

Second quarter results 2011

Ángel Cano, BBVA's President & COO

July 28th 2011

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In an environment dominated by sovereign risk ...

Greek solvency problem



European Crisis



- **Weak structural growth in the euro zone**
- **Weak demand for credit**
- **Deterioration of European capital markets**
- **Deterioration of sovereign spreads**

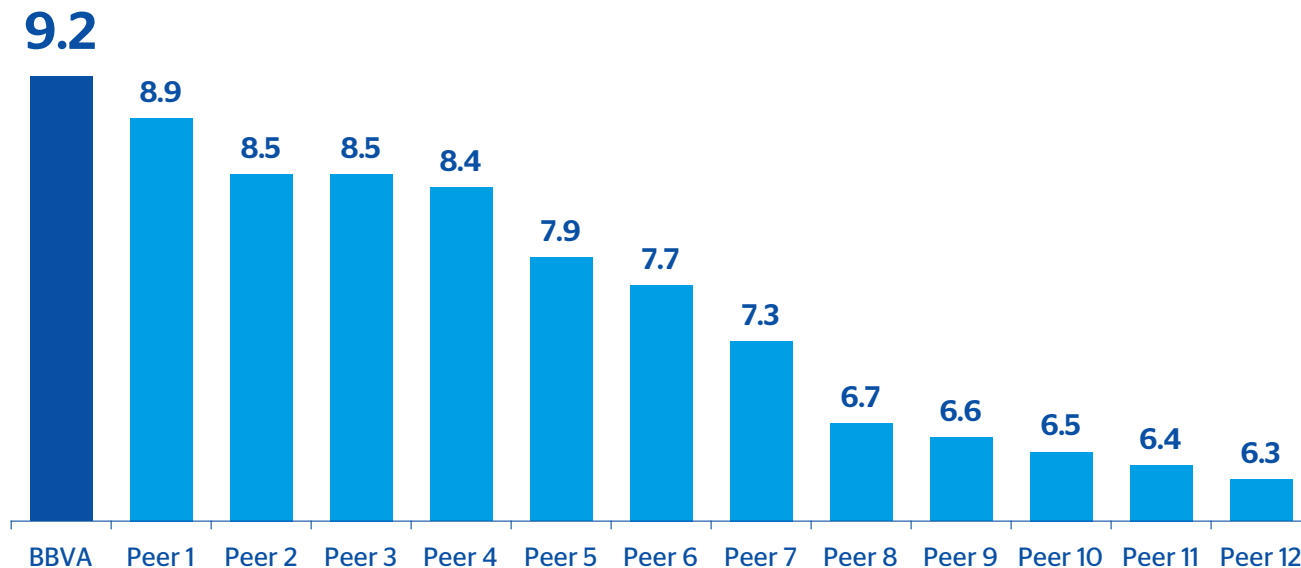
... BBVA confirms the resilience of its earnings

2Q11 highlights

- 1** Top big European bank by capital adequacy
- 2** Resilience of profit
- 3** Stable risk indicators for six consecutive quarters
- 4** 2011 funding needs are already covered
- 5** Stronger franchises: thriving emerging markets and resilience in developed ones

Top big European bank by capital adequacy ...

Core Tier 1 Ranking
2012 adverse scenario
(%)



**€2 billion generated by converting bonds in July not included
(+0.6 pp Core Tier 1)**

... with superior strength in adverse scenarios ...

Causes ...

- 1 Quality of capital structure
- 2 Ability to generate income in adverse scenarios
- 3 Significant capacity to absorb loan impairments
- 4 Less incremental impact on RWAs

... stemming from the business model ...

- Retail
- Customer-centric
- Diversified portfolio
- Prudent risk management

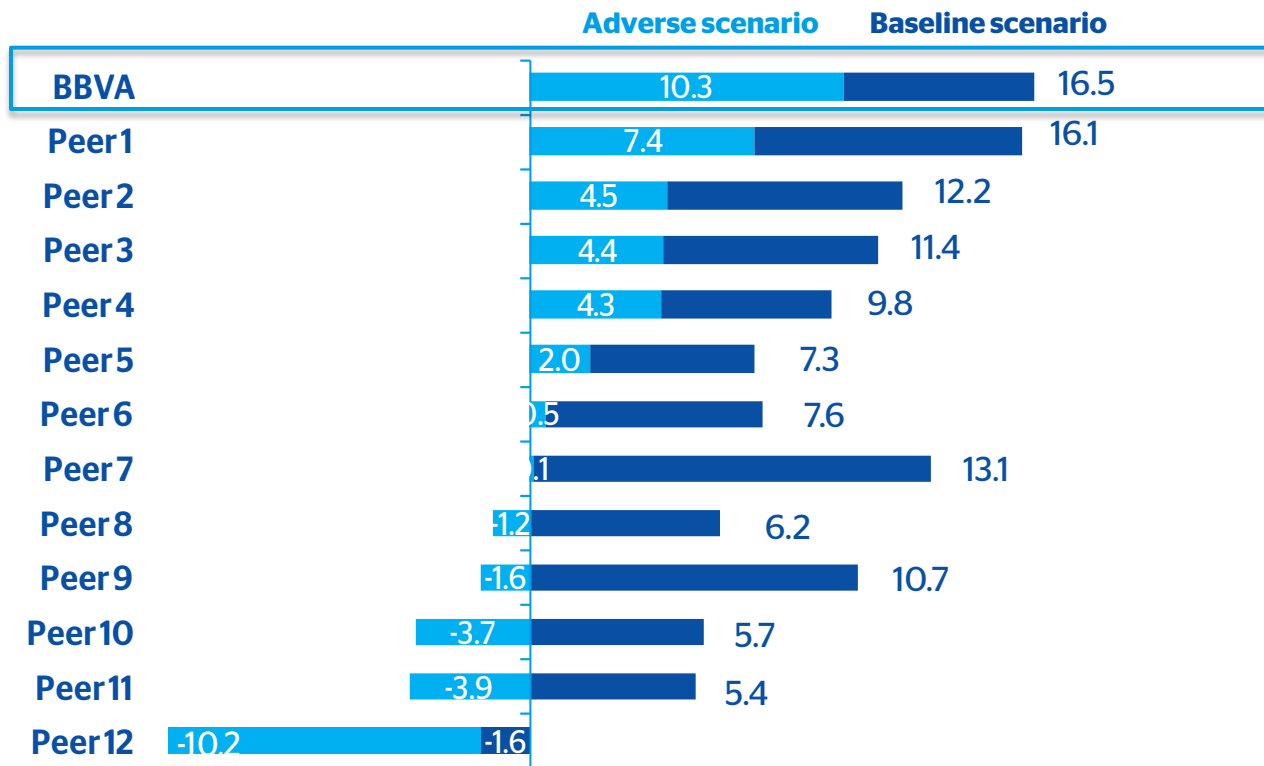
It allows BBVA to pay a dividend even in stress scenarios

... which makes us the most profitable bank also in times of stress

ROE* ranking

Baseline and adverse scenario in 2012

(%)

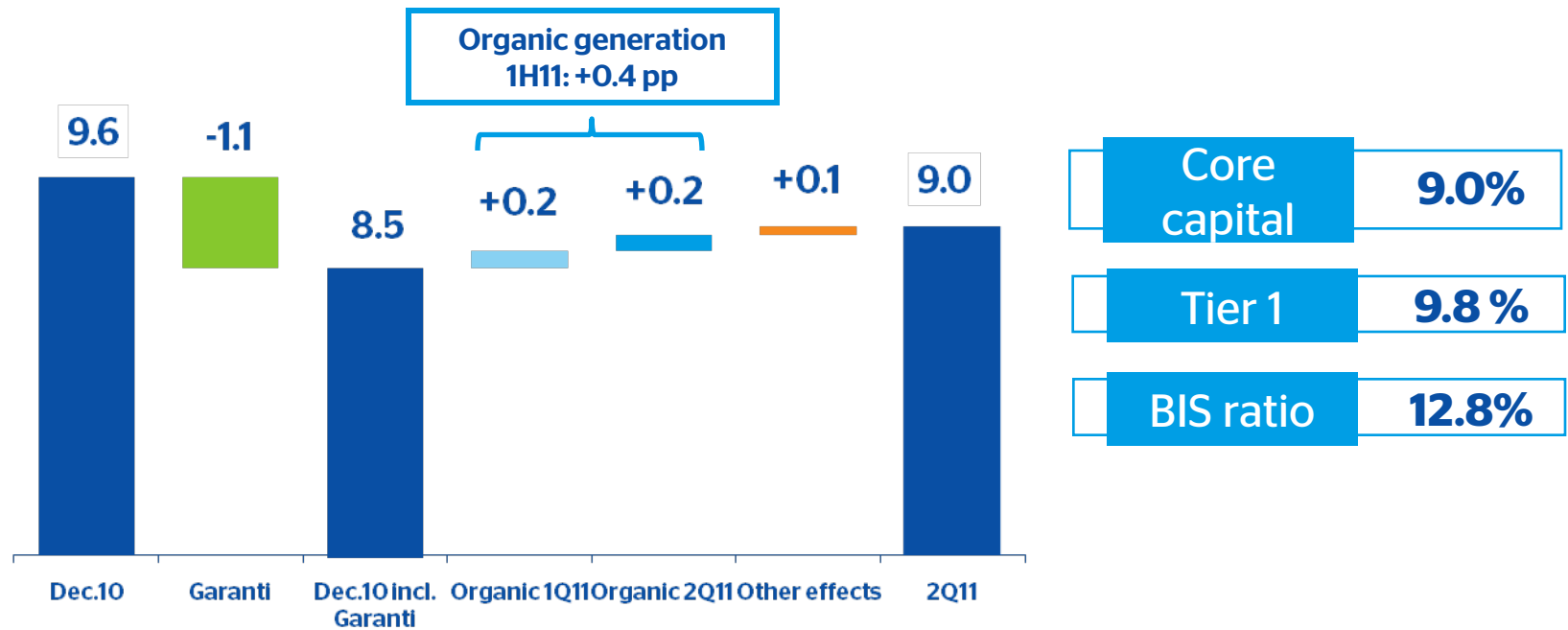


Excellent positioning in an increasingly discriminating environment

* % of core Tier 1, excluding mitigating factors. Peer Group: BARCL, BNP, CASA, CMZ, DB, HSBC, ISP, LLOYDS, RBS, SAN, SG, UCI. Ranking according to adverse scenario

