BBVA Group

Erik Schotkamp, Capital & Funding Management Director
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A balanced and well-diversified footprint supported by leading franchises

BBVA Group’s 1H15 Gross Income
Breakdown by business area

Market share and ranking by loans
Detail by country (1)

- Mexico: 24.1%, 1st
- Spain: 14.7%, 2nd
- USA (Sunbelt): 6.2%, 4th
- Turkey: 11.8%, 2nd
- South America (ex Brazil): 10.3%, 1st

> 90% of gross income coming from investment grade countries (3), biased to Spain and Mexico

(1) Spain: Other domestic sector and public sector data as of June, 2015 (BBVA+CX). Mexico: data as of July, 2015; South America: market share as of May, 2015; ranking as of June, 2015, considering only our main peers in each country. USA: data as of June, 2014, market share and ranking by deposits considering only Texas and Alabama; Turkey: BRSA data for commercial banks as of June, 2015; (3) 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.

* Data ex Venezuela and ex Corporate activities
Diversification has allowed BBVA to maintain recurring revenues, even during the crisis...

<table>
<thead>
<tr>
<th>NII + Fees (€m)</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Income (€m)</td>
<td>2010</td>
<td>2011</td>
<td>2012</td>
<td>2013</td>
<td>2014</td>
</tr>
<tr>
<td>BBVA operating income (€bn)</td>
<td>20,333</td>
<td>19,528</td>
<td>21,892</td>
<td>21,397</td>
<td>21,357</td>
</tr>
<tr>
<td>Provisions and impairment of non-financial assets (€bn)</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Ability to cover losses even under stressed scenarios</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

(1) Proforma 2013 considering BIS3 RWA = 3.0%
bucking the trend of its European peers

Gross Income (€m)
BBVA vs Peer group (Aggregate figures)

European peer group: BARC, BNPP, CASA, CS, CMZ, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS, UCG.
Recent operating trends support underlying recurring growth

**Strong Activity**

**Activity Growth (1)**  
(Jun14 vs Jun15)

- **Lending**: 13.6%
- **Cust. Funds**: 18.3%

**Upward trend in revenues**

**Gross income**  
(Constant €Mn)

- 2Q15 vs 2Q14: +10.6%
- 2Q14: 5,332 €Mn
- 1Q15: 5,529 €Mn
- 2Q15: 5,897 €Mn

**Risk indicators improving**

**NPL ratio**  
5.5%  
6.1% with CX

**Coverage ratio**  
65%  
72% with CX

**Net Attrib. Profit**  
2Q15: 2,022 €Mn  
+46%

**Profit growth**

- 1H2015, constant € Mn
- Gross Income: 11,426 €Mn  
+10%
- Operating Income: 5,742 €Mn  
+14%
- Net Attrib. Profit: 2,749 €Mn  
98%
- Net Attrib. Profit (ex. corporate operations): 2,022 €Mn  
+46%

**Note**: Figures exclude Venezuela and include CX. (1) Activity excludes repos; Gross loans and advances to customers; customer funds include promissory notes.
Solid franchises with positive dynamics

**SPAIN**
- New loan production growth
- Focused on diversified revenue sources and cost control
- Cost of risk\(^{(3)}\) downward trend: 80 - 85 bps in 2015e; ~ 50 bps in 2017e
- Catalunya Caixa integration (adding €300Mn Net Attrib. Profit before 2018)

**USA**
- Activity growth to remain solid
- Interest rates hikes as one of the main P&L drivers going forward
- Sound risk indicators

**MEXICO**
- Double digit activity growth, keeping better asset quality than peers
- Portfolio mix change
- Sound and improving risk indicators

**SOUTH AMERICA**
- Activity growing at a sustainable level
- Venezuela: limited contribution to P&L considering the application of Simadi

**TURKEY**
- Market with huge potential
- Excellent spread management
- Sound asset quality

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(1) Ex Venezuela and ex Corporate Activities (2) Includes Real Estate Activity (3) Including RE and excluding CX
Solid capital position

Strong & Resilient Regulatory Ratios

Historical Core Capital ratios (%)
BBVA Group; S&P Ratings

Core Capital CRD IV 2Q2015
12.3% (Phased-in) 10.4% (Fully-loaded)

Pro-forma (1)
Core Capital CRD IV 10.0%e (Fully-loaded)

High Quality Capital

RWAs / Total Assets (%)

2Q2015

Peer group average: 33%

Leverage Ratio (%) (2)

2Q2015

Peer group average: 4.3%

Notes:
(1) Pro-forma of corporate operations announced and pending to be closed as of June 30, 2015 (Acquisition of Garanti and sale of CIFH)
(2) Under CRDIV Fully-Loaded

European Peer Group: BARC, BNPP, CASA, CS, CMZ, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS, UCG.
Strong and resilient regulatory capital ratios ... reinforced by BBVA’s proven ability to generate capital

