BBVA

Investing for growth: Acquisition of an additional 14.89% stake in Garanti

Jaime Sáenz de Tejada, Chief Financial Officer

November 19th, 2014

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, CANADA, AUSTRALIA OR JAPAN OR ANY OTHER JURISDICTION IN WHICH THE DISTRIBUTION OR RELEASE WOULD BE UNLAWFUL.

BBVA

Disclaimer

The information contained herein is not for release, publication or distribution, directly or indirectly, in or into the United States, Canada, Australia or Japan or any other jurisdiction in which the distribution or release would be unlawful.

These materials do not constitute an offer to sell, or a solicitation of offers to purchase or subscribe for, securities in the United States or in any jurisdiction where such offer or sale would be unlawful. The securities referred to herein have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. There is no intention to register any portion of an offering in the United States or to conduct a public offering of securities in the United States. This document does not solicit money, securities or any other type of consideration and, if any money, securities or other type of consideration is sent in response hereto, it will not be accepted.

The issue or sale of securities is subject to specific legal or regulatory restrictions in certain jurisdictions. The Company assumes no responsibility in the event there is a violation by any person of such restrictions.

The Company has not authorized any offer to the public of securities in any Member State of the European Economic Area. With respect to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), no action has been undertaken or will be undertaken to make an offer to the public of securities requiring publication of a prospectus in any Relevant Member State. As a result, the securities may only be offered in Relevant Member States (a) to any legal entity which is a qualified investor as defined in Article 2(1)(e) of the Prospectus Directive; or (b) in any other circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive. For the purposes of this paragraph, the expression an "offer of securities to the public" means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase the securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

This communication is directed only at (i) persons who are outside the United Kingdom or (ii) in the United Kingdom, persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"), or who are high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2) of the Order (all such persons together being referred to as "relevant persons"). Any investment or investment activity to which this communication relates will only be available to and will only be engaged in with, relevant persons. Any person who is not a relevant person must not act or rely on this document or any of its contents.

This document contains or may contain forward looking statements (in the usual meaning and within the meaning of the US Private Securities Litigation Act of 1995) regarding intentions, expectations or projections of BBVA or of its management on the date thereof, that refer to miscellaneous aspects, including projections about the future earnings of the business. The statements contained herein are based on our current projections, although the said earnings may be substantially modified in the future by certain risks, uncertainty and others relevant factors that may cause the results or final decisions to differ from such intentions, projections or estimates. These factors include, without limitation, (1) the market situation, macroeconomic factors, regulatory, political or government guidelines, (2) domestic and international stock market movements, exchange rates and interest rates, (3) competitive pressures, (4) technological changes, (5) alterations in the financial situation, creditworthiness or solvency of our customers, debtors or counterparts. These factors could condition and result in actual events differing from the information and intentions stated, projected or forecast in this document and other past or future documents. BBVA does not undertake to publicly revise the contents of this or any other document, either if the events are not exactly as described herein, or if such events lead to changes in the stated strategies and estimates.

This document may contain summarised information or information that has not been audited, and its recipients are invited to consult the documentation and public information filed by BBVA with stock market supervisory bodies, in particular, the prospectuses and periodical information filed with the Spanish Securities Exchange Commission (CNMV) and the Annual Report on form 20-F and information on form 6-K that are disclosed to the US Securities and Exchange Commission.

Distribution of this document in other jurisdictions may be prohibited, and recipients into whose possession this document comes shall be solely responsible for informing themselves about, and observing any such restrictions. By accepting this document you agree to be bound by the foregoing Restrictions.

