

BBVA, a unique growth proposition

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BBVA

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1 A growth footprint

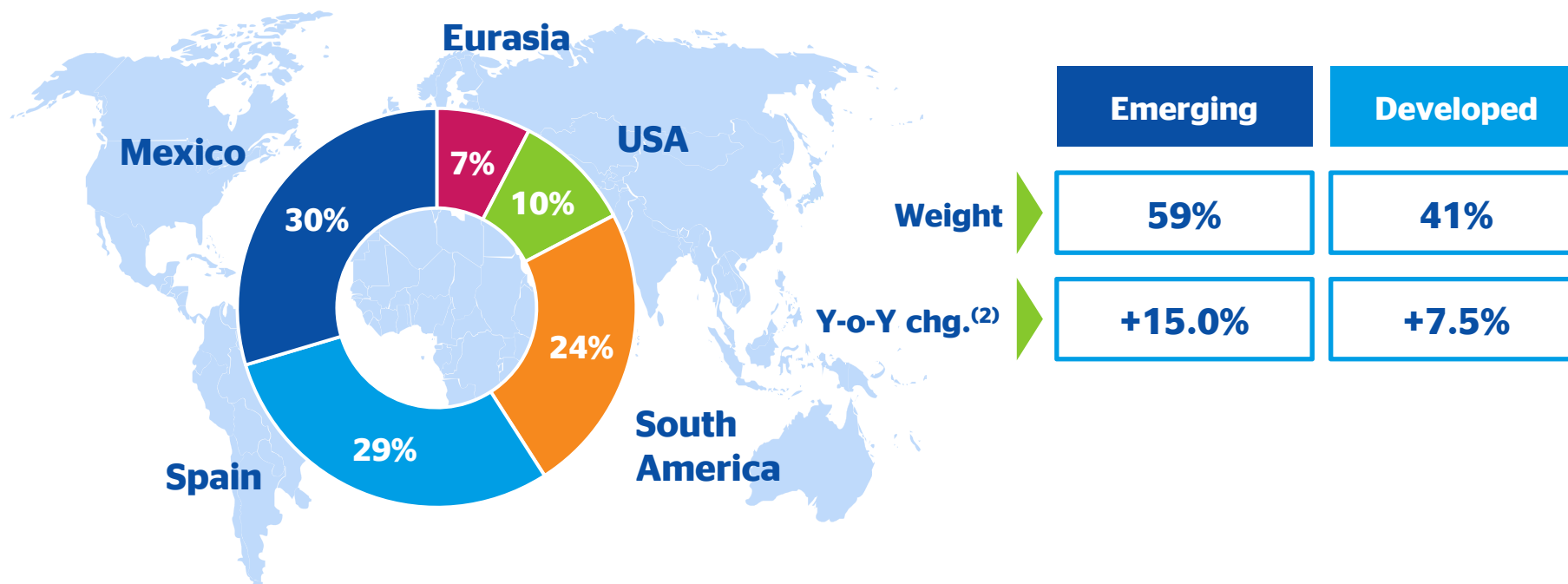
2 Strong and high-quality capital

3 Leading the industry's digital transformation

4 Conclusions

BBVA has a well-diversified footprint ...

