

**BBVA**

# **Anticipation**

**Fourth quarter of 2009**

**Madrid, 27th January 2010**

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# A great year characterised by recurrency, anticipation and profitability

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**BBVA**

**1**

**Strong earnings  
from operations  
...**

**2**

**... which allow  
us to anticipate  
and strengthen  
the balance sheet  
...**

**3**

**... reinforcing  
capital adequacy  
and profitability**

**Maximum prudence without affecting business  
priorities and  
an attractive dividend yield**

# A great year characterised by recurrency, anticipation and profitability

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**1**

**Strong earnings from operations**

...

**2**

... which allow us to anticipate and strengthen the balance sheet

**3**

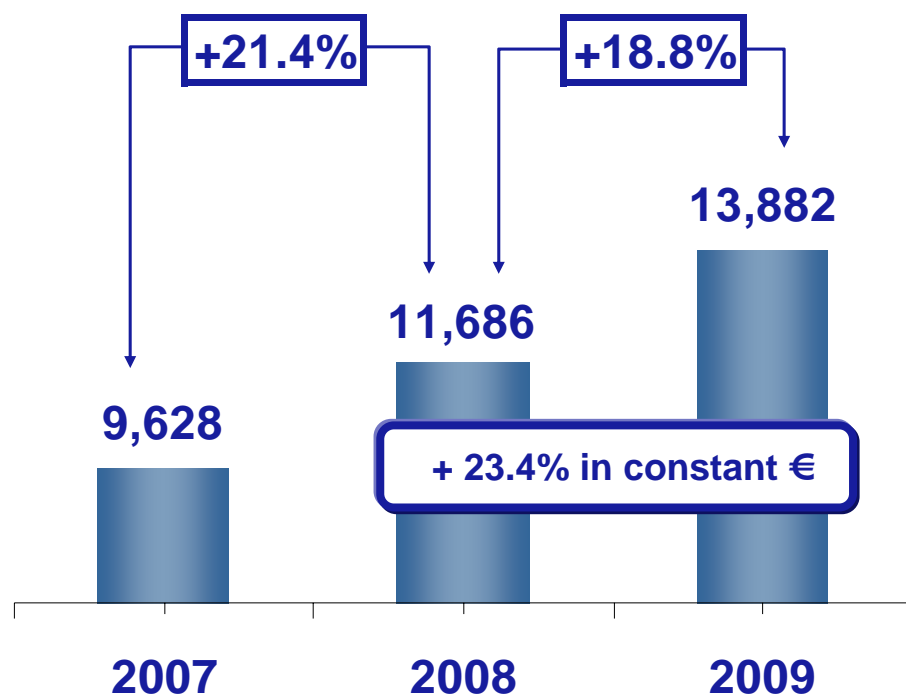
... ensuring capital adequacy and profitability

**Maximum prudence without affecting business priorities and an attractive dividend yield**

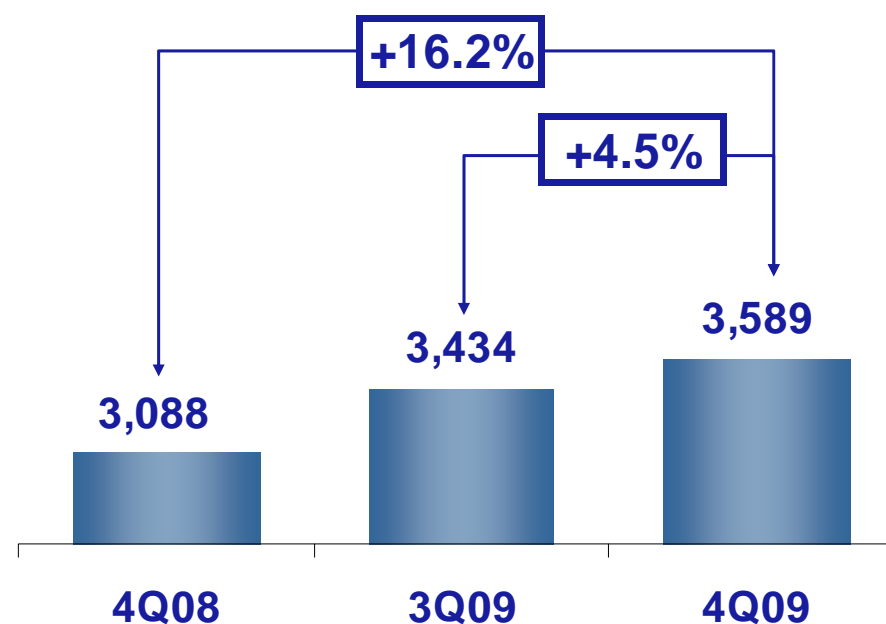
# Strong net interest income ...

**BBVA**

Net interest income  
BBVA Group  
Full year  
(€m)



Net interest income  
BBVA Group  
Quarter-by-quarter  
(€m)

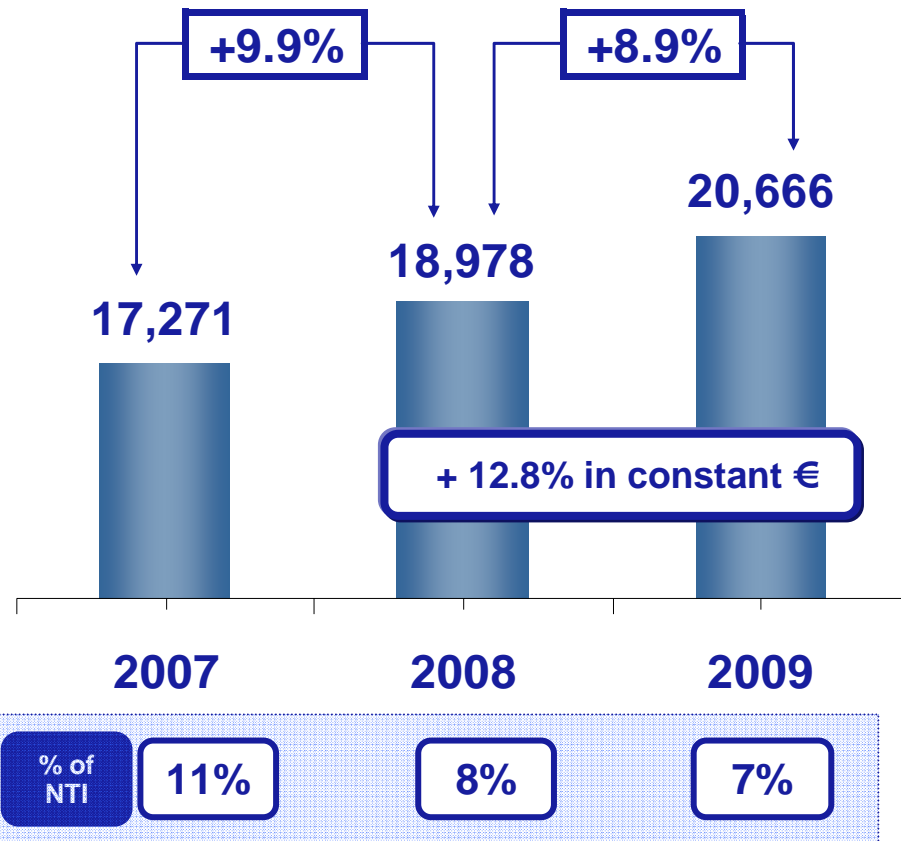


**Good price management and  
improved customer funds mix**

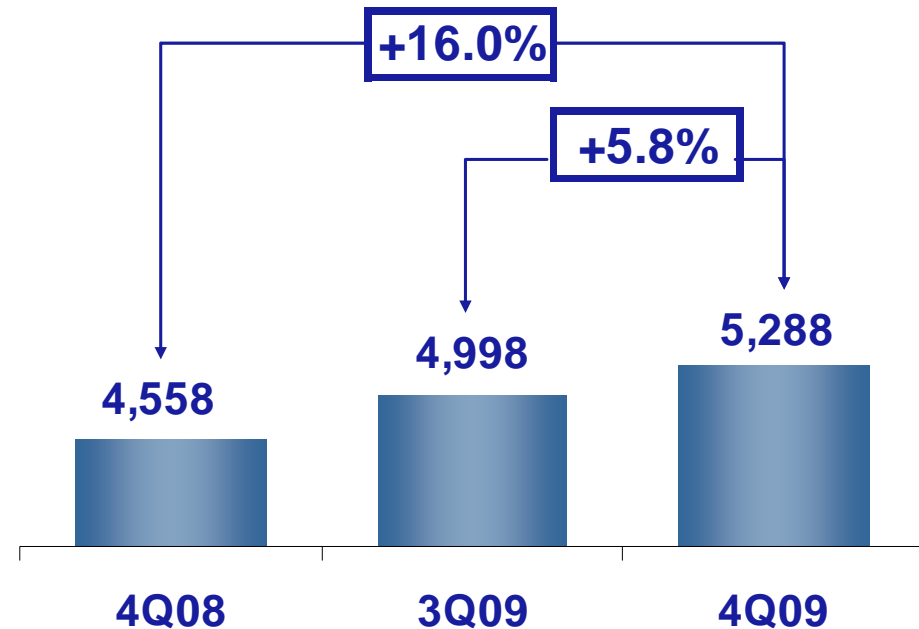
# Good performance – in quality and quantity – of gross income

**BBVA**

**Gross income**  
BBVA Group  
Full year  
(€m)



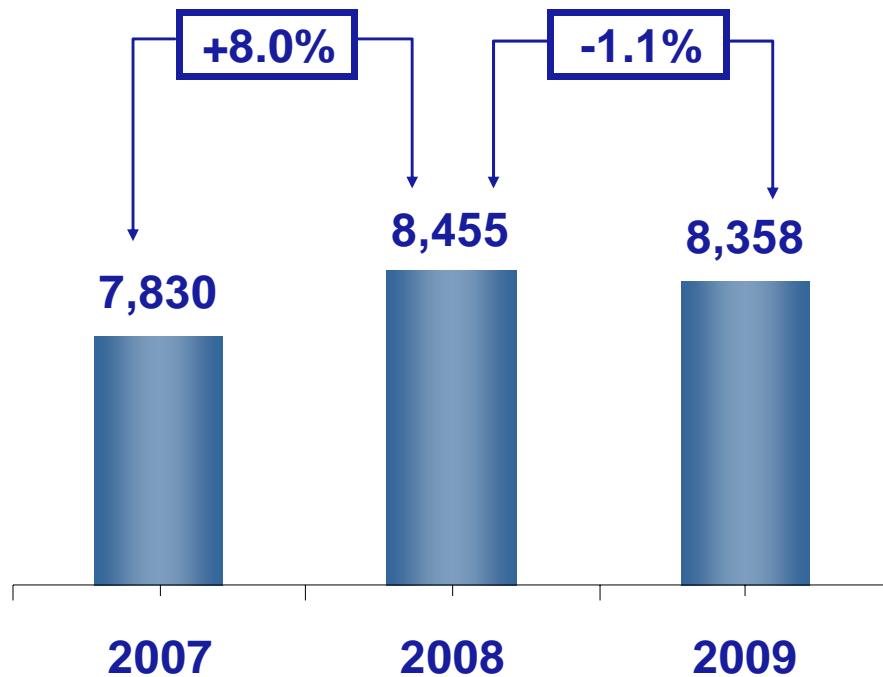
**Gross income**  
BBVA Group  
Quarter-by-quarter  
(€m)



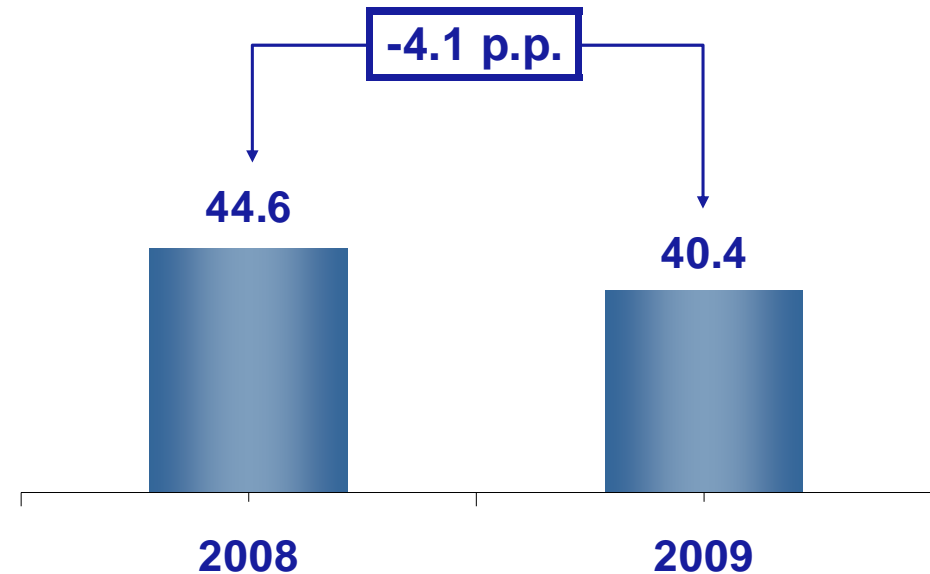
## ... and a magnificent achievement in costs

**BBVA**

**Total operating cost**  
BBVA Group  
Full year  
(€m)



**Cost-income ratio**  
BBVA Group  
(%)



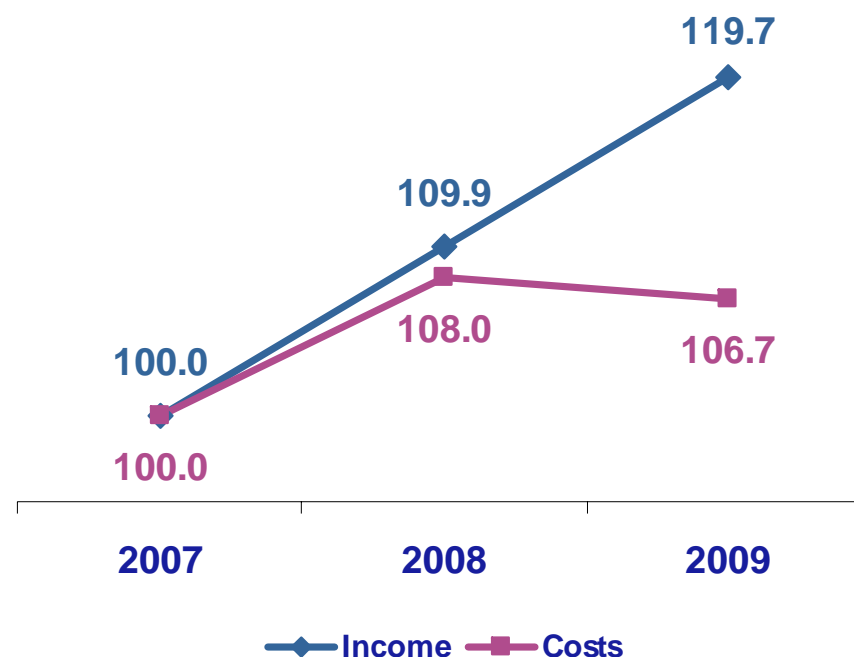
**Anticipation in network strategy and new benefits  
from the Transformation Plan**

# ... leading to a general improvement in efficiency ...

Cost/income ratio  
BBVA Group and business areas  
(%)

2009	Effic.	Change
<b>BBVA GROUP</b>	<b>40.4%</b>	<b>-4.1 p.p.</b>
Spain & Portugal	35.6%	-1.2 p.p.
WB&AM	28.1%	-1.2 p.p.
Mexico	31.9%	-1.3 p.p.
USA	59.9%	-5.9 p.p.
South America	40.6%	-3.9 p.p.

