share	12.5	13.2	13.7

# Commercial banking

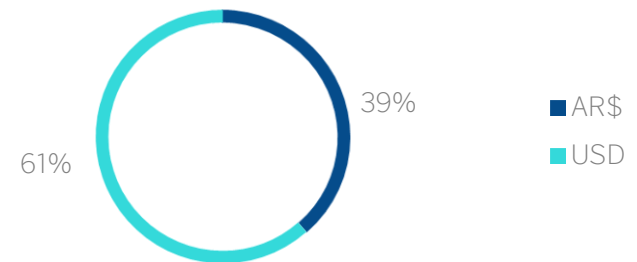
## Distribution by industry



## Commercial Loans (millions AR\$)

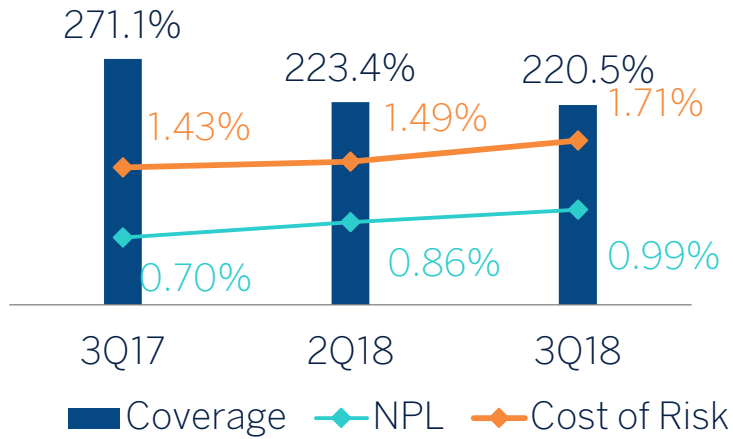


## Commercial Loans by currency

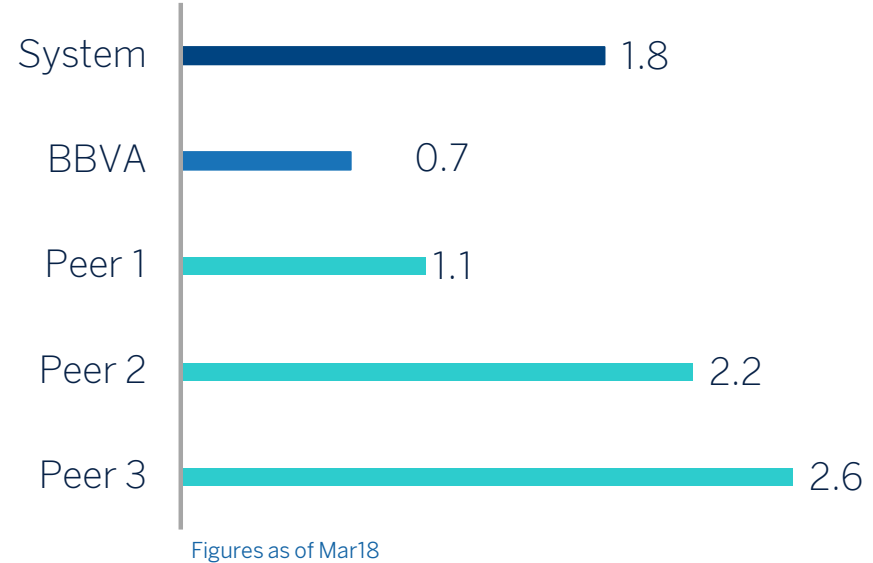


# Sound risk indicators

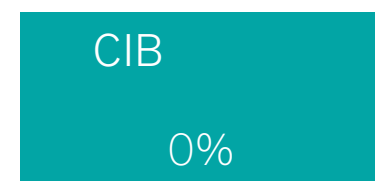
## NPL, Coverage and Cost of risk (%)



