BBVA

BBVA, a unique growth proposition

Jaime Sáenz de Tejada, Chief Financial Officer

Morgan Stanley - 11th Annual European Financials Conference

"Transforming Business Models: Digital, Regulation and Macro Challenges"

London, March 25th, 2015

BBVA

Disclaimer

This document is only provided for information purposes and does not constitute, nor must it be interpreted as, an offer to sell or exchange or acquire, or an invitation for offers to buy securities issued by any of the aforementioned companies. Any decision to buy or invest in securities in relation to a specific issue must be made solely and exclusively on the basis of the information set out in the pertinent prospectus filed by the company in relation to such specific issue. Nobody who becomes aware of the information contained in this report must regard it as definitive, because it is subject to changes and modifications.

This document contains or may contain forward looking statements (in the usual meaning and within the meaning of the US Private Securities Litigation Act of 1995) regarding intentions, expectations or projections of BBVA or of its management on the date thereof, that refer to miscellaneous aspects, including projections about the future earnings of the business. The statements contained herein are based on our current projections, although the said earnings may be substantially modified in the future by certain risks, uncertainty and other factors relevant that may cause the results or final decisions to differ from such intentions, projections or estimates. These factors include, without limitation, (1) the market situation, macroeconomic factors, regulatory, political or government guidelines, (2) domestic and international stock market movements, exchange rates and interest rates, (3) competitive pressures, (4) technological changes, (5) alterations in the financial situation, creditworthiness or solvency of our customers, debtors or counterparts. These factors could condition and result in actual events differing from the information and intentions stated, projected or forecast in this document and other past or future documents. BBVA does not undertake to publicly revise the contents of this or any other document, either if the events are not exactly as described herein, or if such events lead to changes in the information of this document.

This document may contain summarised information or information that has not been audited, as well as information relative to solvency produced with criteria that are still subject to definitive CRR regulatory interpretation, and its recipients are invited to consult the documentation and public information filed by BBVA with stock market supervisory bodies, in particular, the prospectuses and periodical information filed with the Spanish Securities Exchange Commission (CNMV) and the Annual Report on form 20-F and information on form 6-K that are disclosed to the US Securities and Exchange Commission.

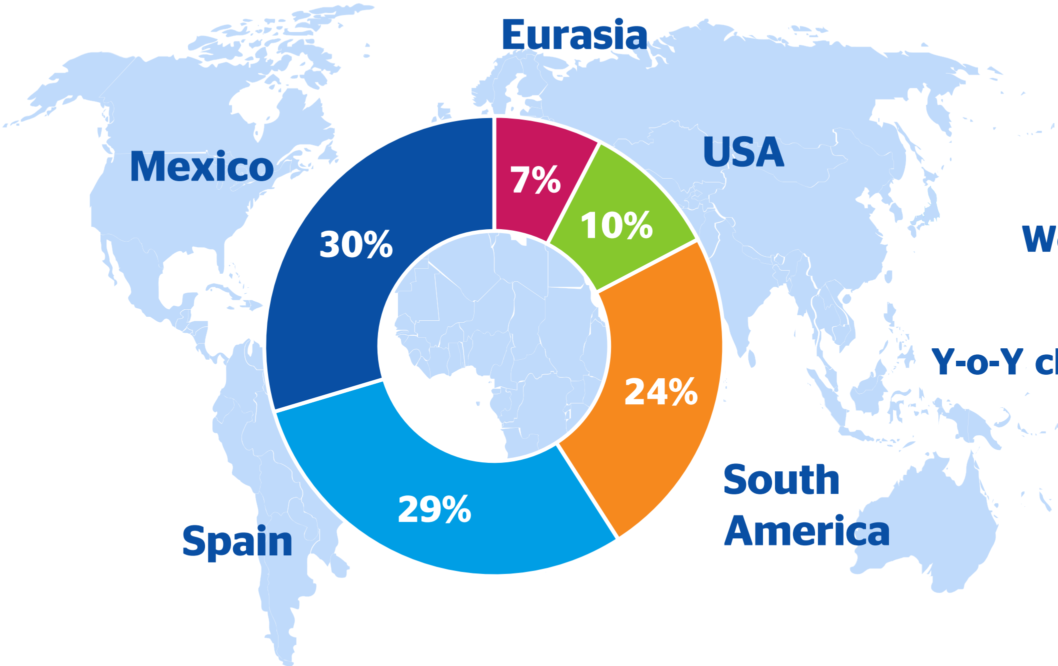
Distribution of this document in other jurisdictions may be prohibited, and recipients into whose possession this document comes shall be solely responsible for informing themselves about, and observing any such restrictions. By accepting this document you agree to be bound by the foregoing Restrictions.

