2013 Results

Angel Cano, BBVA’s President & Chief Operating Officer

Madrid, January 31st 2014
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Highlights

- Recurring revenue in a complex environment
- Adequate financing structure
- Strong fundamentals
- Spotlight on Spain
- Management and strength of capital

2013 Results / January 31st 2014
Highlights

Gross income
€21,397m
(12M13)

Liquidity gap reduced
€33bn
(€ balance sheet, 12M13)

NPA ratio
4.6%

Coverage ratio
59%

Core capital ratio
BIS 2.5 11.6%
BIS III 9.8%
(fully loaded)

Note: risk figures exclude real estate activities. NPA ratio of real estate activity in Spain: 55.5% and coverage 61%.
Notable aspects of a complex year

External factors
- Low interest rate environment and deleveraging
- Mortgage floor ruling
- Deposit Guarantee Fund
- Hyper-inflation and devaluation in Venezuela
- Reclassification of refinanced assets

Internal management
- Portfolio management: corporate operations
- CNCB operation
- Dividend policy change
- AT1 Issued
- Sale of AFPs
- Sale of Panama
- Sale of Life Insur. portfolios
Earnings: strength and recurrence of revenue despite environment ...

Net interest income + fee income
€m

-2.2%

19,476 19,044
12M12 12M13
+3.5% constant €

Gross income
€m

-2.3%

21,892 21,397
12M12 12M13
+2.6% constant €

Recurring revenue is growing
... strongly supported by diversification ...

Breakdown of gross income
12M13 %

Developed
- Weight 40%
- YoY change -7.0%

Emerging
- Weight 60%
- YoY change +16.1%

- Turkey 26%
- Asia 27%
- Spain 10%
- Mexico 29%
- South America 4%
- Rest of Europe 3%
- USA 3%

Driven by emerging markets

Note: excludes Holding. YoY variation in constant €
... and cost management adapted to each region ...

**Costs**

12M13 vs 12M12

- **+3.8%** Current €
- **(+8.4%)** Constant €

**Developed**

- Costs contained
- Perimeter effect

**Emerging**

- Investment for the future
- Exposure to inflationary economies

**Note:** excludes Holding
... resulting in solid earnings and leadership in terms of profitability

Operating income
€m

11,106
-8.2%
10,196
-3.0% constant €

12M12
12M13

Operating income/ATAs
BBVA vs peer group : 9M13
(\%)

0.8
1.7

Peers average
BBVA

Ability to absorb loan-loss provisioning

Note: peer group includes BARCL, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS, UCI
Risk: Spain is still in the spotlight

**Indicators**

<table>
<thead>
<tr>
<th>Coverage ratio (%)</th>
<th>NPA ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec. 12: 66%</td>
<td>Dec. 12: 3.4%</td>
</tr>
<tr>
<td>Mar. 13: 68%</td>
<td>Mar. 13: 3.6%</td>
</tr>
<tr>
<td>Jun. 13: 64%</td>
<td>Jun. 13: 3.8%</td>
</tr>
<tr>
<td>Sept. 13: 58%</td>
<td>Sept. 13: 4.6%</td>
</tr>
<tr>
<td>Dec. 13: 59%</td>
<td>Dec. 13: 4.6%</td>
</tr>
</tbody>
</table>

**NPAs**

<table>
<thead>
<tr>
<th>NPAs €bn</th>
<th>4Q12</th>
<th>1Q13</th>
<th>2Q13</th>
<th>3Q13</th>
<th>4Q13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refinancing</td>
<td>13.4</td>
<td>14.1</td>
<td>14.5</td>
<td>17.2</td>
<td>17.0</td>
</tr>
</tbody>
</table>

Cumulative risk premium:
- 1.2%
- 1.4%
- 1.4%
- 1.6%
- 1.5%

**Note:**
- Risk figures exclude real estate activities.
- NPA ratio for real estate activity in Spain: 55.5%, 61% coverage, NPAs €9.3bn and risk premium 3.2%
Capital: strength and capital generation

Core capital ratio (BIS 2.5) (%)

- Dec.12 Net earnings: 10.77
- AT1 Issue: 0.60
- Corporate operations: 0.23
- RWAs: 0.19
- Other: -0.24
- Dec.13: 11.59

And ...