## NPL peer group and Financial System (%)

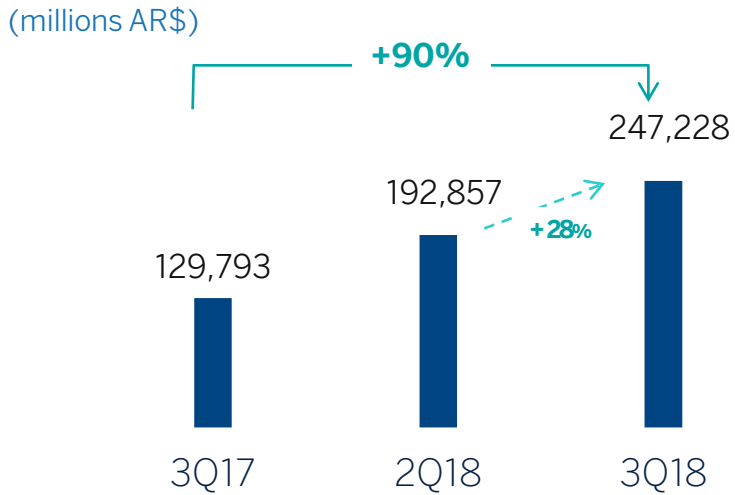


## NPL by segment (%)

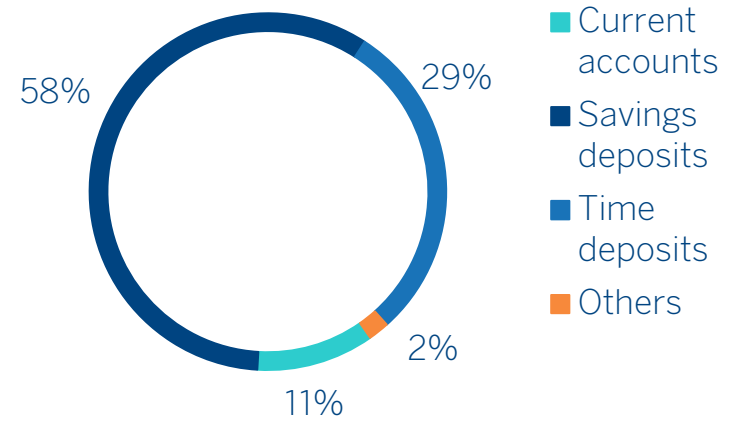


# Deposits

## Total Deposits

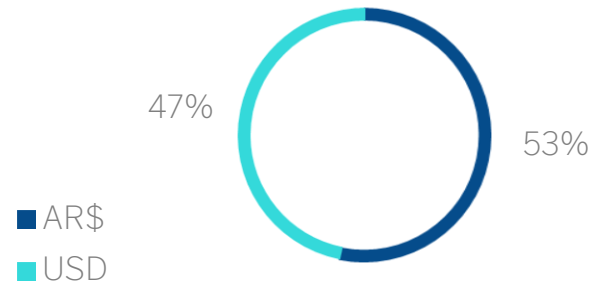


## Deposits Structure



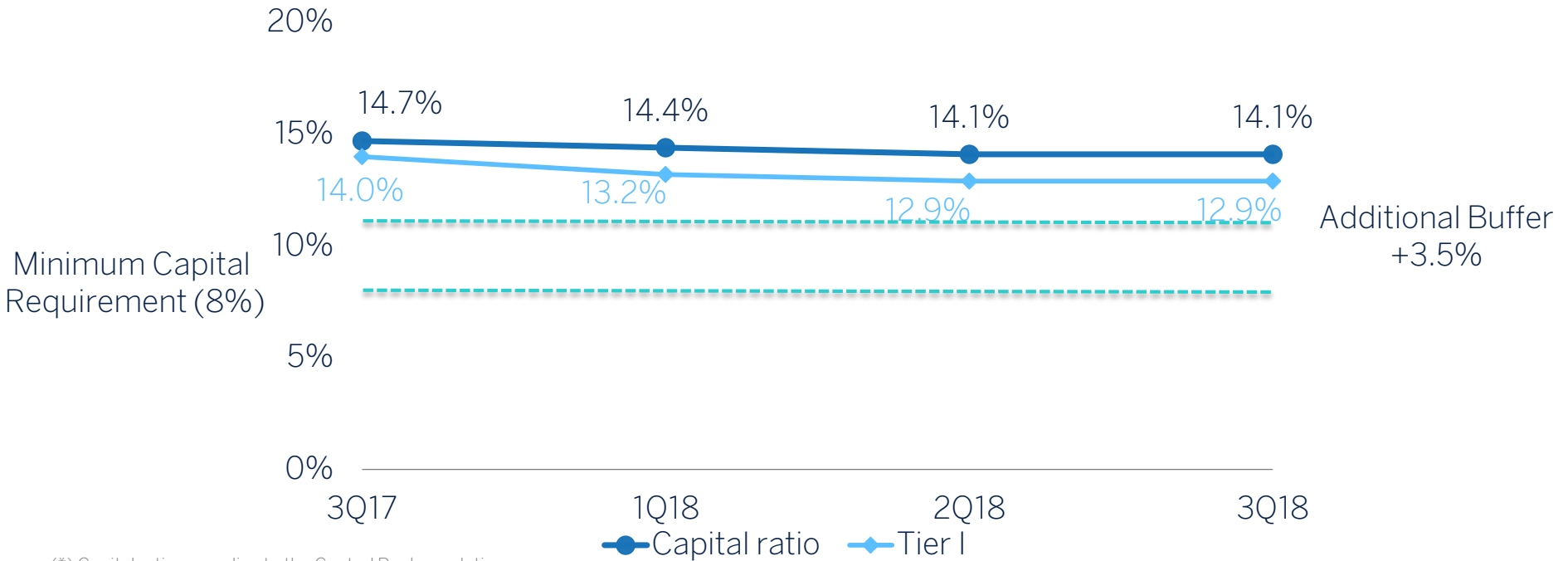
Market share	7.4	7.9	8,4

