

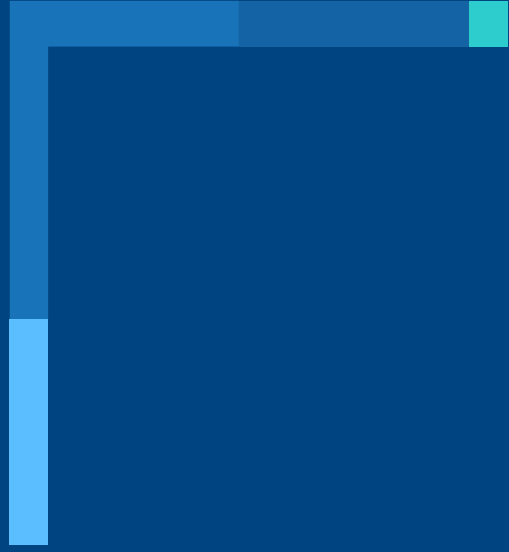


BBVA Creating
Opportunities

BBVA Francés 4Q18

Disclaimer

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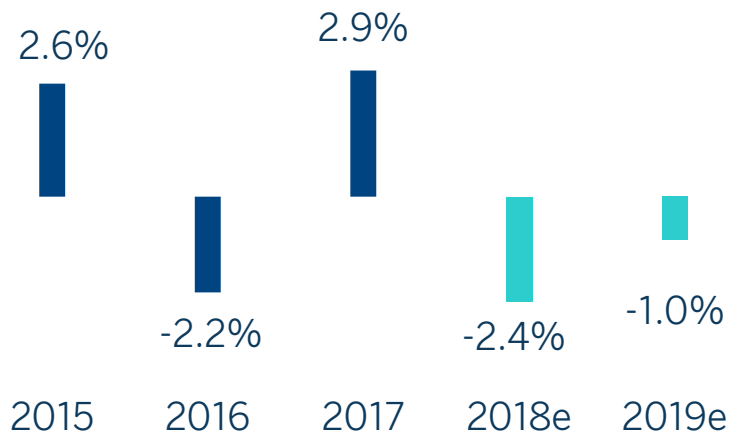
01

**Macroeconomic
environment**

GDP will grow QoQ in 2019, but the yearly average will decrease by 1% due to negative carry-forward from 2018

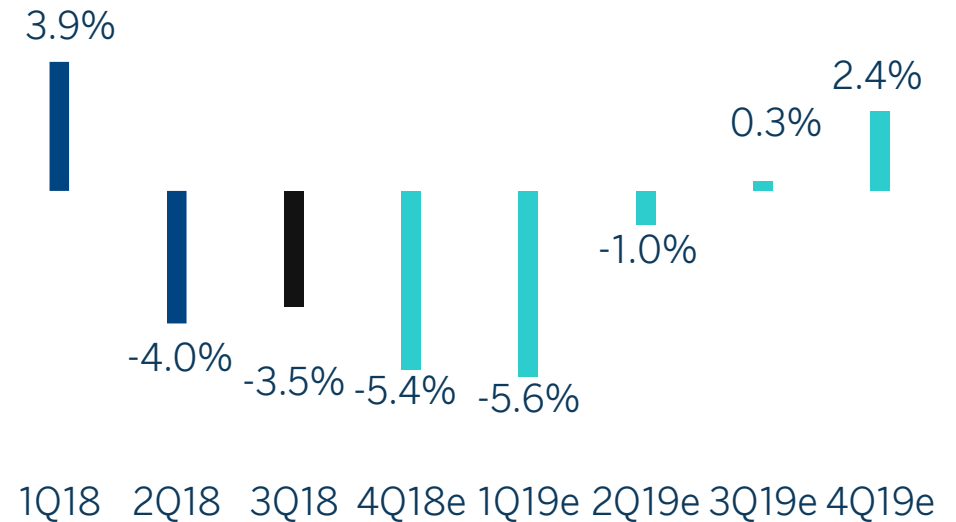
GDP Growth

% yoy (base 2004)



GDP: Quarterly Growth

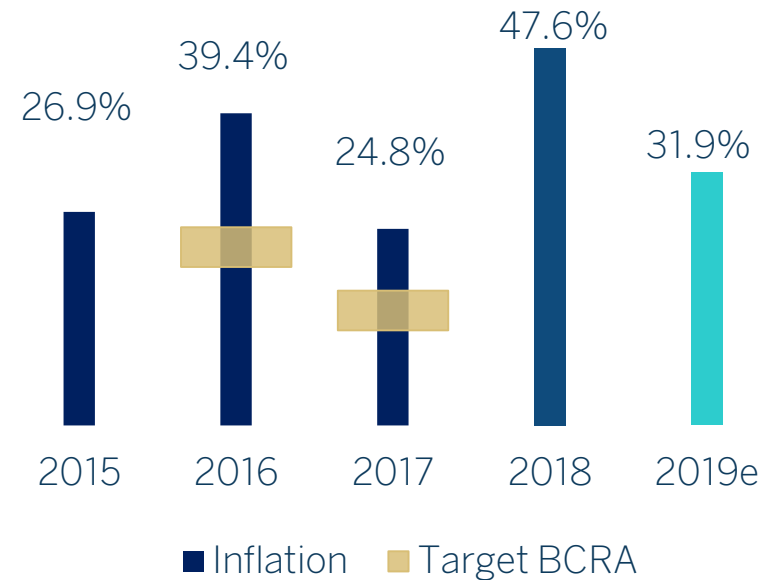
% yoy



Inflation will fall steadily in 2019 due to the contractionary monetary policy

- ✓ Inflation continued to process the exchange rate leap and closed at 47.6%, but with a MoM slowdown from the peak of 6.5% in September to 2.6% in December
- ✓ The restrictive monetary policy will bring inflation down to 30% by Dec19, with a monthly average inflation of 2.5% in 1H19 and 2% in 2H19.

National CPI % yoy

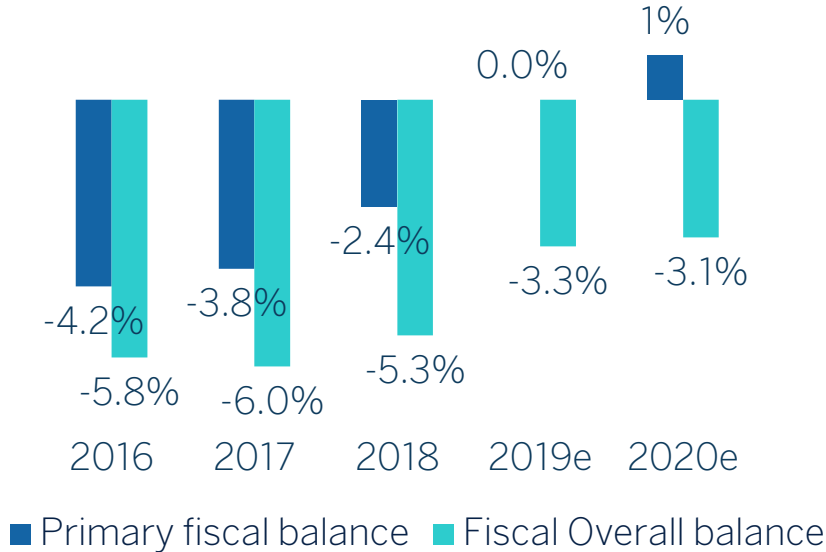


2019e : BCRA REM

Having outperformed the target for the primary fiscal deficit in 2018, the elusive fiscal balance will be achieved this year