And organic generation of capital in a complex quarter

Core capital ratio
BBVA Group
(%)



First interim dividend for 2011: +11% vs 2010

... BBVA confirms the resilience of its earnings

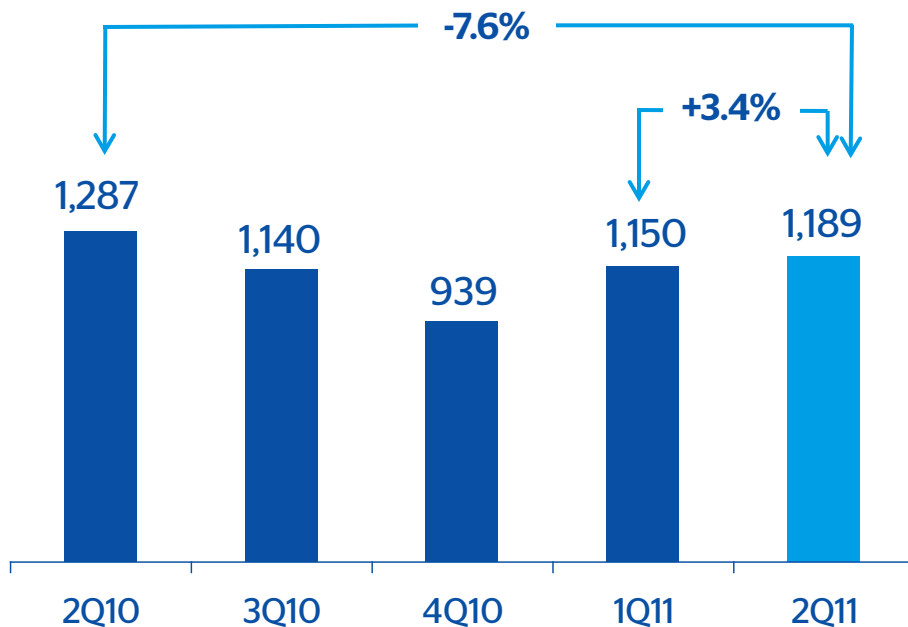
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Resilience of profit

Net attributable profit

BBVA Group
(€m)



Highlights

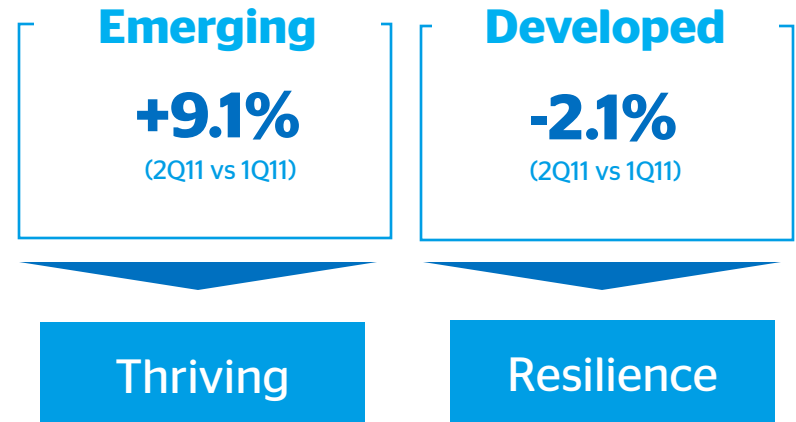
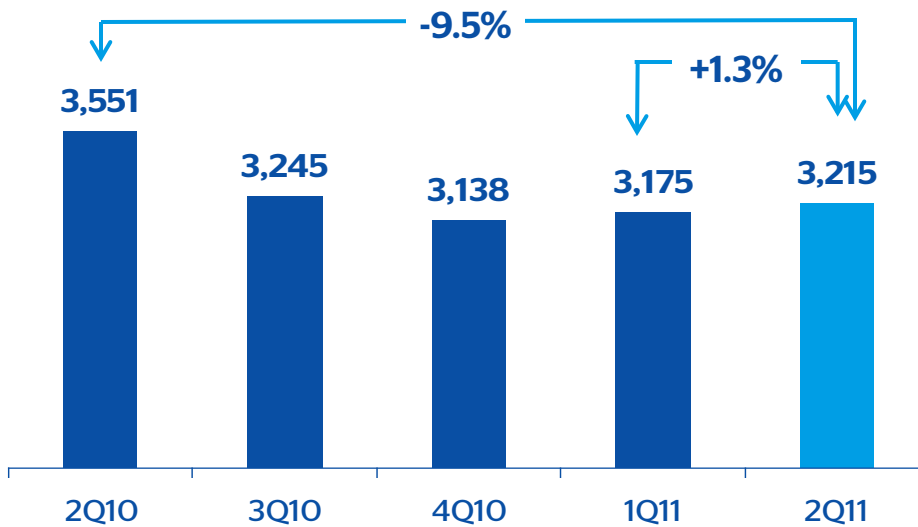
Revenues grow in emerging economies

Net interest income stabilises in Spain

Risk premium improves

High recurrence of net interest income

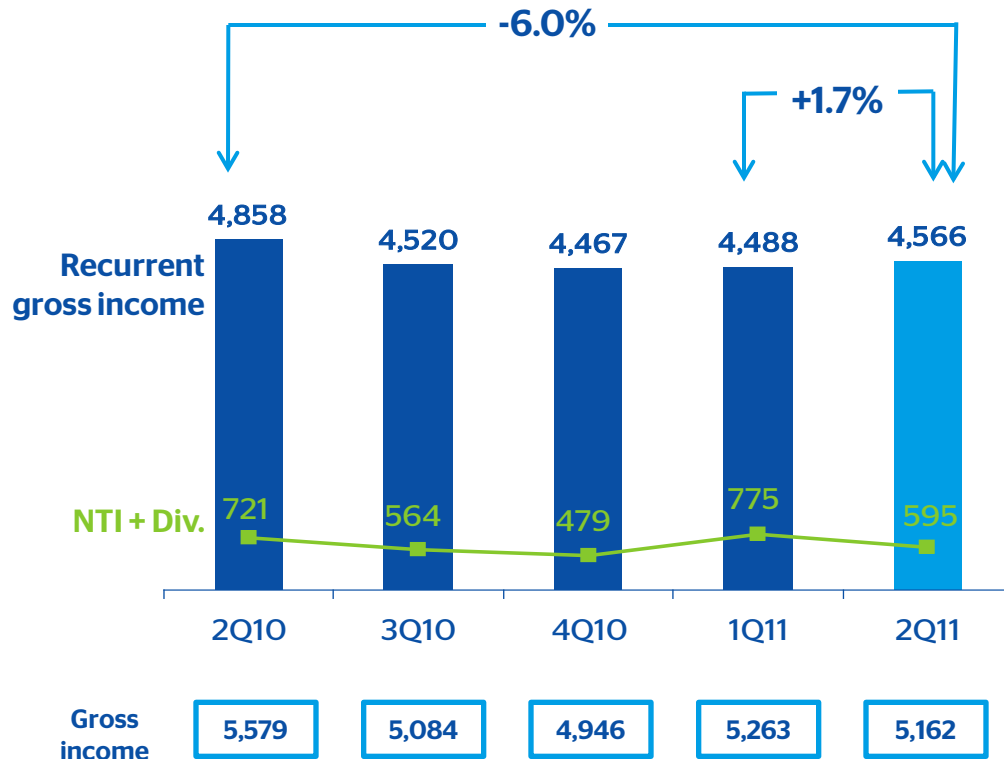
Net interest income
BBVA Group
(€m)



Active management, different in each geographic region

Positive trend in recurrent revenues ...

