

**BBVA**

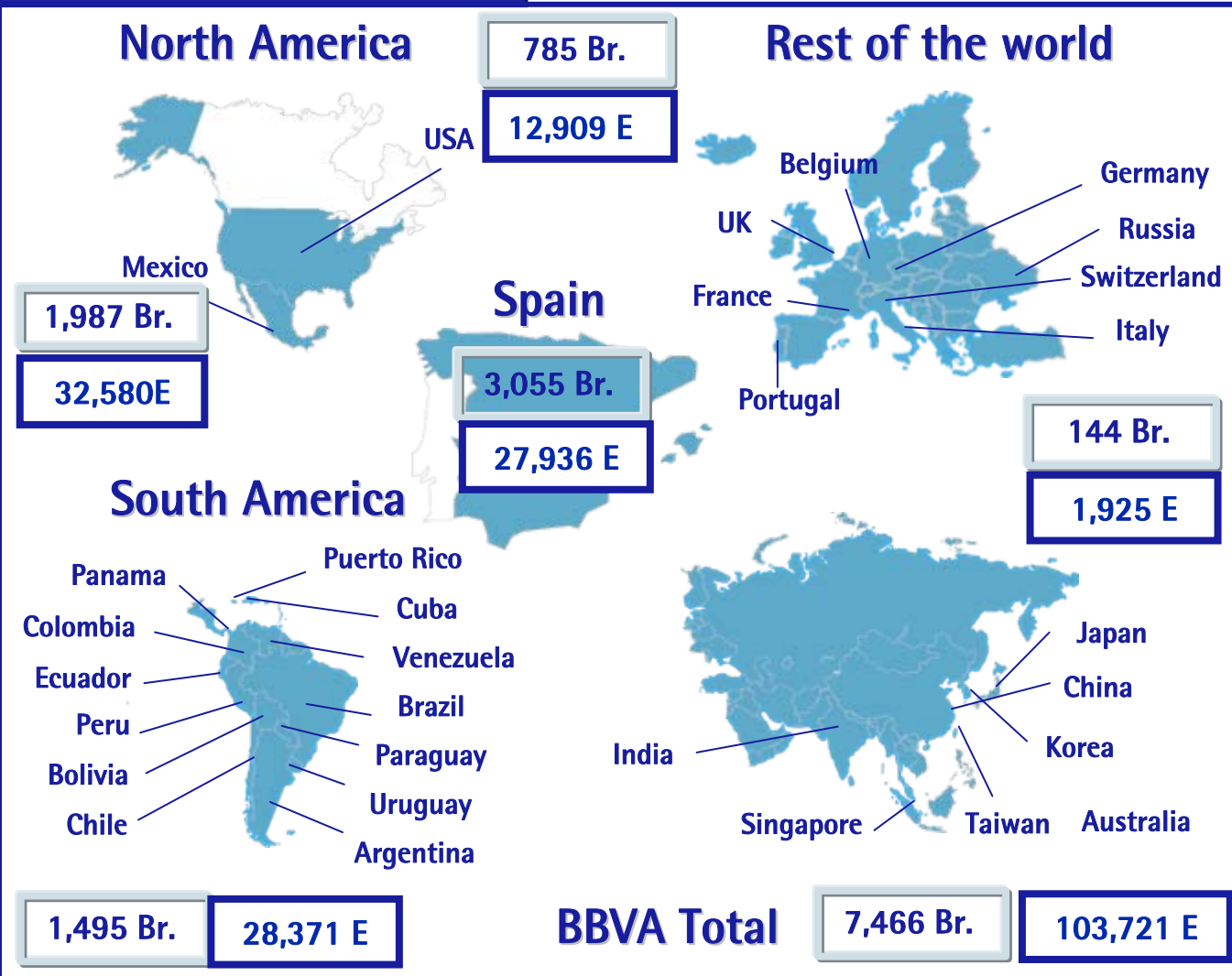
**BBVA**  
**Bancomer**

Best positioned for  
the opportunities  
to come

# BBVA Group

# BBVA, a retail banking group with diversified international presence

## Presence in 32 countries

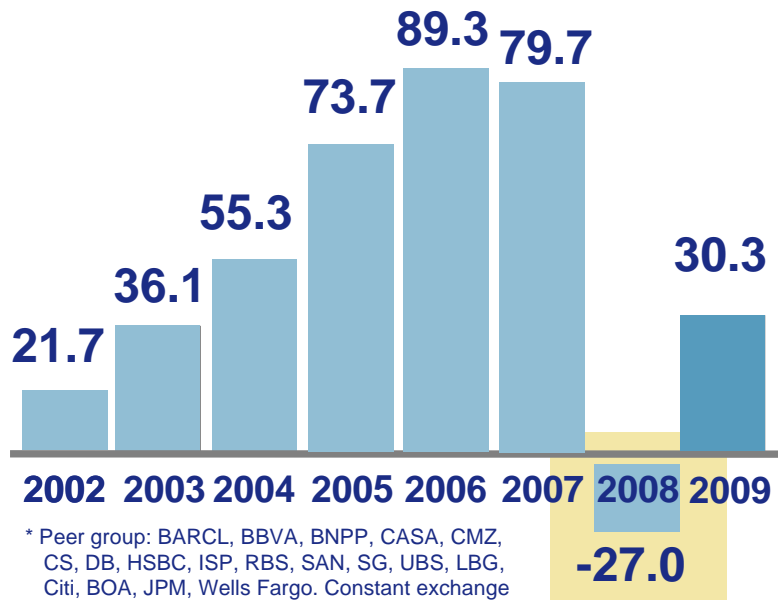


Total assets	€535 bn
Customers funds	€509 bn
# customers	47 m
# shareholders	884,373

# Despite high provisioning and other negative one-offs in 2009, earnings remain high and more stable vs European peers

## Attributable profit

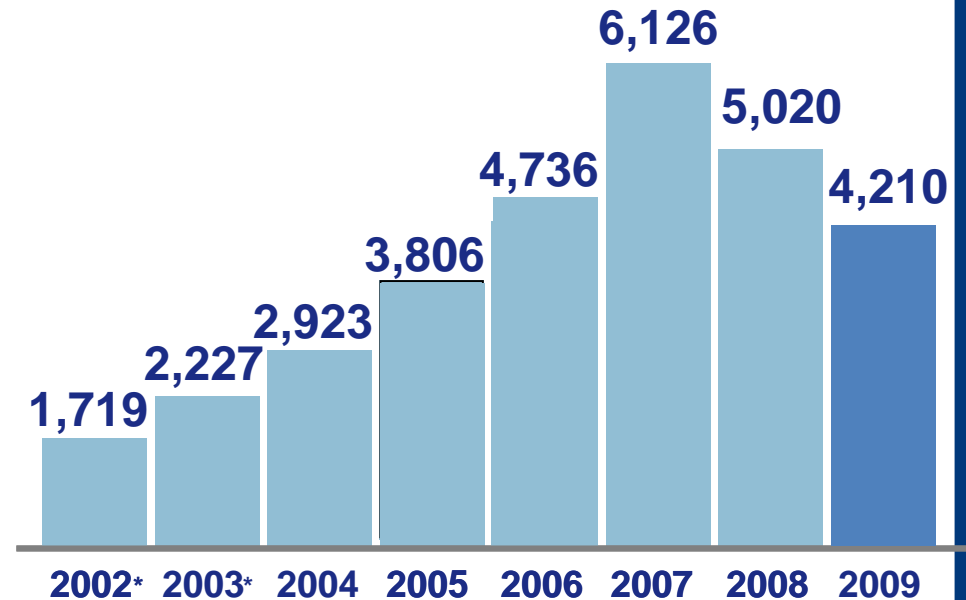
Peer group\* excl. BBVA (€bn)



\* Peer group: BARCL, BBVA, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, RBS, SAN, SG, UBS, LBG, Citi, BOA, JPM, Wells Fargo. Constant exchange terms dec 2009.

## BBVA's net attributable profit

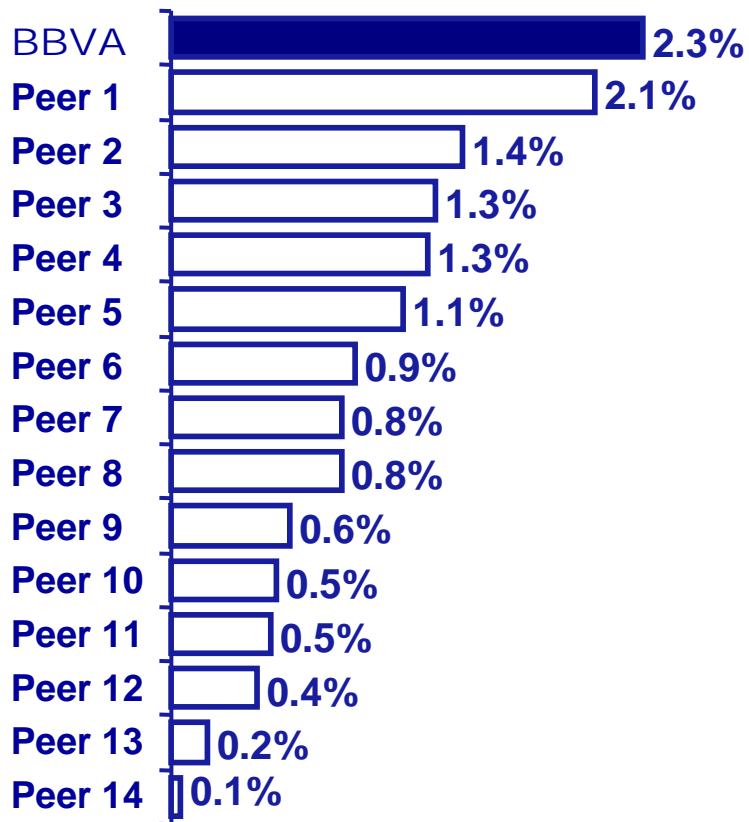
(€m)