Total revenues and costs  
BBVA Group  
Full year  
(Base 100: 2007)

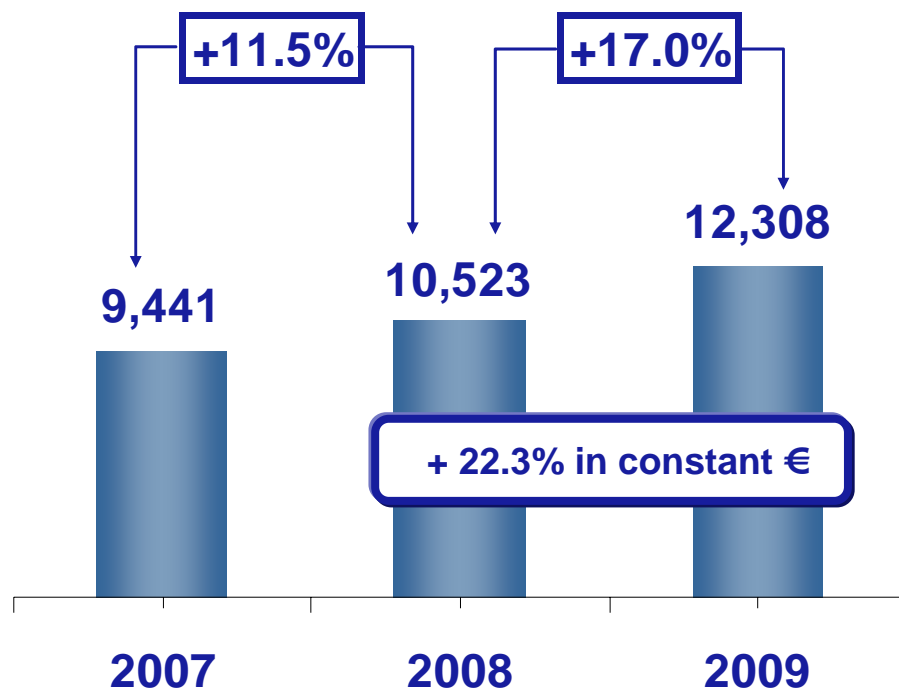




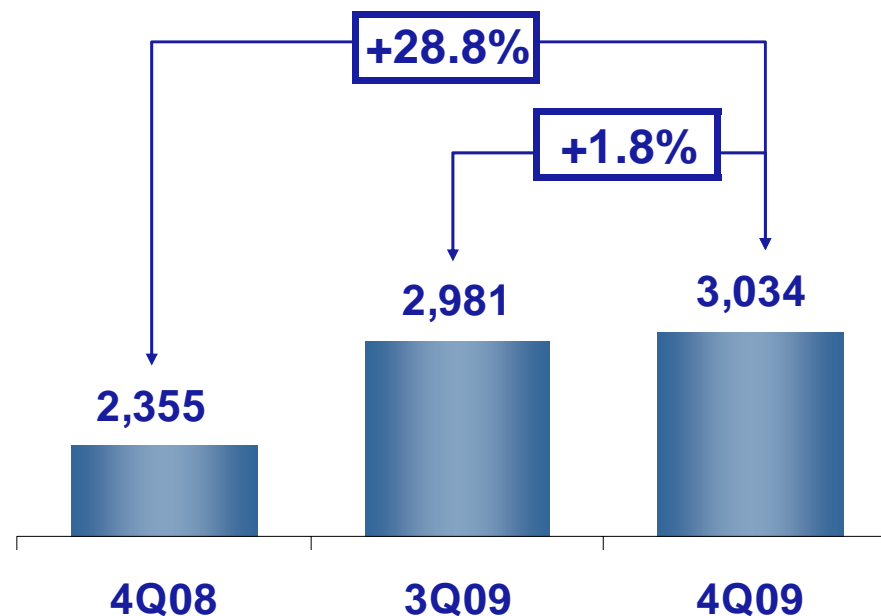
# Consequently operating income grows vigorously ...

**BBVA**

Operating income  
BBVA Group  
Full year  
(€m)



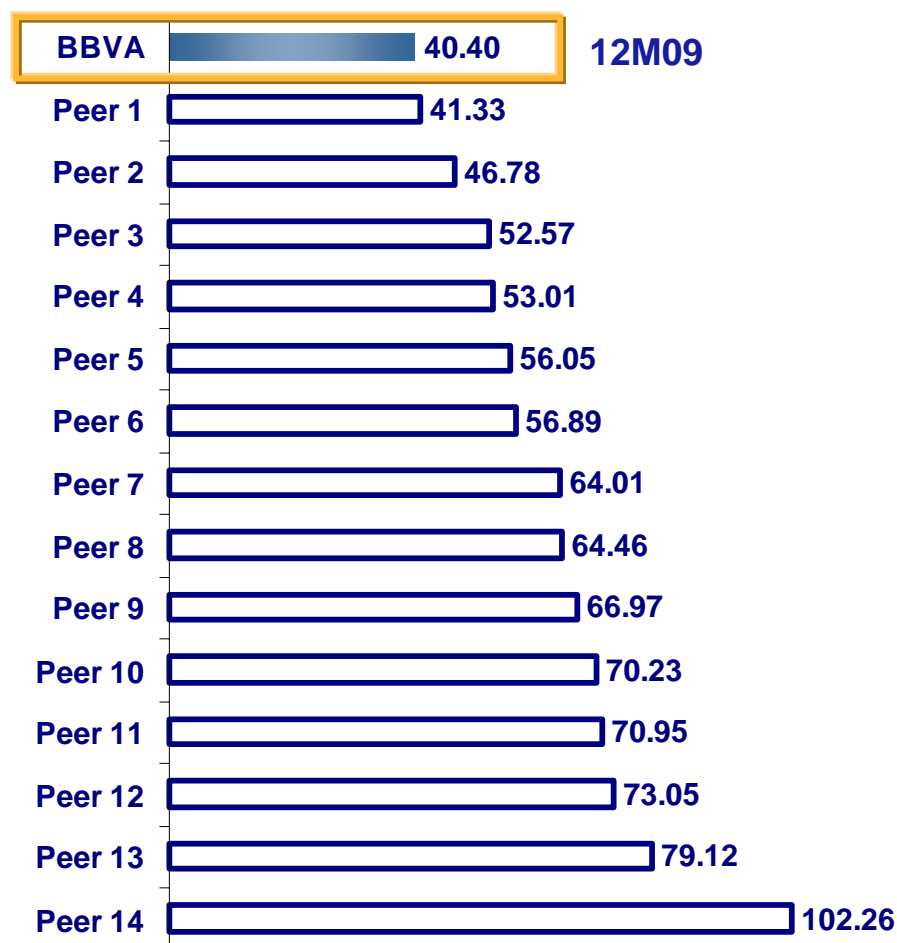
Operating income  
BBVA Group  
Quarter-by-quarter  
(€m)



... confirming us as leaders in efficiency and improving our market share in operating profit well above our market share in assets

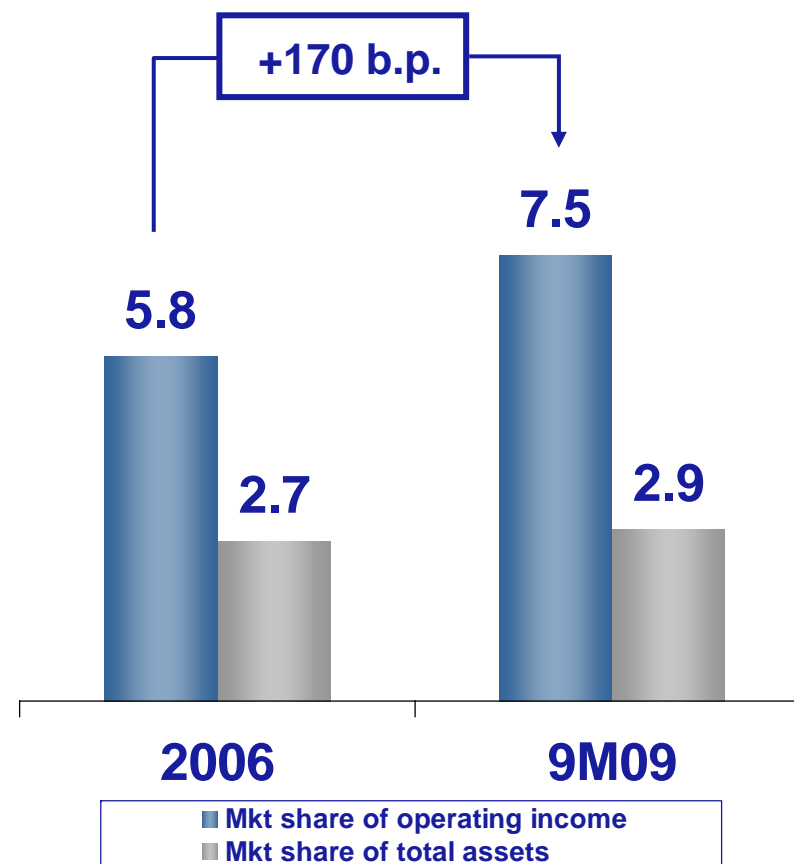
### Cost/income ratio

Peer Group  
(%, 9M09)



### Mkt share of operating profit vs mkt share of total assets

BBVA Group vs. *peer group*  
(%)



# A great year characterised by recurrency, anticipation and profitability

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1

Strong earnings  
from operations  
...

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**... which allow us to  
anticipate and strengthen  
the balance sheet ...**

3

... reinforcing  
capital adequacy  
and profitability

**Maximum prudence without affecting business  
priorities and  
an attractive dividend yield**

# 1. Early retirements

Improving efficiency

## Impact

Provisions 2009: €551m

Provisions 4Q09: €300m

# 2. Property provisions

## Impact

	2008	2009
Coverage	17%	32%
Anticipation	€100m	

# 3. Loan-loss provisions

## Impact

**Total: €1,411m**

Spain: €805m; Mexico: €73m

USA: €533m

## 1. Early retirements

Improving efficiency

### Impact

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Provisions 4Q09: €300m

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### Impact

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### Impact

Total: €1,411m  
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## 1. Early retirements

Improving efficiency

### Impact

Provisions 2009: €551m  
Provisions 4Q09: €600m

## 2. Property provisions

### Impact

	2008	2009
Coverage	17%	32%
Anticipation	€100m	

## 3. Loan-loss provisions

### Impact

**Total: €1,411m**  
Spain: €805m; Mexico: €73m;  
USA: €533m

# Anticipating NPAs and provisioning in Spain & Portugal

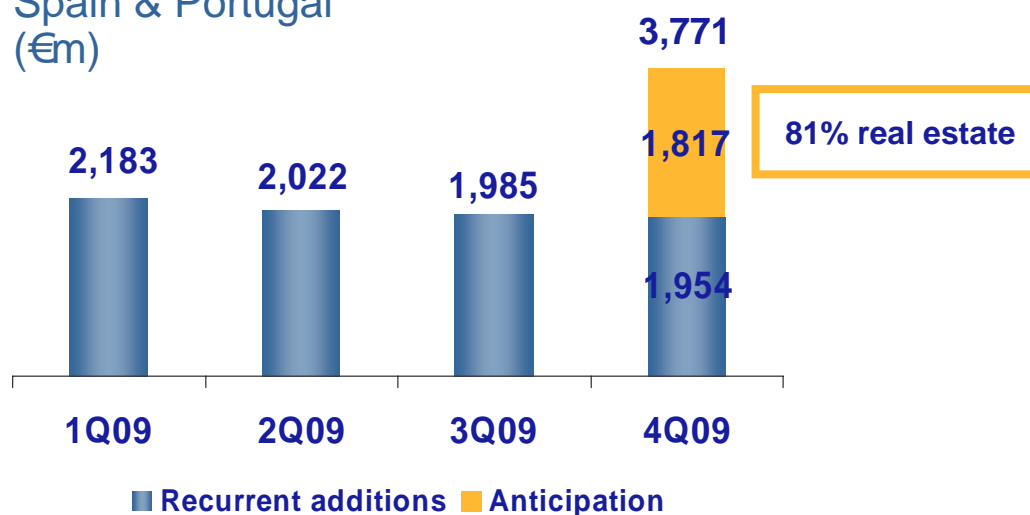
**BBVA**

## Anticipated NPAs

## Anticipated provisioning

### Gross additions to NPA

Spain & Portugal  
(€m)