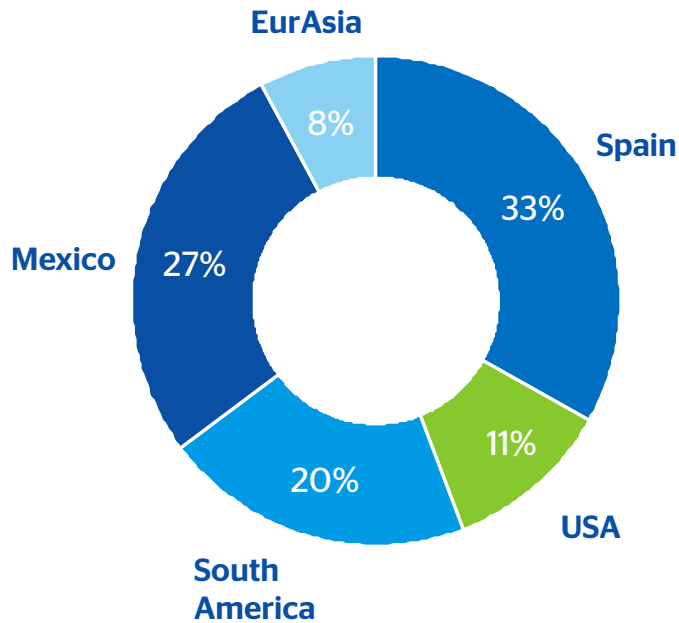
Recurrent gross income & NTI + dividends
BBVA Group
(€m)



NTI is less than 1Q11 due to the impact of the environment on markets

... amply diversified

Gross income by region*
BBVA Group
(%)

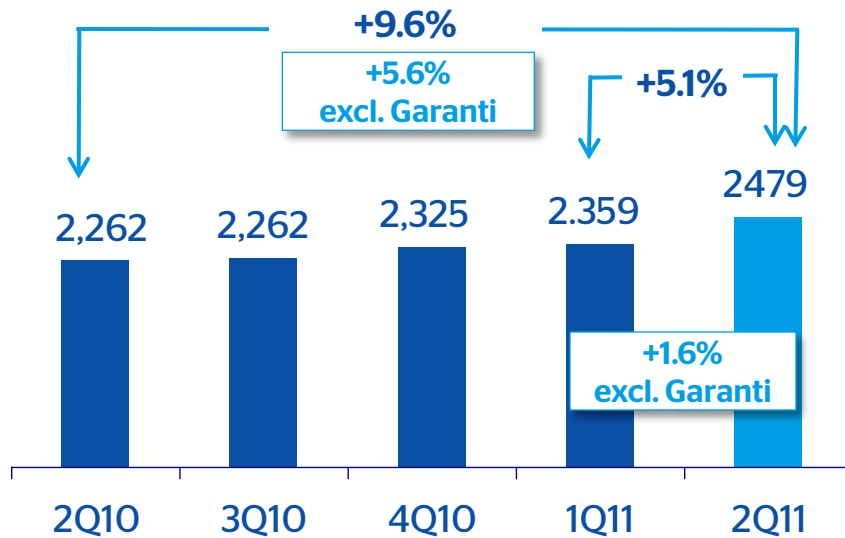


Thriving emerging economies
offset the slowdown in
developed ones

* Excludes Corporates Activities

Anticipating the new economic cycle ...

Costs
BBVA Group
(€m)



Emerging

+ 8.1% (2Q11 vs.1Q11)

- Ex. Garanti: + 0%

Capture business growth and expand branch networks

Developed

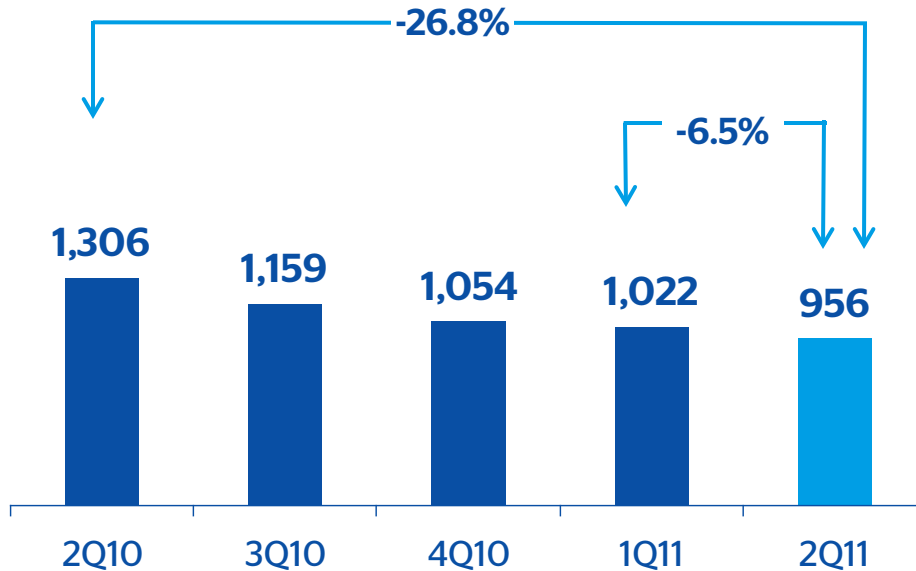
- 2.1% (2Q11 vs.1Q11)

Gains in market share and branch efficiency drive

... and lower loan-loss provisions

Loan-loss provisions

BBVA Group
(€m)



Highlights

- Lower provisions in United States, South America and Mexico
- Stable in Spain, maintaining generic provisions

Resilient earnings despite challenging conditions ...

Income statement

BBVA Group
(€m)

BBVA Group	Accum	Growth 1H11 / 1H10	
	1H11	Abs.	%
Net Interest Income	6,389	-547	-7.9%
Gross Income	10,425	-455	-4.2%
Operating Income	5,587	-913	-14.0%
Income Before Tax	3,143	-508	-13.9%
Net Attributable Profit	2,339	-188	-7.5%

ROA

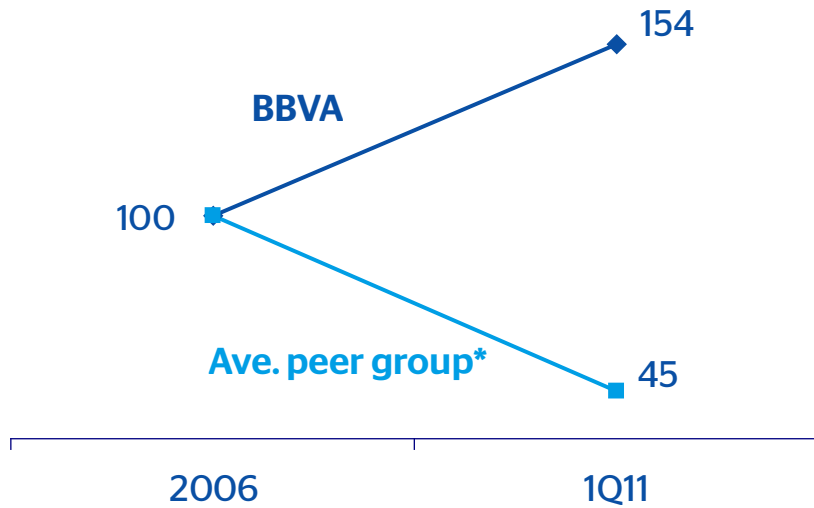
0.94%

ROE

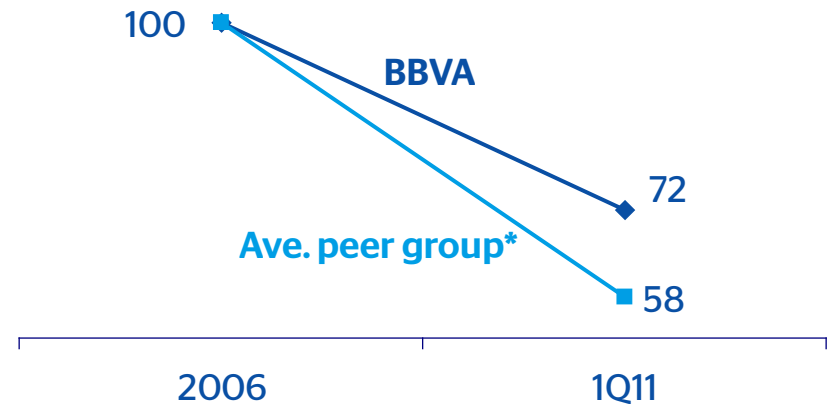
12.9%

... that is pointing the differences against its peer group

Book value per share
Base 100: 12M06



EPS
Base 100: 12M06



... BBVA confirms the resilience of its earnings

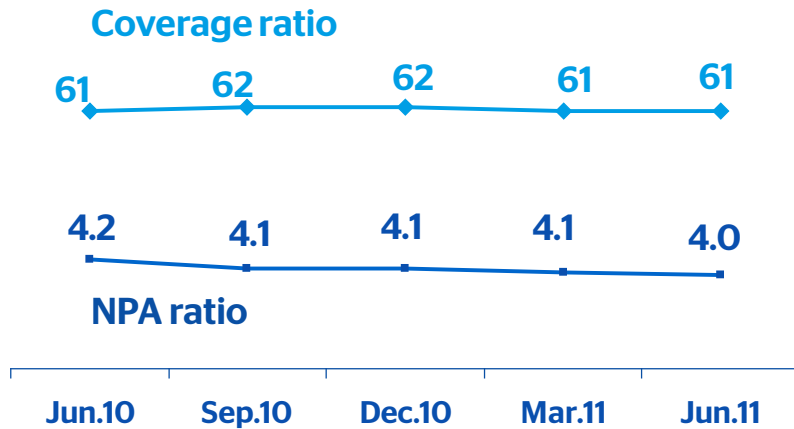
2Q11 highlights

- 1** **Top big European bank by capital adequacy**
- 2** **Resilience of profit**
- 3** **Stable risk indicators for six consecutive quarters**
- 4** **2011 funding needs are already covered**
- 5** **Stronger franchises: thriving emerging markets and resilience in developed ones**

Stable risk indicators during six consecutive quarters ...