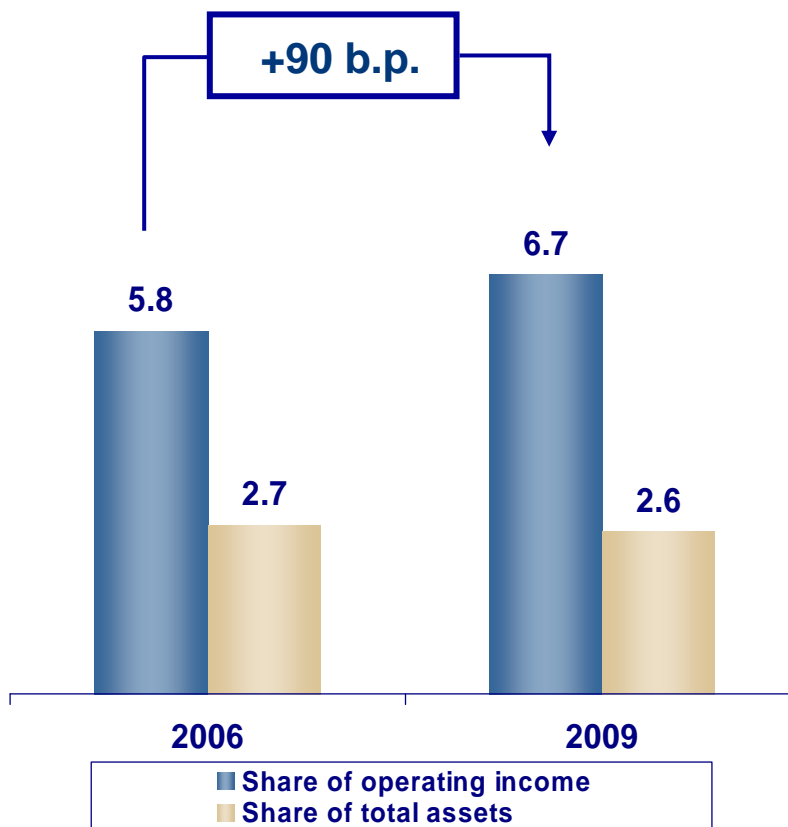
\* 2002 - 2003 Pre-IFRS

# BBVA is a more “productive” owner of its assets

**Operating Income vs Total Assets**  
Peer Group  
(%, 2009)

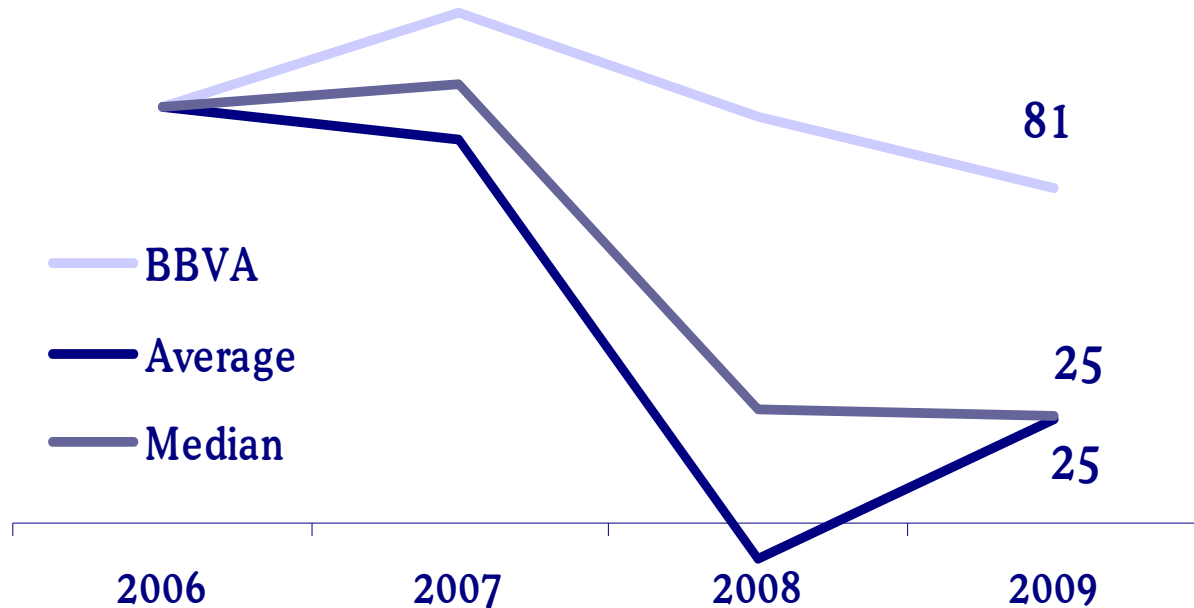


**Share of operating income vs share of total assets**  
BBVA Group vs. peer group  
(%)



# A high structural profitability that flows to our shareholders

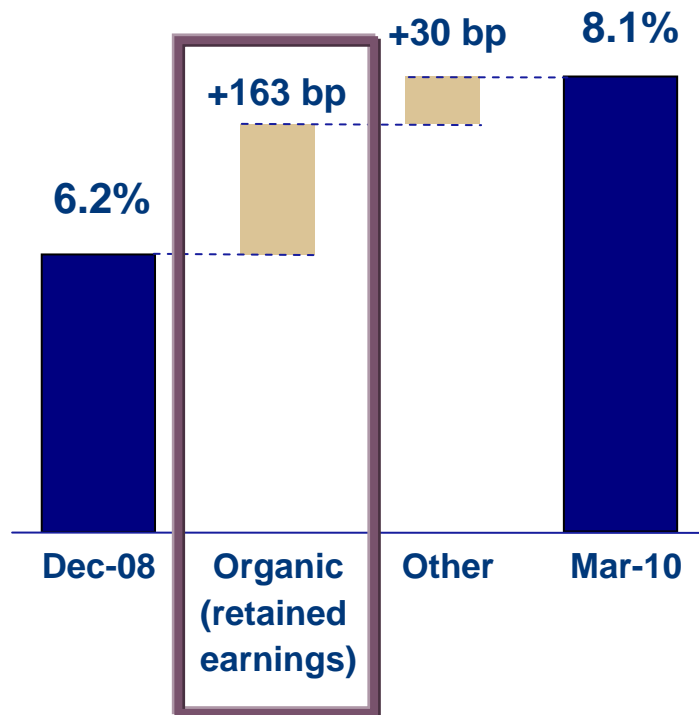
Earnings per share  
BBVA vs Peer Group  
(Base 100: 2006)



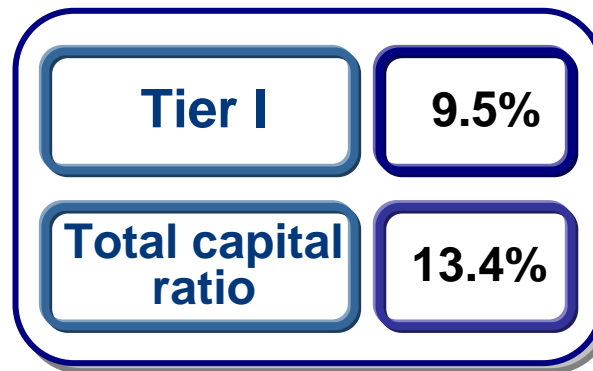
**No shareholder dilution during the crisis**

# Strong organic capital generation

Core capital  
BIS II (%)



Tier I and total capital ratio  
BIS II (%)

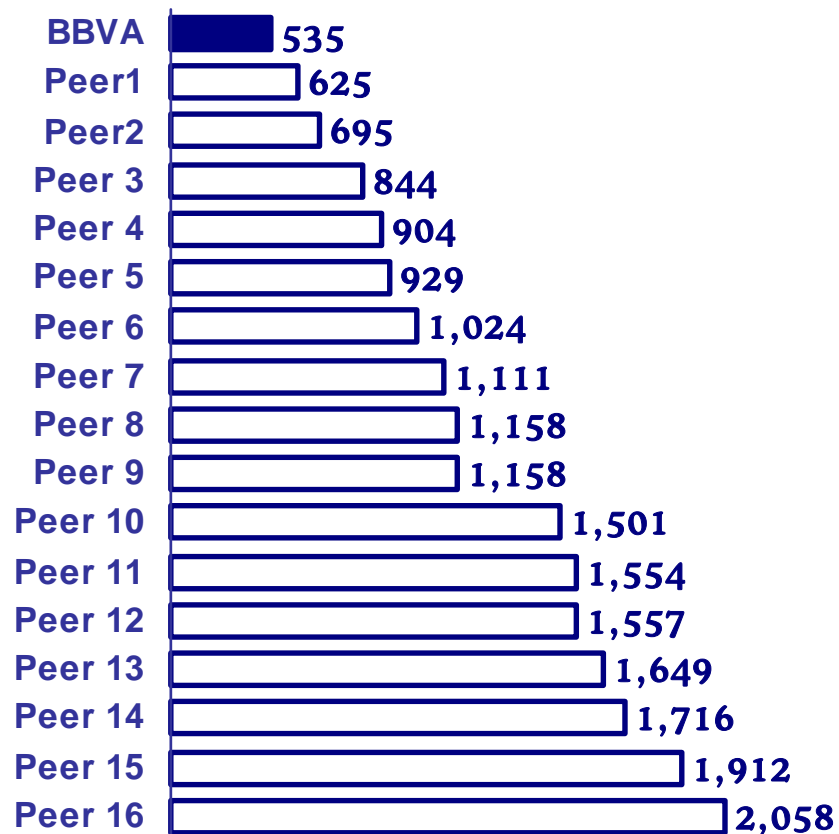


High quality capital with RWA / TA at 54.4%

# Lowest wholesale financing requirements in our peer group

## Balance sheet

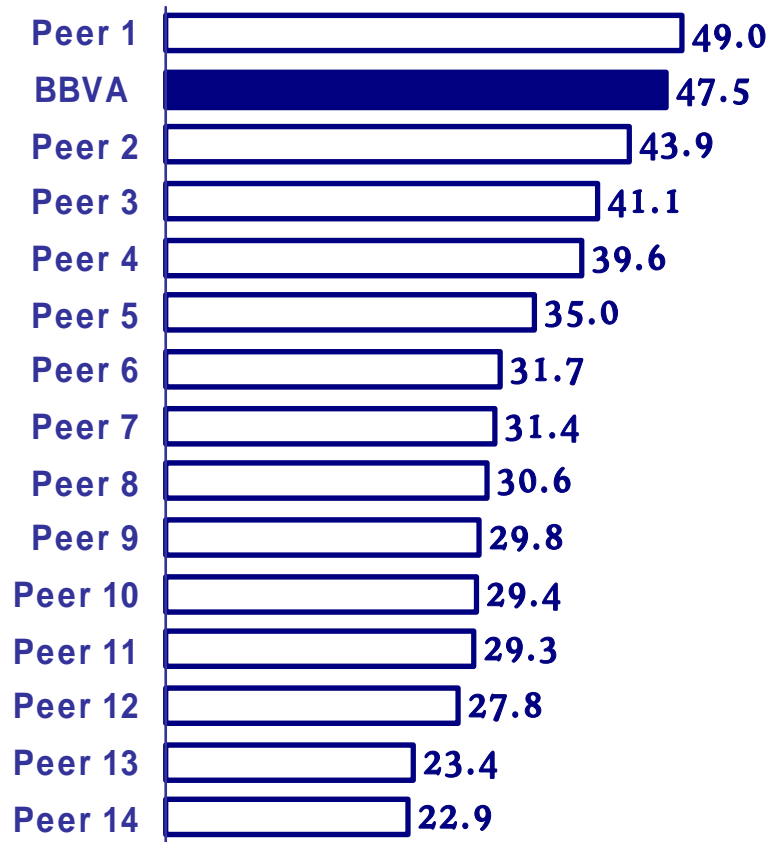
Peer Group  
(€bn, 2009)