BIS III fully loaded (Dec.13)

- Core ratio: 9.8%
- Leverage ratio: 5.6%

Comfortable capital position

Note: “Corporate operations” include CNBC and those in Latin America. “Other” mainly consists of capital losses on AFS equities, minorities and currency effects.
**Liquidity**: solid position on euro balance sheet

**Reduced financing requirements**
- Liquidity gap reduced €33bn
  (€ balance sheet, 12M13)

**Change in funding mix**
- Higher proportion of cust. funds +€8.3bn
- Reduction of LTRO -€20bn

**Issuance activity**
- Issues with longer tenors and lower cost
- Pioneers in AT1 issue under BIS III

**Improved balance sheet structure**
### Summary: resilience in a difficult year

<table>
<thead>
<tr>
<th></th>
<th>Accum.</th>
<th>12M13/12M12</th>
<th>% constant</th>
</tr>
</thead>
<tbody>
<tr>
<td>BBVA Group</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Interest Income</td>
<td>14,613</td>
<td>-509</td>
<td>-3.4</td>
</tr>
<tr>
<td>Gross Income</td>
<td>21,397</td>
<td>-495</td>
<td>-2.3</td>
</tr>
<tr>
<td>Operating Income</td>
<td>10,196</td>
<td>-910</td>
<td>-8.2</td>
</tr>
<tr>
<td>Income Before Tax</td>
<td>2,750</td>
<td>+2,002</td>
<td>n.s.</td>
</tr>
<tr>
<td>Corporate Operations Income</td>
<td>823</td>
<td>-480</td>
<td>-36.8</td>
</tr>
<tr>
<td>Net Attributable Profit</td>
<td>2,228</td>
<td>+552</td>
<td>32.9</td>
</tr>
</tbody>
</table>

Affected by one-off items

Note: Earnings are presented this way to show the development of recurring business. The reconciliation with the official earnings statement is shown on page 47 of the financial information filed today with the CNMV.
Once again …

**Solid earnings (12M13)**
- **Strong revenues**
  - €21bn
- **Diversified revenues**
  - 60%
  - Emerging
- **Net attributable profit**
  - €2.2bn

**Strong structure (12M13)**
- **Solvency**
  - BIS 2.5
  - 11.6%
  - BIS III fully loaded
  - 9.8%
  - Leverage ratio
  - 5.6%
- ** Liquidity**
  - Liquidity gap
  - €33bn
- **Risk**
  - NPA ratio
  - 4.6%
  - Coverage ratio
  - 59%

Note: risk figures exclude real estate activities. NPA ratio of real estate activity in Spain: 55.5% and coverage 61%.
Business Areas
Developed
Emerging
Banking activity in Spain: management in a complex environment

Business activity in Spain
YoY chg in average balances

- Lending: -9.3%
- Customer funds: +13.0%

Net interest income
€m
- 12M12: 4,748
- 12M13: 3,830
- YoY chg: -19.3%

Gross income
€m
- 12M12: 6,665
- 12M13: 6,095
- YoY chg: -8.5%

Operating income
€m
- 12M12: 3,778
- 12M13: 3,081
- YoY chg: -18.4%

Increases in market share of lending and customer funds in 2013
Banking activity in Spain: risk reflects impact of reclassifying refinanced loans

NPA and coverage ratios (%)

- Coverage ratio:
  - Dec. 12: 48
  - Mar. 13: 50
  - Jun. 13: 45
  - Sep. 13: 41
  - Dec. 13: 41

- NPA ratio:
  - Dec. 12: 4.1
  - Mar. 13: 4.4
  - Jun. 13: 4.7
  - Sep. 13: 6.2
  - Dec. 13: 6.4

NPAs (€bn)

- 4Q12: 8.6
- 1Q13: 9.3
- 2Q13: 9.8
- 3Q13: 12.5
- 4Q13: 12.5

Improved trend of NPAs entries: moving towards normal conditions
## Banking activity in Spain: income statement