## Deposits by currency



# Strong capital position

## Capital Ratio

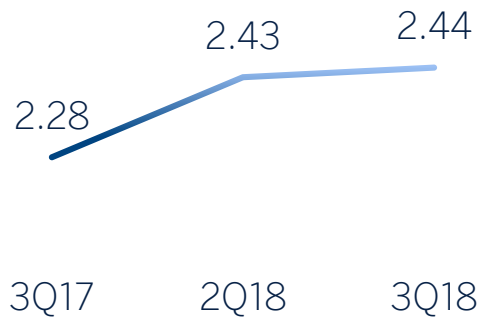


(\*) Capital ratio according to the Central Bank regulation

# Clients evolution

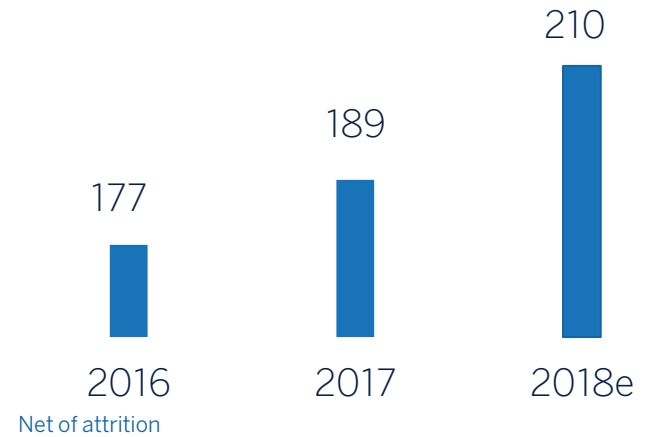
## Total retail clients

(millions)

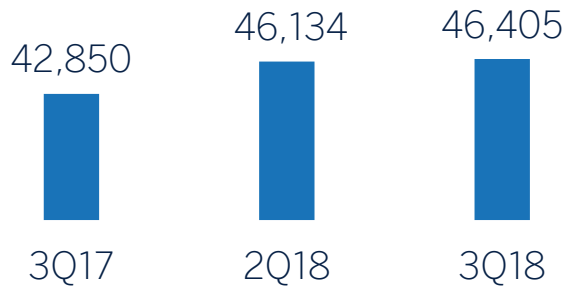


## New retail clients

(thousands)



