

***BBVA: Strengths and opportunities***  
***A unique global value proposition***

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Goldman Sachs, European Financials Conference  
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**BBVA**

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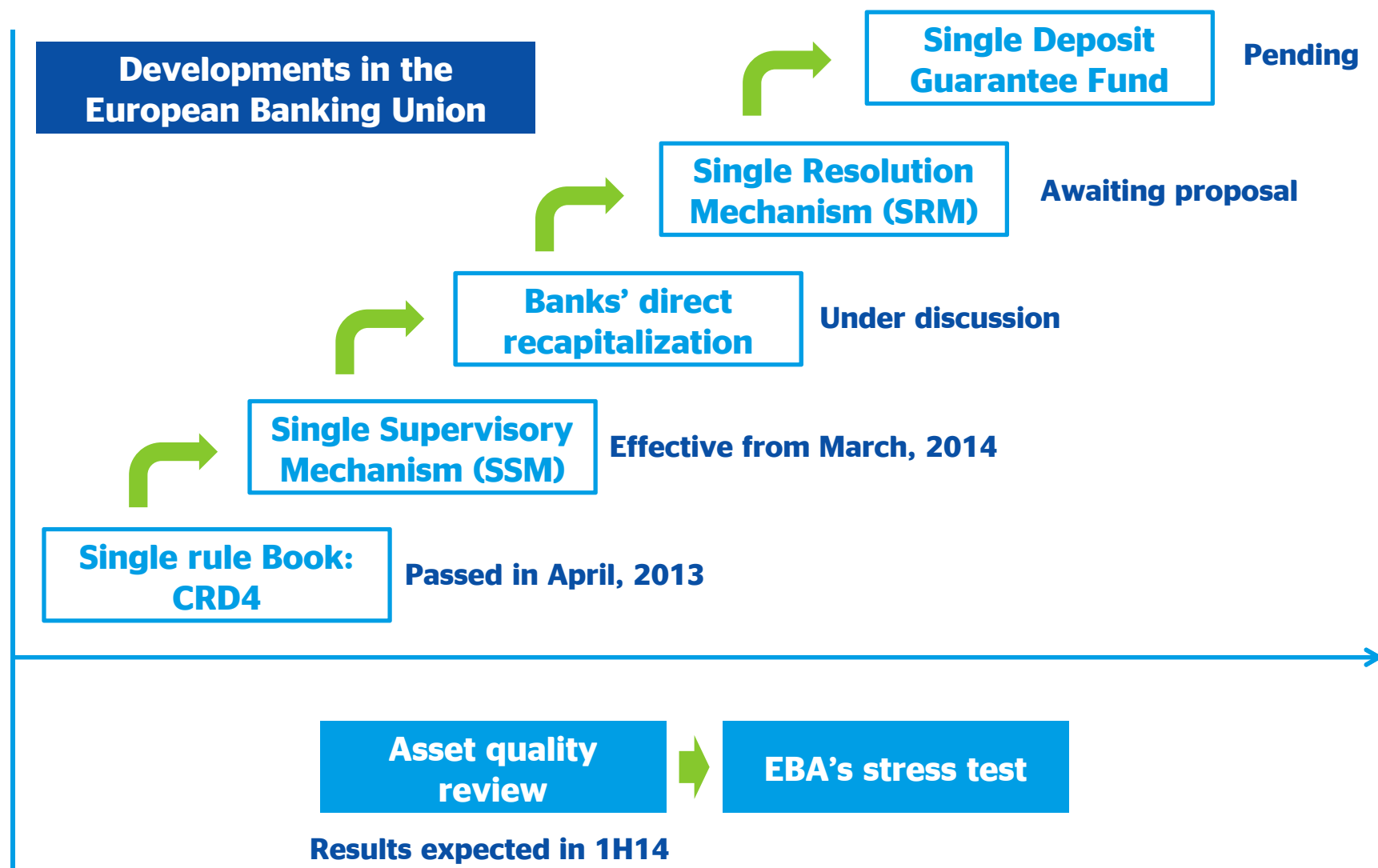
# ECB focus on financial stability has removed Euro break-up risk

10Y Spread Spain-Germany (bp)



After austerity, focus shifting towards pro-growth initiatives?

