

A unique global value proposition

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BBVA

What makes BBVA unique?

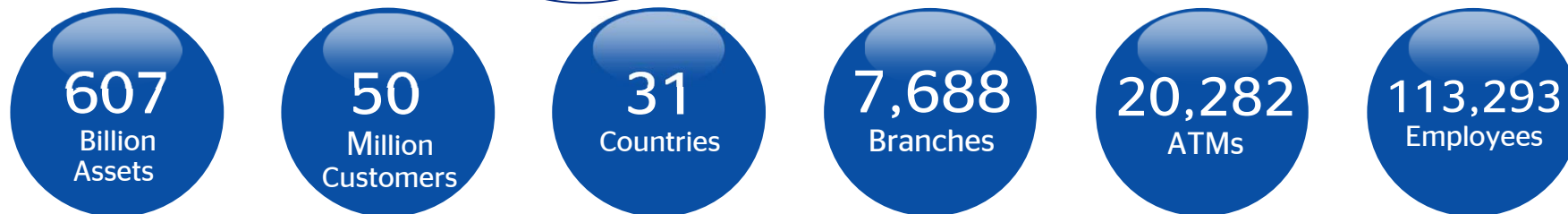
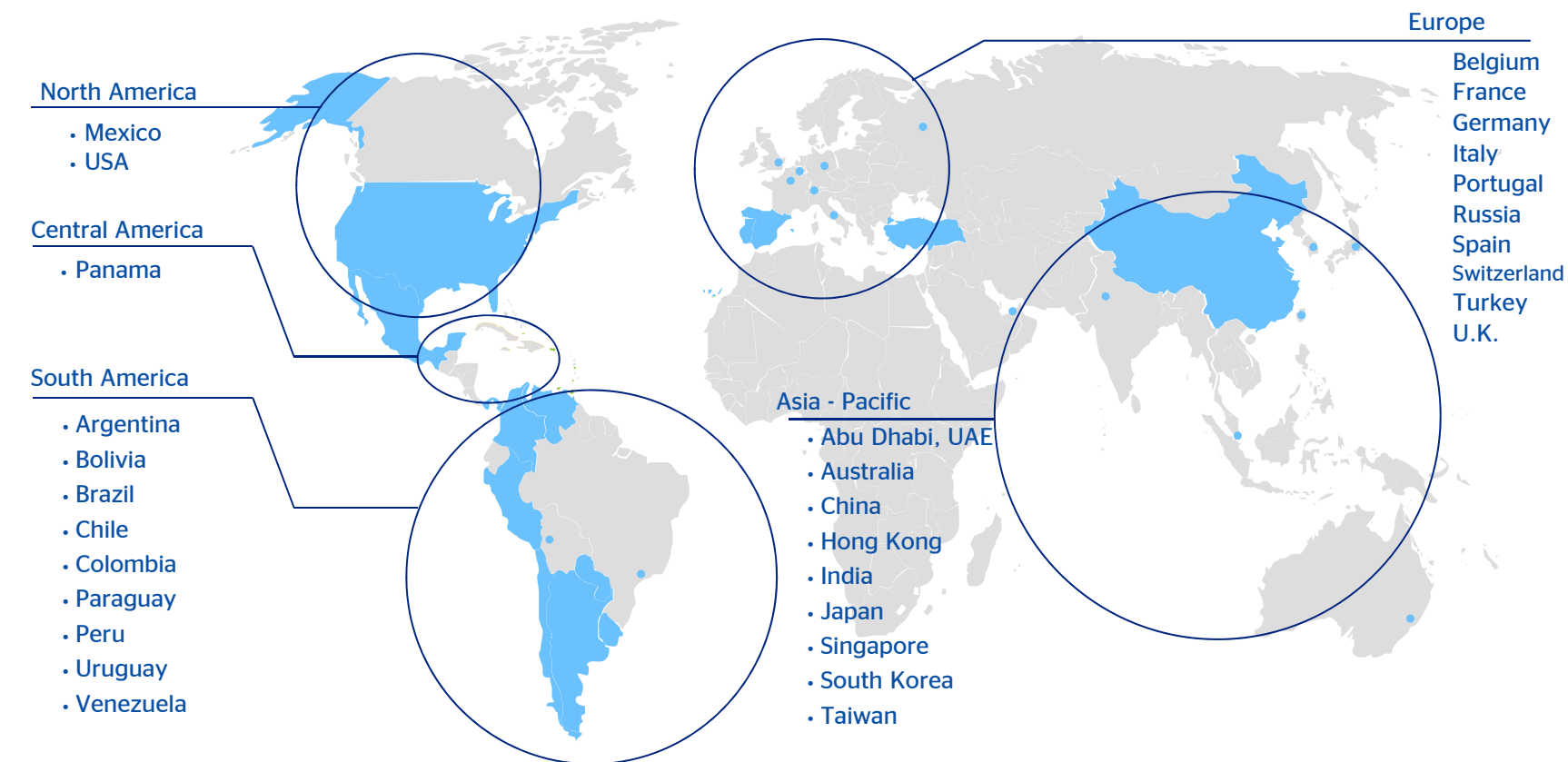
1 BBVA structural strengths

