BBVA, a unique growth proposition

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“Transforming Business Models: Digital, Regulation and Macro Challenges”
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1 A growth footprint

2 Strong and high-quality capital

3 Leading the industry’s digital transformation

4 Conclusions
BBVA Group’s 2014 Gross Income
Breakdown by business area (1)

- ~90% of gross income coming from investment grade countries

(1) Excluding Corporate Centre. (2) In constant €. Note: Investment grade countries: Spain, USA, Mexico, Chile, Colombia, Peru, Uruguay, China, Turkey (except by S&P) and rest of Europe; Non-investment grade countries: Portugal, Argentina, Paraguay and Venezuela.
... that offers higher growth prospects

Real GDP growth
%
YoY

Source: BBVA Research estimates. (1) Mexico, South America, China and Turkey weighted average real GDP growth, based on their contribution to 2014 BBVA Group's gross income. (2) Spain, USA (Sunbelt) and rest of Europe weighted average real GDP growth, based on their contribution to 2014 BBVA Group's gross income.
BBVA continues to actively manage its business portfolio

- Acquisition of a cleaned-up institution in one of Spain’s most dynamic regions
- Increasing our stake in the best banking franchise in Turkey up to 39.9%
- Reducing our stake in CNCB and sale of CIFH

Strong synergy potential
Investing for growth
Capital allocation

Focusing on our core markets to further enhance our growth profile
Banking activity in Spain: P&L recovery to continue

GDP growth acceleration

<table>
<thead>
<tr>
<th>Year</th>
<th>Real GDP growth %, YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>1.4</td>
</tr>
<tr>
<td>2015e</td>
<td>2.7</td>
</tr>
<tr>
<td>2016e</td>
<td>2.7</td>
</tr>
</tbody>
</table>

Source: BBVA Research estimates

Towards cost of risk normalization

<table>
<thead>
<tr>
<th>Year</th>
<th>Cumulative cost of risk (bps)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec.12</td>
<td>265</td>
</tr>
<tr>
<td>Dec.13</td>
<td>155</td>
</tr>
<tr>
<td>Dec.14</td>
<td>103</td>
</tr>
</tbody>
</table>

-162 bps

Strong P&L recovery

<table>
<thead>
<tr>
<th>Year</th>
<th>Category</th>
<th>2014, € Mn</th>
<th>YoY (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gross Income</td>
<td>6,622</td>
<td>+9%</td>
</tr>
<tr>
<td></td>
<td>Operating Income</td>
<td>3,777</td>
<td>+22%</td>
</tr>
<tr>
<td></td>
<td>Net Attrib. Profit</td>
<td>1,028</td>
<td>+75%</td>
</tr>
</tbody>
</table>

(1) Figures for 2013 do not include the change in the accounting policy relating to contributions made to the Deposit Guarantee Fund, following the adoption of IFRIC 21

NII growth to continue
Cost control to continue thanks to digital transformation
Cost of risk expected to go down to 80 - 85 bps in 2015
Real Estate: 2014, the turnaround year

**Improving market indicators**
- Residential home prices: 2014 saw a recovery with a YoY increase of +20%.
- Residential housing demand: Housing transactions increased from 306,000 in 2013 to 366,000 in 2014, a +20% rise.

**Reduction of BBVA’s net exposure to RE**
- BBVA net exposure to RE reduced significantly from €18.0Bn in 2011 to €12.5Bn in 2014, a -30% decline.

**RE Net attributable profit**
- BBVA RE net attributable profit decreased from €-1,252Mn in 12M13 to €-876Mn in 12M14, a -30% drop.


Source: BBVA estimates based on Ministry of Public Works and Transport data.