BBVA

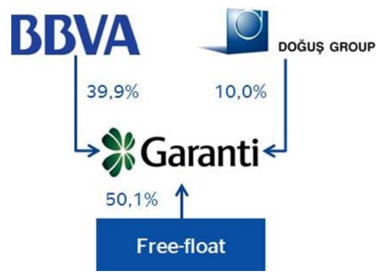
Contents

BBVA

Main transaction terms

Transaction

- **Acquisition of an additional 14.89% stake in Garanti** from our partner Doğuş, increasing BBVA's stake from 25.01% to **39.9%** (Doğuş stake > 10%)
- **BBVA's + Doğuş' joint stake remains below the 50%** trigger for a mandatory tender offer according to Turkish law



Governance

- **BBVA gains board majority at Garanti:**
  - ✓ BBVA to appoint 7 of the 10 Board members
  - ✓ Limited number of reserved matters requiring Doğuş approval
- **Doğuş remains a key Garanti shareholder** (3-year lock-up period)

Transaction price and multiples

- **Maximum: TL 8.90** / share, in line with market prices
- Total consideration of **TL 5,566 Mn** in cash (**€1,988 Mn** (1))
- **Attractive transaction multiples**: 9.3x PE 2015e(2); 1.4x PBV 3Q2014
- **EPS Accretive**(2)
- **> €250Mn 2016e**(2) incremental net attributable profit

Capital action

- **Estimated €2 Bn (3) Accelerated Bookbuilding Offer**

(1) Exchange rate as of November 13, 2014: 2.7995 EURTRY. (2) Based on Bloomberg consensus as of November 17,2014. (3) BBVA's Board of Directors has approved a maximum issuance of 310,481,867 shares

BBVA

Contents

BBVA

Strategic Rationale

1 **Very attractive market**	**Turkey: the European growth story** A market with critical mass, positive demographic dynamics and strong growth potential
2 **Garanti, the best franchise**	**Garanti, the best banking franchise in Turkey** Market leader, solid fundamentals and focus on technology
3 **Optimal Governance**	**BBVA increases its exposure and influence** at Garanti while **our local partner Doğuş remains a key shareholder**
4 **Deep knowledge of the franchise**	**The same business model and 4 years of active cooperation** gaining knowledge of Garanti, enables BBVA to increase its value generation proposition

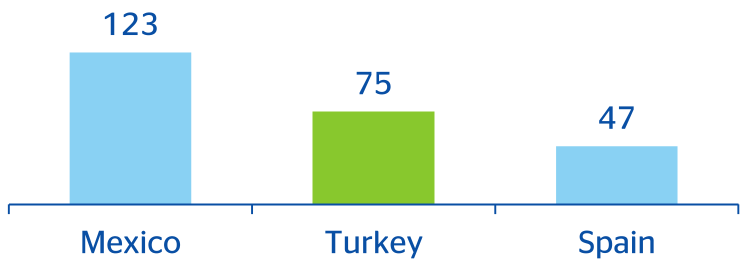
BBVA

Turkey: a sizeable market

1 Very attractive market

A market with critical mass

Population
(Mn people, 2013)
Source: Swiss Re research report (sigma no. 3/2014)