2 Opportunities in all our franchises

3 Ready for the new digital world

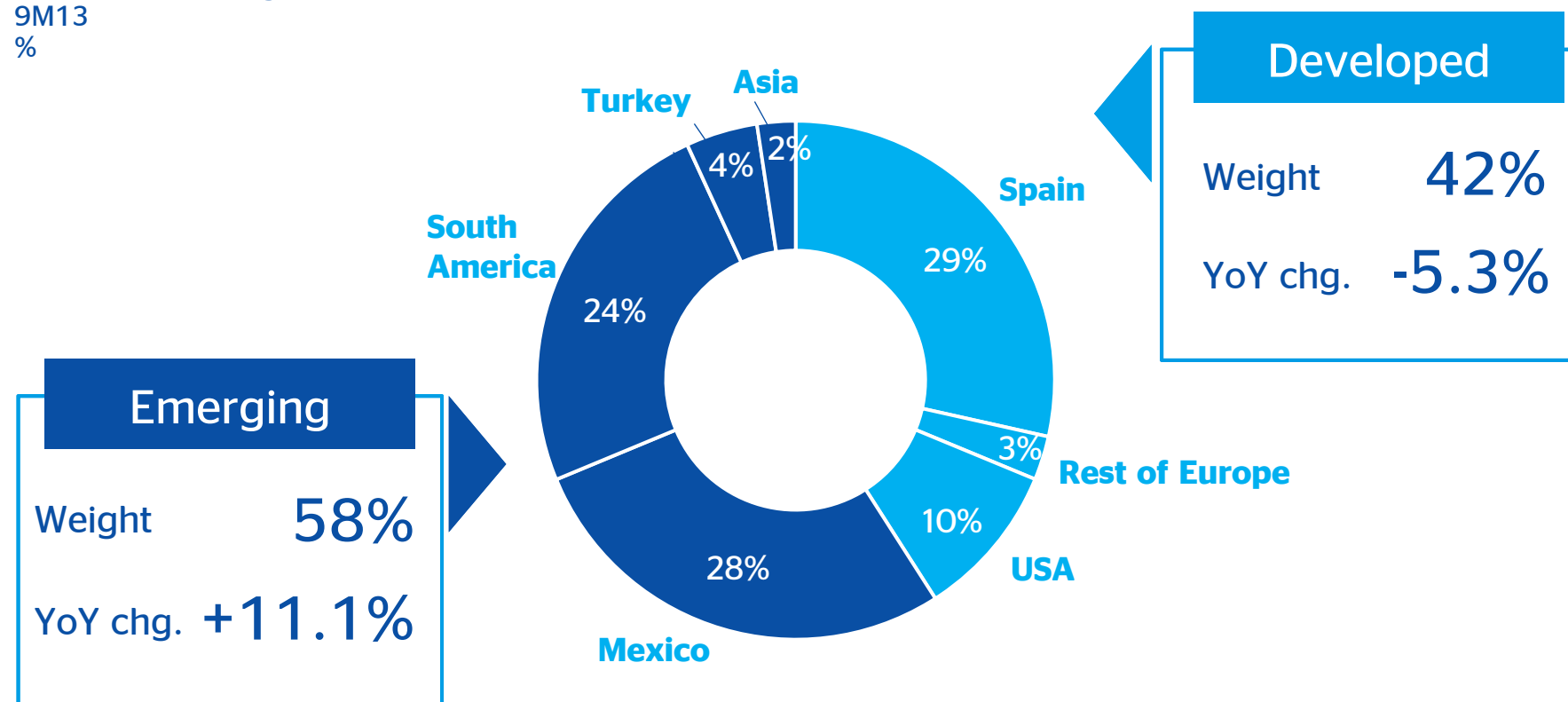
4 Conclusions

BBVA's Global Presence



A well-diversified revenue base

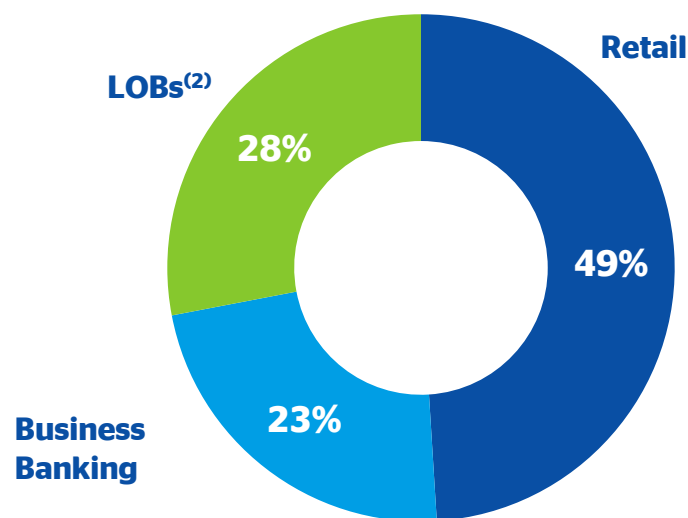
Breakdown of gross income
9M13
%



**Recovering developed markets
and resilient and high potential emerging markets**

With over 80%⁽¹⁾ of revenues coming from
Retail & Business Banking

Retail & Business Banking
Gross Income breakdown by type of business
(September 2013)



Creation of a Retail Banking business unit globally:

Innovation / Digital transformation

Connect Retail Business:
sharing knowledge

Develop high growth potential Lines
of Business (Consumer Finance,
Insurance, Asset Management and
Payment Systems)

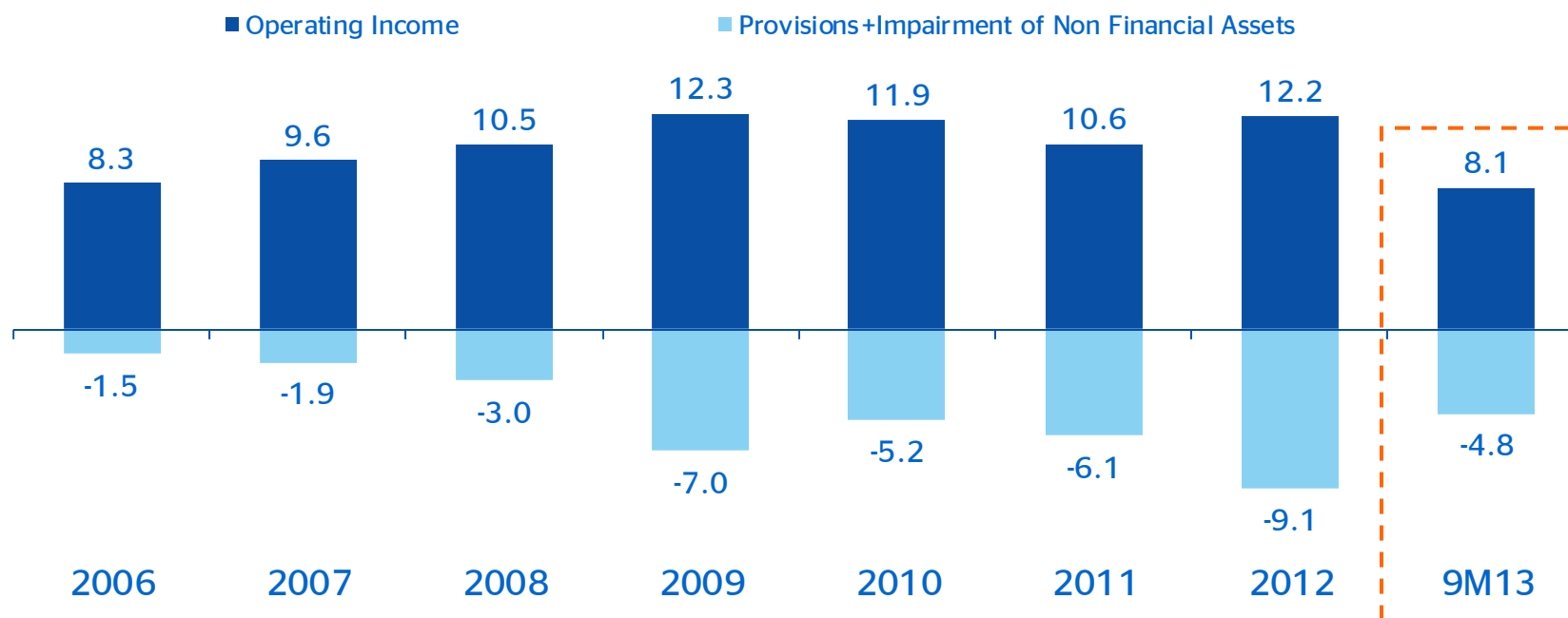
Management of South American
Banks

(1) Excluding Corporate Activities.

(2) LOBs (Lines Of Businesses) includes Consumer Finance, Payments Systems and factories of Insurance, and Asset Management.

