

BBVA

Sale of 5.1% Stake in CNCB to Citic Group



October 17th, 2013



BBVA

Transaction's Highlights

BBVA brings its CNCB stake below 10% by selling 5.1% to Citic Group at current market prices

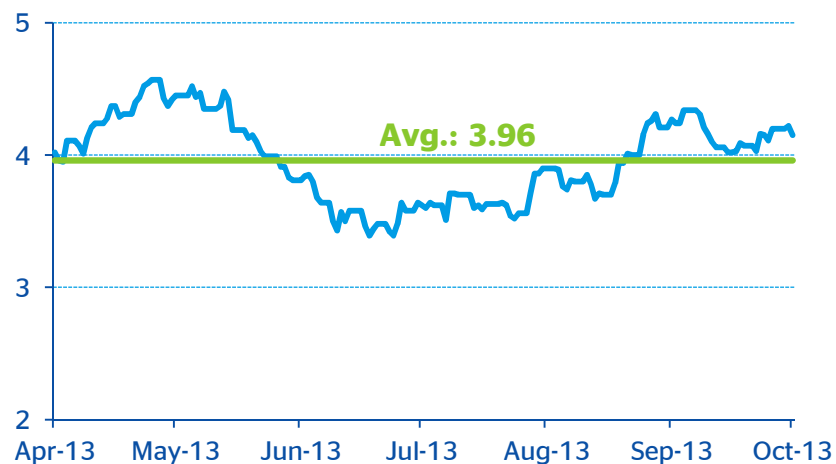
This transaction generates €2.4 Bn of BIS III “fully-loaded” Core Capital (+72 bps)

CNCB consolidation changes from Equity Method to Available for Sale:
- €2.3 Bn net P&L impact in 2013 from valuing the entire 15% stake at market prices

BBVA remains as a key CNCB shareholder, under a revised cooperation agreement on a non-exclusive basis

Key terms

CNCB Share Price (HKD)



