BBVA

BBVA Spain in the new growth cycle

Cristina de Parias, Head of Spain and Portugal

SG Premium Review Conference
December 4th, 2014

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.

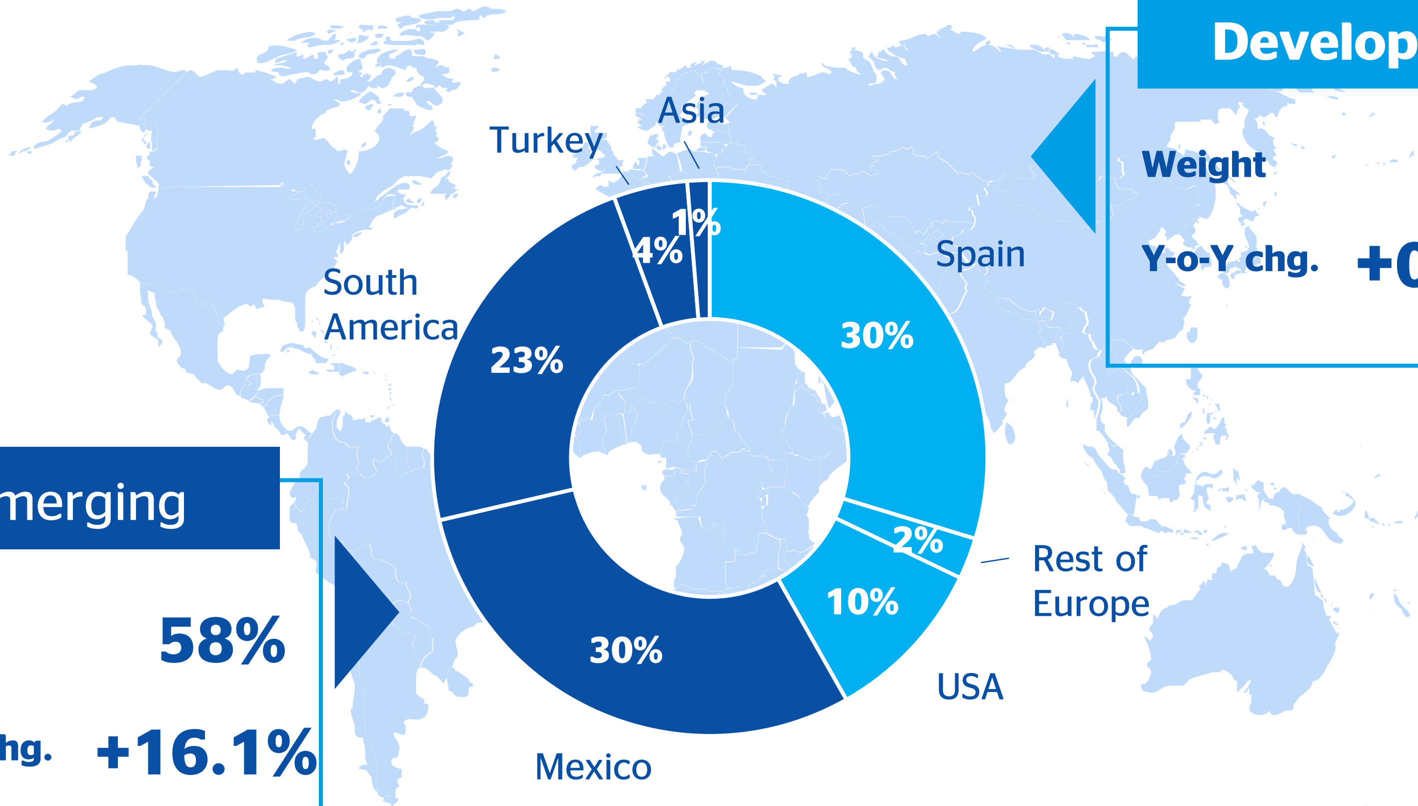
Distribution of this document in other jurisdictions may be prohibited, and recipients into whose possession this document comes shall be solely responsible for informing themselves about, and observing any such restrictions. By accepting this document you agree to be bound by the foregoing Restrictions.

BBVA

Contents

BBVA, an international retail bank with an attractive geographical footprint

Breakdown of gross income[1]
9M14
(%)



Developed

Weight **42%**

Y-o-Y chg. **+0.6%**

Emerging

Weight **58%**

Y-o-Y chg. **+16.1%**

(1) Excluding Corporate Activities.
NOTE: YoY change in constant €.

BBVA

Positive P&L dynamics

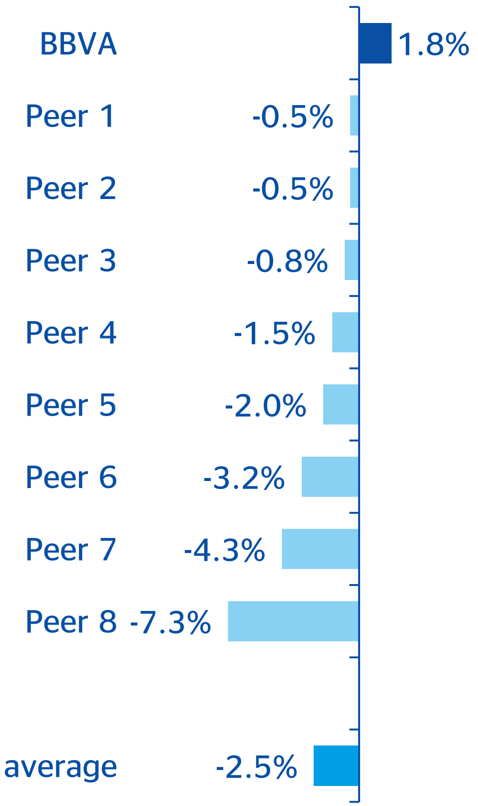
Core revenues [1] at record levels	**€ 14 Bn** in 9M14 (+11.4% vs 9M13)
Regionally-adapted **cost strategy**	**Cost Control (Developed): -3.5%** vs 9M13 **Investment (Emerging): +14.1%** vs 9M13
Improving operating jaws	**Gross Income: +6.6%** vs 9M13 **Operating Expenses: +4.1%** vs 9M13
Reduction in loan-loss and RE **provisions**	**€ 1.2 Bn** 2014 quarterly average vs **€ 2.4 Bn** in 2012
Strong improvement of **recurring profit** [2]	**€ 2.3 Bn** in 9M14 (2x 9M13)

NOTE: YoY change in constant €.
(1) NII + fees and commissions. (2) Net income from ongoing operations.