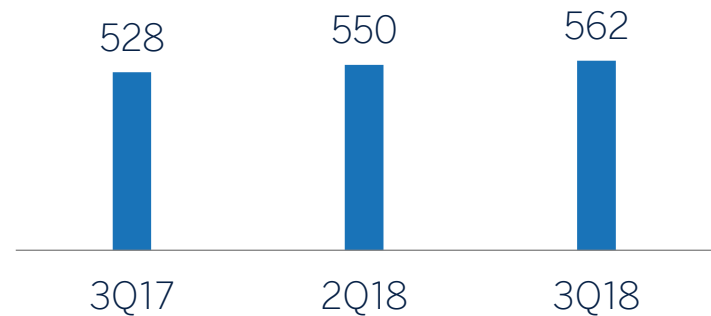
## SMEs by segment



■ Total Companies

## Payroll accounts

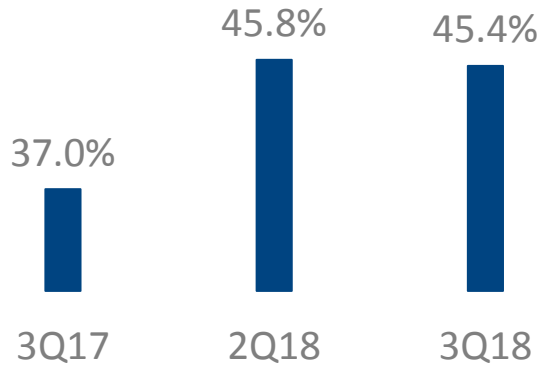
(thousands)



# Digital performance

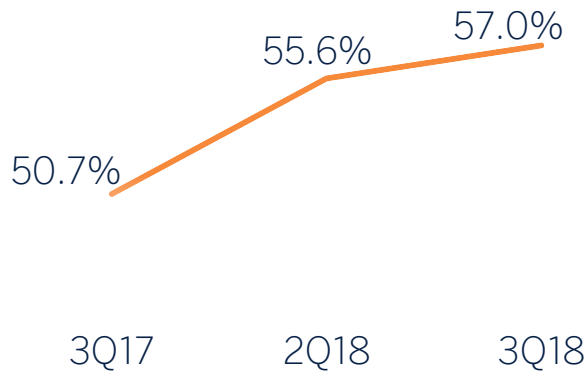
## % Digital Sales

(digital sales/total sales)

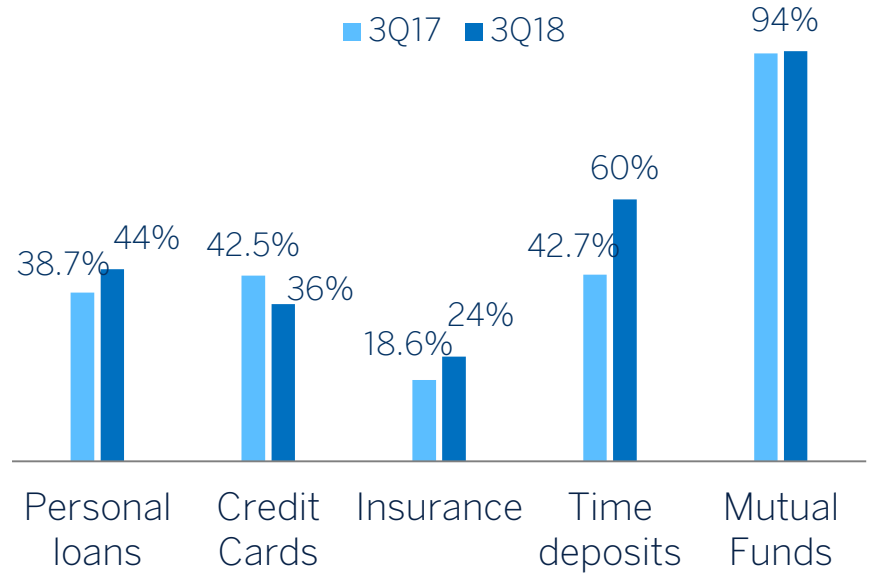


## % Digital clients

(digital clients/retail target clients)



## % Digital Sales by Product





# 3Q18 Highlights

01 Net Income	AR\$ 3,007	+115% vs. 3Q17
02 Net Financial Income	AR\$ 6,564	+90.2% vs. 3Q17
03 Net Fee Income	AR\$ 1,856	+146% vs. 3Q17
04 Administrative Expenses	AR\$ 4,330	+46% vs. 3Q17
05 Sound risk indicators	NPL ratio 0.99%	Coverage ratio 220.5%
06 Strong capital position	Capital Ratio 14.1%	TIER I 12.9%
07 Focus on shareholder value	ROE 34.8%	ROA 4%