BBVA

Contents

BBVA has a well-diversified footprint …

BBVA Group's 2014 Gross Income
Breakdown by business area [(1)]



	Emerging	Developed
Weight	59%	41%
Y-o-Y chg.[(2)]	+15.0%	+7.5%

~ 90% of gross income coming from investment grade countries

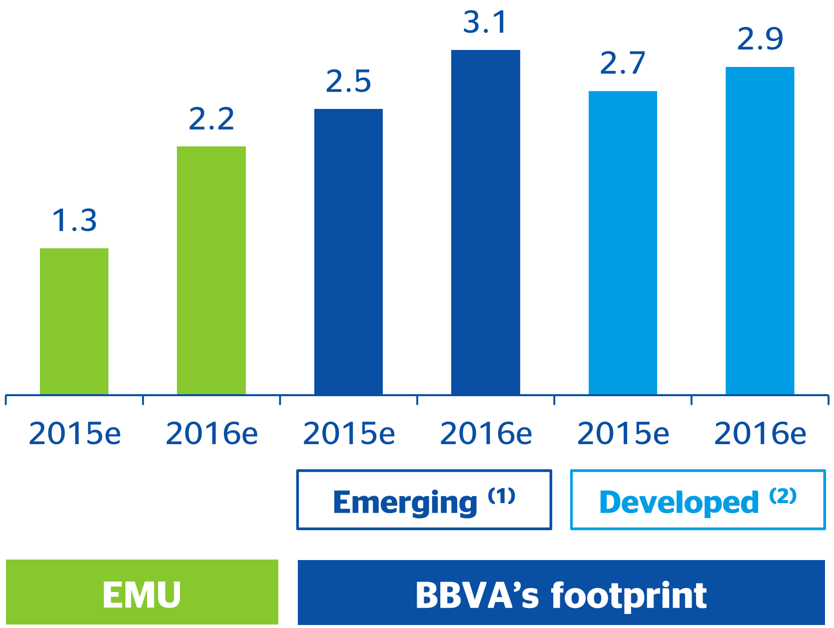
(1) Excluding Corporate Centre. (2) In constant €. Note: Investment grade countries: Spain, USA, Mexico, Chile, Colombia, Peru, Uruguay, China, Turkey (except by S&P) and rest of Europe; Non-investment grade countries: Portugal, Argentina, Paraguay and Venezuela.

BBVA

… that offers higher growth prospects

Real GDP growth

%, YoY



Emerging markets

- ✓ Recovery after a challenging 2014 …
- ✓ … although still below potential growth

Developed markets

- ✓ Growth boosted by Spain and the US

Source: BBVA Research estimates. (1) Mexico, South America, China and Turkey weighted average real GDP growth, based on their contribution to 2014 BBVA Group's gross income. (2) Spain, USA (Sunbelt) and rest of Europe weighted average real GDP growth, based on their contribution to 2014 BBVA Group's gross income.

BBVA

BBVA continues to actively manage its business portfolio

CatalunyaCaixa

Acquisition of a cleaned-up institution in one of Spain's most dynamic regions

Strong synergy potential

Garanti

Increasing our stake in the best banking franchise in Turkey up to 39.9%

Investing for growth

中信银行 CHINA CITIC BANK

Reducing our stake in CNCB and sale of CIFH

Capital allocation

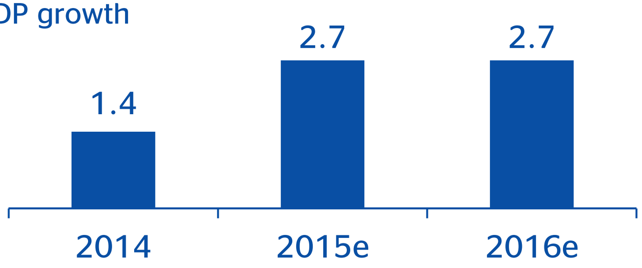
Focusing on our core markets to further enhance our growth profile

