

BBVA

BBVA Group

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Deutsche Bank - 2015 Yankee Bank Conference
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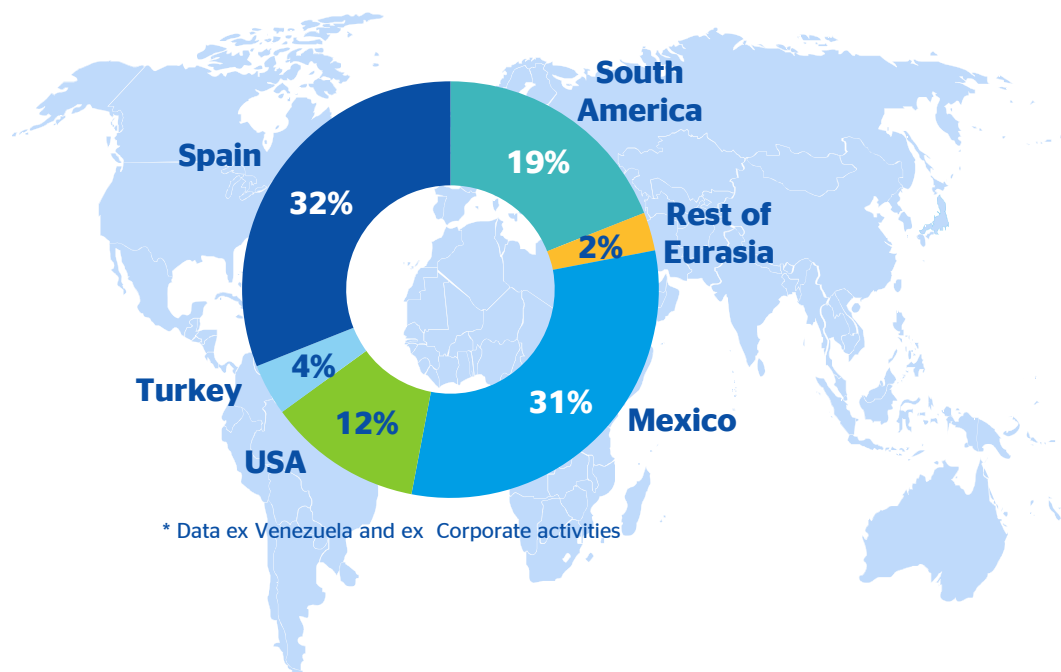
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A balanced and well-diversified footprint supported by leading franchises

BBVA Group's 1H15 Gross Income Breakdown by business area



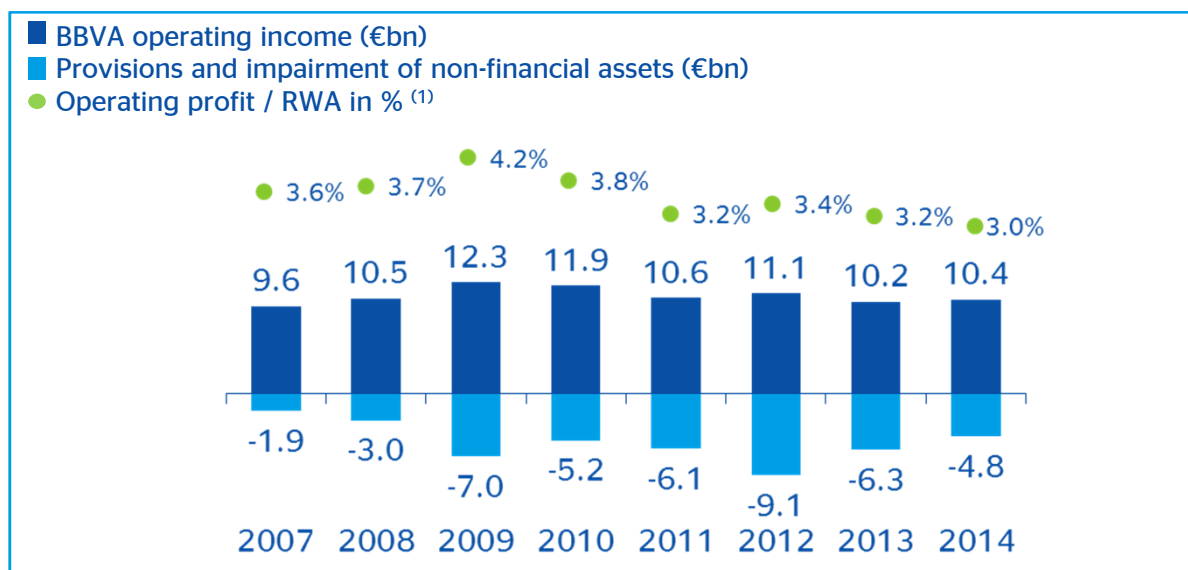
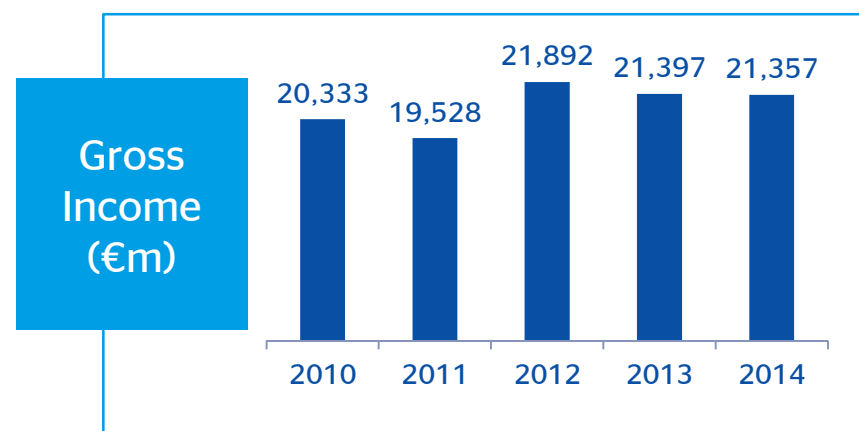
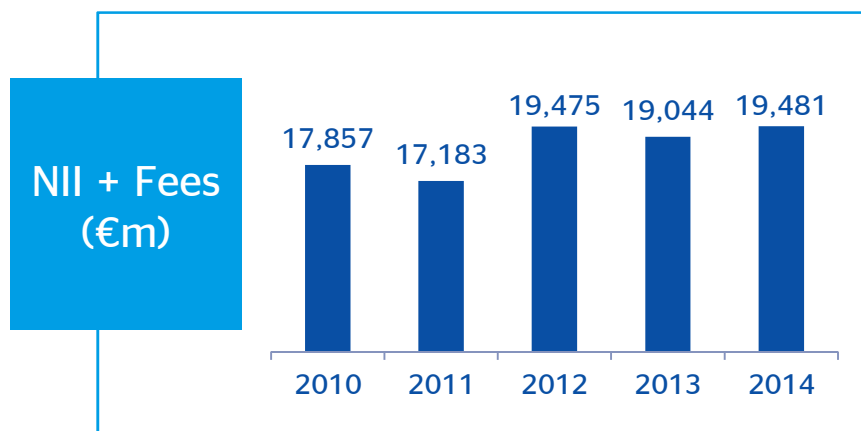
Market share and ranking by loans Detail by country ⁽¹⁾