Primary and financial fiscal result

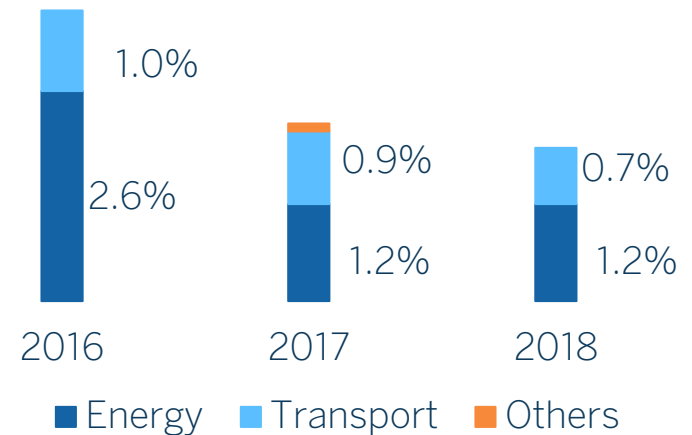
% GDP



Source: Ministry of Economy / 2018- 2019 Targets

Subsidies to economic sectors

% GDP



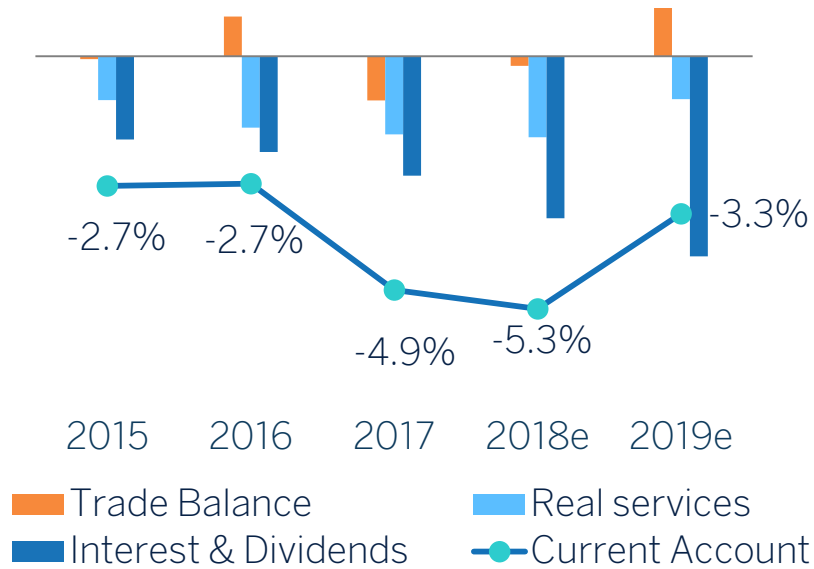
2018 estimated by BBVA Research

Source: Ministry of Finance and BBVA Research

Sharp adjustment of current account due to sharp real depreciation

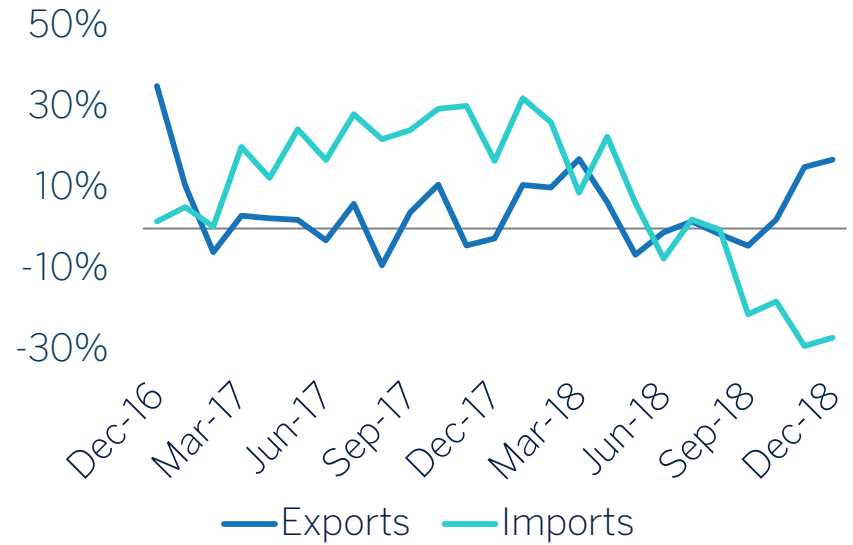
Current Account

% of GDP – Source: INDEC



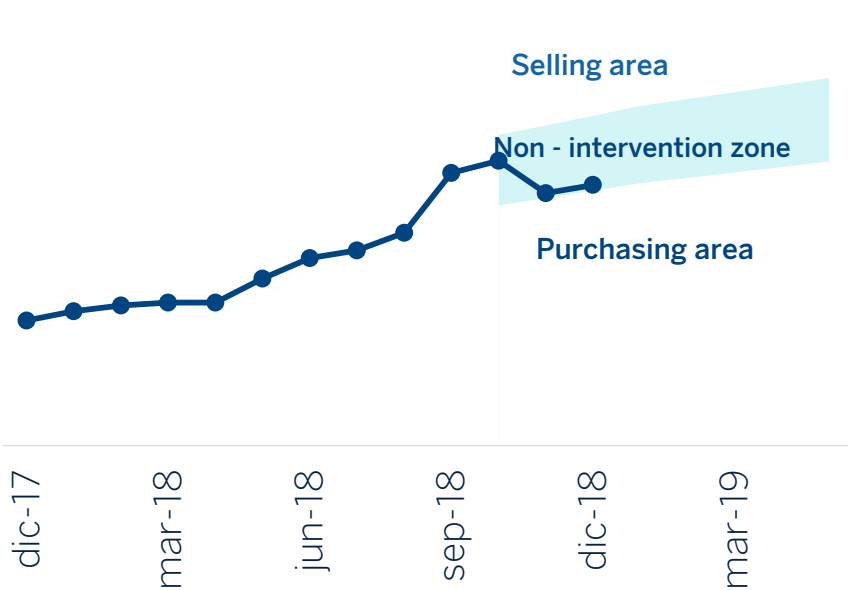
Trade balance

% yoy – Source: INDEC



The new monetary-FX rate programme stabilized the currency market after a difficult end to 2018

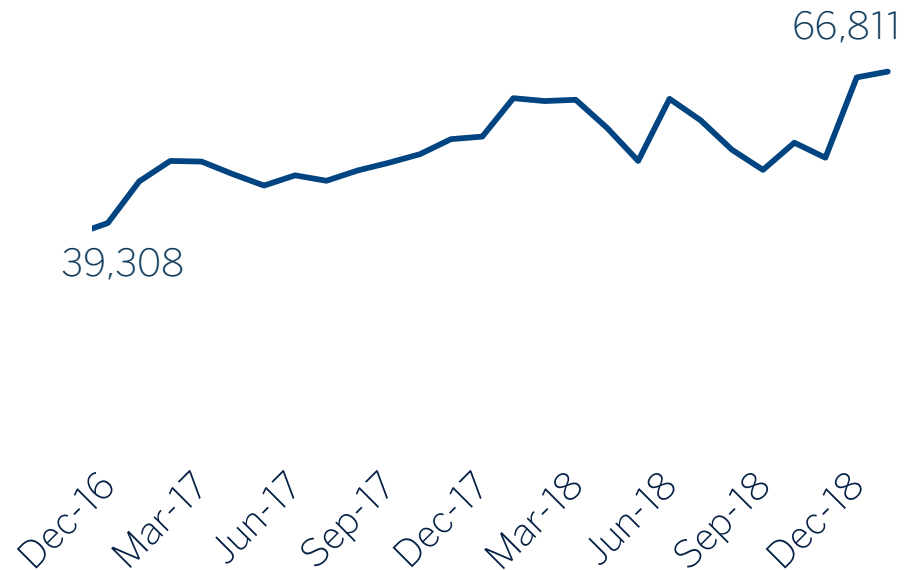
FX Rate
(AR\$/USD)



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

Source: BBVA Research

International Reserves
(millions USD)



Source: Central Bank

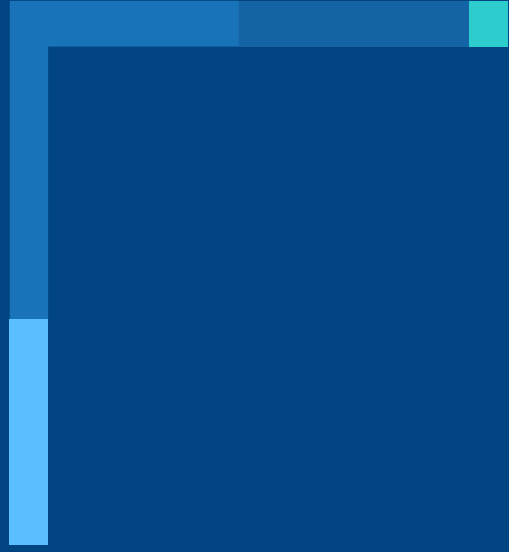
The agreement with the IMF includes primary fiscal equilibrium and zero growth of the monetary base.

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.



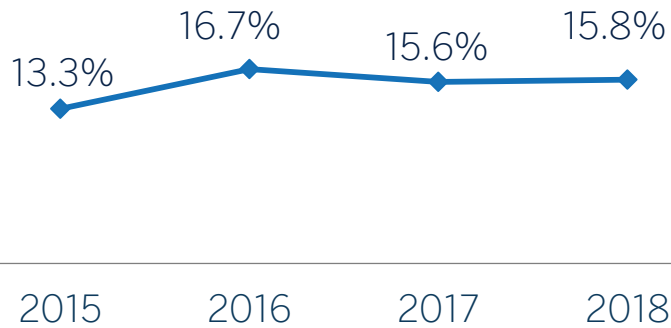
02

Financial System

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

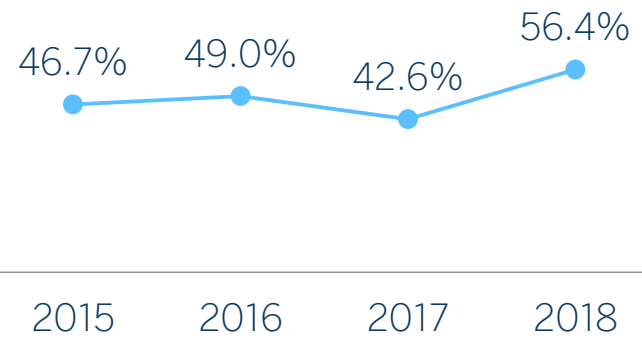
Capital

Capital Integration / RWA according to BCRA regulation

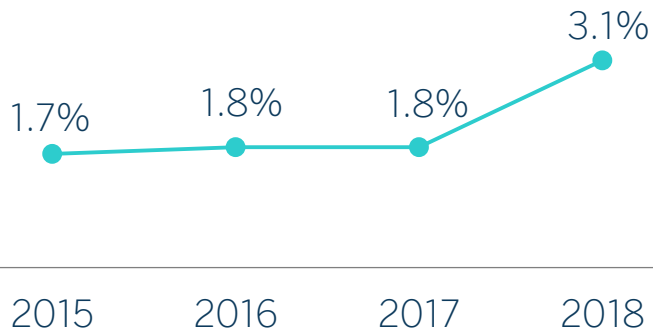


Liquidity

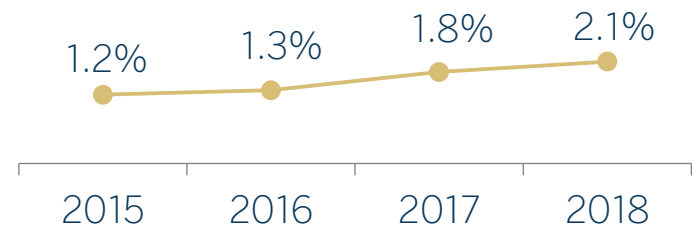
Cash + net repos with BCRA+BCRA bills / Total Deposits



NPL



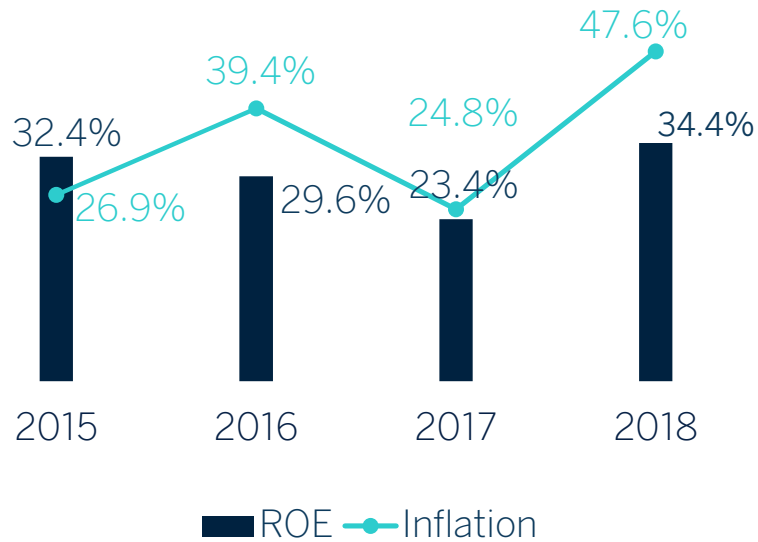
Cost of Risk



Includes the foreign exchange effect
2018 as Nov-18

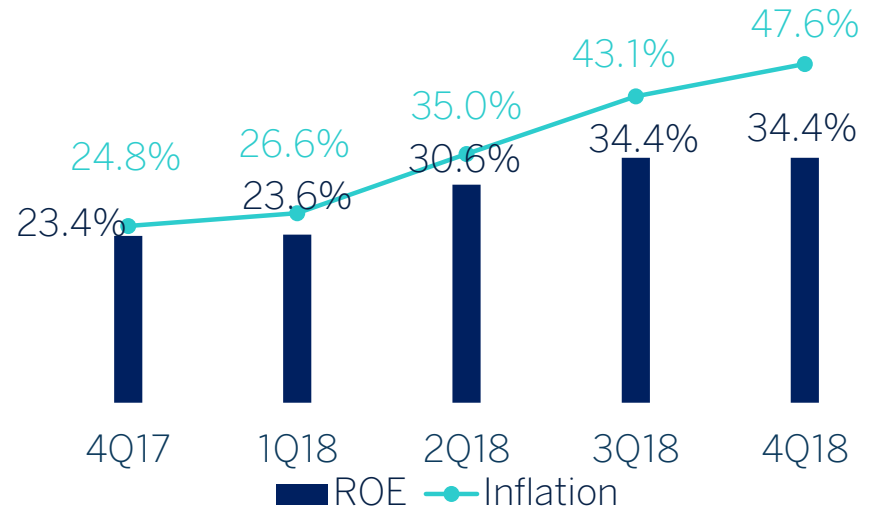
Higher profitability in nominal terms, but negative in real terms

