Sale of 5.1% Stake in CNCB to Citic Group
Transaction’s Highlights

BBVA brings its CNCB stake below 10% by selling 5.1% to Citic Group at current market prices

This transaction generates €2.4 Bn of BIS III “fully-loaded” Core Capital (+72 bps)

CNCB consolidation changes from Equity Method to Available for Sale:
- €2.3 Bn net P&L impact in 2013 from valuing the entire 15% stake at market prices

BBVA remains as a key CNCB shareholder, under a revised cooperation agreement on a non-exclusive basis
CITIC Group buys 5.1% stake

At current market price: 4.15 HKD \(^{(1)}\)

Avoiding discount and execution risk

BBVA to receive €0.9\(^{(1)}\) Bn in cash

Closing expected in 4Q13 \(^{(2)}\)

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(1) Market prices as of 16\(^{th}\) October. Price per share HKD 4.15. FX Eur/HKD: 10.49.
(2) Pending regulatory approvals.
P&L impacts: 5.1% sale and change of the remaining 9.9% from equity method to available for sale

2013 P&L IMPACT

TOTAL MARKET VALUE (15% STAKE): €2.8 Bn

Goodwill: €1.6 Bn
Net book value: €3.9 Bn

GROSS LOSS: - €2.8 Bn

NET LOSS: - €2.5 Bn

OTHER P&L ADJUSTMENTS (1): +€0.2 Bn

NET P&L IMPACT: - €2.3 Bn

ECONOMIC IMPACT

Cash loss from selling 5.1% stake is limited to €120 Mn (2)

Up to date BBVA has received approximately €130 Mn in dividends for the 5.1% stake

From closing, BBVA will account the dividend income to be received from CNCB Expected contribution in 2014 will be approximately €90 Mn (3)

(1) With no impact on capital.
(2) BBVA’s total investment amounts to Eur 3.28 Bn for 15% of CNCB. Cash loss of selling 5.1% is calculated with market value vs total investment for the percentage sold after tax.
(3) Estimate for CNCB DPS 2014 according to Bloomberg.
With the new CRD4 (BIS III), a 15% stake in CNCB would have heavily penalized Core Capital

**Stakes in financial institutions > 10% are considered significant investments:**

- Under BIS II.5, goodwill is deducted from core capital, 50% of Book Value is deducted from Tier I and 50% deducted from Tier II
- Under BIS III, goodwill and book value \(^{(1)}\) are deducted directly from core capital

Reducing our stake below 10% significantly increases regulatory capital (Core / Tier I / Tier II) under all solvency rules by releasing deductions

\(^{(1)}\) Assuming a complete utilization of BIS III thresholds for deductions
Significant regulatory capital generation under BIS III

BIS III fully loaded Core Capital impacts from the transaction

**BIS II impacts = -€1.3 Bn (-39 bps)**

-€ 2.5 Bn

-€ 1.6 Bn

-€ 0.4 Bn

**BIS III impacts**

€ 3.7 Bn

€ 2.4 Bn

<table>
<thead>
<tr>
<th>Net Loss</th>
<th>Goodwill release</th>
<th>9.9% stake RWA (242%)</th>
<th>Deduction release (1)</th>
<th>TOTAL IMPACT</th>
</tr>
</thead>
<tbody>
<tr>
<td>-76</td>
<td>+49</td>
<td>-12</td>
<td>+111</td>
<td>+72</td>
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(1) Assuming a complete utilization of BIS III thresholds for deductions
New collaboration framework in China

- China remains an attractive country for BBVA due to its commercial links with Latin America
- BBVA remains as a relevant CNCB shareholder with a 9.9% stake
- BBVA and CNCB to continue working under a revised agreement on a non-exclusive basis and with new potential areas of cooperation
- BBVA plans to open a fully operational branch in China
BBVA brings its CNCB stake below 10% by selling 5.1% to Citic Group

- €2.4 Bn of BIS III “fully-loaded” Core Capital generation (+72 bps)

- €2.3 Bn net P&L impact in 2013 (MTM of 15% stake)
  Economic loss from 5.1% sale limited to €120 Mn

BBVA will reinforce its business in the region, while cooperating with CNCB under a revised agreement

This transaction allows BBVA to move forward on the adoption of the new Basel III capital requirements and, at the same time, maintain its commitment to the Chinese market
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