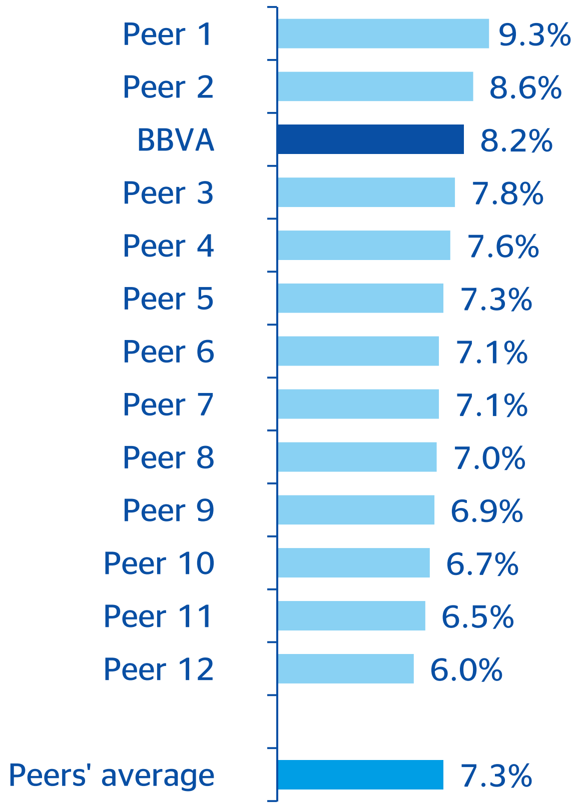
BBVA

Strong fundamentals confirmed by the Comprehensive Assessment

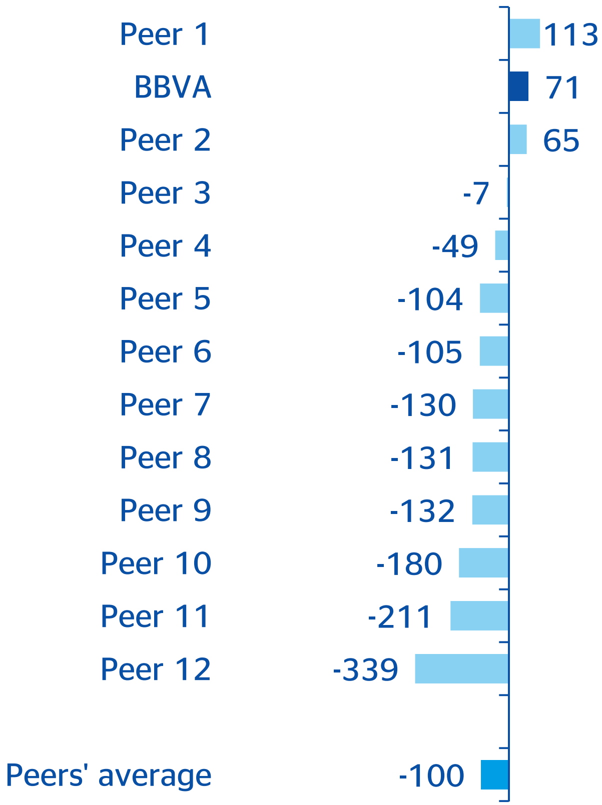
Excess NPA coverage in the analyzed portfolios in the AQR
(%)



CET1 fully-loaded 2016
Adverse scenario (%)



Earnings generation
Cumulative figure 2014-2016
Adverse scenario (bps)



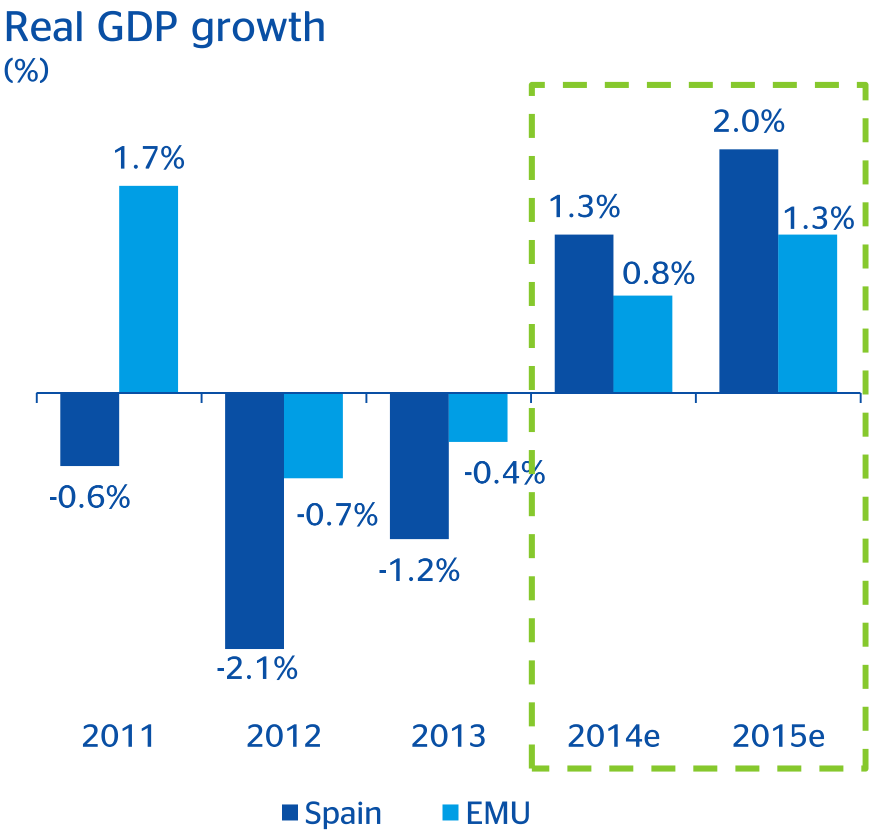
Peers included: BARC, BNPP, CASA, CMZ, DB, HSBC, ISP, LBG, RBS, SAN, SG and UCI (UK banks not included in the AQR exercise).
Source: EBA and ECB.

BBVA

Contents

BBVA

Spain is growing faster than the EMU



Strong export growth to continue (>5% 2015), but net exports flattening as imports grow

Investment in machinery and equipment continues to grow (>6% in 2014 and 2015)

A more expansionary monetary policy

A fiscal reform that will **boost domestic demand** (0.2 pp additional contribution)

Recovery in internal demand is the determining factor for new loan production growth

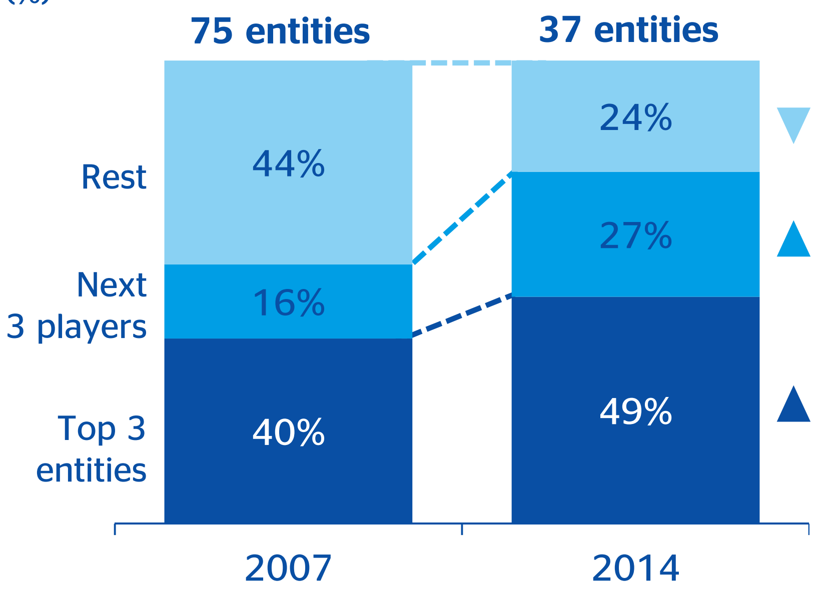
Source: BBVA Research.