BBVA

Banking activity in Spain: P&L recovery to continue

GDP growth acceleration

Real GDP growth
%, YoY



Source: BBVA Research estimates

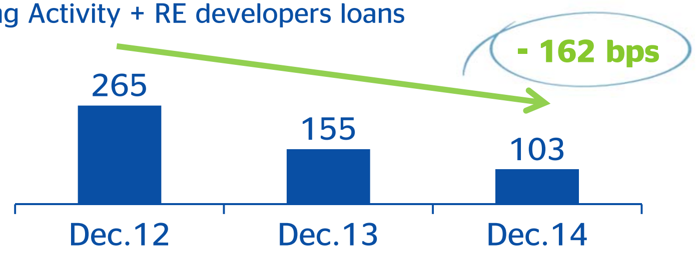
Turnaround in activity

Gross loans evolution **+0.3% QoQ**

Dec.14 vs. Sep.14

Towards cost of risk normalization

Cumulative cost of risk (bps)
Banking Activity + RE developers loans



Strong P&L recovery

2014, € Mn		YoY (1)
Gross Income	6,622	+9%
Operating Income	3,777	+22%
Net Attrib. Profit	1,028	+75%

2015e Trends

- NII growth to continue
- Cost control to continue thanks to digital transformation
- Cost of risk expected to go down to 80 - 85 bps in 2015

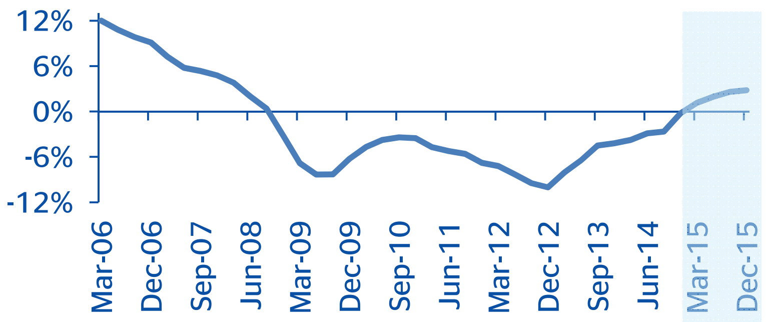
(1) Figures for 2013 do not include the change in the accounting policy relating to contributions made to the Deposit Guarantee Fund, following the adoption of IFRIC 21

BBVA

Real Estate: 2014, the turnaround year

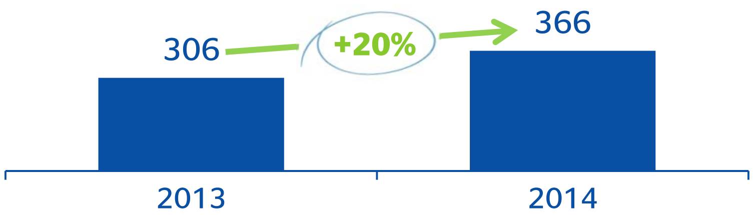
Improving market indicators

Residential home prices
%, YoY



Source: BBVA estimates based on Ministry of Public Works and Transport data.

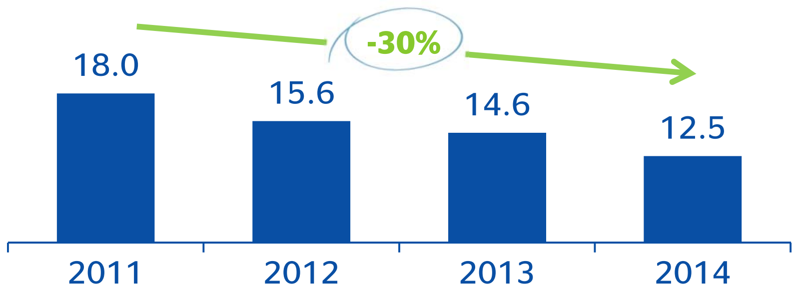
Residential housing demand
Housing transactions - in thousands



