

Opportunities in an improving macro environment

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BBVA

Contents

1 BBVA Group: strengths

1.1 A well diversified revenue base

1.2 Earnings upside potential

1.3 Strong capital position

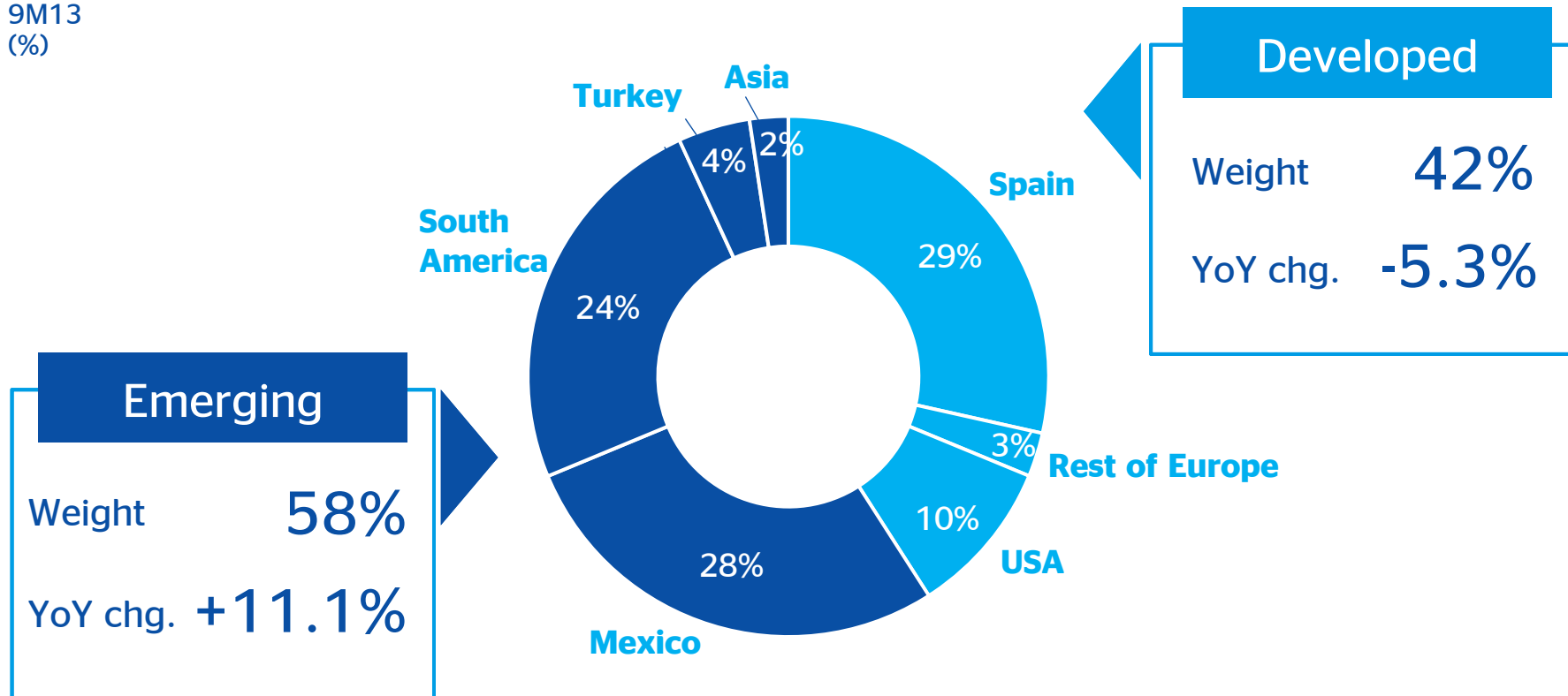
1.4 Principle-based profitability

2 BBVA Spain: Key management priorities
in an improving macro environment

3 Conclusions

BBVA is an international retail bank with a well diversified revenue base

Breakdown of gross income
9M13
(%)



Exposure to recovering developed markets and resilient and high potential emerging markets

Note: excludes Holding. Year-on-year variation in constant €

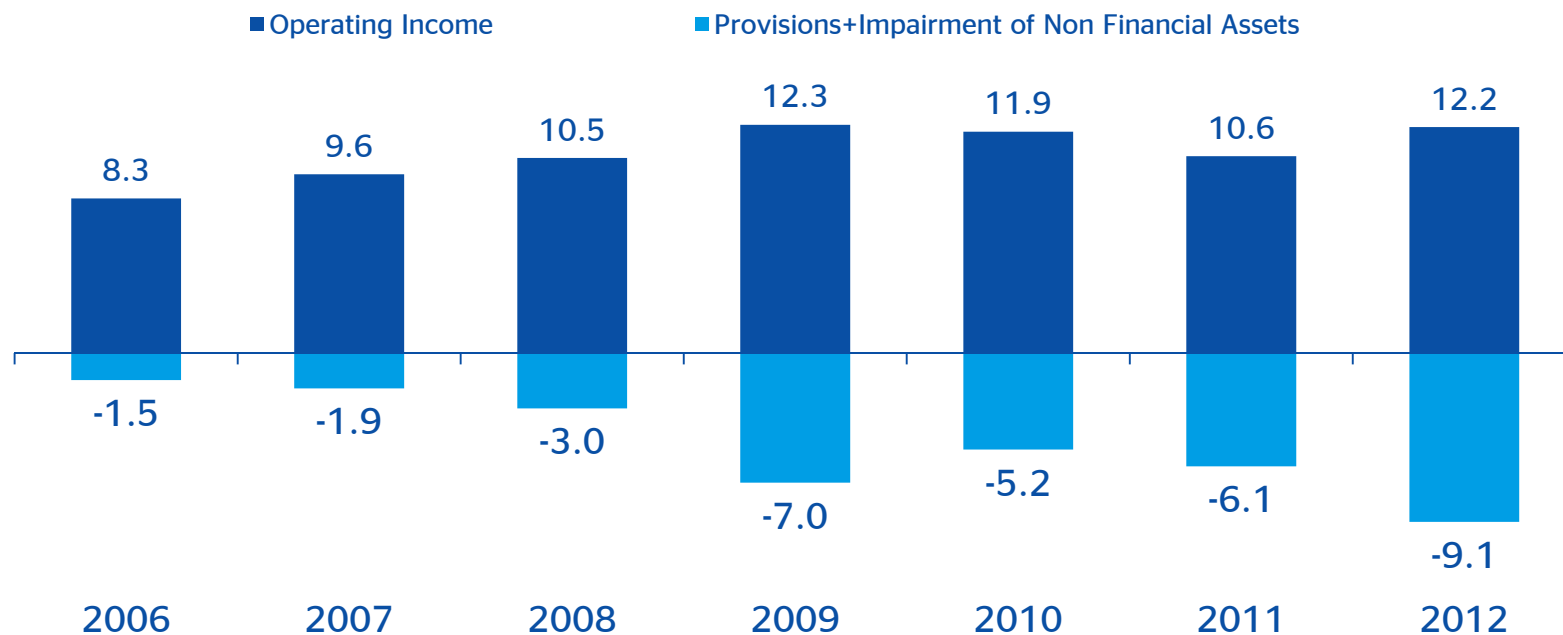
With leadership positions in all its core markets ...