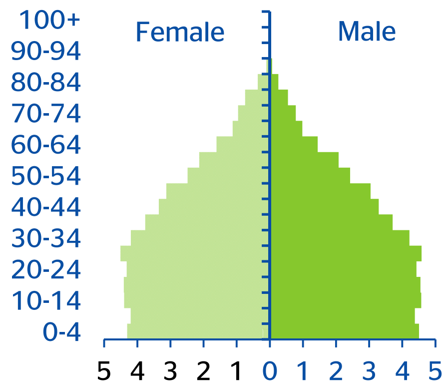


One of the youngest populations in Europe

Population pyramid
(% of total population, 2010)
Source: BBVA Research and UN

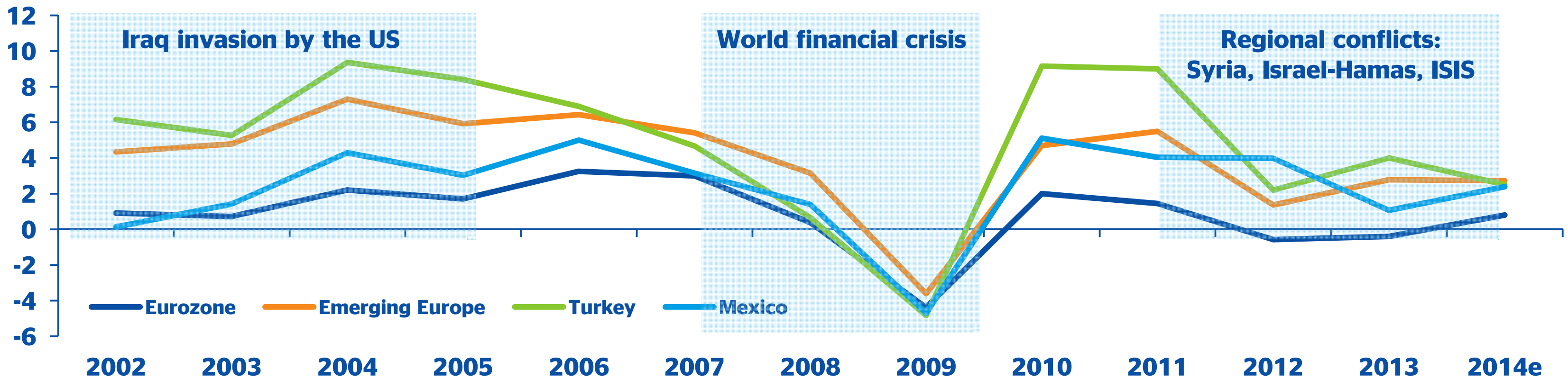
Average age: 29

53% <30 years old



Outstanding performance during the crisis

GDP growth (%)
Source: BBVA Research, International Monetary Fund, World Economic Outlook Database for Emerging Europe



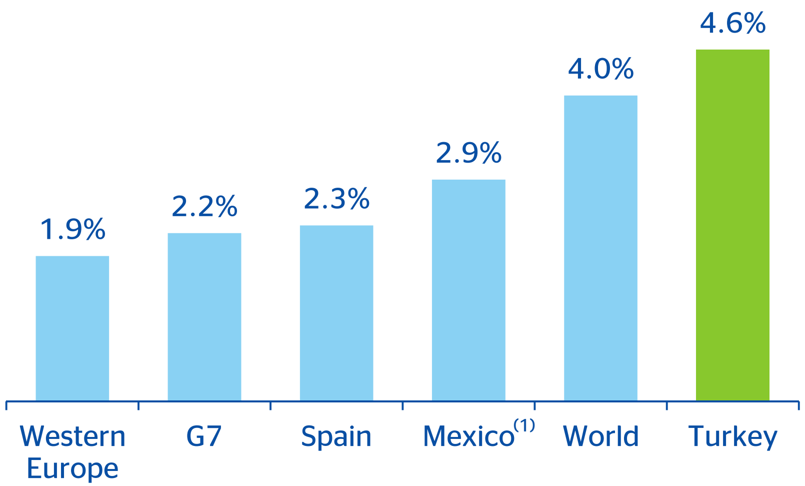
BBVA

1 Very attractive market

One of the markets with the highest growth potential in the world …

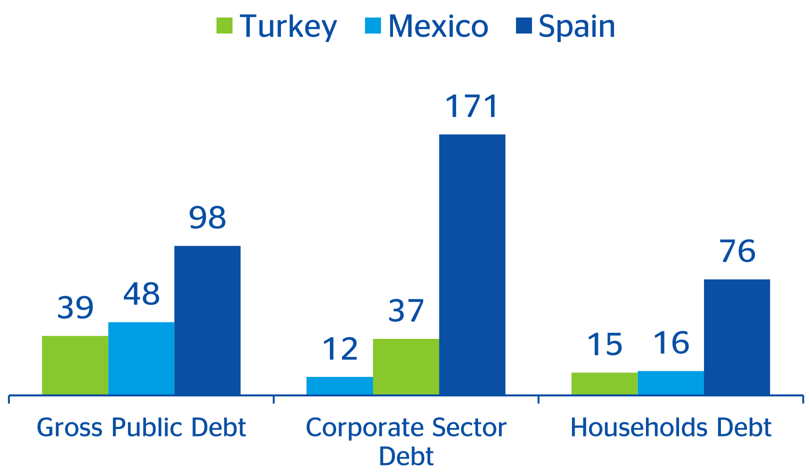
The highest GDP growth potential

GDP growth 2013-23e
(Annual %)