BBVA

The restructuring of the Spanish banking system has been accomplished

A more concentrated industry[1]

Market share by total assets
(%)

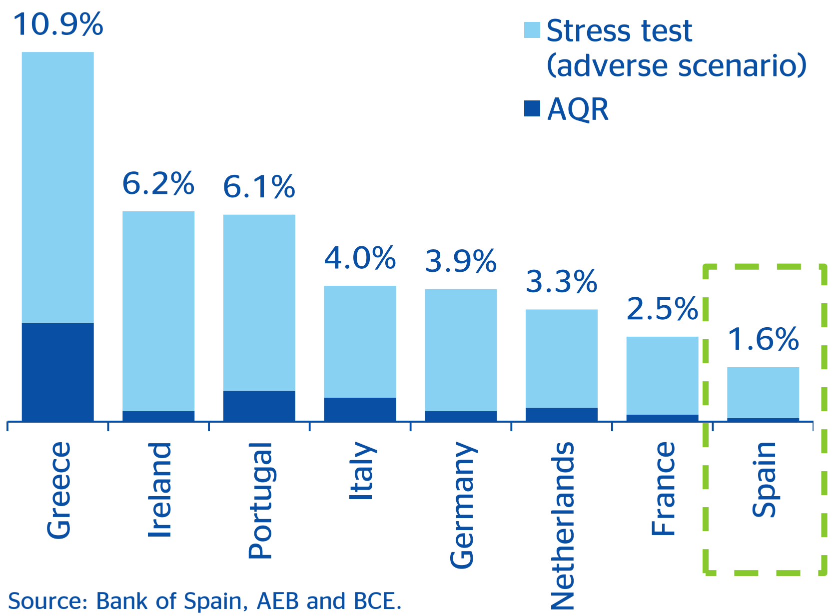


Source: AEB /CECA. Data as of March, 2014. BBVA's market share in 2014 includes Catalunya Banc (expected closing 1Q15).

(1) Top 3: BBVA, SAN and Caixabanc. Next 3 players: Bankia, POP and SAB.

Well-capitalized and cleaned-up institutions

Negative impact on CET1 ratios from the AQR and stress test under the adverse scenario
(%)

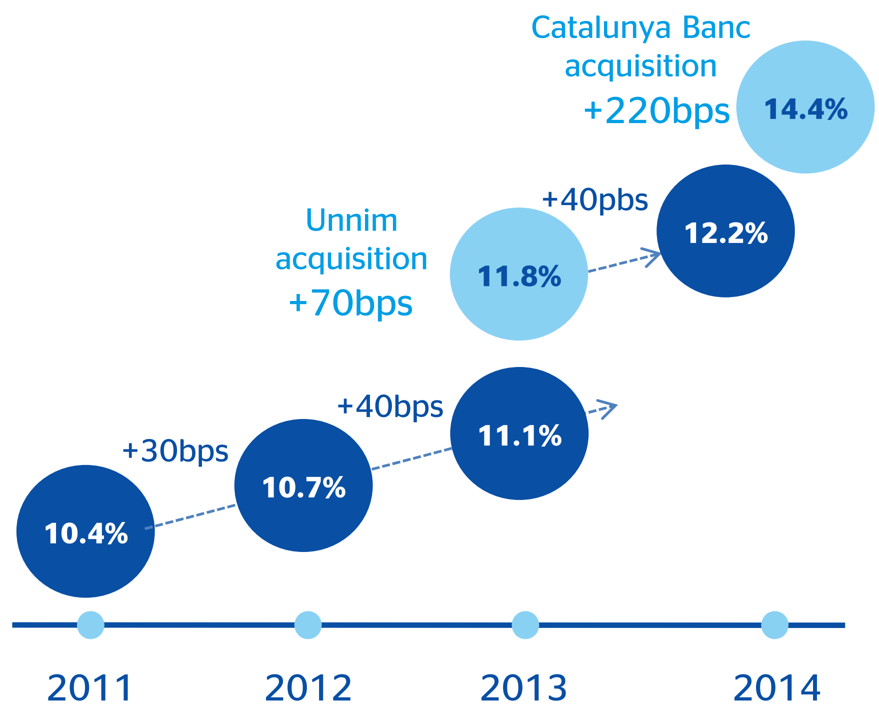


Source: Bank of Spain, AEB and BCE.

A more rational competition with a common focus on profitability

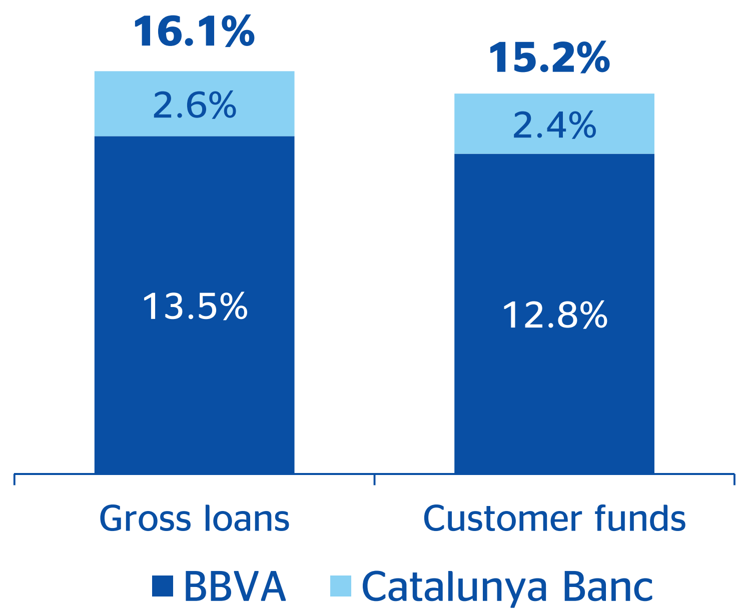
BBVA has gained market share organically and through acquisitions

Retail customer market share



Source: FRS Inmark (first supplier market share).

Current market share



Source: Gross loans and customer funds (deposits and mutual and pension funds) market share data from BoS as of Dec.13. Catalunya Banc gross loans pro-forma after the sale of the mortgage portfolio to Blackstone.

To be profitable in this environment, banks need higher market share

BBVA

Catalunya Banc: a profitable and low risk acquisition

Key transaction terms

- ✓ Acquisition of a **cleaned-up institution** with a **strong customer franchise**
- ✓ Doubling market share in Catalonia (to 26.1% in terms of customers[1]) and improving market share in Spain
- ✓ **Attractive returns with manageable capital impacts**:
  - € 300 Mn average annual contribution to net attributable profit from 2018 (15% ROIC)
  - Capital impact of 55 bps (BIS 3 phased-in)

Catalunya Banc key data

Data as of December, 2013		BBVA's market share in Catalonia post acquisition[3]
Gross Loans[2]	**€ 28.2 Bn**	**24.4%**
Customer Deposits	**€ 25.6 Bn**	**22.8%[4]**
Branches	**773 branches** 94% in Catalonia	**27.2%**

(2) Gross loans exclude the € 6.4 Bn mortgage portfolio sold to Blackstone.
(3) Pro-forma market share as of Dec.13. Source: Bank of Spain.
(4) Customer funds market share.

Gaining 1.5 million customers at the turning point of the cycle

(1) Customer market share according to FRS Inmark.