	Market Share		Ranking
	Loans	Deposits	
Spain	13.6%	11.3%	2nd
Mexico	23.6%	23.3%	1st
South America	10.2%	10.2%	1st
USA (Sunbelt)	--	6.2%	4th
Eurasia:			
China (Citic Bank)	9.9 % stake (7th)		
Turkey (Garanti Bank)	25 % stake (2nd)		

Ranking by deposits (except for Spain, by net loans); **Spain**: Deposit market share includes promissory notes, data as of September, 2013. **Mexico**: data as of June, 2013; **South America**: data as of August, 2013 for the following countries: Argentina, Chile, Colombia, Panama, Paraguay, Peru, Uruguay and Venezuela. Ranking considering only the 4-5 main players in each country; **USA**: data as of June, 2013, market share and ranking considering only Texas and Alabama; **China** : data as of June, 2013; and **Turkey**: data as of June 2013.

... that has allowed BBVA to maintain a high and recurrent operating income throughout the crisis

BBVA operating income vs. provisions and impairment of non-financial assets (€ Bn)



Starting a new earnings growth cycle as provisions progressively normalize from 2012's peak

Note: includes income from discontinued operations

Going forward, BBVA has significant medium term upside in all major franchises

USA

- Growth in activity to continue
- Historically low interest rate environment impacting NII

Mexico

- Resilient market with high potential, growth to recover in 2014
- Prioritizing profitability vs. market share

**South
America**

- Growth to stabilize at a high and sustainable level
- Balanced diversification within the region

Turkey

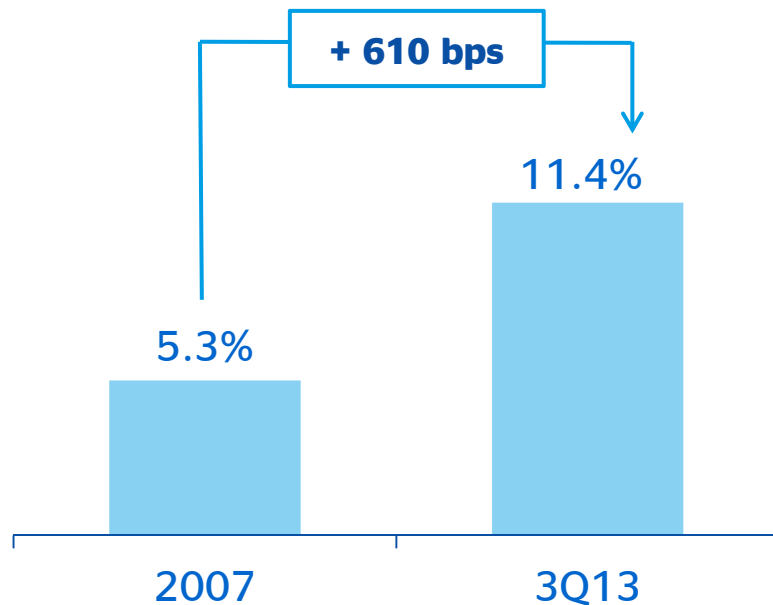
- Managing the business in a challenging environment
- High potential market for BBVA

Spain

- Deposit cost and cost of risk normalization to drive P&L
- Improvement in credit flows in a deleveraging environment

BBVA's strong track record of capital generation

Core capital ratio (BIS II)



And ...

BIS III fully loaded
(Sept.13)

Core Ratio: 8.4%

Leverage Ratio: 4.8%



High quality capital with low leverage

Responsible Banking:

How we conduct our business also matters

Principle-based profitability



BBVA has avoided any relevant issue in terms of operational risk, reputational problems or bad “commercial practices”

Key to maintain a loyal and high value customer franchise



BBVA

Contents

1 BBVA Group: strengths

**2 BBVA Spain: Key management priorities
in an improving macro environment**

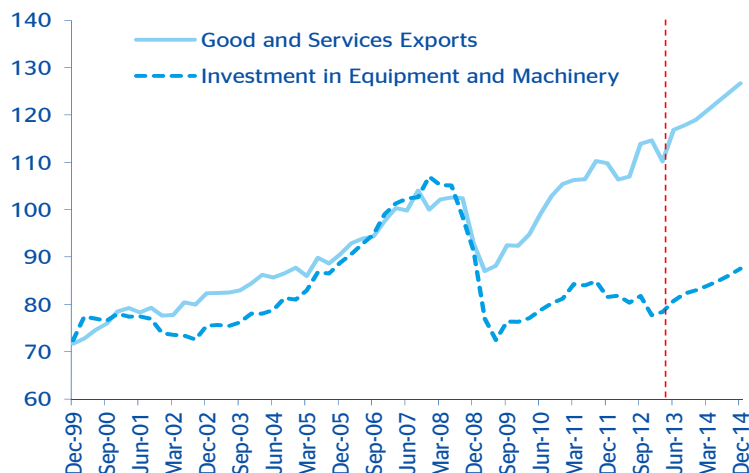
3 Conclusions

The Spanish economy has bottomed out and GDP has started growing in 3Q13

Main drivers:

Exports and private sector investment

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



Continued export growth should boost private sector investment

Lower drag on GDP growth from:

Lower fiscal consolidation needs
 ↓
Fiscal effort in 2014e -0.6% of GDP (vs -4.6% in 2012)

Unemployment rate stabilization thanks to labor market reform
 ↓
Strong competitiveness gains

Residential construction will not drain growth in 2014

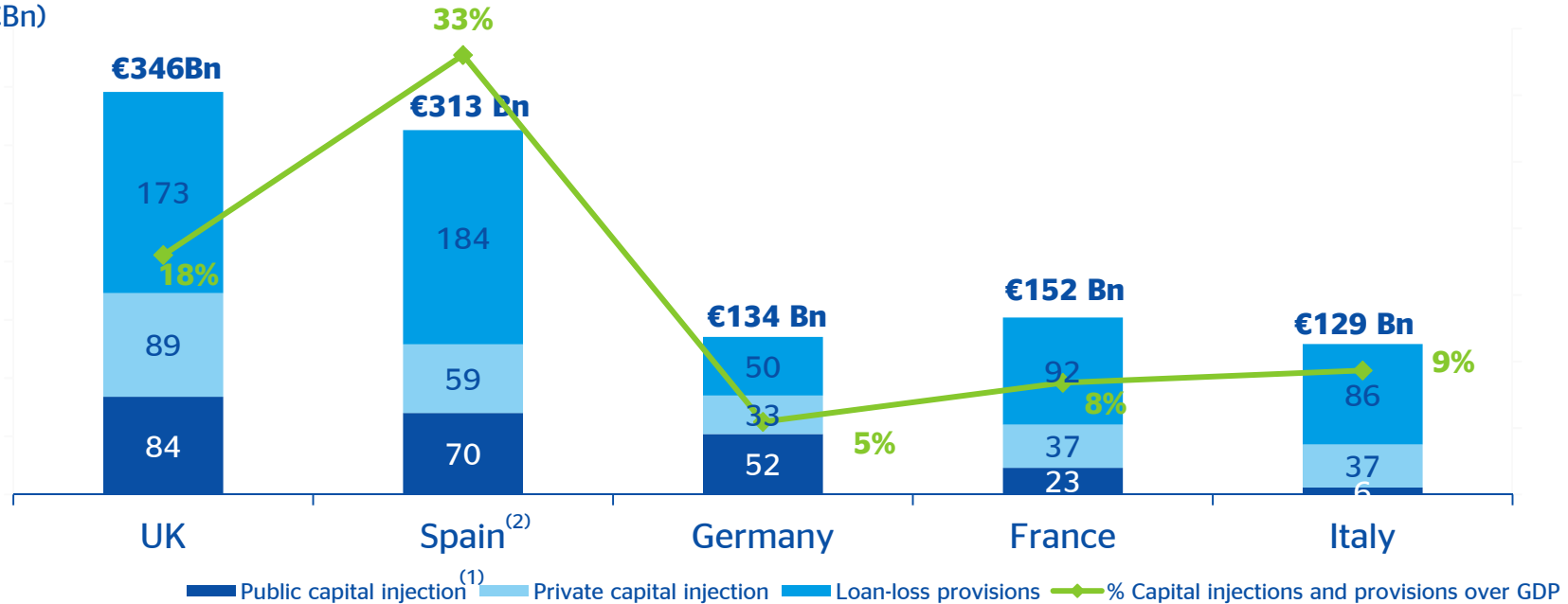
+0.9% GDP growth expected in 2014

Source: BBVA Research

The Spanish financial sector restructuring is coming to an end

Recapitalization and provisioning effort in Spain: among the highest in Europe

Financial System Recapitalization (Jul07-Jul13) and provisions (2008 -2012) (€Bn)



Source: Bank of Spain and BBVA internal calculations
GDP data as of Dec-2012.

In a strong position to face the ECB Asset Quality Review and stress test

1) Public financial assistance committed in various forms of capital. (2) Public capital support includes: €61 Bn of capital injections, €6.5 Bn of Asset Protection Schemes expected losses and €2.2 Bn of capital injection into SAREB.

Main industry trends

Challenges

- **Low interest rate environment**
- **Deleveraging process**
- **Increased regulatory requirements**

Opportunities

- **Peers re-sizing:**
 - from 60 to 20 financial institutions
 - -9.500 branches reduction since 2008
- **More rational competition**