Low leverage

Debt
(As a % of 1H14 GDP (2))



… coupled with a well-capitalized and profitable banking system

Source: BBVA Research. (1) Without considering the impact of structural reforms (2) Except for Gross Public Debt, as a % of 2014e GDP.

BBVA

Garanti enjoys a leadership position in this attractive market

Garanti in numbers (1)

(€ Bn)	2013	Sep.2014
Total Assets	77.8	84.8
Net Loans	46.9	51.8
Cust. Deposits	40.2	42.1
Equity	8.4	9.4
RWAs	65.6	70.7
Net Income	1.3	1.1
Efficiency (%)	45%	45%

~ 1,000 Branches

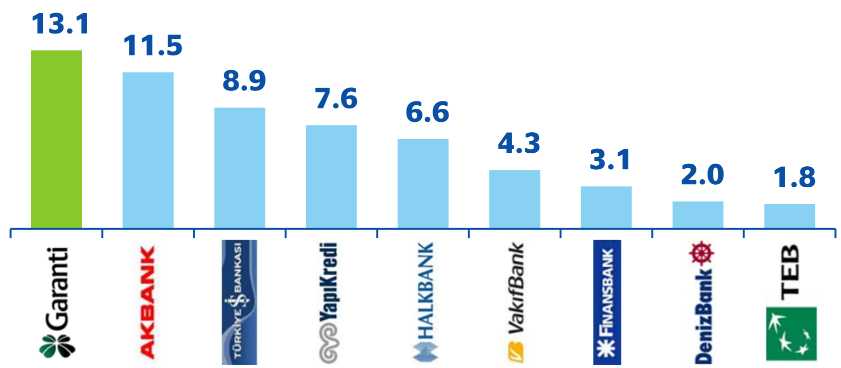
> 4,000 ATMs

>22,000 Employees

13 Mn customers

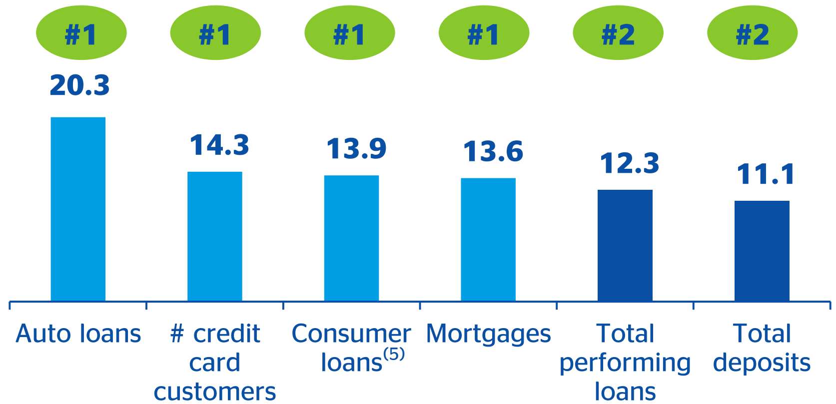
Market Cap (2)

(€ Bn)



Market Share (3) and Ranking (4)

(%, #)



Exchange rate as of November 13, 2014: 2.7995 EURTRY (1) Source: Garanti. IFRS consolidated 2013 annual report and 3Q14 quarterly report. (2) Source: Bloomberg. Data as of November 17, 2014. (3) Source: Garanti, based on bank-only BRSA weekly data for commercial banks as of September 26, 2014. (4) Source: Garanti. Data as of 2Q14 among privante banks, except for “# credit card customers”, as of September, 2014. (5) Including consumer credit cards, overdraft loans and other.

