BBVA: Solvency and Growth

Jaime Sáenz de Tejada, Chief Financial Officer
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Strong fundamentals as confirmed by the Comprehensive Assessment

Excess NPA coverage in the analyzed portfolios in the AQR (%)

<table>
<thead>
<tr>
<th></th>
<th>BBVA</th>
<th>Peer 1</th>
<th>Peer 2</th>
<th>Peer 3</th>
<th>Peer 4</th>
<th>Peer 5</th>
<th>Peer 6</th>
<th>Peer 7</th>
<th>Peer 8</th>
<th>Peer 9</th>
<th>Peer 10</th>
<th>Peer 11</th>
<th>Peer 12</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-2,5%</td>
<td>-0,5%</td>
<td>-0,5%</td>
<td>-0,8%</td>
<td>-1,5%</td>
<td>-2,0%</td>
<td>-3,2%</td>
<td>-4,3%</td>
<td>-7,3%</td>
<td>-6,9%</td>
<td>-6,7%</td>
<td>-6,5%</td>
<td>-6,0%</td>
</tr>
</tbody>
</table>

Peers' average -2,5%

CET1 fully-loaded 2016

<table>
<thead>
<tr>
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<th>Peer 10</th>
<th>Peer 11</th>
<th>Peer 12</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,8%</td>
<td>9,3%</td>
<td>8,6%</td>
<td>7,8%</td>
<td>7,6%</td>
<td>7,3%</td>
<td>7,1%</td>
<td>7,1%</td>
<td>7,0%</td>
<td>6,9%</td>
<td>6,7%</td>
<td>6,5%</td>
<td>6,0%</td>
</tr>
</tbody>
</table>

Peers' average 7,3%

Earnings generation Cumulative figure 2014-2016

<table>
<thead>
<tr>
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<th>Peer 10</th>
<th>Peer 11</th>
<th>Peer 12</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>113</td>
<td>71</td>
<td>65</td>
<td>-7</td>
<td>-49</td>
<td>-104</td>
<td>-105</td>
<td>-130</td>
<td>-131</td>
<td>-132</td>
<td>-180</td>
<td>-211</td>
<td>-339</td>
</tr>
</tbody>
</table>

Peers' average -100

Source: EBA and ECB.
Strong and resilient regulatory ratios
(Data as of Sept 2014)

Core Capital CRD IV
(Phased-in)
11.7% (+12 bps vs 2Q14)
(Fully-loaded)
10.1% (+5 bps vs 2Q14)

Leverage Ratio
(Fully-loaded)
5.7%
<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core revenues at record levels (1)</td>
<td>14 Bn € in 9M14 (+11.4% vs 9M13)</td>
</tr>
<tr>
<td>Improving operating jaws</td>
<td>Gross Income: +6.6% vs 9M13 Operating Expenses: +4.1% vs 9M13</td>
</tr>
<tr>
<td>Regionally adapted cost strategy</td>
<td>Cost Control (Developed) -3.5% vs 9M13 Investment (Emerging) +14.1% vs 9M13</td>
</tr>
<tr>
<td>Reduction in loan-loss and RE provisions</td>
<td>1.2 Bn € quarterly average 2014 vs 2.4 Bn € en 2012</td>
</tr>
<tr>
<td>Strong improvement of recurring profit (2)</td>
<td>2.3 Bn € in 9M14 (2x 9M13)</td>
</tr>
</tbody>
</table>

Note: Constant €
(1) NII + fees and commissions. (2) Net income from ongoing operations
Leadership position in an attractive footprint

**SPAIN**
- Core revenues increasing with cost of deposits as the main driver
- Cost of risk normalizing

**USA**
- High lending growth\(^{(1)}\) (+13%, Sept14 vs +10%, Sept13)

**EURASIA**
- Sustainable activity growth and sound asset quality

**MEXICO**
- Double digit growth in all P&L lines
- Better asset quality than peers

**SOUTH AMERICA**
- High business growth and stable risk indicators
- Strong ongoing performance of the Andean Region

\(^{(1)}\) USA ex NY Business activity.
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Digital transformation: holistic approach

Reducing the cost base in Spain by 5% in 2014
Additional annual cost savings of €160-180Mn in 2015
Conclusions

**Solid fundamentals** well recognized by the EBA and the ECB

Generating recurring income, with a **high growth potential** due to an attractive geographical footprint

Leading the **digital transformation** process: a **clear competitive advantage**
Annex
An attractive geographical position

Breakdown of gross income
9M14 %

Developed
- Weight: 42%
- Y-o-Y chg.: +0.6%

Emerging
- Weight: 58%
- Y-o-Y chg.: +16.1%

(1) Ex. Corporate activities.
(2) Constant €
**Spain**: improvement of core revenues, with the cost of deposits being the main lever

### Deleveraging is slowing down

Average balance, YoY

<table>
<thead>
<tr>
<th>Period</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar 14</td>
<td>-8.4%</td>
</tr>
<tr>
<td>Jun 14</td>
<td>-6.1%</td>
</tr>
<tr>
<td>Sep 14</td>
<td>-5.6%</td>
</tr>
</tbody>
</table>