	Market share (%)	Ranking (#)
Mexico	24.1%	1 st
Spain	14.7%	2 nd
USA (Sunbelt)	6.2%	4 th
Turkey	11.8%	2 nd
South America (ex Brazil)	10.3%	1 st

**> 90% of gross income coming from investment grade countries ⁽³⁾,
biased to Spain and Mexico**

(1) Spain: Other domestic sector and public sector data as of June, 2015 (BBVA+CX). Mexico: data as of July, 2015; South America: market share as of May, 2015; ranking as of June, 2015, considering only our main peers in each country. USA: data as of June, 2014, market share and ranking by deposits considering only Texas and Alabama; Turkey: BRSA data for commercial banks as of June, 2015; (3) 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.

Diversification has allowed BBVA to maintain recurring revenues, even during the crisis ...

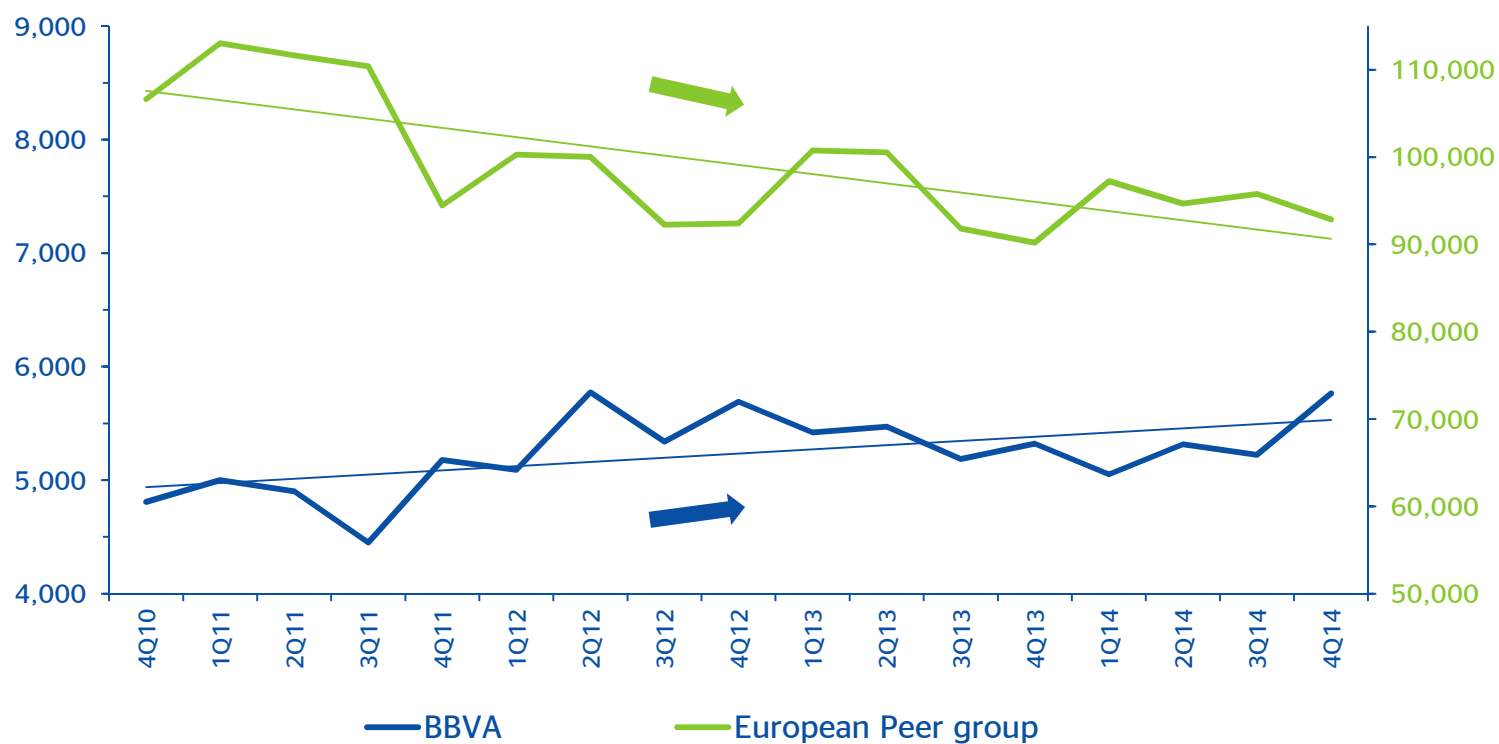


Ability to cover losses even under stressed scenarios

(1) Proforma 2013 considering BIS3 RWA = 3.0%

... bucking the trend of its European peers

Gross Income (€m)
BBVA vs Peer group (Aggregate figures)



Recent operating trends support underlying recurring growth

Strong Activity

Activity Growth ⁽¹⁾
(Jun14 vs Jun15)

Lending
13.6%

Cust. Funds
18.3%

Profit growth

1H2015, constant € Mn

Gross Income

11,426

YoY Growth

+10%

Operating Income

5,742

+14%

Net Attrib. Profit

