

BBVA wins auction for Catalunya Banc

The BBVA Group has taken a major step in its commitment to its domestic market by acquiring Catalunya Banc through an auction held by the Orderly Bank Restructuring Fund (known as FROB). The move doubles BBVA's market share in Catalonia and makes it the most relevant player in the sector in Spain. The acquisition will have a positive impact on the Group's results in 2016.

"This deal shows we are extremely confident in the current economic recovery," BBVA chairman and CEO Francisco González said. "This acquisition is good for BBVA and for Catalunya Banc, and helps strengthen the Spanish financial system."

BBVA will pay the FROB €1.187 billion for Catalunya Banc and the deal is expected to be closed in the first quarter of next year. Catalunya Banc has 1.5 million customers and €63 billion in assets. The auction was held after an extensive cleanup process of Catalunya Banc by the FROB.

BBVA will acquire Catalunya Banc without having to resort to a capital increase. BBVA's capital ratio, which stood at 10.8% in March, will drop by around 55 basis points as a result of this deal.

Catalunya Banc has a net equity of €2.5 billion and the estimated net present value of the synergies exceeds €1.2 billion. This acquisition will have a positive impact on the Group's results as of 2016.

With this purchase, BBVA's loan portfolio in Spain will grow 14%, deposits 23% and its customer base 18%. Catalunya Banc holds €25 billion in retail deposits, €28 billion in gross loans and 773 branch offices.

The price will be reduced in an amount equal to €267 million provided that, prior to the effective closing of the transaction, FROB and Catalunya Banc do not obtain a confirmation issued by the Spanish tax authorities of the application of the deferred tax assets regime (foreseen in Royal Decree Law 14/2013) to some losses recorded in Catalunya Banc's consolidated financial statements for 2013 which were originated as a consequence of the transfer of assets by Catalunya Banc to the Management Company for Assets Arising from the Banking Sector Reorganization (known as "SAREB").

Catalunya Banc's operations are concentrated in Catalonia, one of the most dynamic and attractive markets in Spain. Catalonia accounts for 19% of Spain's GDP, 16% of the population and 25% of the exports.

Catalunya Banc is BBVA's second acquisition in Spain arising from the restructuring process of the financial system managed by the FROB. The first purchase was Unnim Banc, which was announced in March 2012. Unnim's successful integration was completed in May 2013.

The acquisition of Catalunya Banc comes at a moment when Spain has started an economic growth phase. BBVA Research estimates the Spanish economy should expand by more than 1% in 2014 and by around 2% in 2015.

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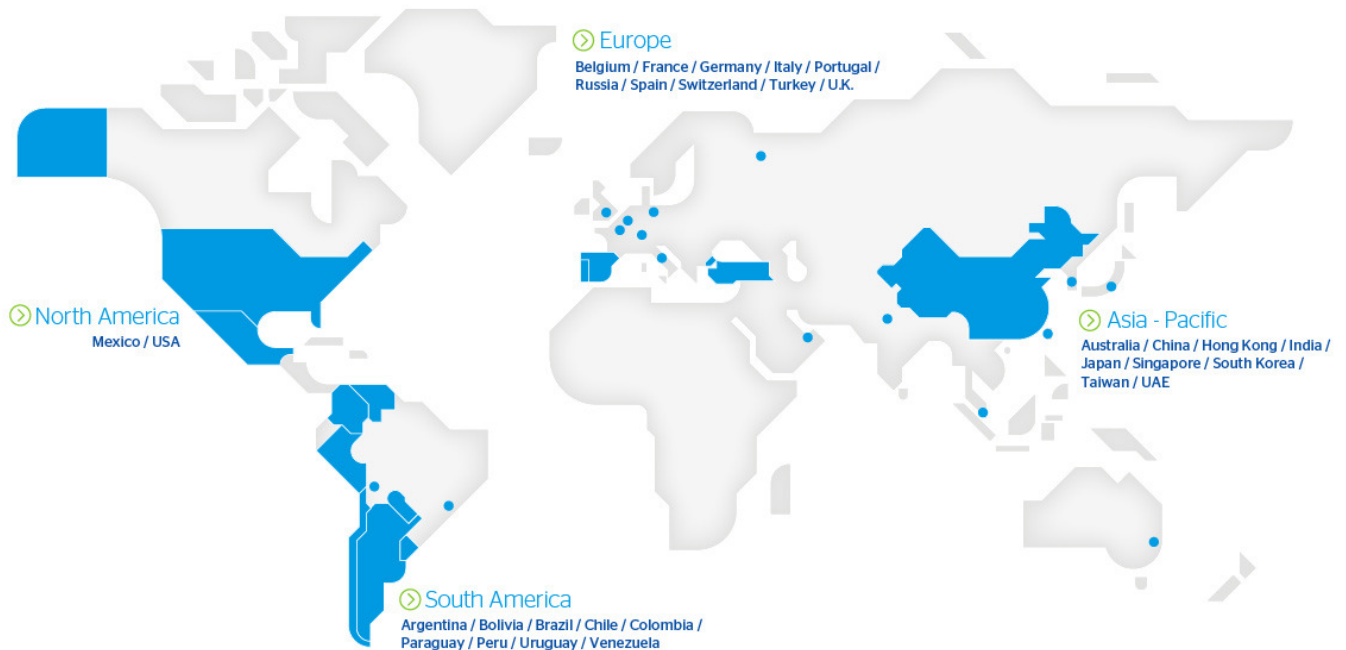
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599
billion assets

50
million customers

30
countries

7,441
branches

20,864
ATMs

109,079
employees

BBVA is a customer-centric global financial services group founded in 1857. The Group has a solid position in Spain, it is the largest financial institution in Mexico and it has leading franchises in South America and the Sunbelt Region of the United States. Its diversified business is focused on high-growth markets and it relies on technology as a key sustainable competitive advantage. Corporate responsibility is at the core of its business model. BBVA fosters financial education and inclusion, and supports scientific research and culture. It operates with the highest integrity, a long-term vision and applies the best practices. The Group is present in the main sustainability indexes.