



“Information of Prudential Relevance”

Basel Accord PILAR III – March 2016

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1. Introduction

The quantitative information presented as of the date of this document corresponds to provisional data, subject to approval of the interim consolidated Financial Statements and the statements sent to the Regulator, as the case may be.

BBVA ended the first quarter of 2016 with CET 1 capital levels and a total phase-in capital ratio of 11,6% and 15,0%, respectively, as well as a leverage ratio (phase-in) of 6.4%

Pursuant to solvency regulation requirements, below is the prudential information as of March 31st, 2016, in accordance with the European Banking Authority's "Guidelines on materiality, proprietary and confidentiality and on disclosure frequency under Articles 432(1), 432(2) and 433 of Regulation (EU) No 575/2013" published in December 2014, adopted by the Banco de España Executive Commission on February 12th, 2015, which specifies the prudential information to be reported within a year.

2. Total Eligible Capital

The table below shows the amount of total eligible capital, net of deductions, for the different items making up the capital base as of March 31st, 2016, December 31st, 2015 and March 31st, 2015.

TABLE 1. Total Eligible Capital Breakdown

(Million euros)				
	Eligible capital resources	31/03/2016	31/12/2015	31/03/2015
a) Capital and share premium		27.112	27.112	27.042
b) Retained earnings		20.228	21.022	18.236
c) Other accumulated earnings (and reserves)		(613)	(1.904)	1.362
d) Minority interests		6.556	7.143	1.230
e) Interim Net Income		553	1.456	1.457
Ordinary Tier 1 Capital Before Other Regulatory Adjustments		53.836	54.829	49.326
f) Additional Value Adjustments		(244)	(195)	(391)
g) Intangible Assets		(5.612)	(3.901)	(3.758)
h) Deferred Tax Assets		(224)	(75)	(139)
i) Expected Losses in Equity		(18)	(31)	(41)
j) Profit or Losses on Liabilities measured at Fair Value		(240)	(136)	(108)
k) Direct and indirect holdings of own instruments		(392)	(511)	(153)
l) Securitizations tranches at 1250%		(75)	(89)	(165)
m) Temporary CET1 adjustments		(564)	(788)	(364)
n) Admissible CET1 deductions		-	(549)	(212)
Total Common Equity Tier 1 Regulatory Adjustments		(7.368)	(6.275)	(5.331)
Common Equity Tier 1 (CET1)		46.468	48.554	43.995
o) Equity instruments and share premium classified as liabilities		4.318	4.439	4.394
p) Items referred in Article 484 (4) of the CRR		816	862	1.031
Additional Tier 1 before Regulatory Adjustments		5.134	5.302	5.426
q) Temporary adjustments Tier 1		(3.334)	(5.302)	(5.426)
Total Regulatory Adjustments of Additional Tier 1		(3.334)	(5.302)	(5.426)
Additional Tier 1 (AT1)		1.800	-	-
Tier 1 (Common Equity Tier 1 + Additional Tier 1)		48.268	48.554	43.995
r) Equity instruments and share premium		2.002	2.006	1.997
s) Amount of the admissible items, pursuant to Article 484		429	429	582
t) Admissible shareholders' funds instruments included in consolidated Tier 2 issued by subsidiaries and held by third parties		5.659	5.716	5.367
-Of which: instruments issued by subsidiaries subject to ex-subsidiary stage		506	(99)	583
u) Credit risk adjustments		3.473	3.496	2.740
Tier 2 before regulatory adjustments		11.563	11.646	10.686
Tier 2 regulatory adjustments		-	-	-
Tier 2		11.563	11.646	10.686
Total Capital (Total capital = Tier 1 + Tier 2)		59.831	60.200	54.681
Total RWA's		399.226	401.285	348.419
CET 1 Ratio (phased-in)		11.6%	12.1%	12.6%
CET 1 Ratio (fully-loaded)*		10.5%	10.3%	10.8%
Tier 1 Ratio (phased-in)		12.1%	12.1%	12.6%
Tier 1 Ratio (fully-loaded)**		12.0%	11.6%	12.0%
Total Capital (phased-in)		15.0%	15.0%	15.7%
Total Capital (fully-loaded)		15.0%	14.4%	14.9%

* Includes a proforma positive impact of 15 bps from the ongoing corporate reorganization agreed in Perú so we can include, for solvency purposes and subject to CRDIV limits, the minority interests held in BBVA Banco Continental. This transaction has no impact on BBVA Group's consolidated equity, financial position, results or on the economic interest held in Banco Continental.