2,749

98%

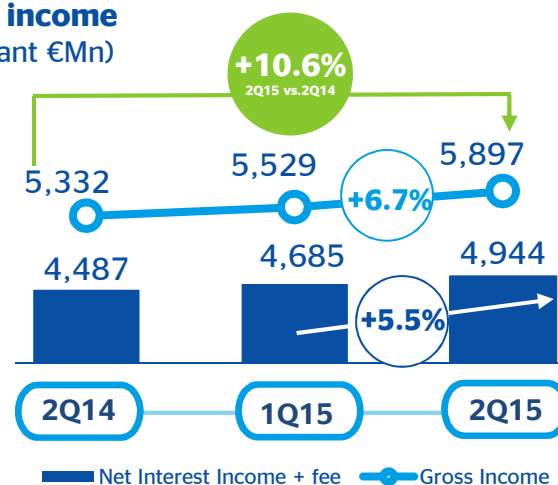
Net Attrib. Profit
(ex. corporate operations)

2,022

+46%

Upward trend in revenues

Gross income
(Constant €Mn)



Risk indicators improving

NPL ratio

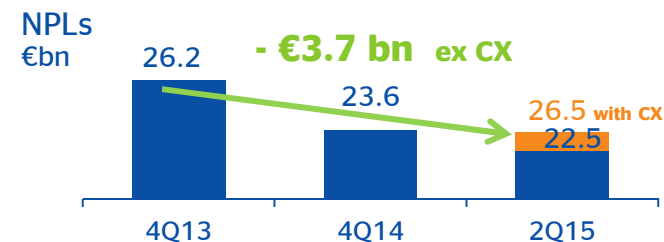
5.5%

6.1% with CX

Coverage ratio

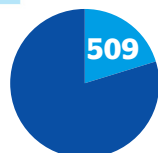
65%

72% with CX



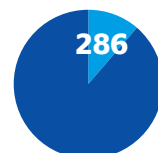
Solid franchises with positive dynamics

Net Attrib.⁽¹⁾
profit 1H15
€ Mn



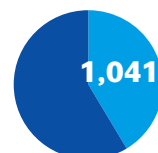
SPAIN ⁽²⁾

- **New loan production growth**
- **Focused on diversified revenue sources and cost control**
- **Cost of risk⁽³⁾** downward trend: **80 - 85 bps in 2015e ; ~ 50 bps in 2017e**
- **Catalunya Caixa integration (adding €300Mn Net Attr. Profit before 2018)**



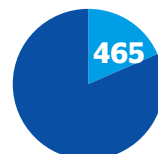
USA

- **Activity growth to remain solid**
- **Interest rates hikes as one of the main P&L drivers going forward**
- **Sound risk indicators**



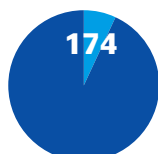
MEXICO

- **Double digit activity growth**, keeping **better asset quality than peers**
- **Portfolio mix change**
- Sound and **improving risk indicators**



SOUTH AMERICA

- **Activity growing at a sustainable level**
- **Venezuela: limited contribution to P&L** considering the application of Simadi