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

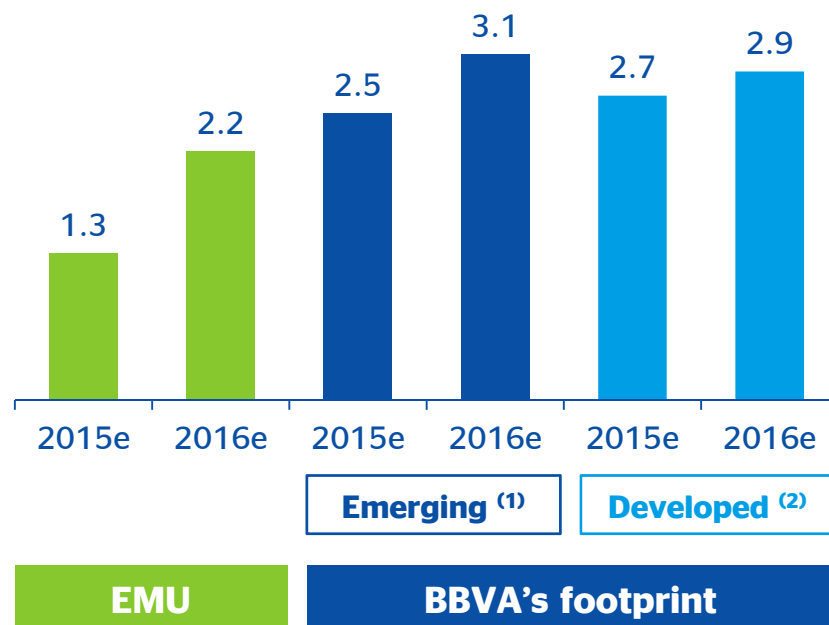


~ 90% of gross income coming from investment grade countries

(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.