BBVA Spain: key management priorities

1 **Profitable Growth**

2 **Risk Management**

3 **Digital Transformation**

+ Engaged Customers

+ Customer Experience

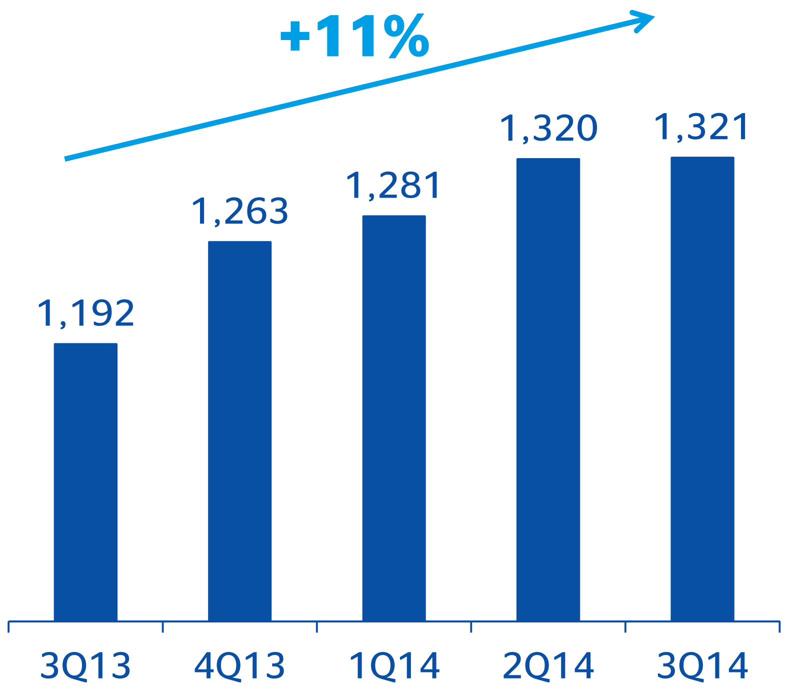
+ Efficiency

BBVA

Core revenues growth

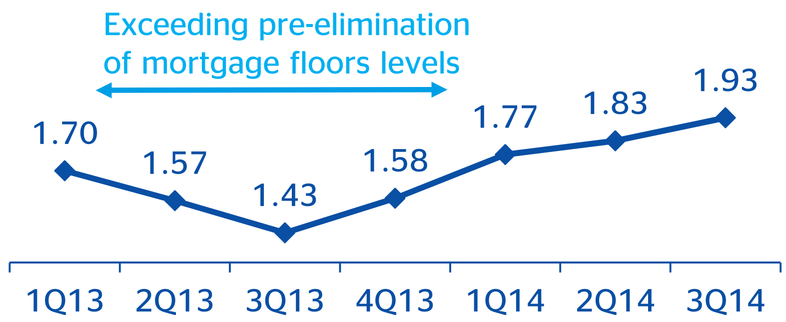
Core revenues evolution

Net Interest Income + Net Fees and Commissions
(€ Mn)

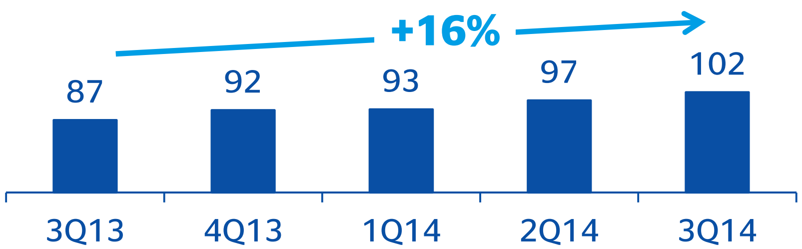


Towards a more profitable Balance Sheet

Customer spread evolution
(Banking activity ex-Global Markets, %)



Net Fees and Commissions from Funds[1]
(€ Mn)

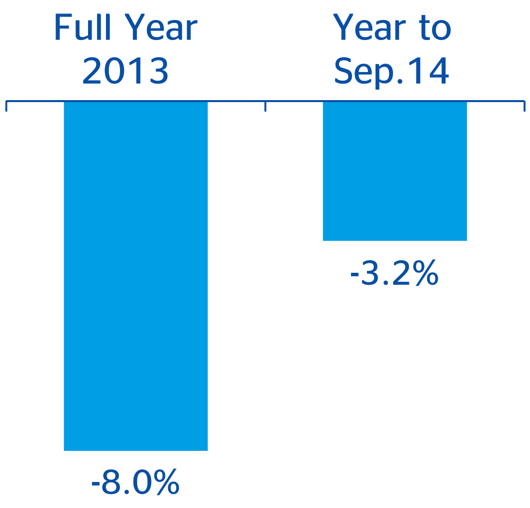


(1) Mutual and pension funds.

Signs of recovery in new loan production

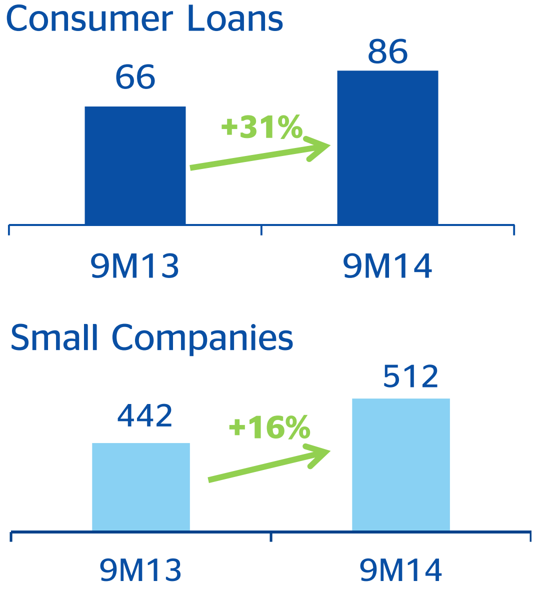
Deleveraging is slowing down

Total gross loans in Spain
(Banking activity + RE)



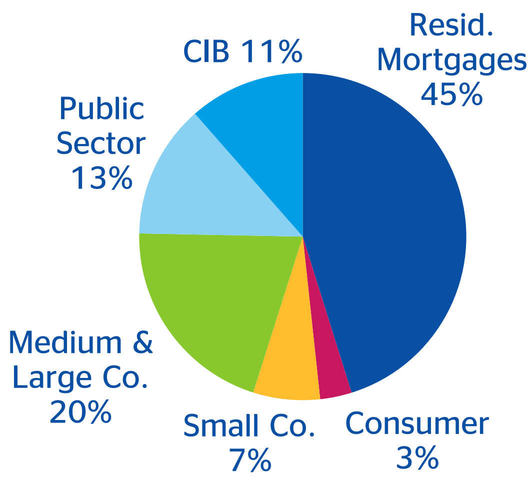
Significant growth of new loan production

New loan production
(Monthly average, €Mn)



Outlook dependent on our loan book mix

BBVA Spain Banking Activity
(Loans under management, %)