### Anticipated specific provisioning

**€805m**

### NPA ratio

Public  
**5.1%**

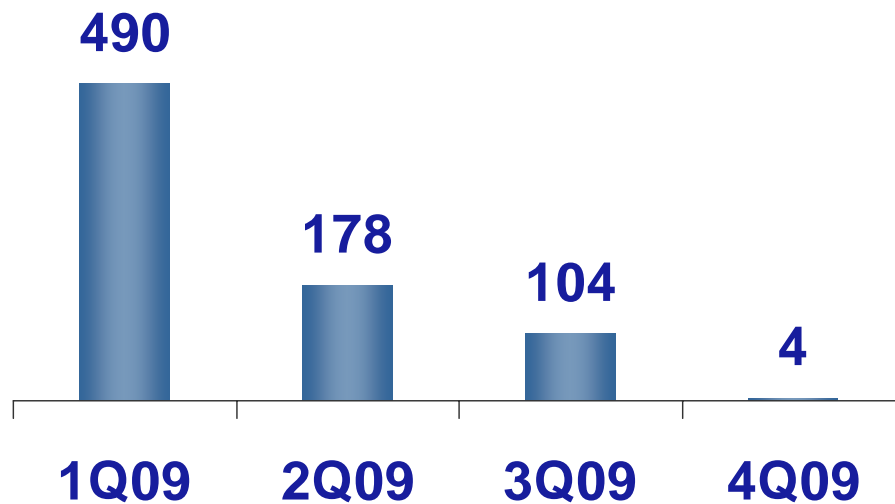
Excl. anticipation  
**4.3%**

**NPA ratio close to high point of cycle ...**

# NPA's are not altered by property purchases or by write-offs

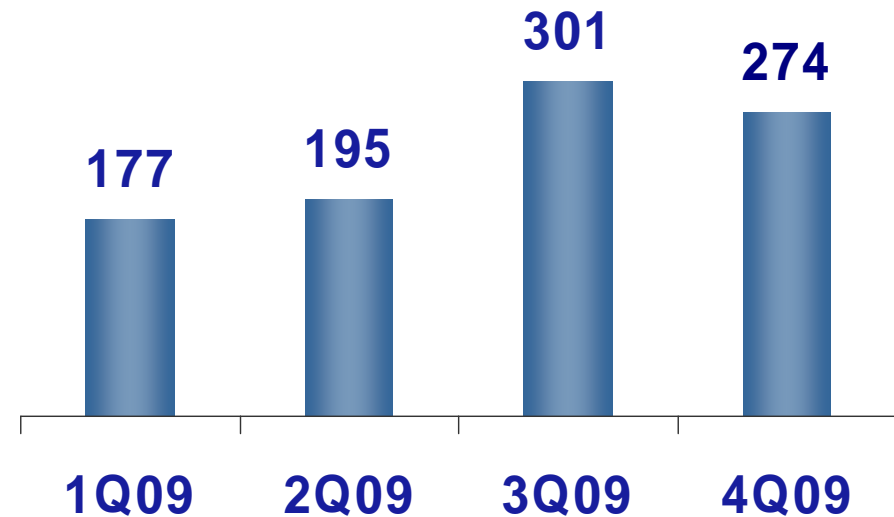
**BBVA**

**Property purchases**  
Spain & Portugal  
(€m)



**Purchases 2009: €776m**  
**Coverage: 32%**

**Write-offs**  
Spain & Portugal  
Quarter-by-quarter  
(€m)

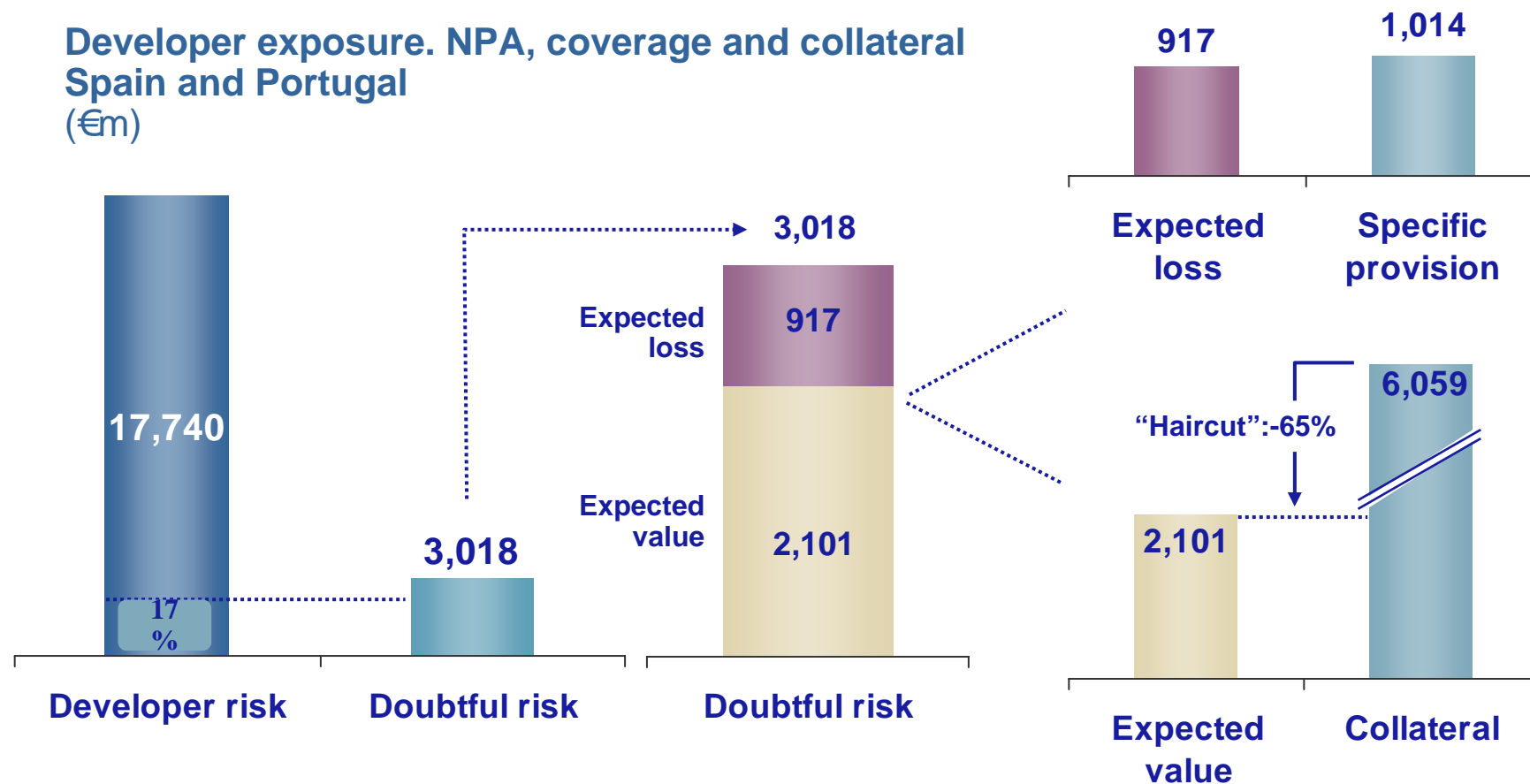


**No extraordinary write-offs**



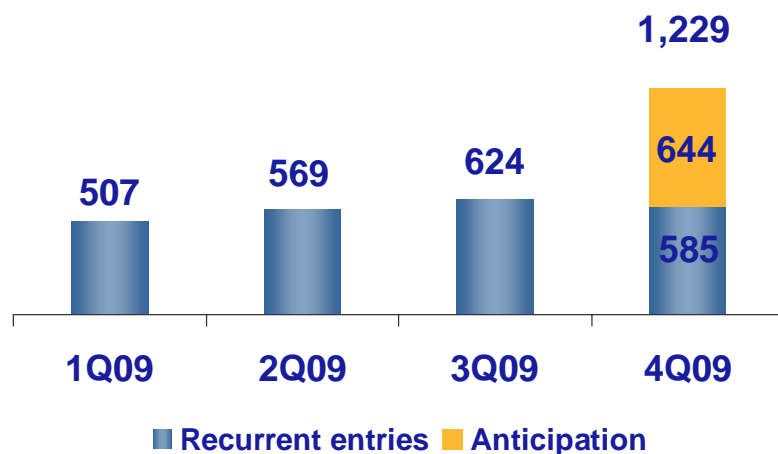
# Developer business well covered via provisions and high severity scenario

Developer exposure. NPA, coverage and collateral  
Spain and Portugal  
(€m)



- With no additional signs of deterioration in the performing portfolio
- In a stress scenario for the performing portfolio: maximum impact would mean increasing 10-15 b.p. the cost of risk

NPA entries (gross)  
USA  
(€m)



**One-off provisions**  
**€533m**

**NPA ratio: +120 b.p.**

**Coverage: +11.1 p.p.**

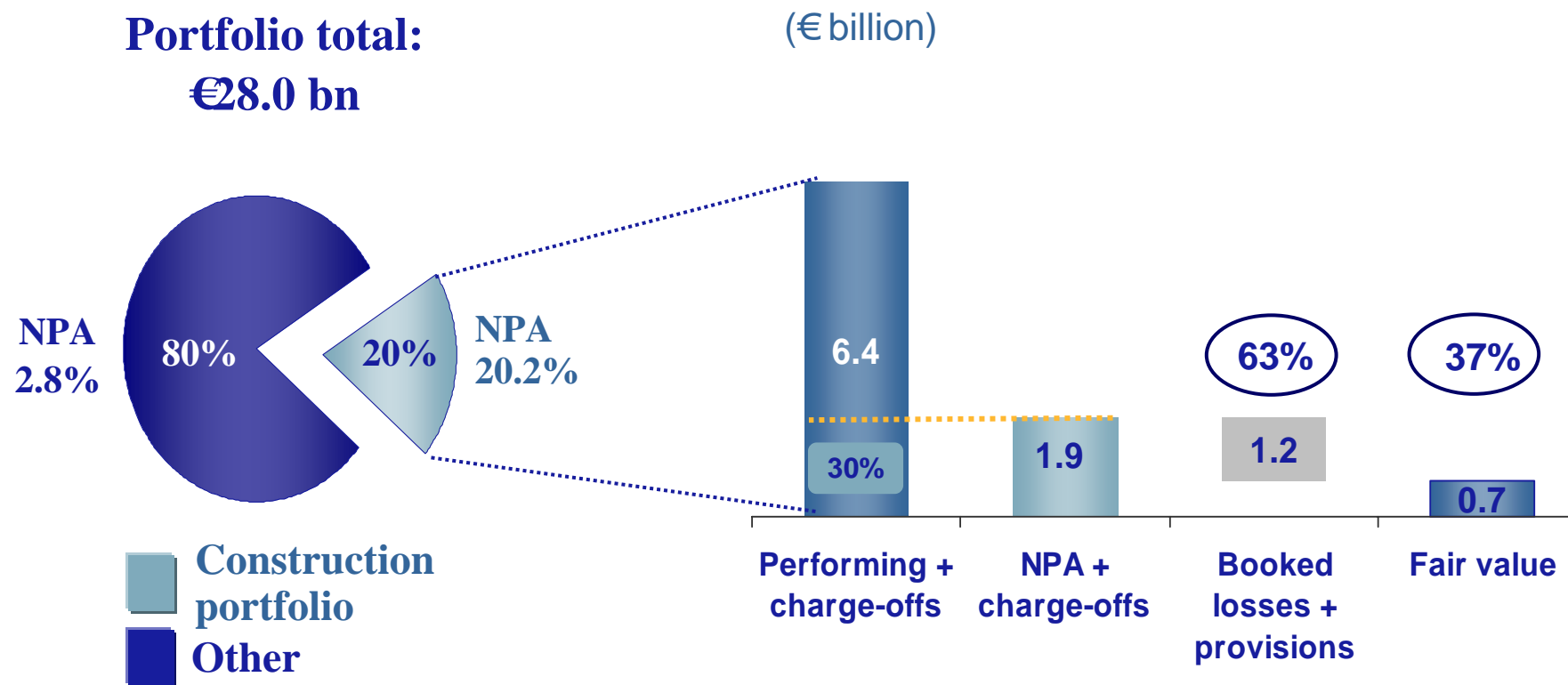
**Important effort in charge-offs**  
**during 2009: €817m**

**Cost of risk peak**

**Impairment (post tax) of €704m with no impact in**  
**cash-flow or capital**

# ... with highly concentrated risks in a portfolio streamlined following demanding criteria

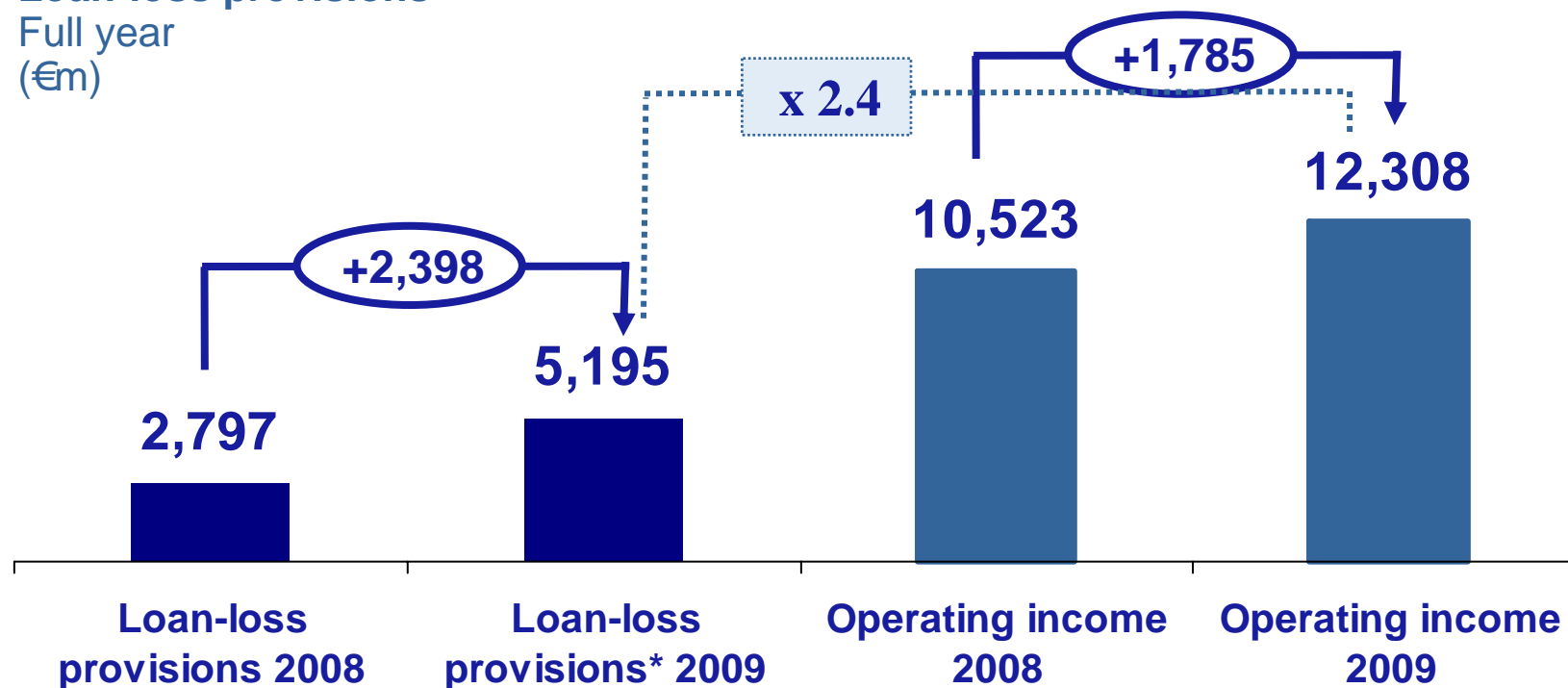
**BBVA**



**Collaterals updated at the year-end**

## Loan-loss provisions

Full year  
(€m)