... that offers higher growth prospects

Real GDP growth
%, YoY



Emerging markets

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

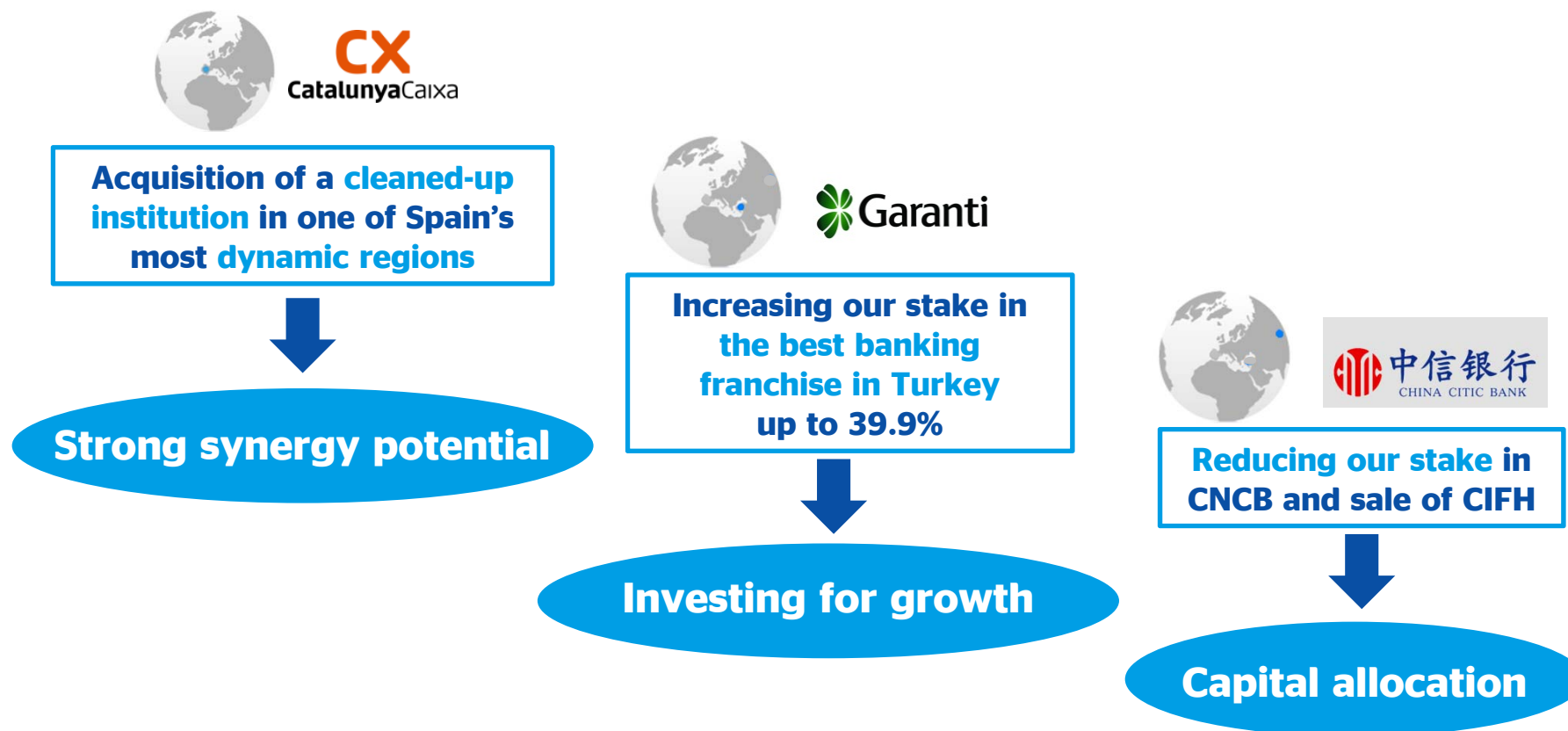
Developed markets

- ✓ Growth boosted by Spain and the US



BBVA

BBVA continues to actively manage its business portfolio

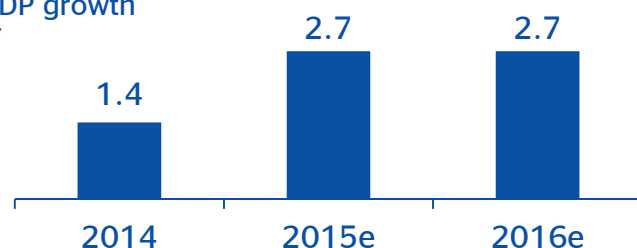


Focusing on our core markets to further enhance our growth profile

Banking activity in Spain: P&L recovery to continue

GDP growth acceleration

Real GDP growth
%, YoY



Source: BBVA Research estimates

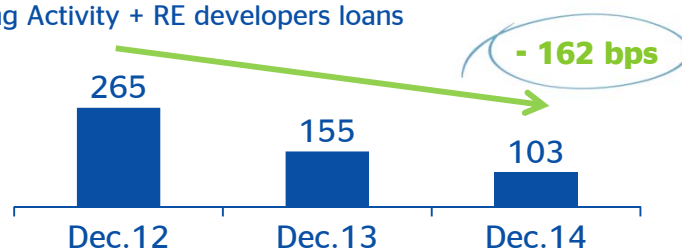
Turnaround in activity

**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%

**2015^e
Trends**

NII growth to continue

Cost control to continue thanks to digital transformation

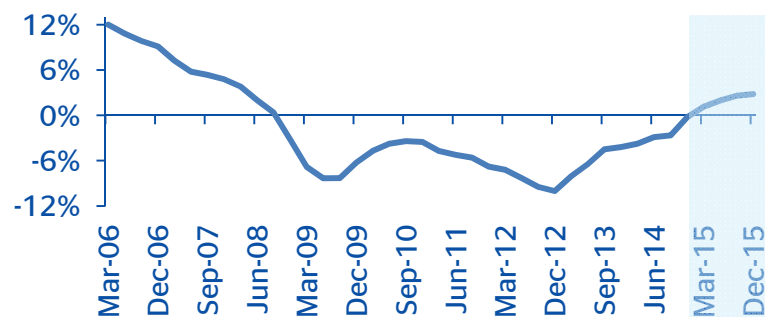
Cost of risk expected to go down to 80 - 85 bps in 2015