ROE and Inflation



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

Quarterly figures



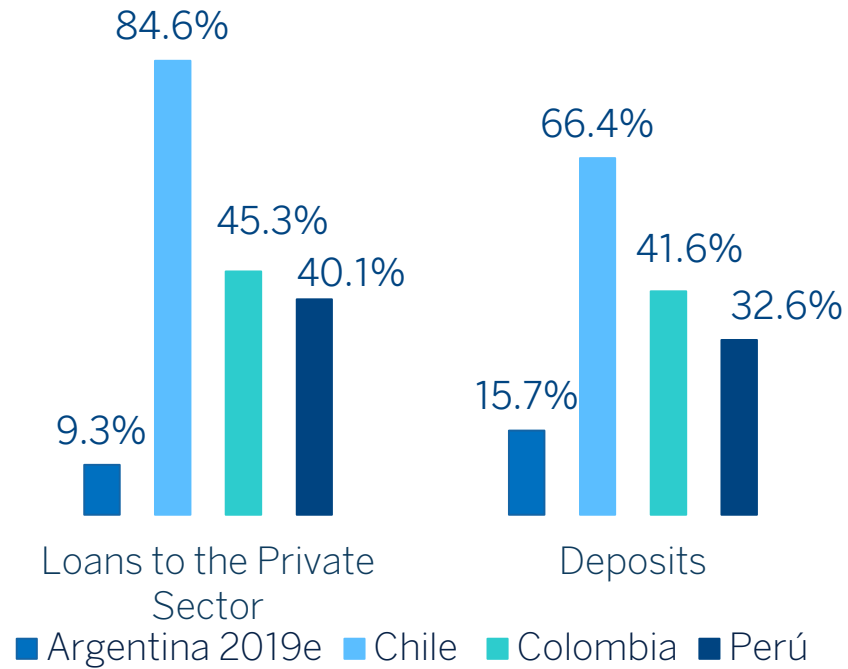
ROE: accumulated net income / monthly average equity.
 Inflation: Accumulated inflation, annualized

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

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

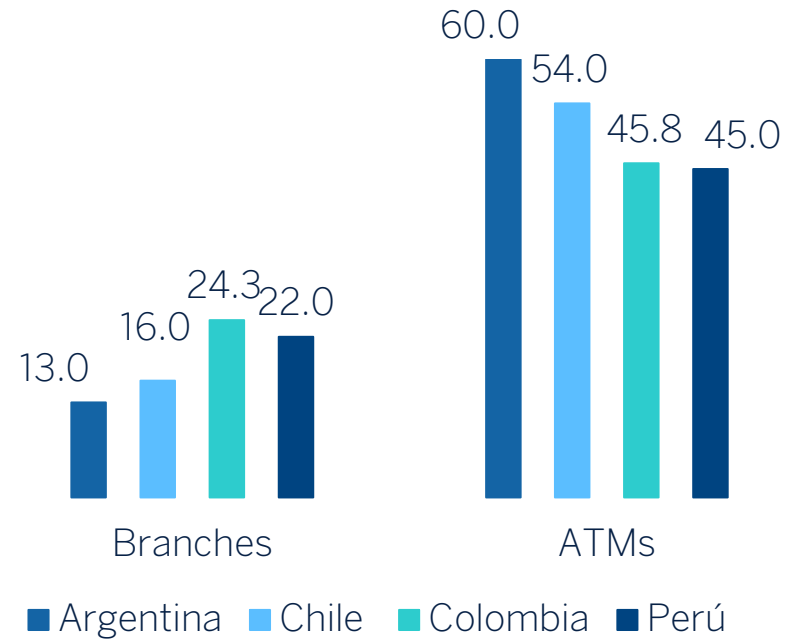
Latam Private Loans and Total Deposits % GDP

Figures as of November 2017



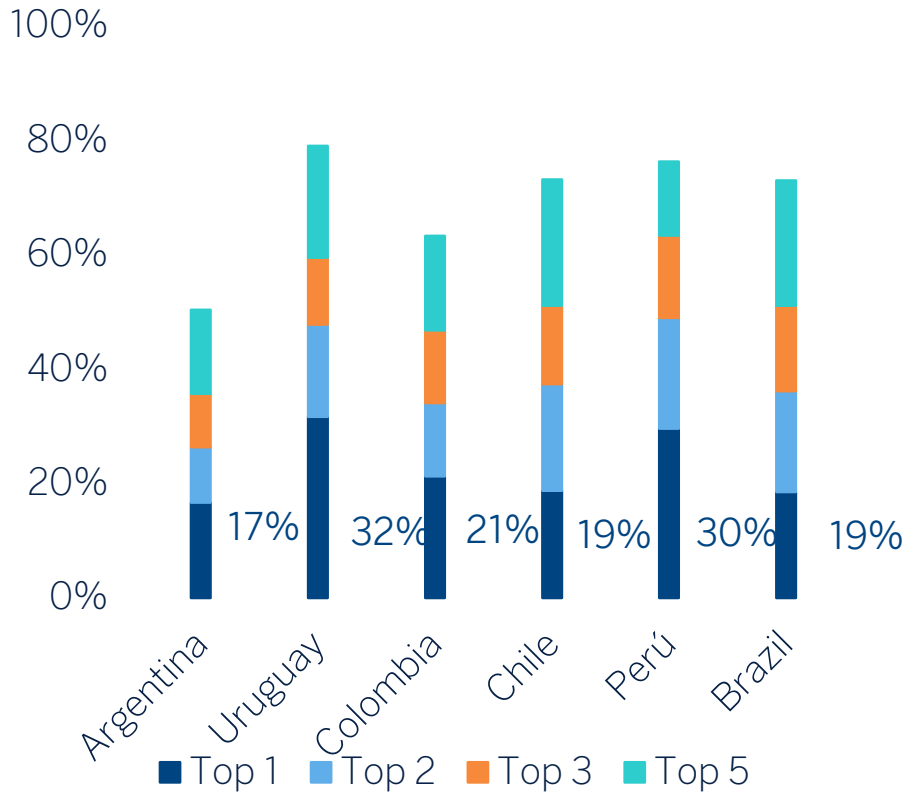
Branches and ATMs / 100,000 adult population

Figures as of December 2016



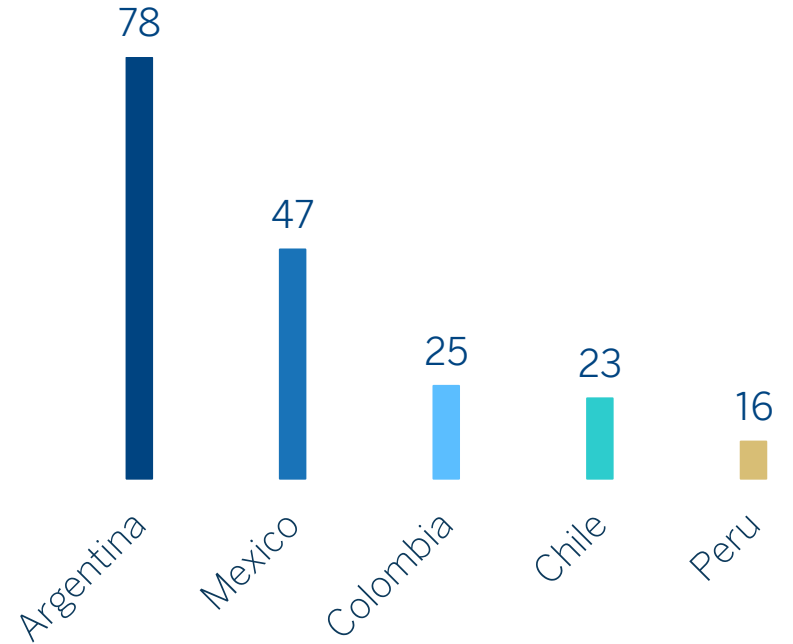
Argentina has the less concentrated financial system in the region

Total loans market share in Latam



Number of financial institutions per country

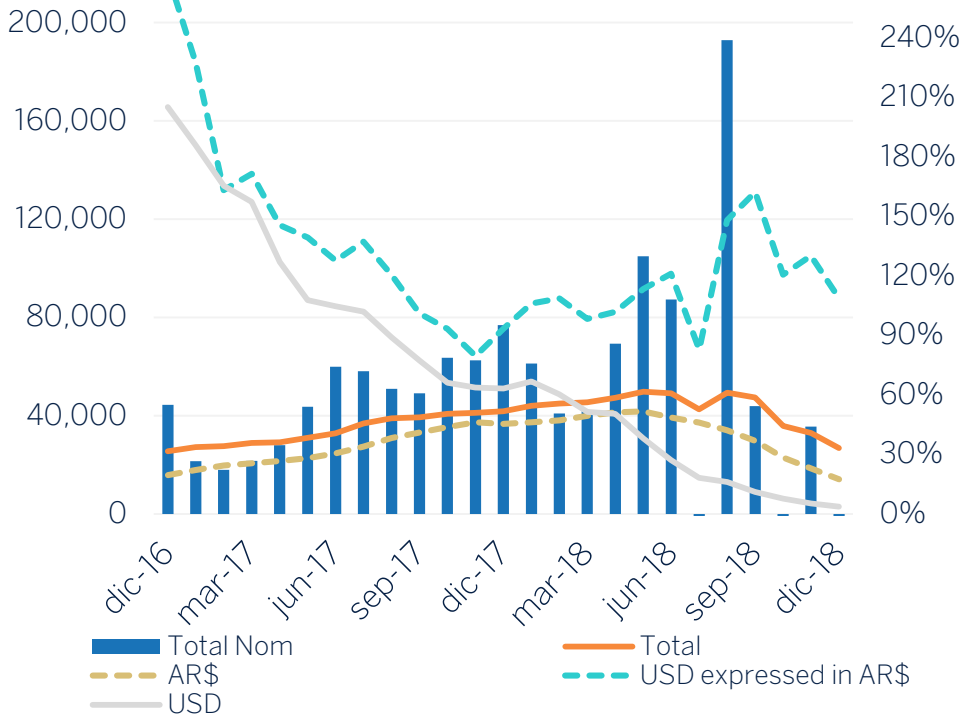
As of 2016



Private loans trend

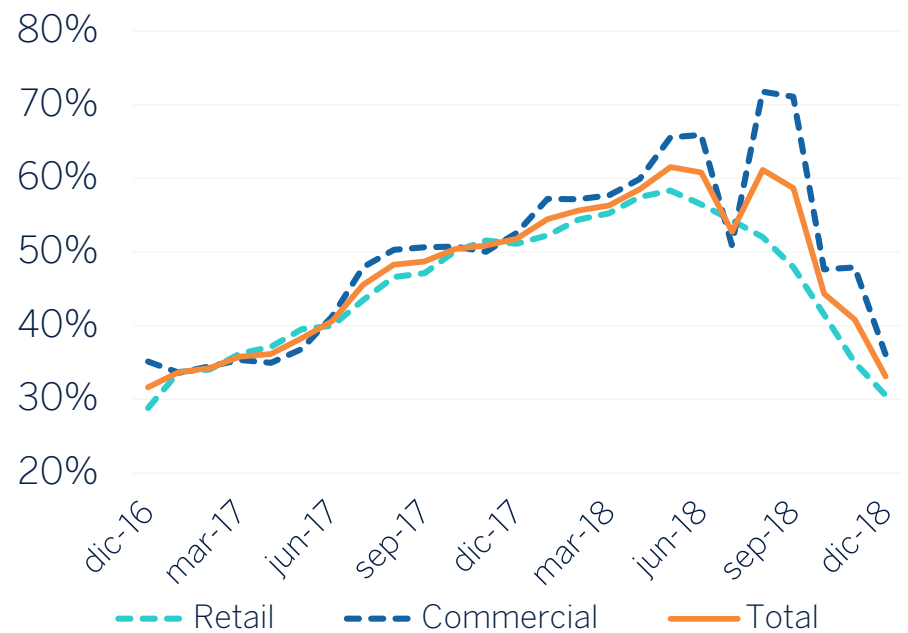
Total Private Loans growth

(var yoy % - millions AR\$)