High and resilient operating income, more than enough to absorb credit losses through the crisis

BBVA's Operating Income ⁽¹⁾ vs. Provisions and Impairment of non-financial assets
(€ Bn)

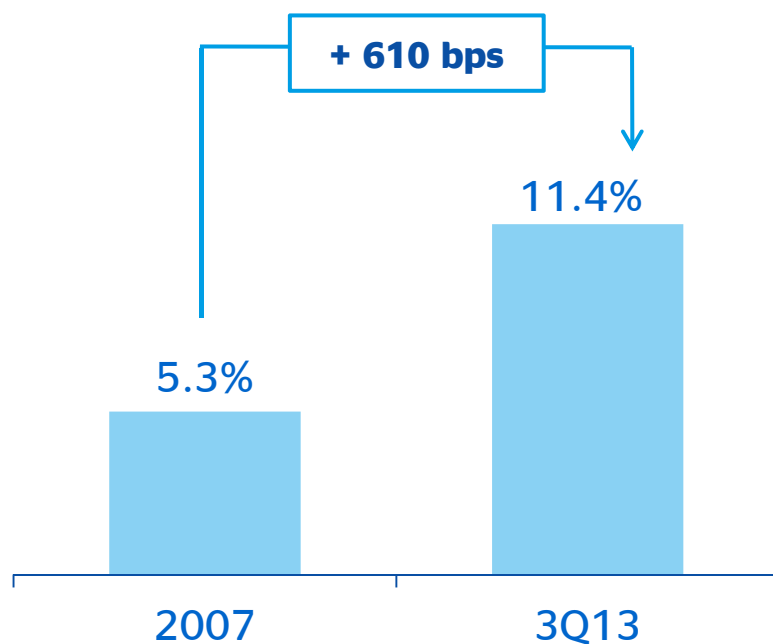


Provisions progressively normalizing from 2012's peak

(1) Including income from discontinued operations.

Strong track record of capital generation

Core capital ratio (BIS II)



And ...

BIS III fully loaded
(Sept.13)

Core Ratio: 8.4%

Leverage Ratio: 4.8%

CORE **€ 16Bn** → **x 2,3** → **€ 37,1Bn**

High quality capital with low leverage



BBVA

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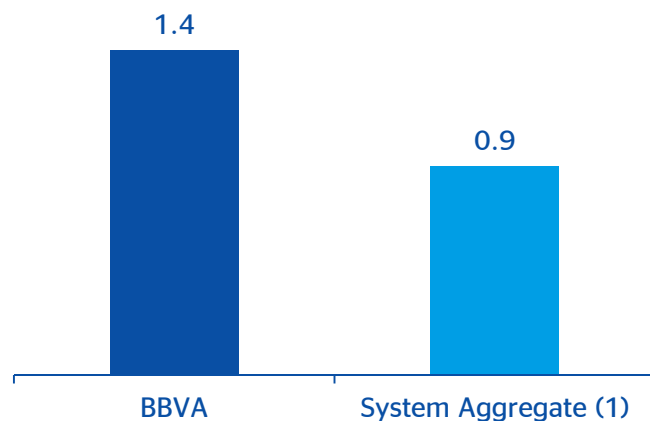
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BBVA Spain: The best franchise to take advantage of market opportunities

Efficient NETWORK

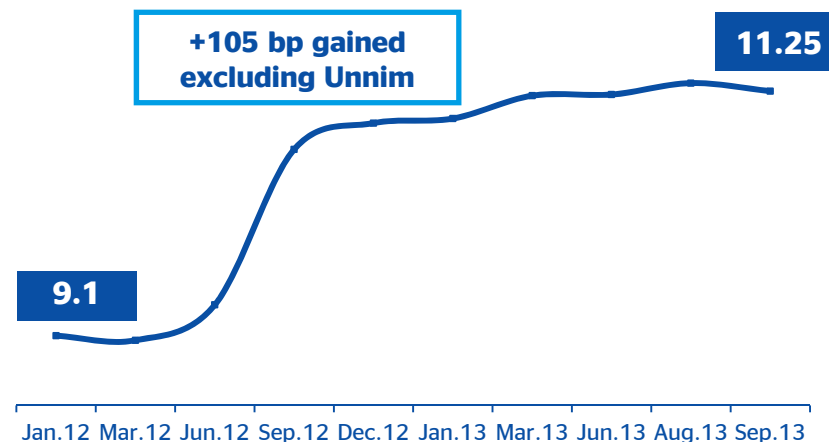
Operating income per branch
(€ Mn. June 2013)



No significant restructuring needs

Growing CUSTOMER base

BBVA's domestic retail deposits market share evolution ⁽²⁾
(%)



Focus on commercial activity

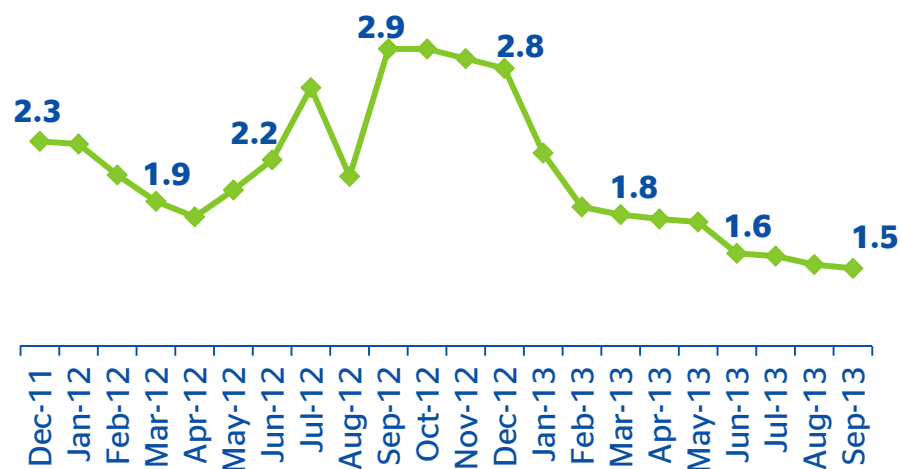
Opportunity: Greater market share of new business at better pricing as the economy improves

(1) Source: Bank of Spain.

(2) Domestic retail deposits include deposits from households and non-financial companies and promissory notes distributed through the retail network.