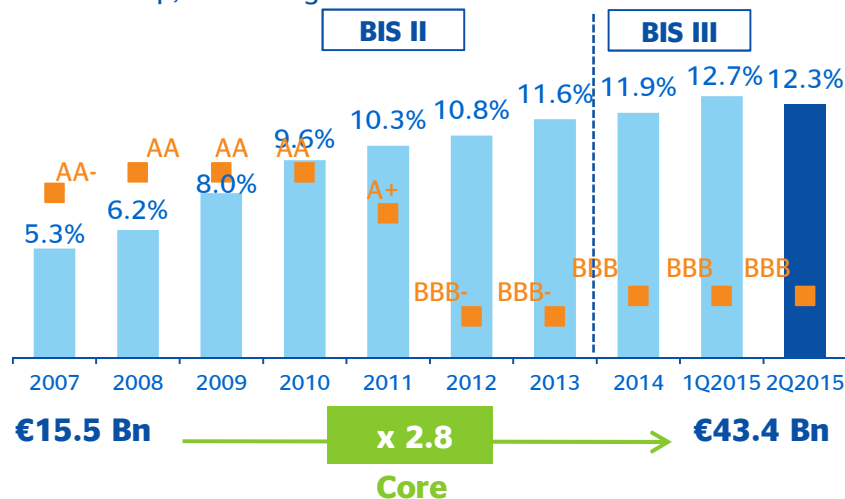


TURKEY

- **Market with huge potential**
- **Excellent spread management**
- **Sound asset quality**

Strong & Resilient Regulatory Ratios

Historical Core Capital ratios (%)
BBVA Group; S&P Ratings



Core Capital CRD IV
2Q2015

12.3%
(Phased-in)

10.4%
(Fully-loaded)

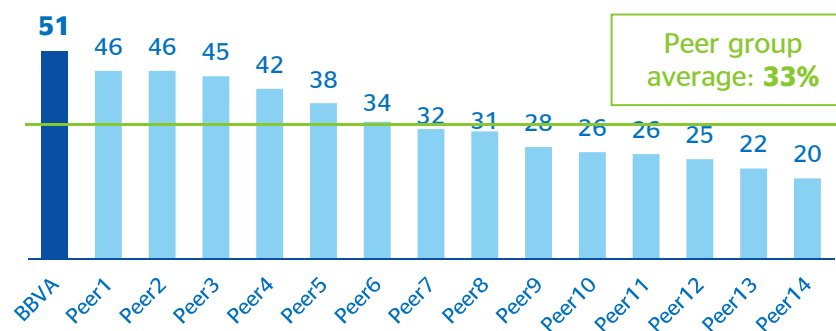
Pro-forma ⁽¹⁾

Core Capital CRD IV
10.0%_e
(Fully-loaded)

High Quality Capital

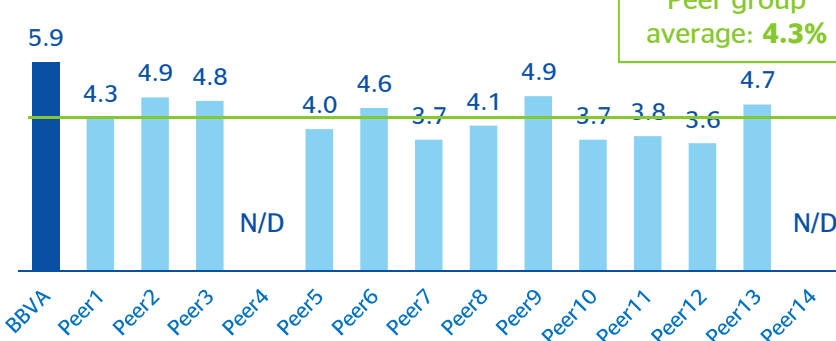
RWAs / Total Assets (%)