Retail and Commercial Loans

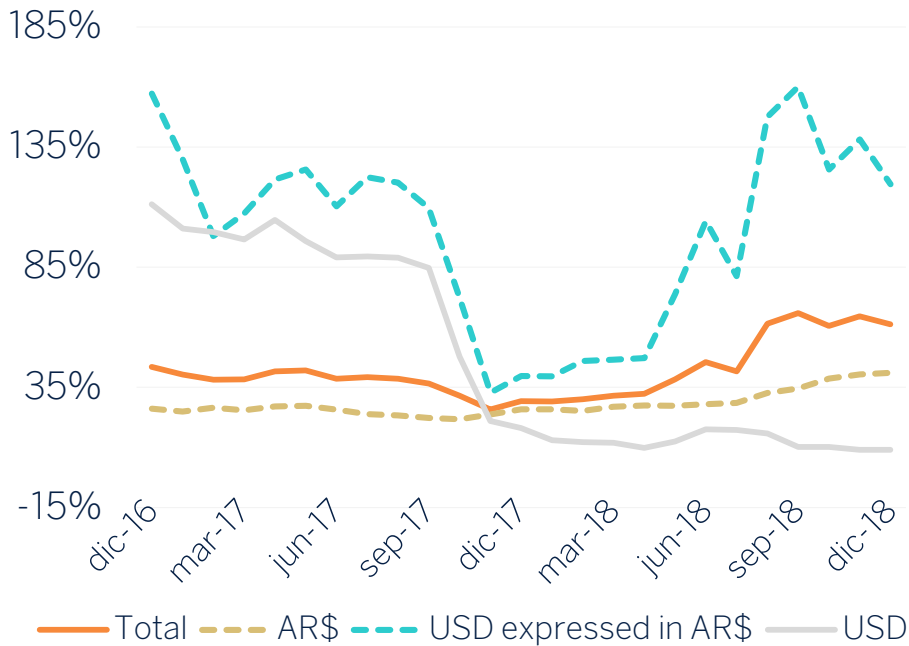
AR\$ + USD (var yoy %)



Private deposits trend

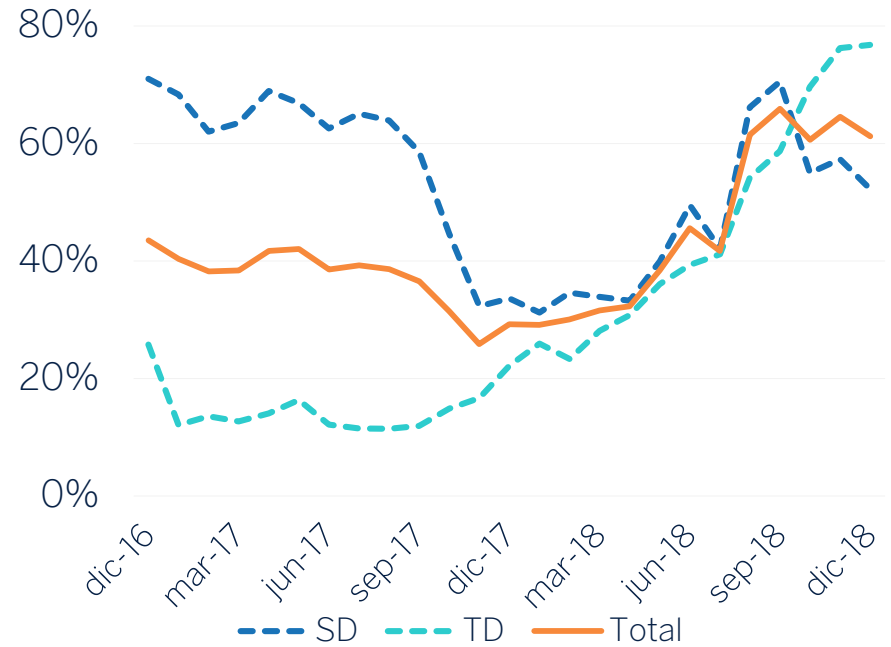
Total Private Deposits growth

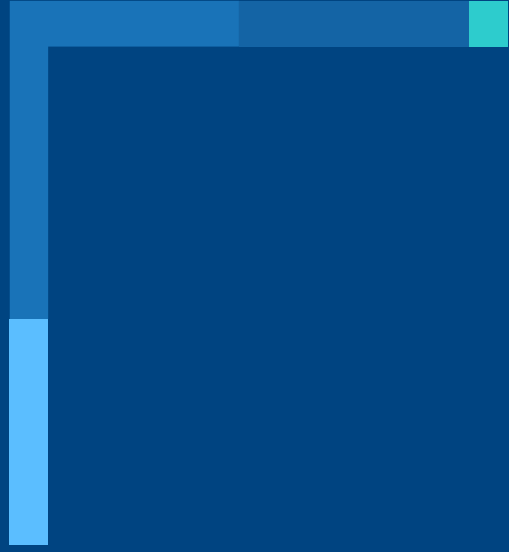
(var yoy %)



Sight Deposits and Time Deposits

AR\$ + USD (var yoy %)

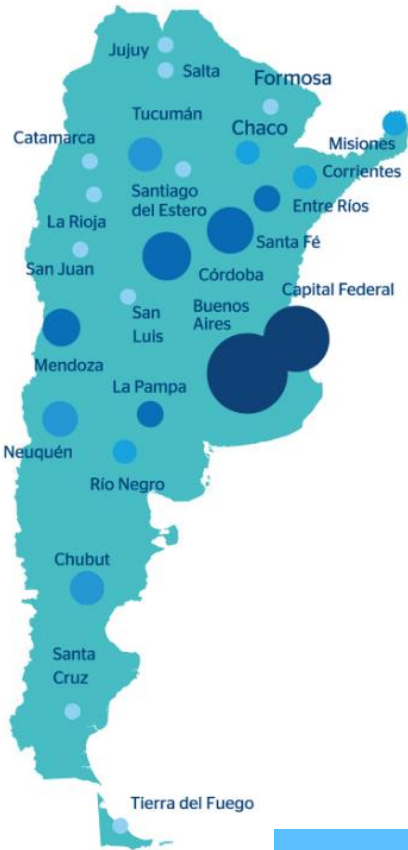




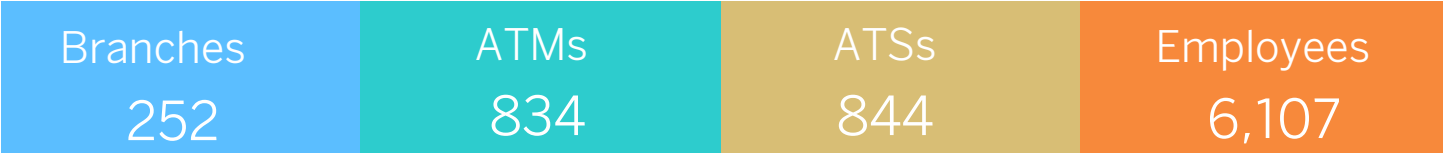
03

BBVA Francés

A universal bank with a countrywide presence



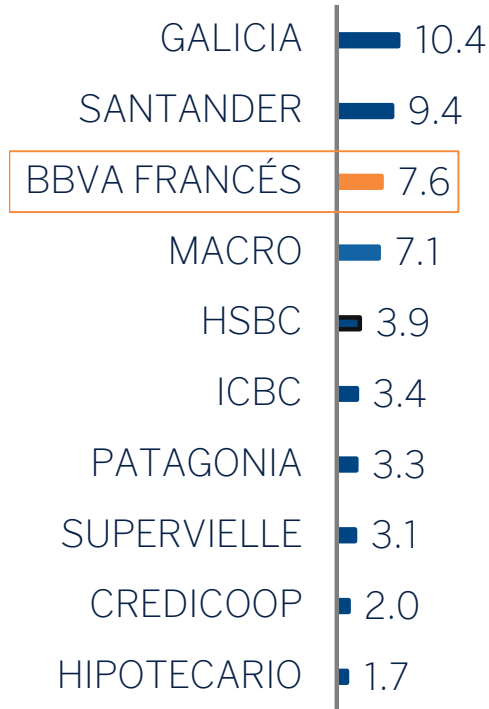
Clients



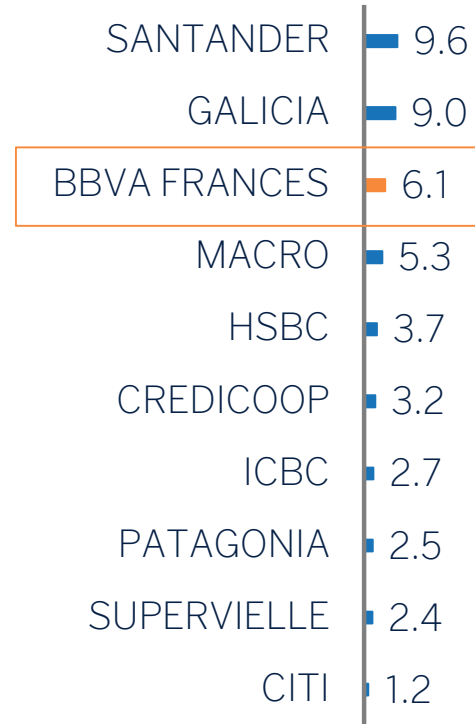
(*) active clients.