	6M	3M	1M
AVG	3.96	3.89	4.16
MAX	4.57	4.34	4.34
MIN	3.39	3.51	4.02

CITIC Group buys 5.1% stake

At current market price:
4.15 HKD ⁽¹⁾

Avoiding discount and
execution risk

BBVA to receive €0.9⁽¹⁾ Bn in cash

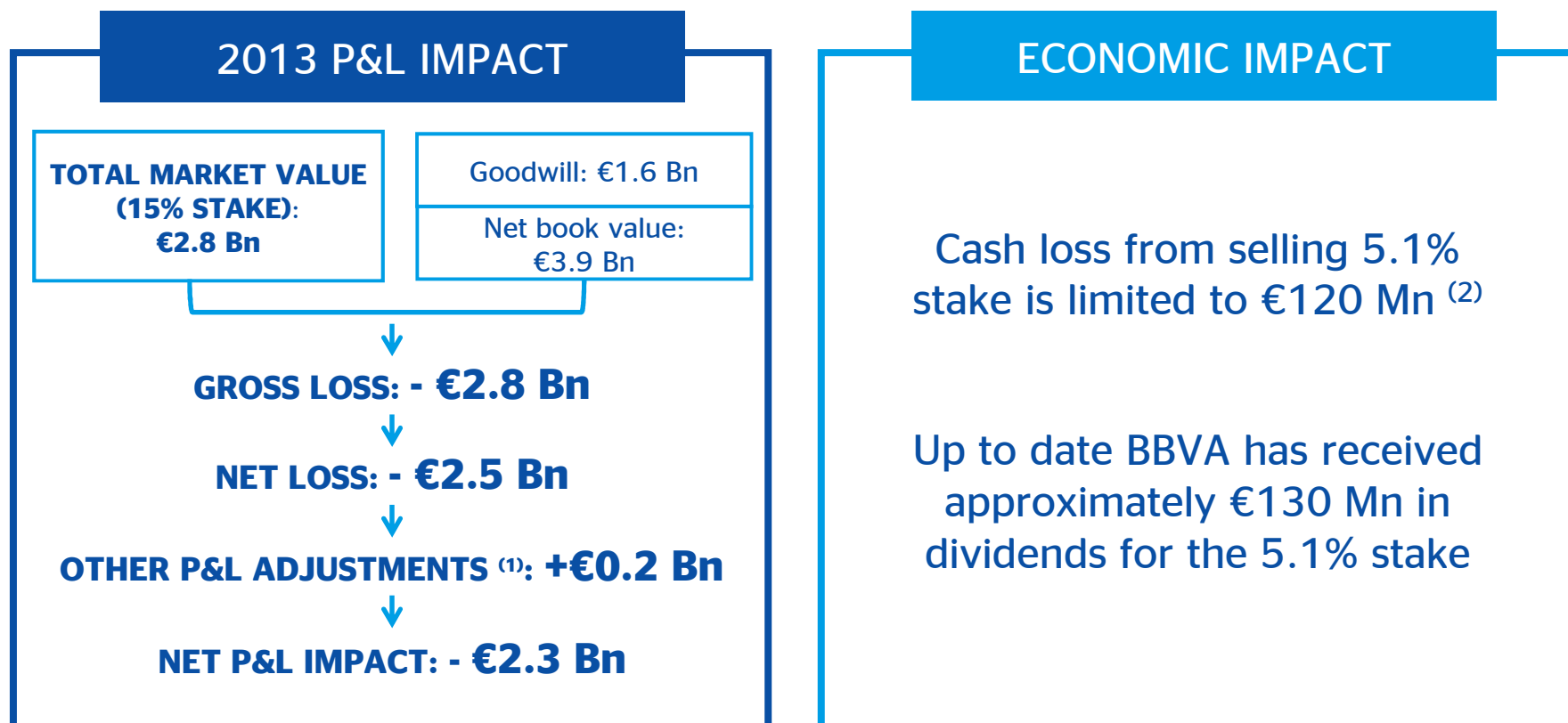
Closing expected in 4Q13 ⁽²⁾

(1) Market prices as of 16th October. Price per share HKD 4.15. FX Eur/HKD: 10.49.

(2) Pending regulatory approvals.

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P&L impacts: 5.1% sale and change of the remaining 9.9% from equity method to available for sale



From closing, BBVA will account the dividend income to be received from CNCB
Expected contribution in 2014 will be approximately €90 Mn ⁽³⁾

(1) With no impact on capital.

(2) BBVA's total investment amounts to Eur 3.28 Bn for 15% of CNCB. Cash loss of selling 5.1% is calculated with market value vs total investment for the percentage sold after tax.

(3) Estimate for CNCB DPS 2014 according to Bloomberg.

With the new CRD4 (BIS III), a 15% stake in CNCB would have heavily penalized Core Capital

Stakes in financial institutions > 10% are considered significant investments:

- Under BIS II.5, goodwill is deducted from core capital, 50% of Book Value is deducted from Tier I and 50% deducted from Tier II
- Under BIS III, goodwill and book value ⁽¹⁾ are deducted directly from core capital

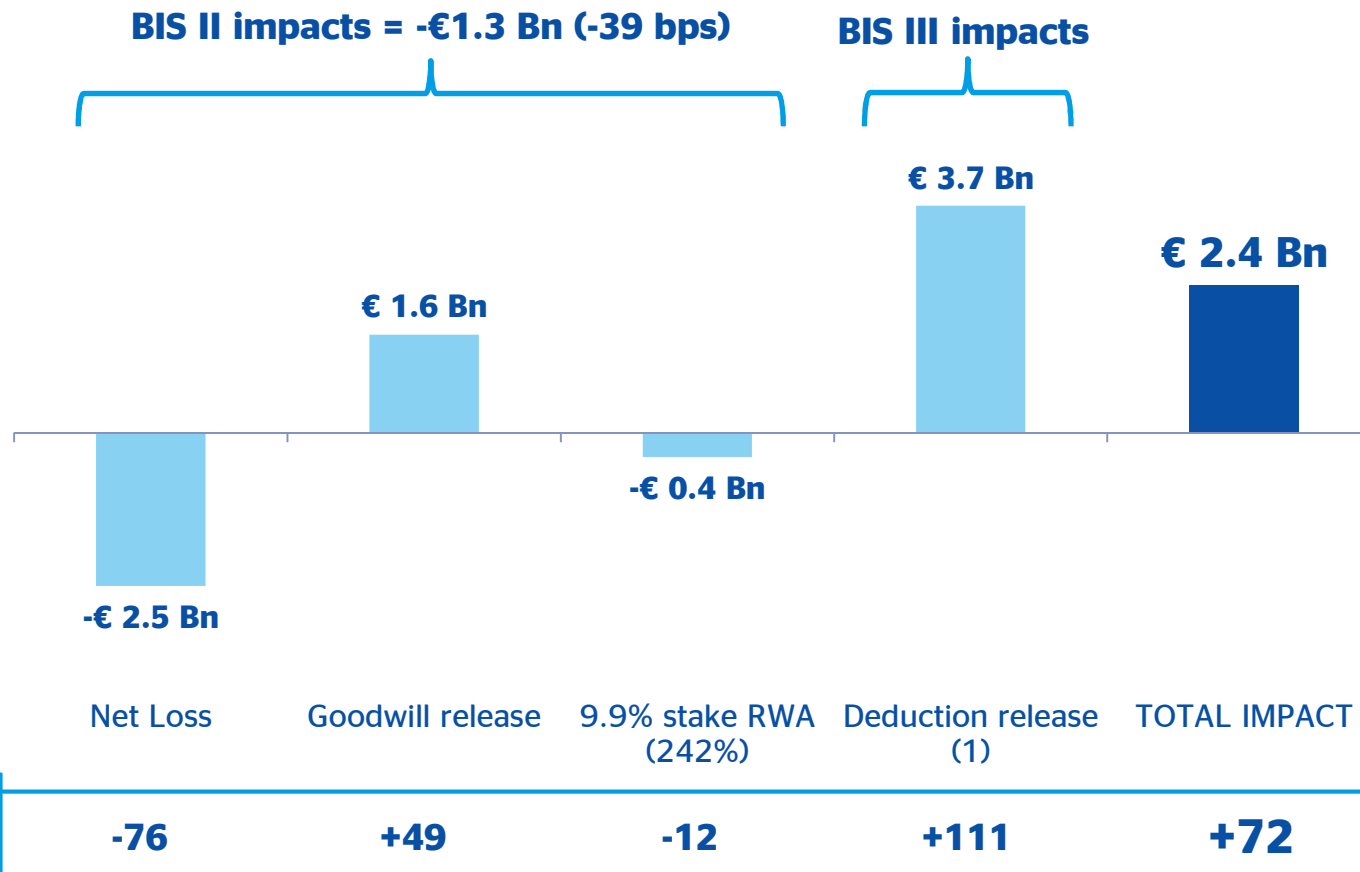
Reducing our stake below 10% significantly increases regulatory capital (Core / Tier I / Tier II) under all solvency rules by releasing deductions