*Unprecedented
client shifting*

*Higher
profitability*

**A unique opportunity for BBVA in Spain:
profitable and sustainable growth in clients**

BBVA Spain: Key management priorities

Short term

Managing the current
sector environment

Medium term

Anticipating to the
industry transformation

1 Targeted customer base growth

2 **Price management** strategy
focused on profitability

3 **Diversified revenue sources**

4 **Risk Management**

5 **Transformation** of the
relationship model with our
clients

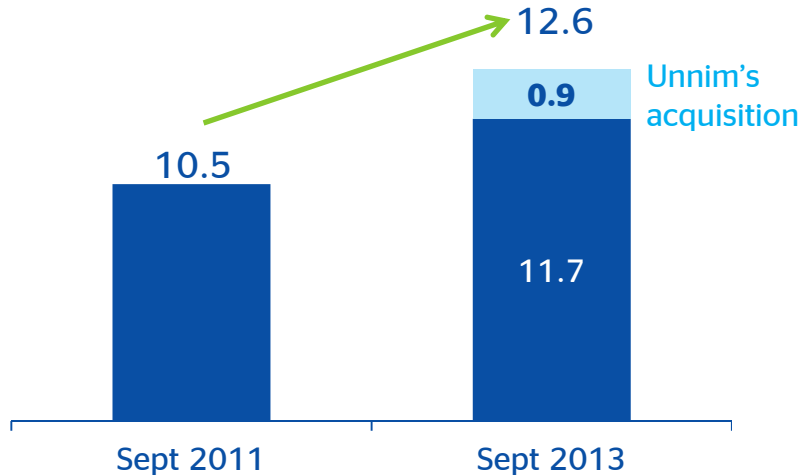
Profitable growth

Sustainable growth

Targeted customer base growth taking advantage of market opportunities

Growing CUSTOMER base

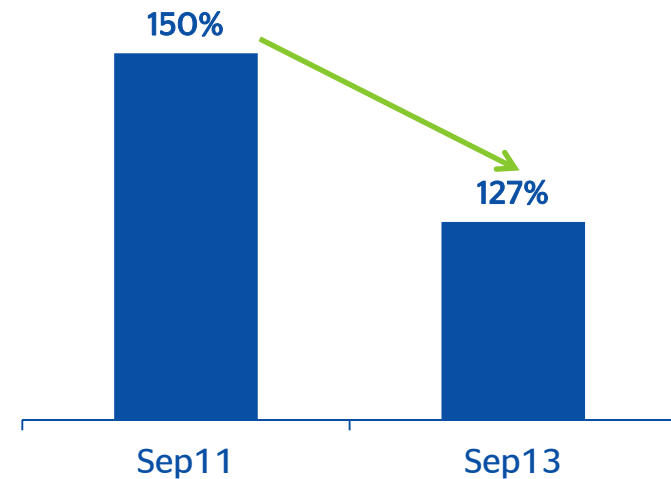
BBVA's domestic customer funds market share evolution⁽¹⁾ (%)



Customers funds are the main tool to gain new clients

Significant improvement in funding gap

BBVA's Domestic LTD ratio evolution⁽²⁾



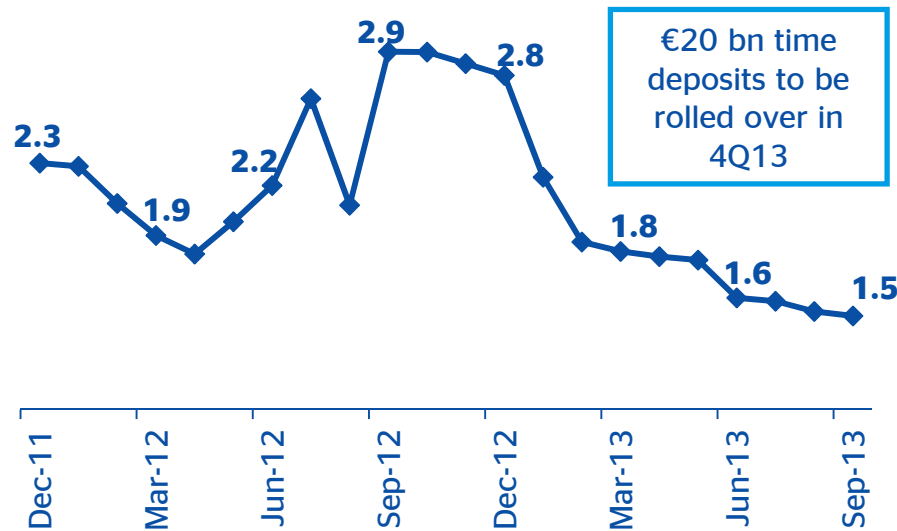
Ready to take advantage of the new credit growth cycle

(1) Source: BBVA and Bank of Spain. Customer funds include total deposits (including Public Sector), promissory notes and mutual and pension funds.

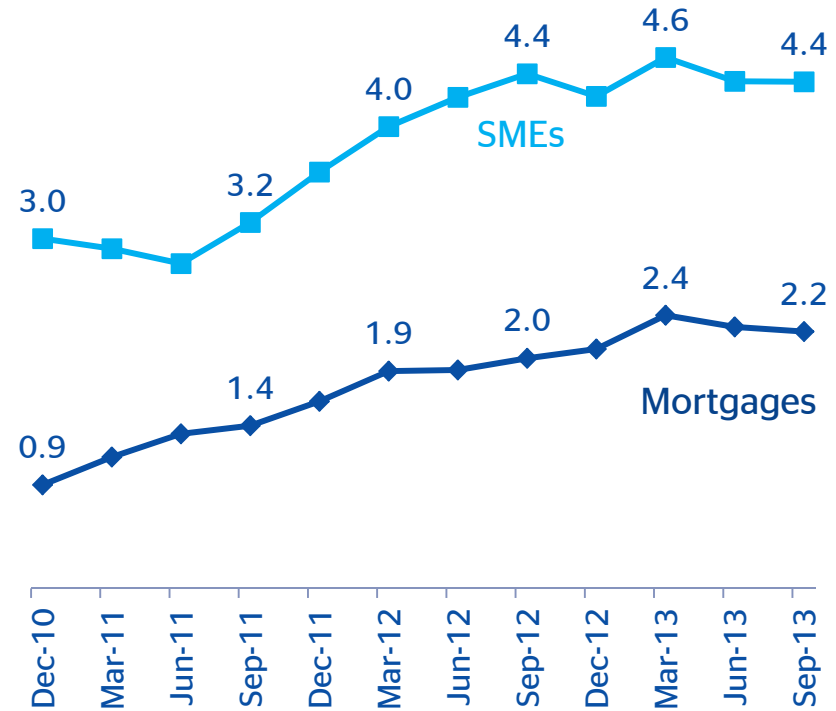
(2) The ratio excludes securitizations and repos and includes promissory notes placed in the retail network.

Price management strategy focused on profitability

Cost of time deposits and promissory notes
New production (%)