One of the leading private banks

Total loans



Total deposits



Figures as of Nov- 18

Private Loans *
8.7%

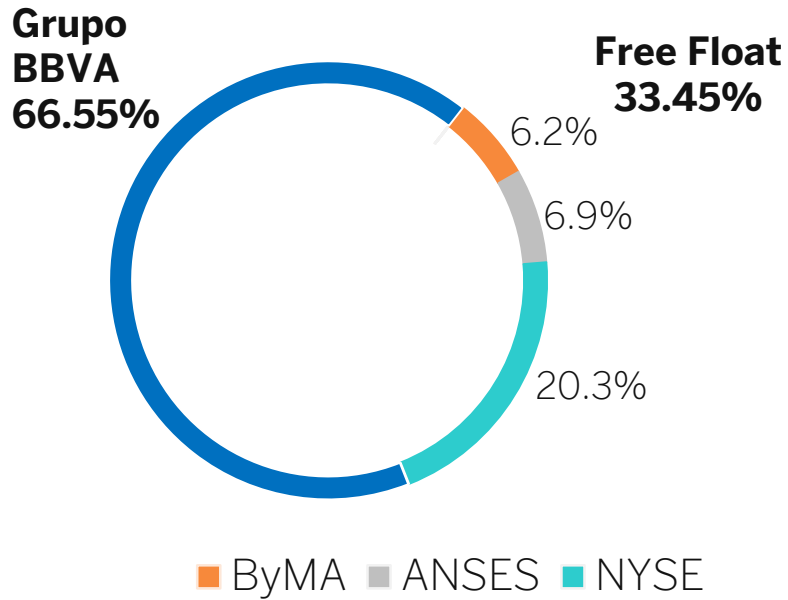
Mutual Funds
5.7%

Private Deposits *
8.0%

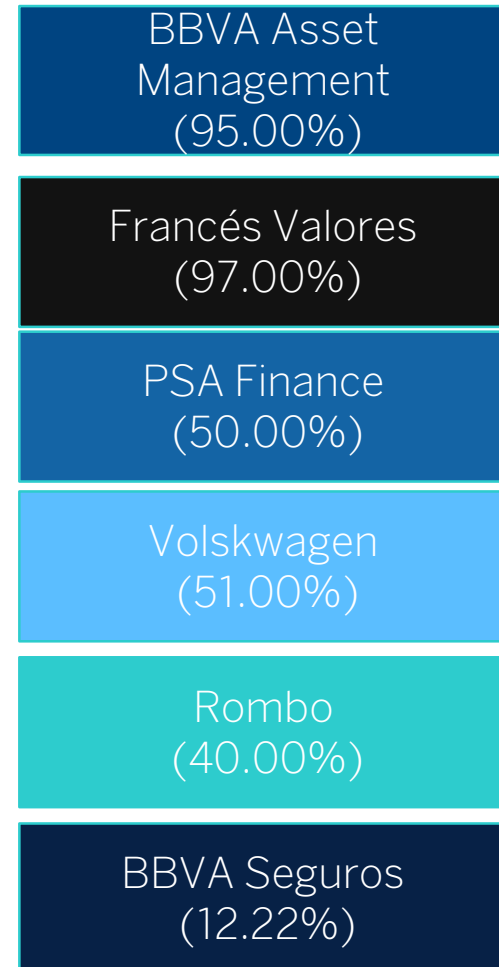
Branches
5.5%

Equity Ownership

Ownership structure

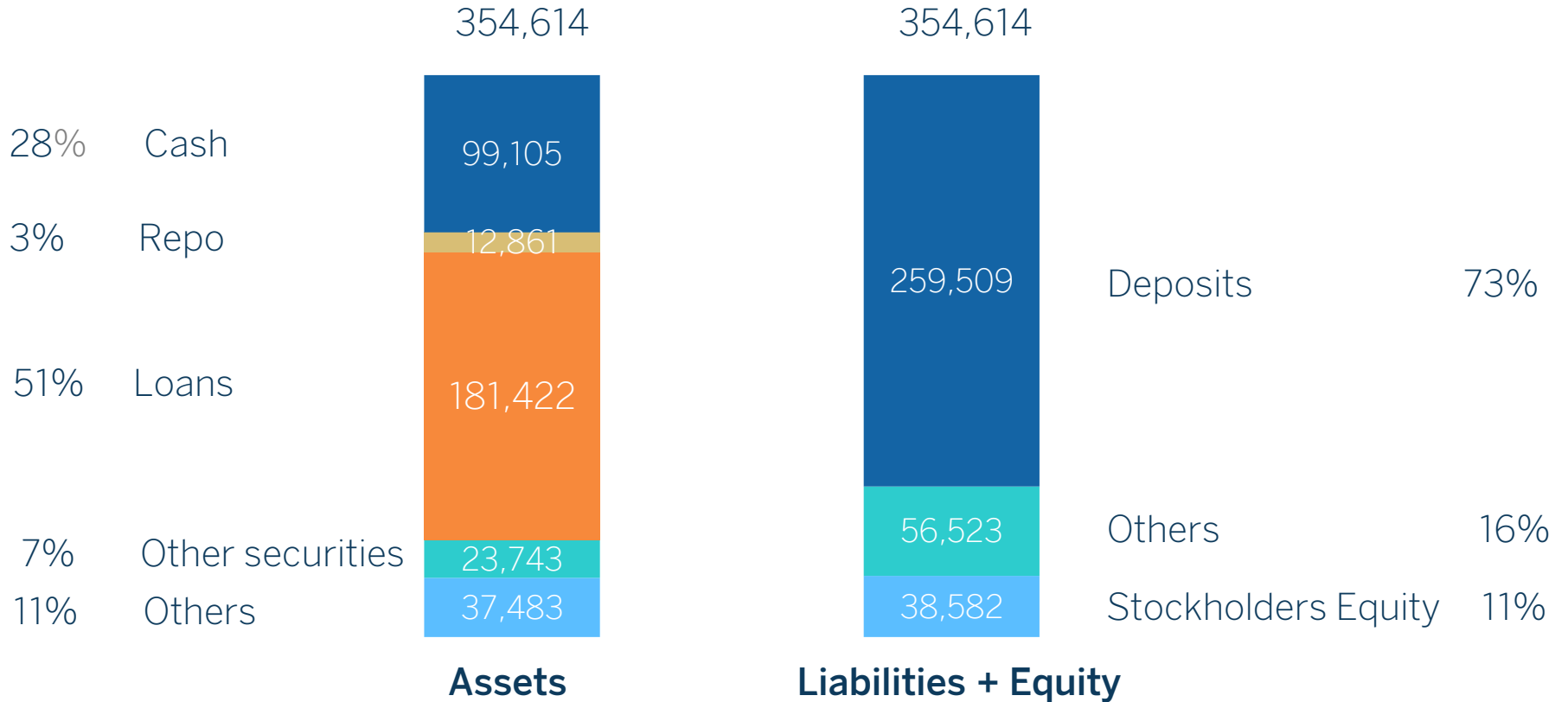


Subsidiaries and equity participations



Solid Balance Sheet Structure

(millions AR\$)



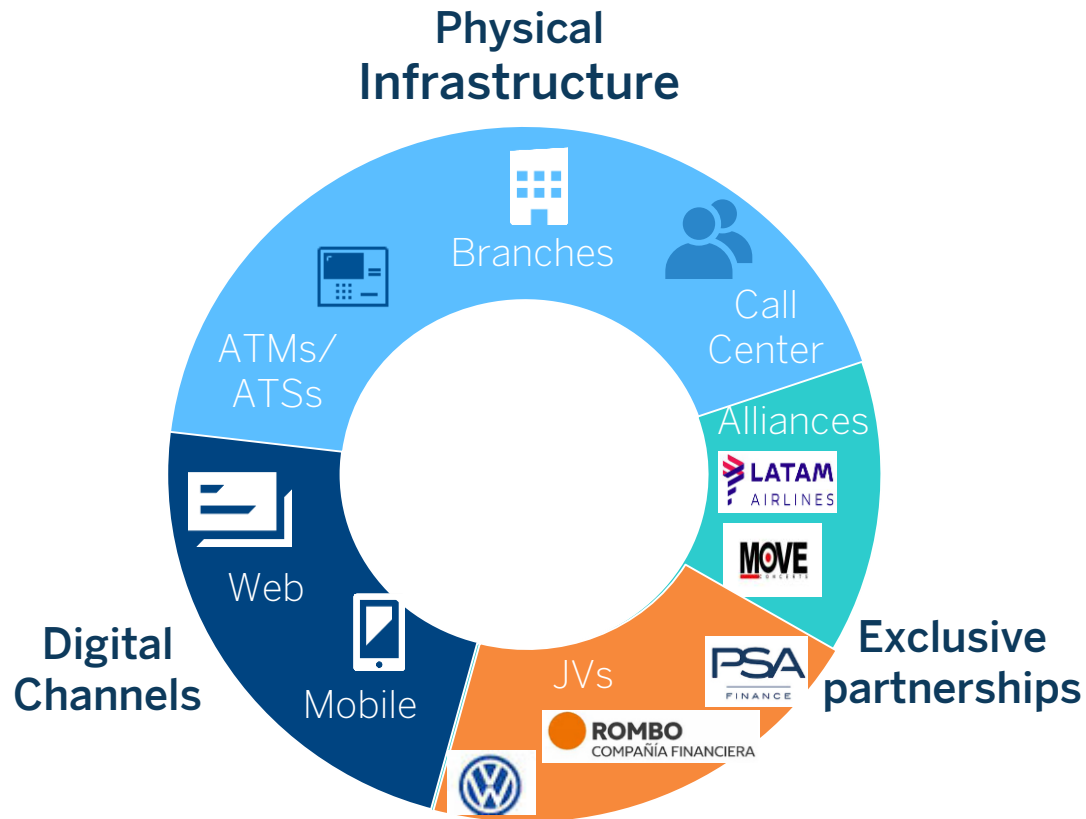
Leverage 8.2x

LtD Ratio 70%

Liquid Assets/ Deposits 55,2%

With a diversified business model

Multichannel structure and exclusive partnerships



BBVA Francés growth strategy is focus on two key goals

Transformation

- Digitalization
- Servicing

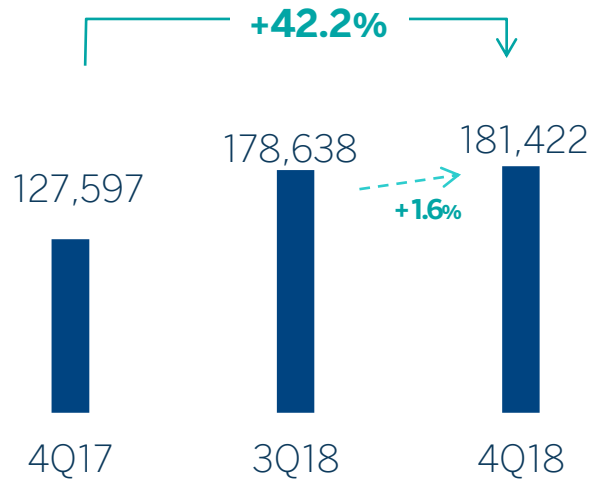
Open Market

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

Loans

Private loans

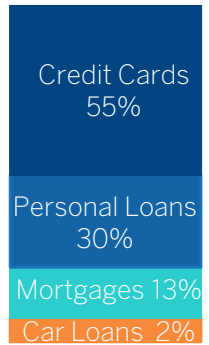
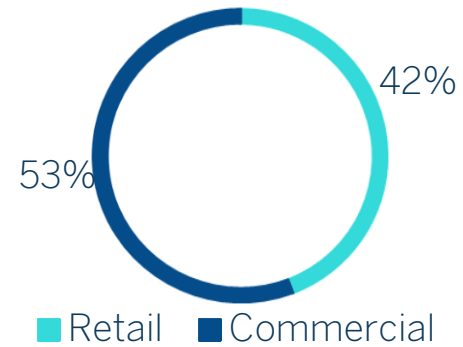
(millions AR\$)