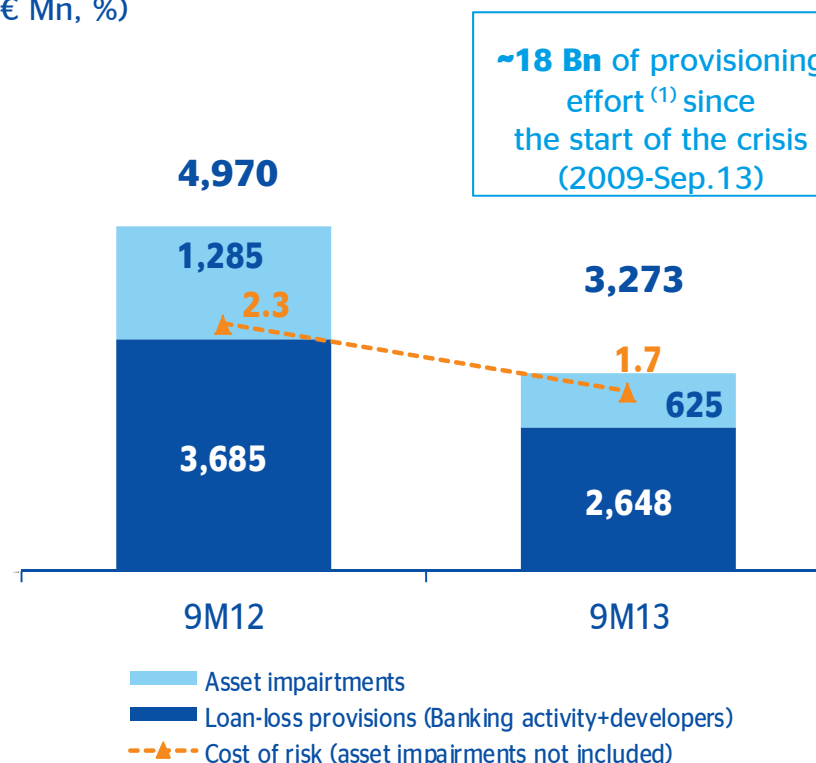
BBVA Spain: Cost of deposits and risk premium reduction as main P&L drivers in the short term

Cost of time deposits and promissory notes new production (%)



Deposits amounting to €20 Bn will be rolled over in 4Q13 (2.8% average cost)

Evolution of total provisions and RE assets impairments and risk premium (€ Mn, %)

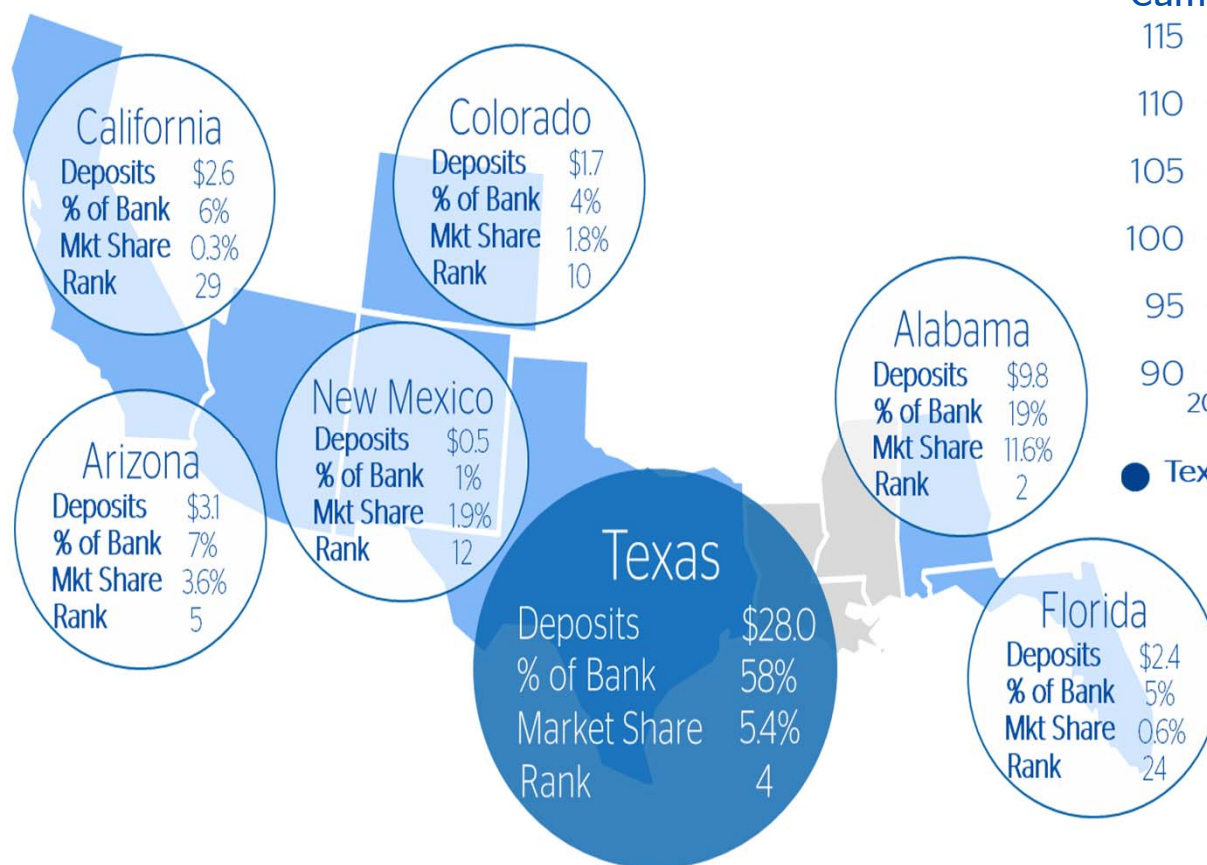


Risk premium progressively normalizing to reach levels <1% in 2015

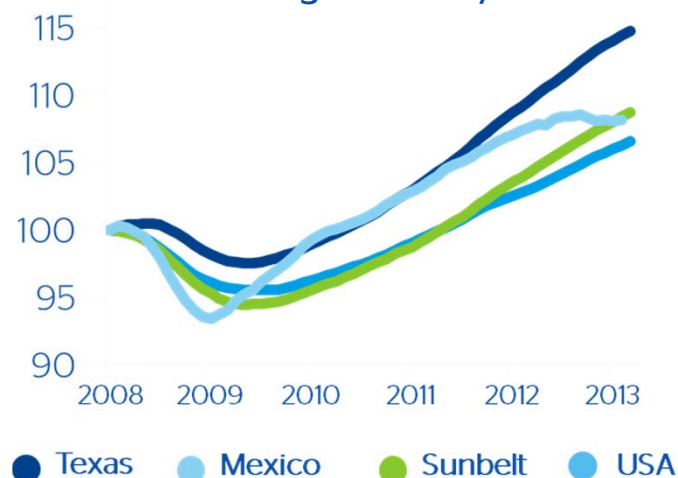
(1) Including RE assets impairments.