Source: General Council of Spanish Notary Publics

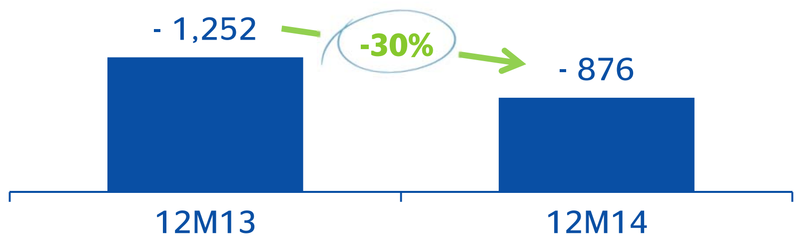
Reduction of BBVA's net exposure to RE

BBVA net exposure to RE
Bank of Spain's RE transparency scope - € Bn



RE Net attributable profit

BBVA RE net attributable profit
€ Mn



Trend

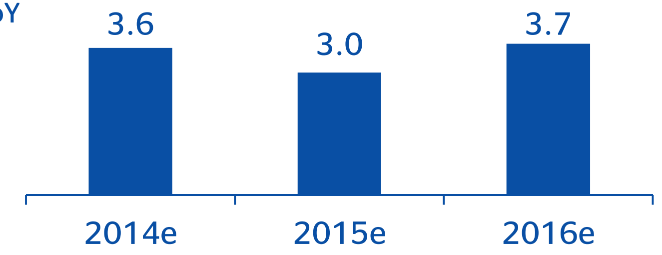
Limited negative P&L contribution in 2016

BBVA

USA: a growing franchise

Limited impact from oil prices

Sunbelt: Real GDP growth
%, YoY



Source: BBVA Research estimates

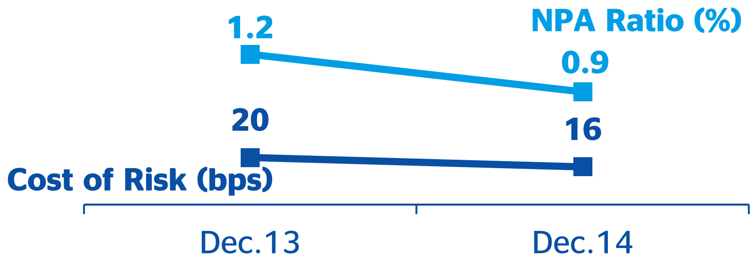
Activity dynamism[1]

Constant €, average balances, YoY
Dec.14 vs. Dec.13

Lending **+12.2%**

Customer Funds **+12.2%**

Sound risk indicators



Higher contribution to the Group

2014, constant € Mn

		YoY
Gross Income	2,137	+4%
Operating Income	640	+3%
Net Attrib. Profit	428	+9%

2015e Trends

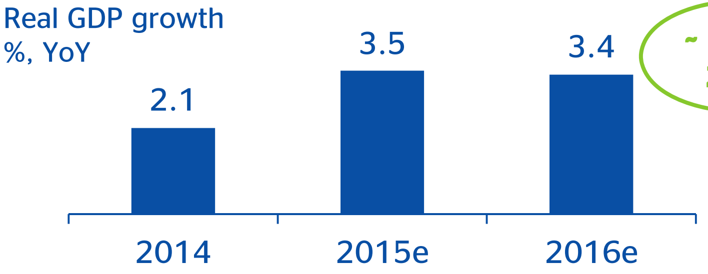
- Activity growth to remain solid
- Positive sensitivity to interest rates increases (expected start: 2H15)
- Cost of risk to inch up towards more normalized levels (+10/15 bps)

(1) Excluding NY business activity.

BBVA

Mexico: significant and recurrent contributor to the Group

Growth acceleration and limited impact from oil prices



~ 4%ᵉ in 2020

Source: BBVA Research estimates

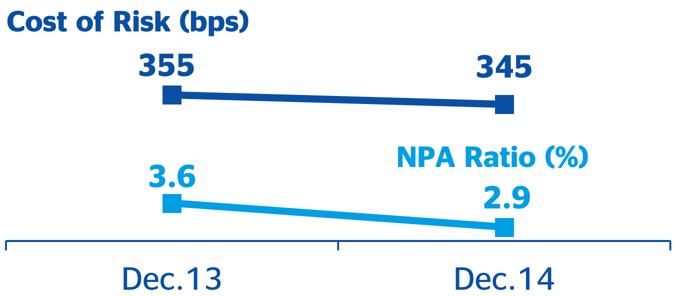
Activity dynamism

Constant €, average balances, YoY
Dec.14 vs. Dec.13

Lending **+11.7%**

Customer Funds **+8.4%**

Stable risk indicators



Double-digit growth in all P&L lines

2014, constant € Mn		YoY
Gross Income	6,522	+10%
Operating Income	4,115	+11%
Net Attrib. Profit	1,915	+11%

