

BBVA

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BAML, Fixed Income Bank & Finance Conference
New York, March 13th, 2014

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BBVA

Contents

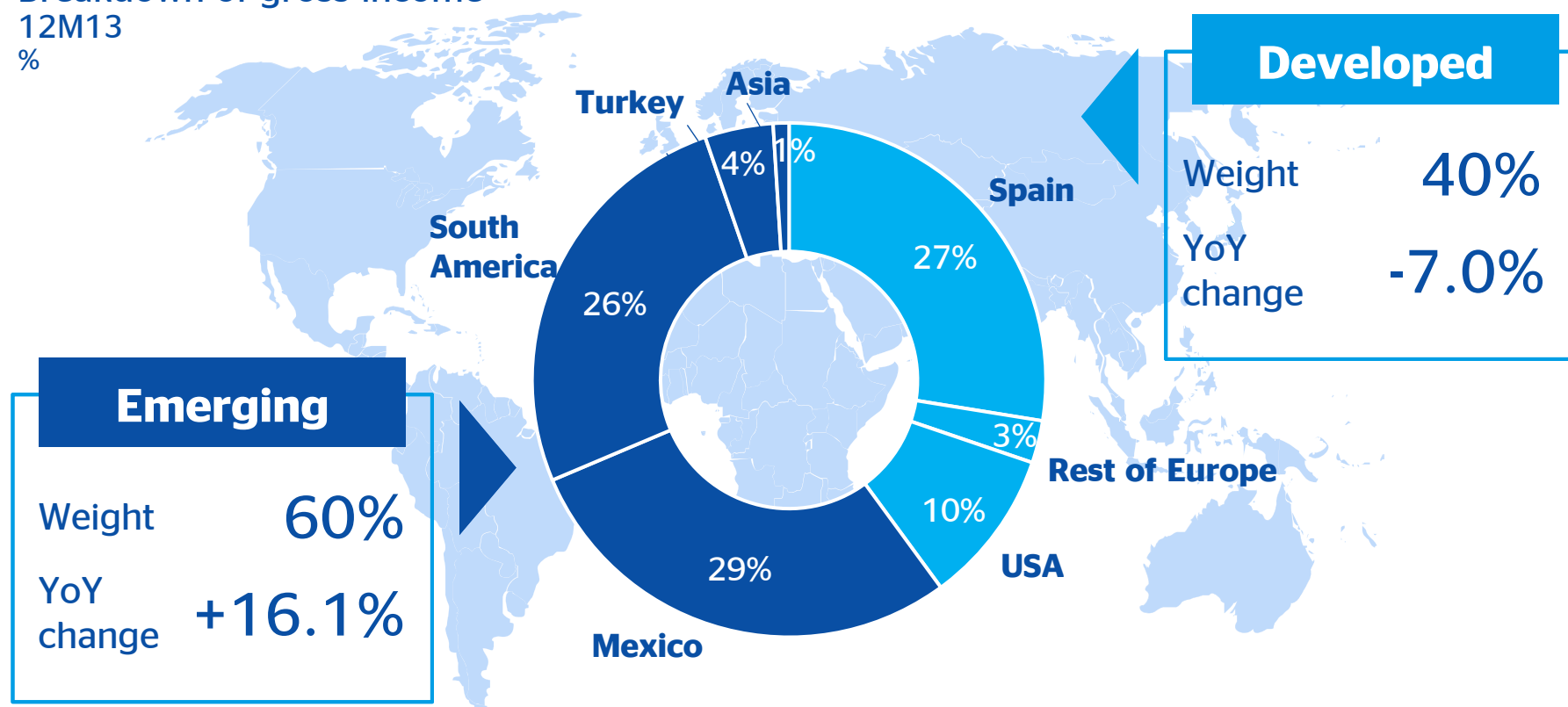
1 Strong operating performance

2 Capital and liquidity management in a changing regulatory environment

3 Conclusions

BBVA has a well diversified revenue base

Breakdown of gross income
12M13
%

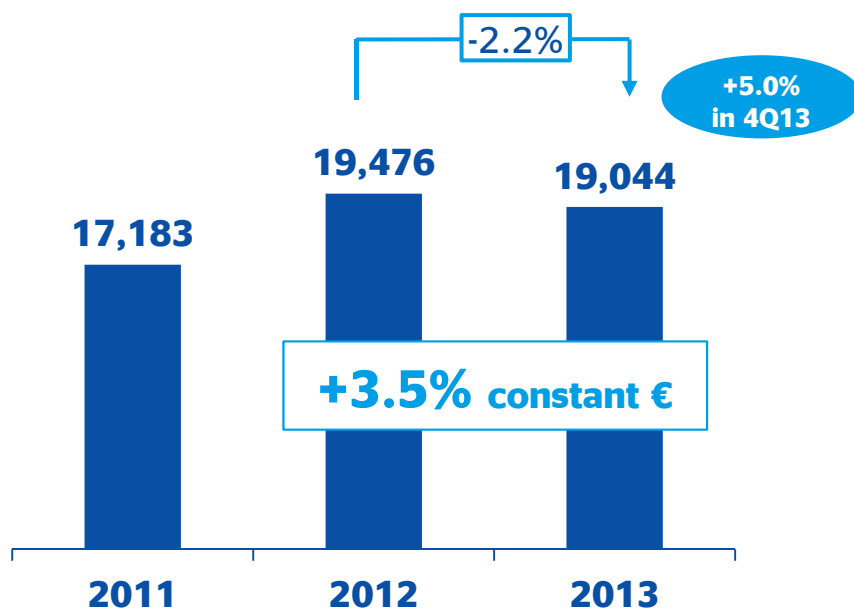


BBVA has a unique exposure to recovering developed markets and resilient and high potential emerging markets