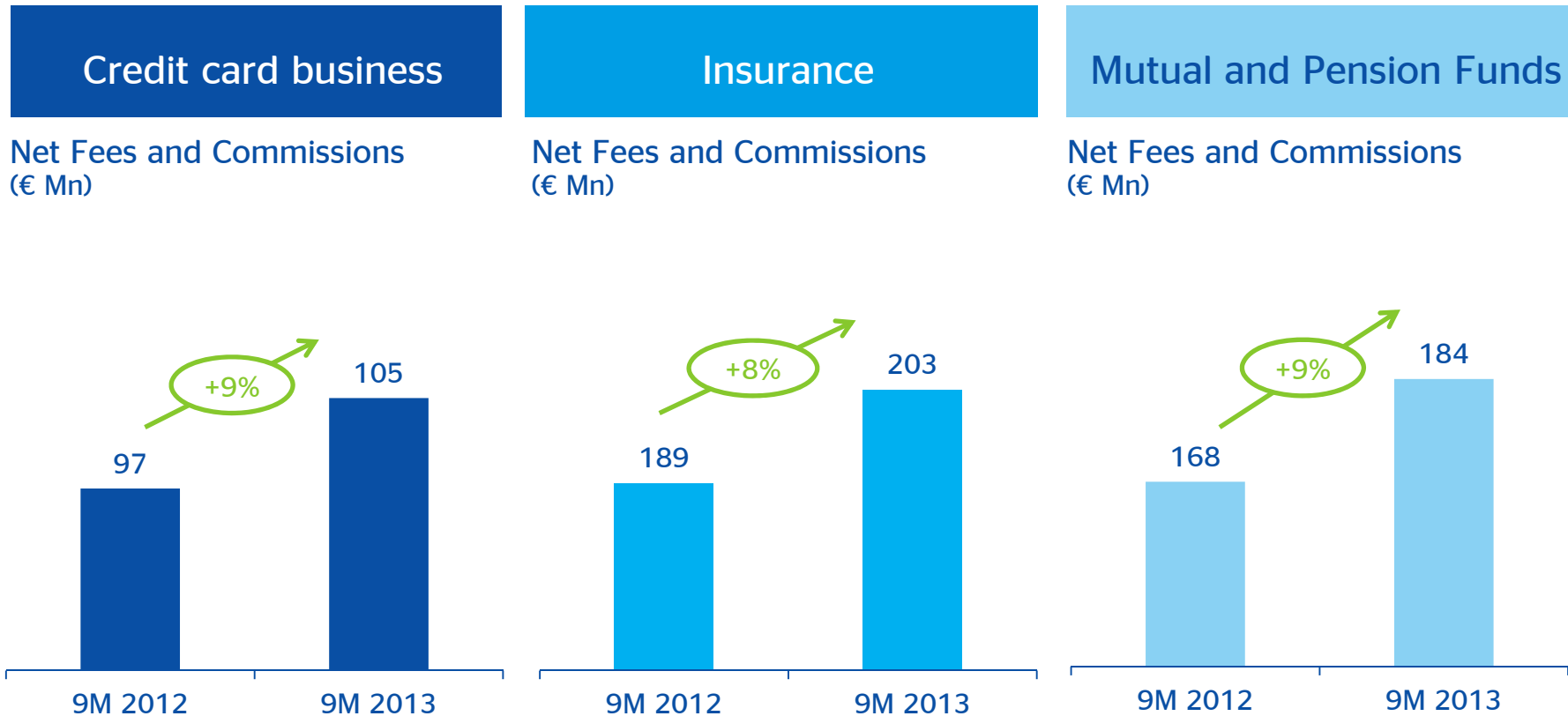
Spread on new loan production (%)



In the short term, the driver should be the reduction of the cost of deposits

In the medium term, as loan volume grows, asset yield will be the main driver

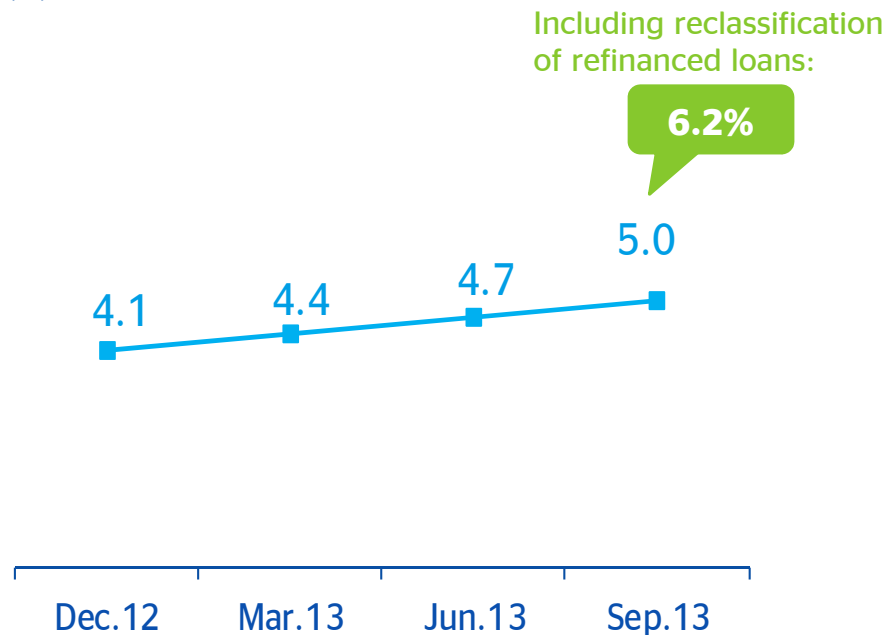
Focus on diversifying revenue sources in an environment of low interest rates and deleverage...



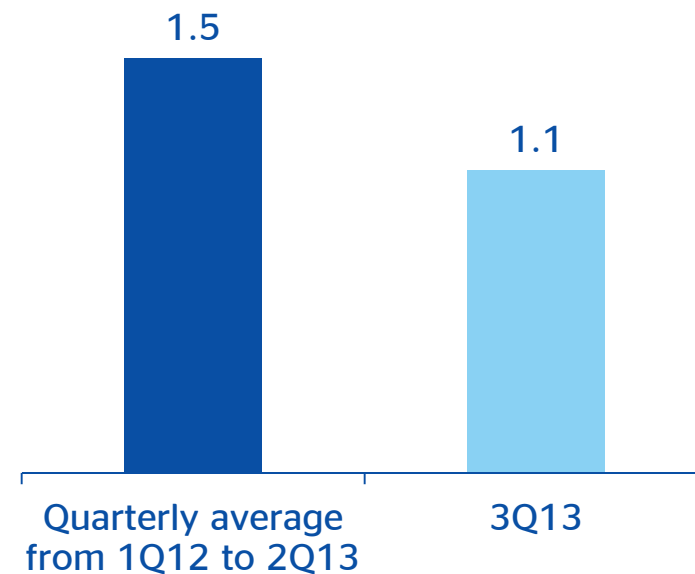
Note: Net fees and commissions from the Domestic Retail Banking Business

Risk indicators performance in line with forecast

BBVA Spain (Banking Activities)
NPA ratio
(%)