**Extraordinary effort in  
provisioning ...**

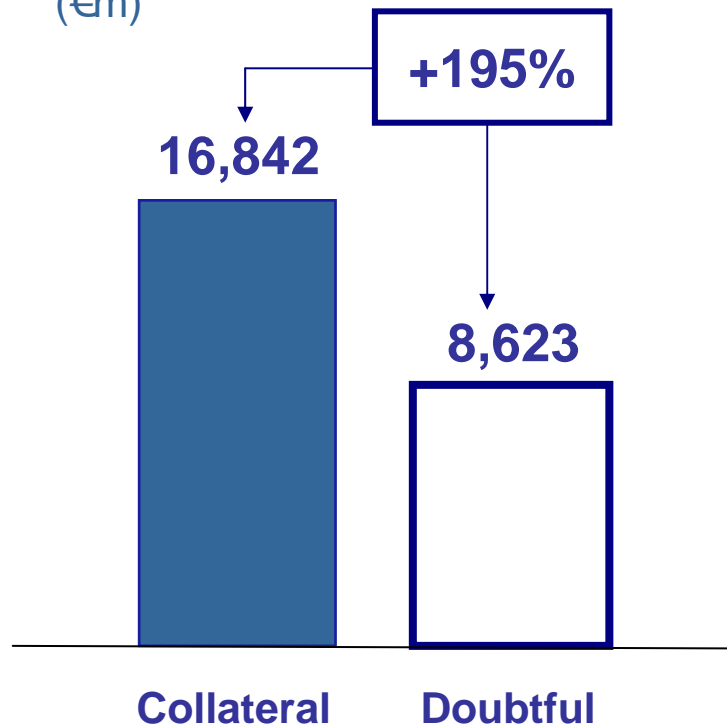
**... easily supported by  
operating income**

... and on ample coverage with provisions,  
collateral and latent capital gains ...

**BBVA**

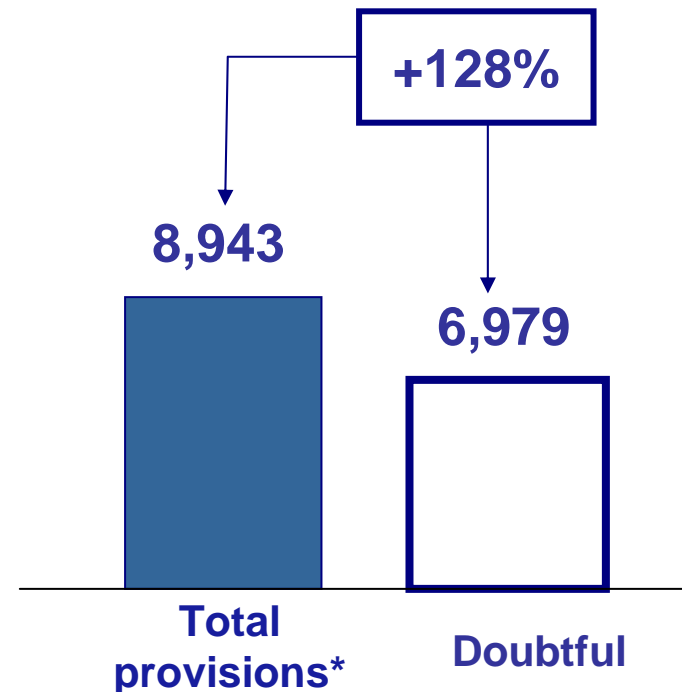
### Secured loans

(€m)



### Unsecured loans

(€m)



**Coverage - BBVA Group: 57%**  
**Latent Capital Gains: €2,881m**

# A great year characterised by recurrency, anticipation and profitability

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1

Strong earnings  
from operations

...

2

... which allow us  
to anticipate and  
strengthen the  
balance sheet ...

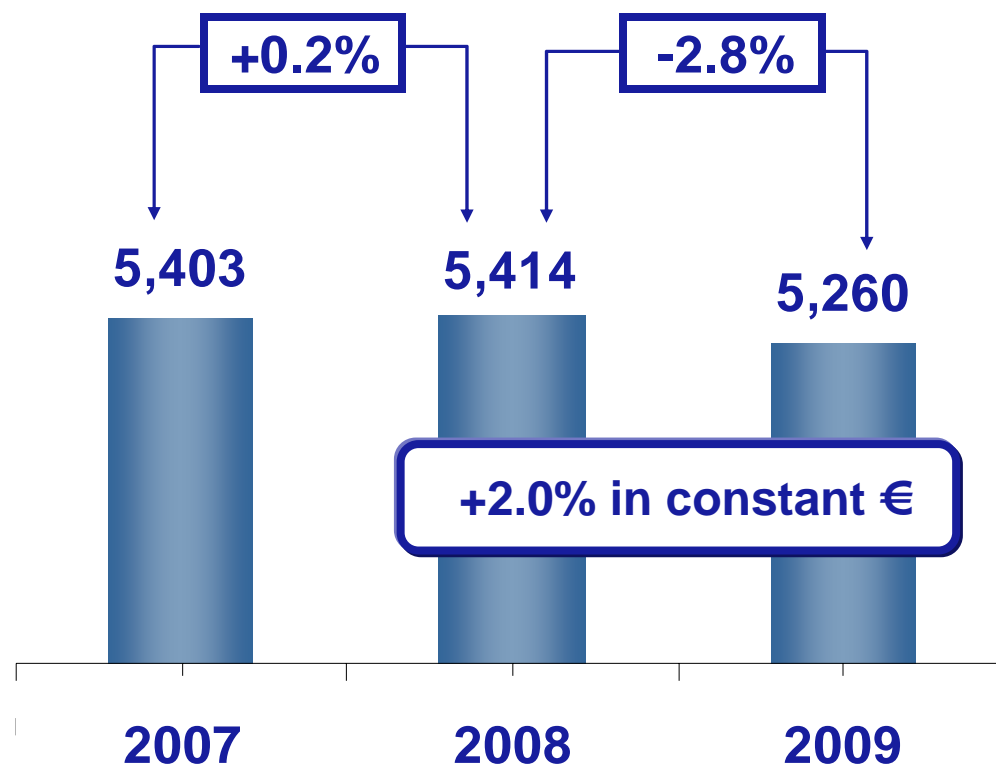
3

**... reinforcing capital  
adequacy and profitability**

**Maximum prudence without affecting business  
priorities and  
an attractive dividend yield**

# Strong income statement ...

**Net attributable profit**  
BBVA Group excluding one-offs  
Full year  
(€m)



# Strong income statement ...

Net attributable profit  
BBVA Group  
(€m)

BBVA Group	Accum.	Annual Growth 2009/2008	
	2009	Abs.	%
Net Interest Income	13,882	+ 2,195	18.8%
Gross Income	20,666	+ 1,688	8.9%
Operating Income	12,308	+ 1,785	17.0%
Income Before Tax	5,736	- 1,191	-17.2%
Net Income	4,595	- 790	-14.7%
Net Attributable Profit	4,210	- 810	-16.1%
Net Attributable Profit ex-one offs	5,260	- 154	-2.8%

**One-offs in 2008 after tax: -€395m**  
**One-offs in 2009 after tax: -€1,050m**



## ... maintaining our cash dividend commitment

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**30% cash payout of  
net attributable profit  
excluding one-offs**

**Final dividend**

**€0.15 per share**



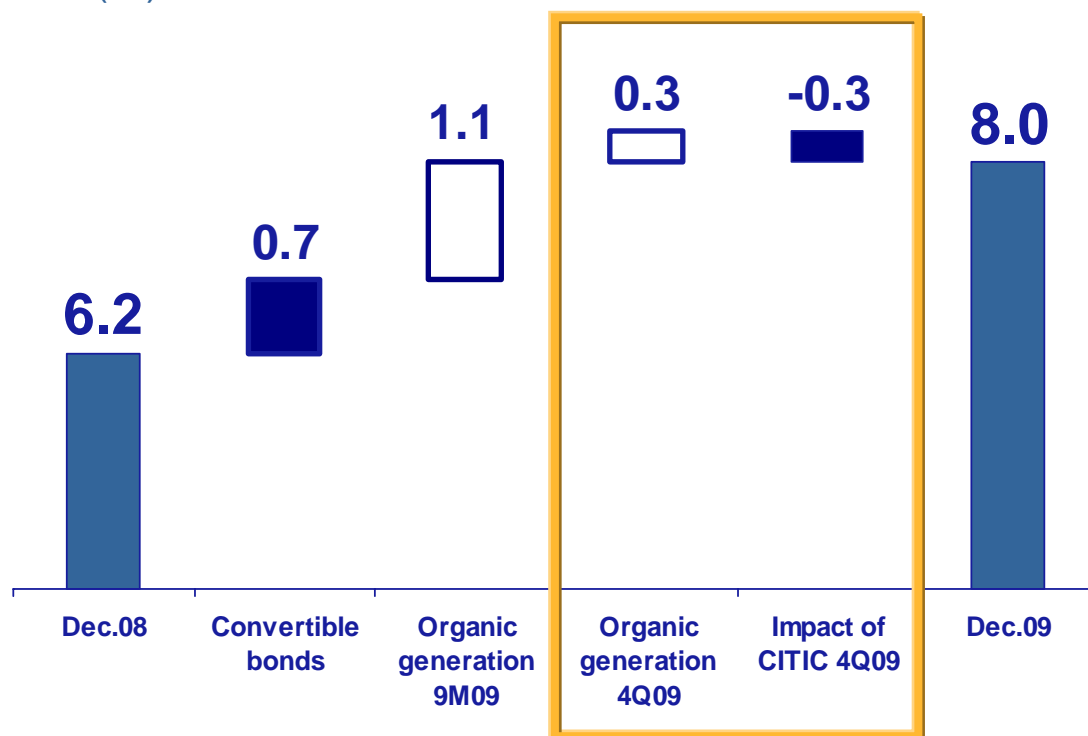
**2009**

**€0.42 per share**

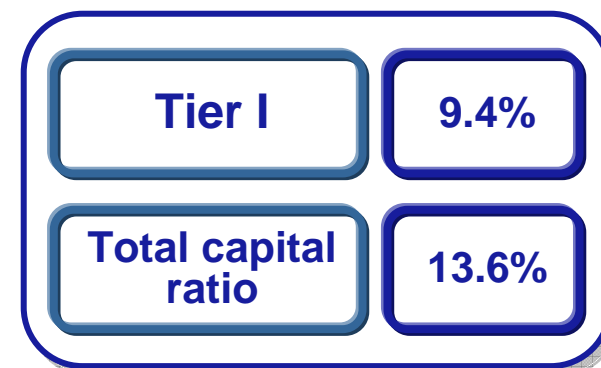
**Dividend yield\*: 3.5%**

## And strengthening our capital ...

**Core capital  
BIS II  
(%)**



**Tier I and total capital ratio  
BIS II  
(%)**



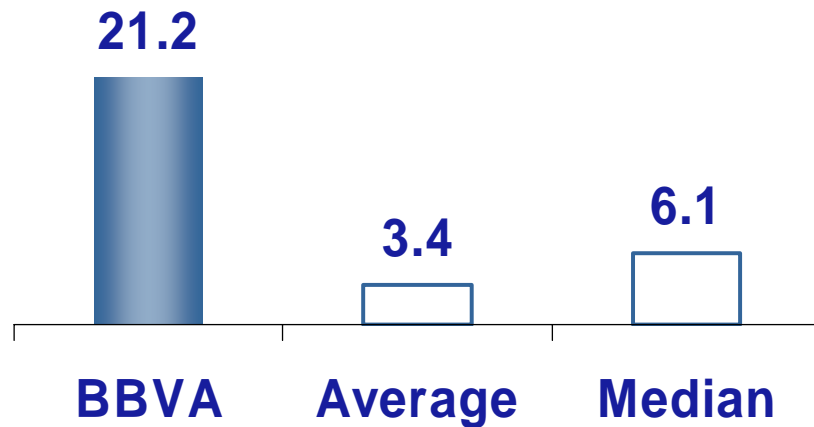
**Organic generation of €4,200m  
of capital in 2009**

## ... and our leadership in profitability ...

**BBVA**

### ROE

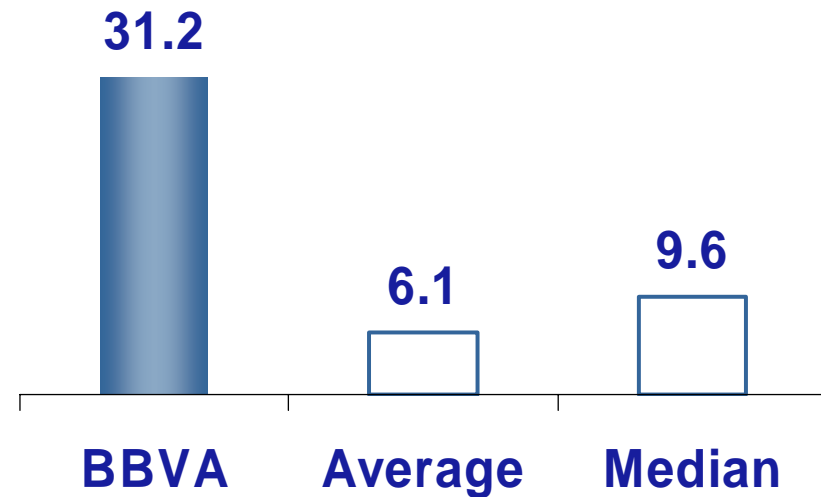
Peer Group 9M09  
(%)