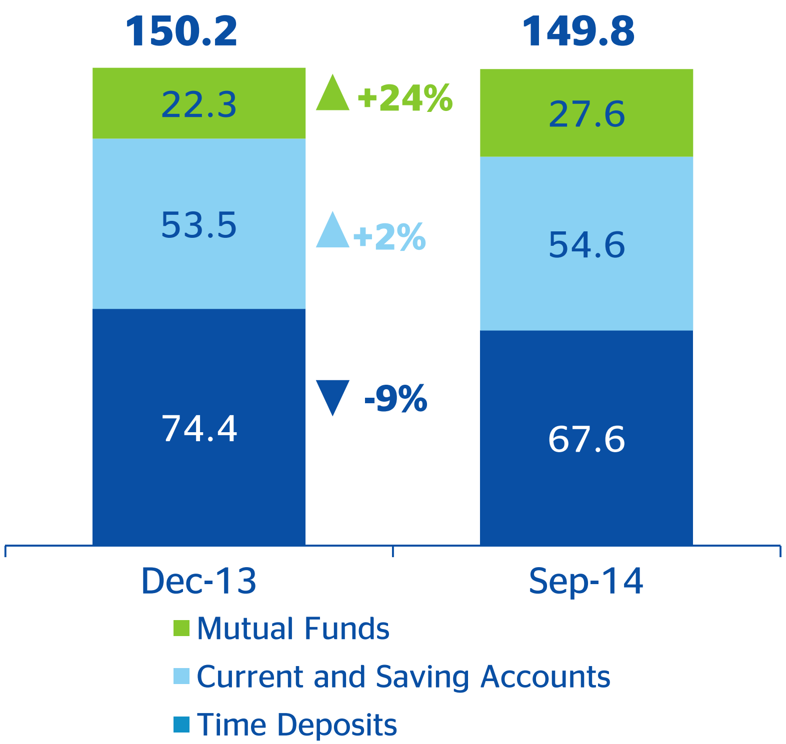


BBVA loan balances to remain flattish in 2015 and growing in 2016

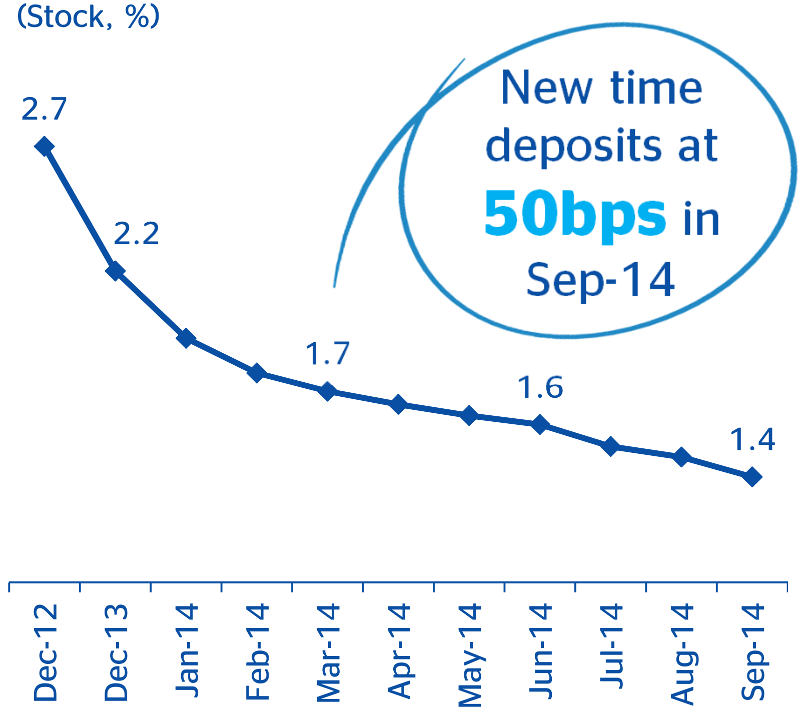
BBVA

The reduction in the cost of deposits will continue to be the main driver of the customer spread

Customer funds evolution
(€ Bn)



Cost of time deposits and promissory notes
(Stock, %)



A more profitable mix

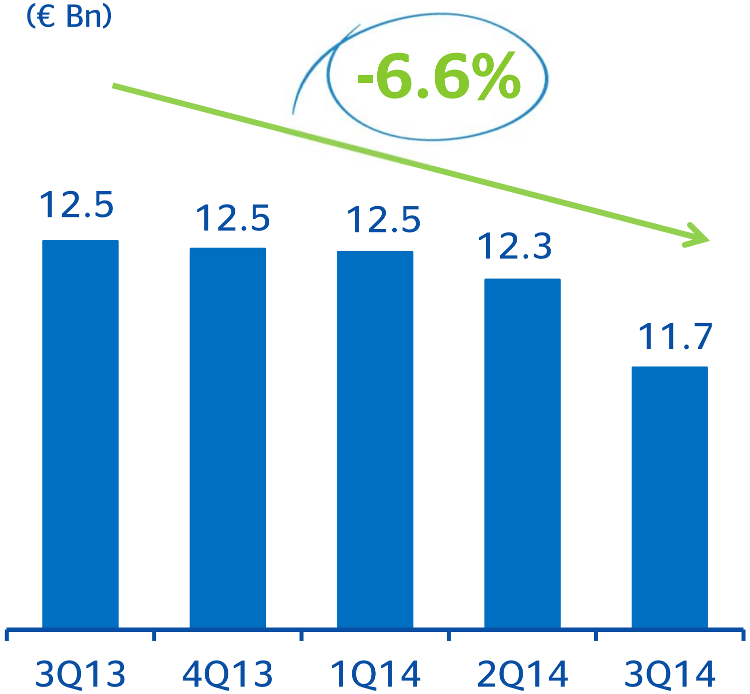
Positive trend to continue in 2015

BBVA

Risk indicators continue to evolve favorably

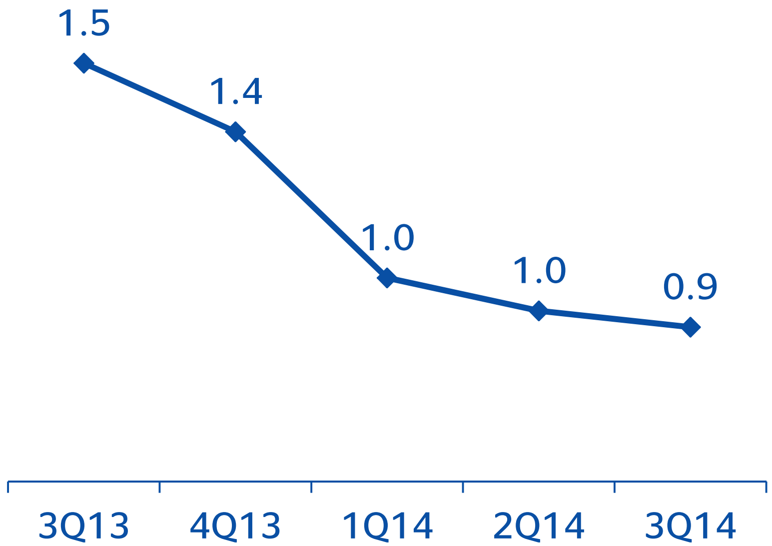
NPAs

Banking Activity in Spain
(€ Bn)



Cost of risk

Banking Activity in Spain
(Cumulative, %)