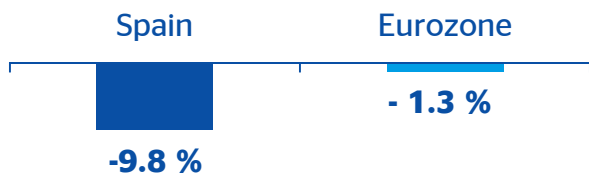
# Towards a stronger European Monetary Union



# Spain has made significant progress in correcting its imbalances

## Private Sector deleverage

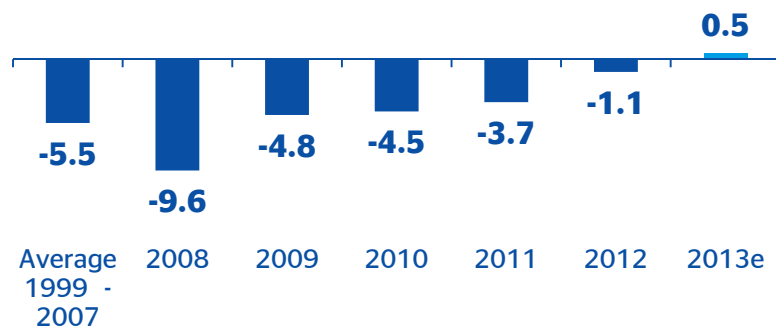
**% Households debt over GDP:  
reduction from peak to March 2013**



Source: Haver Analytics based on Bank of Spain and ECB

## External imbalance adjustment

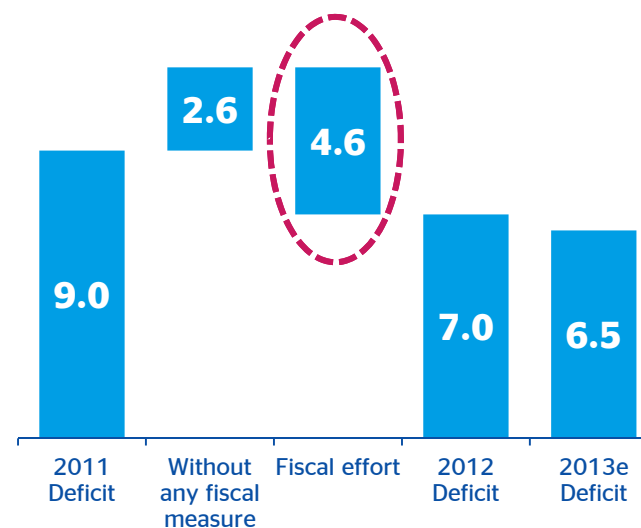
**Current Account Deficit  
(% of GDP)**