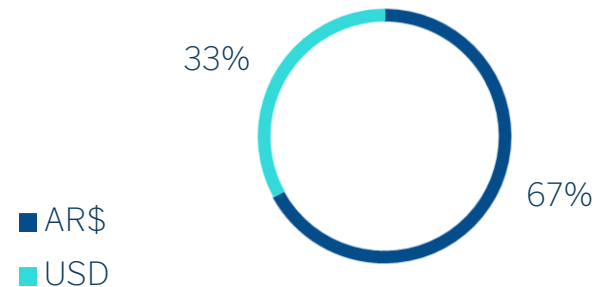
Market share	4Q17	3Q18	4Q18
Market share	8.3	8.3	8.7

Private loans structure *

* Private loans includes loans of BBVA Francés + VW



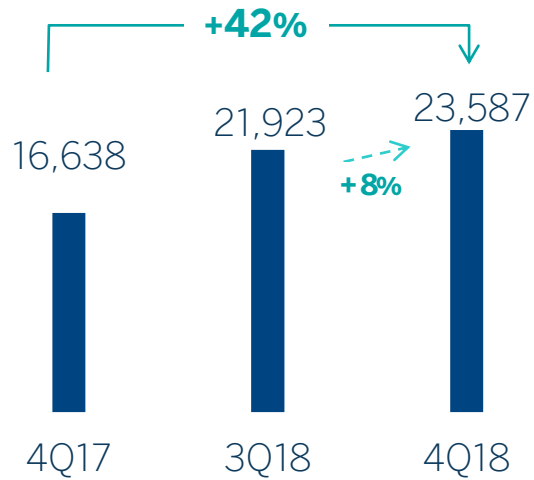
Private loans by currency



Retail banking

Consumer loans

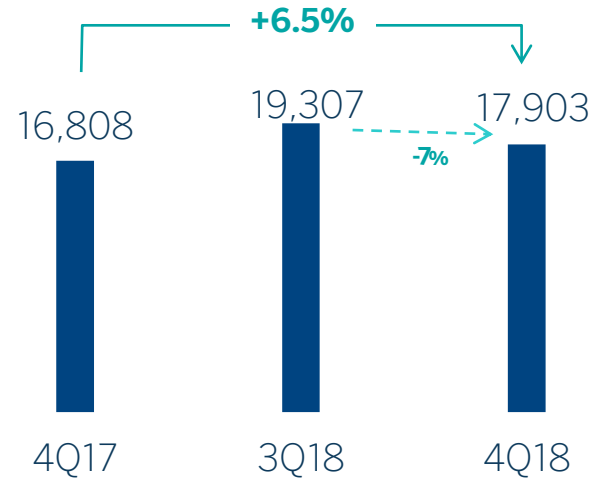
(millions AR\$)



Market share 4.6 5 5.3

Car loans

(millions AR\$)



Market share 17.9 16.5 15.6

Consolidating with Volkswagen, PSA and Rombo Compañía Financiera

Retail banking

Credit Cards

(Millions AR\$)

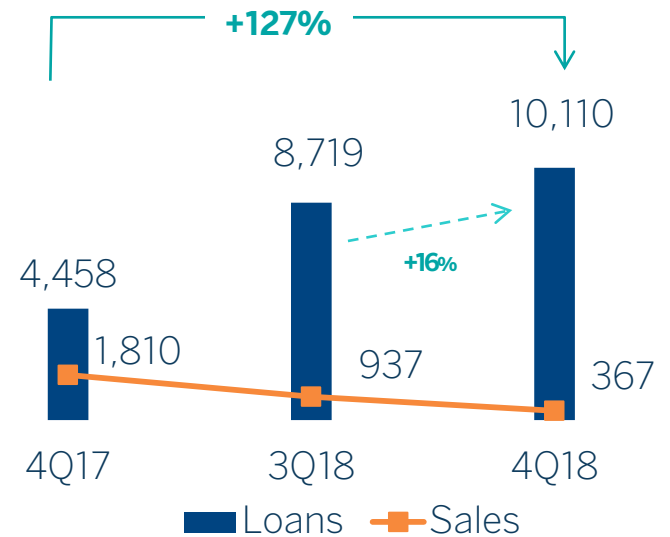


Stock of enabled credit cards

Volumen	12.7	13.6	14.0
Market share			

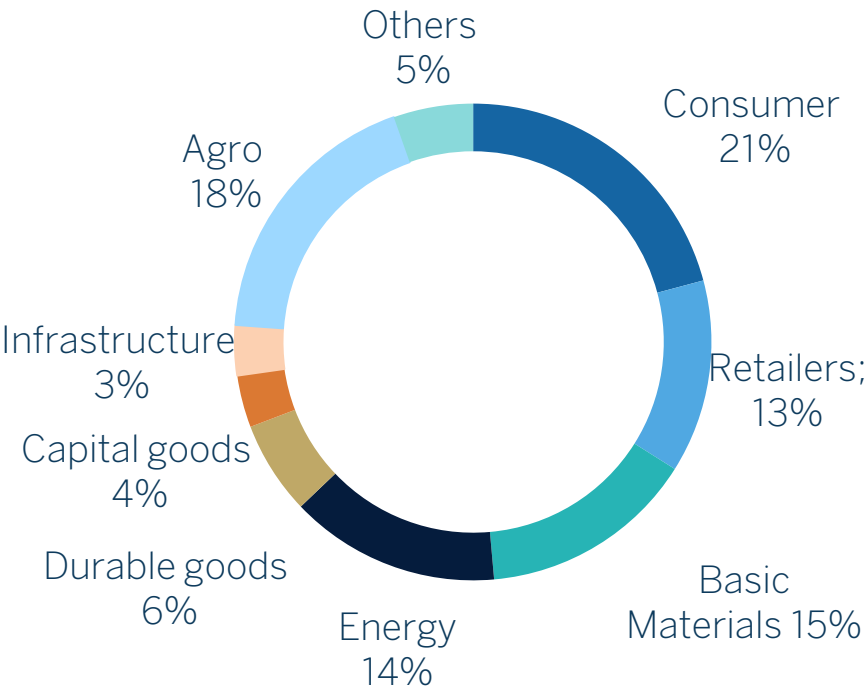
Mortgages

(Millions AR\$)



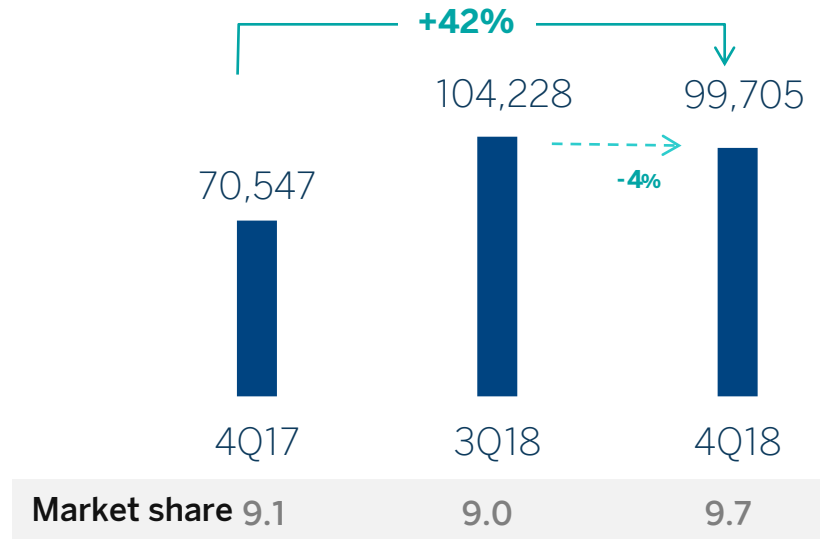
Commercial banking

Distribution by industry

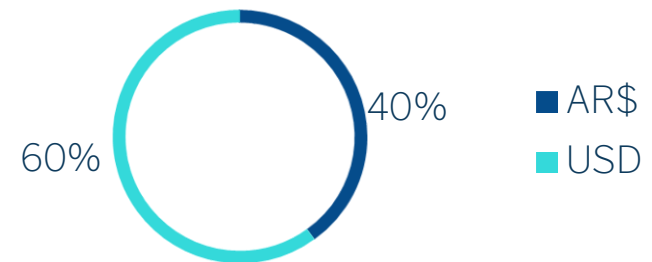


Commercial Loans

(millions AR\$)

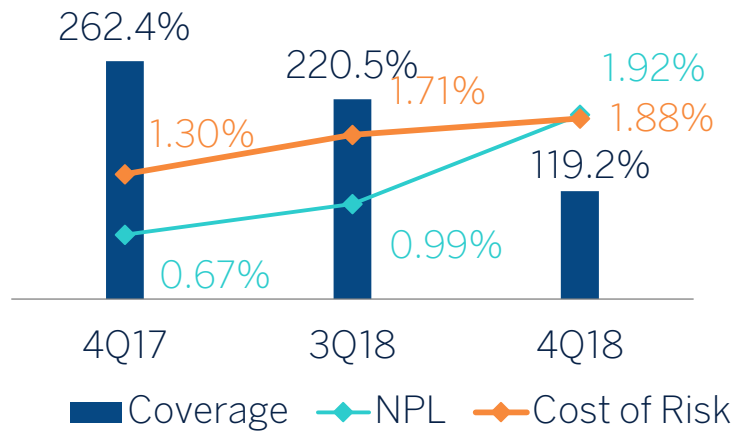


Commercial Loans by currency

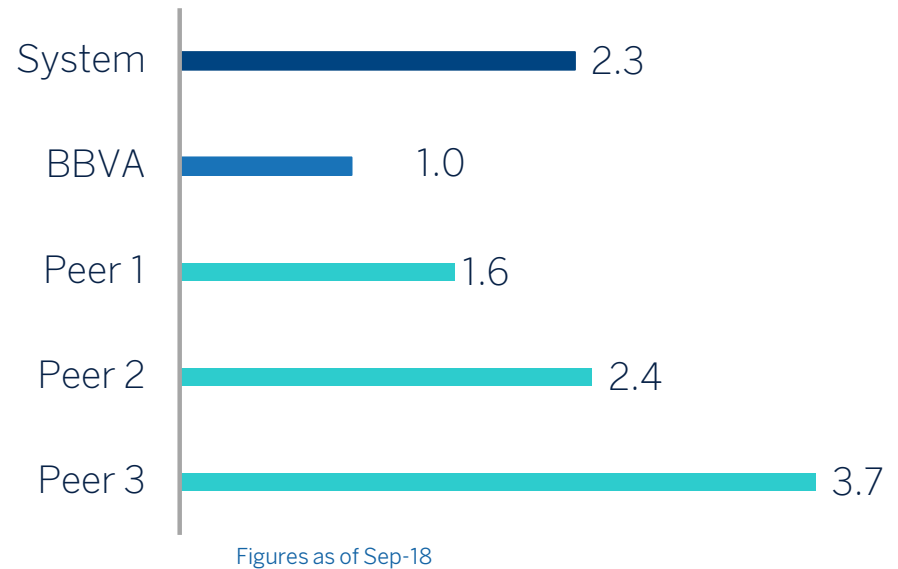


Sound risk indicators

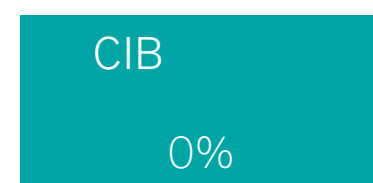
NPL, Coverage and Cost of risk (%)