** Includes 1,000 million € issue of Additional Tier 1 capital (contingent convertible) held in April 2016

3. Capital Requirements

The third part of the CRR sets out the capital requirements, in accordance with the new Basel III framework, as well as techniques for calculating the different minimum regulatory capital ratios.

The table below shows the total capital requirements broken down by type of risk as of March 31st, 2016, December 31st, 2015 and March 31st, 2015. The total amount for credit risk includes the securitization positions (standardized and advanced measurement approaches) and the equity positions.

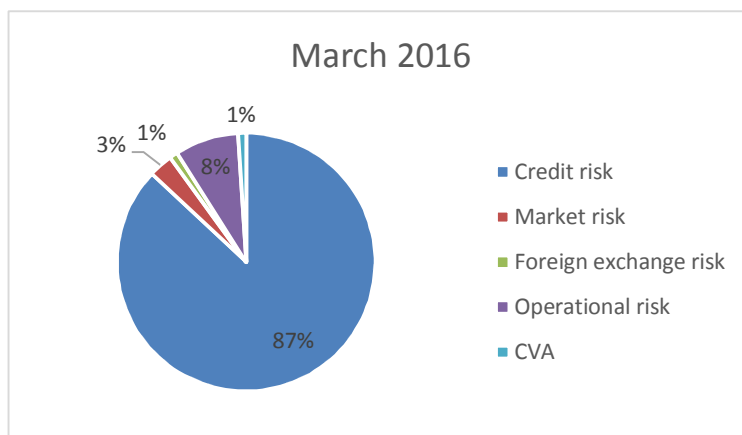
TABLE 2. Capital Requirement Breakdown by Risk Type