BBVA Group’s Jun. 15 CRDIV fully-loaded ratios

<table>
<thead>
<tr>
<th>Capital Buffer</th>
<th>CRDIV Total Capital Requirement (fully loaded)</th>
<th>Available internal buffer</th>
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</thead>
<tbody>
<tr>
<td>CBR (1)</td>
<td>11.5%</td>
<td>3.5%</td>
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<tr>
<td>T2</td>
<td>2.0%</td>
<td>3.0%</td>
</tr>
<tr>
<td>AT1</td>
<td>1.5%</td>
<td>0.3%</td>
</tr>
<tr>
<td>CET1</td>
<td>4.5%</td>
<td>4.5%</td>
</tr>
</tbody>
</table>

Σ = 10.4%

BUFFER TO MDA(2) LIMIT

€7.5 Bn
2.1%

(1) BBVA Group CBR (Combined Buffer Requirement) is currently expected to consist of 2.5% Capital Conservation Buffer (CCB) + 1% GSIB buffer (2) MDA: Maximum Distributable Amount.
TLAC expected to have a manageable impact on BBVA...

**Estimated TLAC Walk-down for BBVA**

Fully-Loaded CET1 at a consolidated level as of Jun. 2015

- **19.5%** TLAC est. Potential Req.
- **16%** CET1
- **10.4%** AT1
- **1.2%** T2
- **3.0%** Eligible senior
- **[4.5-5%]** Additional TLAC needs
- **2.5%** ~ [200-250] bps

**Other Considerations**

- **Final calibration** subject to a range: **16%-20%** (ex combined buffer requirement)
- **Garanti's** consolidation & CIFH sale will have an estimated impact of -40 bps
- **BBVA’s structure** predisposes **MPE as preferred resolution strategy**

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

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(1) BBVA fully-loaded capital as of 2Q15. TLAC requirement calculated: 16% + 2.5% Capital Conservation Buffer + 1% GSIB Buffer; (2) To be recorded on 3Q15
Sound liquidity position in all 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

### Loan to deposits (Jun.15)

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>USA</td>
<td>98%</td>
</tr>
<tr>
<td>Mexico</td>
<td>95%</td>
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<tr>
<td>South America</td>
<td>104%</td>
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</tbody>
</table>
Active and successful FX hedging policy

1. Decentralized capital and liquidity management
   - Consistent with MPE resolution strategy

2. Local capital covers local RWA
   - Natural hedge minimizes impact on CET1

3. Hedging policy at a Group level, consists of:

   - Reduce FX impact on Group’s Net Income: 30% / 50% of 12M expected FX Net Income hedged
   - Minimize Core capital Volatility: 40% / 50% of the “excess” capital of subsidiaries hedged

No significant FX impact expected on 2015 core capital ratio
Conclusions

A well diversified footprint supported by leading franchises

Demonstrated ability to generate significant and recurrent earnings

Strong capital ratios reinforced by a proven track record of capital generation
Appendix
BBVA’s ratings (September, 2015)

<table>
<thead>
<tr>
<th>MOODY'S</th>
<th>S&amp;P</th>
<th>FITCH</th>
<th>DBRS</th>
<th>SCOPE</th>
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</tbody>
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Non investment grade
(+) Positive outlook; (st.) Stable outlook; (-) Negative outlook

BBVA’s rating trends improving since end 2013

New methodologies are improving BBVA’s absolute and / or relative rating position vs. peers

Moody’s has recently upgraded BBVA’s senior debt rating by 1 notch (from Baa2 to Baa1) and its deposits rating by 2 notches (from Baa2 to A3)
Banking activity in Spain: P&L recovery to continue

New loan production growth

- Consumer loans
  - 2013: 66, 2014: 89, 1Q15: 111, 2Q15: 127 (growth: +93%)
  - Residential mortgages
    - 2013: 166, 2014: 192, 1Q15: 198, 2Q15: 266 (growth: +61%)
  - Very Small businesses

Towards cost of risk normalization

- Cumulative cost of risk (bps) (excl. CX)
  - Banking Activity + RE developers loans

GDP in Spain expected to grow 3.2% in 2015 and 2.7% in 2016

CX integration will add €300Mn Net Attributable Profit before 2018

P&L

- 1H2015, € Mn
  - Gross Income: 3,711 (YoY +10%)
  - Operating Income: 2,208 (YoY +12%)
  - Net Attrib. Profit: 809 (YoY +33%)

CX integration will add €300Mn Net Attributable Profit before 2018
**Real Estate: 2014, the turnaround year**

**Improving market indicators**

- **Residential home prices**: %, YoY
  - Source: BBVA estimates based on Ministry of Public Works and Transport data.
  - Chart showing home price trends from Mar-06 to Jun-15.