BBVA

BBVA Compass: A leading franchise in the Sunbelt with a strong presence in Texas



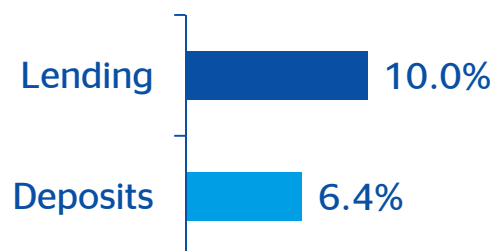
Monthly Activity Index
Cumulative change. January 2008=100



USA: Activity remains solid and profitability should increase with interest rates

Solid business activity

YoY change, average balances, Sept 2013
constant euros ⁽¹⁾



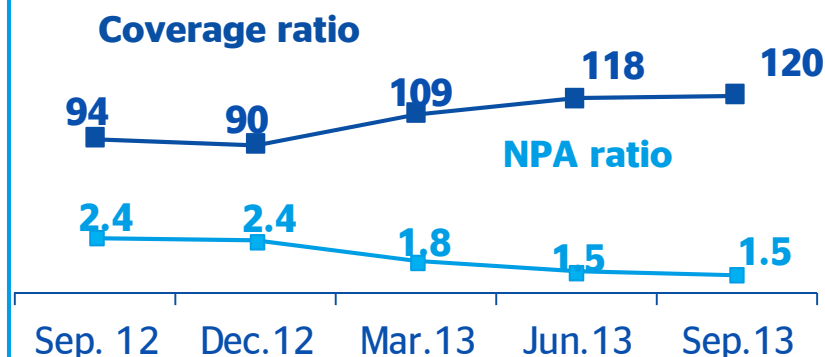
Cost Control

Despite the strong technological effort, expenses remain contained

-2%

(9months to September 2013)

Superior Credit Quality

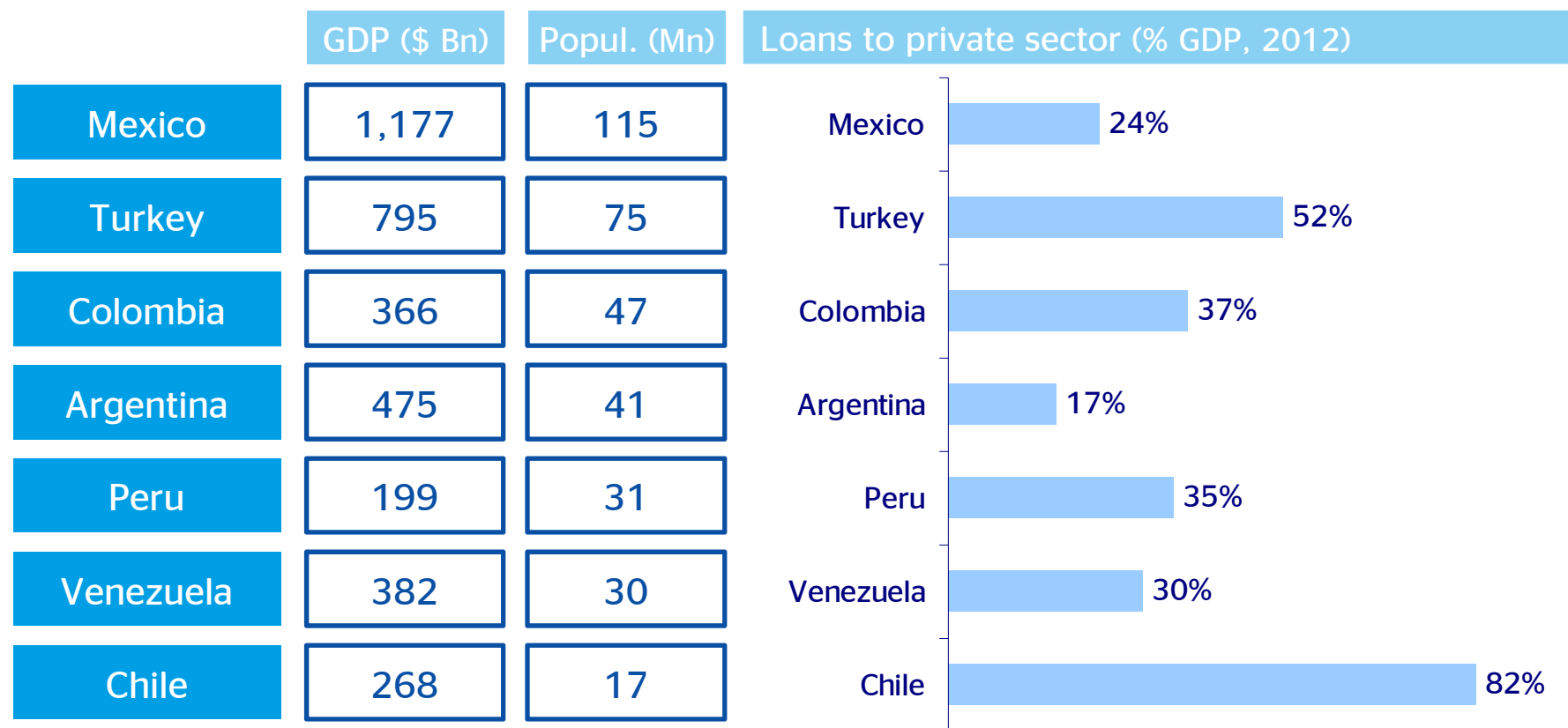


High Interest Rate Sensitivity

Negatively impacting profitability in the short-term

(1) BBVA Compass in local figures.

Significant EM growth potential: critical mass, favorable demographics and low penetration



Over 54 million new inhabitants in the next 15 years
in the emerging markets where BBVA is present



A leading bank in Mexico, South America and Turkey

BBVA Bancomer (Mexico)

24% (1st) 23% (1st)

BBVA Provincial (Venezuela)

13% (3rd) 12% (3rd)

BBVA Colombia

10% (4th) 11% (4th)

BBVA Continental (Peru)

23% (2nd) 21% (2nd)

BBVA Francés (Argentina)

8% (4th) 7% (3rd)

BBVA Chile

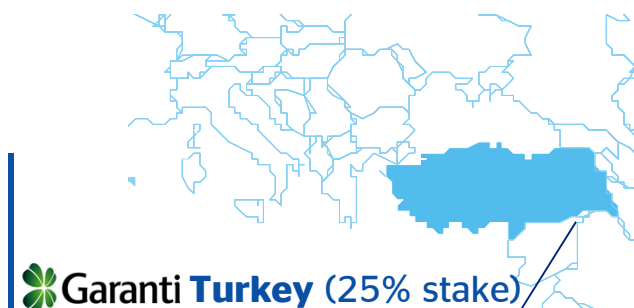
7% (5th) 6% (5th)

BBVA Paraguay

12% (4th) 11% (4th)

BBVA Uruguay

19% (2nd) 18% (3rd)



13% (2nd) 12% (2nd)

Loans Deposits
Market Share (#ranking)