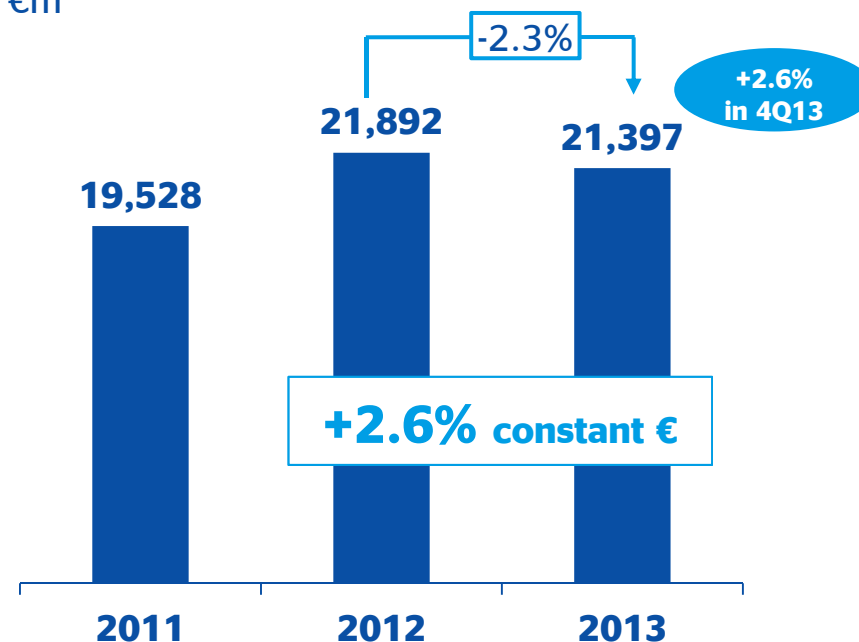
Note: excludes Holding. YoY variation in constant €

This diversification allows us to have recurring revenues, even during the crisis

Net interest income + fees
€m



Gross income ⁽¹⁾
€m

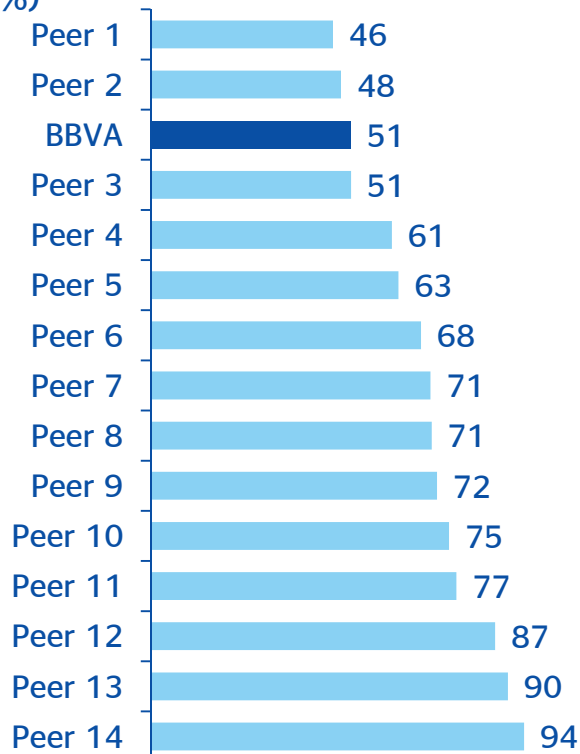


Top line growth accelerating in 4Q13

(1) 2011 and 2012 data adjusted according to 2013 P&L reclassification of corporate transactions

A cost management approach adapted to each region

Efficiency Ratio 9M13
BBVA Group vs. Peer Group ⁽¹⁾
(%)



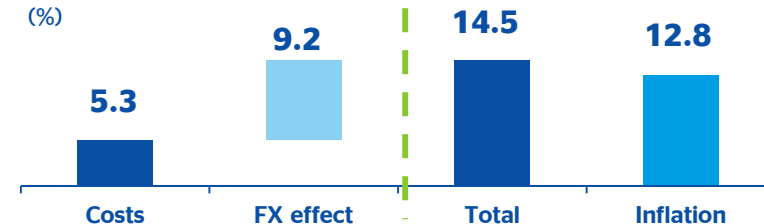
Costs
2013 vs. 2012

+3.8%
Current €

(+8.4%)
Constant €

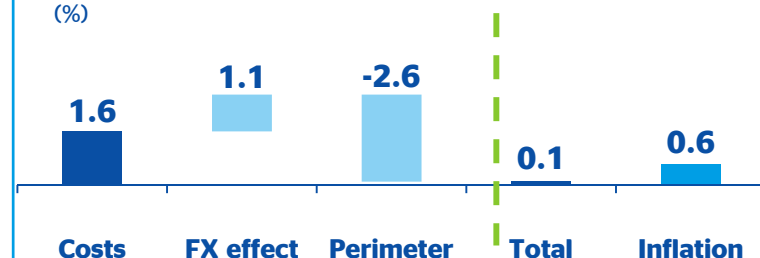
Emerging

YoY change
2013 vs. 2012
(%)