Source: General Council of Spanish Notary Publics.
**BBVA USA: a growing franchise**

### Limited impact from oil prices

Sunbelt: Real GDP growth (%, YoY)

- 2014e: 3.6
- 2015e: 3.0
- 2016e: 3.7

Source: BBVA Research estimates

### Sound risk indicators

- NPA Ratio (%)
  - Dec.13: 1.2
  - Dec.14: 0.9
- Cost of Risk (bps)
  - Dec.13: 20
  - Dec.14: 16

### Activity dynamism

**Activity growth to remain solid**

- Positive sensitivity to interest rates increases (expected start: 2H15)
- Cost of risk to inch up towards more normalized levels (+10/15 bps)

### Higher contribution to the Group

<table>
<thead>
<tr>
<th>2014, constant € Mn</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Income</td>
<td>2,137</td>
</tr>
<tr>
<td>Operating Income</td>
<td>640</td>
</tr>
<tr>
<td>Net Attrib. Profit</td>
<td>428</td>
</tr>
</tbody>
</table>

### Activity dynamism (1)

**Lending**

+12.2%

**Customer Funds**

+12.2%

(1) Excluding NY business activity.
Mexico: significant and recurrent contributor to the Group

**Growth acceleration and limited impact from oil prices**

- **Real GDP growth %, YoY**
  - 2014: 2.1%
  - 2015e: 3.5%
  - 2016e: 3.4%

  ~ 4%e in 2020

Source: BBVA Research estimates

**Stable risk indicators**

- **Cost of Risk (bps)**
  - Dec.13: 3.6
  - Dec.14: 2.9

- **NPA Ratio (%)**

**Activity dynamism**

- **Lending**
  - +11.7%

- **Customer Funds**
  - +8.4%

**Double-digit growth in all P&L lines**

- **Gross Income**
  - 2014: 6,522
  - YoY: +10%

- **Operating Income**
  - 2014: 4,115
  - YoY: +11%

- **Net Attrib. Profit**
  - 2014: 1,915
  - YoY: +11%

**Higher growth prospects for 2015e vs. 2014**

- Committed to maintaining positive jaws
- Cost of risk to remain stable at around 350 bps

**Source:** BBVA Research estimates
**South America:** a well-diversified footprint in a high-growth region

A two-gear region in terms of growth

- **Real GDP growth, YoY:**
  - 2014: 0.6%
  - 2015e: 3.3%
  - 2016e: 4.4%

Activity dynamism

- **Lending**
  - +22.5%
    - +13.8% ex Venezuela
  - Customer Funds
    - +24.4%
    - +15.5% ex Venezuela

Stable risk indicators

- **Cost of Risk (bps)**
  - 2014: 150
  - 2015e: 146
  - 2016e: 2.1

Strong P&L growth

- **2014, constant € Mn**
  - Gross Income: 5,191 +23% +21%
  - Operating Income: 2,875 +19% +18%
  - Net Attrib. Profit: 1,001 +6% +13%

2015e Trends

- The area will continue to be a relevant contributor to the Group
- The Andean region as the main growth lever going forward
- Venezuela: Limited contribution to P&L and no impact of FX on capital ratio

Source: BBVA Research estimates

Trends
Turkey: Garanti boosts BBVA’s long-term growth

Growth acceleration despite geopolitical volatility

<table>
<thead>
<tr>
<th>Real GDP growth</th>
<th>2014e</th>
<th>2015e</th>
<th>2016e</th>
</tr>
</thead>
<tbody>
<tr>
<td>%, YoY</td>
<td>2.6</td>
<td>3.7</td>
<td>4.5</td>
</tr>
</tbody>
</table>

Source: BBVA Research estimates

Sound asset quality

<table>
<thead>
<tr>
<th>Cost of Risk (2) (bps)</th>
<th>Dec.13</th>
<th>Dec.14</th>
</tr>
</thead>
<tbody>
<tr>
<td>114</td>
<td>2.1</td>
<td>89</td>
</tr>
<tr>
<td>NPA Ratio (%)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NPA Ratio (%)</th>
<th>Dec.13</th>
<th>Dec.14</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2.1</td>
<td>2.4</td>
</tr>
</tbody>
</table>

Activity dynamism

<table>
<thead>
<tr>
<th>Performing Loans</th>
<th>Customer Deposits</th>
</tr>
</thead>
<tbody>
<tr>
<td>+13%</td>
<td>+13%</td>
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</tbody>
</table>