**Small Balance Sheet**

## Deposits/Total assets

Peer Group  
(%) 2009

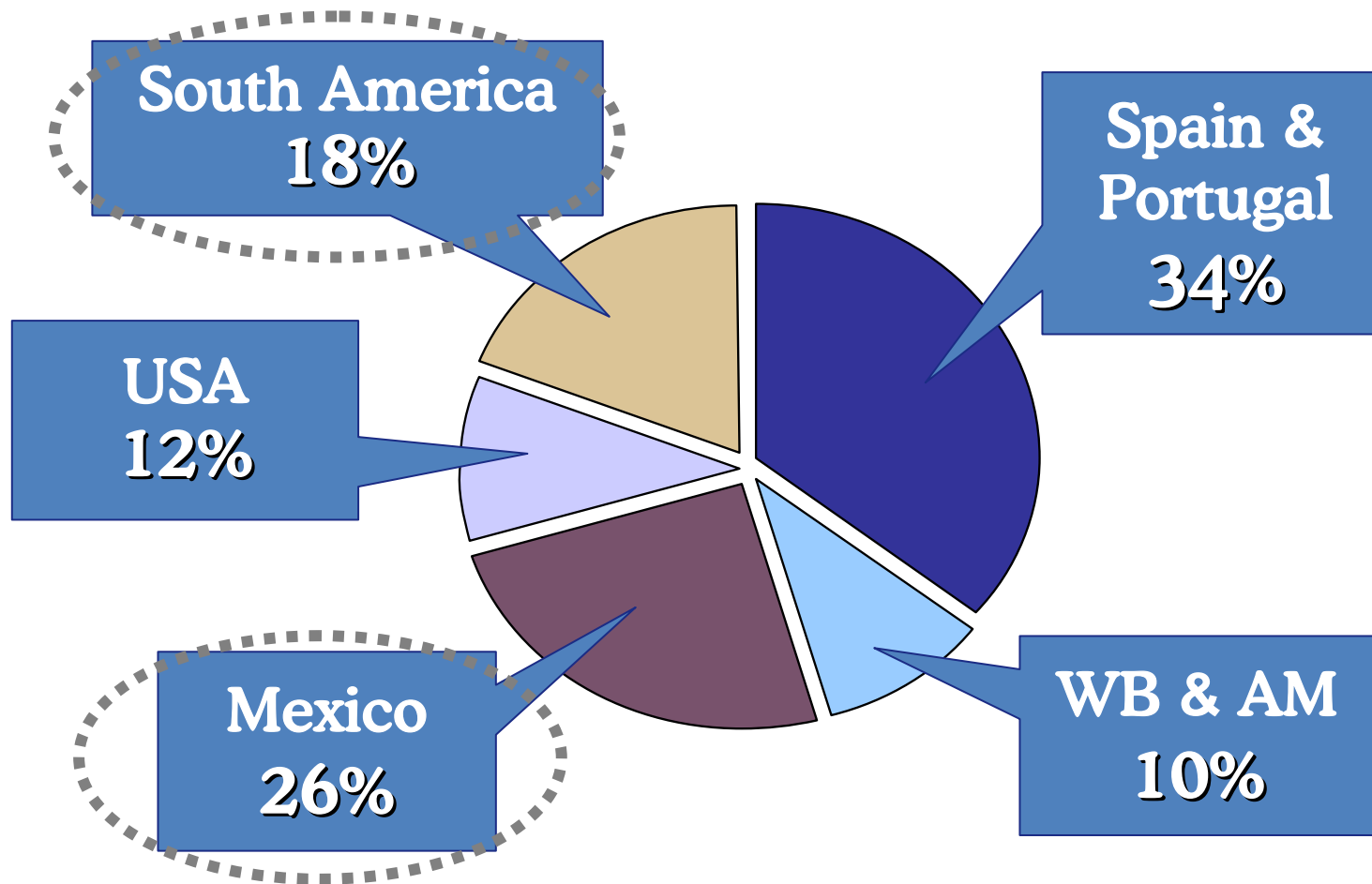


**Large Retail Deposit Base**



# Close to 45% of revenues already come from emerging economies

Breakdown of gross income by business area – 1Q10



# Emerging economies with superior growth prospects

## Mexico

The leading bank in one of the most attractive and under-penetrated banking markets of the world

## South America

A sizeable franchise becoming increasingly relevant to BBVA's earnings

## China

CITIC: a long term opportunity play, with current earnings delivery

# Mexico

# Mexico is a modern, stable and strong country

Over the last twenty years  
Mexico has reinvented itself

Trade & free capital flows

Deregulation & legal frame work

Privatization & fiscal discipline

Fully independent Central bank

	1988	2000	2009	2010e
GDP Growth (%)	1.8	7.2	-6.6	5.0
CPI Inflation (% eop)	51.7	9.0	3.6	5.6
Cetes 28-day (% eop)	52.3	16.5	4.5	5.2
Exports as GDP %	19.9	23.6	27.2	26.9
Fiscal Balance* (% GDP)	-7.9**	-3.1	-3.2	-3.6
Public Debt* (% GDP)	47.1	38.3	39.1	39.9
Foreign Debt* (% total)	54.9	34.6	27.1	27.8
Debt maturity (days)	na	550	2,250	2,270
International Reserves (bn USD, Avg)	11.9	32.4	78.9	110.0

\* Public Sector Borrowing Requirements and broader definition of public debt \*\* Traditional balance (do not includes off-balance operation for 1988)

# Mexico showed a positive performance during the crisis

## Mexico's Strengths

### No adverse effects on purchasing power:

Low inflation, stable interest rates and relatively low impact on unemployment

### Less dependence on external funding/ public and private sector:

Total external debt less than 20% of GDP

### Strong financial sector:

High capitalization index, low delinquency ratios and hedging of commercial banks

### Quick and positive response from economic policies:

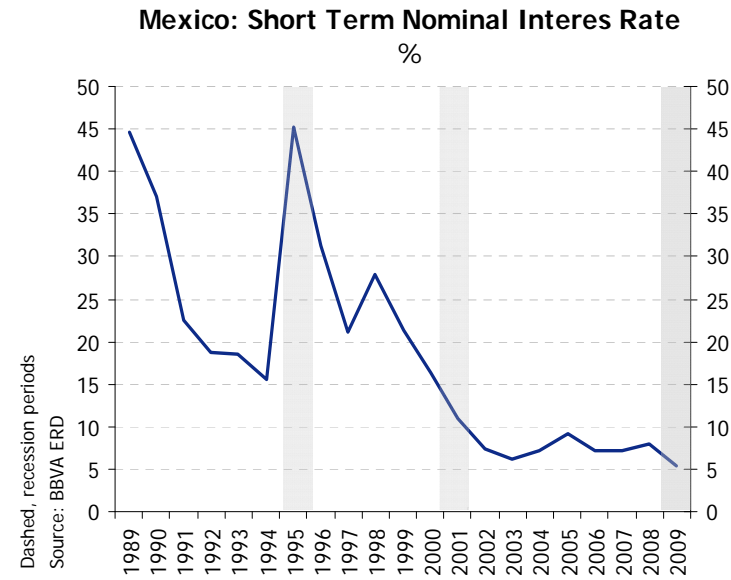
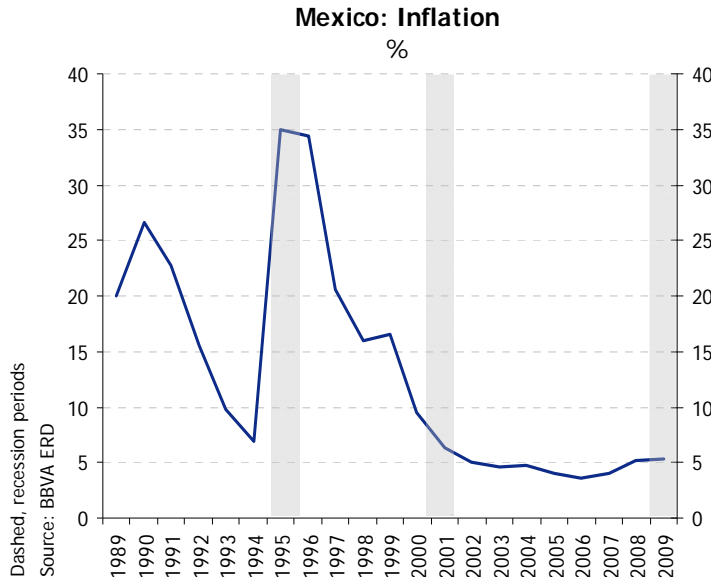
Counter-cyclical fiscal policy  
Liquidity provisioning & financing support

### Commercial openness:

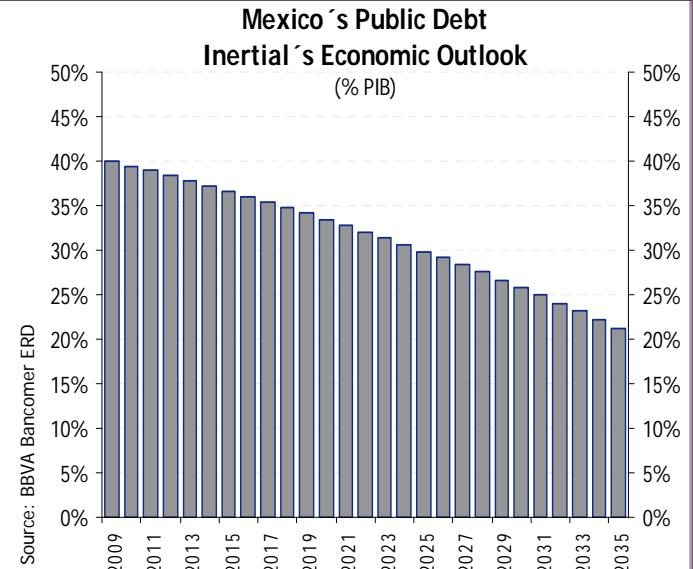
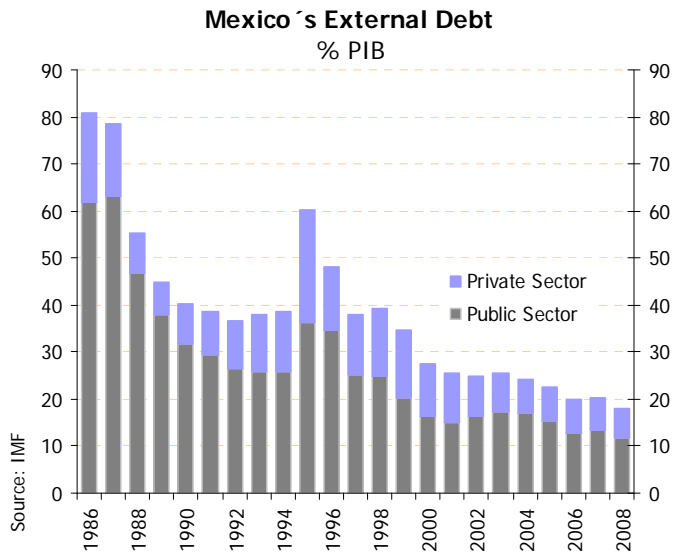
Increasing share of Mexican imports in US  
Positive exchange rate evolution