(millions euros)						
Exposure Categories and Risk Types	Capital Amount 31/03/2016	Capital Amount 31/12/2015	Capital Amount 31/03/2015	RWA's 31/03/2016 ⁽¹⁾	RWA's 31/12/2015 ⁽¹⁾	RWA's 31/03/2015 ⁽¹⁾
Credit Risk	18.125	18.299	14.132	226.560	228.737	176.630
Central governments or central banks	2.663	2.814	1.720	33.291	35.174	21.494
Regional governments or local authorities	233	240	296	2.911	2.996	3.705
Public sector entities	61	108	128	757	1.349	1.597
Multilateral Development Banks	2	2	3	23	25	32
Institutions	651	458	337	8.138	5.730	4.212
Corporates	8.016	8.096	5.752	100.205	101.195	71.899
Retail	3.437	2.954	2.254	42.961	36.929	28.174
Secured by mortgages on immovable property	1.121	1.640	1.649	14.017	20.497	20.608
Exposures in default	433	376	432	5.412	4.706	5.400
High risk items	10	11	12	128	143	150
Covered bonds	26	31	12	328	393	156
Short-term claims on institutions and corporate	56	58	40	669	727	496
Collective investments undertakings (CIU)	4	5	2	45	67	19
Other exposures	1.411	1.504	1.495	17.643	18.806	18.688
Securitized positions	93	84	86	1.156	1.049	1.076
Securitized positions	93	84	86	1.156	1.049	1.076
TOTAL CREDIT RISK BY THE STANDARDIZED APPROACH	18.218	18.383	14.218	227.716	229.787	177.706
Credit risk	7.865	7.827	7.871	98.316	97.837	98.388
Central governments or central banks	48	18	30	604	224	375
Institutions	851	866	982	10.639	10.826	12.273
Corporations	5.104	5.089	5.124	63.799	63.607	64.053
Of which: SME	970	999	900	12.122	12.487	11.246
Of which: Specialized lending	845	813	857	10.562	10.165	10.716
Of which: Other	3.289	3.276	3.367	41.115	40.954	42.091
Retail	1.862	1.854	1.735	23.274	23.180	21.687
Of which: Secured by real estate collateral, SME	36	35	24	449	441	300
Of which: Secured by real estate collateral, non-SME	937	958	793	11.707	11.970	9.910
Of which: Qualifying revolving retail	599	594	658	7.483	7.420	8.220
Of which: Other retail assets, SME	115	118	79	1.437	1.475	986
Of which: Other retail assets, non- SME	176	150	182	2.197	1.874	2.270
Equity	1.496	1.562	1.612	18.704	19.522	20.145
By method:						
Of which: Simple Method	967	959	821	12.088	11.993	10.268
Of which: PD/LGD Method	437	498	631	5.462	6.230	7.890
Of which: Internal Models	92	104	159	1.155	1.299	1.986
By nature:						
Of which: Exchange-traded equity instruments	1.066	1.133	1.202	13.320	14.157	15.027
Of which: Non-trading equity instruments in sufficiently diversified portfolios	431	429	409	5.384	5.365	5.118
Securitized positions	26	28	49	331	345	612
Securitized positions	26	28	49	331	345	612
TOTAL CREDIT RISK BY THE ADVANCED MEASUREMENT APPROACH	9.388	9.416	9.531	117.351	117.704	119.144
TOTAL ECC'S DEFAULT GUARANTEE FUND CONTRIBUTION	49	41	-	609	511	-
TOTAL CREDIT RISK	27.655	27.840	23.748	345.676	348.002	296.851
Standardized:	245	224	252	3.069	2.801	3.146
Of which: Price Risk from fixed-income positions	193	189	226	2.417	2.368	2.820
Of which: Price risk for securitizations	3	2	3	38	26	38
Of which: Correlation price risk	5	6	4	63	76	52
Of which: Price Risk from equity portfolios	39	22	19	491	271	237
Of which: Commodities risk	5	5	-	59	59	-
Advanced: Market Risk	766	748	752	9.579	9.355	9.402
TOTAL TRADING-BOOK ACTIVITY RISK	1.012	972	1.004	12.647	12.156	12.549
EXCHANGE RATE RISK (STANDARDIZED APPROACH)	356	320	535	4.451	4.003	6.688
RISK DUE TO CVA ADJUSTMENT	313	307	394	3.912	3.833	4.925
OPERATIONAL RISK	2.603	2.663	2.193	32.540	33.291	27.406
CAPITAL REQUIREMENTS	31.939	32.103	27.873	399.226	401.285	348.419

(1) Corresponding temporary Risk Weighted Assets (phase-in)

The chart below shows the total risk-weighted assets broken down by type of risk as of March 31st, 2016.

CHART 1. Breakdown of RWA's by Risk Type



4. Leverage Ratio

The table below shows a breakdown of the items making up the leverage ratio as of March 31st, 2016, December 31st, 2015 and March 31st, 2015:

TABLE 3. Elements Comprising the Leverage Ratio

(Millions euros)

Summary table of accounting assets and leverage ratio exposure conciliation		31/03/2016	31/03/2016	31/12/2015	31/12/2015	31/03/2015	31/03/2015
		Phase-In	Fully Loaded*	Phase-In	Fully Loaded	Phase-In	Fully Loaded
a)	Total assets as per published financial statements	740.947	740.947	750.078	750.078	651.802	651.802
b)	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	(17.071)	(17.071)	(16.920)	(16.920)	5.574	5.574
c)	Adjustments for derivative financial instruments	(23.249)	(23.249)	(23.056)	(23.056)	(30.683)	(30.683)
d)	Adjustments for securities financing transactions "SFTs"	17	17	37	37	52	52
e)	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	66.963 ⁽¹⁾	66.963 ⁽¹⁾	68.609 ⁽¹⁾	68.609 ⁽¹⁾	57.216 ⁽¹⁾	57.216 ⁽¹⁾
f)	(Adjustment for intragroup exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013)	-	-	-	-	-	-
g)	Other adjustments	(10.572)	(10.688)	(12.159)	(12.746)	(13.594)	(14.199)
Total Leverage Ratio Exposure		757.035	756.939	766.589	766.001	670.366	669.761
h)	<i>Tier 1</i>	48.268	48.011	48.554	45.796	43.995	41.747
Total leverage ratio exposures		757.035	756.939	766.589	766.001	670.366	669.761
Leverage Ratio							
Leverage Ratio		6,38%	6,34%	6,33%	5,98%	6,56%	6,23%