Local figures in Turkish Lira, year-end, YoY growth Dec.14 vs. Dec.13

Increasing contribution to BBVA Group’s P&L

<table>
<thead>
<tr>
<th>2014(1), constant € Mn</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Income</td>
<td>944</td>
</tr>
<tr>
<td>Operating Income</td>
<td>550</td>
</tr>
<tr>
<td>Net Attrib. Profit</td>
<td>310</td>
</tr>
</tbody>
</table>

Turkish Lira loans growing at ~15%

NIM expansion to continue

Stable cost or risk vs. 2014

2015e Trends

Note: Garanti BRSA bank-only financials for fair comparison with Garanti’s Operating Plan guidance. (1) Stake of 25.01% in Garanti, as of end-Dec.2014; (2) Net cost of risk, including recoveries.
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Commitment to maintain a CET1 fully loaded of 10%

(1) BBVA Group CBR (Combined Buffer Requirement) is currently expected to consist of 2.5% Capital Conservation Buffer (CCB) and 1.0% G-SIB Buffer. (2) Including €1.5 Bn AT1 issued on Feb.15. (3) MDA: Maximum Distributable Amount.
In a context of capital requirements harmonization...

**RWAs / Total Assets (%)**

<table>
<thead>
<tr>
<th></th>
<th>BBVA</th>
<th>European Peer Group Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec.14</td>
<td>54%</td>
<td>32%</td>
</tr>
</tbody>
</table>

**Leverage Ratio (%)**

<table>
<thead>
<tr>
<th></th>
<th>BBVA</th>
<th>European Peer Group Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec.14</td>
<td>5.9%</td>
<td>4.0%</td>
</tr>
</tbody>
</table>

Unrealized gains on the AFS sovereign portfolio: not included in Core Capital

Not benefiting from the “Danish compromise”

Limited impact from guaranteed DTAs

... BBVA stands out for the quality of its capital

European Peer Group: BARC, BNPP, CASA, CS, CMZ, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS, UCG. (1) CRDIV Fully-Loaded.
TLAC expected to have a manageable impact on BBVA...

**Estimated 2019 TLAC Walk-down for BBVA\(^{(1)}\)**
(Fully-Loaded CET1 at a consolidated level)

- TLAC est. Potential Req.: 19.5%
- CET1: 10.4%
- AT1: 1.2%
- T2: 3.0%
- Eligible senior: ~5%
- Additional TLAC needs: ~250 bps

**Estimated Additional TLAC needs**
- BBVA ~ €10 Bn
- G-SIB peers avg. ~ €20 Bn

**TLAC Considerations**
- BBVA’s requirement expected to be based on RWAs, not on leverage
- BBVA’s structure predisposes **MPE as preferred resolution strategy**
- Expect **MREL** implementation consistent and converging to TLAC
- Assuming 2019 compliance, **annual TLAC issuance of ~ €3-4 Bn per annum**

... due to its strong capital position, maturity profile and demonstrated ability to access the market

\(^{(1)}\) BBVA fully-loaded capital as of 4Q14, pro-forma, including €1.5 Bn AT1 as of Feb.15. TLAC requirement calculated: 16% + 2.5% Capital Conservation Buffer + 1% GSIB Buffer.
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A digital transformation based on 5 fundamental levers ...
Main goals of BBVA’s digital transformation

- Client base growth
- Higher client engagement/loyalty
- Higher commercial productivity
- Lower operating costs
- Better risk indicators

... to deliver the best banking customer experience ...

... while lowering the cost to acquire and serve our clients
Our customers are increasingly digital ...

Active digital customers
BBVA Group - million

- Dec.11: 5.0
- Dec.12: 6.2
- Dec.13: 7.5
- Dec.14: 9.2

CAGR +22%
Including Garanti in 2014

Average number of annual transactions per customer
BBVA Spain

- Dec.11: 26
- Dec.12: 321
- Dec.13: 1.3
- Dec.14: 5.8

CAGR +145%
Including Garanti in 2014

Digital customers represent a huge opportunity

... and digital behavior correlates with value

Note: Non-digital customers are those that only use branches and ATMs.
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Conclusions

- Attractive and unmatchable footprint
- Solid solvency position
- Digital Transformation plan

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Higher growth potential vs. peers

Competitive advantage vs. peers
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