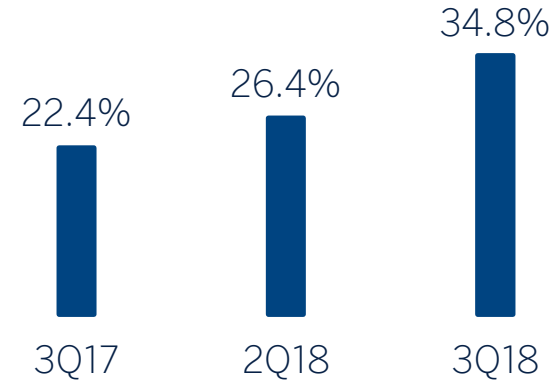
# Net income and main indicators

## Net Income

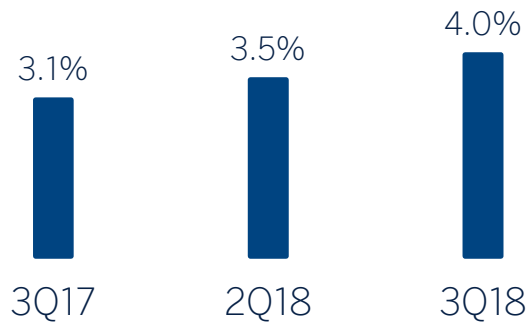
millions AR\$



## ROE



## ROA



## Efficiency

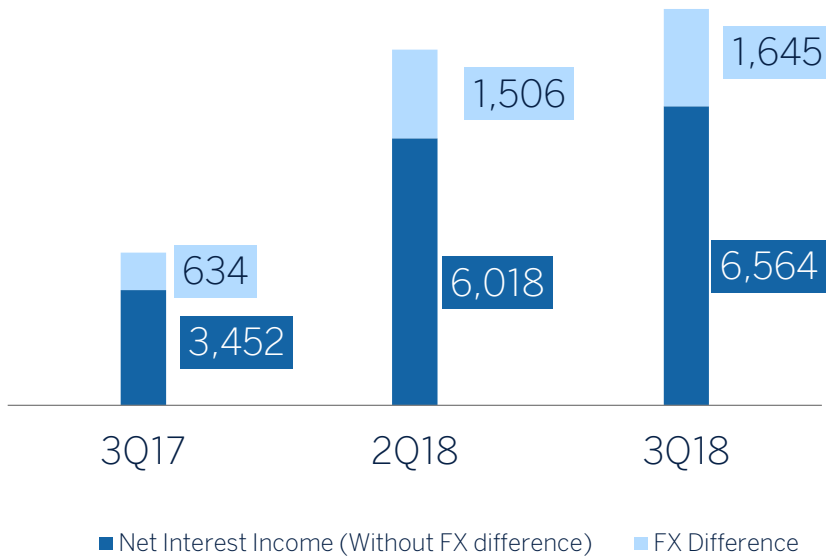
Administrative expenses / (Net Financial Income + Net Income from Services)



# Net Interest Margin and NIM

Figures in millions AR\$

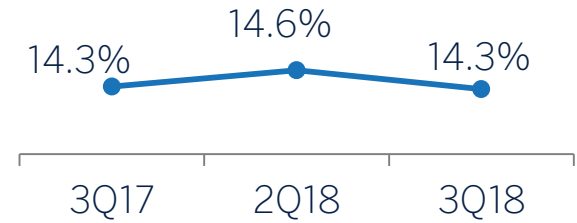
## Net Interest Income



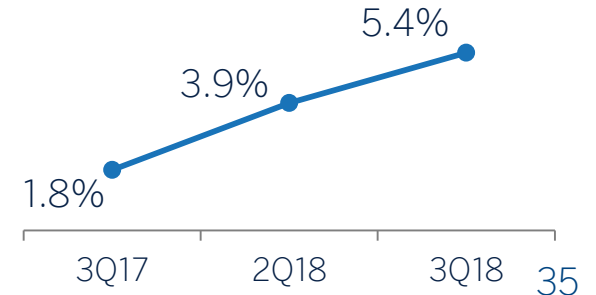
## Total NIM (AR\$+USD)