Developed

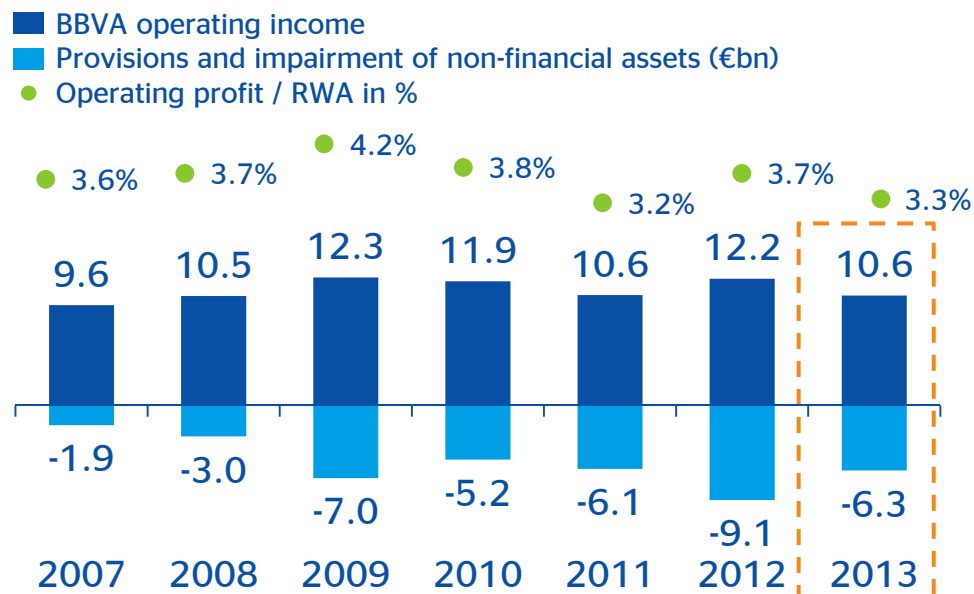
YoY change
2013 vs. 2012
(%)



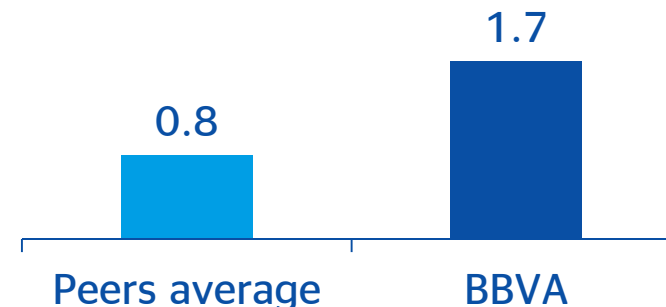
Efficiency as a competitive advantage

High and recurring operating income: the best buffer to absorb losses

BBVA operating income ⁽¹⁾ vs. provisions and impairment of non-financial assets
(€ Bn)



Operating income/ATAs
BBVA vs. European peer group⁽²⁾ 9M13
(%)