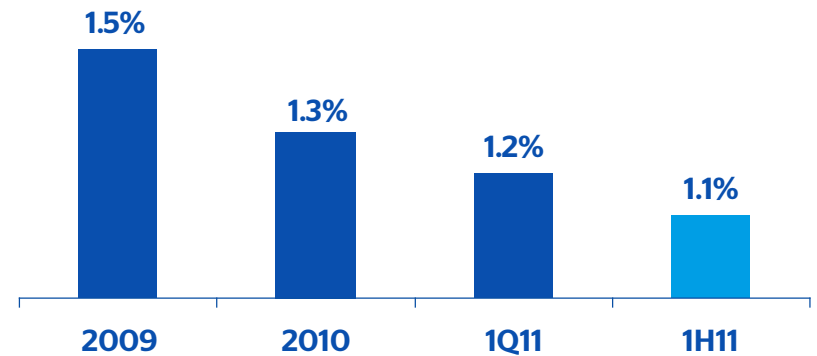
NPA & coverage ratios

BBVA Group
(%)



Cumulative risk premium

BBVA Group
(%)



Improvement in risk premium

... BBVA confirms the resilience of its earnings

2Q11 highlights

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2011 funding needs are already covered

Euro liquidity gap improves

- €19 bn year-on-year
- €2 bn in quarter

Customer funds on euro-zone balance sheet improve

- +20.3% year-on-year
- +4.5% in quarter

Best deposits to assets ratio in peer group (50%)

Not dependent on ECB

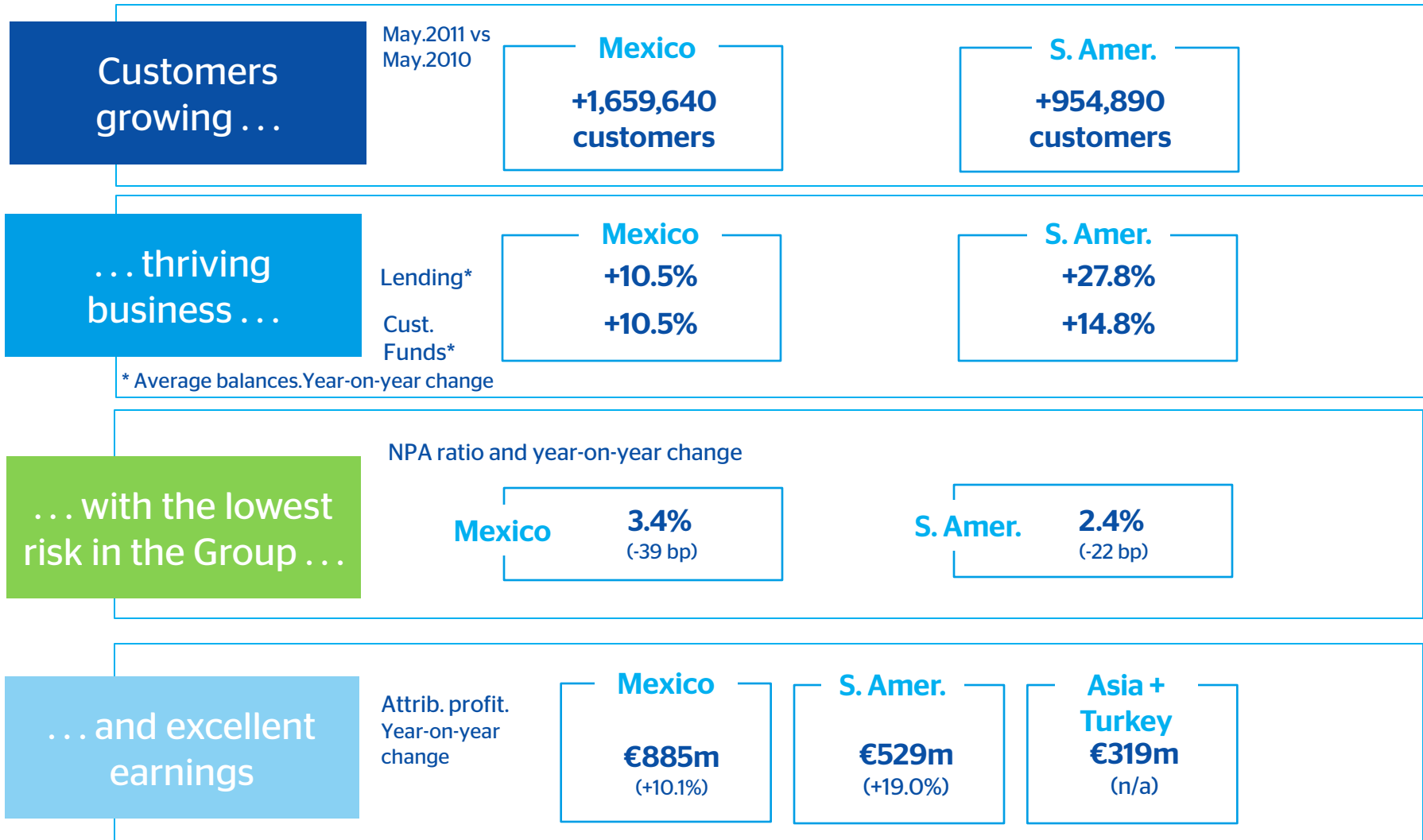
€60 billion in available collateral at euro level

... BBVA confirms the resilience of its earnings

2Q11 highlights

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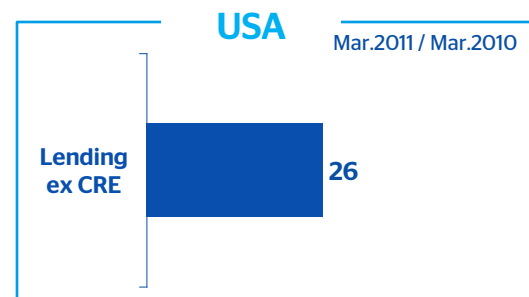
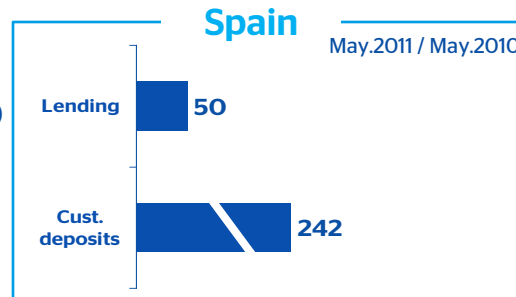
Emerging markets: strong growth confirmed



Developed markets: resilience

Market share gains ...

Mkt share gain (Bas.points)

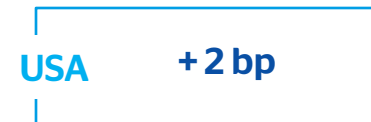


... best price management ...

Customer spread* (Jun.2011 vs Dec.2010)

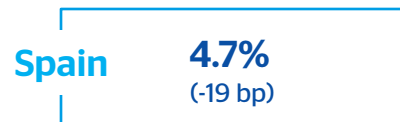


Customer spread (Jun.2011 vs Dec.2010)



... risk is stable

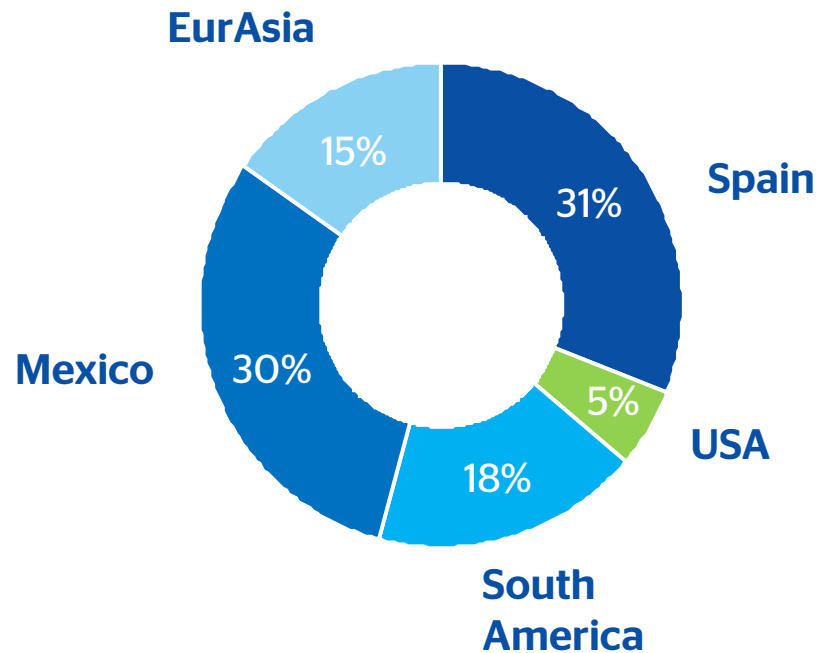
NPA ratio and year-on-year change



* Excluding markets. Note: Market gains calculated according to the latest available information

In summary: a highly diversified Group

Net attributable profit by region *
BBVA Group
(%)



* Excludes corporate activities

In conclusion, despite the challenging context BBVA outperformed ...