## Total NIM AR\$



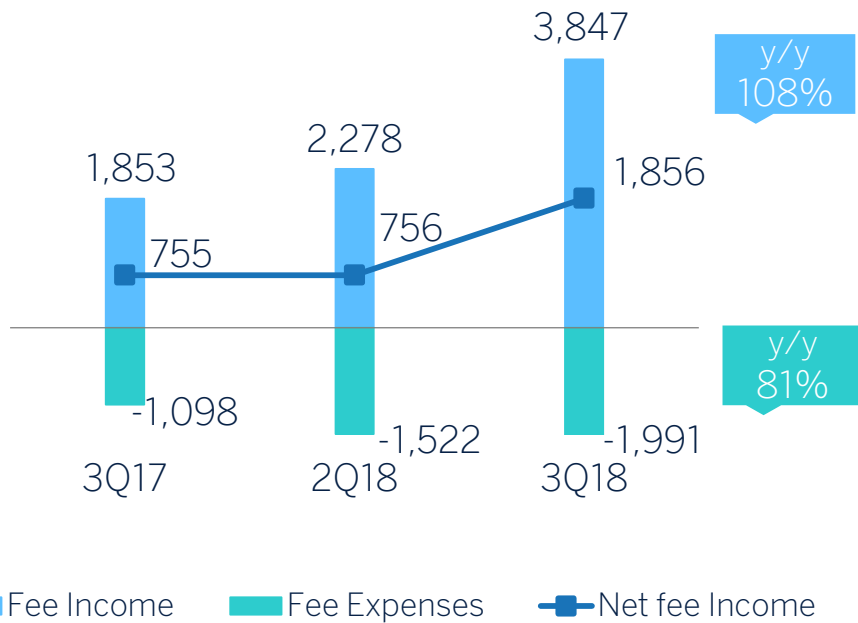
## Total NIM USD



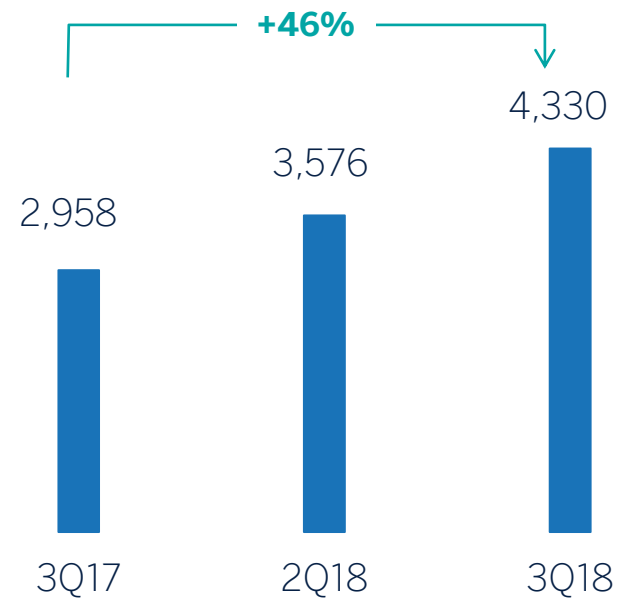
# Fees and Expenses

Figures in millions AR\$

## Net fee income



## Administrative expenses



# BBVA Francés P&L Breakdown

Figures in millions \$	3Q-17	2Q-18	3Q-18	Δ Q/Q	Δ Y/Y
Net interest income	3,452	6,018	6,564	9.1%	90%
Net fee income	755	756	1,856	145.5%	146%
Net income of financial instruments	989	-628	151	n/a	n/a
Foreign Exchange difference	634	2,009	1,624	-19.2%	156%
Other operating income	785	760	1,153	51.8%	47%
Provision for loan losses	-596	-804	-1,033	28.4%	73%
<b>Net Operating income</b>	<b>6,019</b>	<b>8,111</b>	<b>10,315</b>	<b>27.2%</b>	<b>71%</b>
Gastos de admin. y beneficios al personal	-2,958	-3,577	-4,330	21.1%	46%
Depreciation and amortization	-166	-208	-220	5.7%	32%
Other operating expenses	-1,030	-1,428	-1,636	14.5%	59%
<b>Operating income</b>	<b>1,864</b>	<b>2,899</b>	<b>4,130</b>	<b>42.5%</b>	<b>121%</b>
Income From associates	139	121	49	-59.5%	-65%
Income tax	-581	-866	-1,132	30.7%	85%
<b>Net income including non-controlling shareholders</b>	<b>1,392</b>	<b>2,153</b>	<b>3,047</b>	<b>41%</b>	<b>118%</b>
Net income attributable to non-controlling shareholders	11	30	40	32.6%	255%
<b>Net Income</b>	<b>1,381</b>	<b>2,123</b>	<b>3,008</b>	<b>41.6%</b>	<b>118%</b>



**BBVA** Creating  
Opportunities

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