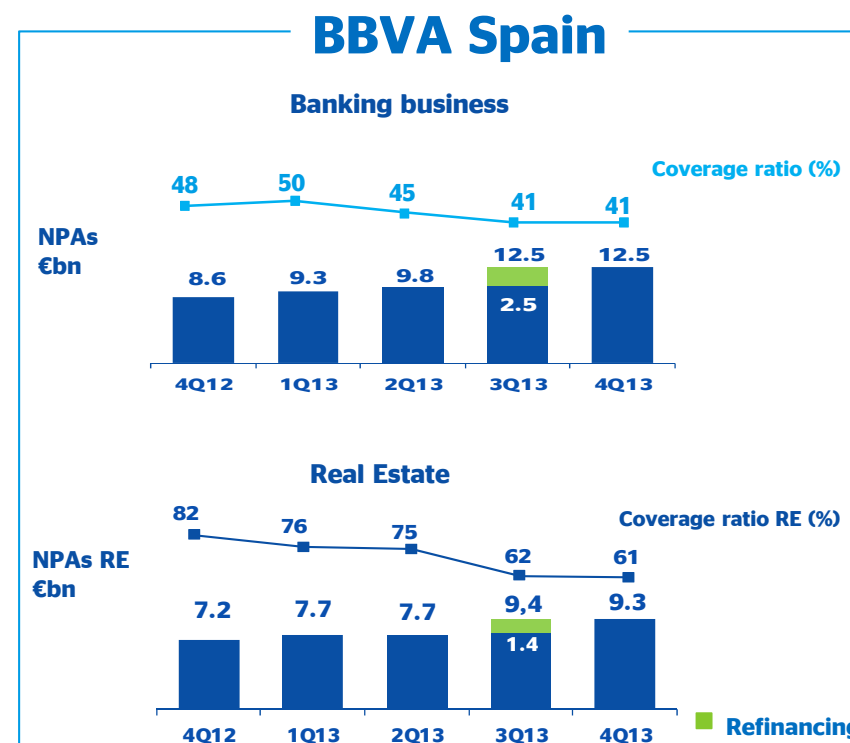
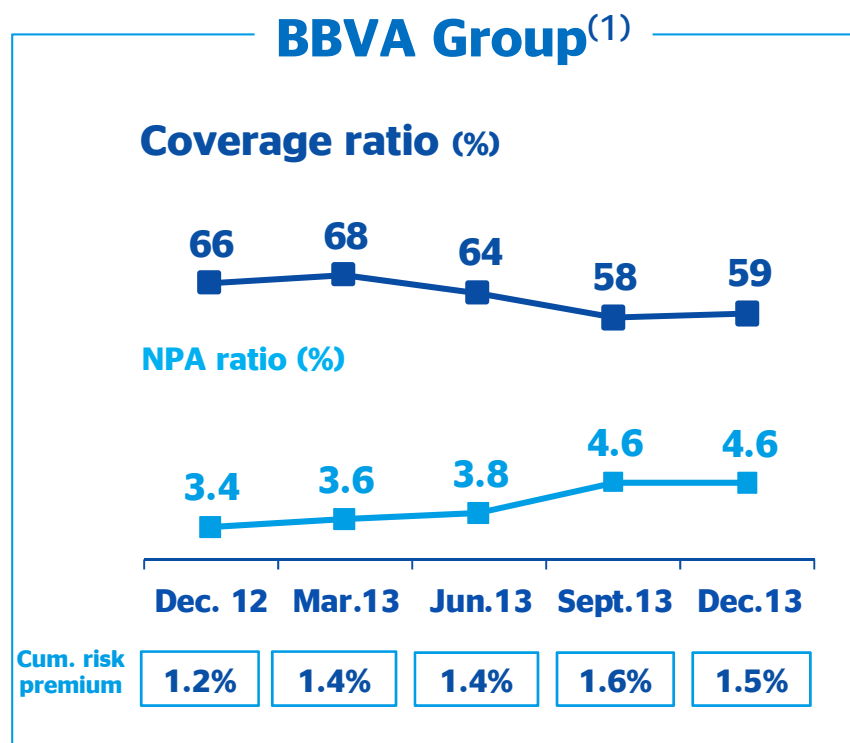


**Facing a new earnings growth cycle
as provisions progressively normalize from 2012's peak**

(1) 2012 adjusted by income from discontinued operations. 2013 also adjusted by the income from the equity method and dividends coming from Citic

(2) European peer group includes: BARCL, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS and UCI.

Risk: Spain as the driver of improving credit quality

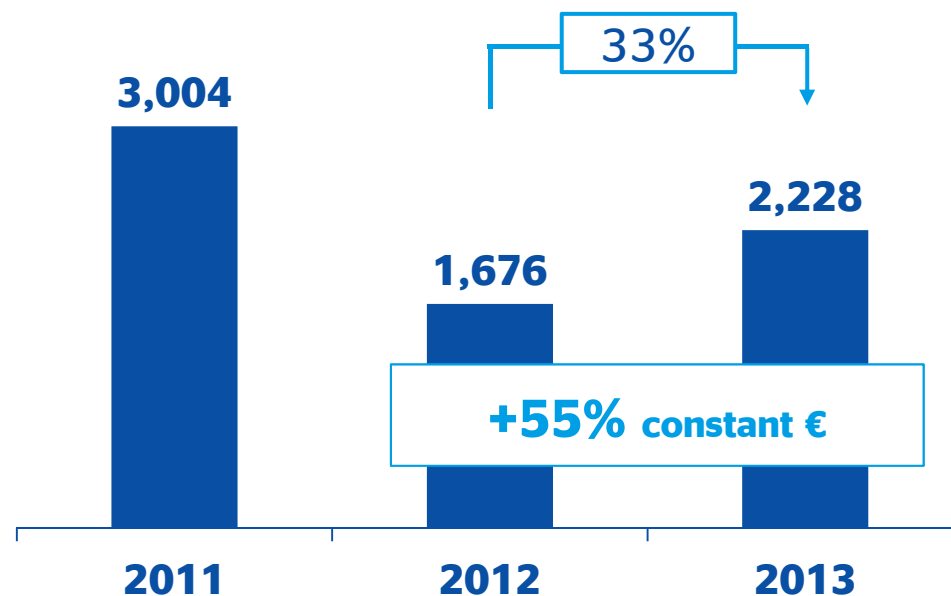


In Spain we have seen the worst. NPAs will progressively come down during 2014 and provisions will continue to normalize

(1) Risk figures exclude real estate activities.