<table>
<thead>
<tr>
<th></th>
<th>Accum. 12M13</th>
<th>Growth 12M13/12M12</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Accum.</td>
</tr>
<tr>
<td>Net Interest Income</td>
<td>3,830</td>
<td>- 918</td>
</tr>
<tr>
<td>Gross Income</td>
<td>6,095</td>
<td>- 569</td>
</tr>
<tr>
<td>Operating Income</td>
<td>3,081</td>
<td>- 697</td>
</tr>
<tr>
<td>Income Before Tax</td>
<td>222</td>
<td>- 1,430</td>
</tr>
<tr>
<td>Corporate Operations Income</td>
<td>440</td>
<td>+ 440</td>
</tr>
<tr>
<td>Net Attributable Profit</td>
<td>583</td>
<td>- 579</td>
</tr>
</tbody>
</table>

**Improved outlook**
Real estate business in Spain: exposure reduction

Net exposure to real estate business
€bn

<table>
<thead>
<tr>
<th></th>
<th>Dec-11</th>
<th>Dec-12</th>
<th>Dec-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other foreclosed assets*</td>
<td>0.2</td>
<td>0.4</td>
<td>0.5</td>
</tr>
<tr>
<td>Foreclosed assets of residential mortgages</td>
<td>3.4</td>
<td>4.0</td>
<td>4.1</td>
</tr>
<tr>
<td>Foreclosed assets of Real-estate developers</td>
<td>13.3</td>
<td>9.7</td>
<td>8.3</td>
</tr>
<tr>
<td>Real-estate developer loans</td>
<td>1.1</td>
<td>1.5</td>
<td>1.7</td>
</tr>
</tbody>
</table>

-19.1%

Sales figures
Units

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales figures</td>
<td>10,046</td>
<td>14,390</td>
</tr>
</tbody>
</table>

+43.2%

And… 6,993 units sold correspond to third parties

Note: transparency perimeter on like-for-like basis. The figures include Unnim but exclude the investment in Metrovacesa.

* Other foreclosed assets includes foreclosed assets that do not stem from financing family home buying
Real estate business in Spain: risk is contained

NPA and coverage ratios (%)

Coverage ratio

NPA ratio


82  76  75  62  61

38.3  42.2  43.7  55.3  55.5

NPAs €bn

4Q12  1Q13  2Q13  3Q13  4Q13

7.2  7.7  7.7  9.4  9.3

Refinancing
# Real estate business in Spain: income statement

<table>
<thead>
<tr>
<th>Real estate business in Spain</th>
<th>Accum. 12M13</th>
<th>Growth 12M13/12M12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Interest Income</td>
<td>-3</td>
<td>+ 17</td>
</tr>
<tr>
<td>Gross Income</td>
<td>-38</td>
<td>+ 46</td>
</tr>
<tr>
<td>Operating Income</td>
<td>-190</td>
<td>+ 20</td>
</tr>
<tr>
<td>Income Before Tax</td>
<td>-1,840</td>
<td>+ 3,865</td>
</tr>
<tr>
<td>Net Attributable Profit</td>
<td>-1,254</td>
<td>+ 2,790</td>
</tr>
</tbody>
</table>

**Focus on sales**
USA: fast pace of new business in low-interest rate environment

Compass business activity
Average balance, YoY, in constant €

<table>
<thead>
<tr>
<th>Lending</th>
<th>+12.8%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer funds</td>
<td>+4.0%</td>
</tr>
</tbody>
</table>

Net interest income
Constant €m

-6.2%

1,500 1,407
12M12 12M13

Gross income
Constant €m

-3.1%

2,169 2,101
12M12 12M13

Operating income
Constant €m

-12.1%

713 627
12M12 12M13
USA: excellent risk indicators

NPA and coverage ratios

<table>
<thead>
<tr>
<th>Month</th>
<th>Coverage Ratio</th>
<th>NPA Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec.12</td>
<td>90</td>
<td>2.4</td>
</tr>
<tr>
<td>Mar.13</td>
<td>109</td>
<td>1.8</td>
</tr>
<tr>
<td>Jun.13</td>
<td>118</td>
<td>1.5</td>
</tr>
<tr>
<td>Sep.13</td>
<td>120</td>
<td>1.5</td>
</tr>
<tr>
<td>Dec.13</td>
<td>134</td>
<td>1.2</td>
</tr>
</tbody>
</table>