### NPAs decreasing

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Banking activity + RE (€ Bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3Q13</td>
<td>21.9</td>
</tr>
<tr>
<td>4Q13</td>
<td>21.7</td>
</tr>
<tr>
<td>1Q14</td>
<td>21.1</td>
</tr>
<tr>
<td>2Q14</td>
<td>20.6</td>
</tr>
<tr>
<td>3Q14</td>
<td>19.8</td>
</tr>
</tbody>
</table>

### Core revenues\(^{(1)}\) growing

Banking activity + RE (€Mn)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>€Mn</th>
</tr>
</thead>
<tbody>
<tr>
<td>3Q13</td>
<td>1,180</td>
</tr>
<tr>
<td>4Q13</td>
<td>1,232</td>
</tr>
<tr>
<td>1Q14</td>
<td>1,273</td>
</tr>
<tr>
<td>2Q14</td>
<td>1,310</td>
</tr>
<tr>
<td>3Q14</td>
<td>1,314</td>
</tr>
</tbody>
</table>

\(^{(1)}\) NII + net fees and commissions.
BBVA
USA BBVA: focused on gaining scale

Maintaining high lending growth\(^{(1)}\)

- 3Q12: 11.6%
- 3Q13: 10.0%
- 3Q14: 13.0%

Core revenues growing

- 9M13: 1,399 (\(+4.3\%)\)
- 9M14: 1,458

Excellent risk indicators

- Coverage ratio (%)
  - Sep.13: 120
  - Jun.14: 168
  - Sep.14: 164

- NPL ratio (%)
  - Sep.13: 1.5
  - Jun.14: 0.9
  - Sep.14: 0.9

New loan production offices

Sound asset quality

Simple acquisition

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\(^{(1)}\) USA. Ex NY Office activity
\(^{(2)}\) NII+ Net fees and commissions
BBVA

Eurasia: a source of earnings growth

Turkey

- Geopolitical risk remains
- Disciplined lending growth
- Excellent NIM management
- Sound asset quality

Resilient P&L

<table>
<thead>
<tr>
<th></th>
<th>Constant € Mn,</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>NII + commissions</td>
<td>939</td>
<td>+5.5%</td>
</tr>
<tr>
<td>Gross Income</td>
<td>1,289</td>
<td>3.9%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>749</td>
<td>+1.5%</td>
</tr>
<tr>
<td>Net attributable profit</td>
<td>471</td>
<td>+24.5%</td>
</tr>
</tbody>
</table>

Lower loan loss provision

Lower deleveraging in wholesale business

Note: in accordance with IFRS Garanti is accounted for using the equity method for the purpose of uniform presentation based on the proportional consolidation method.
**BBVA Mexico: Lending growth, maintaining sound asset quality**

### Gaining market share in more profitable segments

<table>
<thead>
<tr>
<th>Segment</th>
<th>Mkt share gain</th>
<th>Lending growth per segment Sep.14 vs. Sep.13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial</td>
<td>+230pb</td>
<td>22%</td>
</tr>
<tr>
<td>Consumer Loans</td>
<td>+229pb</td>
<td>18%</td>
</tr>
<tr>
<td>Performing loans</td>
<td>+61pb</td>
<td>11%</td>
</tr>
</tbody>
</table>

### Better asset quality than peers

<table>
<thead>
<tr>
<th>NPAs growth Sep.14 vs. Sep.13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bancomer</td>
</tr>
<tr>
<td>Ex Bancomer</td>
</tr>
</tbody>
</table>

### Double digit growth in all P&L lines

<table>
<thead>
<tr>
<th>Constant € Mn, YoY</th>
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<tbody>
<tr>
<td>NII + commissions</td>
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<tr>
<td>Gross Income</td>
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<td>Net attributable profit</td>
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</table>

**Excellent price management**

**Transformation of the distribution model**

**Risk premium stable at around 350 bps**
**BBVA**

**South America**: A well diversified footprint

### High business growth

**Constant € Mn, YoY**

- **Lending**: +24.5% (+16.4% ex Venezuela)
- **Customer funds**: +24.2% (+15.9% ex Venezuela)

### Stable risk Indicators

- **Coverage ratio (%)**: 137, 138, 137
- **NPL ratio (%)**: 2.2, 2.1, 2.1

### Strong P&L performance in local currency

**Constant € Mn, YoY Ex Venezuela**

- **NII + commissions**: 3,894 +34.8% +19.6%
- **Gross Income**: 3,716 +24.3% +18.8%
- **Operating Income**: 2,086 +23.7% +21.2%
- **Net attributable profit**: 755 +14.5% +19.6%

### Net attributable profit -13% at current Euros

### Ongoing strong performance of the Andean Region
BBVA: Solvency and Growth

Jaime Sáenz de Tejada, Chief Financial Officer

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London, November 11th, 2014