Source: BBVA Research

## Strong Fiscal adjustment

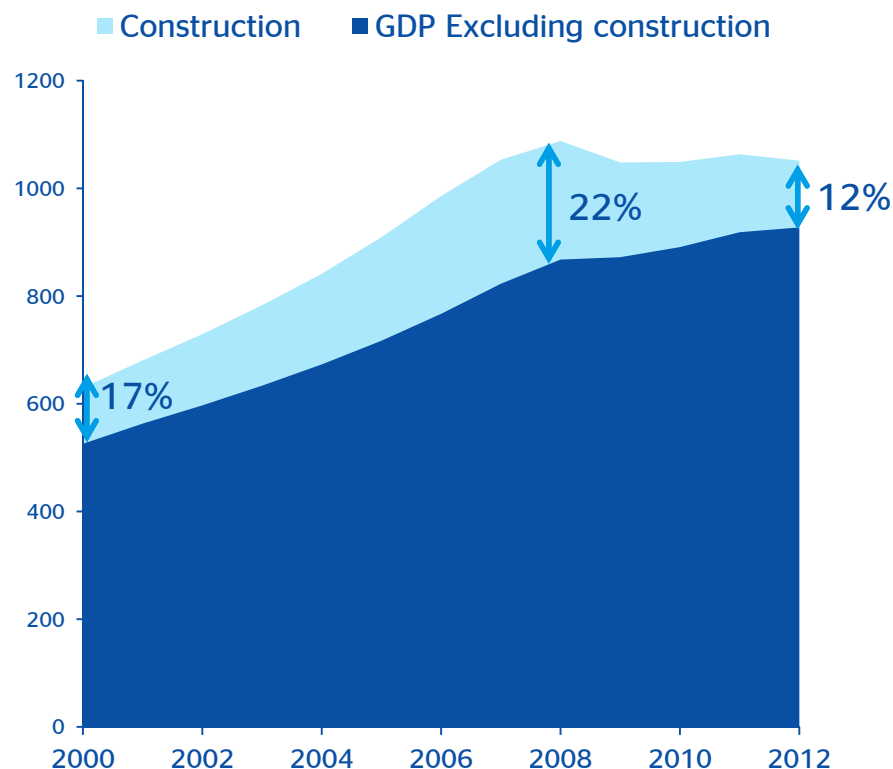
**Public Deficit\*  
(% of GDP)**



Source: BBVA Research  
\* Ex Financial sector reform

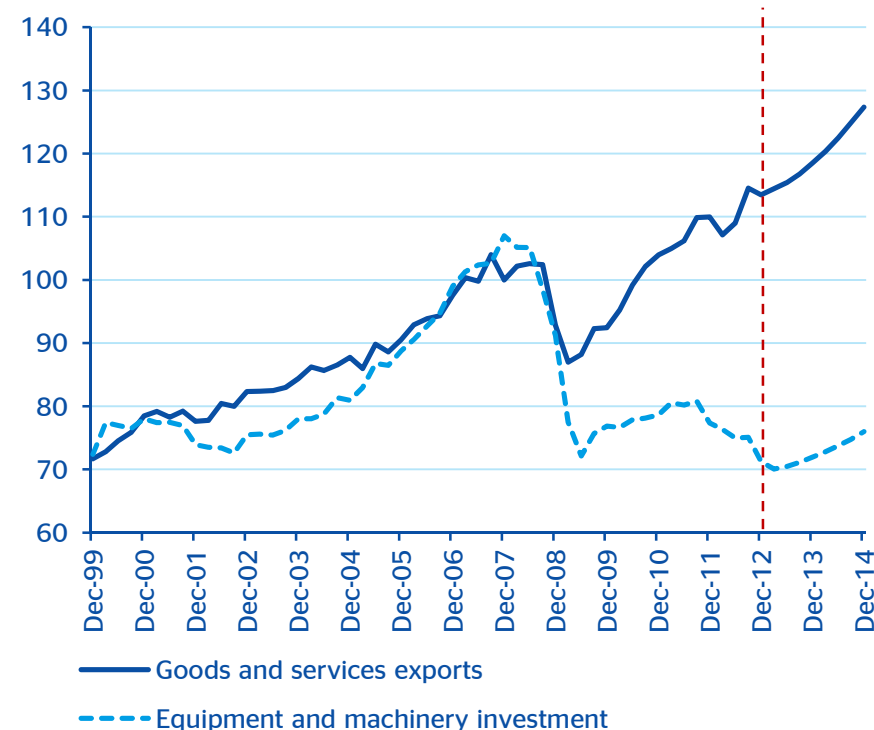
After the adjustment of the construction sector,  
Spain will start to grow in 2014 driven by exports  
and investment in equipment