(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

Real Estate: 2014, the turnaround year

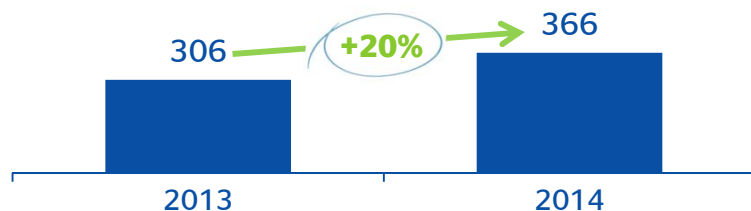
Improving market indicators

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

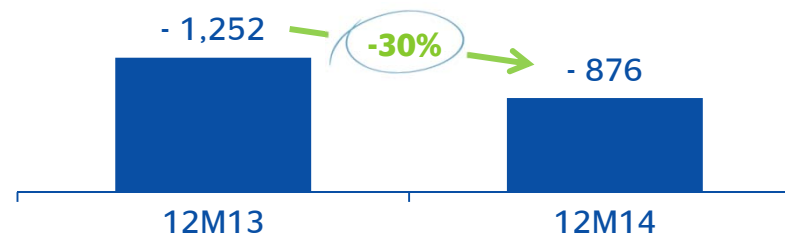
Reduction of BBVA's net exposure to RE

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



RE Net attributable profit

BBVA RE net attributable profit
€ Mn



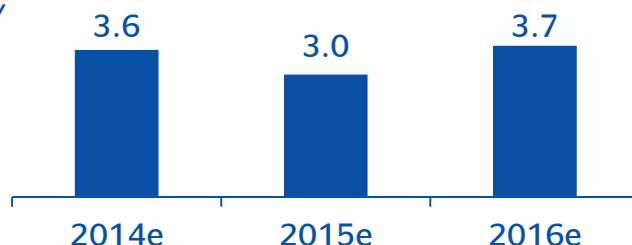
Trend

Limited negative P&L contribution in 2016

USA: a growing franchise

Limited impact from oil prices

Sunbelt: Real GDP growth
%, YoY



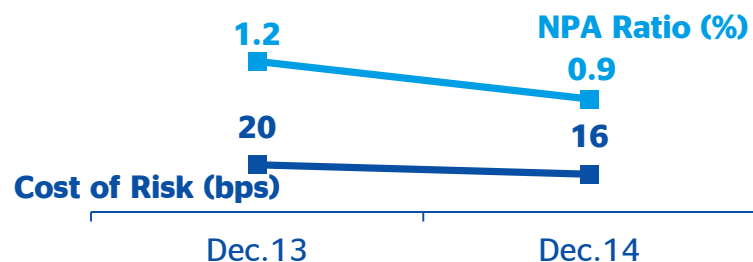
Source: BBVA Research estimates

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%

**2015^e
Trends**

Activity growth to remain solid

Positive sensitivity to interest rates increases (expected start: 2H15)

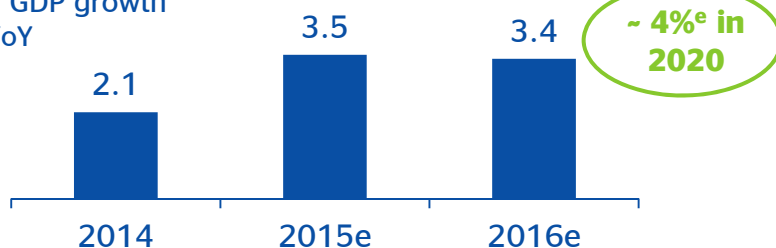
Cost of risk to inch up towards more normalized levels (+10/15 bps)

(1) Excluding NY business activity.

Mexico: significant and recurrent contributor to the Group

Growth acceleration and limited impact from oil prices

Real GDP growth
%, YoY



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

Cost of Risk (bps)

355 345

3.6

NPA Ratio (%)

2.9

Dec.13

Dec.14

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%

**2015^e
Trends**

Higher growth prospects for 2015^e vs. 2014

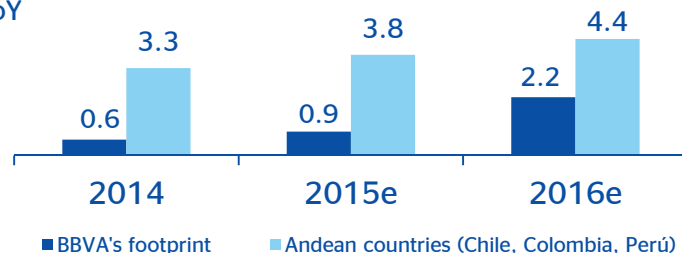
Committed to maintaining positive jaws

Cost of risk to remain stable at around 350 bps

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

A two-gear region in terms of growth

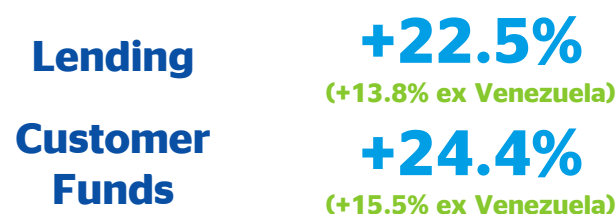
Real GDP growth
%, YoY



Source: BBVA Research estimates

Activity dynamism

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



Stable risk indicators

Cost of Risk (bps)

150 146

NPA Ratio (%)

