

Strategic agreement with the CITIC Group**BBVA lifts stake in China Citic Bank to 15%**

- **BBVA bolsters its strategy in China, raising its stake in CNCB by 4.93% to 15%**
- **BBVA has exercised its call option on an additional 4.93% shareholding in China Citic Bank (CNCB), China's seventh largest banks by assets, at 6.45 Hong Kong dollars (HKD) per share, for an outlay of close to €1 billion**
- **In the wake of this transaction, BBVA's total investment in the CITIC Group is running at around €3 billion (15% CNCB and 30% CIFH). This enables BBVA to be in a privileged position to pursue the opportunities offered by the Chinese market with the highest growth potential in the world**
- **The BBVA Group's leadership in Latin America represents a key competitive advantage for channeling trade flows between it and Asia; in 2008 these flows totaled €143 billion**

BBVA has raised its stake in China Citic Bank (CNCB) to 15%, having exercised its call option on a 4.93% shareholding in the China's seventh largest financial entity by assets. The transaction, deemed a strategic investment by BBVA, entails an outlay of approximately €1 billion, as the option strike price was HKD 6.45 per share. This new acquisition reinforces BBVA's China strategy, fortifying its commitment to the region and boosting close ties with CITIC.

With this latest acquisition of a further 4.93% stake in CNCB, BBVA has invested in total around €3 billion in CITIC Group . This transaction brings BBVA's stake in the continental Chinese entity CNCB to 15%, an investment that complements its 30% shareholding in the Hong Kong headquartered entity Citic International Financial Holdings (CIFH), which belongs to the same Chinese industrial conglomerate, CITIC GROUP, the biggest in China. The additional investment in CNCB entails investment of approximately €1 billion, as the option on this 4.93% interest was executed at HKD 6.45 per share.

In recent years, BBVA has reinforced its strategy in China and Hong Kong through regional partner CITIC Group, with whom it has diverse collaboration agreements in place since November 2006 in different business areas.

Agreements with CITIC

Under the umbrella of the strategic agreement in force between BBVA and CITIC, last January both entities signed a series of agreements, setting the foundations for their collaboration in the retail banking arena. As a first step in this direction, in May the parties agreed to jointly develop the car financing and private banking businesses.

In addition to these agreements, BBVA's Hong Kong branch has permanent relations and businesses with China Citic Bank and Citic Ka Wah Bank that involve the following areas:

- Treasury and Global Businesses, which entails product structuring for Citic's clients in China and Hong Kong
- Corporate Banking, Trade Finance & Cash Management, an arm which provides financing to the CITIC's Chinese clients for international expansion, particularly into Latin America
- In addition, BBVA provides CITIC with advisory services in areas such as risk management, pension fund management and economic research, in addition to developing a training program in Spain for executives from the Chinese entity

Strategy in Asia

Against the current economic backdrop, BBVA's presence in Asia takes on greater significance. In marked contrast to its rivals, BBVA's financial strength enables it not only to maintain its investments in China, but to step them up.

The collaboration with CITIC also comes at a time when retail banking is registering healthy rates of growth in China.

In 2005 BBVA embarked on a strategic expansion plan in Asia, a market that represents 53% of the world's population and 26% of global GDP. The region's growth potential, coupled with BBVA's leadership in project and trade finance and the boom in trade between Asia and Latin America, gives BBVA a considerable competitive edge in this market.

The China strategy has materialized in an alliance with Chinese group CITIC, which BBVA considers an ideal partner to accompany it on this endeavor, due to its local market knowledge.

Furthermore, the BBVA Group's leadership in Latin America, where it is present in nine countries, represents a key competitive advantage for channeling trade flows between it and Asia. BBVA is uniquely positioned relative to its international peers in terms of leveraging business opportunities deriving from the Asia-Latam connection.

Trade flows between China and Latin America totaled \$143 billion in 2008, growth of 39% on 2007. Trade between the two regions has multiplied ten-fold since 2000.