2Q2015



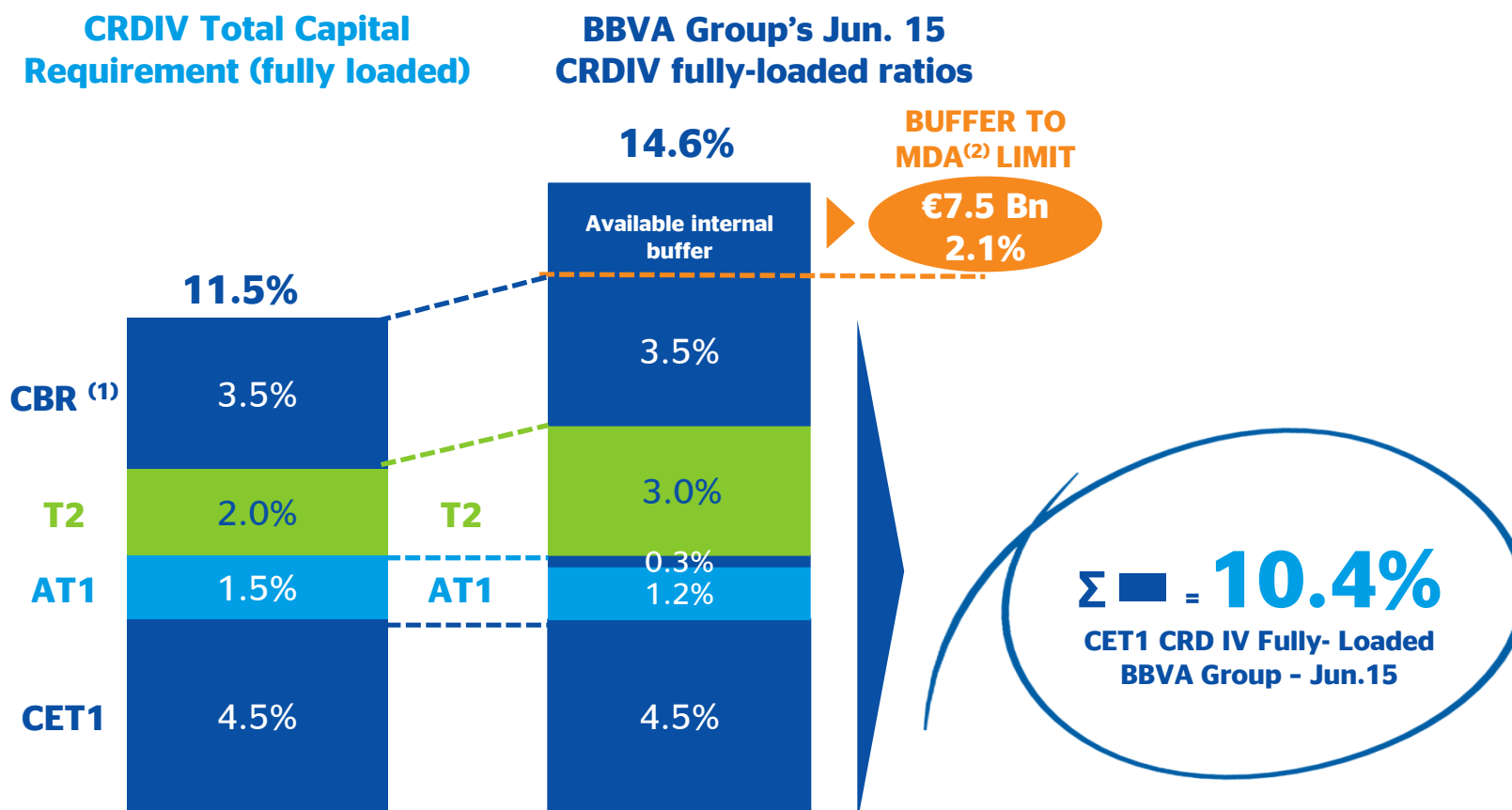
Leverage Ratio (%) ⁽²⁾

2Q2015



(1) Pro-forma of corporate operations announced and pending to be closed as of June 30, 2015 (Acquisition of Garanti and sale of CIFH) (2) Under CRDIV Fully-Loaded
European Peer Group: BARC, BNPP, CASA, CS, CMZ, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS, UCG.

Strong and resilient regulatory capital ratios ...



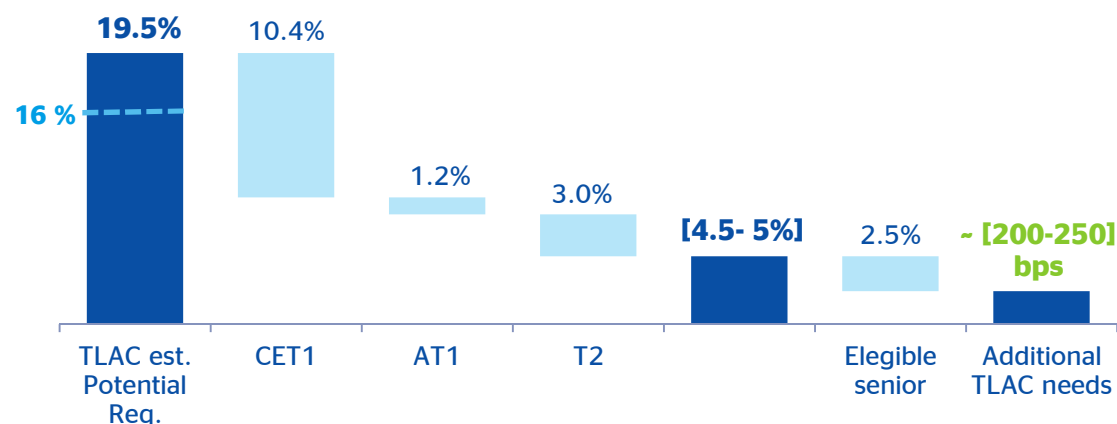
... reinforced by BBVA's proven ability to generate capital

(1) BBVA Group CBR (Combined Buffer Requirement) is currently expected to consist of 2.5% Capital Conservation Buffer (CCB) + 1% GSIB buffer (2) MDA: Maximum Distributable Amount. 9

TLAC expected to have a manageable impact on BBVA ...

Estimated TLAC Walk-down for BBVA⁽¹⁾

Fully-Loaded CET1 at a consolidated level as of Jun.2015



Other Considerations

- ✓ **Final calibration** subject to a **range: 16%-20%** (ex combined buffer requirement)
- ✓ **Garanti's consolidation & CIFH sale** will have an estimated impact of -40 bps⁽²⁾
- ✓ BBVA's structure predisposes **MPE as preferred resolution strategy**

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

(1) BBVA fully-loaded capital as of 2Q15. TLAC requirement calculated: 16% + 2.5% Capital Conservation Buffer + 1% GSIB Buffer; (2) To be recorded on 3Q15

Sound liquidity position in all franchises thanks to BBVA's decentralized management model