Loan-loss provisions and risk premium

Quarter on quarter

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Loan-loss provisions</th>
<th>Cost of risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>4Q12</td>
<td>1</td>
<td>17</td>
</tr>
<tr>
<td>1Q13</td>
<td>17</td>
<td>19</td>
</tr>
<tr>
<td>2Q13</td>
<td>19</td>
<td>31</td>
</tr>
<tr>
<td>3Q13</td>
<td>31</td>
<td></td>
</tr>
<tr>
<td>4Q13</td>
<td>13</td>
<td></td>
</tr>
</tbody>
</table>
USA: income statement

<table>
<thead>
<tr>
<th>Constant €m</th>
<th>USA</th>
<th>Accum.</th>
<th>Growth 12M13/12M12</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Interest Income</td>
<td>1,407</td>
<td>- 93</td>
<td>-6.2</td>
</tr>
<tr>
<td>Gross Income</td>
<td>2,101</td>
<td>- 68</td>
<td>-3.1</td>
</tr>
<tr>
<td>Operating Income</td>
<td>627</td>
<td>- 86</td>
<td>-12.1</td>
</tr>
<tr>
<td>Income Before Tax</td>
<td>534</td>
<td>- 65</td>
<td>-10.8</td>
</tr>
<tr>
<td>Net Attributable Profit</td>
<td>390</td>
<td>- 38</td>
<td>-8.8</td>
</tr>
</tbody>
</table>

Sensitive to interest rates
Developed

Emerging
EurAsia: area of future growth

Turkey
- Good performance by Garanti despite uncertainty
- Market with high potential

China
- Sale of 5.1%: efficient capital allocation
- Commitment to China remains
EurAsia: income statement

<table>
<thead>
<tr>
<th>Constant €m</th>
<th>EurAsia</th>
<th>Accum.</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>12M13</td>
<td>12M13/12M12</td>
</tr>
<tr>
<td>Net Interest Income</td>
<td></td>
<td>911</td>
<td>+ 117</td>
</tr>
<tr>
<td>Gross Income</td>
<td></td>
<td>1,721</td>
<td>+ 136</td>
</tr>
<tr>
<td>Operating Income</td>
<td></td>
<td>987</td>
<td>+ 147</td>
</tr>
<tr>
<td>Income Before Tax</td>
<td></td>
<td>593</td>
<td>+ 119</td>
</tr>
<tr>
<td>Net Attributable Profit</td>
<td></td>
<td>454</td>
<td>+ 78</td>
</tr>
</tbody>
</table>

Solid contribution despite environment

Note: in accordance with IFRS Garanti is accounted by the equity method for the purpose of uniform presentation based on the proportional consolidation method.
Mexico: income reflects buoyant activity

Business activity
Average balance, YoY, in constant €

- **Lending**: +10.1%
- **Customer funds**: +11.0%

---

Net interest income
Constant €m

- **12M12**: 4,164
- **12M13**: 4,484

+7.7%

Gross income
Constant €m

- **12M12**: 5,736
- **12M13**: 6,201

+8.1%

Operating income
Constant €m

- **12M12**: 3,578
- **12M13**: 3,865

+8.0%
Mexico: risk indicators are stable

NPA and coverage ratios

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Coverage ratio</th>
<th>NPA ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec.12</td>
<td>114</td>
<td>3.8</td>
</tr>
<tr>
<td>Mar.13</td>
<td>117</td>
<td>3.7</td>
</tr>
<tr>
<td>Jun.13</td>
<td>109</td>
<td>4.0</td>
</tr>
<tr>
<td>Sep.13</td>
<td>105</td>
<td>4.1</td>
</tr>
<tr>
<td>Dec.13</td>
<td>110</td>
<td>3.6</td>
</tr>
</tbody>
</table>