2015ᵉ Trends

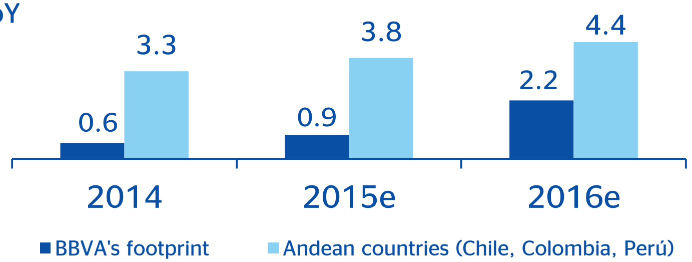
- Higher growth prospects for 2015ᵉ vs. 2014
- Committed to maintaining positive jaws
- Cost of risk to remain stable at around 350 bps

BBVA

South America: a well-diversified footprint in a high-growth region

A two-gear region in terms of growth

Real GDP growth
%, YoY



Source: BBVA Research estimates

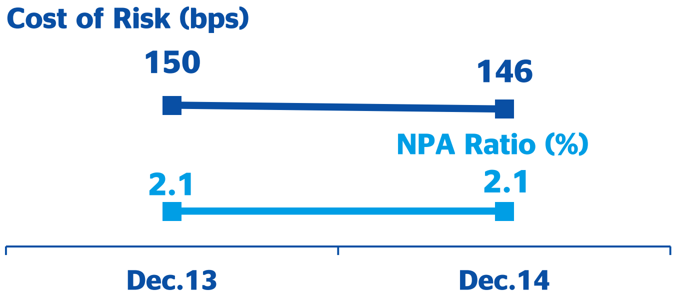
Activity dynamism

Constant €, average balances, YoY
Dec.14 vs. Dec.13

Lending **+22.5%** (+13.8% ex Venezuela)

Customer Funds **+24.4%** (+15.5% ex Venezuela)

Stable risk indicators



Strong P&L growth

2014, constant € Mn		YoY	Ex Vz.
Gross Income	5,191	+23%	+17%
Operating Income	2,875	+19%	+18%
Net Attrib. Profit	1,001	+6%	+13%

2015e Trends

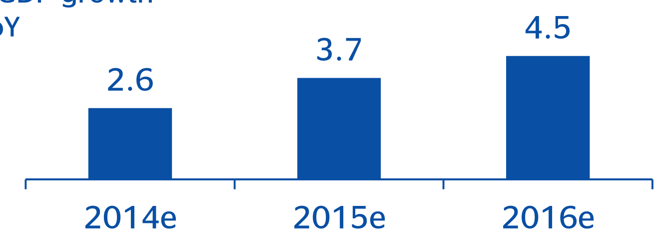
- The area will continue to be a relevant contributor to the Group
- The Andean region as the main growth lever going forward
- Venezuela: Limited contribution to P&L and no impact of FX on capital ratio

BBVA

Turkey: Garanti boosts BBVA's long-term growth

Growth acceleration despite geopolitical volatility

Real GDP growth
%, YoY



Source: BBVA Research estimates

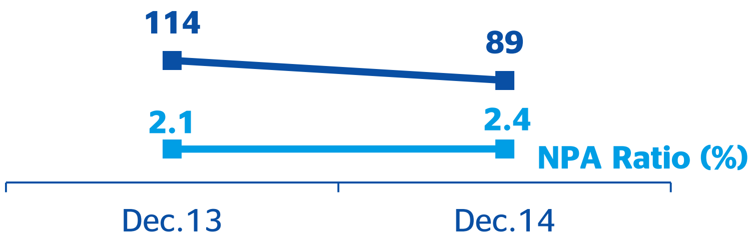
Activity dynamism

Local figures in Turkish Lira, year-end, YoY growth
Dec.14 vs. Dec.13

Performing Loans	**+13%**
Customer Deposits	**+13%**

Sound asset quality

Cost of Risk(2) (bps)



Increasing contribution to BBVA Group's P&L

2014(1), constant € Mn		YoY
Gross Income	944	+17%
Operating Income	550	+21%
Net Attrib. Profit	310	+35%