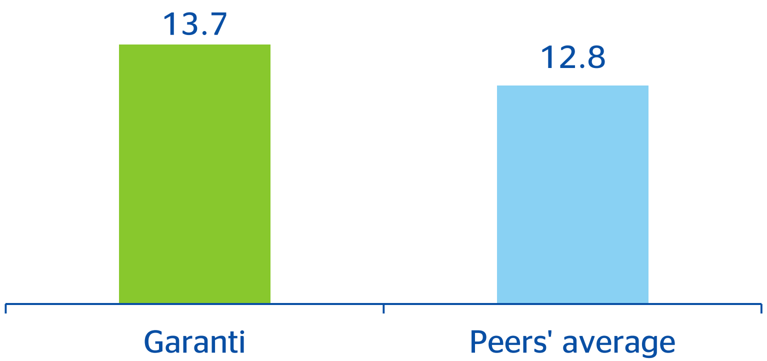
BBVA

Garanti stands out among its peers

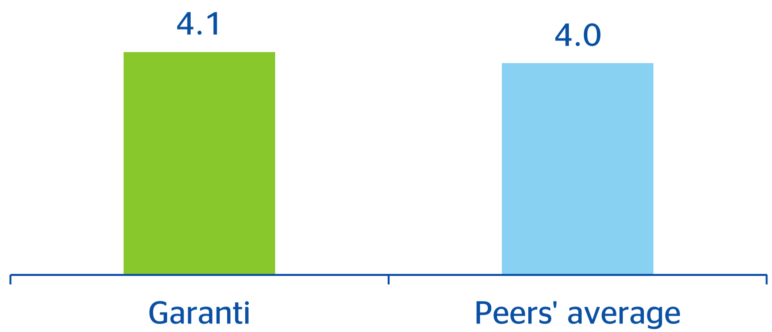
2 Garanti: the best franchise

More profitable

ROE (%)

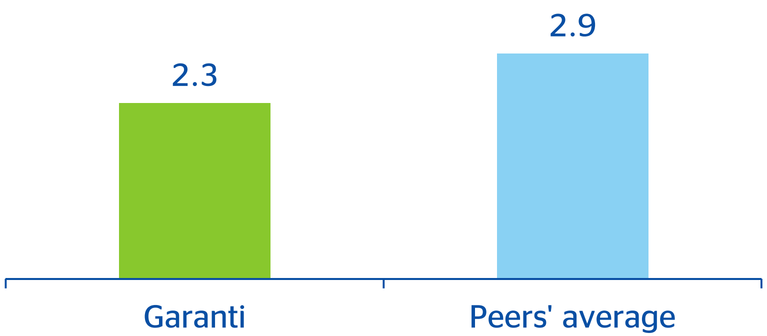


NIM (%)



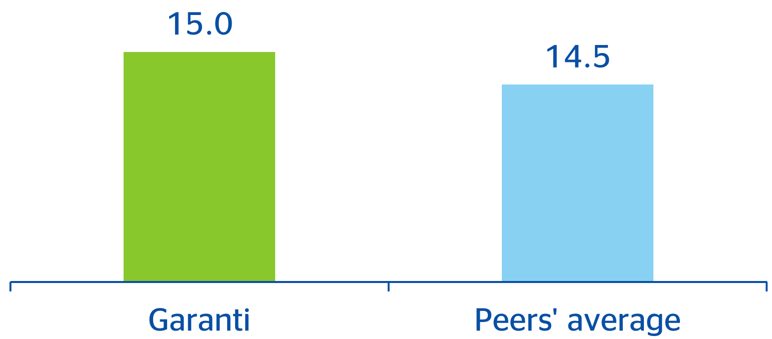
Better asset quality

NPL ratio (%)



Stronger capital position

Capital Adequacy Ratio (%)



Source: BRSA. Bank-only data for fair comparison with sector, as of September, 2014. Peers considered: Akbank, Halkbank, Is Bank, Vakifbank and Yapi Kredi.