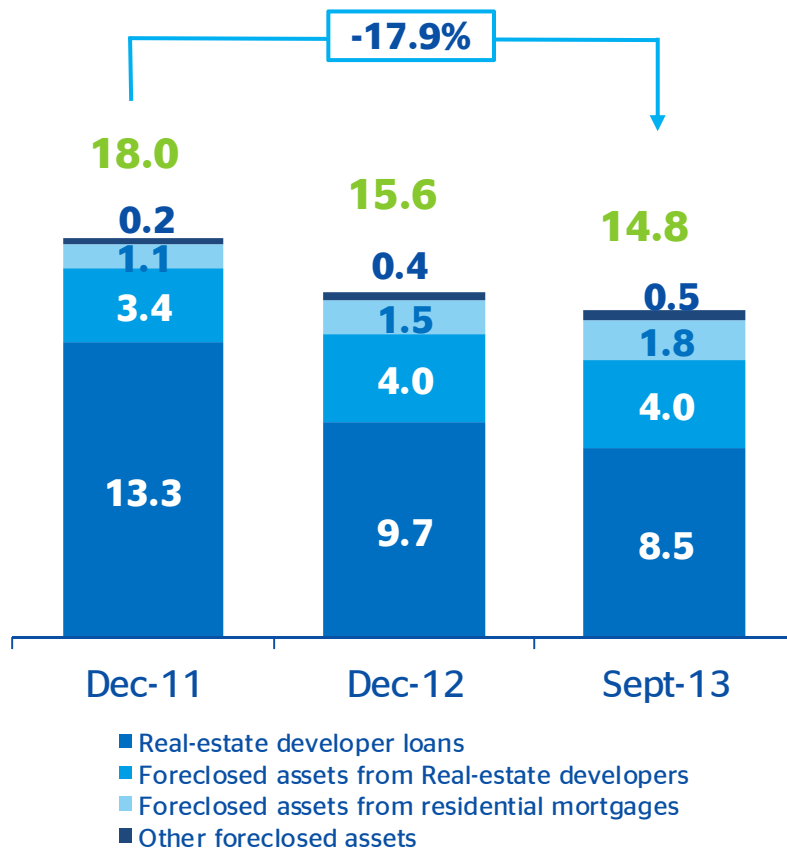
NPA gross entries (excluding reclassification of refinanced loans)
(€ bn)



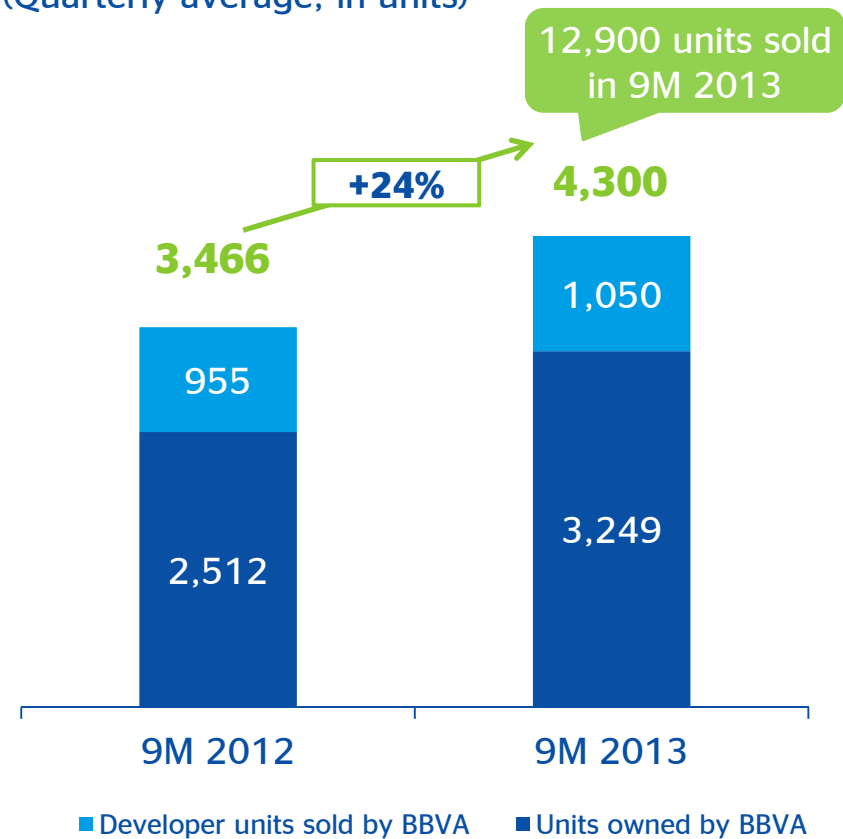
NPAs balance decreasing in 2014

Decreasing exposure to the Real Estate

Net exposure to real estate (€ bn)