**Spain: GDP and Construction contribution to GDP**  
€Bn and %



Source: BBVA Research

**Spain: exports and investment in equipment and machinery**  
(2008=100)



Source: BBVA Research based on INE data



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## ***BBVA's strengths***

**1** Diversification

**2** High and recurrent gross income

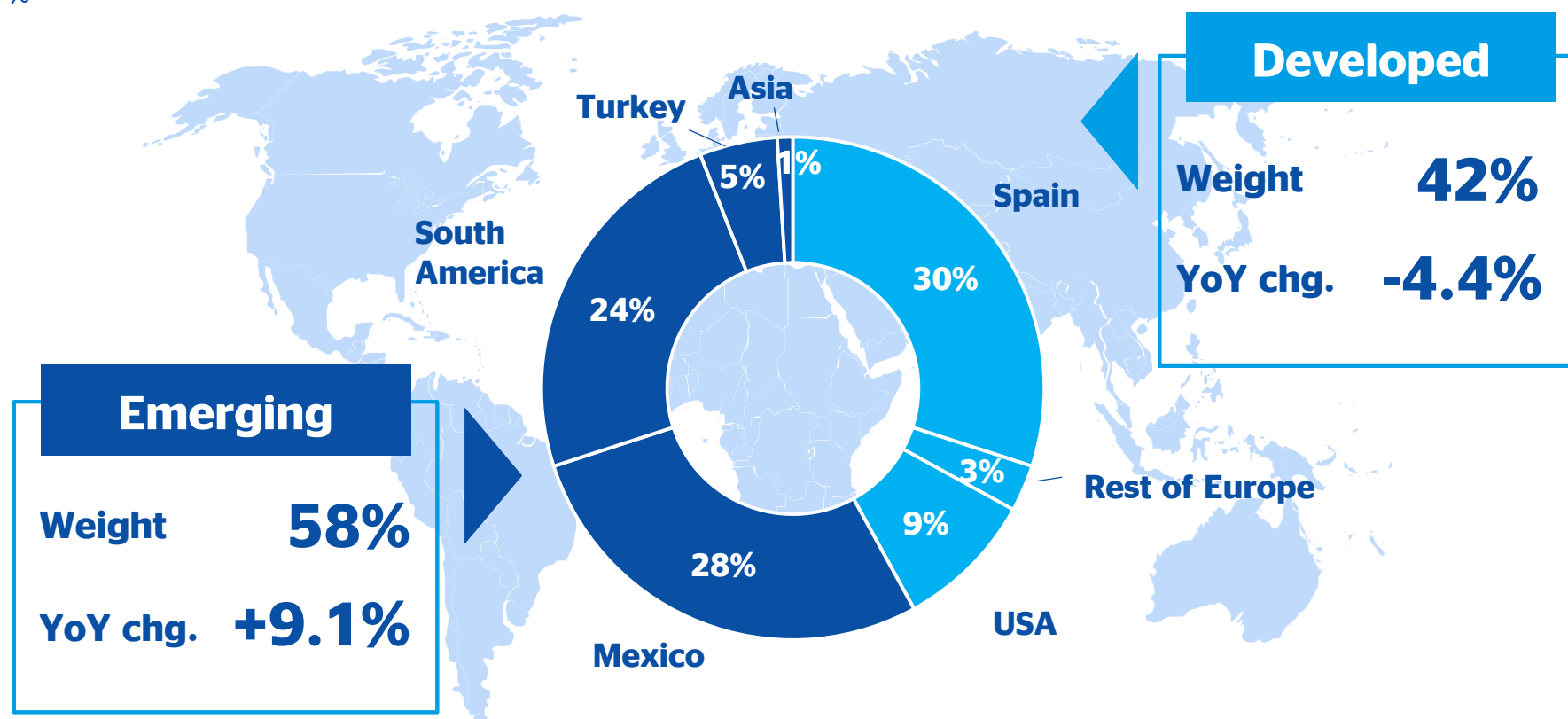
**3** Superior asset quality

**4** Resilient earnings

**5** Balance sheet strength (Capital & Liquidity)

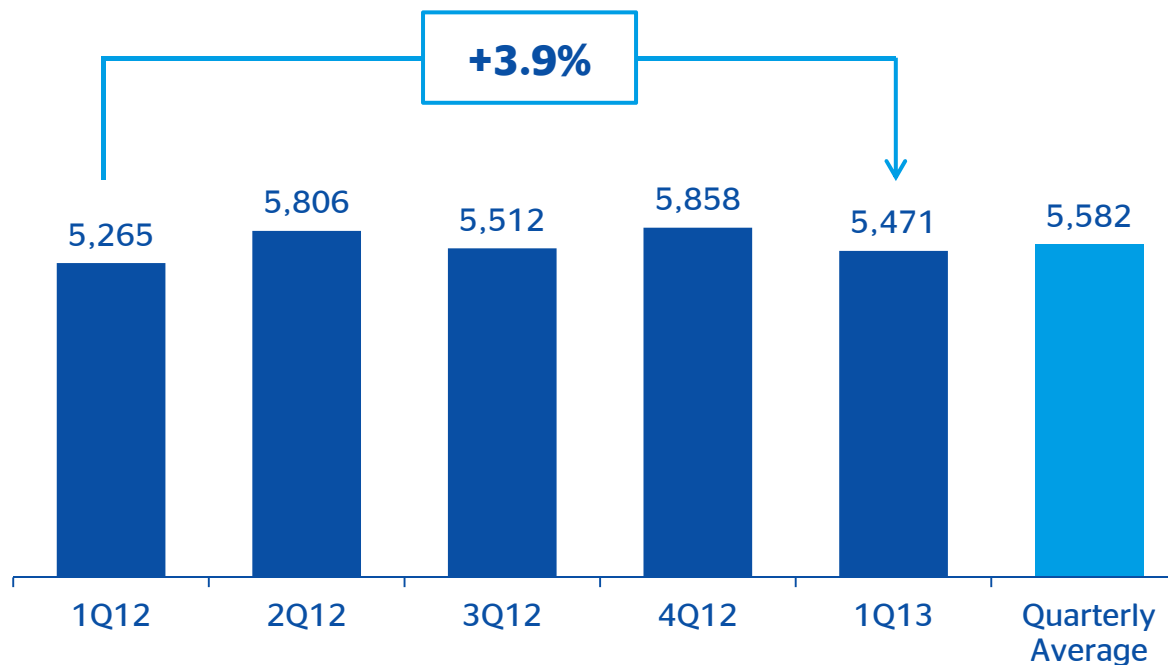
BBVA's international expansion has been biased to high growth markets

