

# **Sale of BBVA's U.S. subsidiary to PNC**

November 16<sup>th</sup>, 2020

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# Sale of BBVA's U.S. subsidiary to PNC Financial Services Group

## Purchase price

\$11.6bn (€9.7bn<sup>1</sup>) fixed price at closing, 100% in cash.

## Transaction perimeter

- Sale of BBVA USA Bancshares, excluding Propel Venture Partners and BBVA Securities (\$0.4bn BV).
- Transaction perimeter<sup>2</sup>: \$102bn Assets, 637 Branches, \$587mn 2019FY Results.
- BBVA CIB business in the US to continue through the NY branch.

## Expected closing

Mid 2021, subject to regulatory approvals.

(1) Based on EUR/ USD exchange rate of 1.20

(2) Assets and branches as of Sep-20. FY 2019 Net Attributable Profit excluding local goodwill impairment of \$470mn

# A large transaction at very attractive multiples, that creates value for shareholders and generates significant excess capital

**19.7x**  
P/E 2019

1.34x P/TBV  
as of Sep'20

**Price**  
**~50% of**  
**BBVA's**  
**market cap**

for <10% of 2019  
Group's earnings<sup>1</sup>

**+€8.5bn**  
**BBVA Group**  
**CET1 FL**  
**generation<sup>2</sup>**  
(+c. 300 bps)

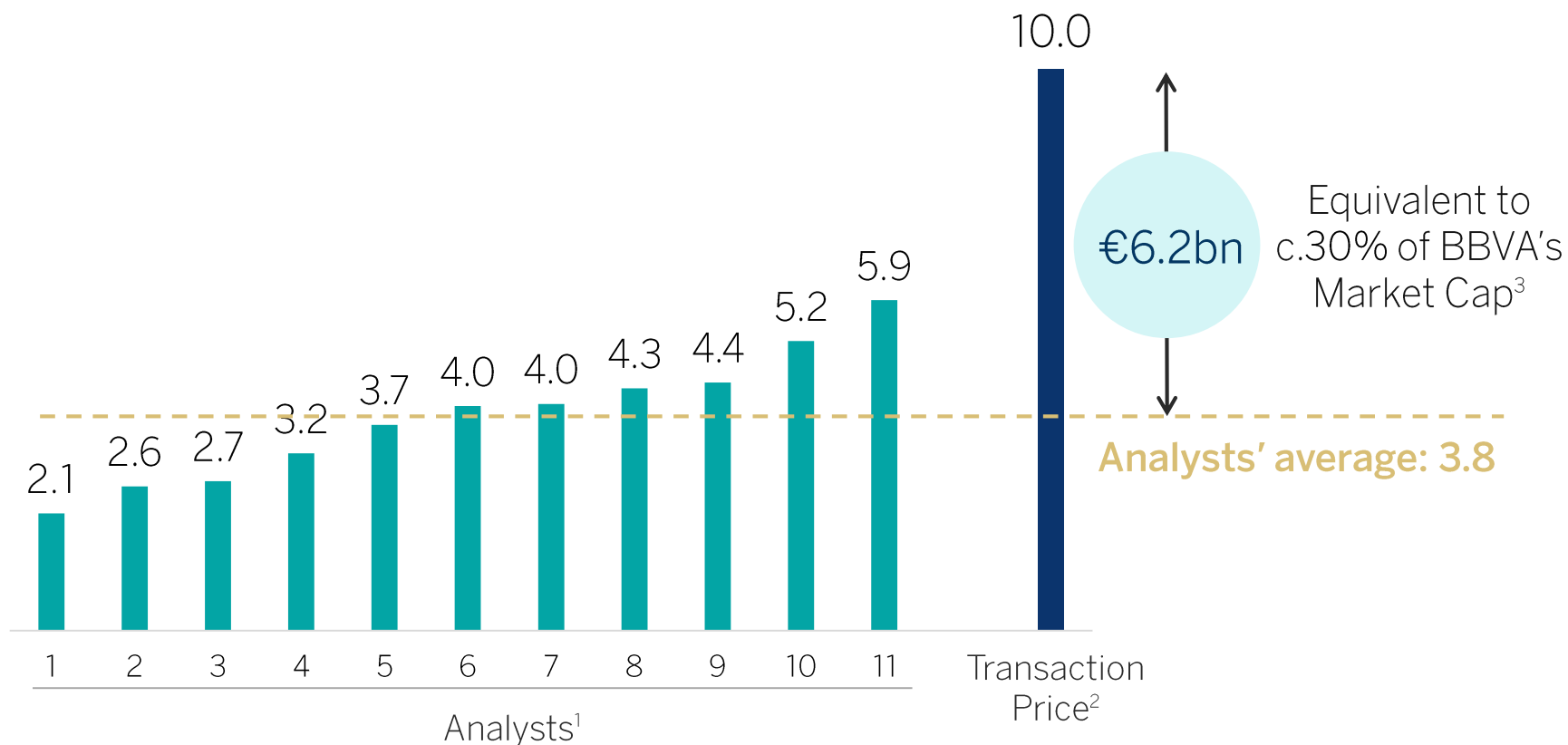
(1) Market Capitalization as of Nov 13<sup>th</sup>, 2020 and 2019 FY results excluding Corporate Center.