Solvency

- Top big European bank by capital adequacy under stress

Earnings

- Recurrence and resilience in a challenging environment
- Net attributable profit 1H11: €2,339m

Asset quality

- Key indicators are stable
- Risk premium improvement

Funding and liquidity

- 2011 funding needs are already covered
- Not dependent on ECB

Diversification

- Buoyant business in emerging economies
- Resilience in developed economies

Contents

1 Group Highlights

2 Geographic regions

Geographic regions: highlights

Spain

Decline in net interest income slows, gains in market share, cost control and superior risk performance

EurAsia

Significant contributions from strategic investments in China and Turkey, and from wholesale business in Europe

Mexico

Buoyant business, record gross income and risk stable

South America

Vigorous activity and revenues, and the best risk indicators in the Group

United States

Selective growth of business, improved spreads and lower provisions

WB&AM

Recurrence and diversification of revenues from customers despite a difficult quarter in the markets

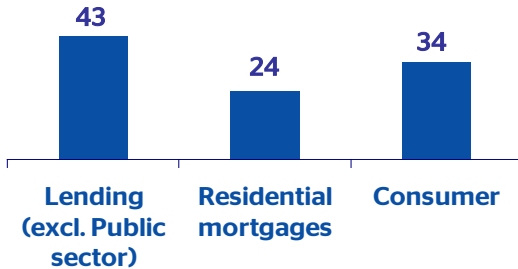
Spain: improvements in market share and spreads ...

Market share gains

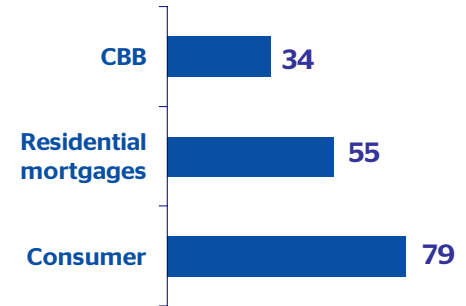
Better spreads

Lending

Market share
Change: May.2011 / May.2010
(basis points)

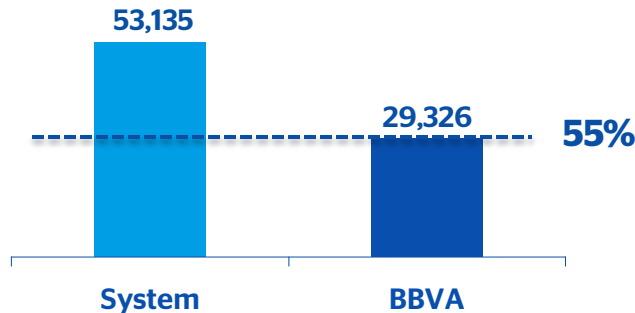


Spread on new business written
Change: Jun.2011 / Jun.2010
(basis points)

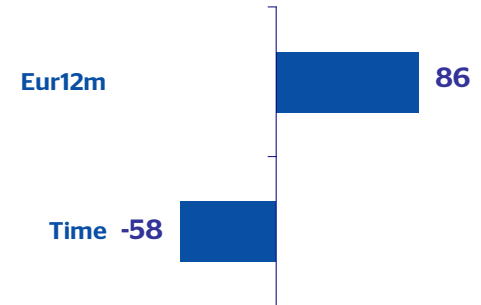


Customer funds

Balance of deposits (excl. Public sector)
Change: May.2011 / May.2010
(€m)

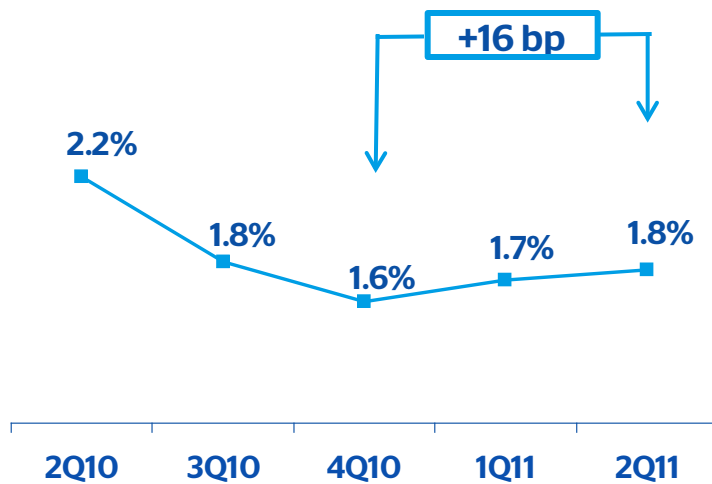


Time-deposit capture cost vs Eur12m
Change: Jun.2011 / Jun.2010
(basis points)

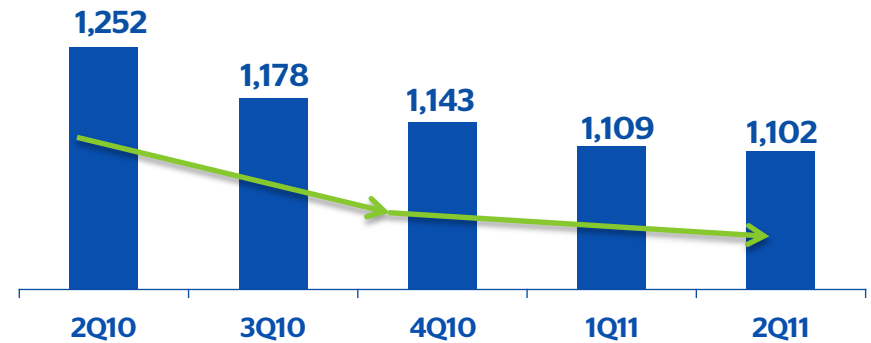


Spain: ... confirms net interest income is falling more slowly

Customer spread*
Quarter-on-quarter (%)



Net interest income
(€m)

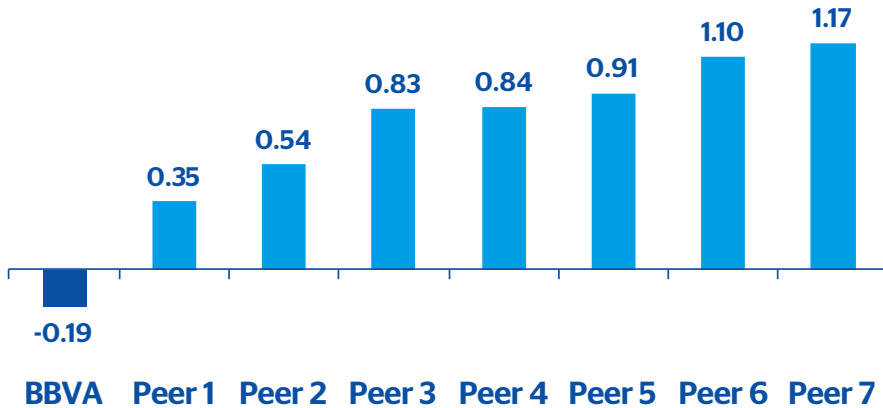


* Excluding markets

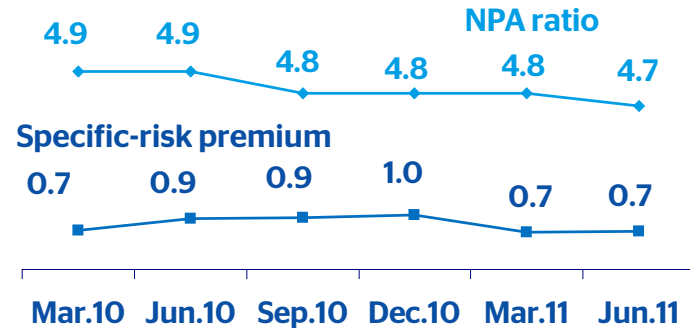
Spain: ... and risk indicators are stable

NPA ratio

BBVA Spain vs local Peer Group *
Change: Jun.2011 vs Jun.2010
(basis points)



NPA ratio and cumulative specific-risk premium (%)



Maintaining generic provisions

* Local peer group: BANKIA, BTO, BKT, CAIXA, B. POP, SAB and SAN. BANKIA Latest available data (Jun 11/ Dec.10)

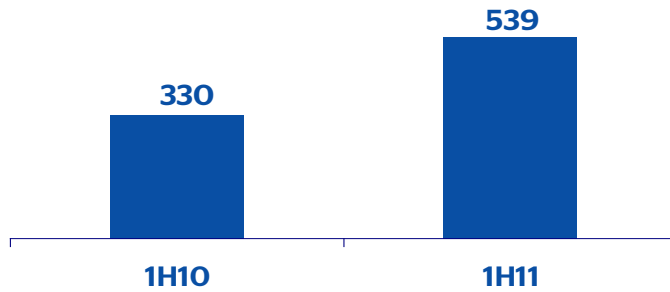
Spain: income statement

(€m)