2013: the beginning of a new earnings growth cycle

Net attributable profit
€m





BBVA

Contents

1 Strong operating performance

**2 Capital and liquidity management in a
changing regulatory environment**

3 Conclusions

EU progress towards a real Banking Union



Effective from Nov-2014

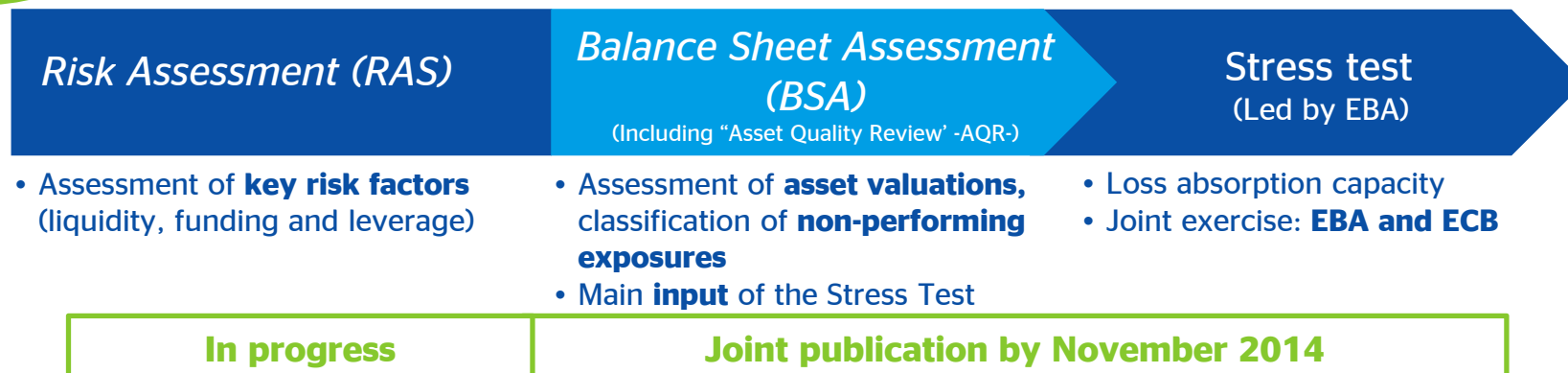
Effective from Jan-2015, except for bail-in (in 2016)

Likely to be effective in 2016

Pending

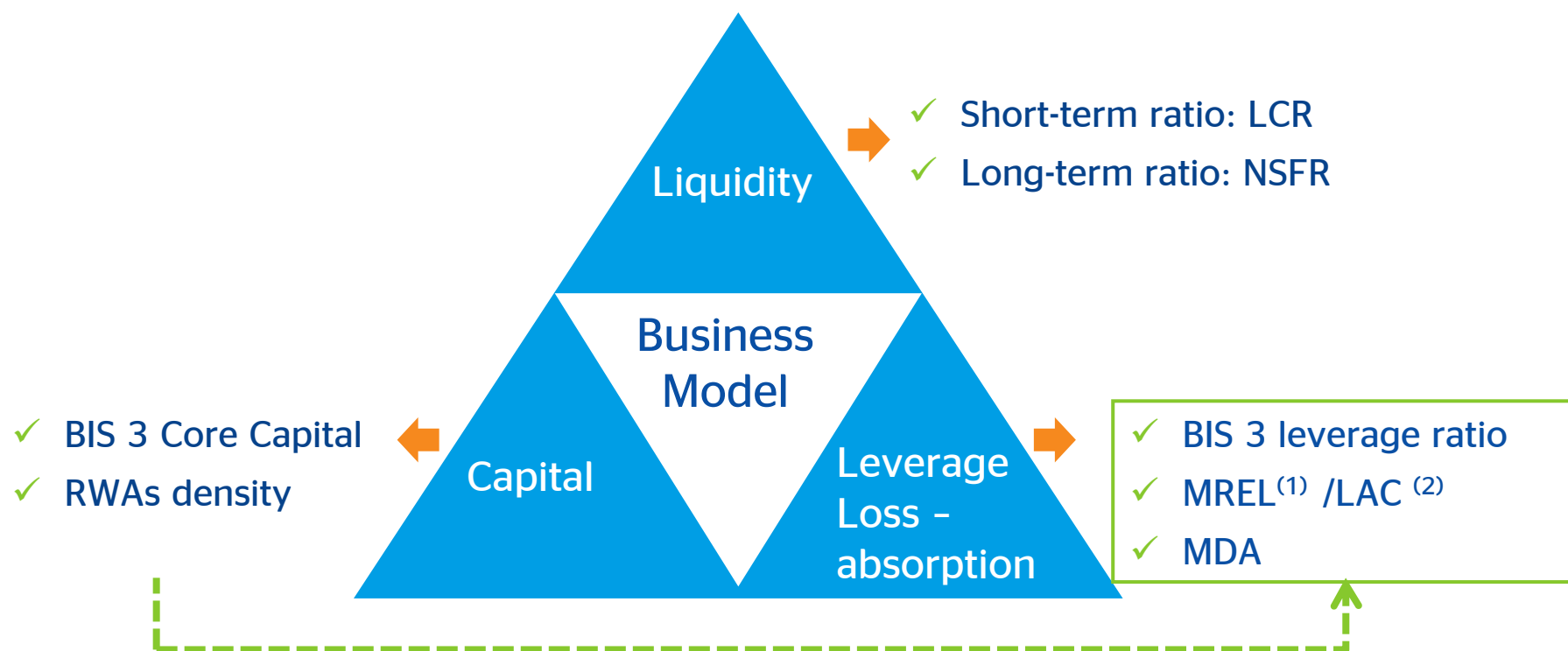
Previous Step

Comprehensive Assessment: A decisive step for the Banking Union



BBVA has a comfortable capital buffer to face the upcoming stress tests

Regulatory challenges: from core capital to leverage and loss absorption capacity