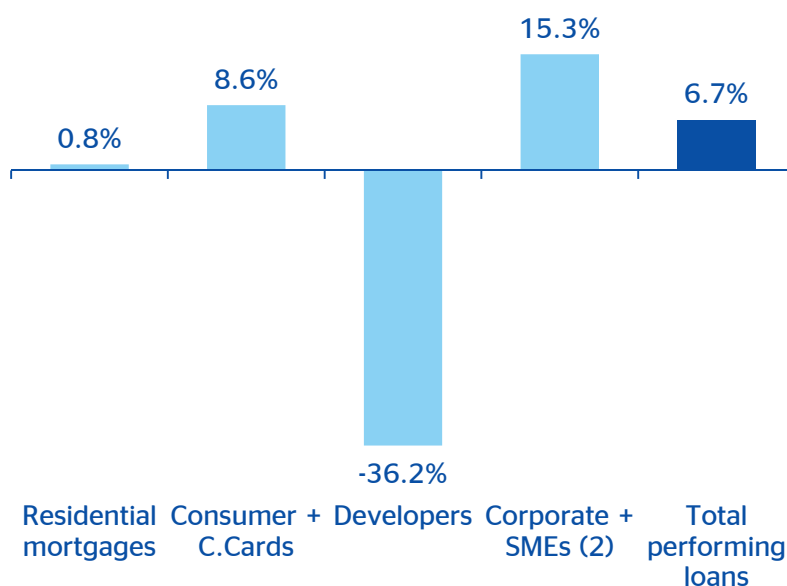
**South America:
10% market share in
loans and deposits (1st)**

Loans and deposits share data: Mexico as of June, 2013 (Source: CNBV). South America as of August, 2013 (Source: Banks's local Superintendencies). Garanti as of June, 2013 (performing loans and total customer deposits) based on BRSA bank-only data. South America regional ranking, constructed considering only the 4-5 main players in each country. Data as of August, 2013.

Mexico: Prioritizing profitability vs. market share, in a historically low interest rate environment

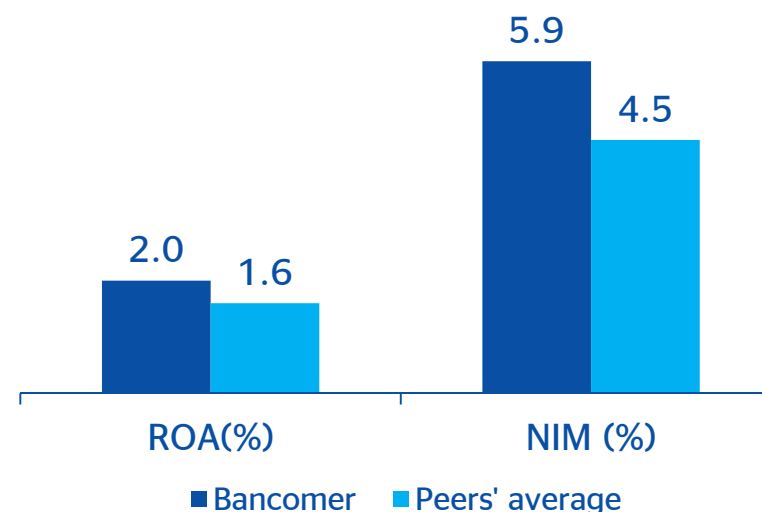
Active management of asset mix

Bancomer's loan growth per segment ⁽¹⁾
(Y-o-Y, September 2013)



Leader in profitability

ROA and NIM ⁽³⁾
Bancomer vs. Peers' average
(June 2013)



A track record of anticipation, pulling back of increasingly risky segments like credit cards in 2006/07 and developers since 2010

(1) Based on internal data (consolidated figures). (2) Excluding Public Sector. (3) Data according to local accounting. Consolidated financial groups. Peers include: Banamex, Banorte, HSBC and Santander.

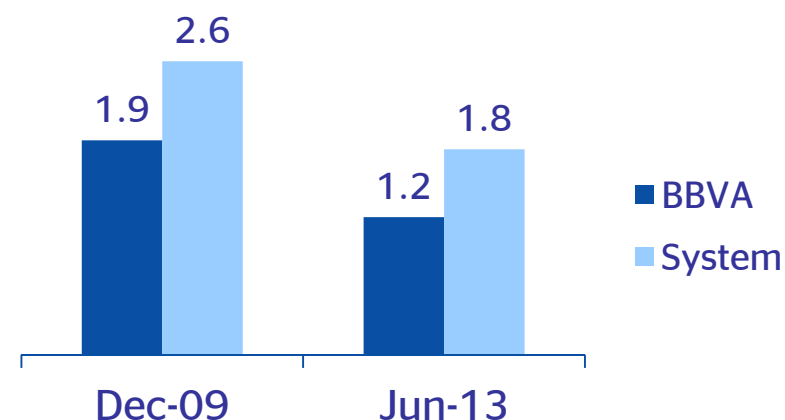
South America: Well-diversified footprint within the region

Normalized growth at a high and sustainable level

	2010-2012 CAGR ⁽¹⁾	Sept. 2013 y-o-y
Performing Loans	+25%	+17%
Customer Deposits	+23%	+27%

Solid credit quality indicators

NPA ratio ⁽²⁾
(%)



**BBVA's business in South America offers strong profitability ⁽³⁾:
2.3% ROA and 5.9% NIM**

(1) South America (only banks), based on average balances, constant €. (2) Data according to local accounting. (3) Consolidated data, as of September, 2013. Annualized Net Income (for ROA) and annualized Net Interest Income (for NIM) over Average Total Assets.

Major investment plans in Latin America to capture the region's high growth potential

\$ 6 Bn (2013-16)	Technology	Infrastructure
Mexico \$3.5 Bn	\$1.5 Bn	\$2 Bn⁽¹⁾
S. America \$2.5 Bn	\$1 Bn	\$1.5 Bn

Investing for the future

- **BBVA wants to be # 1 in client satisfaction**
- **Full implementation of the omnichannel distribution model**
- **BBVA aims at leading digital banking in the region**

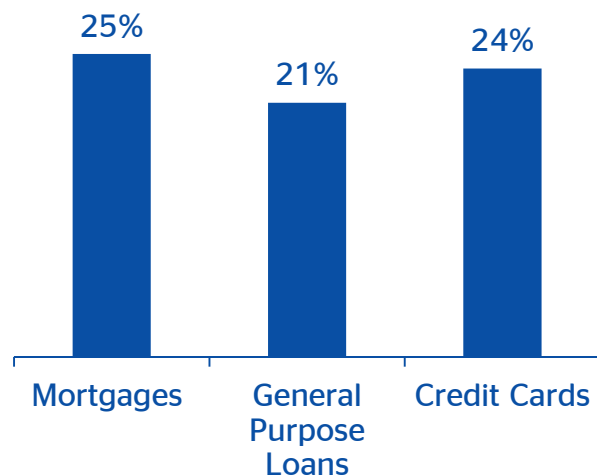
Despite the investment effort,
BBVA maintains leadership positions in efficiency

(1) Including €0.7 Bn investment in corporate buildings.