# How did Mexico face the crisis? Strengths

Nominal Stability: there were no adverse effects on purchasing power

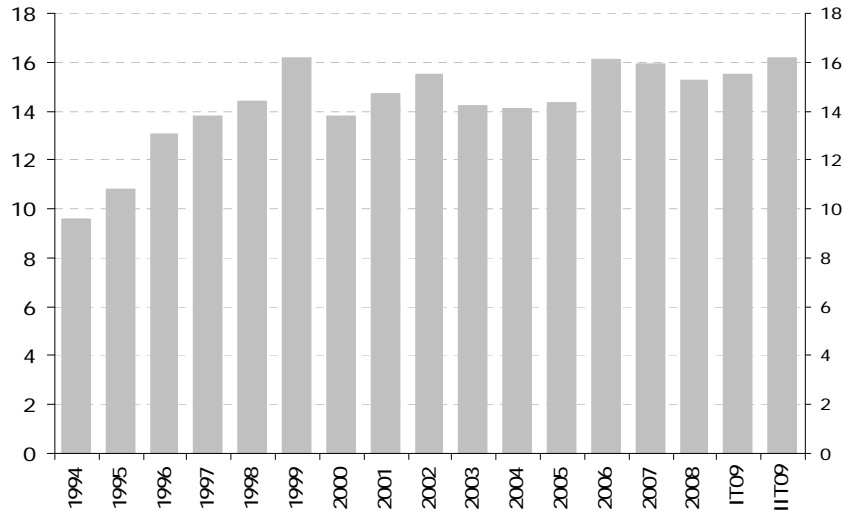


Sustainability of Public debt in the medium term

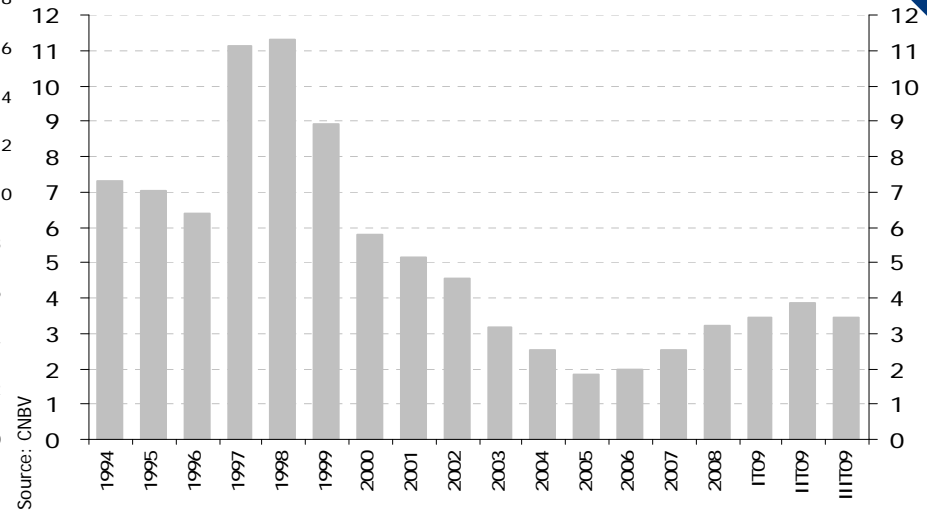


# Financial Sector: Strength built through better regulation

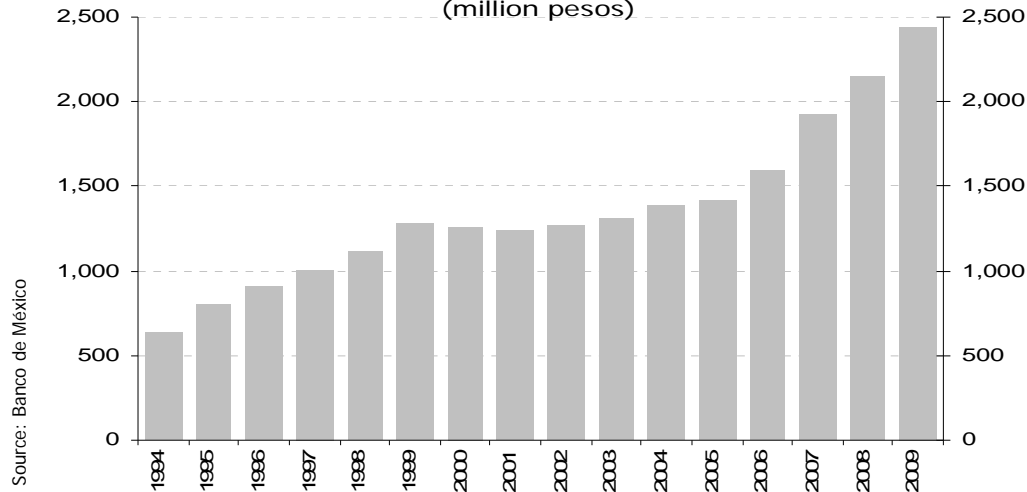
**Capital Ratio, Commercial Banks (%)**



**Delinquency Rate, Commercial Banks**  
Delinquency loans / Portfolio, %



**Lending, Commercial Banks**  
(million pesos)



**BBVA**  
**Bancomer**

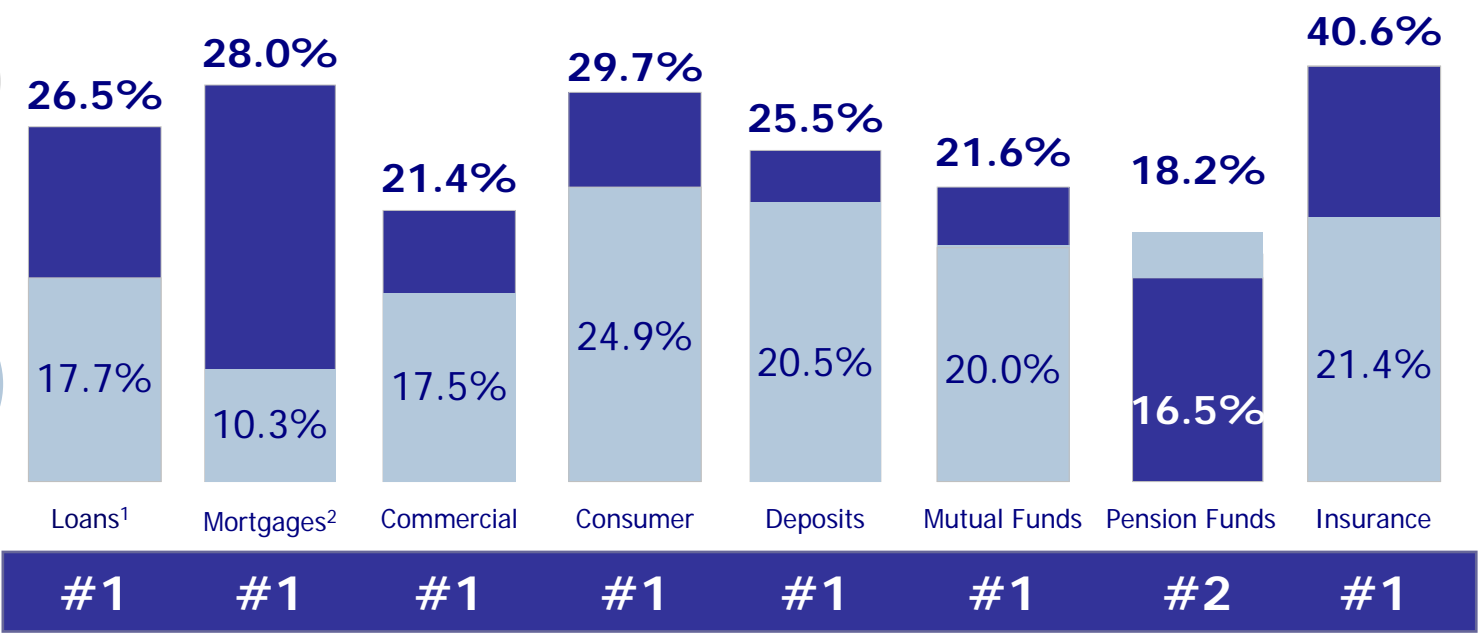


# BBVA Bancomer is the leader of the Mexican banking system

## Market Share (%)

Bancomer

2nd largest competitor



Source: CNBV, SHF, CONSAR, AMIS y AMIB. Figures as of December 2009

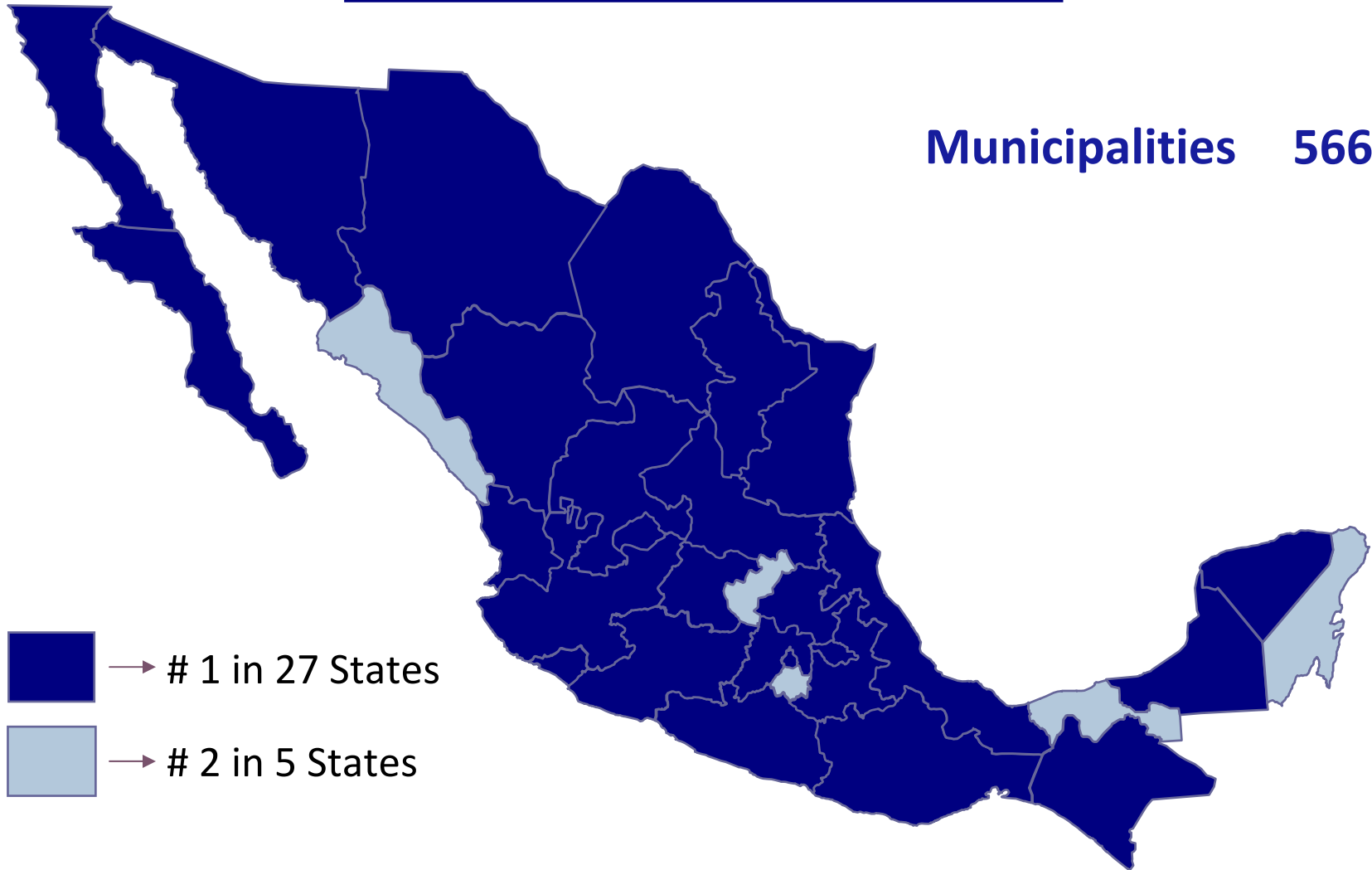
(1) Gross Loans

(2) Includes Sofoles, excludes securitizations

# With presence in all Mexican States

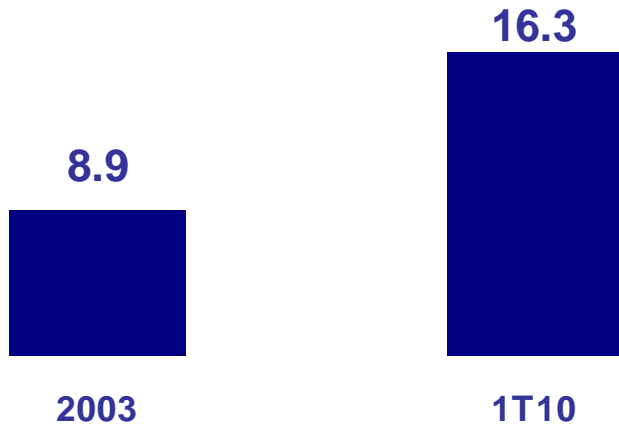
Leader in deposits 2009

Municipalities 566

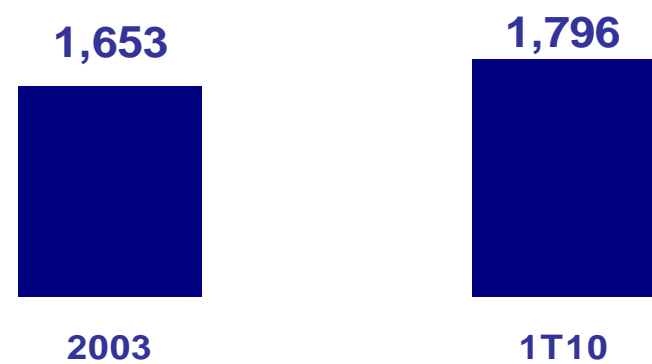


# With the widest network to cater its customers

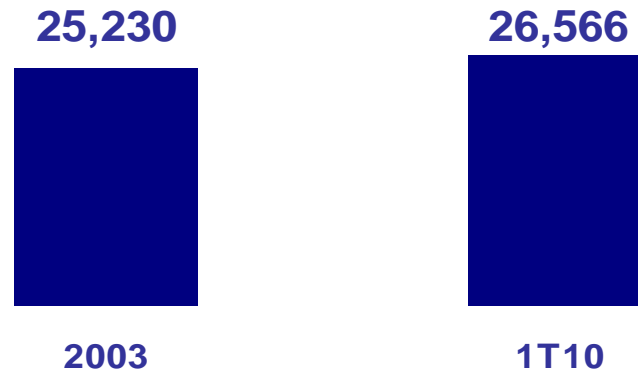
Customers (million)



No. Branches



No. Employees



# BBVA Bancomer: Outstanding track record in a difficult environment

	CAGR	
	2005 - 07	2007 - 09
GDP	+4.1%	-2.6%
Total loans	+28%	+5%
Loans to individuals	+39%	+2%
Loans to SMEs & Businesses	+48%	+121%
Total Deposits	+5%	+12%
Mutual Funds	+32%	+7%
Net profit	+37%	+8%
Fundamentals (1T10)	Efficiency ratio	34.8%
	Coverage ratio	131%
	Risk Premium	5.23%
Market share growth:		
Total loans	+246bp	+98bp
Demand deposits	+83bp	+147bp