BBVA comfortably accomplishes LCR and NSFR ratios

(1) Minimum Requirements for Own Funds and Eligible Liabilities
 (2) Loss Absorption Capacity

Liquidity: Solid position of the Euro balance sheet

Reduced financing requirements

Liquidity gap reduced €33bn

(€ balance sheet, 12M13)

LTD ratio 124%

(99% with covered bonds)

Change in funding mix

- **Higher proportion of cust. funds +€8.3bn**
- **Reduction of LTRO -€20bn**

Issuance activity

- **Issues with longer maturities and lower cost**
- **Pioneers in AT1 issue under BIS III**

Improved balance sheet structure

Sound liquidity position in all other franchises thanks to BBVA's decentralized management model

Independent ratings and liquidity management

Market discipline and proper incentives

Firewalls between subsidiaries and the parent company

Supervision and control by parent company

Proven resilience during the crisis

USA

Loan to deposits (Dec-13)
93%

Mexico

Loan to deposits (Dec-13)
98%

South America

Loan to deposits (Dec-13)
85%

Bailinable capital and the European Recovery and Resolution Directive proposal

1

The Recovery and Resolution Directive proposal provides a common loss absorption framework

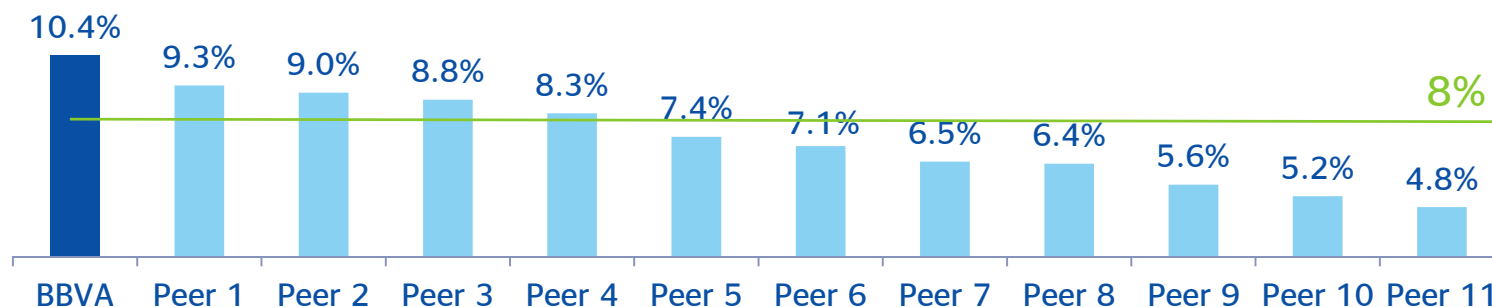
2

The Directive proposal is an important milestone to break the sovereign-banking link (8% bail-in + 5% resolution fund)

3

BBVA has one of the highest percentages of capital and loss absorption instruments over total liabilities

$(\text{Equity} + \text{Subordinated liabilities}) / (\text{Total Liabilities} - \text{Derivatives})$ ^{(1), (2)}



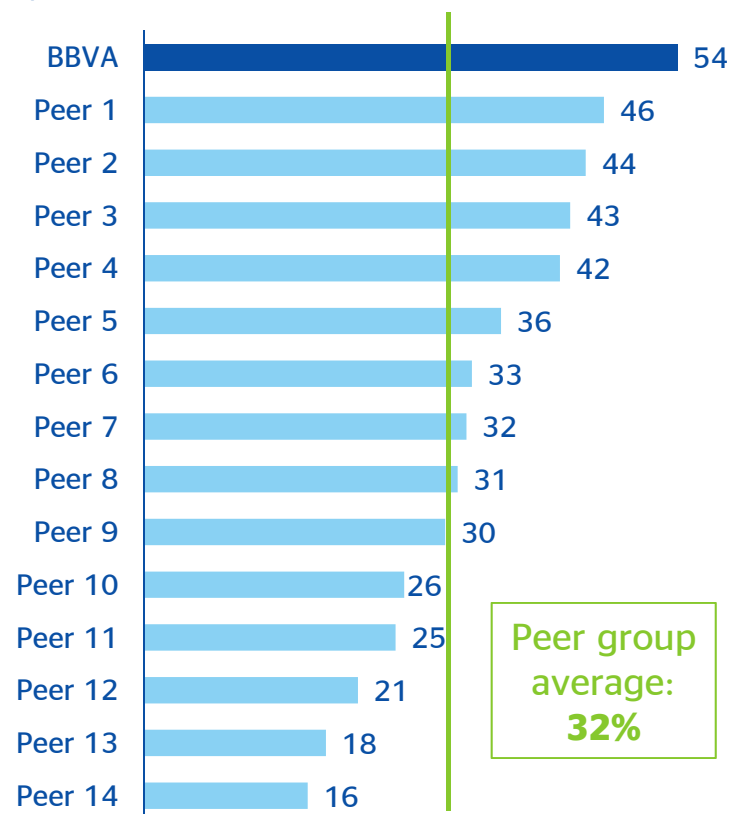
The RRD is an important milestone to break the sovereign – banking link