(1) Assuming a complete utilization of BIS III thresholds for deductions



Significant regulatory capital generation under BIS III

BIS III fully loaded Core Capital impacts from the transaction



(1) Assuming a complete utilization of BIS III thresholds for deductions

New collaboration framework in China

China remains an attractive country for BBVA due to its commercial links with Latin America

BBVA remains as a relevant CNCB shareholder with a 9.9% stake

BBVA and CNCB to continue working under a revised agreement on a non-exclusive basis and with new potential areas of cooperation

BBVA plans to open a fully operational branch in China



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Closing remarks

BBVA brings its CNCB stake below 10% by selling 5.1% to Citic Group

€2.4 Bn of BIS III “fully-loaded” Core Capital generation (+72 bps)

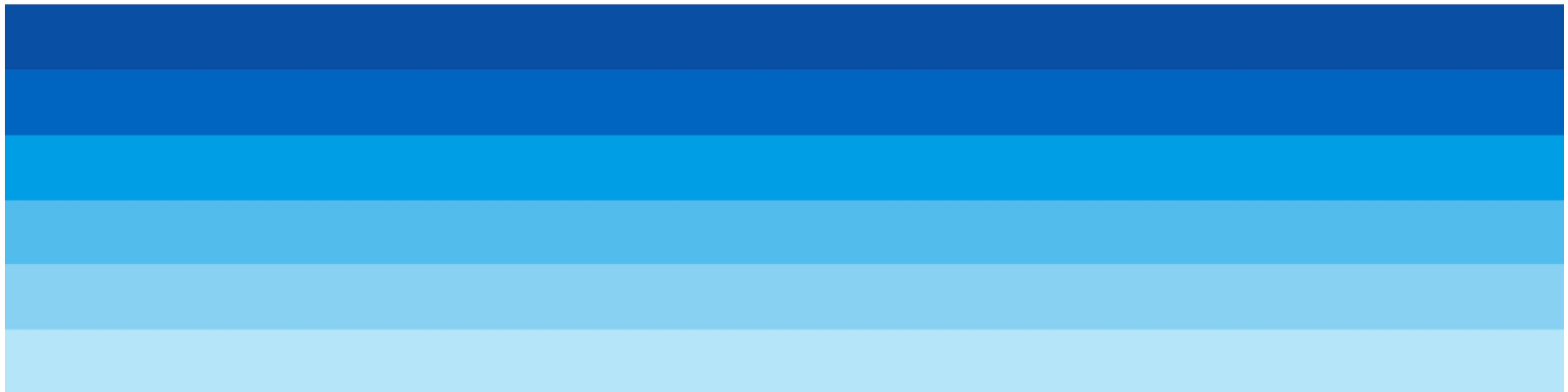
- €2.3 Bn net P&L impact in 2013 (MTM of 15% stake)
Economic loss from 5.1% sale limited to €120 Mn

BBVA will reinforce its business in the region, while cooperating with CNCB under a revised agreement

This transaction allows BBVA to move forward on the adoption of the new Basel III capital requirements and, at the same time, maintain its commitment to the Chinese market

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