**ROE 2009:**  
**16.0%**  
Excl. one-offs: 20.0%

### ROTE

Peer Group 9M09  
(%)

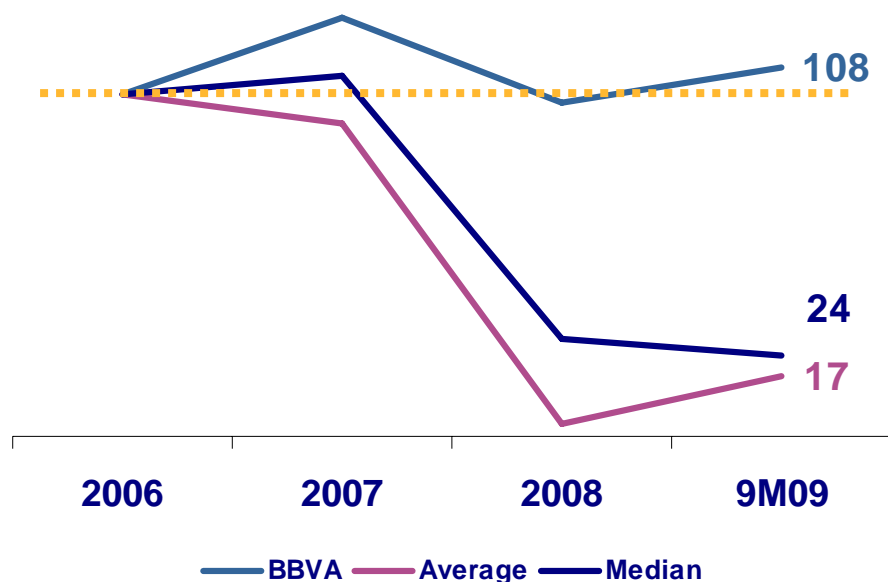


**ROTE 2009:**  
**22.0%**

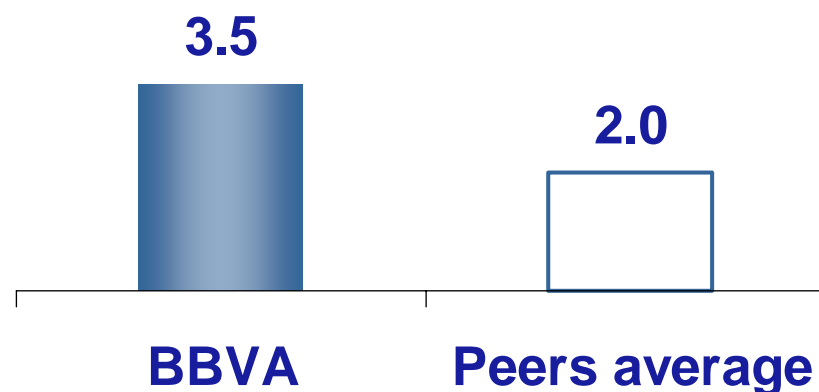
## ... leading to greater value for shareholders ...

**BBVA**

**Earnings per share**  
Peer Group  
(Base 100: 2006)



**Estimated dividend yield\***  
Peer Group  
(%, 2009)



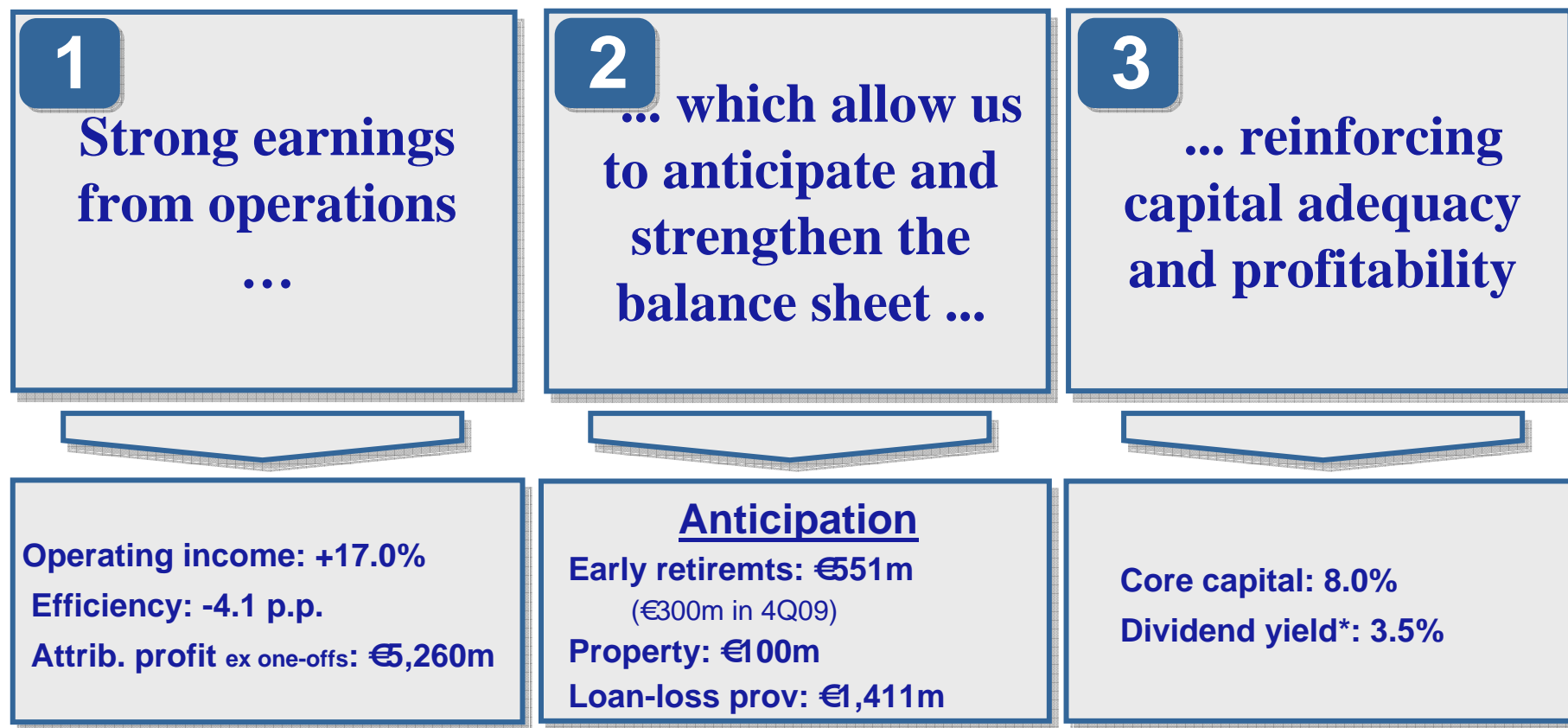
**Earnings per share in 2009 excluding one-offs:  
€1.40 (-3.9%)**

Peers: BARCL, BBVA, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, RBS, SAN, SG, UBS, LBG & UCI.

\*Source: Thomson 25/Jan/2010. Real data for BBVA.

\* Estimated figures except BBVA.

# A great year characterised by recurrency, anticipation and profitability



**Maximum prudence without affecting business priorities and an attractive dividend yield**

## EARNINGS

**Gross income**  
**+8.9%**

**Operating income**  
**+17.0%**

**Net attr. profit**  
(excl. one-offs)  
**-2.8%**

## FUNDAMENTALS

**Efficiency**  
**40.4%**

**ROE**  
**16.0%**

**NPA ratio**  
**4.3%**

**Coverage**  
**57%**

**Cost of risk\***  
**1.15%**

**Spain &  
Portugal**

Anticipation in risk management

**WB&AM**

Revenues with high added value

**Mexico**

Peak for cost of risk and NPA ratio

**United  
States**

Strong earnings from operations

**South  
America**

All income lines are buoyant

**Greater diversification**

## EARNINGS

**Gross income**  
**-0.9%**

**Operating income**  
**1.0%**

**Net attr. profit**  
**-7.5%**

## FUNDAMENTALS

**Efficiency**  
**35.6%**

**ROE**  
**32.2%**

**NPA ratio**  
**5.1%**

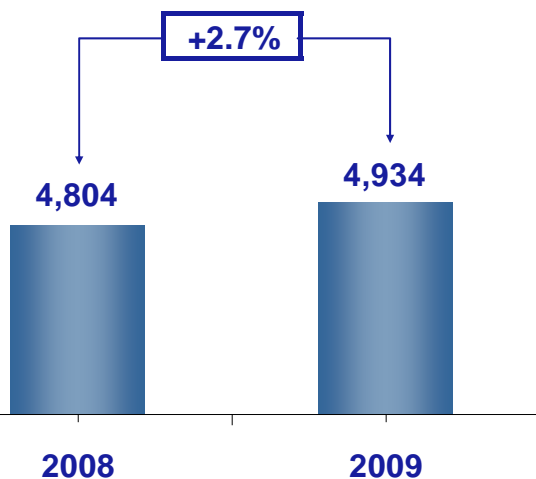
**Coverage**  
**48%**

**Cost of risk\***  
**0.52%**

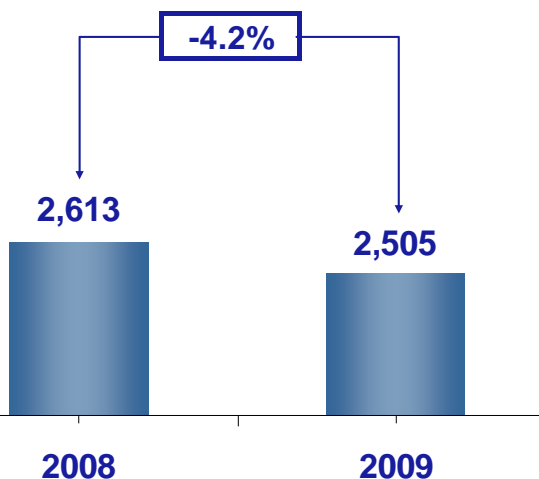


# Spain and Portugal: recurrent revenues and further effort in costs **BBVA**

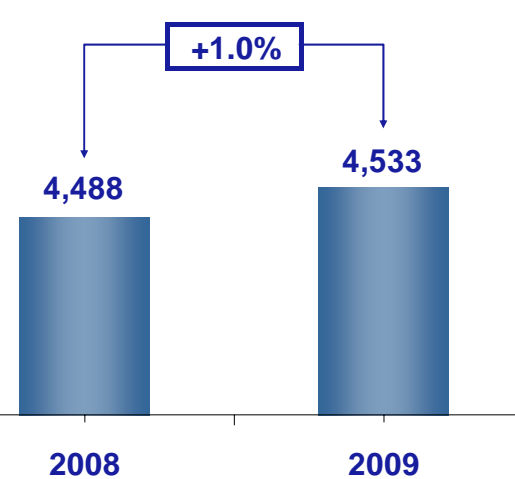
**Net interest income**  
Spain and Portugal  
Full year  
(€m)



**Operating costs**  
Spain and Portugal  
Full year  
(€m)



**Operating profit**  
Spain and Portugal  
Full year  
(€m)

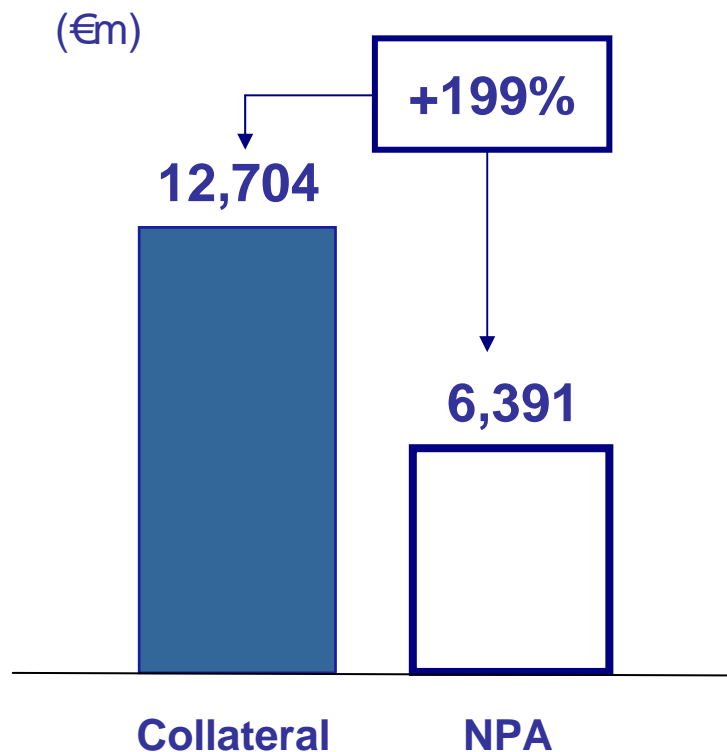


**And improvement in efficiency: 35.6% (-1.2 p.p.)**

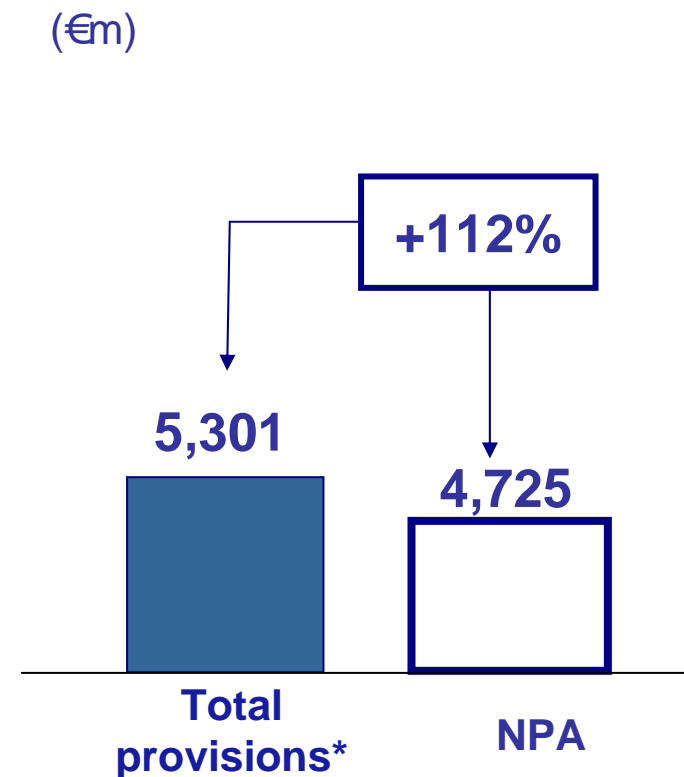
# Spain and Portugal: ample coverage with provisions and collateral