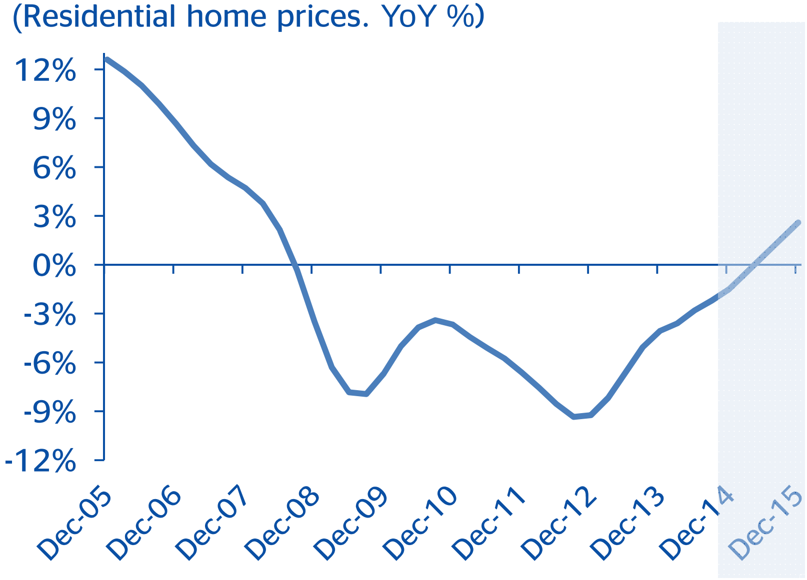


Cost of risk normalization on track

Turnaround of the Spanish Real Estate market

Prices have bottomed-out

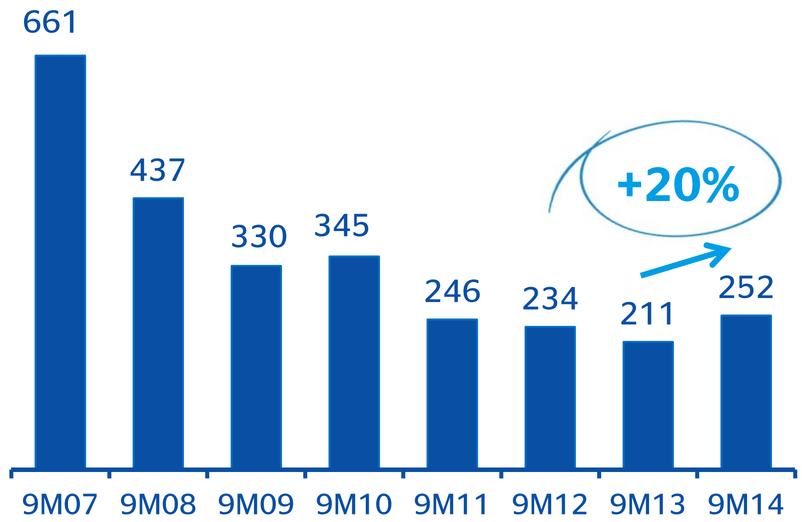
Price evolution
(Residential home prices. YoY %)



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

Demand growing in 2014, from very low levels

Transactions of residential homes
Cumulative transactions to September
(Thousand units)

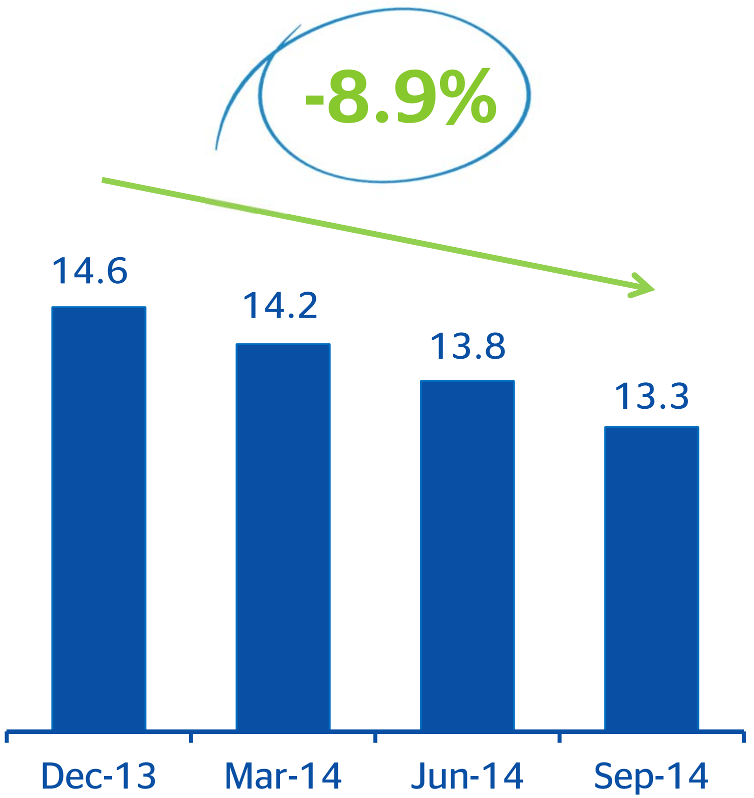


Source: BBVA and Public Notary data.

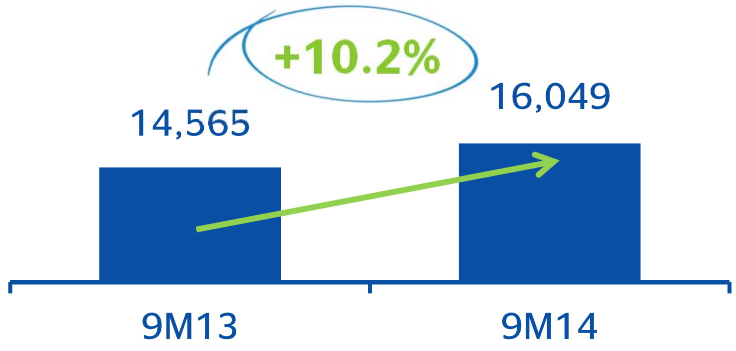
Reduction of unsold stock thanks to a recovery of demand in the absence of new home building

Decreasing exposure to Real Estate

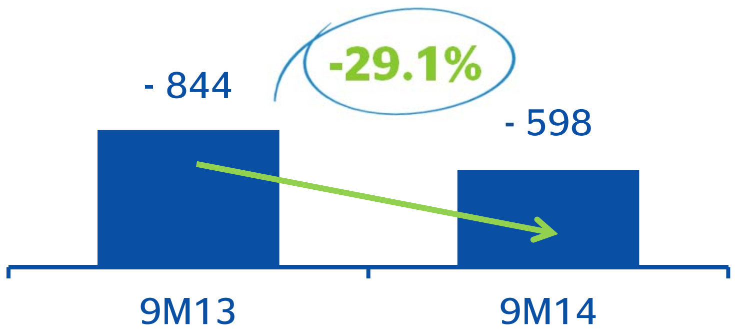
Net exposure[1]
(€ Bn)



RE foreclosed assets sales[2]
(Units)