2015e Trends

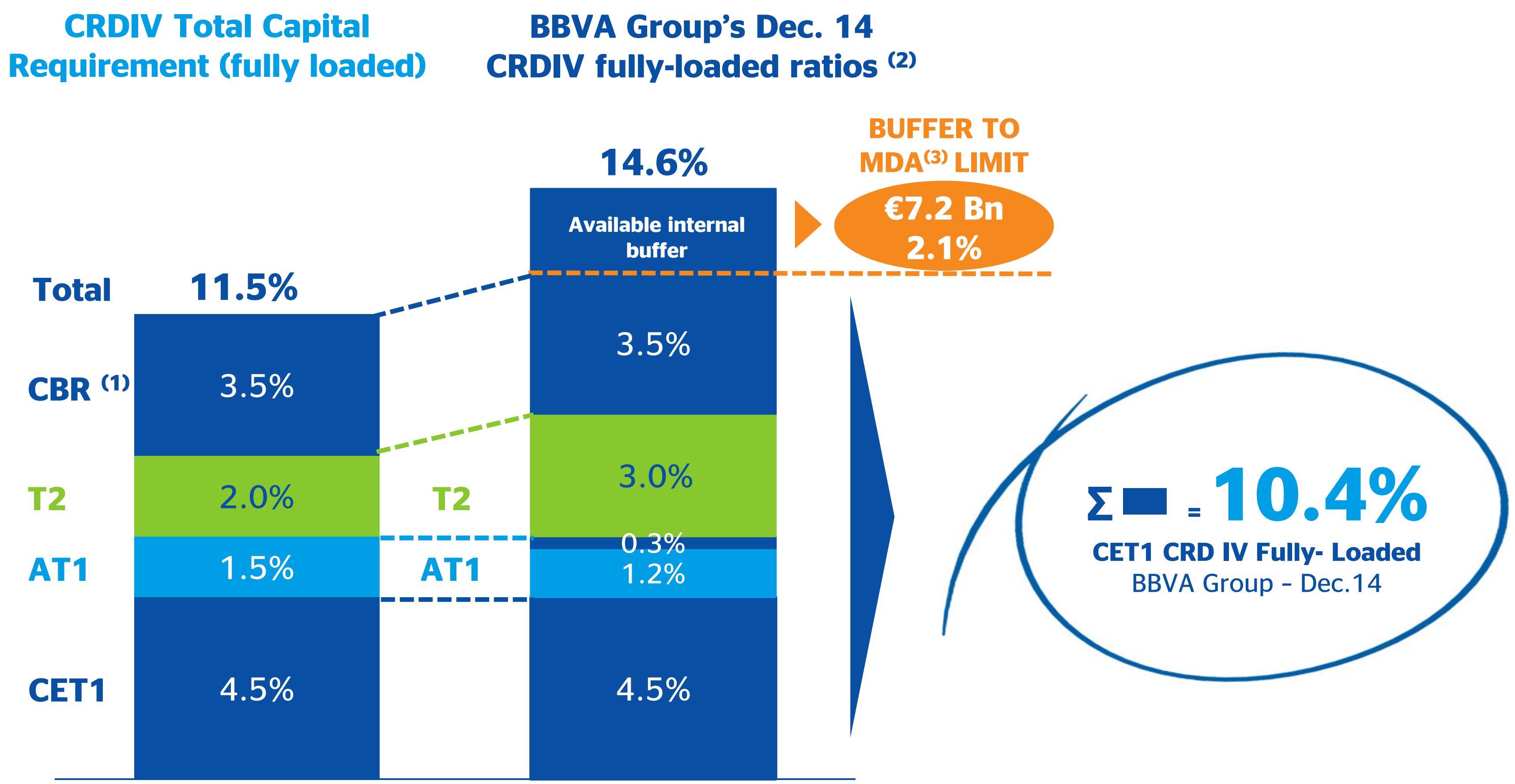
- Turkish Lira loans growing at ~15%
- NIM expansion to continue
- Stable cost or risk vs. 2014

Note: Garanti BRSA bank-only financials for fair comparison with Garanti´s Operating Plan guidance. (1) Stake of 25.01% in Garanti, as of end-Dec.2014; (2) Net cost of risk, including recoveries.