Independent ratings and liquidity management

Market discipline and proper incentives

Firewalls between subsidiaries and the parent company

Supervision and control by parent company

Proven resilience during the crisis

USA

Loan to deposits (Jun.15)
98%

Mexico

Loan to deposits (Jun.15)
95%

South America

Loan to deposits (Jun.15)
104%

Active and successful FX hedging policy

1 Decentralized capital and liquidity management

✓ Consistent with MPE resolution strategy

2 Local capital covers local RWA

✓ Natural hedge minimizes impact on CET1

3 Hedging policy at a Group level, consists of:

BBVA Group's FX hedging policy
Goals

Reduce FX impact on
Group's Net Income

30% / 50% of 12M
expected FX Net
Income hedged

Minimize
Core capital
Volatility

40% / 50% of the
“excess” capital of
subsidiaries hedged

No significant FX impact expected on 2015 core capital ratio

A well diversified footprint supported by leading franchises

Demonstrated ability to generate significant and recurrent earnings

Strong capital ratios reinforced by a proven track record of capital generation

BBVA

Appendix



BBVA Group ratings

BBVA's ratings (September, 2015)

MOODY'S		S&P		FITCH		DBRS		SCOPE	
Aaa		AAA		AAA		AAA		AAA	
Aa1		AA+		AA+		AA (high)		AA+	
Aa2		AA		AA		AA		AA	
Aa3		AA-		AA-		AA (low)		AA-	
A1		A+		A+		A (high)		A+	
A2		A		A		A	BBVA (st.)	A	BBVA (st.)
A3		A-		A-	BBVA (st.)	A (low)	Spain (st.)	A-	
Baa1	BBVA (st.)	BBB+		BBB+	Spain (st.)	BBB (high)		BBB+	
Baa2	Spain (+)	BBB	BBVA (st.) Spain (st.)	BBB		BBB		BBB	
Baa3		BBB-		BBB-		BBB (low)		BBB-	
Ba1		BB+		BB+		BB (high)		BB+	
Ba2		BB		BB		BB		BB	
Ba3		BB-		BB-		BB (low)		BB-	
B1		B+		B+		B (high)		B+	
B2		B		B		B		B	
B3		B-		B-		B (low)		B-	
(...)		(...)		(...)		(...)		(...)	

Non investment grade

(+) Positive outlook; (st.) Stable outlook; (-) Negative outlook

BBVA's rating trends improving since end 2013

New methodologies are improving BBVA's absolute and / or relative rating position vs. peers

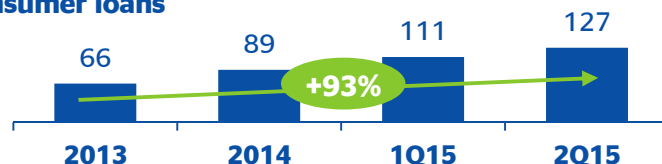
Moody's has recently upgraded BBVA's senior debt rating by 1 notch (from Baa2 to Baa1) and its deposits rating by 2 notches (from Baa2 to A3)

Banking activity in Spain: P&L recovery to continue

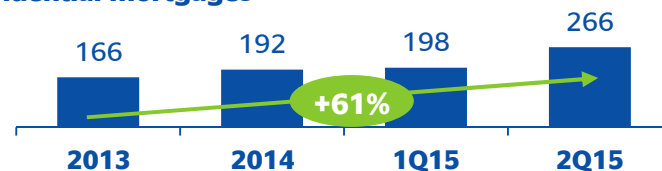
New loan production growth

New loan production (excl. CX)
Monthly average for the period, in €Mn

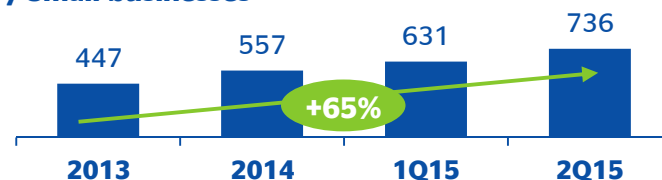
Consumer loans



Residential mortgages



Very Small businesses



P&L

1H2015, € Mn

YoY

Gross Income

3,711

+10%

Operating Income

2,208

+12%

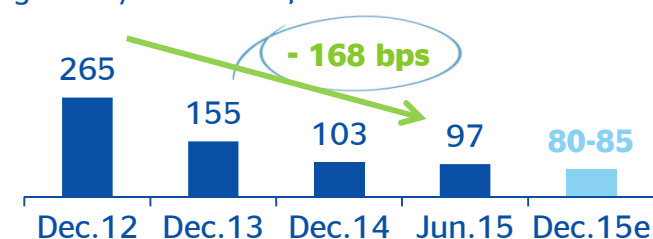
Net Attrib. Profit

809

+33%

Towards cost of risk normalization

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



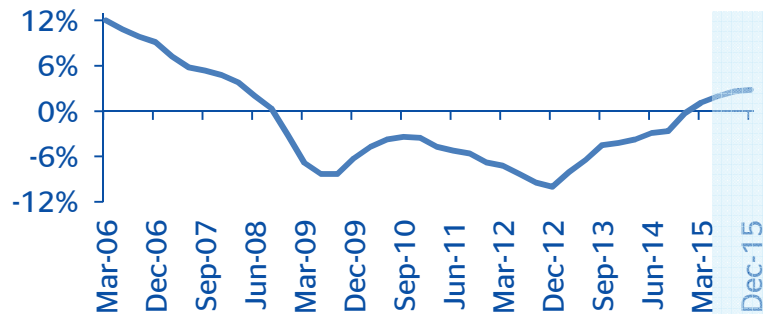
GDP in Spain expected to grow 3.2% in 2015 and 2.7% in 2016