Garanti: A well-managed bank in a challenging environment

Selective lending growth focused on high profitable retail products

Lending Growth YTD
(Dec.12- Sep.13)



Strong and sustainable revenues generation capacity

Active spread management

Loan repricing strategy to offset the increase in deposit costs

Securities portfolio

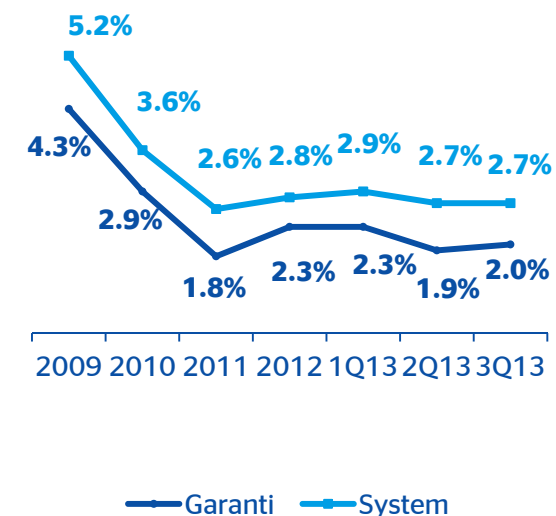
Strategically managed to serve as a hedge for volatility

Net fees and commissions

- Diversified fee sources
- # 1 bank in fees generation

Sound asset quality, better than peers

NPL Ratio Evolution (%)



A high potential market for BBVA



BBVA

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1 BBVA structural strengths

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4 Conclusions

In retail banking, the rules of the game have changed



New customer expectations

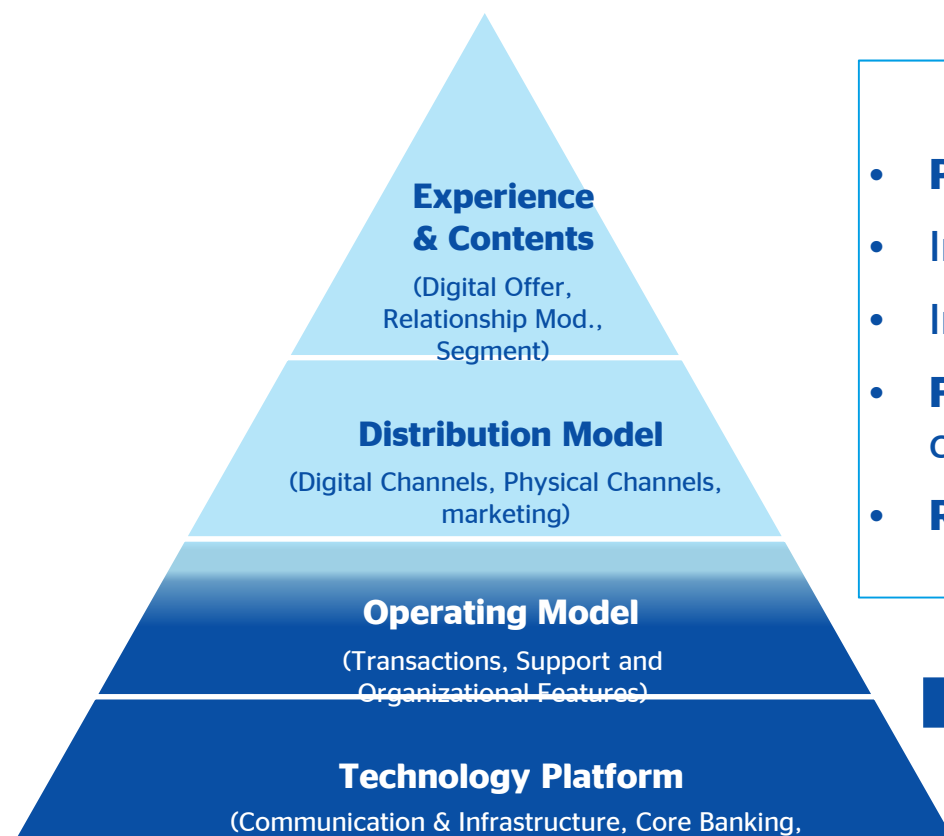
Digitalization

More productive and efficient operations



Banks unable to adapt fast enough will lose competitiveness and customer's loyalty

BBVA's 2007 Transformation Plan: technology as a key sustainable competitive advantage



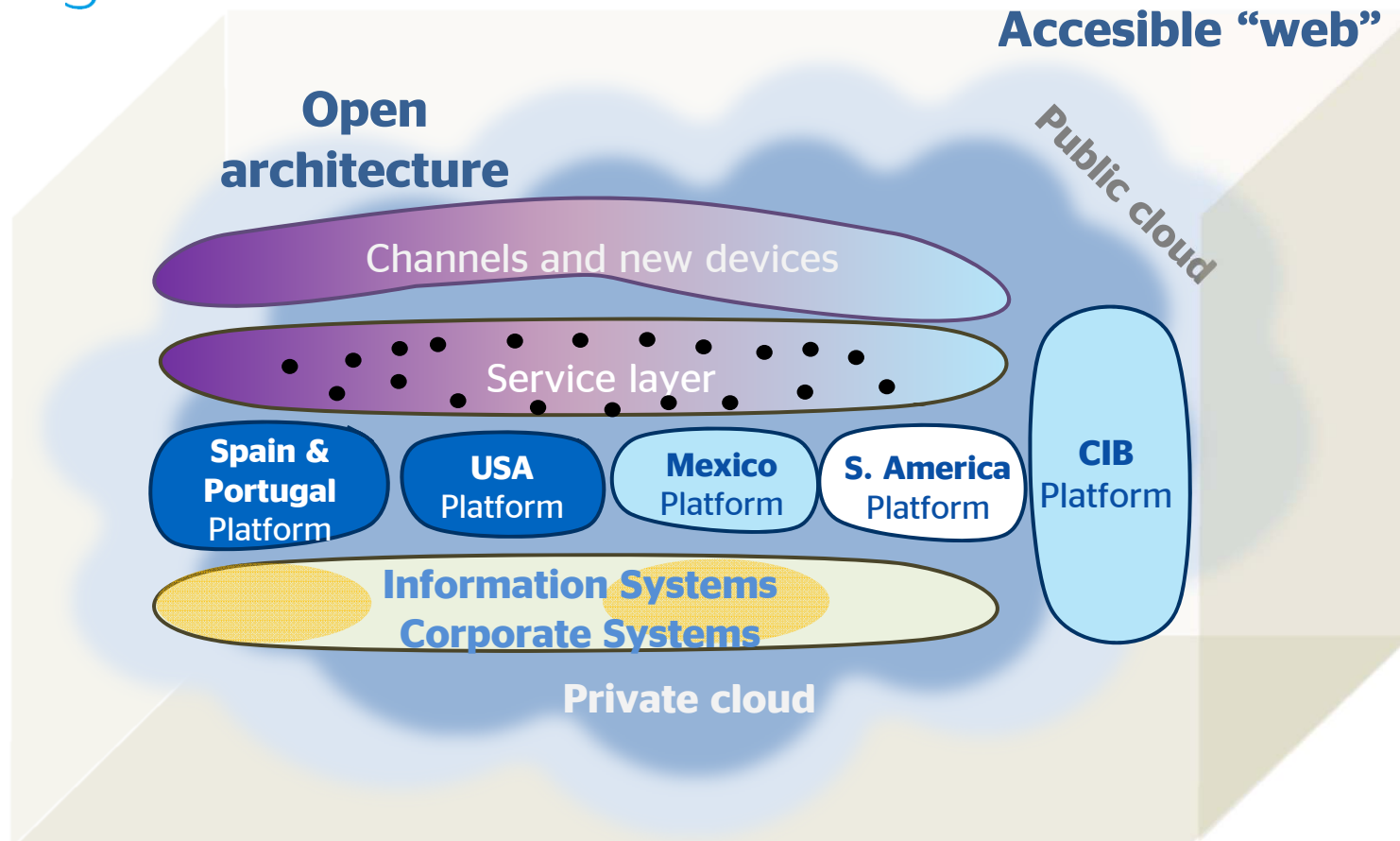
GOALS

- **Provide the best customer experience**
- Increase **revenues from digital channels**
- Improve **network productivity**
- **Flexible operative model** and efficient cost structure
- **Real-time customer-centric platform**