- **Residential housing demand**: Housing transactions - in thousands
  - Source: General Council of Spanish Notary Publics

**Reduction of BBVA’s net exposure to RE**

- **BBVA net exposure to RE**
  - Bank of Spain’s RE transparency scope (€ Bn)
  - Chart showing exposure reduction from 2011 to Jun.15.

**RE Net attributable profit**

- **BBVA RE net attributable profit** € Mn
  - Chart showing profit trends from 1H14 to 1H15.

**Limited negative P&L contribution expected in 2016**
**USA: a growing franchise**

### Activity dynamism \(^{(1)}\)

<table>
<thead>
<tr>
<th>Activity</th>
<th>YoY</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lending</td>
<td>+12.9%</td>
<td></td>
</tr>
<tr>
<td>Customer Funds</td>
<td>+9.0%</td>
<td></td>
</tr>
</tbody>
</table>

Constant €, average balances, YoY Jun.14 vs. Jun.15

\(^{(2)}\) Gross loans and advances to customers.

### Higher contribution to the Group

<table>
<thead>
<tr>
<th>Description</th>
<th>YoY</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Income</td>
<td>1,332</td>
<td>+5%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>449</td>
<td>+13%</td>
</tr>
<tr>
<td>Net Attrib. Profit</td>
<td>286</td>
<td>+19%</td>
</tr>
</tbody>
</table>

1H2015, constant € Mn

### Sound risk indicators

- **Cost of Risk (bps)**: 21 → 23
- **NPA Ratio (%)**: 0.9 → 0.9

Jun.14 vs. Jun.15

\(^{(1)}\) Activity excludes repos; customer funds includes promissory notes

(2) Gross loans and advances to customers.
Mexico: Leaders in a high potential growth market

Double-digit activity growth, biased to the commercial segment

Total performing loans growth
Jun. 15 vs. Jun.14

- **Other**: 1.2% to 1.9%
- **Public Sector**: 8.8% to 9.5%
- **SMEs**: 5.7% to 6.2%
- **Commercial**: 35.9% to 37.7%
- **C. Cards**: 12.9% to 11.0%
- **Consumer**: 13.0% to 13.4%
- **Mortgages**: 22.5% to 20.3%

Dynamic growth in all P&L lines
1H2015, constant € Mn  
YoY

- **Gross Income**: 3,558 (+7%)  
- **Operating Income**: 2,248 (+7%)  
- **Net Attrib. Profit**: 1,041 (+9%)  

Sound and improving risk indicators

- **Cumulative cost of risk (bps)**
  - Jun.14: 361
  - Jun.15: 343
  - NPL Ratio (%)
  - Jun.14: 3.4
  - Jun.15: 2.8

Significant and recurrent contributor to BBVA Group’s P&L

Better profitability and asset quality than local peers
**South America:** a highly diversified footprint within the region

<table>
<thead>
<tr>
<th>Activity dynamism</th>
<th>Strong P&amp;L growth</th>
<th>Contained asset quality deterioration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant €, YoY</td>
<td>1H2015, constant € Mn, Ex Venezuela YoY</td>
<td></td>
</tr>
<tr>
<td>Lending(^{(1)})</td>
<td>Gross Income 2,169 +12%</td>
<td>Cost of Risk (bps) 123 134</td>
</tr>
<tr>
<td>Customer Funds(^{(2)})</td>
<td>Operating Income 1,189 +11%</td>
<td>NPA Ratio (%) 2.1 2.3</td>
</tr>
<tr>
<td>+14.5%</td>
<td>Net Attrib. Profit 465 +8%</td>
<td>Jun.14 Jun.15</td>
</tr>
</tbody>
</table>

Transformation of the distribution network on track

**Venezuela:** Limited contribution to P&L after the application of Simadi in 1Q2015

Note: Figures exclude Venezuela unless stated otherwise. (1) Gross loans and advances to customers excluding repos. (2) Including promissory notes and excluding repos. (3) Data as of April / May, 2015. Figures according to local criteria.
**Turkey: Garanti boosts BBVA’s long-term growth**

**Market potential intact**

- Low leverage and bank penetration, % GDP
  - Mar.15:
    - Public debt: 34
    - Total credit: 74

**Excellent spreads management**

- Loan-to-deposit spread, %
  - Jun.14 vs. Jun.15:
    - 1H14: 3.52
    - 1H15: 4.62

**Sound asset quality**

- NPA Ratio (%)
  - Jun.14: 2.7
  - Jun.15: 2.7
  - CoR\(^{(1)}\) (bps)
  - Jun.14: 0.9
  - Jun.15: 1.0

**Increasing contribution to P&L**

- 1H2015\(^{(2)}\), constant € Mn
  - Gross Income: 510 (+12%)
  - Operating Income: 289 (+9%)
  - Net Attrib. Profit: 174 (+9%)

Despite short-term headwinds, market potential remains intact

Successful customer spread management whilst asset quality holds up well

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(1) Net cost of risk, including recoveries
(2) Stake of 25.01% in Garanti, as of end-June 2015.