Loan-loss provisions and risk premium
Quarter by quarter
(€m constant, %)

- 4Q12: 347, 3.5%
- 1Q13: 346, 3.6%
- 2Q13: 361, 3.6%
- 3Q13: 377, 3.7%
- 4Q13: 355, 3.4%
## Mexico: income statement

### Constant €m

<table>
<thead>
<tr>
<th></th>
<th>Accum.</th>
<th>Growth 12M13/12M12</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12M13</td>
<td>Abs.</td>
</tr>
<tr>
<td>Net Interest Income</td>
<td>4,484</td>
<td>+ 320</td>
</tr>
<tr>
<td>Gross Income</td>
<td>6,201</td>
<td>+ 465</td>
</tr>
<tr>
<td>Operating Income</td>
<td>3,865</td>
<td>+ 288</td>
</tr>
<tr>
<td>Income Before Tax</td>
<td>2,362</td>
<td>+ 140</td>
</tr>
<tr>
<td>Net Attributable Profit</td>
<td>1,805</td>
<td>+ 121</td>
</tr>
</tbody>
</table>
BBVA

South America: buoyant business and strong income

Business activity
Average balance, YoY, in constant €

Lending +21.2%

Customer funds +26.7%

Net interest income
 Constant €m

+33.6%

Gross income
 Constant €m

+25.3%

Operating income
 Constant €m

+27.0%

3,521 4,703
12M12 12M13

4,492 5,630
12M12 12M13

2,556 3,244
12M12 12M13
South America: good risk indicators

NPA and coverage ratios

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>NPA</td>
<td>146</td>
<td>143</td>
<td>136</td>
<td>137</td>
<td>141</td>
</tr>
<tr>
<td>Coverage ratio</td>
<td>2.1</td>
<td>2.2</td>
<td>2.2</td>
<td>2.2</td>
<td>2.1</td>
</tr>
</tbody>
</table>

Loan-loss provisions and risk premium
Quarter by quarter
(€m constant, %)

<table>
<thead>
<tr>
<th></th>
<th>4Q12</th>
<th>1Q13</th>
<th>2Q13</th>
<th>3Q13</th>
<th>4Q13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan-loss provisions</td>
<td>156</td>
<td>140</td>
<td>147</td>
<td>185</td>
<td>227</td>
</tr>
<tr>
<td>Cost of risk</td>
<td>1.5</td>
<td>1.3</td>
<td>1.3</td>
<td>1.6</td>
<td>1.8</td>
</tr>
</tbody>
</table>
**South America: income statement**

<table>
<thead>
<tr>
<th>South America</th>
<th>Accum.</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12M13</td>
<td>12M13/12M12</td>
</tr>
<tr>
<td><strong>Net Interest Income</strong></td>
<td>4,703</td>
<td>+ 1,182</td>
</tr>
<tr>
<td><strong>Gross Income</strong></td>
<td>5,630</td>
<td>+ 1,138</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>3,244</td>
<td>+ 689</td>
</tr>
<tr>
<td><strong>Income Before Tax</strong></td>
<td>2,387</td>
<td>+ 474</td>
</tr>
<tr>
<td><strong>Net Attributable Profit</strong></td>
<td>1,249</td>
<td>+ 230</td>
</tr>
</tbody>
</table>

**Diversifying within the region**

Note: pension business is included under the holding
In summary:

- **Spain**
  - Market share gains in a context of low interest rate and deleveraging
  - Risk premium returning to normal level

- **USA**
  - Growing business in a low-interest rate environment
  - Exceptional asset quality and cost control

- **EurAsia**
  - China: sale of 5.1 % stake
  - Turkey: a bank well-managed in a complex environment

- **Mexico**
  - Strength and leadership
  - Transformation of the distribution model

- **South America**
  - Sustained profitability and diversification within the region
  - Investment plan to harness future potential
2013 Results

Angel Cano, BBVA President & Chief Operating Officer

Madrid, January 31st 2014