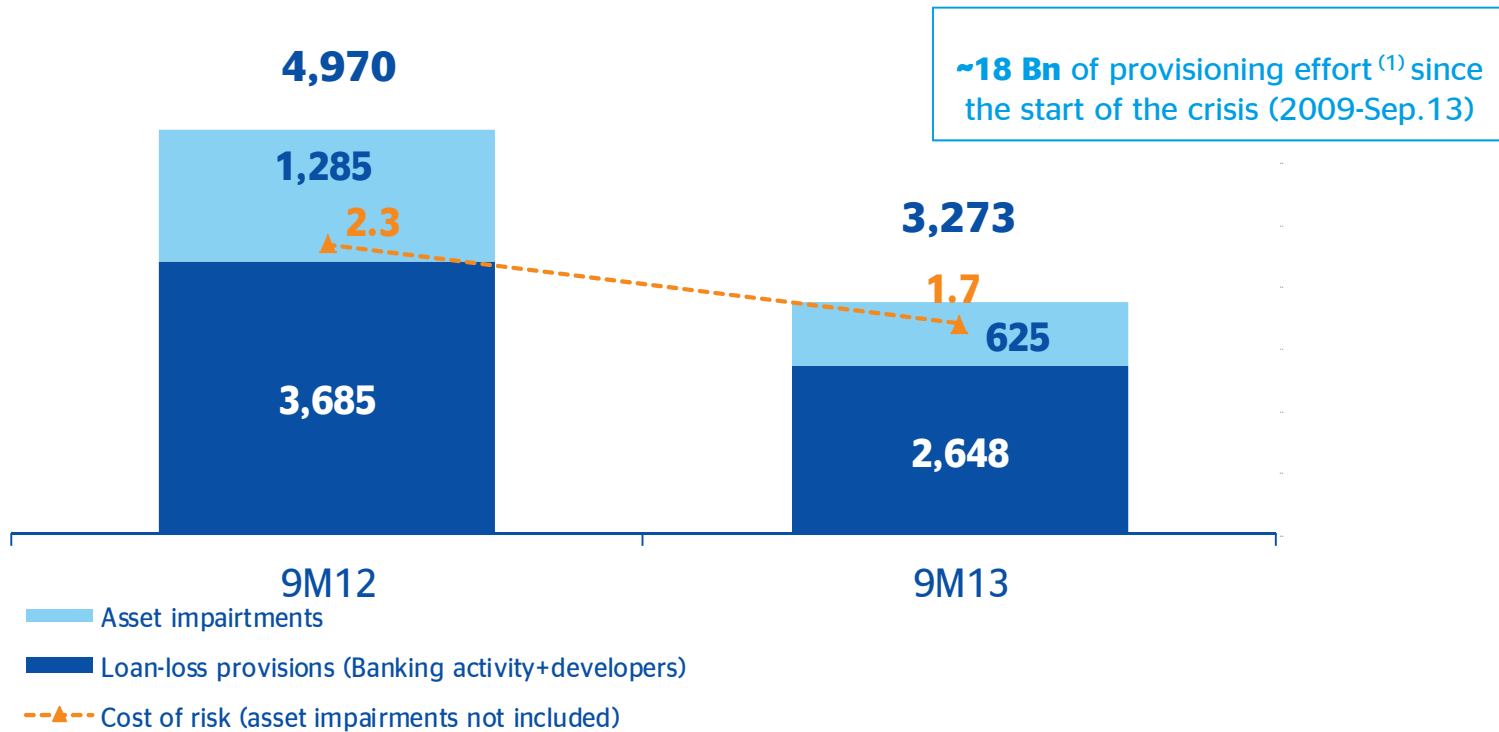
Real estate sales (Quarterly average, in units)



Note: transparency scope according to Bank of Spain Circular 5/2011 dated Nov 30 (excluding Metrovacesa stake).

Cost of risk reduction as a key P&L driver

Evolution of total loan loss provisions and RE assets impairments and cost of risk (€ Mn, %)



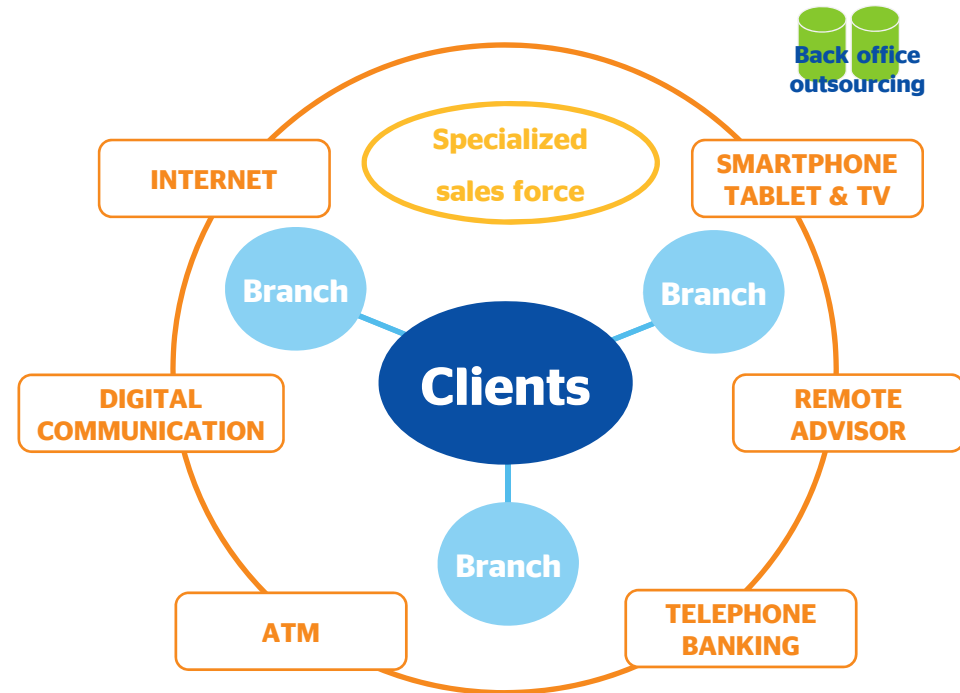
Cost of risk progressively normalizing to reach levels <1% in 2015

(1) Including RE assets impairments.

In retail banking, the rules of the game have changed

The industry is changing

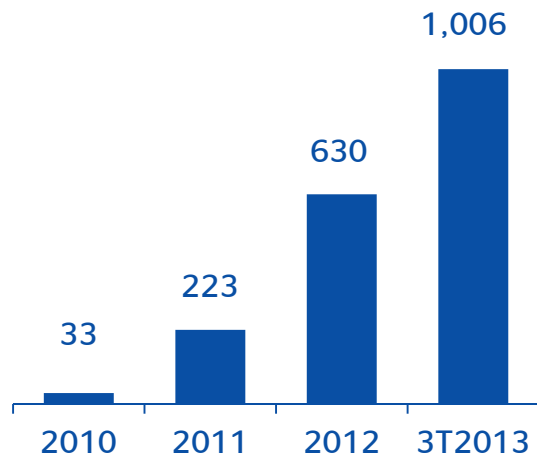
BBVA's response: Omnichannel Strategy



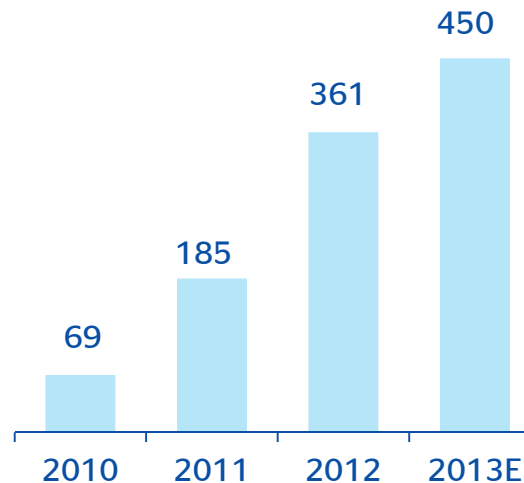
Banks unable to adapt fast enough will lose competitiveness and customer's loyalty