Breakdown of gross income  
1Q13  
%



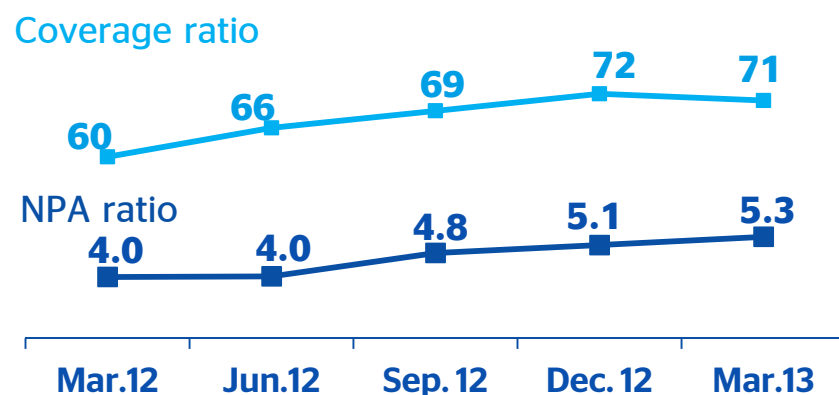
# High and recurrent gross income

BBVA Group gross income  
Quarter by quarter  
(€ Mn)