(1) Data as of June, 2013, except for BBVA as of December, 2013. Consolidated figures
 (2) European Peer Group: BARCL, BNPP, CASA, CMZ, DB, ISP, HSBC, LBG, SAN, SG and UCI.

BBVA stands out for the quality of its capital and its low leverage

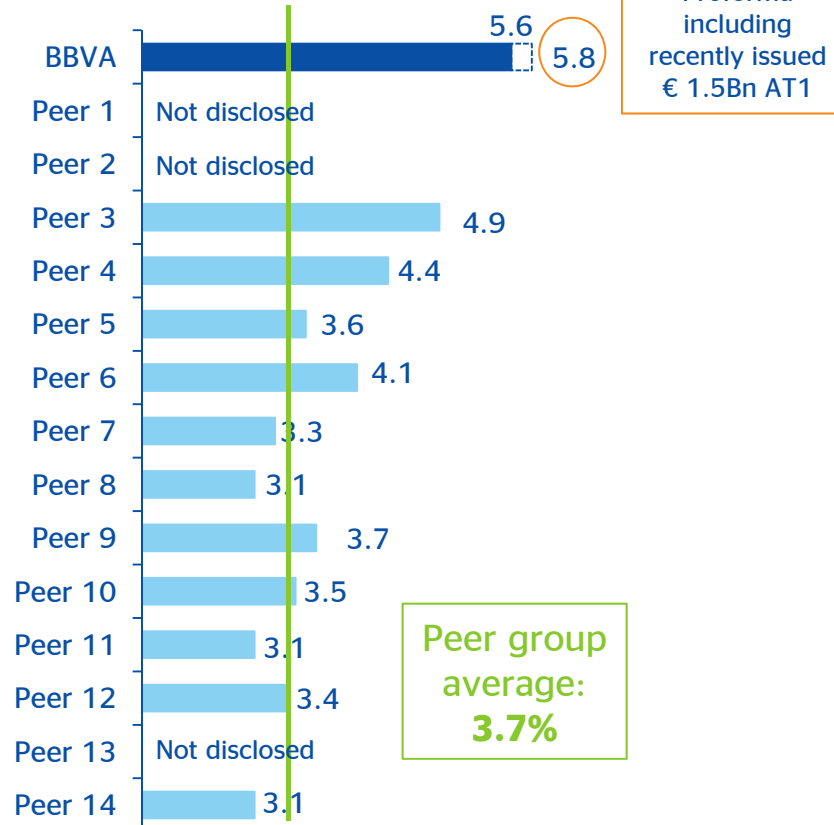
RWAs / Total Assets (%)

BBVA Group vs. European Peer Group ⁽¹⁾
Sep. 2013



CRD IV fully loaded Leverage ratio ⁽²⁾

BBVA Group vs. Peer Group ⁽¹⁾
Dec. 2013 ⁽³⁾



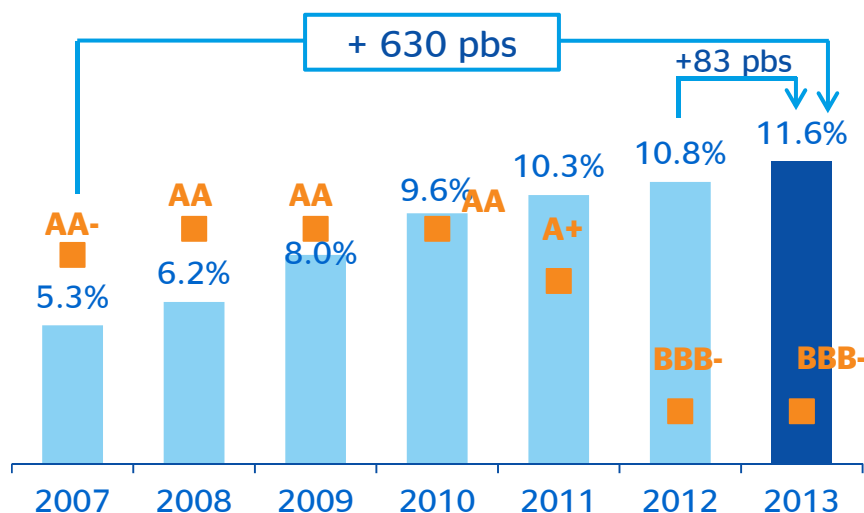
(1) European Peer Group: BARCL, BNPP, CASA, CMZ, CS, DB, ISP, HSBC, LBG, RBS, SAN, SG, UCI and UBS