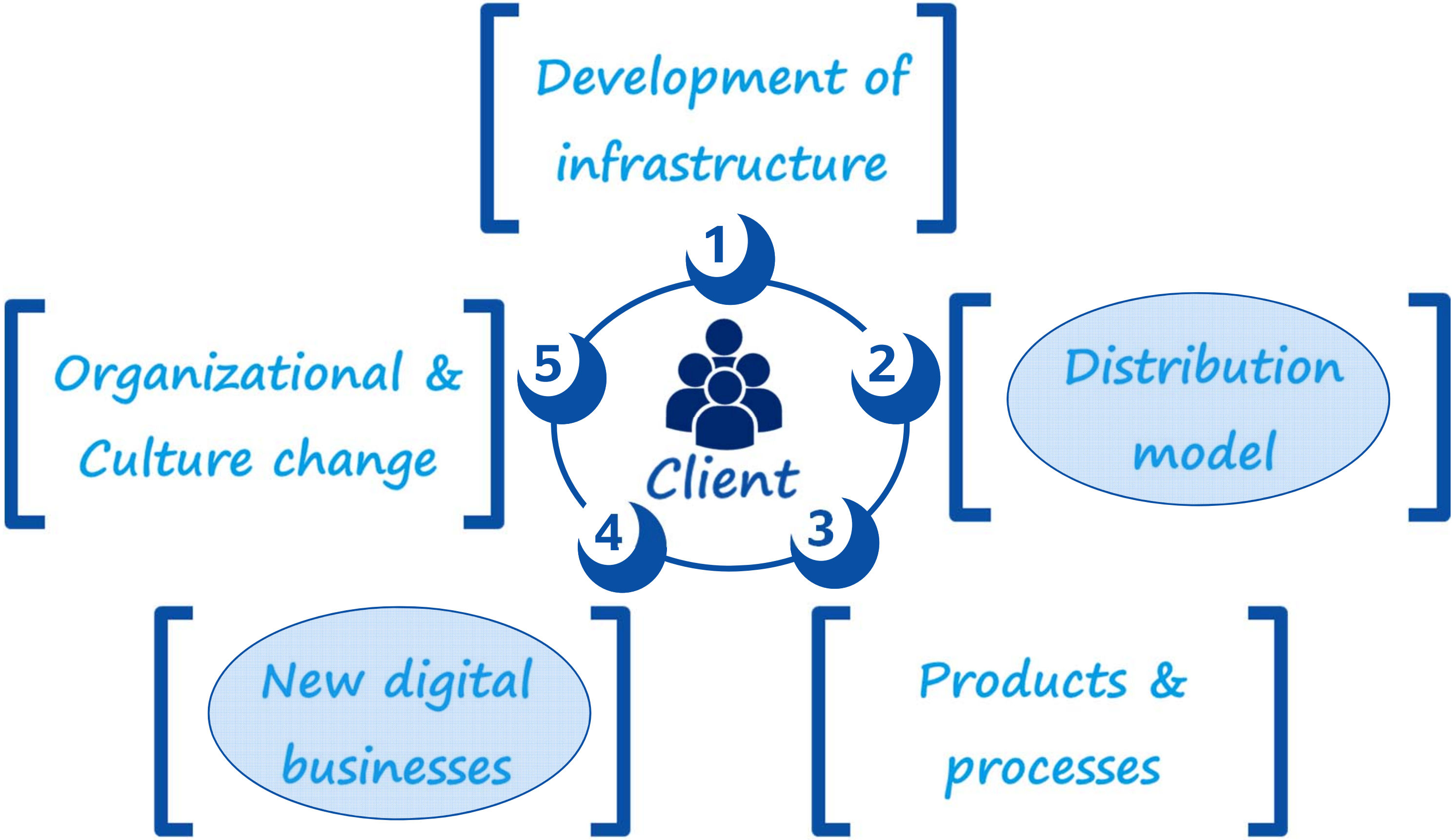
RE Net attributable profit
(€ Mn)



(1) Net exposure according to Bank of Spain's "RE transparency scope" (Circular 5-2011). Includes RE developer loans and RE foreclosed assets.
(2) Sales volume includes also the sales of units owned by developers.

BBVA

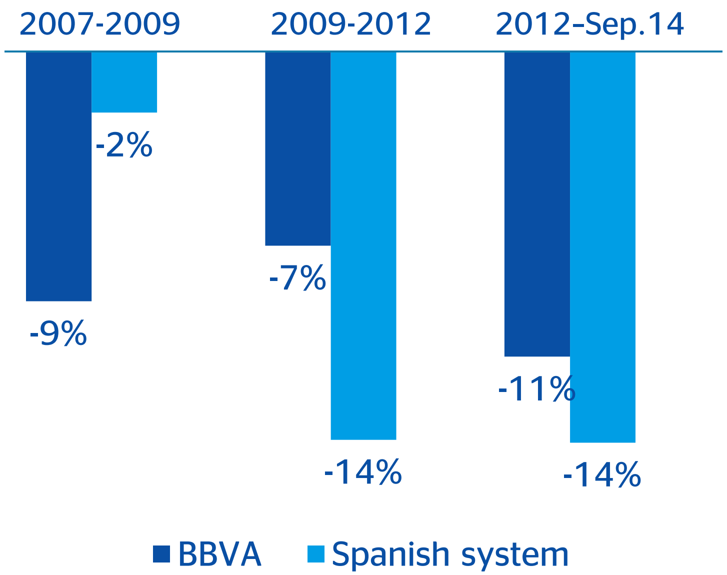
Digital transformation



BBVA continues to lead the transformation of the branch network …

BBVA anticipated the adjustment of the sector

Reduction in the number of branches(1)

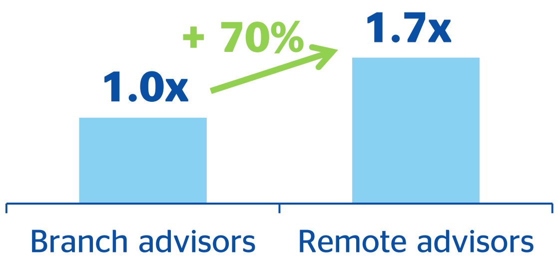


New retail model: **launching larger Retail Banking Centers** with a network of dependent branches

Transformation of the branch network

- ✓ **Optimization** of the number of larger Retail Banking Centers
- ✓ **Simpler** dependent convenience branches
- ✓ **Personalized remote** customer care

Sales proactivity(2) of remote advisors

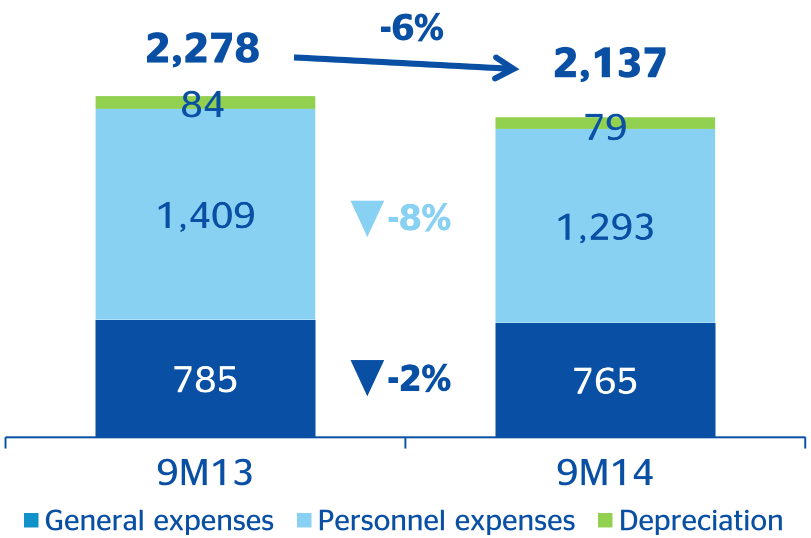


(1) Source: Bank of Spain. BBVA includes the closing of 358 Branches coming from Unnim (out of 561 branches in 2012). (2) Proactivity in terms of number of interactions with customers