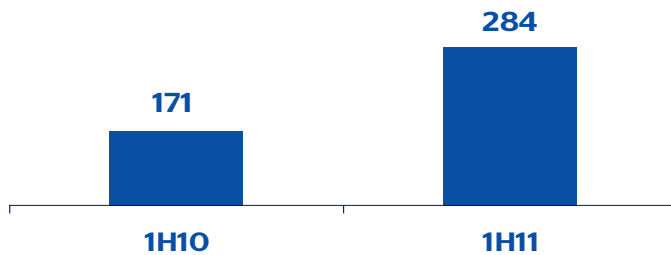
Spain	Accum.	Growth 1H11 / 1H10	
	1H11	Abs.	%
Net Interest Income	2,212	- 345	-13.5%
Gross Income	3,448	- 326	-8.6%
Operating Income	2,044	- 357	-14.9%
Income Before Tax	1,273	- 664	-34.3%
Net Attributable Profit	896	- 470	-34.4%

EurAsia: vibrant activity

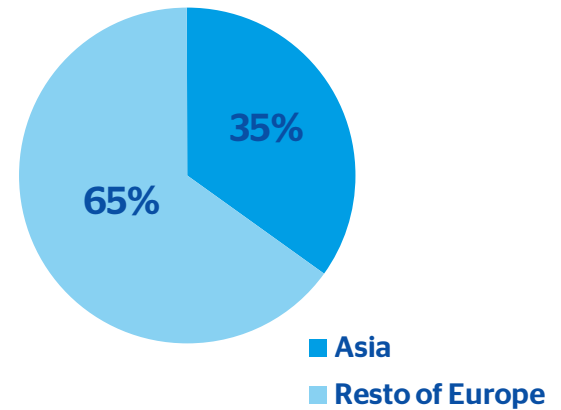
Gross income for Rest of Europe (€m)



Gross income - Asia (€m)



Breakdown of gross income - EurAsia (%)



First full quarter with Garanti

EurAsia: income statement

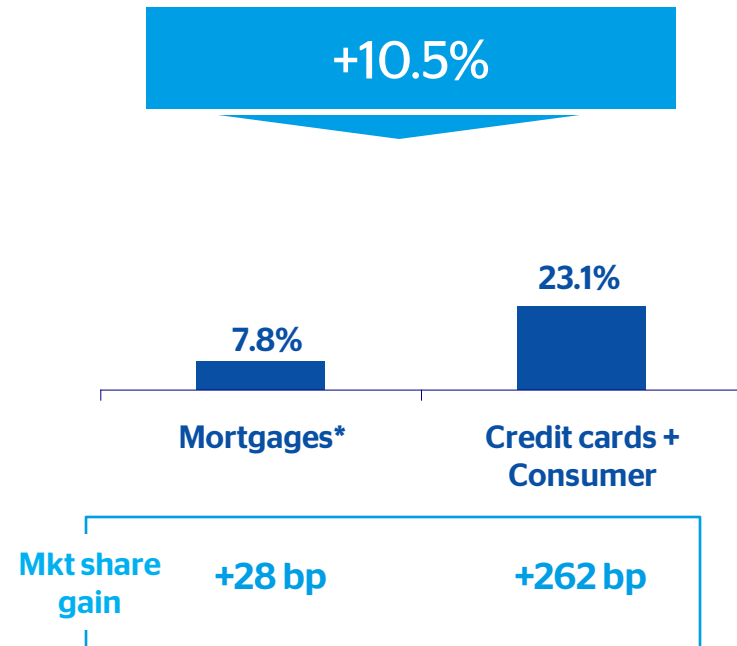
(€m)

EurAsia	Accum.	Growth 1H11 / 1H10	
	1H11	Abs.	%
Net Interest Income	305	+ 133	77.2%
Gross Income	822	+ 322	64.3%
Operating Income	566	+ 208	58.0%
Income Before Tax	517	+ 194	60.2%
Net Attributable Profit	449	+ 177	65.4%

Mexico: widespread gains in key figures

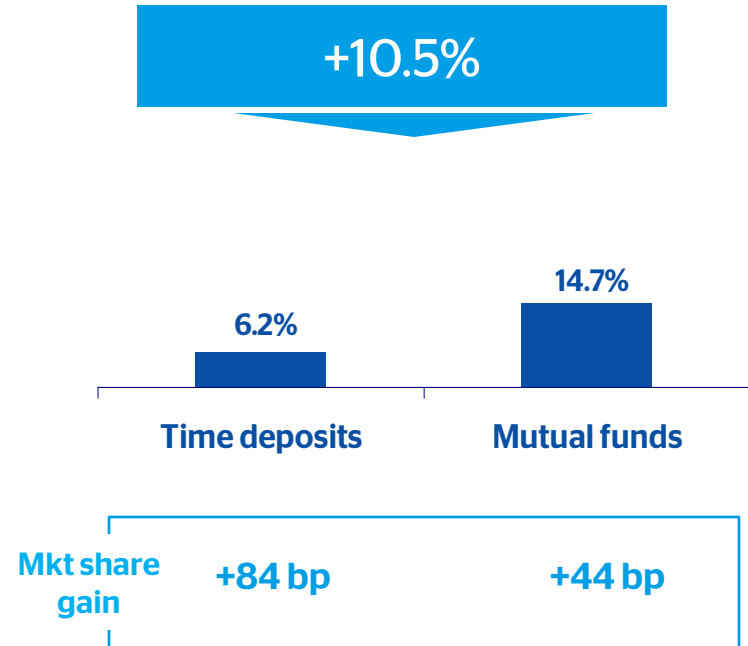
Lending

Year-on-year change
(% average balances)



Customer funds

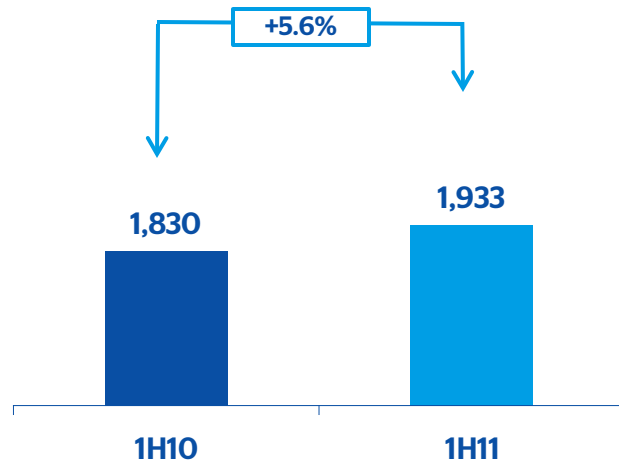
Year-on-year change
(% average balances)



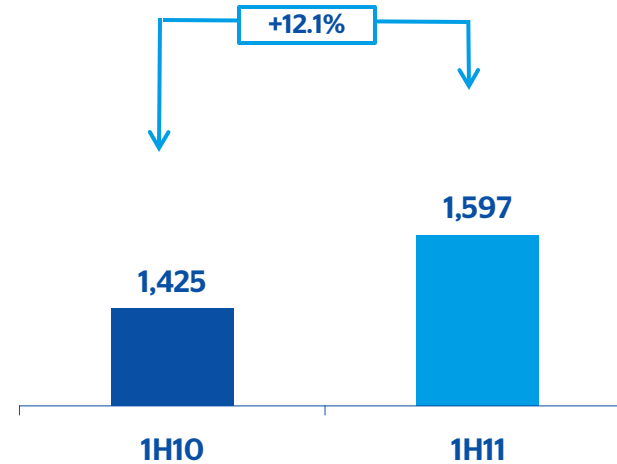
* Excluding old residential

Mexico: income growing at a good pace

Net interest income
(Constant €m)



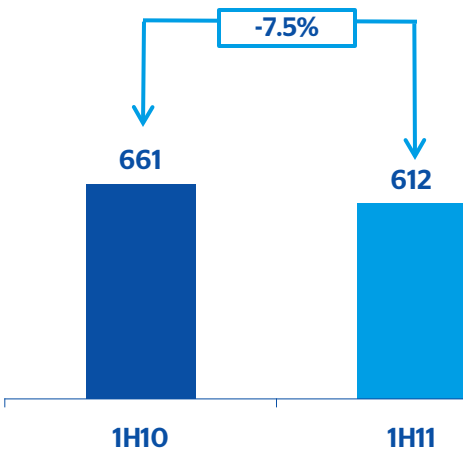
Net interest income excl. Wholesale banking
(Constant €m)