(2) SAN does not specify if the Leverage ratio is fully loaded or phased in. UBS leverage ratio reported under Swiss regulation

(3) Except for RBS (Data as of September 2013)

Core capital: strong capital generation

BIS II Core capital ratio and S&P Rating
BBVA Group



1

Since 2007, BBVA has more than doubled its BIS II Core Capital base

105bps average capital generation per year in 2007-2013

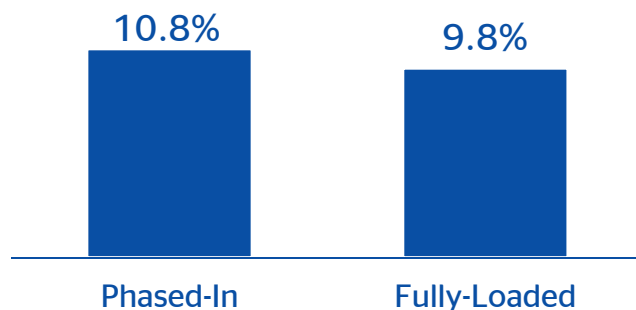
CORE

€ 16Bn

x 2.3

€ 37.5Bn

BIS III Core Capital ratios (%)
BBVA Group. Jan-14 Estimated



2

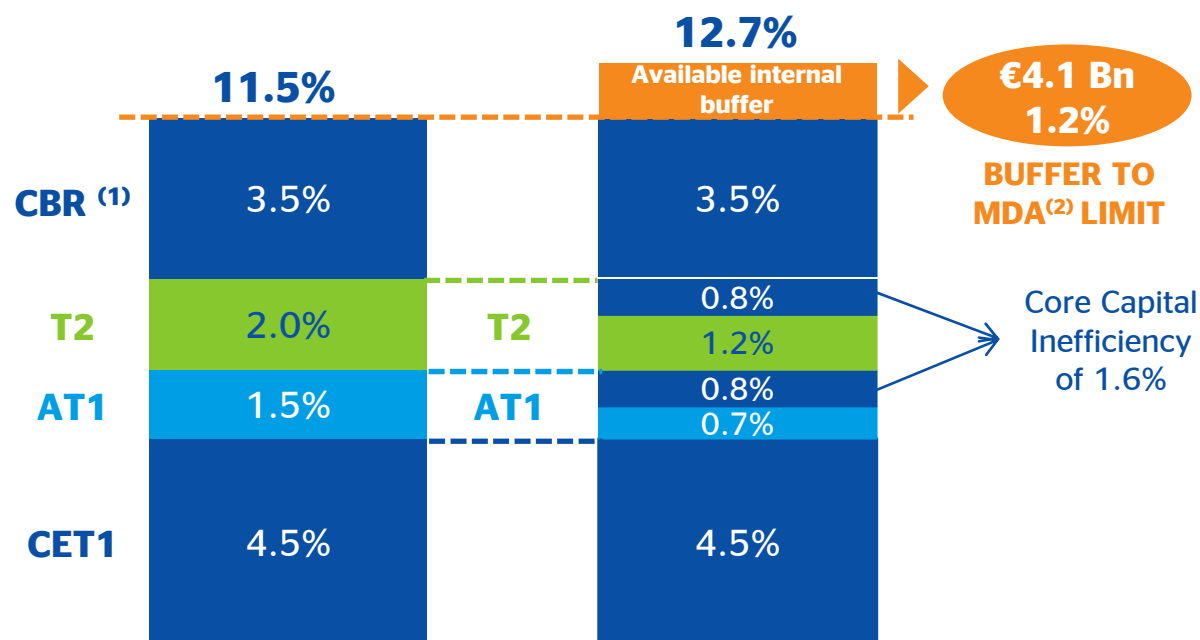
Transitional B3 %CET1 level expected to be >10% through the phase - in period

Expected BIS III phase-in impact through transition period: 25 bps/year

Capital management philosophy

Capital structure **required**
under BIS III fully-loaded

BBVA Group's **current** capital
structure (as of Jan-14 est.)



- ✓ Grandfathering period (10 years)
- ✓ Sustainable rate of execution
- ✓ MDA⁽²⁾ Restrictions from 2016
- ✓ CBR⁽¹⁾ phased in from 2016

- Plan to fulfill the AT1 and T2 buckets to maximize the efficiency of the capital structure
- Converging towards a total capital ratio of 14%

(1) BBVA Group CBR is currently expected to consist of 2.5% Capital Conservation Buffer (CCB) and 1.0% G-SIB Buffer; (2) MDA: Maximum Distributable Amount



BBVA

Contents

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3 Conclusions

Conclusions

- 1** Attractive business mix geared to high growth EM and recovering DM
- 2** Disciplined cost management with targeted investment in IT and EM
- 3** Recovering profitability driven by the normalization of the credit cycle in Spain
- 4** Increasing clarity on the European regulatory front
- 5** Europe on a clear path towards a Banking Union
- 6** Capital and Liquidity management strategy catered towards the new regulatory environment and leveraging on the Group's structural strength

BBVA provides unique credit fundamentals

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