# Despite the crisis, BBVA Bancomer had an adequate performance...

## EARNINGS

Gross income  
**€4,838 m**  
+3.4%

Net Margin  
**€3,297 m**  
+5.4%

Net attributable  
profit  
**€1,350 m**

## FUNDAMENTALS

Efficiency  
**31.9%**

ROE  
**19.4%**

NPA ratio  
**4.3%**

Coverage  
**130%**

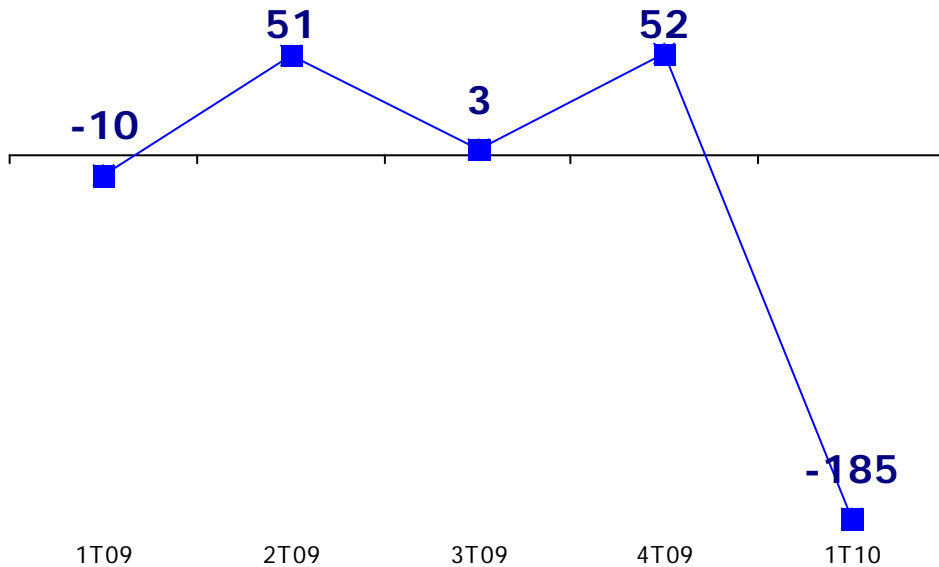
Cost of risk  
**5.39%**

# ...Maintaining the leader position in market share and quality ratios in 2009

	1Q10/4Q09
Market Share:	
Demand deposits	+84 bp
Mutual Funds	+21 bp

	1Q10/4Q09
Market Share:	
Commercial loans	+24 bp
Credit Card loans	+53 bp

Risk Premium  
quarterly changes in bp



Risk Premium\*

	1Q10
Bancomer	4.03%
Peer 1	5.81%
Peer 2	6.37%
Peer 3	7.67%

\* Peers in local accounting standards

# Opportunities

# Bancomer has been working in initiatives to enhance long term productivity

## Transformation Plan (2008-2010)

**Productivity**

+15% in productivity  
business network

Higher sales in  
branches

**Efficiency**

Efficiency Ratio:  
31.9%; -130 bp

More efficient  
processes

**Customer  
insight**

Customer knowledge

New products for  
new market  
niches

**New technology  
platforms**