NPL peer group and Financial System (%)

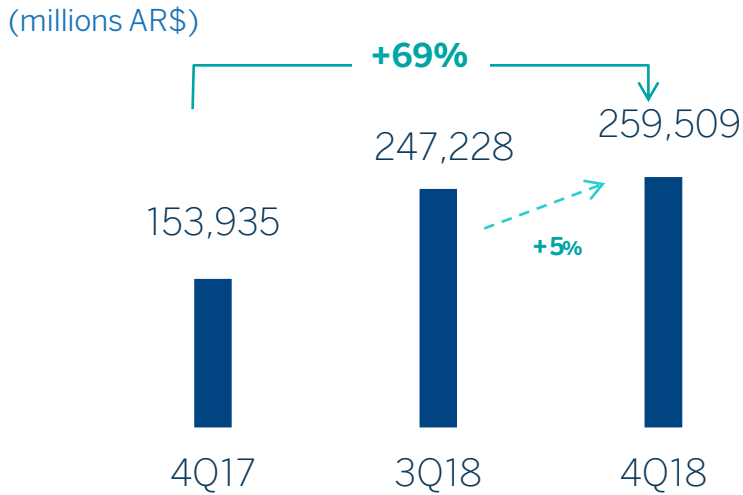


NPL by segment (%)

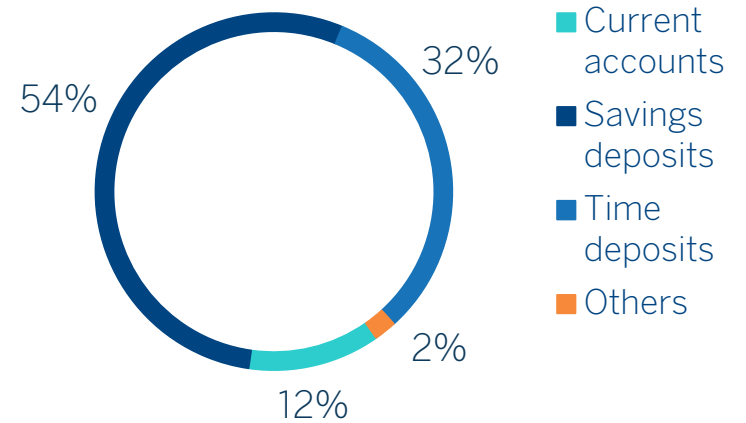


Deposits

Total Deposits

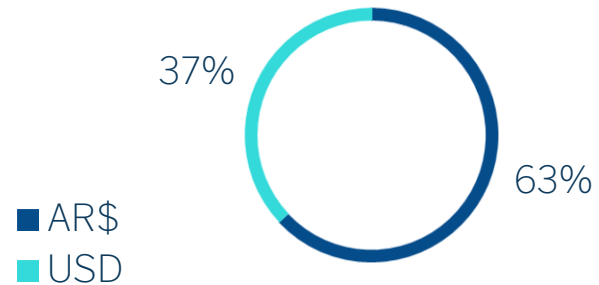


Deposits Structure



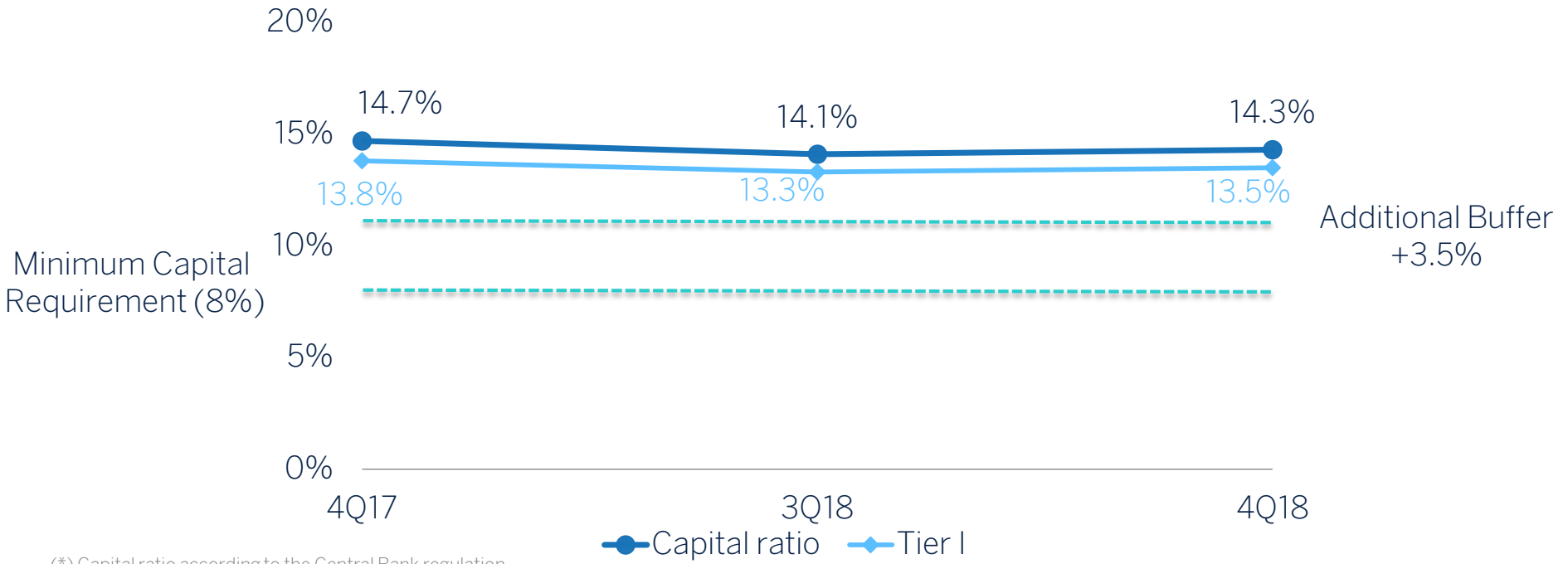
Market share	7.7	8.4	7.9

Deposits by currency



Strong capital position

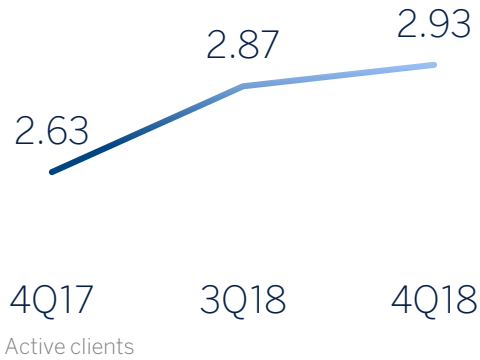
Capital Ratio



Clients evolution

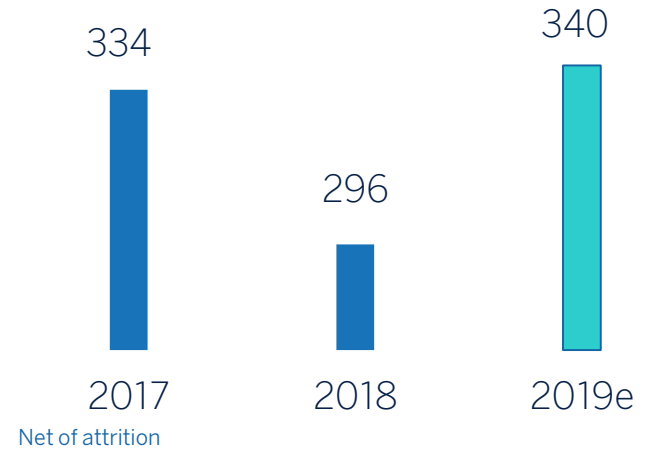
Total retail clients

(millions)

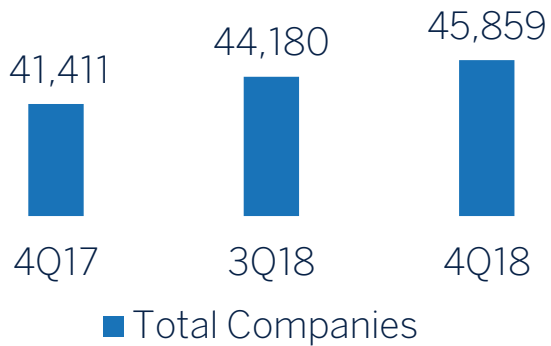


New retail clients

(thousands)

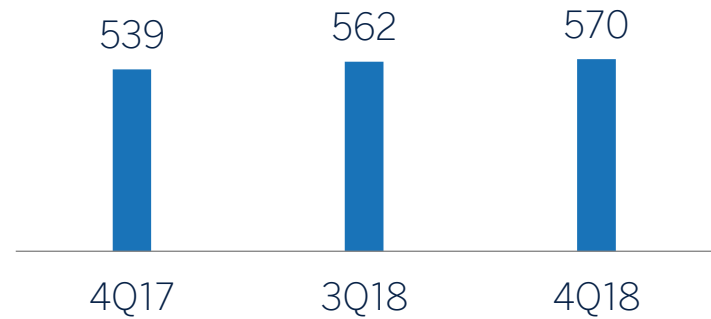


SMEs by segment



Payroll accounts

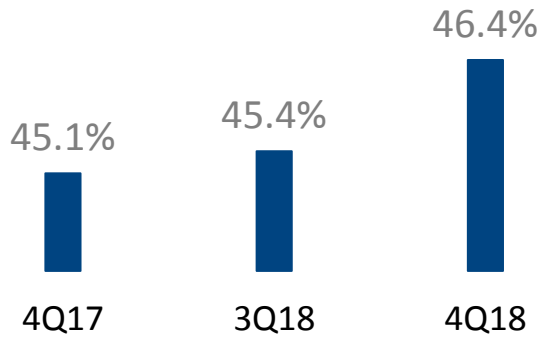
(thousands)



Digital performance

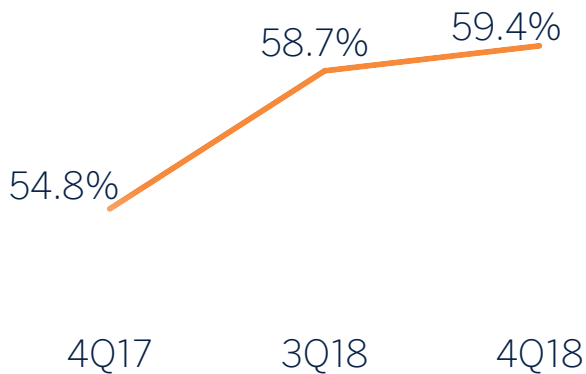
% Digital Sales

(digital sales/total sales)