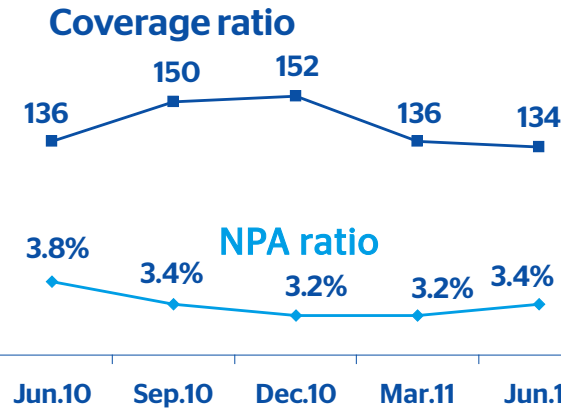
Record quarter for revenues

Mexico: improvement in loan-loss provisioning

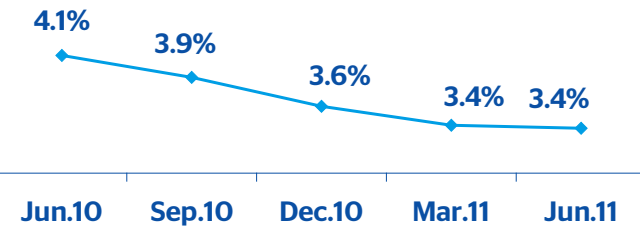
Provisions
(Constant €m)



NPA & coverage ratios
(%)



Cumulative risk premium



Mexico: income statement

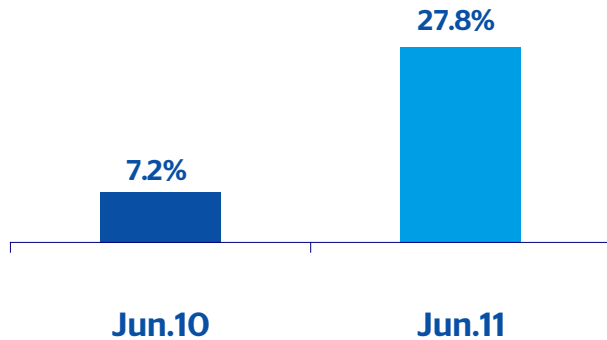
(Constant €m)

Mexico	Accum.	Growth 1H11 / 1H10	
	1H11	Abs.	%
Net Interest Income	1,933	+ 103	5.6%
Gross Income	2,864	+ 119	4.3%
Operating Income	1,835	+ 26	1.4%
Income Before Tax	1,195	+ 86	7.7%
Net Attributable Profit	885	+ 81	10.1%

South America: strong business in all countries

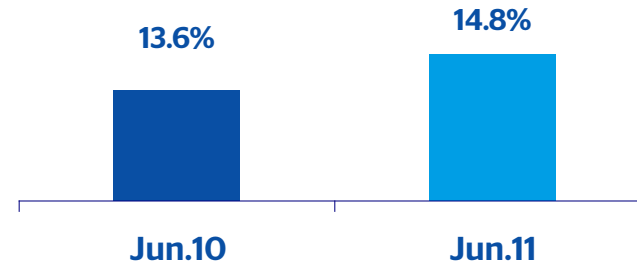
Lending

Year-on-year change
(% average balances)



Customer funds

Year-on-year change
(% average balances)



Lending and customer funds

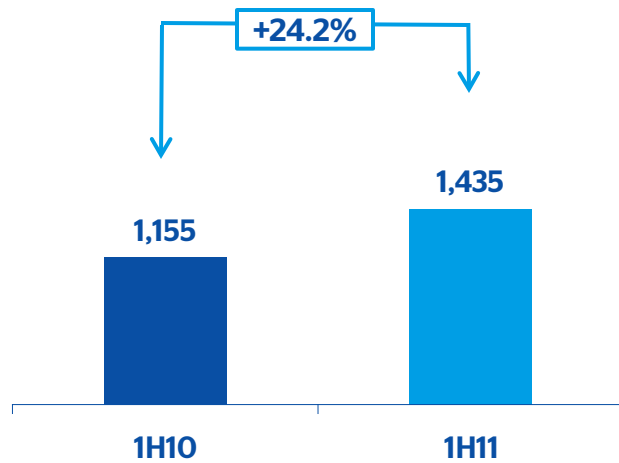
Year-on-year change
(%)

	Chile	Colombia	Peru
Lending	+16%	+28%	+23%
Customer funds	+7%	+18%	+16%

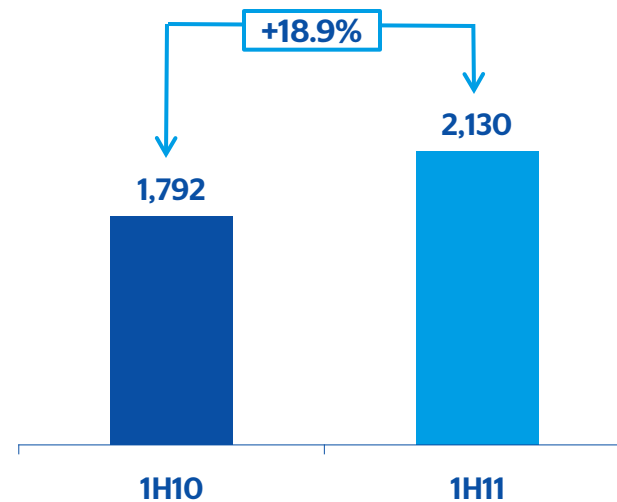
Very positive trends in a region whose potential is similar to Mexico

South America: buoyant income

Net interest income
(Constant €m)

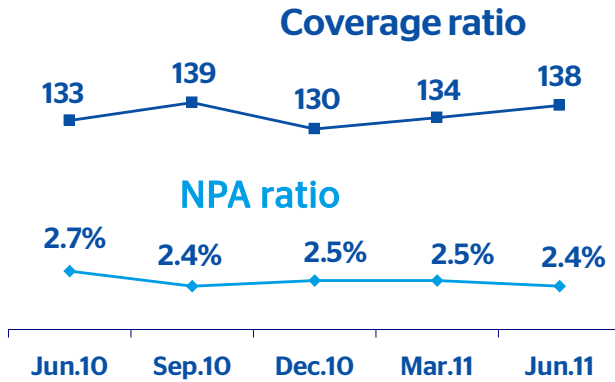


Gross income
(Constant €m)

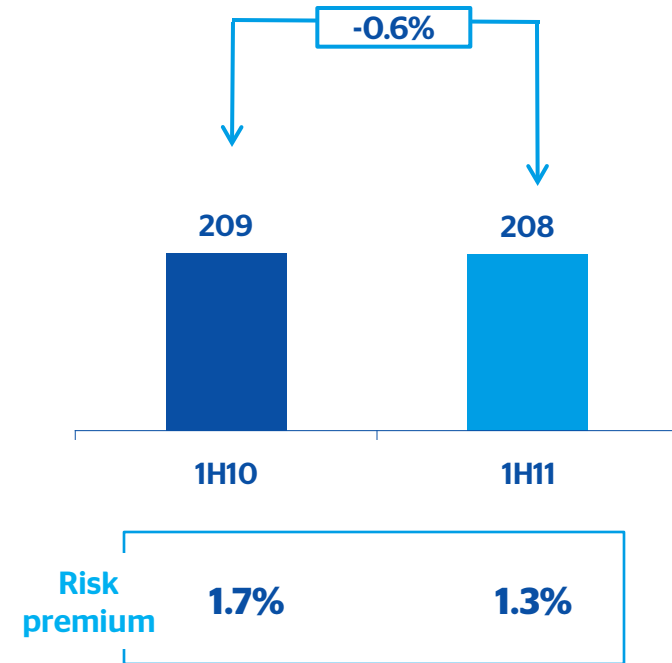


South America: best risk indicators in the BBVA Group

NPA & coverage ratios (%)



Provisions (Constant €m)

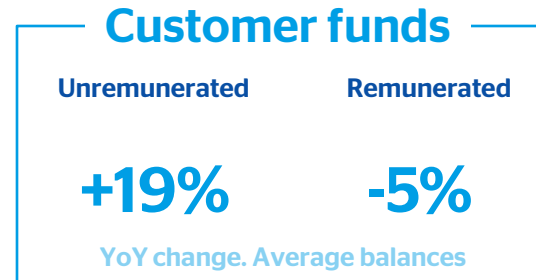
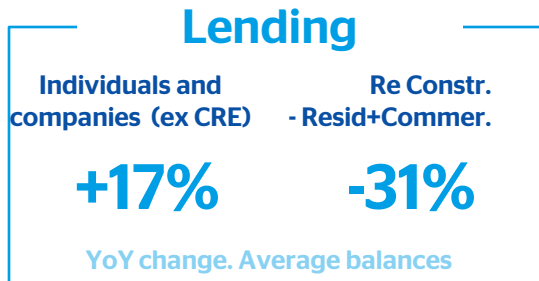


South America: income statement

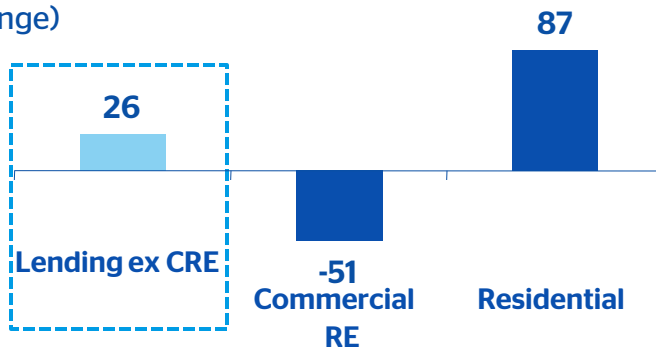
(Constant €m)