Higher collection  
intelligence

**Focused on a better service for our customers**



And today, we are designing a new Plan to achieve higher growth

**g PLAN**  
Positioning for future **GROWTH**  
(2010-2012)

**1**

**Bancarisation**

**2**

**Distribution**

**3**

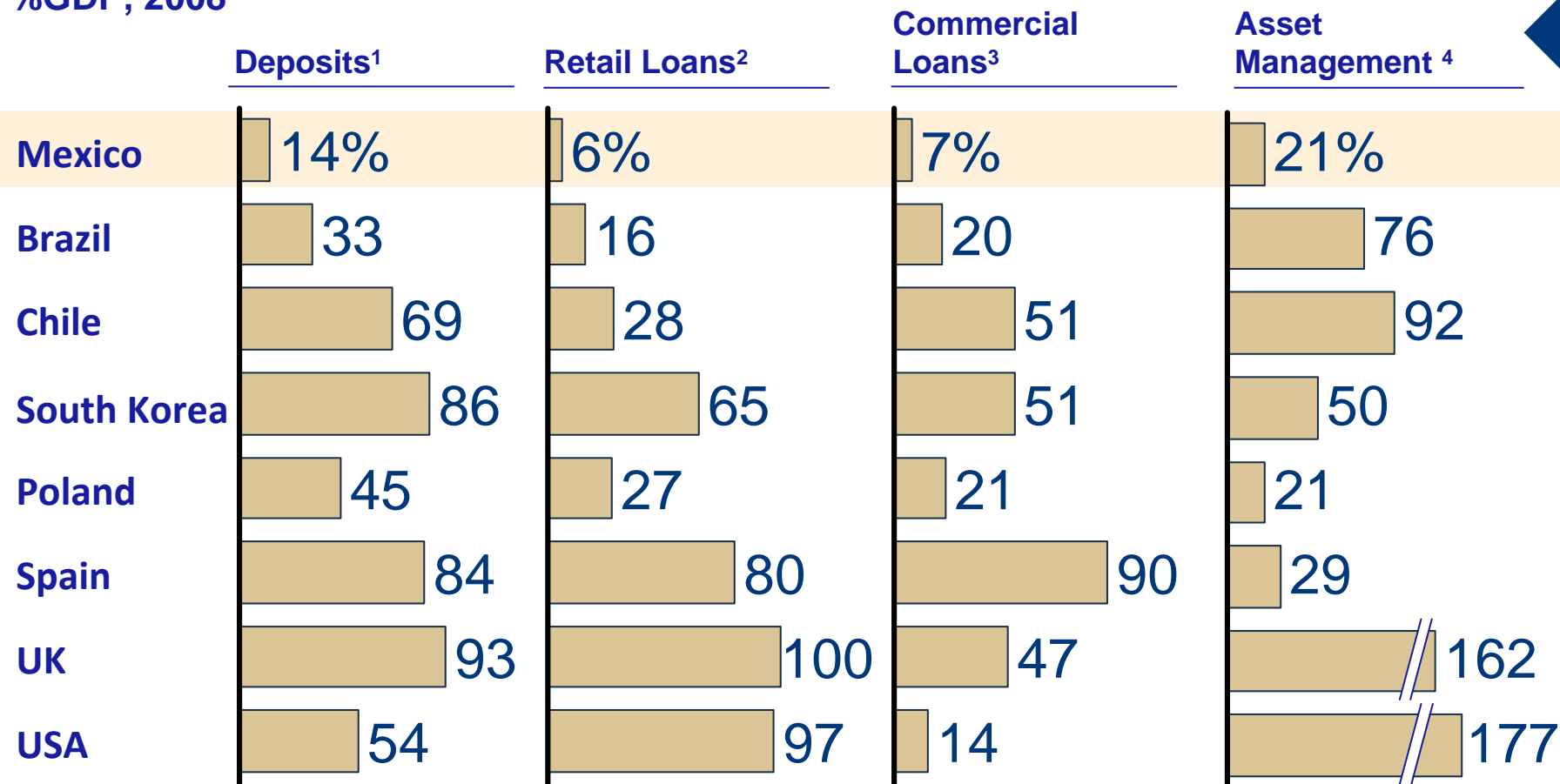
**Cross-selling**

**Growth in key market segments supported on a strong risk platform**

# 1

## Bancarisation: Lower financial penetration than Brazil and Chile

%GDP, 2008



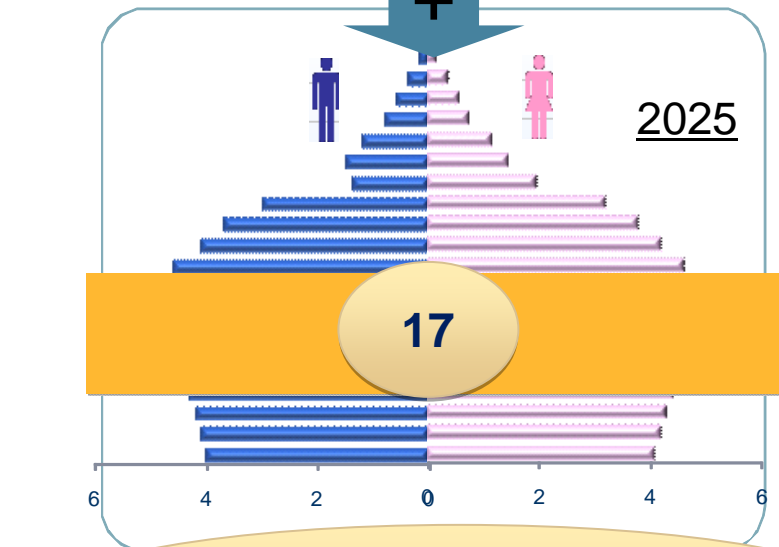
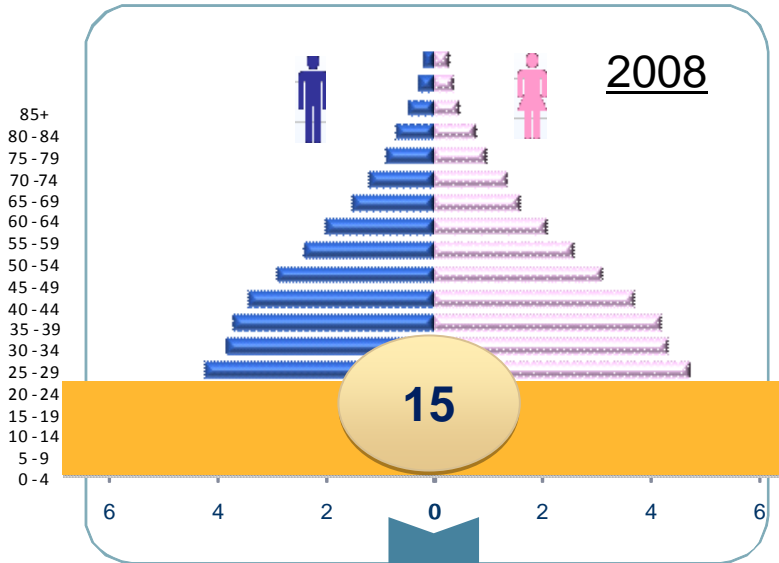
(1) Retail Payments + Retail Deposits + PyMES and Corporate payments and deposits

(2) Personal loans, credit cards, automobile, mortgages

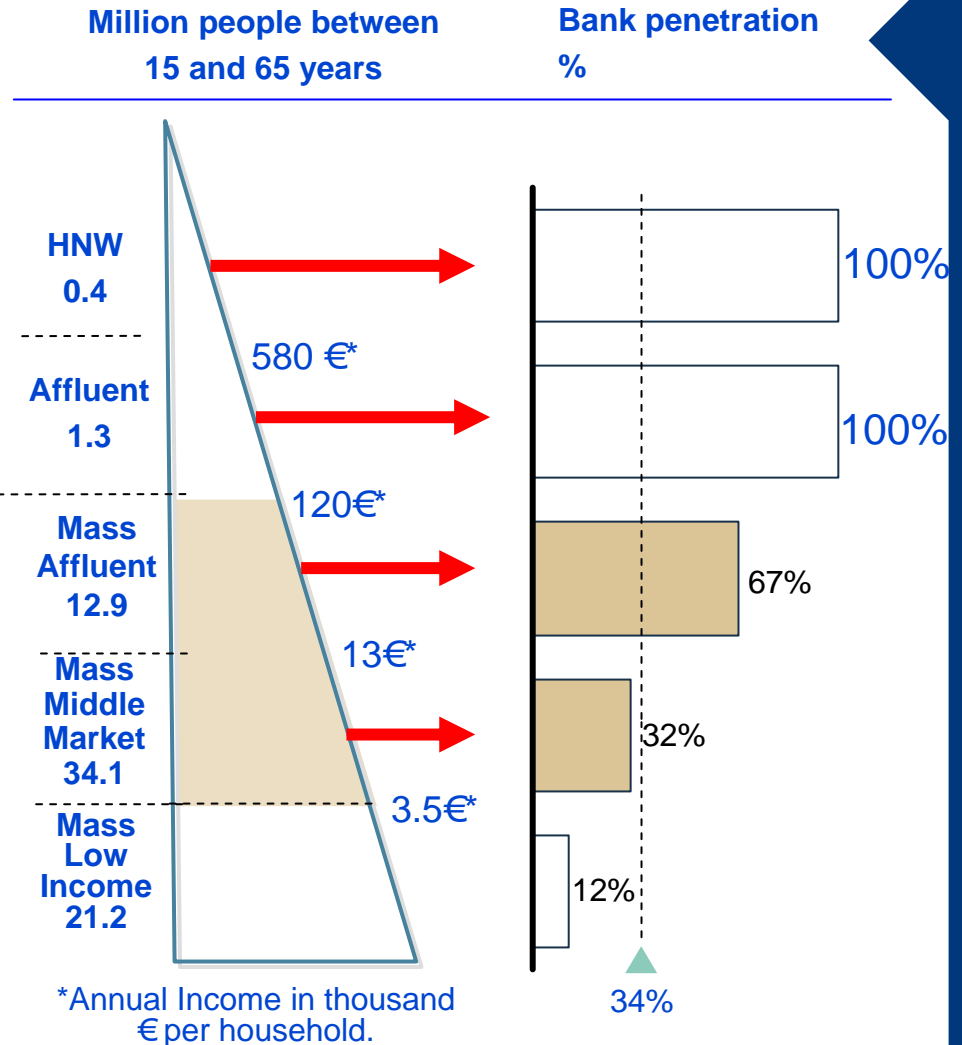
(3) *Trade Finance* for corporates and PyMES, Factoring, structured loans, syndicated loans, direct financing to PyMES and corporates, specialized products for PyMES

(4) Retail mutual funds, pension and other institutional funds

# Bancarisation: 30 million to be bancarised



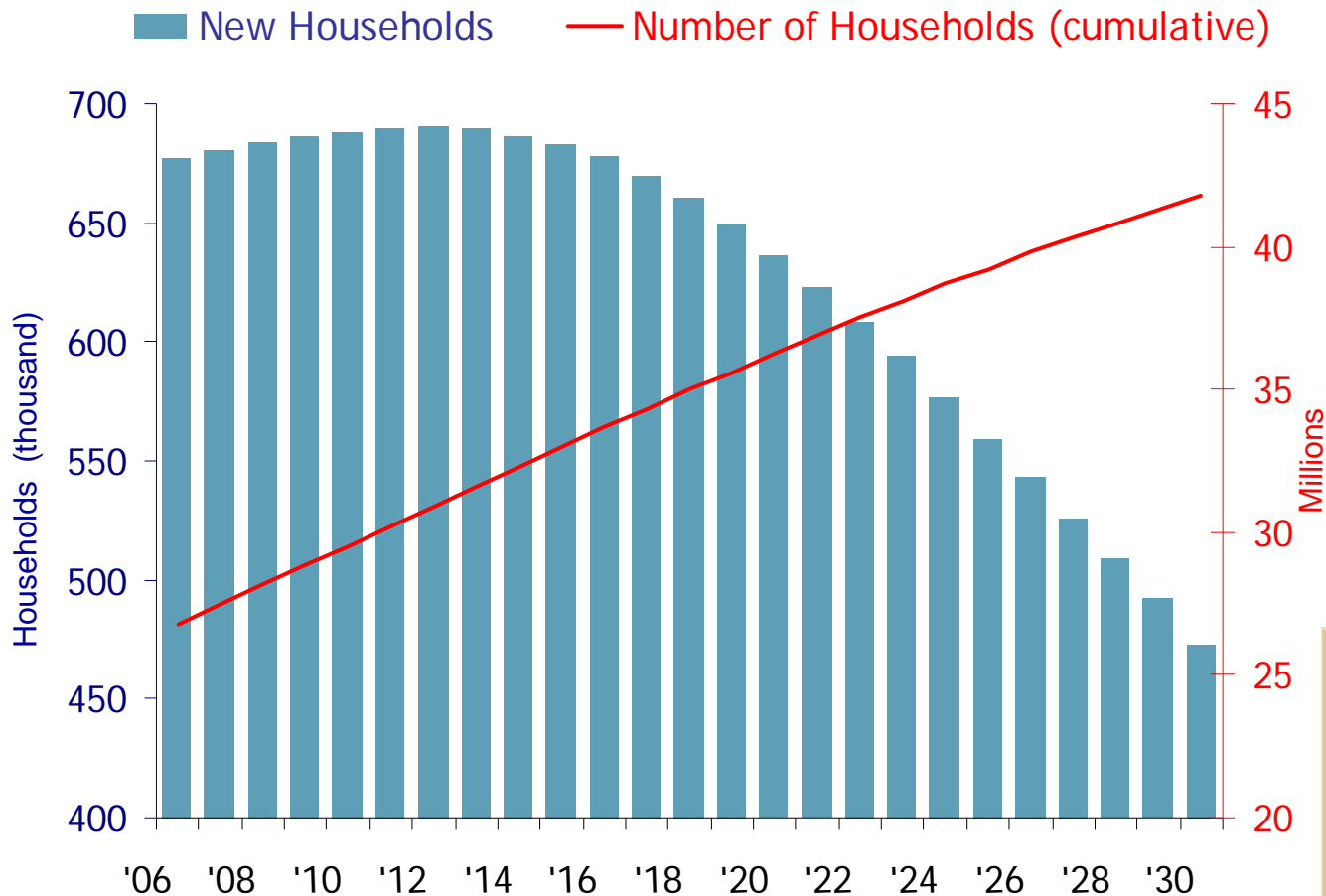
**Young people that need access to financial services**