2.1 2.1

Dec.13

Dec.14

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%

2015^e
Trends

The area will continue to be a relevant contributor to the Group

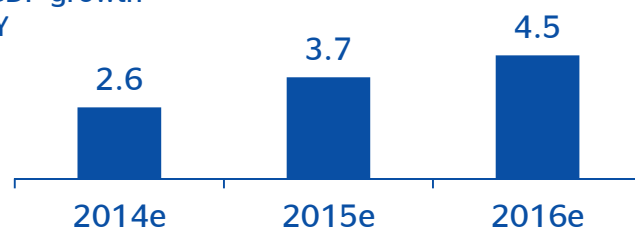
The Andean region as the main growth lever going forward

Venezuela: Limited contribution to P&L and no impact of FX on capital ratio

Turkey: Garanti boosts BBVA's long-term growth

Growth acceleration despite geopolitical volatility

Real GDP growth
%, YoY



Source: BBVA Research estimates

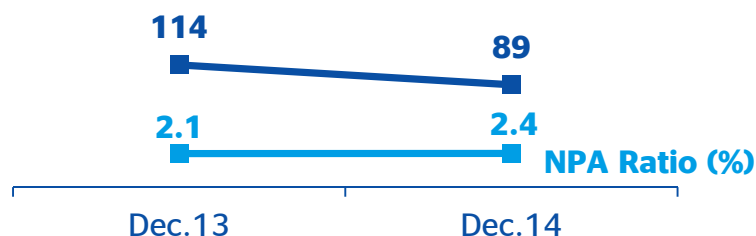
Activity dynamism

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%

**2015^e
Trends**

Turkish Lira loans growing at ~15%

NIM expansion to continue

Stable cost or risk vs. 2014



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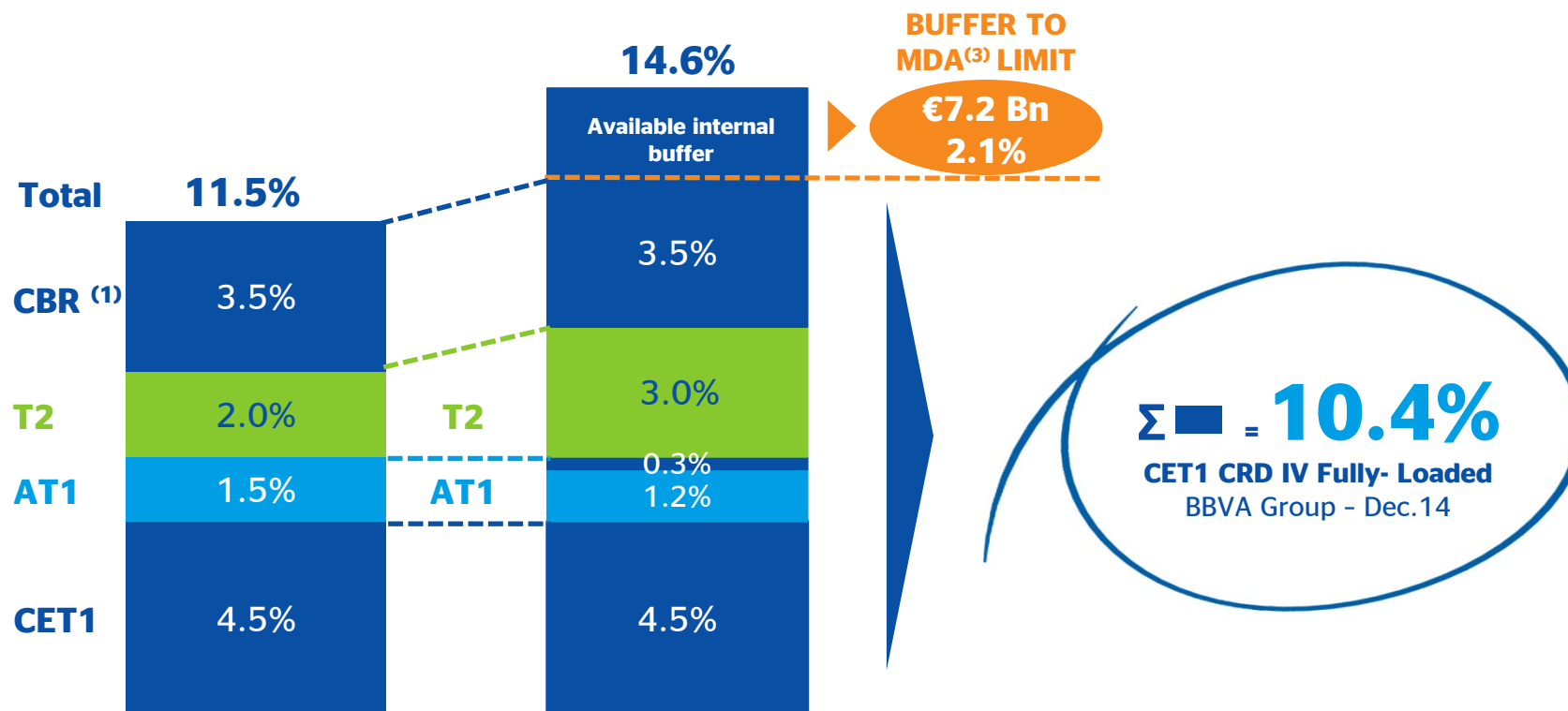
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Strong and resilient regulatory capital ratios