A multiyear effort that requires **major IT investments** and **process re-engineering**

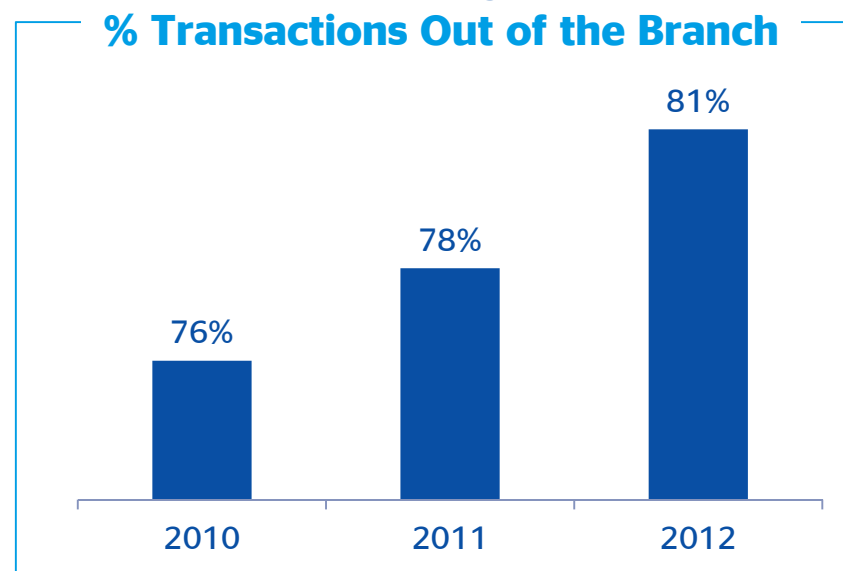
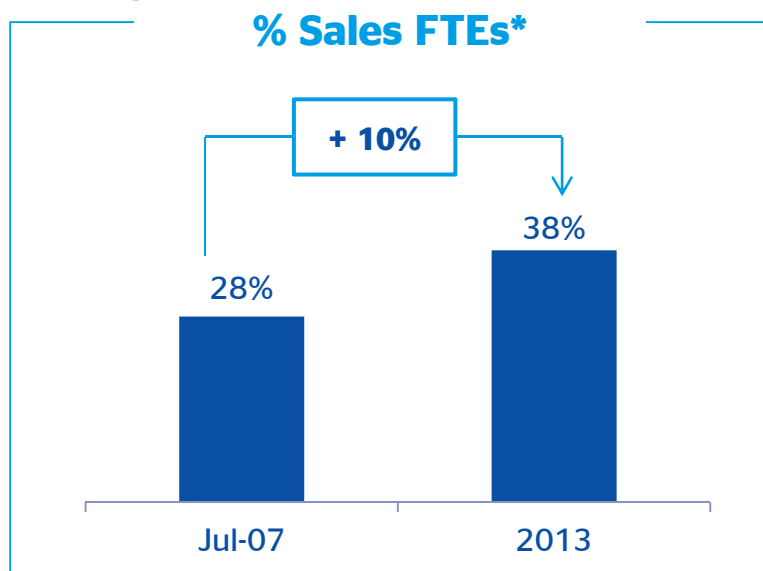
Our IT Platform is ready to face the challenges of the digital transformation



Flexible, modular, scalable, homogeneous across the Group, but adaptable to each countries' needs and specifications

A sales-oriented Operating Model and efficient cost structure ...

- **Lean organizational structures**
- More **collaborative ways of working**, sharing knowledge and best practices. First top company to adopt gmail and google apps
- **Digitalization** of the company with intensive use of technology



... enabling sales forces to focus on higher value activities

Distribution Model: Omnichannel experience



- Same **product offering** anytime, anywhere
- **Launching local commercial solutions**
- **Personalized** and **consistent customer experience (the brand)**
- **Seamless journey between channels**
- **Digital marketing:** 10 million online views

**Digital offer &
full channel choice**

**Behavioral segmentation &
relationship models**

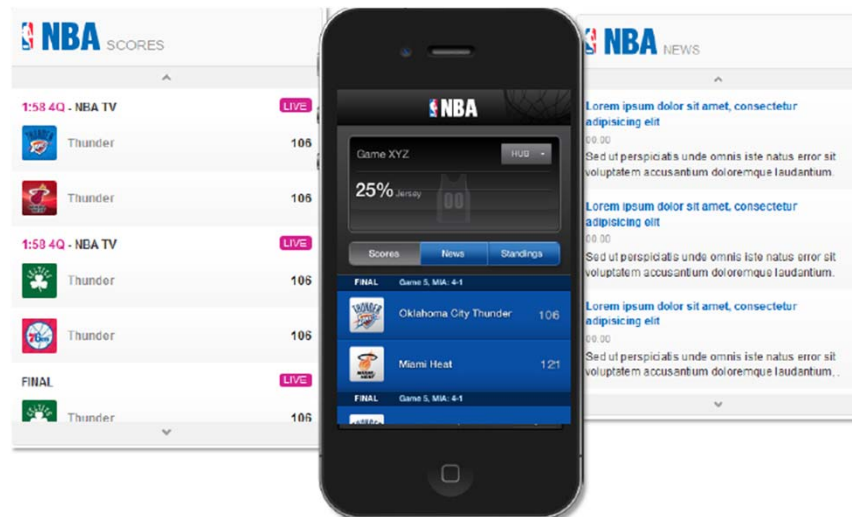
**Global Omnichannel
campaign**

Our goal is to offer the best customer experience

Focus on web & mobile



- New webs launched in Spain, Mexico and USA
- Smartphone apps available in all countries
- New user experience



2016 GOALS

15 million “digital” clients globally

- **Web clients x2**
- **Mobile phone clients x4**

Ambition to lead the new digital banking model

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What makes BBVA unique? Conclusions

- 1 A **well-diversified** business mix, **biased towards emerging markets with high growth potential**
- 2 In Spain **provisions are progressively normalizing**, as the cycle changes
- 3 **Very strong capital position** under the new BIS III requirements
- 4 Good progress towards **becoming a digital bank**, an advantage that will become increasingly relevant



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

A unique global value proposition

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