BBVA

Contents

Strong and resilient regulatory capital ratios



Commitment to maintain a CET1 fully loaded of 10%

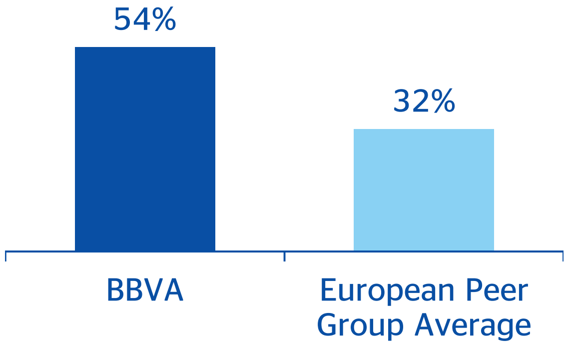
(1) BBVA Group CBR (Combined Buffer Requirement) is currently expected to consist of 2.5% Capital Conservation Buffer (CCB) and 1.0% G-SIB Buffer. (2) Including €1.5 Bn AT1 issued on Feb.15. (3) MDA: Maximum Distributable Amount.

BBVA

In a context of capital requirements harmonization…

RWAs / Total Assets (%)

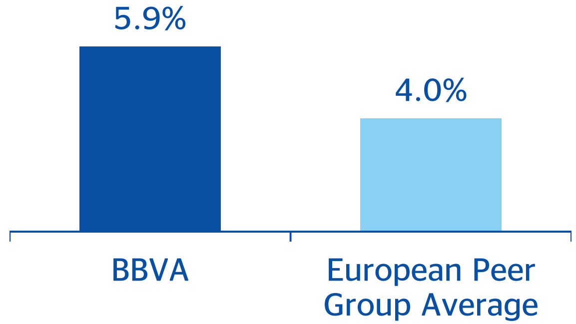
Dec.14



#1

Leverage Ratio (%)[1]

Dec.14



#1

and …

- **Unrealized gains on the AFS sovereign portfolio: not included in Core Capital**
- **Not benefiting from the "Danish compromise"**
- **Limited impact from guaranteed DTAs**

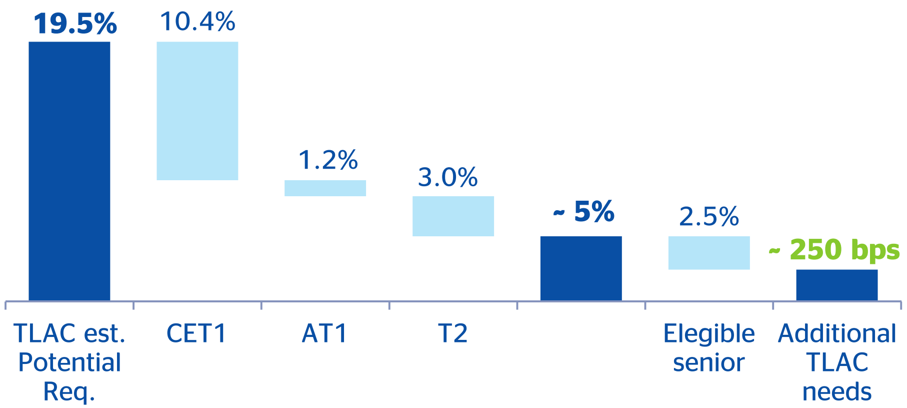
… BBVA stands out for the quality of its capital

European Peer Group: BARC, BNPP, CASA, CS, CMZ, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS, UCG. (1) CRDIV Fully-Loaded.

TLAC expected to have a manageable impact on BBVA …

Estimated 2019 TLAC Walk-down for BBVA[1]

(Fully-Loaded CET1 at a consolidated level)



Estimated Additional TLAC needs

BBVA ~ €10 Bn

G- SIB peers avg. ~ €20 Bn

TLAC Considerations

- ✓ **BBVA's requirement** expected to be **based on RWAs, not on leverage**
- ✓ BBVA's structure predisposes **MPE as preferred resolution strategy**
- ✓ Expect **MREL** implementation **consistent and converging to TLAC**
- ✓ Assuming 2019 compliance, **annual TLAC issuance of ~ €3-4 Bn per annum**

… due to its strong capital position, maturity profile and demonstrated ability to access the market

(1) BBVA fully-loaded capital as of 4Q14, pro-forma, including €1.5 Bn AT1 as of Feb.15. TLAC requirement calculated: 16% + 2.5% Capital Conservation Buffer + 1% GSIB Buffer.