… towards a more profitable network with a clear focus on efficiency

Ongoing business

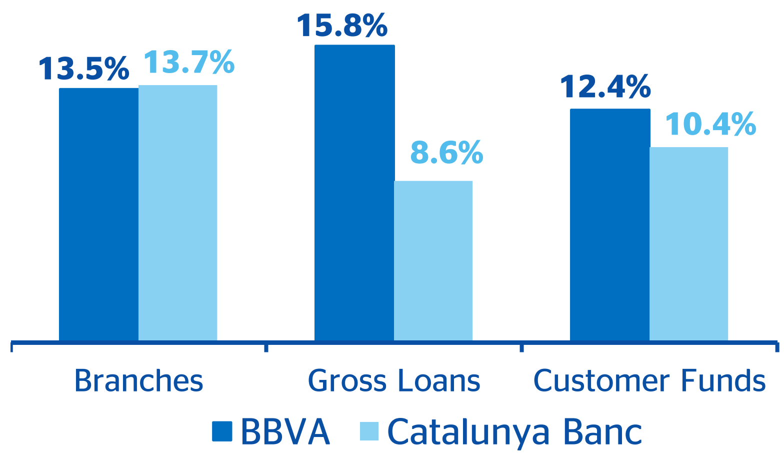
Banking activity in Spain
(Operating expenses, € Mn)



- ✓ Reducing the cost base in Spain by 5% in 2014
- ✓ Additional annual cost savings of €160-180Mn in 2015

Catalunya Banc integration: significant synergy potential

Market Share in Catalonia
(%)



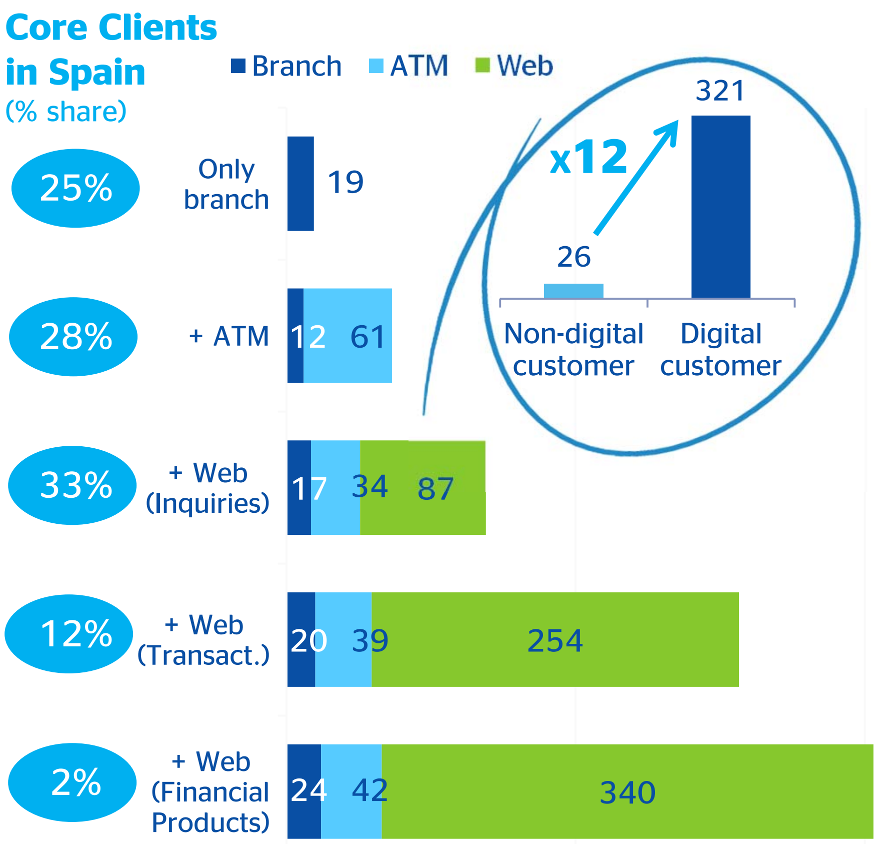
- ✓ Estimated cost synergies up to 40% of Catalunya Banc cost base, fully achievable in 2018
- ✓ Synergies NPV > €1.2 Bn (90% from costs)

Market Share Source: Company data as of June 2014 and Bank of Spain data as of March 2014. Gross Loans and Customer funds data from Bank of Spain as of December 2013, Catalunya Banc gross loans pro-forma after the sale of the mortgage portfolio to Blackstone.

Digital transformation generating additional value

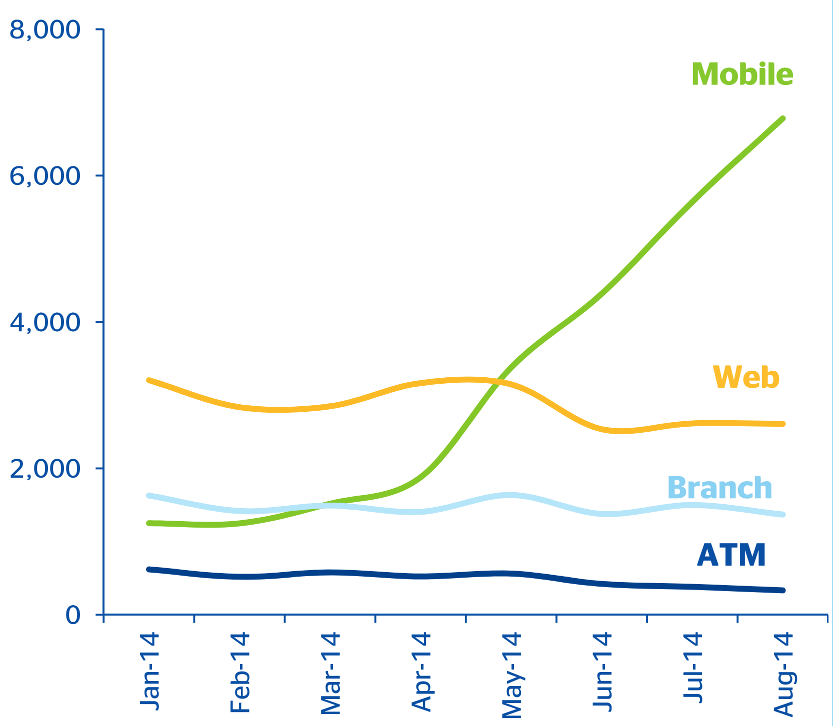
Transactions by type of relationship

Average number of annual transactions per customer



Credit Card Consumer Financing

Number of transactions



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

BBVA

Contents

BBVA

Conclusions

Macro	✓ **Spain will continue to grow faster than the EMU**. Internal demand growing by 2% in 2015. ✓ In the real estate market, prices have bottomed-out and demand is recovering.
Spanish Banking Sector	✓ Restructuring has led to **a more concentrated industry and a more rational competitive environment.** ✓ Taking advantage of this, **BBVA has gained market share** organically, and acquisitions have enhanced our leadership.
BBVA Spain	✓ **Core revenues growth:** reduction of deposits costs as the main driver of customer spread and signs of recovery in new loan production. ✓ **Cost of risk normalization on track.** ✓ Leading the **digital transformation process towards a more profitable and efficient network.**

BBVA Spain in the new growth cycle

Cristina de Parias, Head of Spain and Portugal

SG Premium Review Conference
December 4th, 2014