CRDIV Total Capital Requirement (fully loaded)

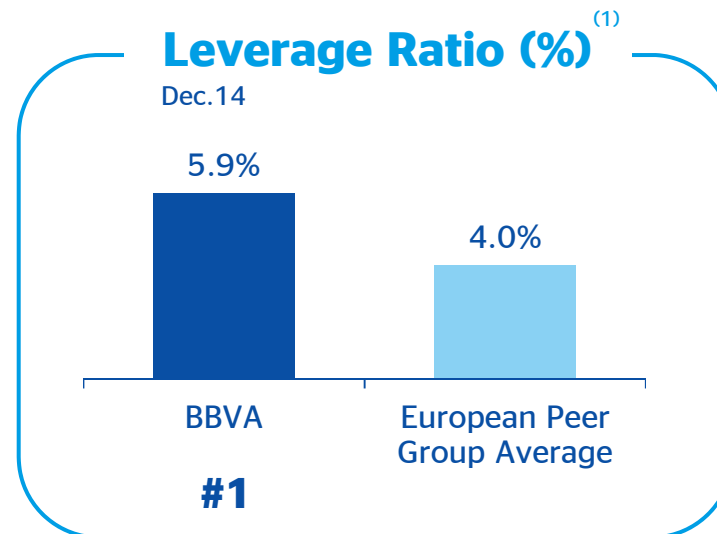
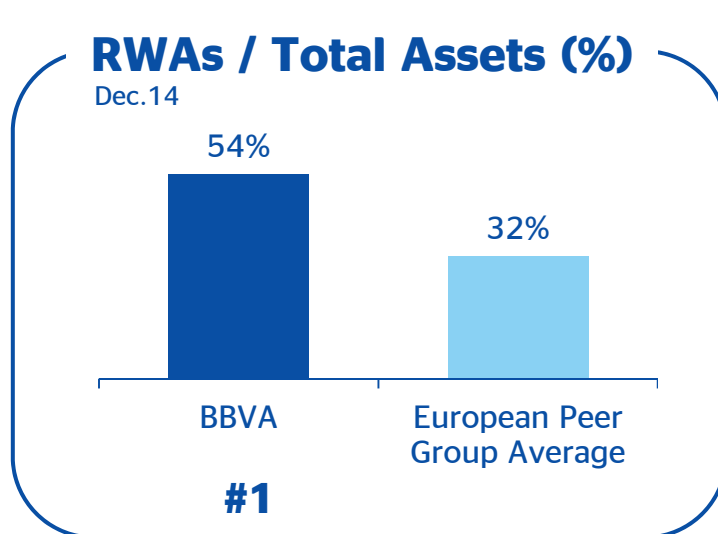
BBVA Group's Dec. 14 CRDIV fully-loaded ratios ⁽²⁾



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.

In a context of capital requirements harmonization...



and ...