# A stable asset quality profile, balancing different credit cycles

**NPA & coverage ratios**  
BBVA Group  
(%)



**Cost of Risk**  
(Annualized)

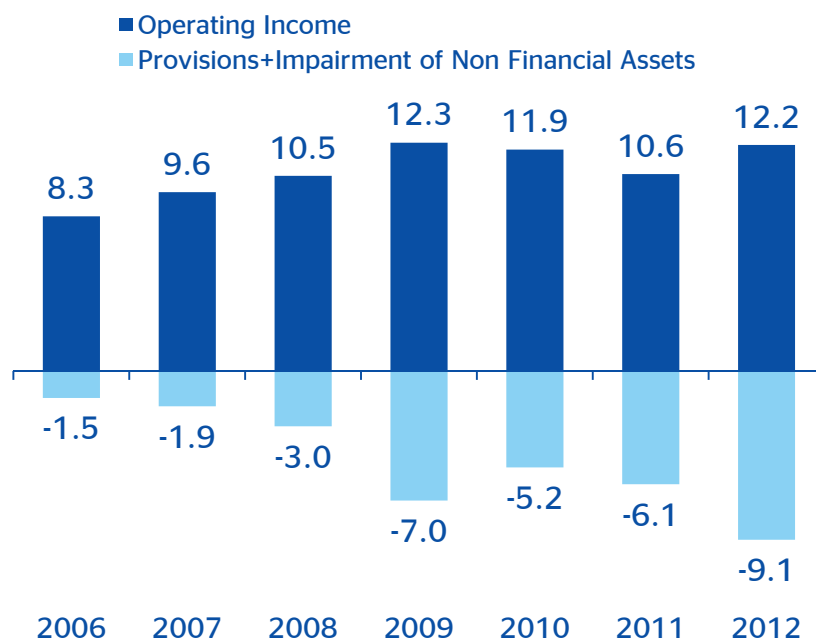


**NPA & coverage ratios by business unit**  
March 2013  
(%)

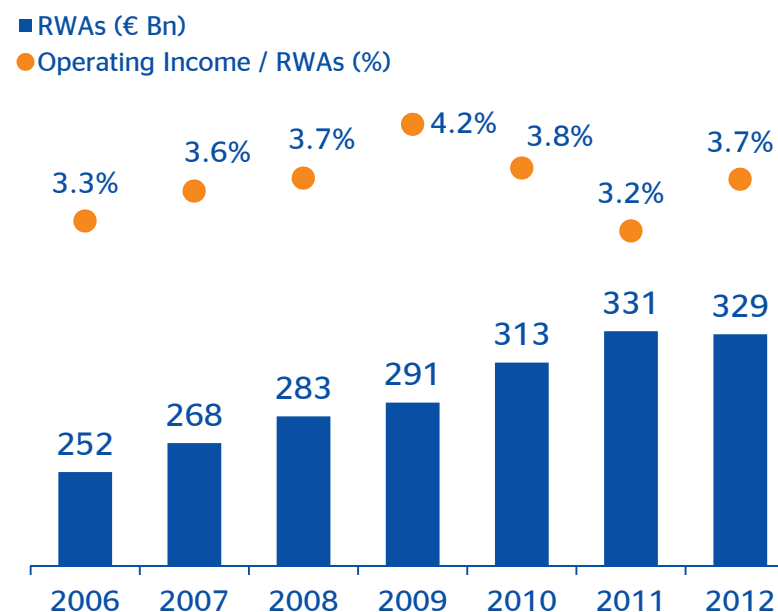
	NPA ratio	Coverage ratio
Spain (banking activity)	4.3%	50%
Spain (loans to developers)	48%	76%
Eurasia	3.0%	87%
Mexico	3.7%	117%
S.America	2.2%	143%
USA	1.8%	109%

# BBVA's earnings generation capacity has improved through the crisis

**BBVA Operating Income vs. provisions and impairment of non-financial assets**  
(€ Bn)



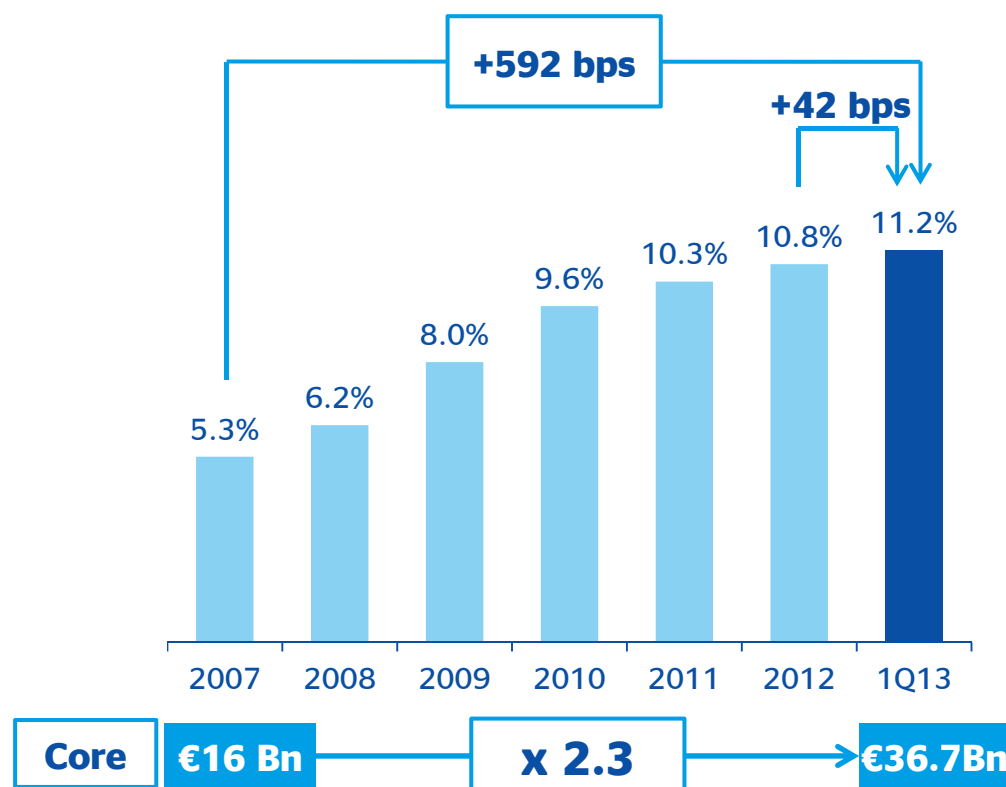
**BBVA RWAs and Operating Income/RWAs**  
(€ Bn, %)