**BBVA**

## With collateral



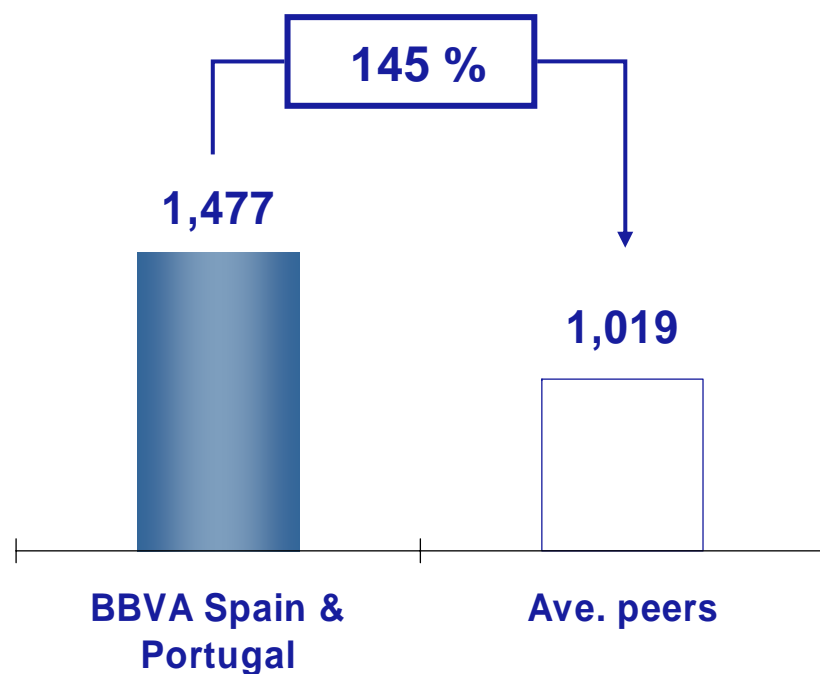
## Without collateral



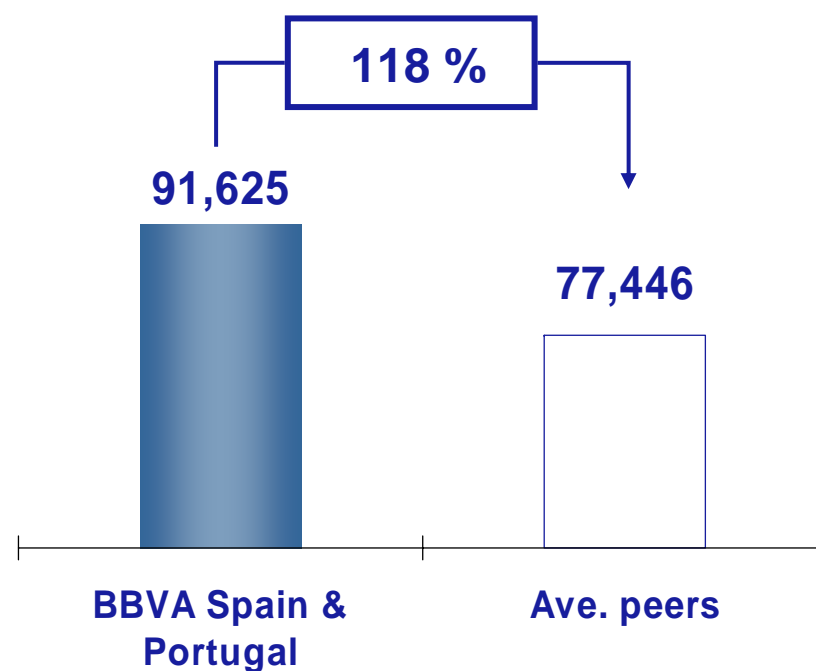
# Spain and Portugal: stronger than our competitors **BBVA**

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**Operating income per branch\***  
**BBVA vs local peers**  
(€000s)



**Business volume per branch\***  
**BBVA vs local peers**  
(€000s)



\* Peers: BAN, BKT, CAIXA, CMAD, POP, SAB and SAN. Latest available figures.

# Spain and Portugal: 2009 results

**BBVA**

(€m)

Spain & Portugal	Accum.	Annual Growth 2009/2008	
	2009	Abs.	%
Net Interest Income	4,934	+ 129	2.7%
Gross Income	7,038	- 63	-0.9%
Operating Income	4,533	+ 45	1.0%
Income Before Tax	3,380	- 305	-8.3%
Net Attributable Profit	2,373	- 192	-7.5%

Spain & Portugal	Anticipation in risk management
<b>WB&amp;AM</b>	Revenues with high added value
Mexico	Peak for cost of risk and NPA ratio
United States	Strong earnings from operations
South America	All income lines are buoyant

**Greater diversification**

## EARNINGS

**Gross income**  
**+12.8%**

**Operating income**  
**+14.7%**

**Net attr. profit**  
**+30.5%**

## FUNDAMENTALS

**Efficiency**  
**28.1%**

**ROE**  
**25.5%**

**NPA ratio**  
**1.0%**

**Coverage**  
**102%**

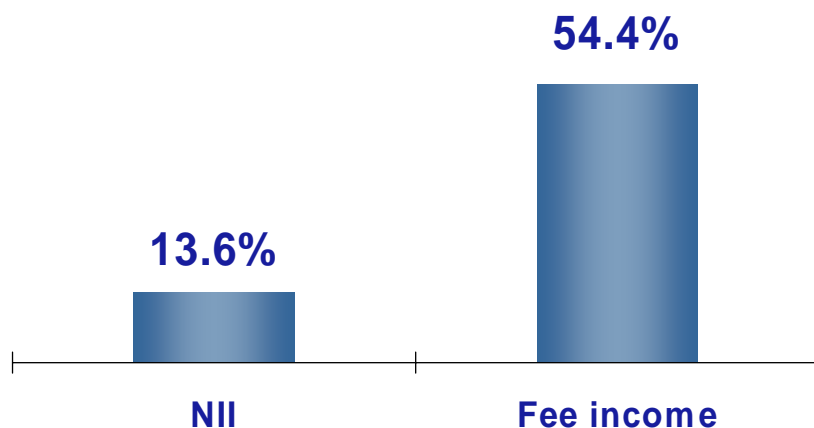
# C&IB: high quality revenues and growth not based on balance sheet

## C&IB

Net interest income + fees

Year-on-year growth

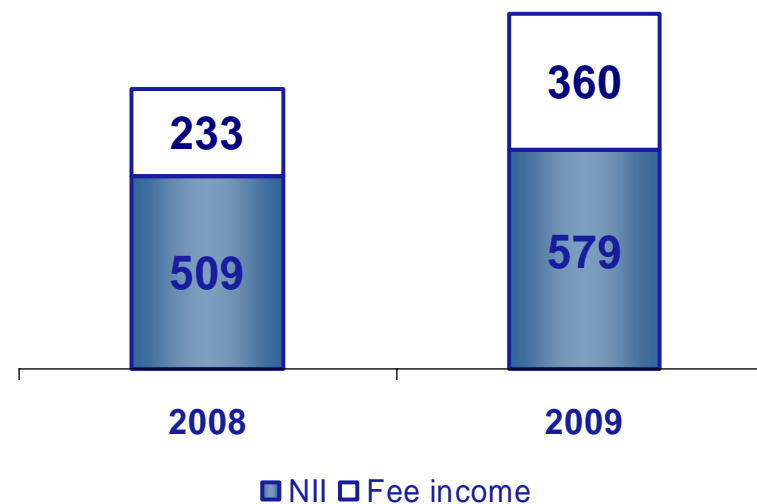
(%)



## C&IB

Breakdown of NII and fees

(€m)



Fees / gross income (%)

29%

37%

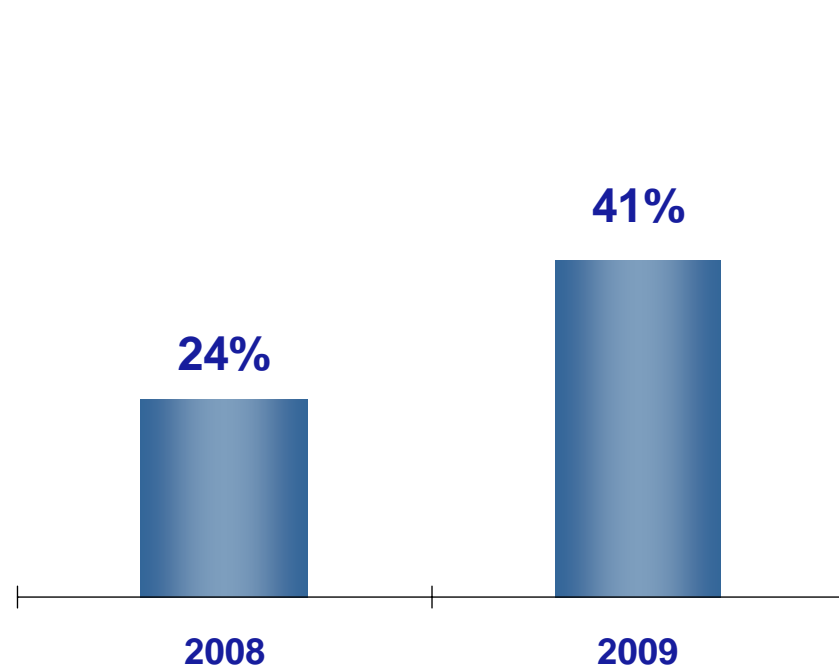
**Gross income: +22.6%**

# Global Markets: business strongly focused on customer

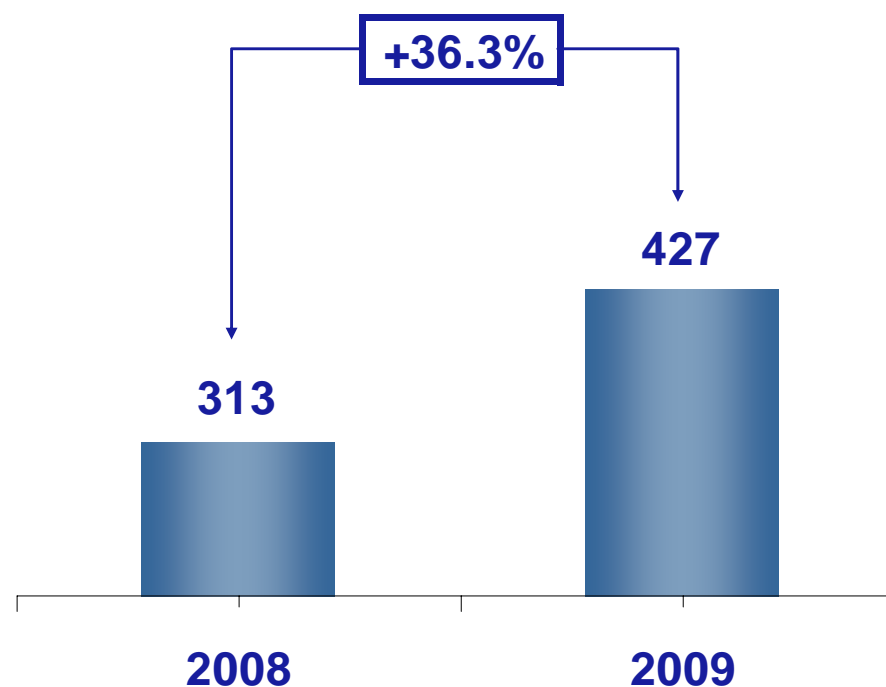
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**BBVA**

**Global Markets**  
**Customer franchise excl. Spain**  
Share of total revenues  
(%)



**Global Markets**  
**Operating income**  
Year-on-year growth  
(€m)

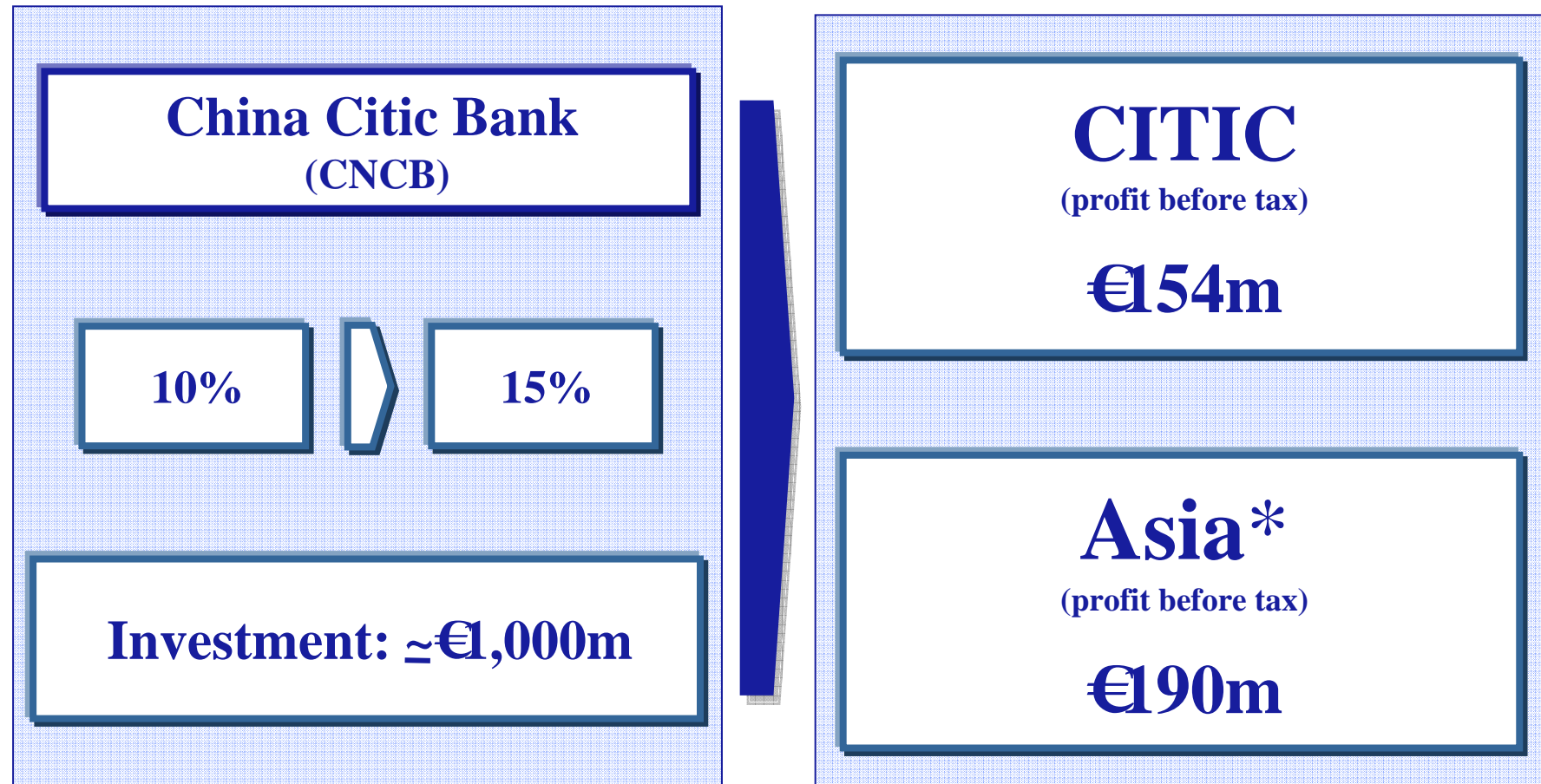




# Asset Management and Asia: strengthening our position

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**BBVA**



## Why Asia?

**High potential: 60% of world growth in 2012-2020**

**Competitive advantages in Latam**

## Growth strategy

### Retail Banking

- JV in car finance
- JV in private banking

### Wholesale Banking

- Trading floors & Global Markets
- Corporate Banking
- GTF Trade Finance
- Pension business