(2) CET1 FL generation based on post-deal figures.

# Unique opportunity to divest at a premium valuation and for 100% cash, unlocking hidden value

## / RECOGNITION OF THE VALUE OF BBVA USA OPERATIONS

Value assigned to BBVA USA business in analysts' SoP valuation (€ bn)



(1) Based on latest analysts' Sum of the Parts valuation from BofA, Barclays, CaixaBank, CS, Fidentis, JBC, JPM, RBC, Sabadell, SG, UBS.

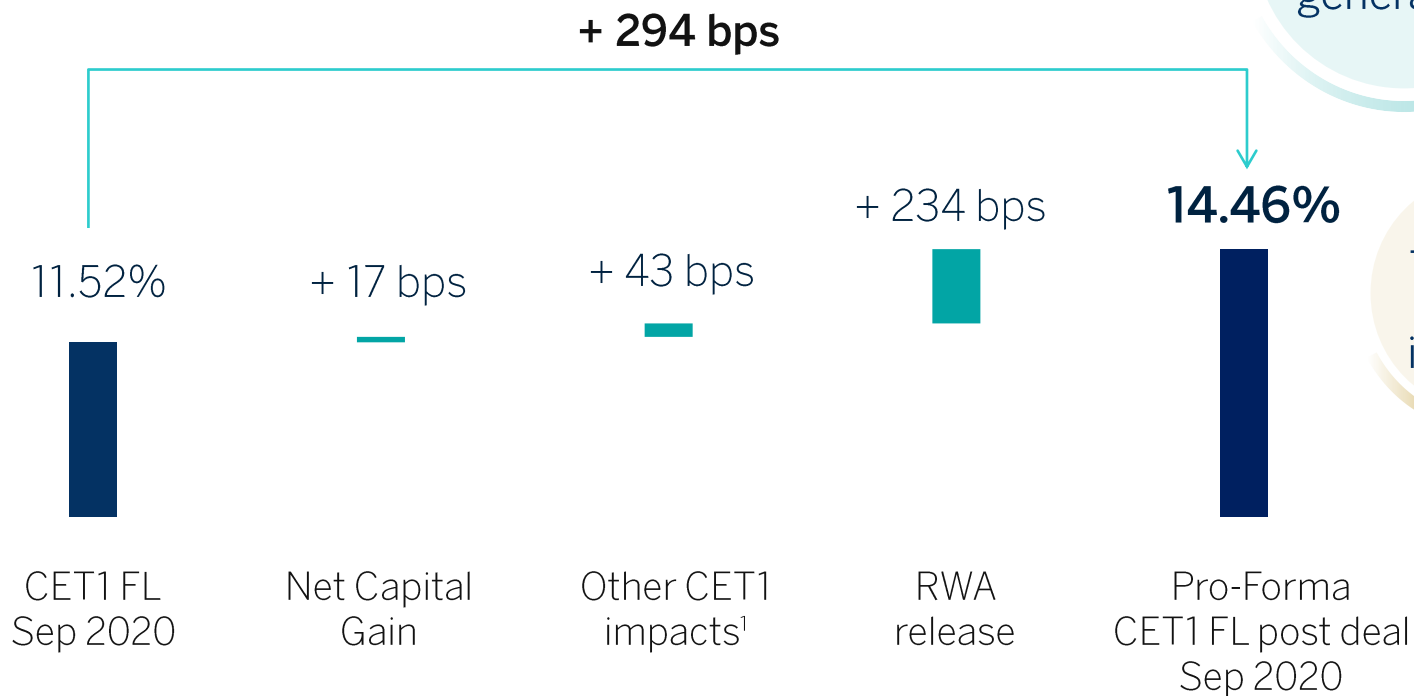
(2) For comparability purposes, transaction price here includes 100% of BBVA USA Bancshares (including Propel Venture Partners and BBVA Securities) and based on a EUR/ USD exchange rate of 1.20. This is a conservative comparison as analysts' valuation includes BBVA NY branch, not part of the transaction price.

(3) Market Capitalization as of Nov 13<sup>th</sup>, 2020.

# Significant excess capital generation

## / CET1 FULLY-LOADED

Transaction impact (% , bps)



CET1	<b>39.7</b>	0.6	1.5	-	<b>41.7</b>
RWA	<b>344.2</b>	-	-	(55.7)	<b>288.5</b>

(1) Includes mainly the deconsolidation of goodwill and other intangibles (+59 bps), Other Comprehensive Income (OCIs) (-34 bps) and tax losses carried forward (+11 bps). (2) Calculated based on post-deal figures

# The transaction shows BBVA's disciplined value-based approach to capital allocation and provides strategic optionality

- Enhancing our already strong financial position.
- High level of optionality to continue creating value for shareholders:
  - **To profitably deploy capital** in our markets and
  - **To increase distributions to shareholders**, with a sizeable **buyback**<sup>1</sup> as an attractive option at current share prices.

(1) Any potential repurchase would, at the earliest, take place after the expected close of the transaction in mid 2021. Any proposed repurchase would (i) take into consideration share prices, among other factors and (ii) require Shareholders and Supervisory approvals and the lifting of the ECB's recommendation on distributions to shareholders.

**Significant EPS and TBV per share accretion potential**

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