**Significant profit upside as the credit cycle improves**

# Strong capital generation capacity

Core capital ratio (BIS 2)



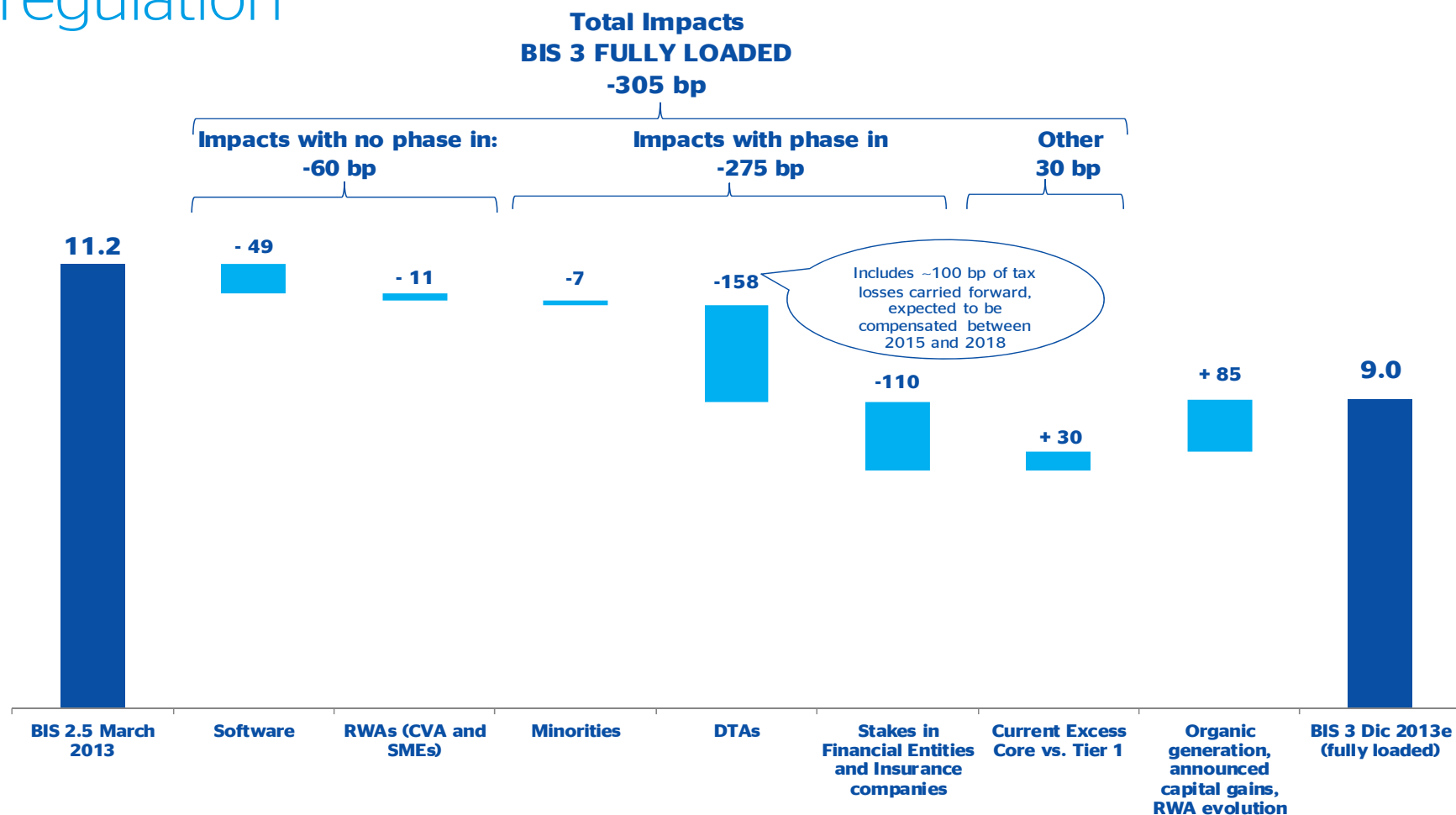
Without selling core assets

Absorption of RE provisioning

Maintaining our dividend policy:  
€1.3 Bn paid in cash in 2012

1<sup>st</sup> European Issuer of BIS 3  
Additional Tier I capital

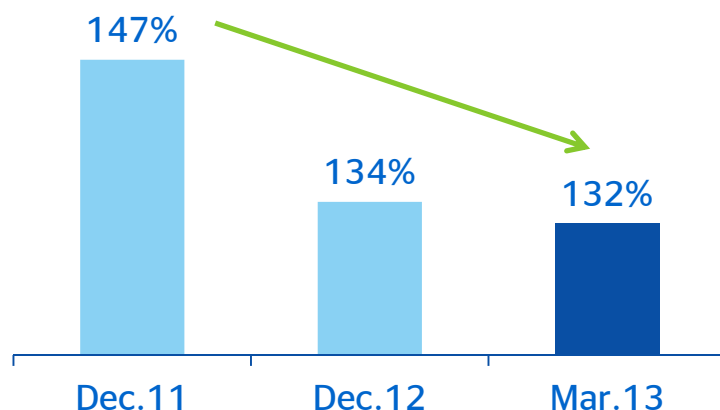
# Comfortable capital position under new BIS 3 regulation



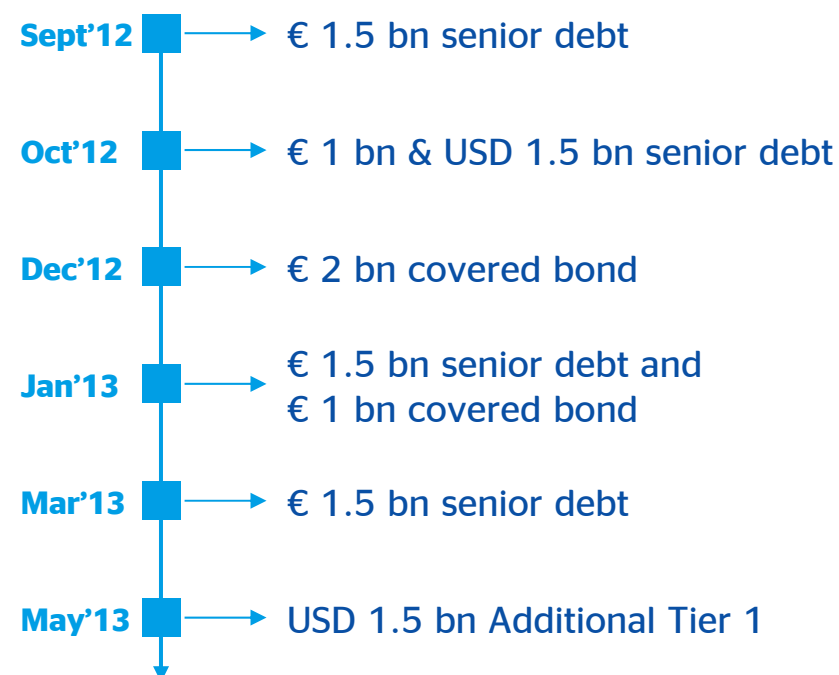
Reported BIS 3 Core ratio expected to be > 10% through the phase in period

# Sound liquidity position of the Euro Balance Sheet

Domestic LTD ratio<sup>(1)</sup> improvement



BBVA has issued **Eur 10 bn** in the public capital markets since last summer:



- Commercial gap reduction: €23 Bn in 2012 and €9 Bn in 1Q13
- Ample collateral available: 2.7x liquidity buffer<sup>(2)</sup>

(1) The ratio excludes securitizations and repos and includes promissory notes placed in the retail network.

(2) Liquidity buffer: defined as the number of times that next 3 months' unsecured funding maturities are covered by available collateral. Figures as of June 7, 2013.



## ***BBVA's opportunities:*** Significant medium term upside in all geographical areas

### Spain

Market share gains with margin normalization  
Provisions normalization

### Mexico

High and stable business growth  
Acceleration of profit growth

### South America

Growth to stabilize at a high and sustainable level  
Balanced diversification within the region

### USA

Market share gains in Texas / Sunbelt  
Margin normalization

### Turkey

High business growth  
Higher contribution to BBVA



**BBVA**

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**Environment**

- 1 Creation of **financial stability**
- 2 Momentum in **reform and budget discipline**
- 3 Path towards **European Banking Union**

**BBVA**

- 4 Sustainable **business model**
- 5 Presence in **attractive markets**
- 6 Founded on **strong capital and liquidity**, with high operating income

BBVA offers a unique global value proposition, positioned to take advantage of structural and cyclical growth opportunities

***BBVA: Strengths and opportunities***  
***A unique global value proposition***

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