### Footprint

- Reinforce presence:
  - New branches
  - Stronger teams

**In three years Asia will account for about 8% of the Group's net attributable profit**

(€m)

Wholesale Banking & Asset Management	Accum.	Annual Growth 2009/2008	
	2009	Abs.	%
Gross Income	1,928	+ 219	12.8%
Operating Income	1,386	+ 178	14.7%
Income Before Tax	1,375	+ 418	43.8%
Net Attributable Profit	1,008	+ 236	30.5%

Spain &  
Portugal

Anticipation in risk management

WB&AM

Revenues with high added value

**Mexico**

**Peak for cost of risk and NPA ratio**

United  
States

Strong earnings from operations

South  
America

All income lines are buoyant

**Greater diversification**

## EARNINGS

**Gross income**  
**3.4%**

**Operating income**  
**5.4%**

**Net attr. profit**  
**-19.1%**

## FUNDAMENTALS

**Efficiency**  
**31.9%**

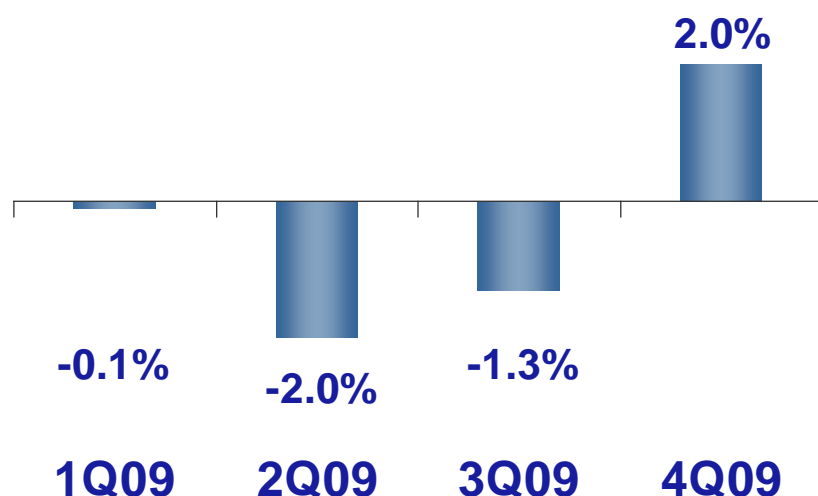
**NPA ratio**  
**4.3%**

**Coverage**  
**130%**

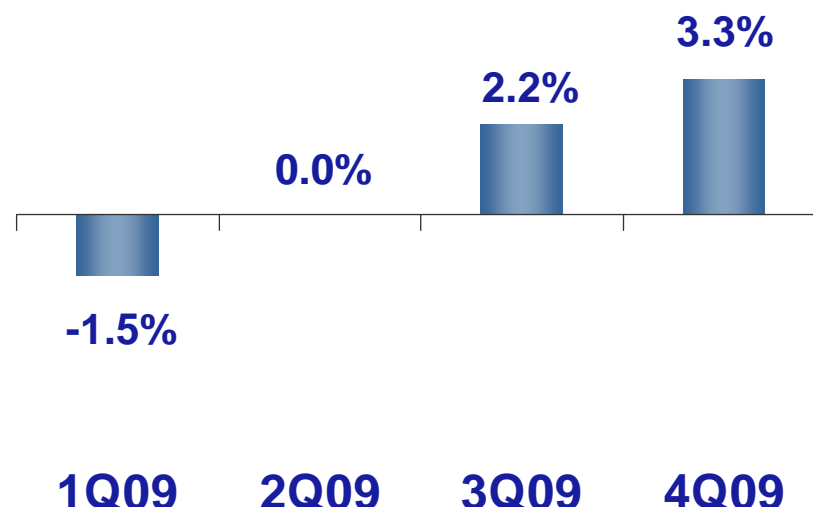
**Cost of risk**  
**5.25%**

# Mexico: progressive recovery of business activity

**Lending**  
Mexico  
Quarter-by-quarter growth  
(%)



**Customer funds**  
Mexico  
Quarter-by-quarter growth  
(%)



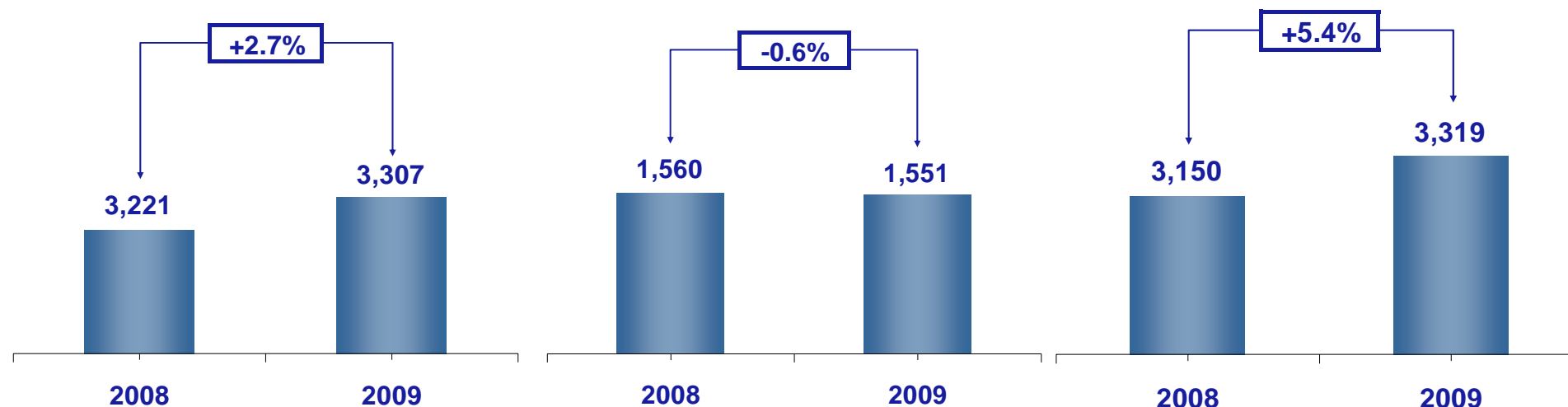
**Market share gain in liquid customer funds  
in last 12 months (+80 b.p.)**

# Mexico: positive growth despite maximum stress scenario

**Net interest income**  
Mexico  
Full year  
(Constant €m)

**Operating costs**  
Mexico  
Full year  
(Constant €m)

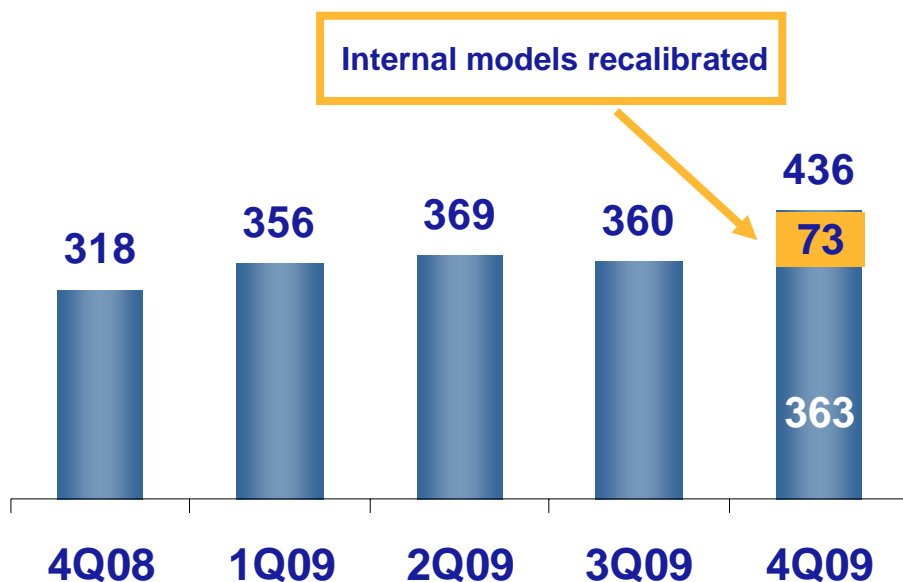
**Operating income**  
Mexico  
Full year  
(Constant €m)



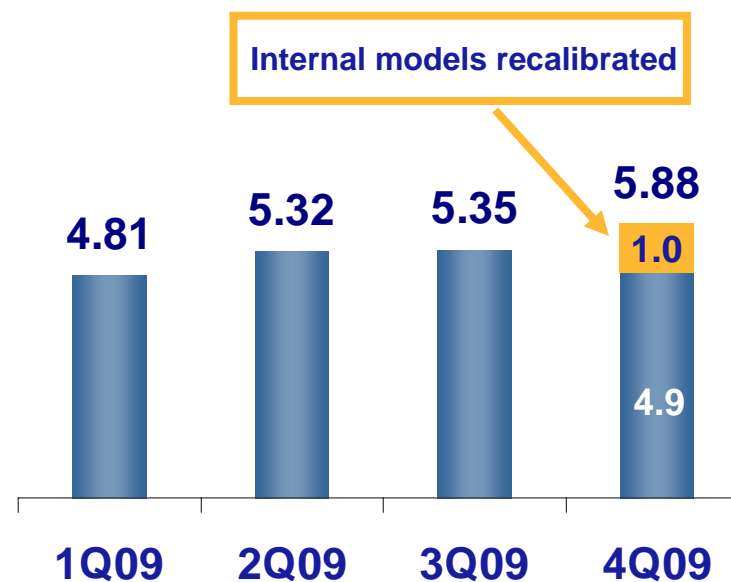
**And improvement in efficiency: 31.9% (-1.3 p.p.)**

# Mexico: superior NPA ratio

Loan-loss provisions  
Mexico  
(Constant €m)



Cost of risk  
Mexico  
(%)



NPA ratio: 4.3%  
Coverage: 130%

4Q09: cost of risk peak (excluding recalibration)



# Mexico: 2009 results

(Constant €m)

<b>Mexico</b>	<b>Accum.</b>	<b>Annual Growth 2009/2008</b>	
	<b>2009</b>	<b>Abs.</b>	<b>%</b>
<b>Net Interest Income</b>	<b>3,307</b>	<b>+ 86</b>	<b>2.7%</b>
<b>Gross Income</b>	<b>4,870</b>	<b>+ 161</b>	<b>3.4%</b>
<b>Operating Income</b>	<b>3,319</b>	<b>+ 169</b>	<b>5.4%</b>
<b>Income Before Tax</b>	<b>1,773</b>	<b>- 393</b>	<b>-18.1%</b>
<b>Net Attributable Profit</b>	<b>1,359</b>	<b>- 320</b>	<b>-19.1%</b>



**More diversification**

## EARNINGS

**Gross income**  
**+2.5%**

**Operating income**  
**+20.3%**

**Net attr. profit**  
(excl. one-offs)  
**n.a.**

## FUNDAMENTALS

**Efficiency**  
**59.9%**

**NPA ratio**  
**5.2%**

**Coverage**  
**57%**

**Cost of risk\***  
**2.53%**

\* 2009 cost of risk before one-offs.