The new relationship model is a reality as our clients are becoming increasingly digital

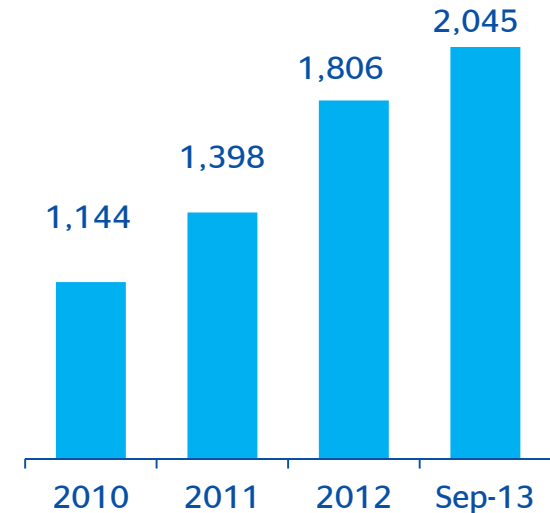
BBVA Spain
Mobile active clients
(in thousands)



BBVA Spain
Clients using remote advisors
(in thousands)



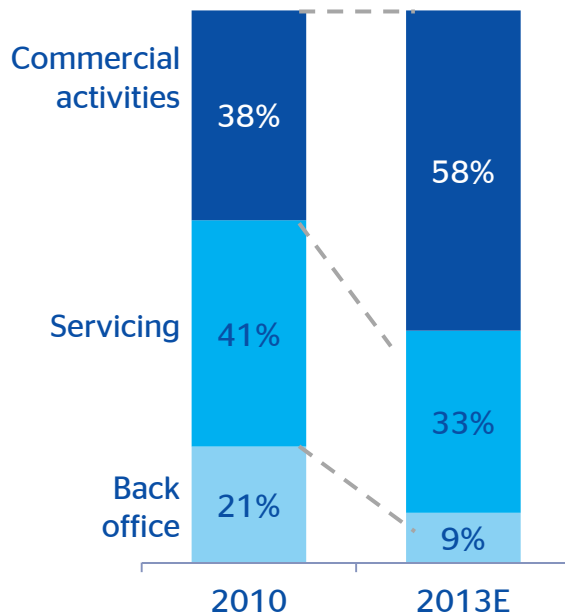
BBVA Spain
Active online customers
(in thousands)



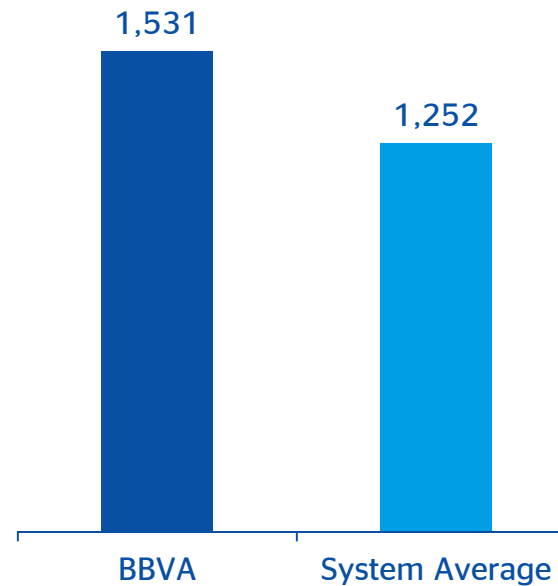
Allowing us to reach more clients and increase customer satisfaction

A sales-oriented Operating Model and efficient cost structure ...

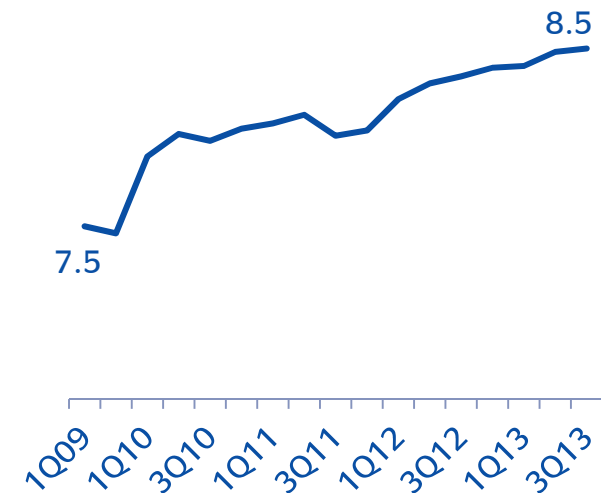
Branch activity breakdown
(% of hours dedicated)



Key customers per branch
(FRS data as of 2013)



Client satisfaction levels
General Satisfaction Index
BBVA Retail Banking



... enabling sales forces to focus on higher value activities

Note: system average considering Bankia, Santander (including Banesto), Caixabank, B. Popular y B. Sabadell



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Contents

1 BBVA Group: strengths

2 BBVA Spain: Key management priorities in an improving macro environment

3 Conclusions

1

Spanish economy has bottomed out and GDP started growing in 3Q13

2

Spanish financial sector restructuring nearly completed, after a significant effort of recapitalization and provisioning

3

BBVA's opportunity in Spain: a profitable and sustainable client growth

4

In the short term:

- **Reduction in the cost of deposits** will be the driver
- **NPLs will start decreasing**

5

In the medium term:

- **Asset yields will drive P&L**, as loans start to grow
- **Cost of risk will normalize <1% in 2015**
- **Customer growth will leverage on our transformation plan**, based on customer experience and omnichannel strategy.

Opportunities in an improving macro environment

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