Unrealized gains on the AFS sovereign portfolio: not included in Core Capital



Not benefiting from the “Danish compromise”



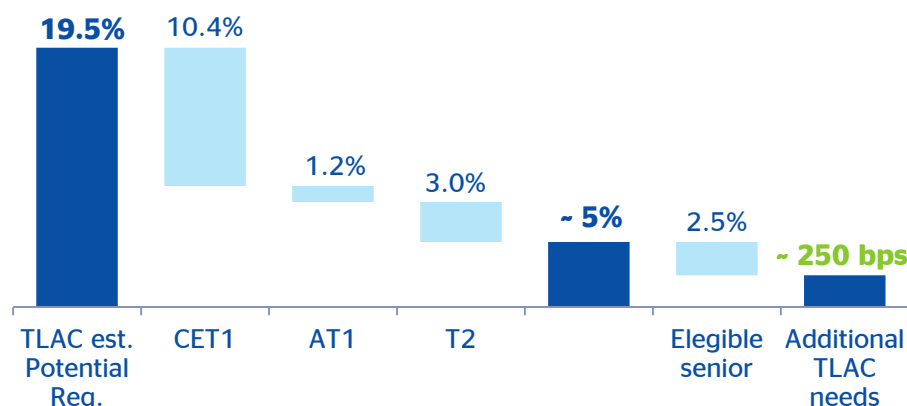
Limited impact from guaranteed DTAs

... BBVA stands out for the quality of its capital

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 ~ €20 Bn
peers avg.**

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.



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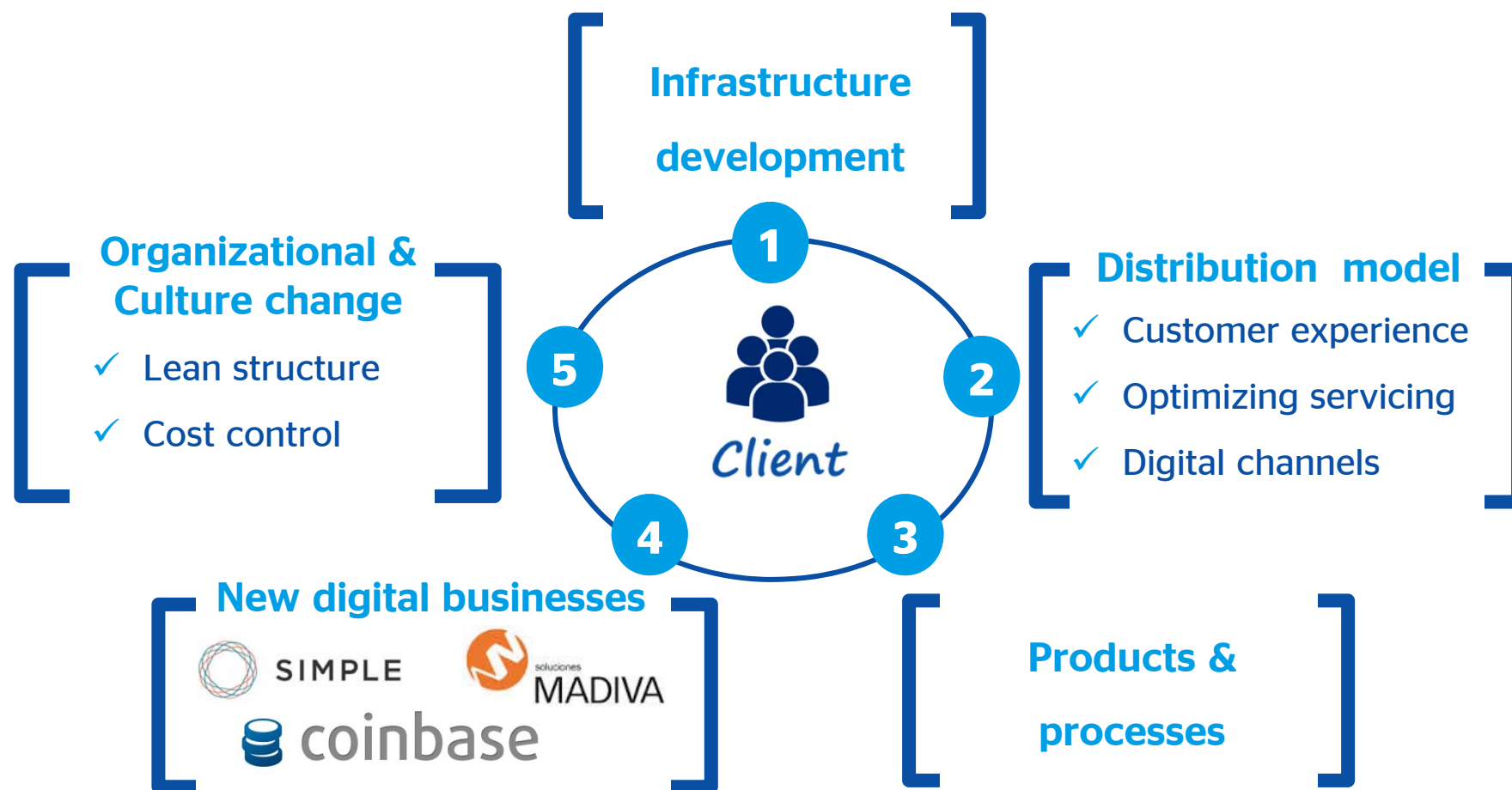
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A digital transformation based on 5 fundamental levers ...