CX integration will add €300Mn Net Attributable Profit before 2018

Real Estate: 2014, the turnaround year

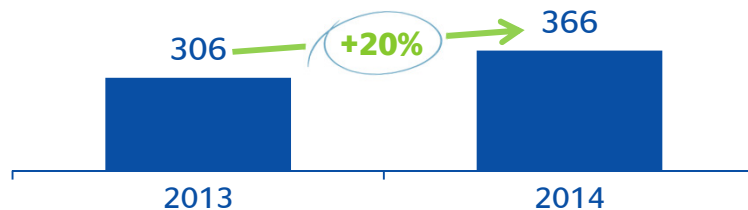
Improving market indicators

Residential home prices
%, YoY



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

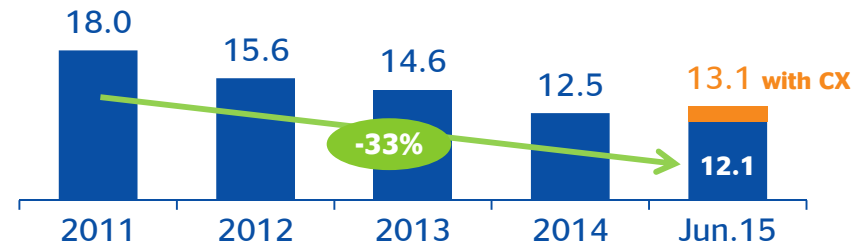
Residential housing demand
Housing transactions - in thousands



Source: General Council of Spanish Notary Publics

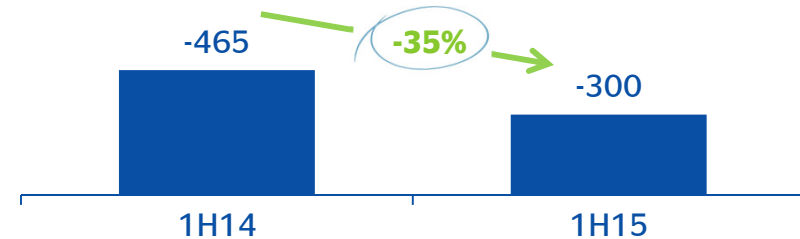
Reduction of BBVA's net exposure to RE

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



RE Net attributable profit

BBVA RE net attributable profit
€ Mn



Limited negative P&L contribution expected in 2016

USA: a growing franchise

Activity dynamism ⁽¹⁾

Constant €, average balances, YoY
Jun.14 vs. Jun.15

Lending ⁽²⁾ +12.9%

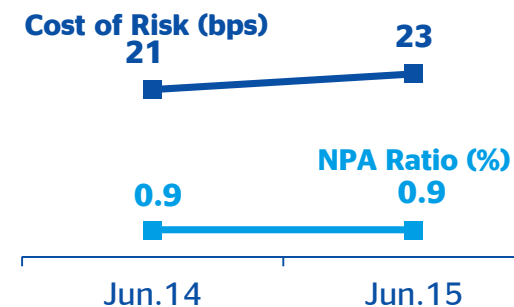
Customer Funds +9.0%

Higher contribution to the Group

1H2015, constant € Mn

		YoY
Gross Income	1,332	+5%
Operating Income	449	+13%
Net Attrib. Profit	286	+19%

Sound risk indicators

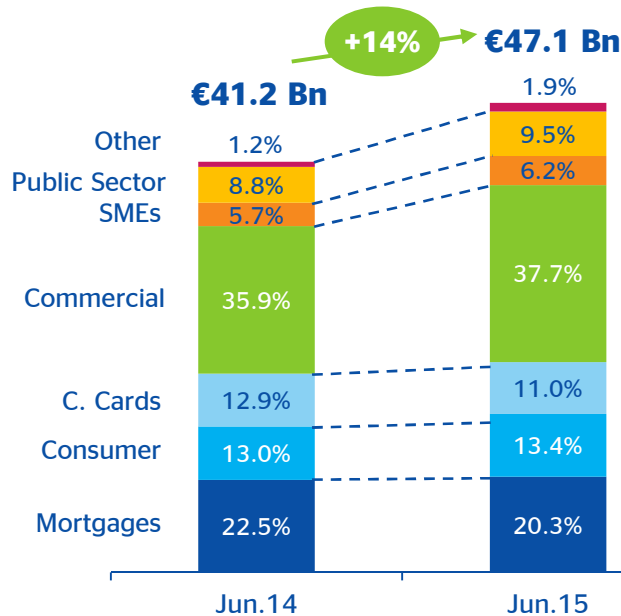


(1) Activity excludes repos; customer funds includes promissory notes (2) Gross loans and advances to customers.