1

# Mortgage Market: Household creation determines potential demand for mortgages

## Household creation (cumulative data and flows)



Firm government support

600,000 new homes each year

New households = potential demand for mortgages

# 1

## Mortgage Market: structural housing deficit

### Housing Deficit (million)

Houses in poor conditions  
no access to public services

2.5

Houses in bad conditions  
Necessary improvement

1.1

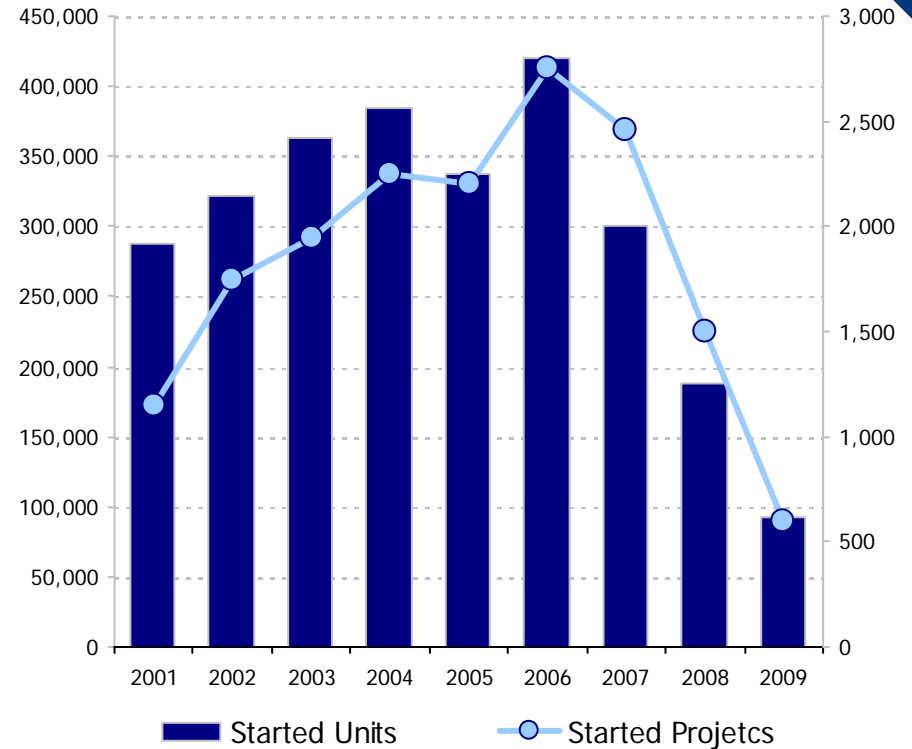
Without House

0.7

**Deficit**

**4.3**

### New homes (projects)

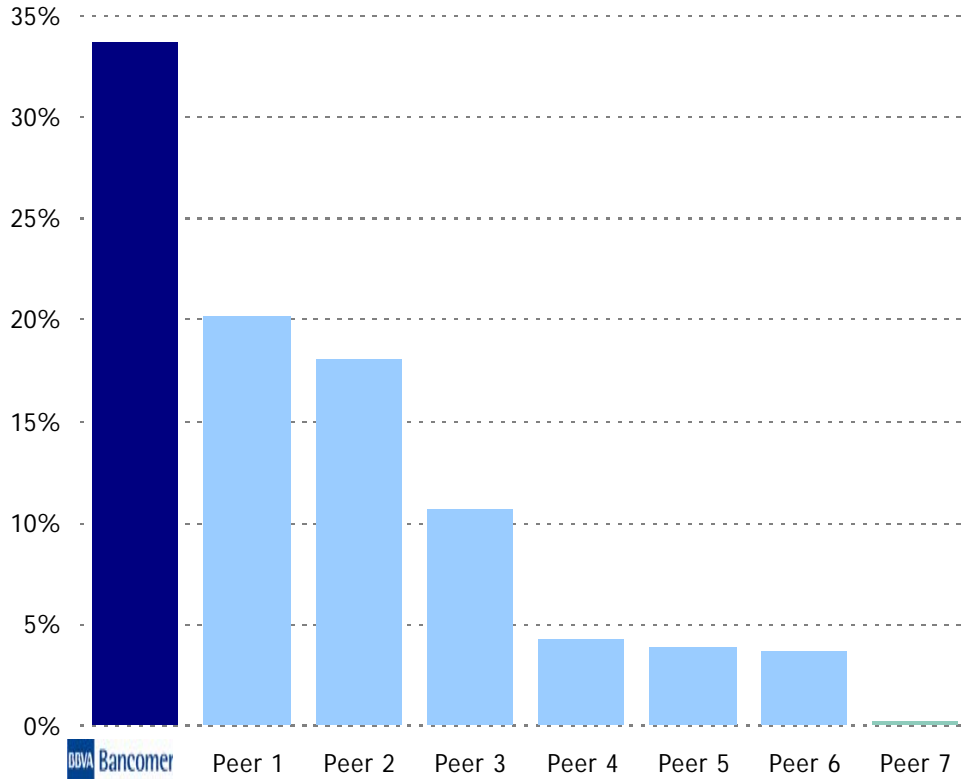


Potential credit demand: 6.1 million houses

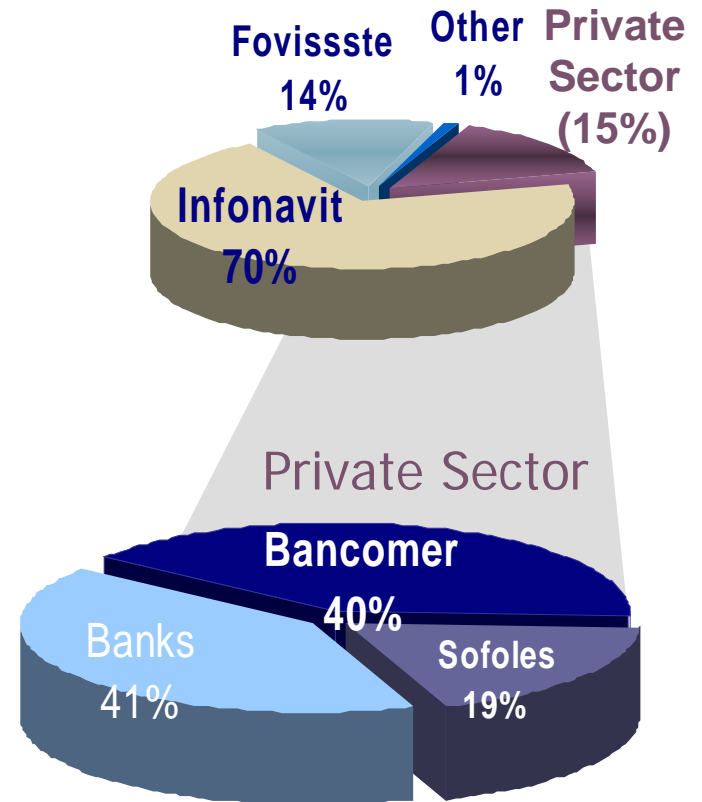
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# Bancomer: best positioned to take advantage of the Mortgage Market opportunities

## Market share in New Mortgage Portfolio Private Sector (% , february 2010)



y-o-y market share growth: +252bp



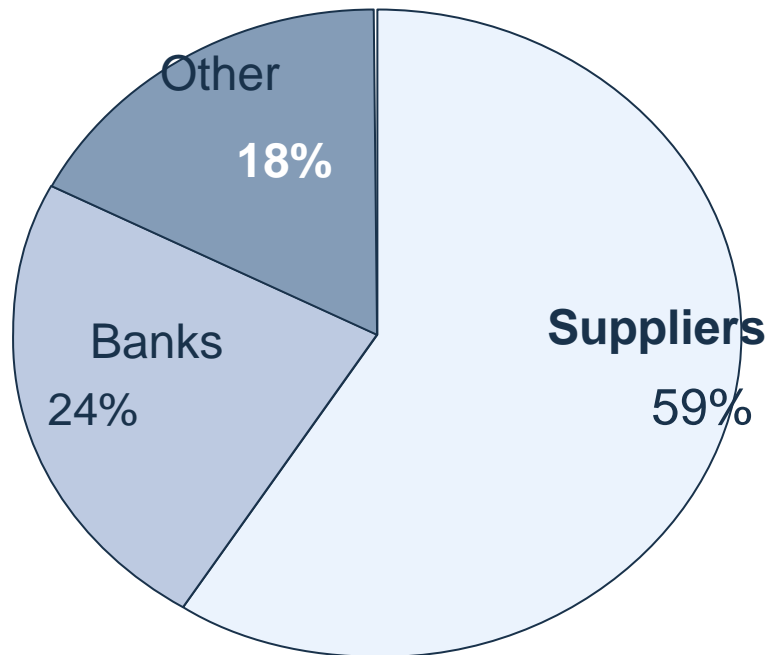
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# Micro, small and medium-sized enterprises: low financial penetration