BBVA

3 Optimal Governance

BBVA increases its influence on Garanti while Doğuş remains a key shareholder

BBVA increases its influence, anticipating "Phase II" of the 2010 agreement

- **The transaction anticipates (and eliminates) the 1% call option BBVA had starting March, 2016**
- **BBVA will appoint the majority of the Board:**
  - ✓ 7 members appointed by BBVA
  - ✓ 2 members appointed by Doğuş
  - ✓ 1 independent director
- **Limited number of "Reserved Matters" requiring Doğuş approval**

Doğuş remains a relevant shareholder

Doğuş to remain as a relevant shareholder of Garanti (> 10.0%)

- ✓ 3 year lock-up period
- ✓ "Qualified investor" under Turkish law

BBVA increases its economic exposure to Garanti, without launching a mandatory tender offer and increases its influence on the Board

BBVA

4 Deep knowledge of the franchise

Privileged starting point to increase value generation after 4 years of active cooperation

The same business model approach

- **Universal banking**
- **Leading franchises**
- **Customer centric**
- **Technology** as a competitive advantage

Shared know-how and common initiatives: a source of synergies

SPAIN | MEXICO | TURKEY | S.AMER. | US

- **Corporate Governance**: Risk Management, ALM, Compliance, …
- **Retail banking:** BBVA's experience in high growth emerging markets
- **CIB:** Increasing Global Clients' franchise
- BBVA's **Consumer Finance** successful model
- Garanti as a reference in **Means of Payment**
- **IT and digital transformation**

Adding value to shareholders

BBVA

Contents

BBVA

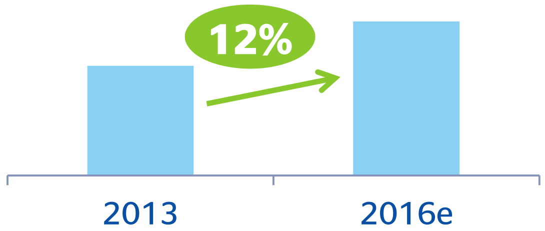
Garanti improves BBVA's long-term growth profile

Garanti

CAGR 2013 – 2016e (1)

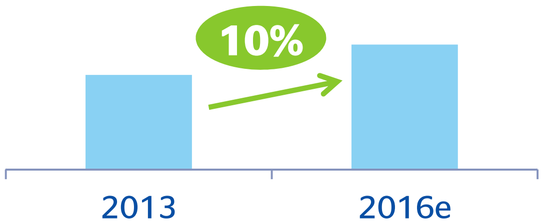
2016e incremental contribution **to BBVA** (1),(2)

Total Assets



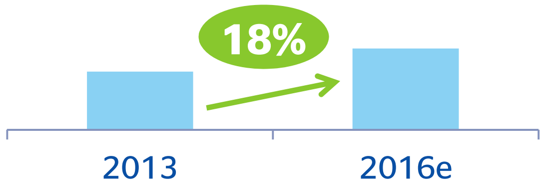
€ 80 Bn

Gross Income



€ 4 Bn

Net Attributable Profit



>€ 250 Mn

Transaction EPS accretive

Exchange rate as of November 13, 2014: 2.7995 EURTRY. (1) Based on analysts' estimates; (2) Estimated incremental contribution due to the additional 14.89% stake acquired: 75% due to full consolidation of Total Assets and Gross Income; 14.89% in Net attributable profit as it excludes minorities.

BBVA

Transaction with moderate impacts

Capital impact [1]

- ✓ **- 48 bps** (- **€ 1.9 Bn**) impact of the 14.89% stake acquisition
- ✓ **+58 bps**[2] impact of the estimated €2 Bn ABO

+ 10 bps estimated impact on CET1 fully loaded

REINFORCING OUR COMMITMENT TO MAINTAIN A CET1 FULLY LOADED RATIO AROUND 10%

P&L impact

- ✓ **-1.5 Bn P&L non cash one-off** due to changes in the accounting method of the existing 25.01% stake (from equity method to full consolidation)