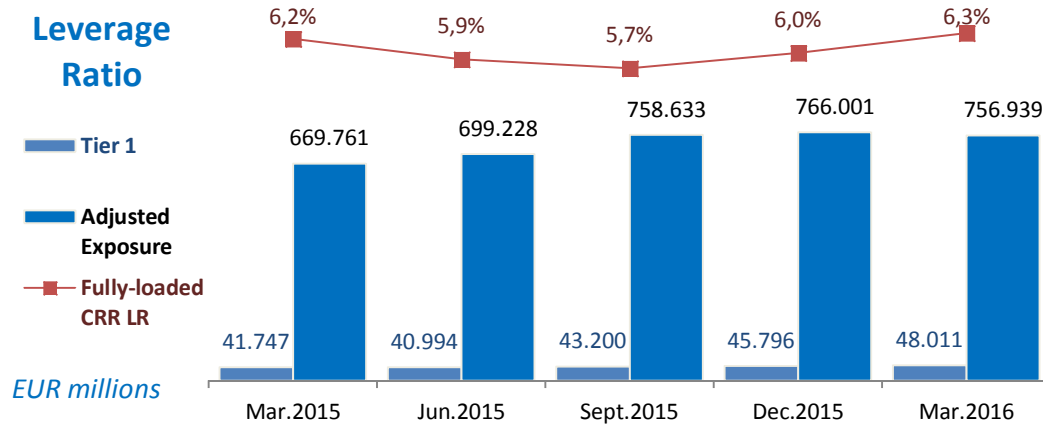
(1) This corresponds to off-balance sheet exposure after application of the conversion factors obtained in accordance with Article 429, paragraph 10 of the CRR.

* Includes a proforma positive impact of 15 bps from the ongoing corporate reorganization agreed in Perú so we can include, for solvency purposes and subject to CRDIV limits, the minority interests held in BBVA Banco Continental. This transaction has no impact on BBVA Group's consolidated equity, financial position, results or on the economic interest held in Banco Continental. Additionally, included 1,000 million € issue of Additional Tier 1 capital (contingent convertible) held in April 2016.

The activities making up the Group's regulatory reporting include the monthly measurement and control of the leverage ratio. The estimates and the development of the leverage ratio are reported on a regular basis to different governing bodies and committees to collateral an adequate control of the entity's leverage levels and ongoing monitoring of the main capital indicators.

The chart below shows how the ratio has remained stable throughout the year:

CHART 2. Trends in the leverage ratio



5. Variations

Compared with the previous year, the effect of the “phase in” application set out in the current regulation for 2016 (60%) is the most significant element that explain the variations. Thus, the established schedule application impacts in most deductibility of certain elements (mainly, intangibles), partly offset by higher computability of other elements (gains from available for-sale portfolios). This impact implies a reduction of 40 bp at CET-1 level.

TIER I ratio remained at levels similar to those of the previous period due to the reduction of temporary adjustments which show the not included CET -1 deductions according to the established schedule.

Finally TIER II remains at same levels as December 2015.

RWA´s fell by 0.5% affected by the evolution of exchange rates in the quarter.

Interannual variations are affected by the calendar application discussed above and the corporate operations which occurred during the period concerned (acquisition of 14.89% of Garanti Bank, partial sales in China Citic Bank´s (CNCB) participation.

Leverage ratio (phase-in) has remained stable throughout the year, due mainly to limited volatility and a sustainable development of both exposure and regulatory capital. In addition, the development of the macro variables and other external aspects has not originated relevant impacts on the exposure.