Financing come mainly from suppliers

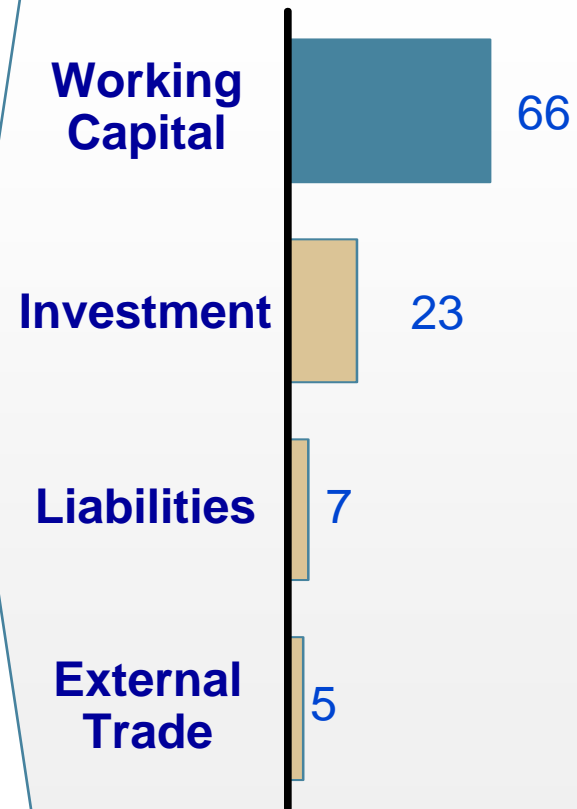
## Commercial financing, 2009 %

# enterprises: 3.8 Million  
100% = MXN 3.6 billion



Microcompanies:  
67% financing from suppliers

## Uses of credit %



1

# Micro, small and medium-sized enterprises: low financial penetration

## Market Size

## Bancomer's Specialized Business Model

### Business Equipment

### Liquid Loan

## Channel

Business Centers

Network

Small and Medium-Sized  
(Sales: 40–100 MXN M)  
0.02 Million

Direct Credit



Small  
(Sales: 12–40 MXN M)  
0.32 Million

Tarjeta Negocios



Working capital  
from MX\$180 th

Formal Micro  
(Sales: 12–4 MXN M)  
1.21 Million

Micro-enterprises:  
40% of employment  
15% of GDP



CC from MX\$20th  
to MX\$180th

Informal Micro  
(Sales: 12-4)  
3.62 Million

Tarjeta Micro-negocios

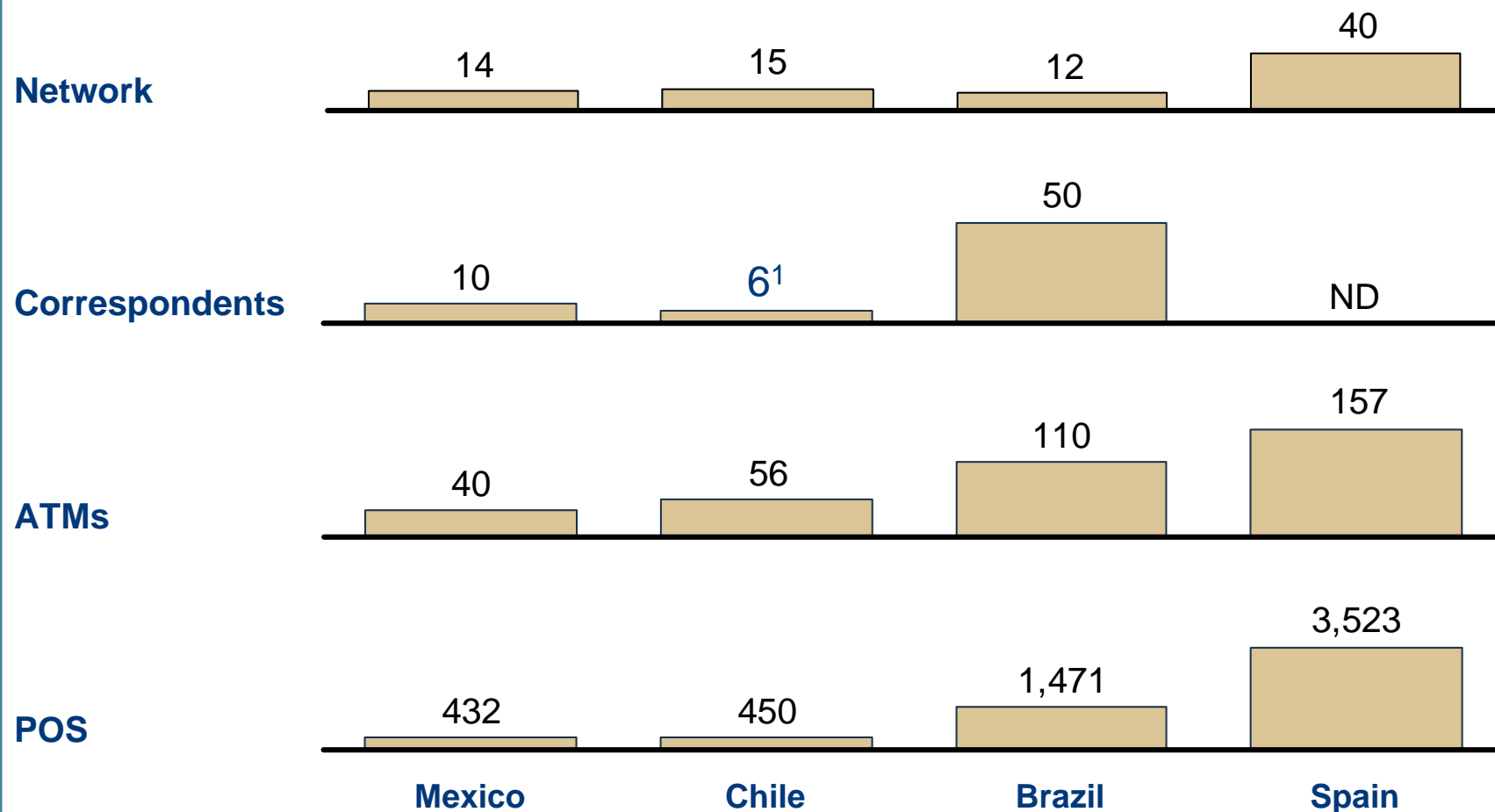
Leveraged on NAFIN guarantees



# Distribution : Poor access to financial services

## Physical Access to Financial Services

Points per 100,000 inhabitants, 2008



# 2 Distribution : Bancomer's Approach

**Servicing:** transaction migration to low-cost channels

**ATMs**  
2<sup>nd</sup>  
generation



**Cash-recycling**  
(Correspondents)



**Cashpoints**  
(branches)



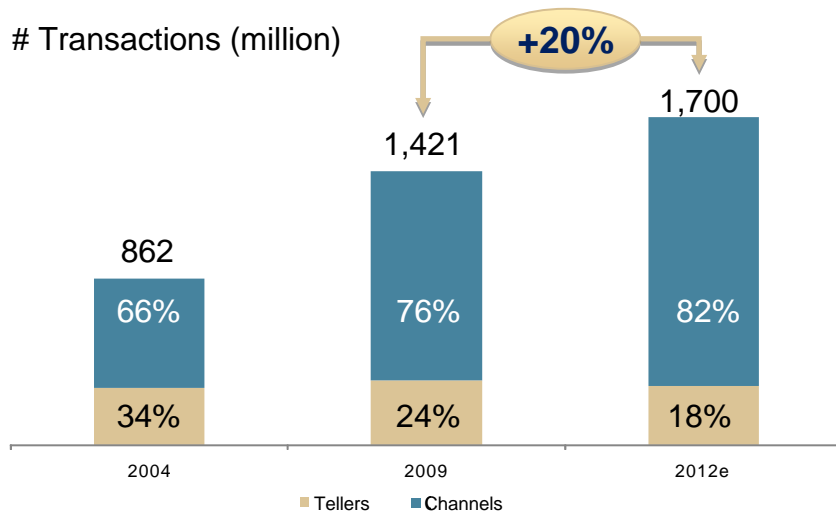
**Bank Correspondents**



**Bancomer Express**



# Transactions (million)



**2**

## **Distribution : Bancomer's Initiatives**

**Electronic payments**

**New means of payment**

**Network Expansion:**

**Bank correspondents: 12,000 points**

**ATMs: >3,000**

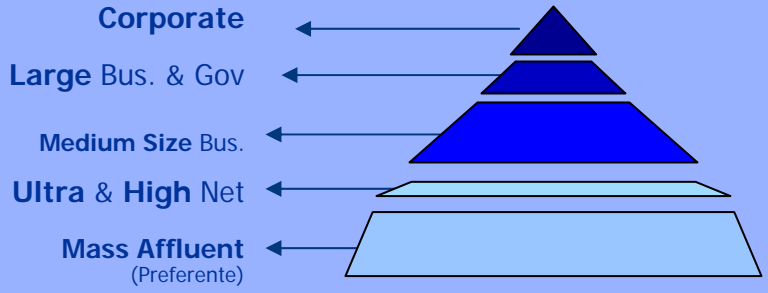
**Branches: 100-200 new branches**

**POS: >60,000**

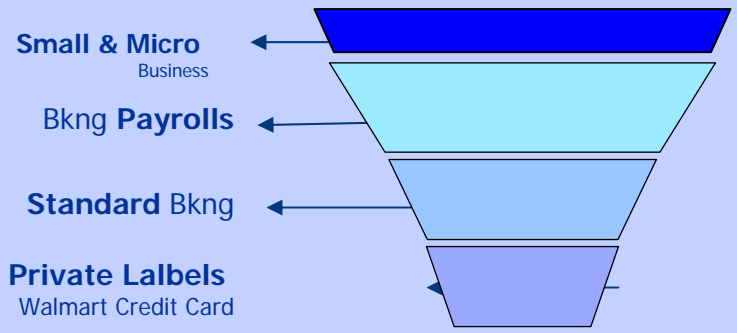
# Cross-selling: Bancomer has the largest customer base and huge opportunities to cross-selling

**2009 – 15.7 M Customers**

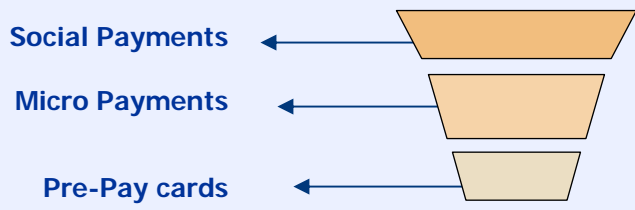
**“Relationship”  
banking**



**“Easy”  
banking**



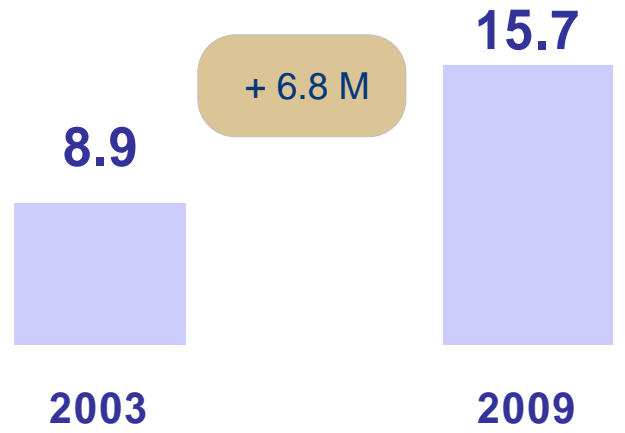
**“Express”  
banking**



**“CROSS SELLING”**

**“Low Cost”  
service**

**Total customers (million)**



- **Correspondent**
- **Mobile banking**
- **Express card (debit & prepay)**

3

## Cross-selling: Bancomer has the largest customer base and huge opportunities to cross-selling

### Segment

Banking

Affluent

Micro and Small Co.

SMEs



### Bancomer's Initiatives

Increase financial services in low-penetration states

High end customers, not being catered: 800 th clients

CREDIT for Micro & Small Companies

Investment Banking Products to SMEs

# Concluding Remarks

**Mexico is a strong country and offers unique opportunities**

**BBVA Bancomer has been resilient to the global crisis**

**BBVA Bancomer has huge opportunities to growth in the Mexican market**

**BBVA Bancomer continues to strengthen its fundamentals and is prepared to address the significant growth**