South America	Accum.	Growth 1H11 / 1H10	
	1H11	Abs.	%
Net Interest Income	1,435	+ 280	24.2%
Gross Income	2,130	+ 338	18.9%
Operating Income	1,181	+ 149	14.4%
Income Before Tax	950	+ 140	17.2%
Net Attributable Profit	529	+ 84	19.0%

United States: selective growth of business

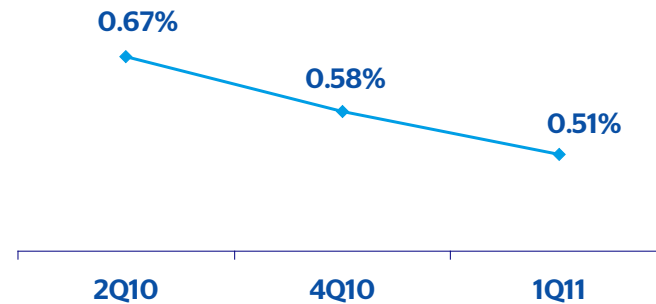


Mkt share of lending
Mar.2011 vs Mar.2010
(% change)



Market share gains in lending

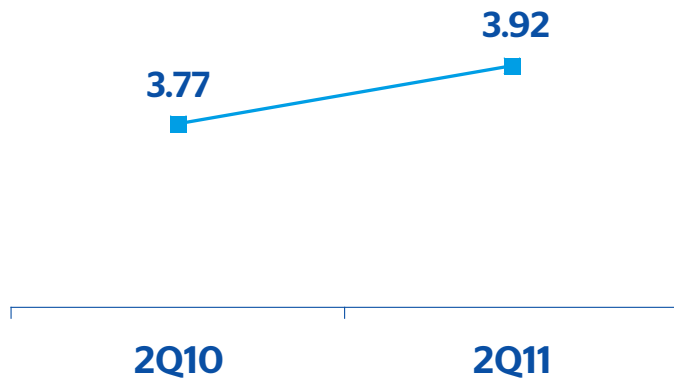
Cost of customer deposits
(%)



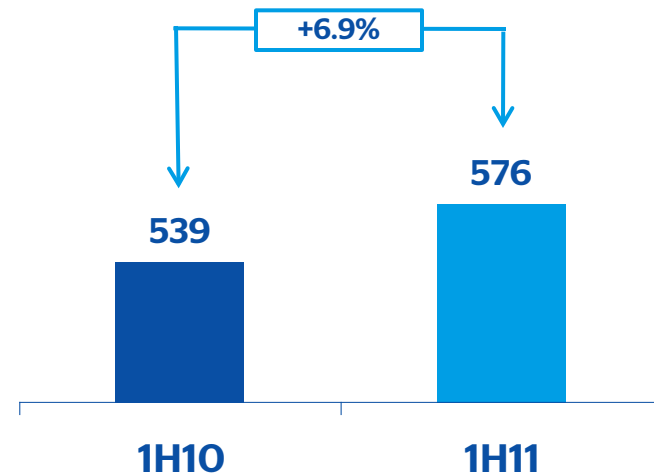
Lower cost of deposits

United States: improvement in customer spread

Customer spread*
(%)

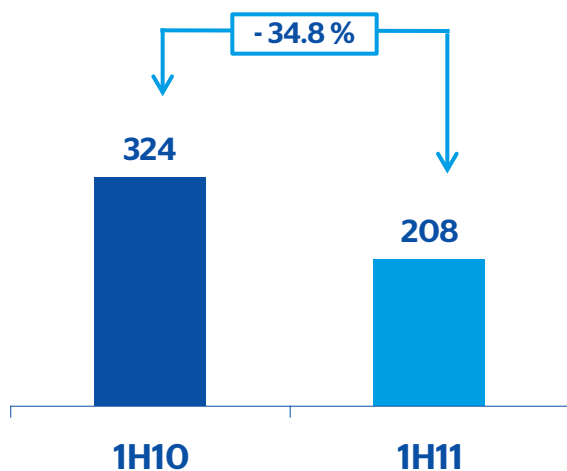


Net interest income net of loan-loss provisions
(Constant €m)



United States: substantial improvement in risk

Loan-loss provisions
(Constant €m)

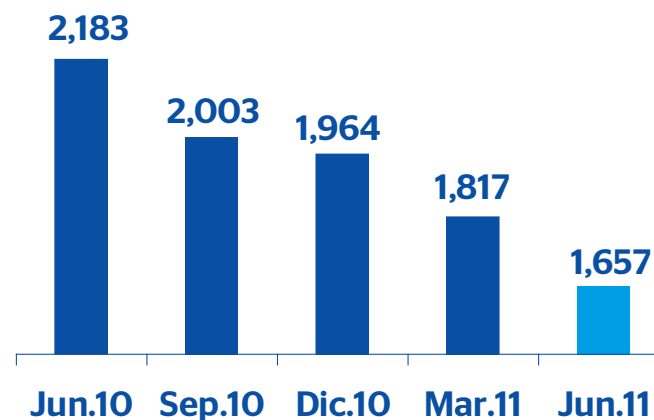


Cum. risk premium

1.6%

1.2%

NPAs - balance
(€m)



Jun.10

Jun.11

NPA ratio

4.3%

4.2%

Coverage

62%

67%

United States: income statement

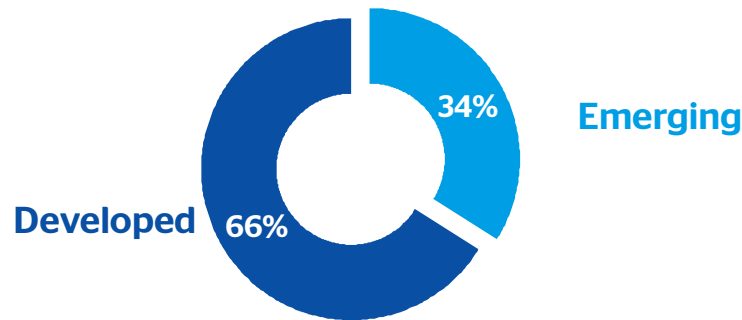
(Constant €m)

USA	Accum.	Growth 1H11 / 1H10	
	1H11	Abs.	%
Net Interest Income	787	- 76	-8.8%
Gross Income	1,163	- 64	-5.2%
Operating Income	427	- 92	-17.7%
Income Before Tax	210	+ 23	12.2%
Net Attributable Profit	151	+ 19	14.1%

Attributable net profit excluding WB&AM: +47.2%.

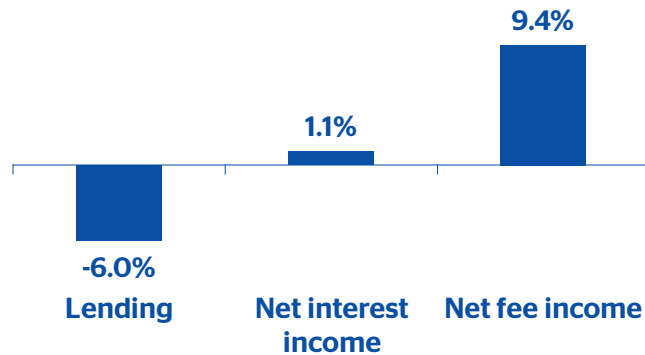
Wholesale Banking: diversification and recurrence

Source of gross income (%)



Corporate & Investment Banking

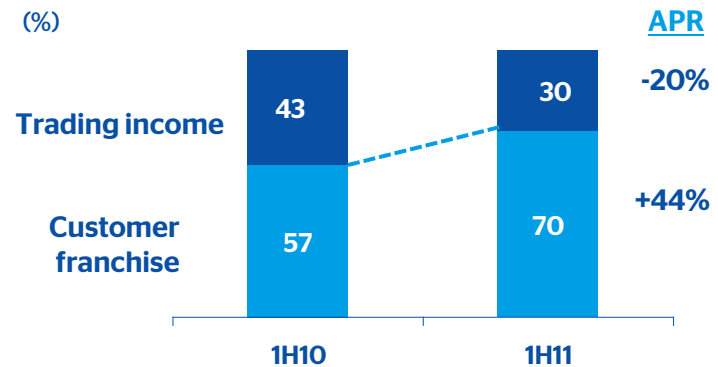
Lending, net interest income & net fee income (Year-on-year change, %)



Repricing and value-added business

Global Markets

Source of income (%)



Gross Income GM 1H11/1H10: +3.6%

Strengthening the customer franchise

Wholesale Banking: income statement

(Constant €m)

Wholesale Banking	Accum.	Growth 1H11 / 1H10	
	1H11	Abs.	%
Gross Income	1,461	-10	-0.7%
Operating Income	995	-86	-7.9%
Income Before Tax	1,000	-55	-5.2%
Net Attributable Profit	661	-44	-6.2%

In conclusion, despite the challenging context BBVA has outperformed ...

Solvency

The soundest big bank in Europe

Earnings

Recurrent and stronger earnings in a very challenging environment

Asset quality

Key indicators are stable and the risk premium has improved

Funding and liquidity

Comfortable position with 2011 borrowing requirements already covered

Diversification

Franchises in emerging markets are thriving and those in developed markets are resilient

Second quarter results 2011

Ángel Cano, BBVA's President & COO

July 28th 2011