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

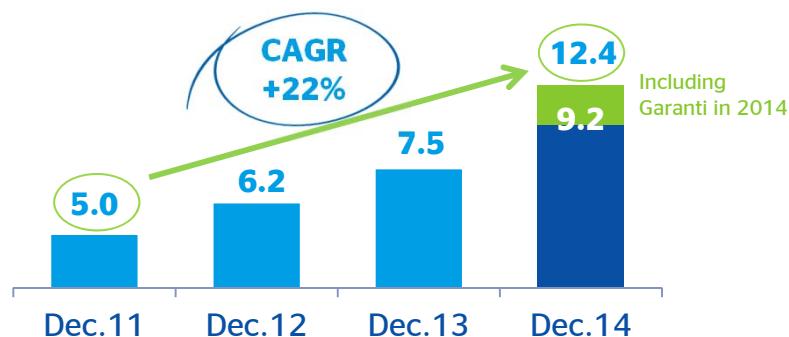
Lower operating costs

Better risk indicators

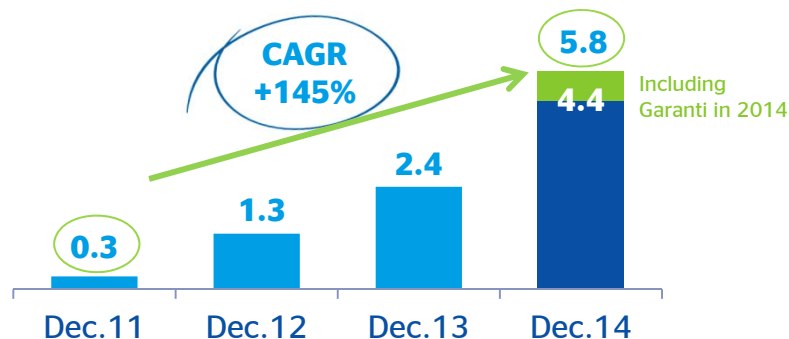
... while lowering the cost to acquire and serve our clients

Our customers are increasingly digital ...

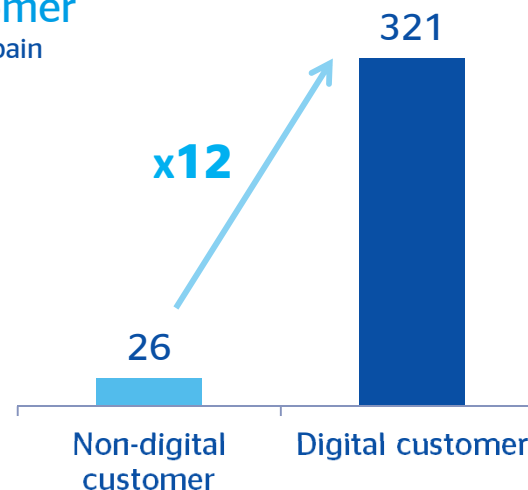
Active digital customers
BBVA Group - million



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



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✓ **Attractive and unmatched footprint**

✓ **Solid solvency position**

✓ **Digital Transformation plan**

**Higher
growth potential**

**Competitive
advantage vs. peers**

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