BBVA

Contents

BBVA

A digital transformation based on 5 fundamental levers …

Infrastructure development

Organizational & Culture change

- ✓ Lean structure
- ✓ Cost control

Distribution model

- ✓ Customer experience
- ✓ Optimizing servicing
- ✓ Digital channels

New digital businesses

SIMPLE

soluciones MADIVA

coinbase

Products & processes

BBVA

… to deliver the best banking customer experience …

Main goals of BBVA's digital transformation

- **Client base growth**
- **Higher client engagement/loyalty**
- **Higher commercial productivity**
- **Lower operating costs**
- **Better risk indicators**

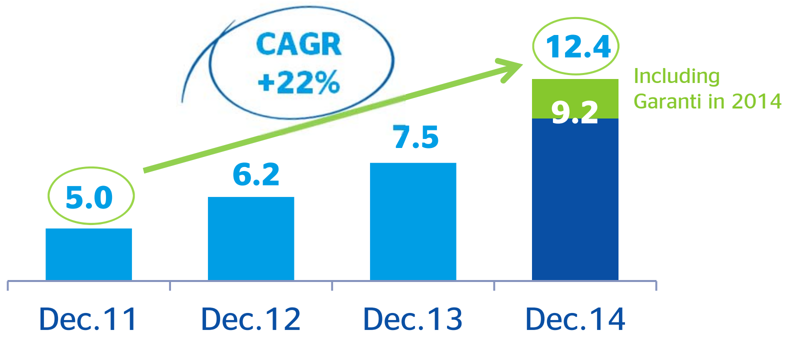
… while lowering the cost to acquire and serve our clients

BBVA

Our customers are increasingly digital …

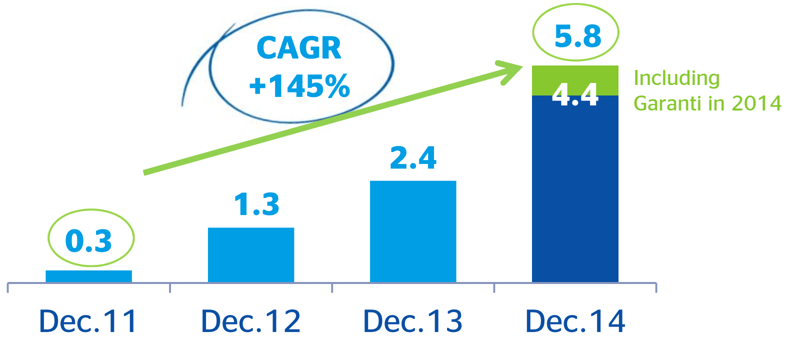
Active digital customers

BBVA Group – million



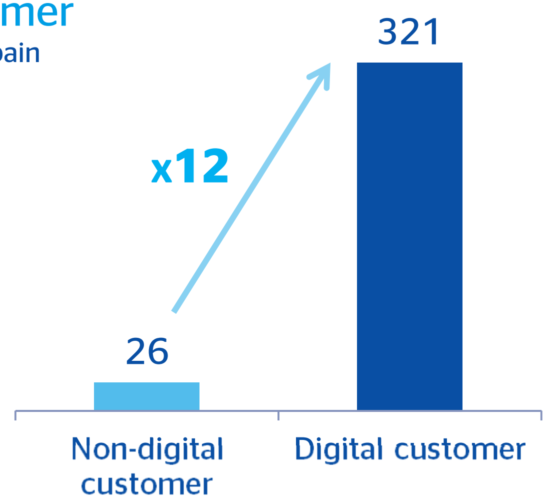
Mobile active customers

BBVA Group - million



Average number of annual transactions per customer

BBVA Spain



Digital customers represent a huge opportunity

… and digital behavior correlates with value

Note: Non-digital customers are those that only use branches and ATMs.

BBVA

Contents

BBVA

Conclusions

✓ **Attractive and unmatchable footprint**

✓ **Solid solvency position**

✓ **Digital Transformation plan**

Higher **growth potential**

Competitive advantage vs. peers

BBVA, a unique growth proposition

BBVA

BBVA, a unique growth proposition

Jaime Sáenz de Tejada, Chief Financial Officer

Morgan Stanley - 11th Annual European Financials Conference
"Transforming Business Models: Digital, Regulation and Macro Challenges"
London, March 25th, 2015