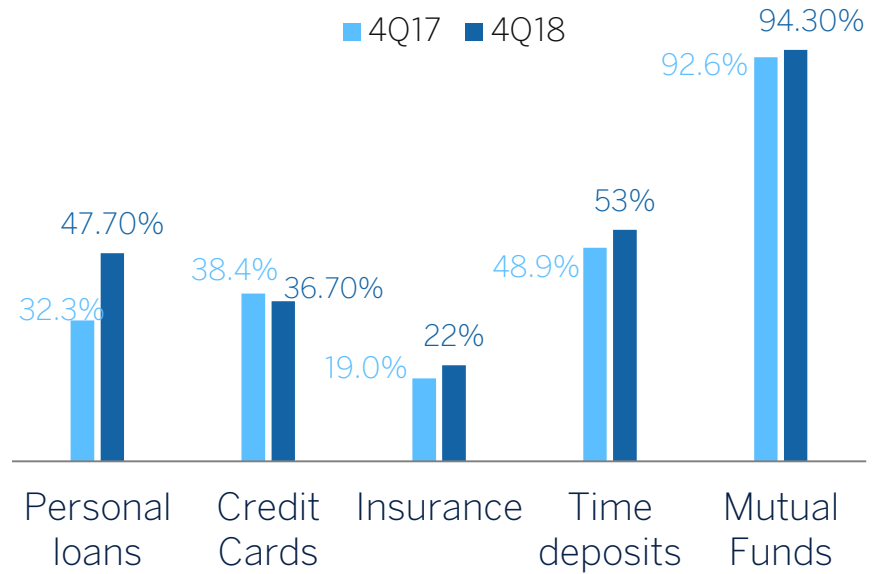


% Digital clients

(digital clients/retail active clients)



% Digital Sales by Product



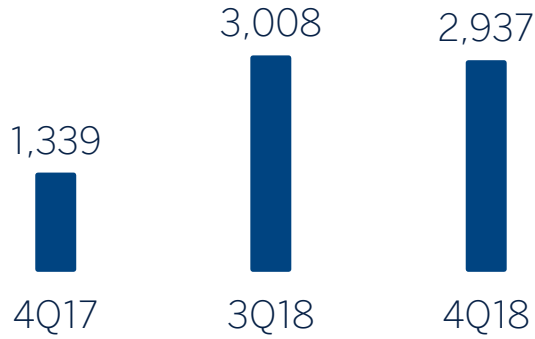
4Q18 Highlights

01 Net Income	AR\$ 2,937	+119.2% vs. 4Q17
02 Net Interest Income	AR\$ 8,463	+105.8% vs. 4Q17
03 Net Fee Income	AR\$ 1,504	+135.8% vs. 4Q17
04 Administrative Expenses	AR\$ 4,766	+41.2% vs. 4Q17
05 Sound risk indicators	NPL ratio 1.92%	Coverage ratio 119.2%
06 Strong capital position	Capital Ratio 14.3%	TIER I 13.5%
07 Focus on shareholder value	ROE 31.4%	ROA 3.4%

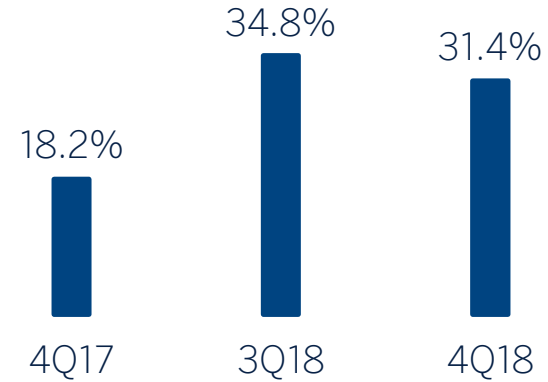
Net income and main indicators

Net Income

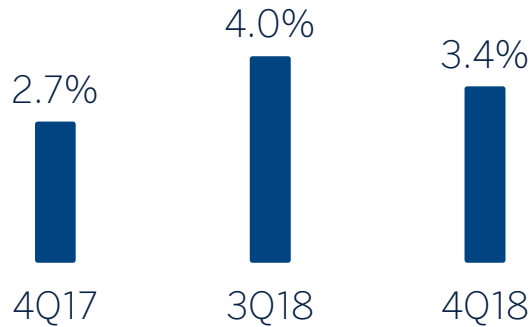
millions AR\$



ROE



ROA



Efficiency

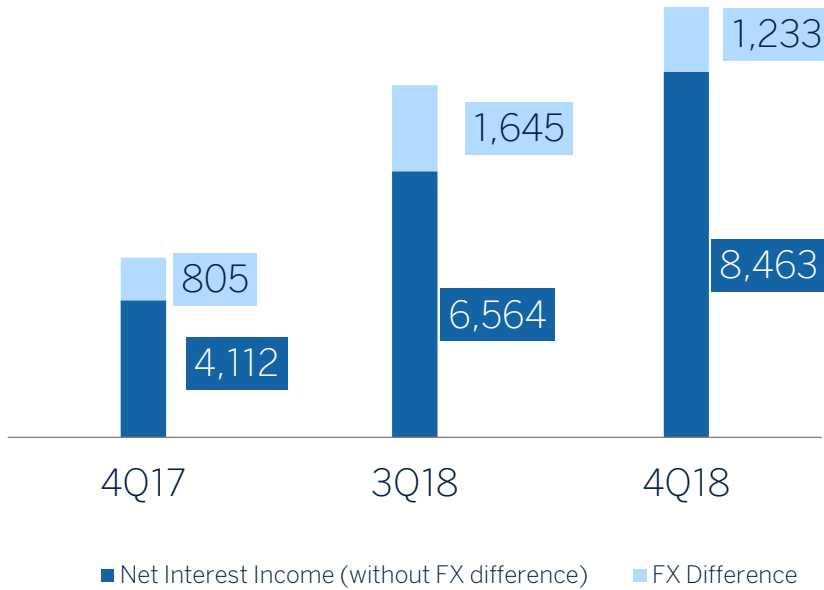
Administrative expenses / (Net Financial Income + Net Income from Services)



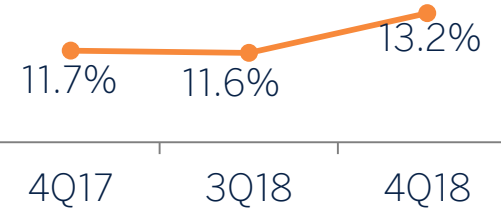
Net Interest Margin and NIM

Figures in millions AR\$

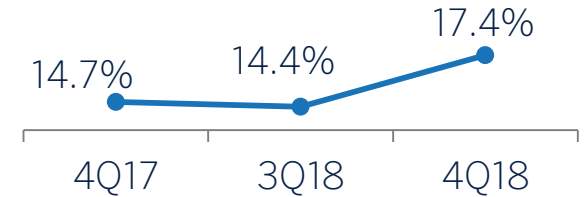
Net Interest Income



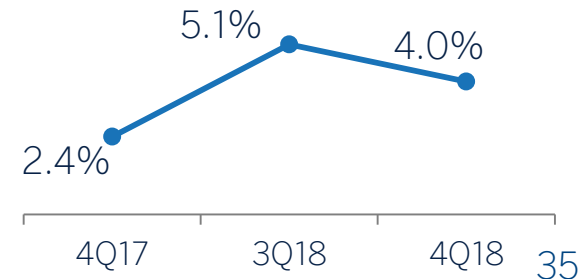
Total NIM (AR\$+USD)



Total NIM AR\$



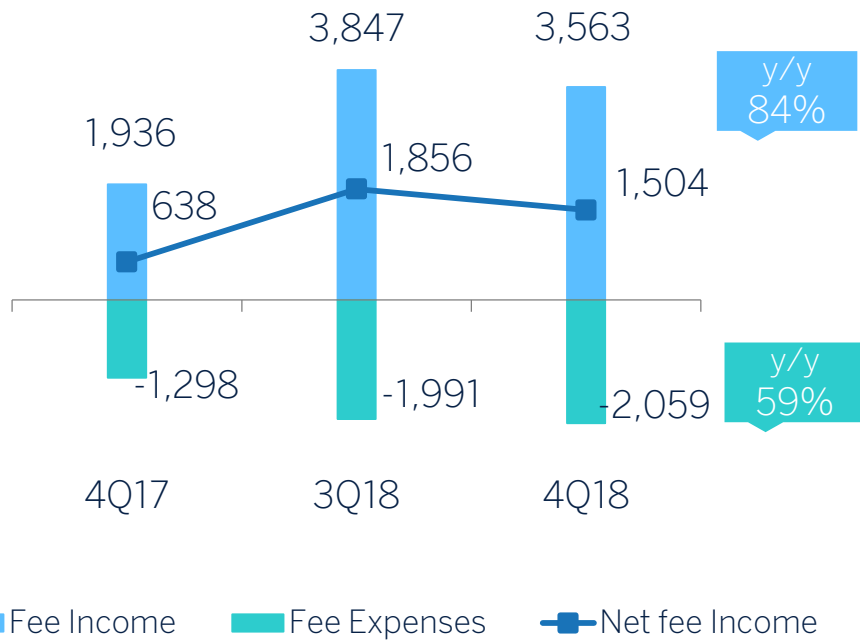
Total NIM USD



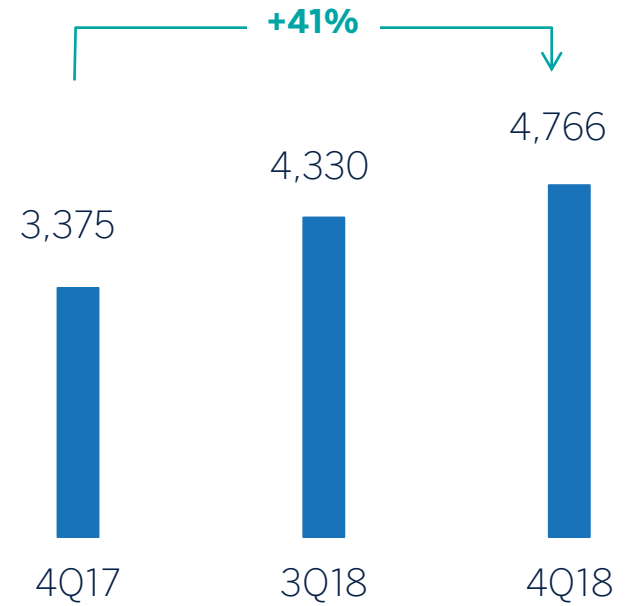
Fees and Expenses

Figures in millions AR\$

Net fee income



Administrative expenses



BBVA Francés P&L Breakdown

Figures in million \$	2018	2017	Δ Y/Y
Net interest income	26,129,314	14,523,074	80%
Net fee income	4,795,923	2,566,013	87%
Net income of financial instruments	-14,780	2,645,749	-101%
Foreign Exchange difference	5,306,709	2,099,742	153%
Other operating income	4,862,125	3,906,097	25%
Provision for loan losses	-3,461,077	-1,704,000	103%
Net Operating income	37,618,214	24,036,675	57%
Administrative and personnel expenses	-16,138,245	-12,035,439	34%
Depreciation and amortization	-876,371	-650,873	35%
Other operating expenses	-7,651,564	-5,659,371	35%
Operating income	12,952,034	5,690,992	128%
Income From associates	780,554	433,939	80%
Income tax	-4,027,412	-1,607,976	151%
Net income including non-controlling shareholders	9,705,176	4,516,955	115%
Net income attributable to non-controlling shareholders	91,489	37,161	146%
Net Income	9,613,687	4,479,794	115%



BBVA Creating
Opportunities

BBVA Francés 4Q18