BBVA: Strengths and opportunities
A unique global value proposition

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Goldman Sachs, European Financials Conference
June 12th, 2013
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ECB focus on financial stability has removed Euro break-up risk

10Y Spread Spain-Germany (bp)

Risk premium reduced by 53% (-335 bps)

“The ECB will do whatever it takes to preserve the €”

Crisis in Cyprus

Stronger EU / Banking Union

LTRO

After austerity, focus shifting towards pro-growth initiatives?

Towards a stronger European Monetary Union

Developments in the European Banking Union

- Single rule Book: CRD4 (Passed in April, 2013)
- Single Supervisory Mechanism (SSM) (Effective from March, 2014)
- Single Resolution Mechanism (SRM) (Awaiting proposal)
- Banks’ direct recapitalization (Under discussion)
- Single Deposit Guarantee Fund (Pending)

Asset quality review and EBA’s stress test (Results expected in 1H14)
Spain has made significant progress in correcting its imbalances.

**Private Sector deleverage**

% Households debt over GDP: reduction from peak to March 2013

- **Spain**: -9.8%
- **Eurozone**: -1.3%

Source: Haver Analytics based on Bank of Spain and ECB

**External imbalance adjustment**

Current Account Deficit (% of GDP)

- 2008: -5.5%
- 2009: -9.6%
- 2010: -4.8%
- 2011: -4.5%
- 2012: -3.7%
- 2013: -1.1%

Average 1999 - 2007

Source: BBVA Research

**Strong Fiscal adjustment**

Public Deficit* (% of GDP)

- 2011 Deficit: 9.0
- 2012 Deficit: 2.6
- Fiscal effort: 4.6
- 2013e Deficit: 7.0
- 2013e Deficit: 6.5

Source: BBVA Research

* Ex Financial sector reform

Deficit

Without any fiscal measure

Fiscal effort

2012 Deficit
After the adjustment of the construction sector, Spain will start to grow in 2014 driven by exports and investment in equipment.

Spain: GDP and Construction contribution to GDP
€Bn and %

Spain: exports and investment in equipment and machinery
(2008=100)

Source: BBVA Research
Source: BBVA Research based on INE data
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BBVA’s strengths

1. Diversification
2. High and recurrent gross income
3. Superior asset quality
4. Resilient earnings
5. Balance sheet strength (Capital & Liquidity)
BBVA’s international expansion has been biased to high growth markets

Breakdown of gross income
1Q13

Emerging
- Weight: 58%
- YoY chg.: +9.1%

Developed
- Weight: 42%
- YoY chg.: -4.4%

Note: Excluding Corporate Activities. Year-on-year variation in constant €.
High and recurrent gross income

BBVA Group gross income
Quarter by quarter
(€ Mn)

1Q12 2Q12 3Q12 4Q12 1Q13

+3.9%

Quarterly Average
A stable asset quality profile, balancing different credit cycles

**NPA & coverage ratios**

**BBVA Group (%)**

<table>
<thead>
<tr>
<th>Country</th>
<th>NPA ratio</th>
<th>Coverage ratio</th>
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</thead>
<tbody>
<tr>
<td>Spain (banking activity)</td>
<td>4.3%</td>
<td>50%</td>
</tr>
<tr>
<td>Eurasia</td>
<td>3.0%</td>
<td>87%</td>
</tr>
<tr>
<td>Mexico</td>
<td>3.7%</td>
<td>117%</td>
</tr>
<tr>
<td>S.America</td>
<td>2.2%</td>
<td>143%</td>
</tr>
<tr>
<td>USA</td>
<td>1.8%</td>
<td>109%</td>
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</table>

**NPA & coverage ratios by business unit March 2013 (%)**

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<tr>
<th>Country</th>
<th>NPA ratio</th>
<th>Coverage ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain (loans to developers)</td>
<td>48%</td>
<td>76%</td>
</tr>
<tr>
<td>Eurasia</td>
<td>3.0%</td>
<td>87%</td>
</tr>
<tr>
<td>Mexico</td>
<td>3.7%</td>
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**Cost of Risk (Annualized)**

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<tbody>
<tr>
<td>1.2%</td>
<td>1.8%</td>
<td>1.9%</td>
<td>2.2%</td>
<td>1.5%</td>
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</table>
BBVA’s earnings generation capacity has improved through the crisis

BBVA Operating Income vs. provisions and impairment of non-financial assets
(€ Bn)

BBVA RWAs and Operating Income/RWAs
(€ Bn, %)

Significant profit upside as the credit cycle improves

Note: Operating income includes income from discontinued operations
Strong capital generation capacity

Core capital ratio (BIS 2)

- +592 bps from 2007 to 2013
- +42 bps from 2011 to 2012

- Core capital ratio
  - 5.3% in 2007
  - 6.2% in 2008
  - 8.0% in 2009
  - 9.6% in 2010
  - 10.3% in 2011
  - 10.8% in 2012
  - 11.2% in 1Q13

- Core capital: €16 Bn
- Core capital x 2.3 = €36.7 Bn

- Without selling core assets
- Absorption of RE provisioning
- Maintaining our dividend policy: €1.3 Bn paid in cash in 2012
- 1st European Issuer of BIS 3
- Additional Tier I capital
Comfortable capital position under new BIS 3 regulation

Reported BIS 3 Core ratio expected to be > 10% through the phase in period
Sound liquidity position of the Euro Balance Sheet

Domestic LTD ratio\(^{(1)}\) improvement

- Dec.11: 147%
- Dec.12: 134%
- Mar.13: 132%

BBVA has issued Eur 10 bn in the public capital markets since last summer:

- Sept'12: €1.5 bn senior debt
- Oct'12: €1 bn & USD 1.5 bn senior debt
- Dec'12: €2 bn covered bond
- Jan'13: €1.5 bn senior debt and €1 bn covered bond
- Mar'13: €1.5 bn senior debt
- May'13: USD 1.5 bn Additional Tier 1

- Commercial gap reduction: €23 Bn in 2012 and €9 Bn in 1Q13
- Ample collateral available: 2.7x liquidity buffer\(^{(2)}\)

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\(^{(1)}\) The ratio excludes securitizations and repos and includes promissory notes placed in the retail network.

\(^{(2)}\) Liquidity buffer: defined as the number of times that next 3 months' unsecured funding maturities are covered by available collateral. Figures as of June 7, 2013.
**BBVA’s opportunities**: Significant medium term upside in all geographical areas

<table>
<thead>
<tr>
<th>Country</th>
<th>opportunities</th>
</tr>
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</table>
| Spain       | Market share gains with margin normalization  
Provisions normalization |
| Mexico      | High and stable business growth  
Acceleration of profit growth |
| South America | Growth to stabilize at a high and sustainable level  
Balanced diversification within the region |
| USA         | Market share gains in Texas / Sunbelt  
Margin normalization |
| Turkey      | High business growth  
Higher contribution to BBVA |
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Conclusions

Environment

1. Creation of **financial stability**
2. Momentum in **reform and budget discipline**
3. Path towards **European Banking Union**

BBVA

4. Sustainable **business model**
5. Presence in **attractive markets**
6. Founded on **strong capital and liquidity**, with high operating income

**BBVA offers a unique global value proposition, positioned to take advantage of structural and cyclical growth opportunities**
BBVA: Strengths and opportunities
A unique global value proposition

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