Mexico: Leaders in a high potential growth market

Double-digit activity growth, biased to the commercial segment

Total performing loans growth
Jun. 15 vs. Jun.14



Dynamic growth in all P&L lines

1H2015, constant € Mn

YoY

Gross Income

3,558

+7%

Operating Income

2,248

+7%

Net Attrib. Profit

1,041

+9%

Sound and improving risk indicators

Cumulative cost of risk (bps)

361

343

3.4

NPL Ratio (%)

2.8

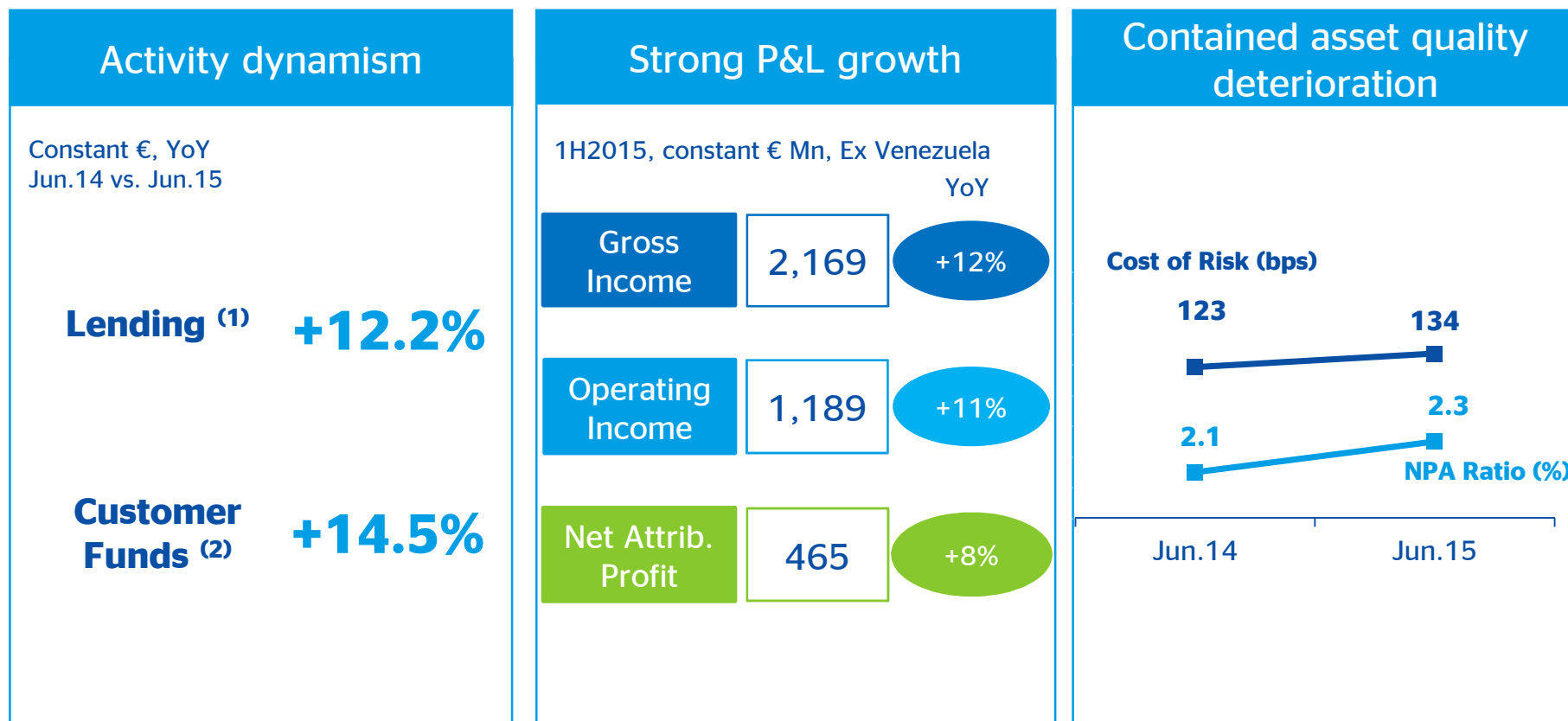
Jun.14

Jun.15

Significant and recurrent contributor to BBVA Group's P&L

Better profitability and asset quality than local peers

South America: a highly diversified footprint within the region



Transformation of the distribution network on track

Venezuela: Limited contribution to P&L after the application of Simadi in 1Q2015

Note: Figures exclude Venezuela unless stated otherwise. (1) Gross loans and advances to customers excluding repos. (2) Including promissory notes and excluding repos. (3) Data as of April / May, 2015. Figures according to local criteria.

Turkey: Garanti boosts BBVA's long-term growth

Market potential intact

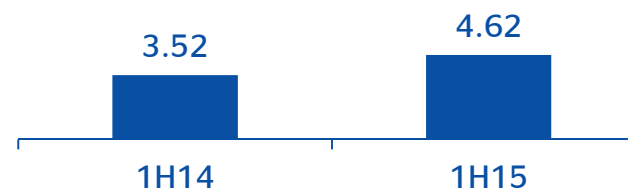
Low leverage and bank penetration, % GDP
Mar.15



Source: BBVA Research

Excellent spreads management

Loan-to-deposit spread, %
Jun.14 vs. Jun.15



Sound asset quality

NPA Ratio (%)



Increasing contribution to P&L

1H2015⁽²⁾, constant € Mn

		YoY
Gross Income	510	+12%
Operating Income	289	+9%
Net Attrib. Profit	174	+9%

Despite short-term headwinds, market potential remains intact

Successful customer spread management whilst asset quality holds up well

(1) Net cost of risk, including recoveries (2) Stake of 25.01% in Garanti, as of end-June 2015.

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