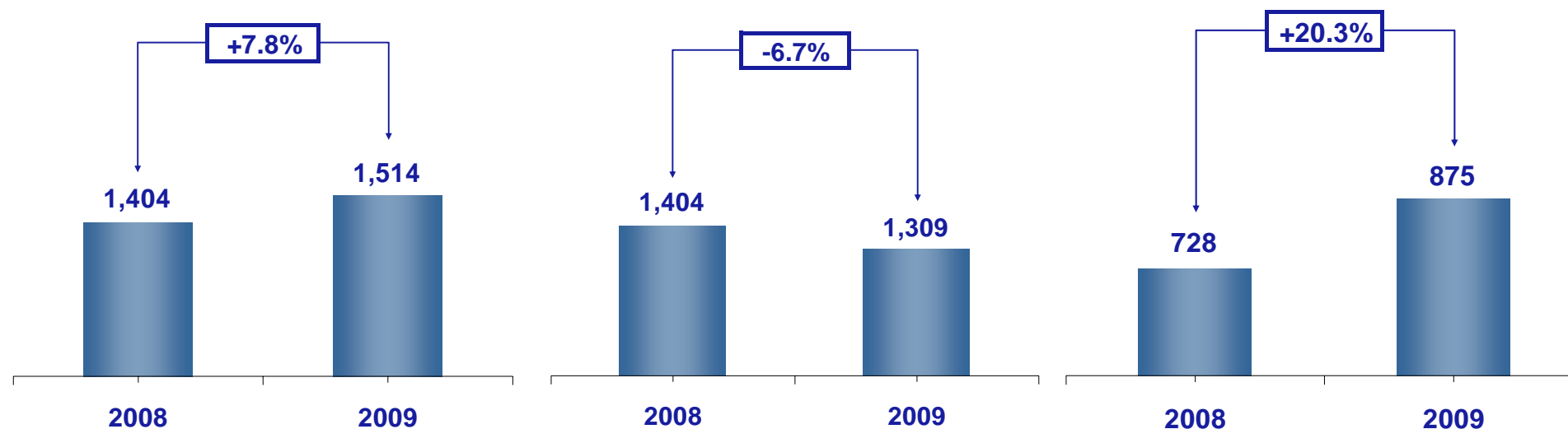
# USA: income statement positive above the operating profit line

**BBVA**

**Net interest income**  
USA  
Full year  
(Constant €m)

**Operating costs**  
USA  
Full year  
(Constant €m)

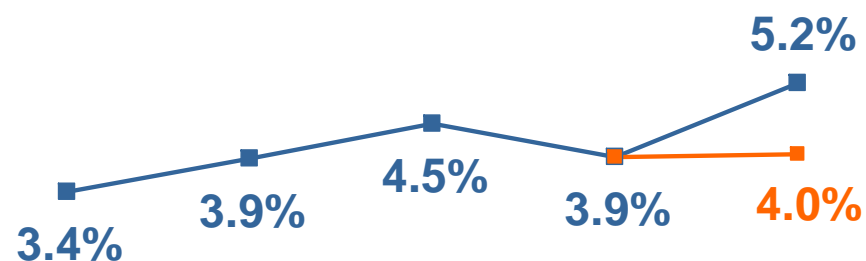
**Operating income**  
USA  
Full year  
(Constant €m)



**And improvement in efficiency: 59.9% (-5.9 p.p.)**

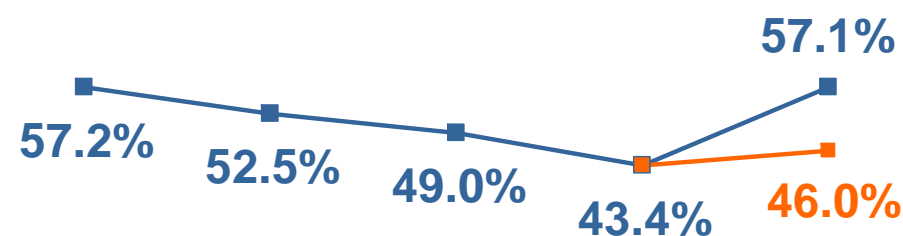
# USA: risk performance

**NPA ratio**  
USA  
(%, 12M09)



■ NPA ■ NPA excl. one-off

**Coverage ratio**  
USA  
(%, 12M09)



■ Coverage ■ Coverage excl. one-off

## Market opportunities

Reduced competition

Re-intermediation of financial  
services by banks

Cross-border business

## Business model opportunities

Relationship banking  
Customer-centric

Development opportunities in  
corporate banking

**In three years USA will account for about 15% of the  
Group's net attributable profit**

(Constant €m)

USA	Accum.	Annual Growth 2009/2008	
	2009	Abs.	%
Net Interest Income	1,514	+ 110	7.8%
Gross Income	2,184	+ 53	2.5%
Operating Income	875	+ 148	20.3%
Income Before Tax	-1,599	- 1,925	n.s.
Net Attributable Profit	-1,071	- 1,293	n.s.

Spain & Portugal	Anticipation in risk management
WB&AM	Revenues with high added value
Mexico	Peak for cost of risk and NPA ratio
United States	Strong earnings from operations
South America	All income lines are buoyant

**More diversification**



## EARNINGS

**Gross income**  
**+17.4%**

**Operating income**  
**+25.1%**

**Net attr. profit**  
**+21.9%**

## FUNDAMENTALS

**Efficiency**  
**40.6%**

**ROE**  
**40.2%**

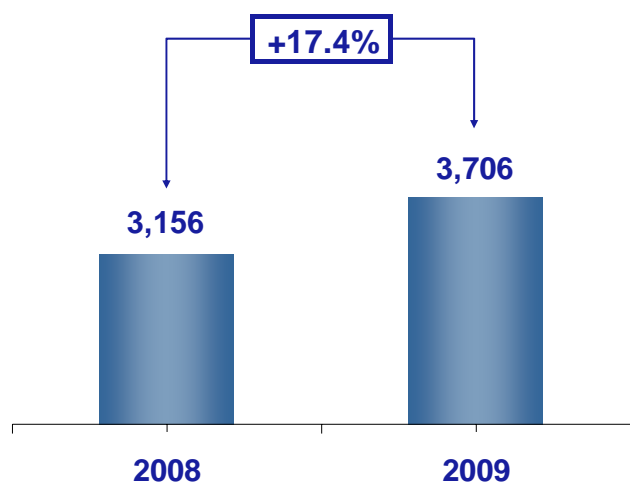
**NPA ratio**  
**2.7%**

**Coverage**  
**130%**

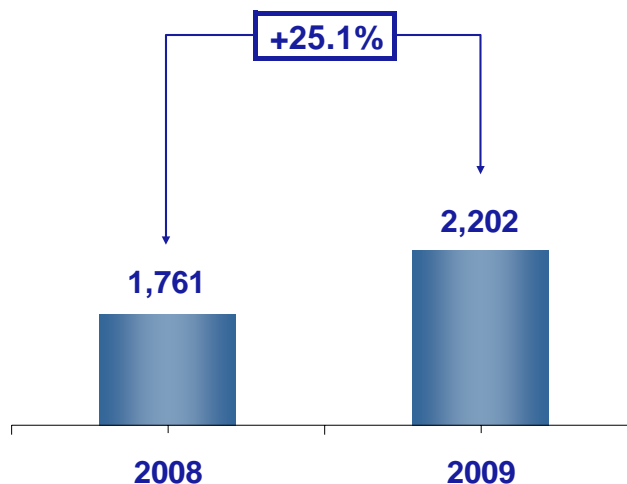
**Cost of risk**  
**1.57%**

# South America: highlights in 2009

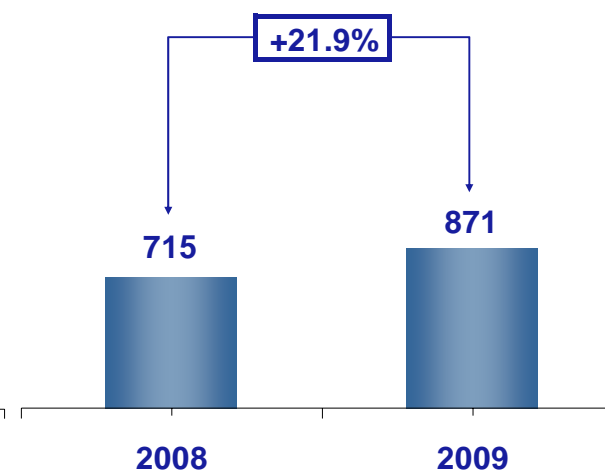
**Gross income**  
South America  
Full year  
(Constant €m)



**Operating income**  
South America  
Full year  
(Constant €m)

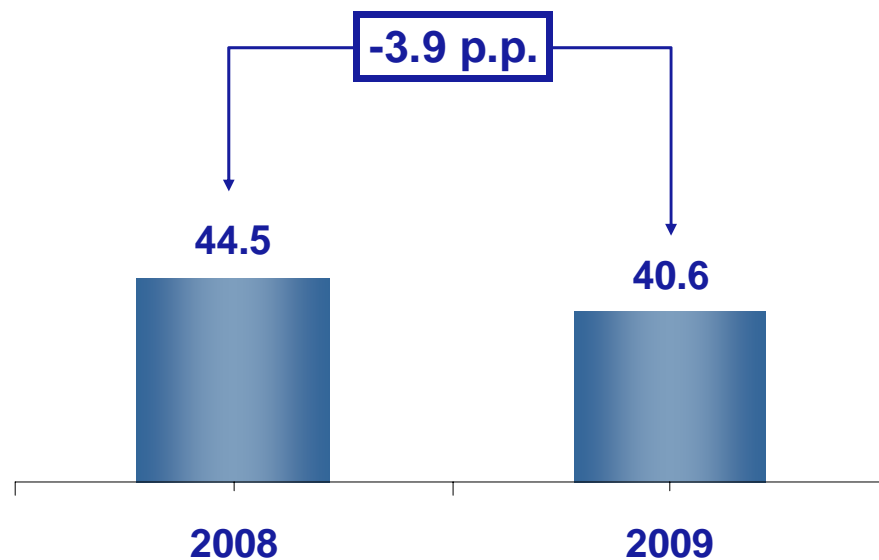


**Net attributable profit**  
South America  
Full year  
(Constant €m)

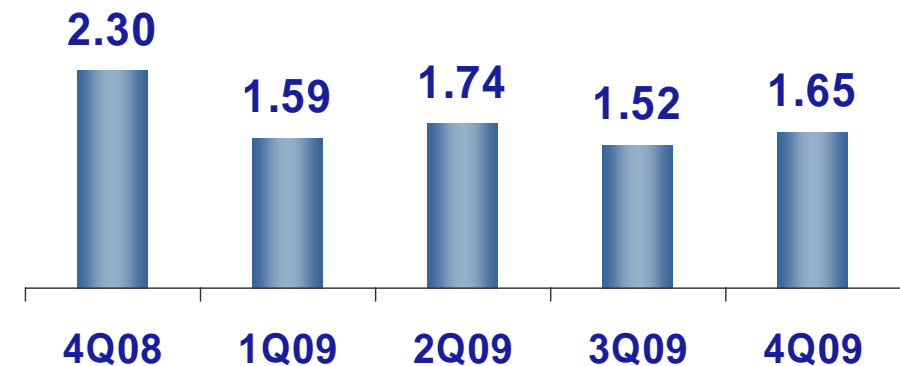


# South America: sharp improvement in efficiency ... **BBVA**

**Efficiency**  
South America  
(%)



**Cost of risk**  
South America  
Quarter-by-quarter  
(%)

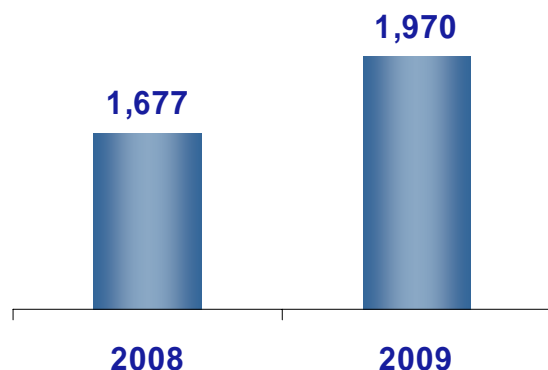


**... and cost of risk has stabilized**

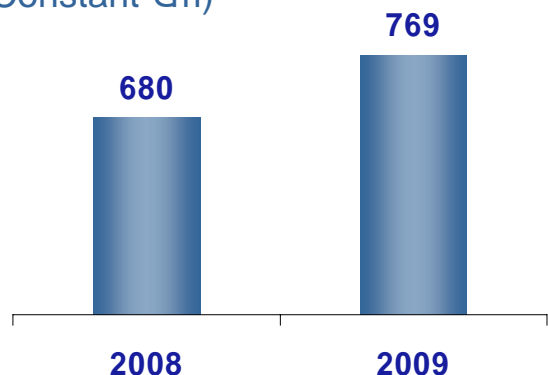
# South America: excellent earnings from banks, pensions and insurance

**BBVA**

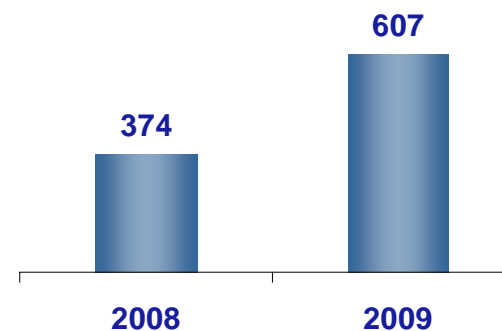
**Operating income**  
South-American banks  
Full year  
(Constant €m)



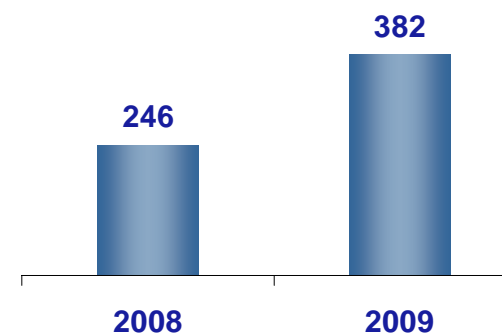
**Net attributable profit**  
South-American banks  
Full year  
(Constant €m)



**Operating income**  
Pensions and insurance Americas\*  
Full year  
(Constant €m)



**Net attributable profit**  
Pensions and insurance Americas\*  
Full year  
(Constant €m)



\* Including pensions and insurance in Mexico and USA.

# South America: 2009 results

(Constant €m)

South America	Accum.	Annual Growth 2009/2008	
	2009	Abs.	%
Net Interest Income	2,463	+ 324	15.2%
Gross Income	3,706	+ 551	17.4%
Operating Income	2,202	+ 441	25.1%
Income Before Tax	1,731	+ 346	24.9%
Net Income	1,334	+ 262	24.5%
Net Attributable Profit	871	+ 156	21.9%

# 2009 – an excellent year: bad conditions, good management



**Maximum prudence without affecting business priorities and an attractive dividend yield**

# 2010: fully prepared for an environment marked by **BBVA** change and uncertainty

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## Regulatory change

- Superior capital and liquidity positions
- Retail focus, wholesale banking customer centric and low leverage
- Retail funding and decentralised liquidity management

## Macroeconomic uncertainty

- Well diversified
- Focused on regions with a superior growth profile (Mexico, Texas, Latam, Asia)
- Advantageous position in Spain

## Social change

- A change in the way we “consume” banking
- Leveraged in technology
- Towards a physical-virtual relationship model

**BBVA: one of the best prepared banks to face the new financial system**

**BBVA**

**Anticipation**

**Fourth quarter of 2009**

**Madrid, 27th January 2010**