LOSSES WITH IMPACT ON CAPITAL: - €0.4 Bn

LOSSES WITH NO IMPACT ON CAPITAL (mainly FX driven): **- €1.1 Bn**

Closing expected for 1H 2015, subject to regulatory approvals

(1) Impact on ratios as of September 2014; (2) Include the positive impact of increased thresholds according to Basel III methodology

BBVA

Contents

BBVA

Closing remarks

BBVA gains board majority at Turkey's largest bank by market cap, after increasing its stake in Garanti to 39.9%

Garanti boosts BBVA's long-term growth profile

EPS accretive deal, closed at current market prices

Maintaining strong capital levels after the transaction

Privileged starting point to increase value generation after 4 years of active cooperation

Investing for growth: Acquisition of an additional 14.89% stake in Garanti

Jaime Sáenz de Tejada, Chief Financial Officer

November 19th, 2014

BBVA

Appendix: P&L non cash one-off due to change in accounting method

Change in accounting method

- ✓ After this transaction, **BBVA's stake in Garanti will be accounted for using the full consolidation method** (vs. the equity method currently used for the 25.01%)
- ✓ Accounting standards require to mark to market (at fair value [1]) a stake, when **a change in the accounting method occurs**
- ✓ The **-€1.5 Bn P&L one – off** responds to the mark to market (at fair value) of BBVA's current 25.01% stake
  - **No cash outflow**, just an accounting impact
  - **- €0.4 Bn impact on capital** (as the rest of the P&L one-off, mainly FX driven, has already been charged against capital)

€1.5 Bn P&L non cash one - off

TOTAL "FAIR VALUE[1]" (25.01% STAKE): **€3.3 Bn**

BOOK VALUE (25.01% STAKE): **€4.0 Bn**

GROSS LOSS: - €0.7 Bn

↓

Taxes: + €0.3 Bn

↓

LOSSES WITH IMPACT ON CAPITAL: - €0.4 Bn

OTHER LOSSES WITH NO IMPACT ON CAPITAL (mainly FX driven): **- €1.1 Bn**

TOTAL ONE-OFF IMPACT ON P&L: - €1.5 Bn

Note: Data as of Sep.2014. Exchange rate as of November 13, 2014: 2.7995 EURTRY ; (1) Fair value has been calculated with the transaction price (Max 8.90 TL).

BBVA

Appendix: Garanti's Balance Sheet

Balance Sheet (€ Mn)	2013	Sep-14
Cash and balances with central banks	2,447	1,712
Reserve deposits at central banks	6,561	7,282
Securities	13,984	15,915
Loans to banks	4,158	3,949
Loans to customers (net)	46,907	51,815
Tangbile assets	721	748
Goodwill	12	12
Other Assets	2,988	3,327
Total Assets	**77,777**	**84,760**
Deposits from banks and credit institutions	2,405	3,111
Deposits from clients	40,172	42,086
Wholesale funding	21,854	24,008
Other liabilities	4,960	6,153
Total Equity	8,385	9,403
Total liabilities and equity	**77,777**	**84,760**

Source: Garanti. IFRS consolidated 2013 annual report and 3Q14 quarterly report (presented summarized). Exchange rate as of November 13, 2014: 2.7995 EURTRY.

Appendix: Garanti's Profit and Loss Account

Profit and Loss Account (€ Mn)	**2013**	**Sep-14**
Net interest income	2,543	2,134
Net fee and commission income	953	789
Other operating income [1]	414	220
Gross Income	3,909	3,143
Operating expenses	(1,756)	(1,415)
Operating Income	2,153	1,728
Provisions	(543)	(380)
Income Tax	(326)	(282)
Net income	**1,284**	**1,066**

(1) Other operating income: premium income from insurance business; net FX gains/(losses); net trading gains/(losses); gains/(losses) on the sale of assets; other operating income

Source: Garanti. IFRS consolidated 2013 annual report and 3Q14 quarterly report (Summary of Garanti's P&L account following BBVA's public reports models); Exchange rate as of November 13, 2014: 2.7995 EURTRY