



Goldman Sachs European Financials Conference

BBVA, recurrent and sustainable earnings

Panel 7. Back to basics: how can retail banking offer superior returns?

Frankfurt, June 5th 2009



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1**Outstanding earnings performance
through the crisis****2****Recurrent and high quality
operating income****3****Strong profitability and
organic capital generation****4****Improving asset quality trends****5****Conclusions**

- 1** Outstanding earnings performance through the crisis
- 2** Recurrent and high quality operating income
- 3** Strong profitability and organic capital generation
- 4** Improving asset quality trends
- 5** Conclusions

Outstanding earnings performance in 2008

	2007	2008
Net attributable profit ranking	11 th	2 nd 
Market capitalization ranking	17 th	7 th 
Total relative shareholder return *	3 rd	1 st 
S&P rating	AA-	AA 

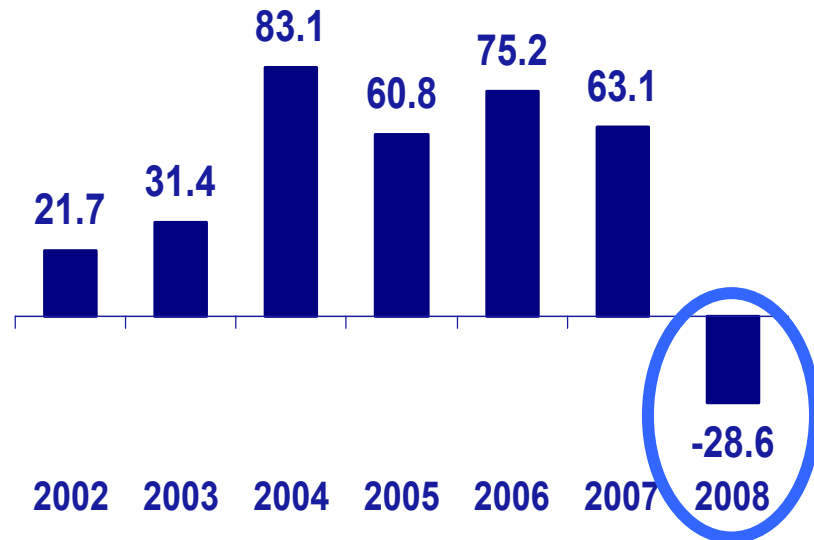
... as a consequence of a prudent management and corporate positioning in retail banking

Confirming the recurrent nature and sustainability of our business model

Superior performance + Sustainable profit

Net attributable profit

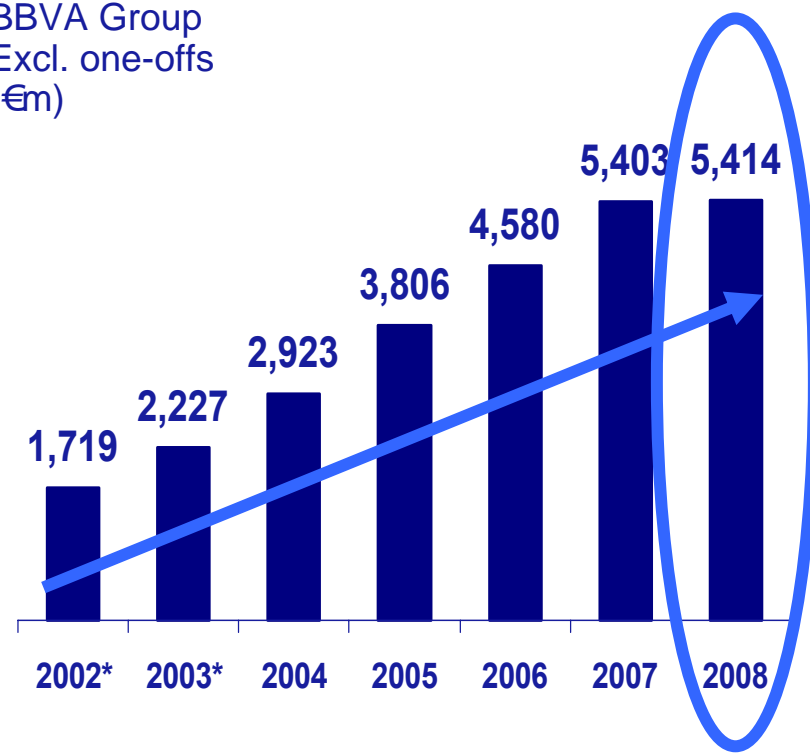
Peer group aggregate excluding BBVA Group (€bn)



Peers: Barclays, BNPP, Crédit Agricole S.A., Credit Suisse, Deutsche Bank, HBOS, Intesa Sanpaolo, Lloyds, RBS, Santander, Société Générale, UBS and Unicredit

Net attributable profit

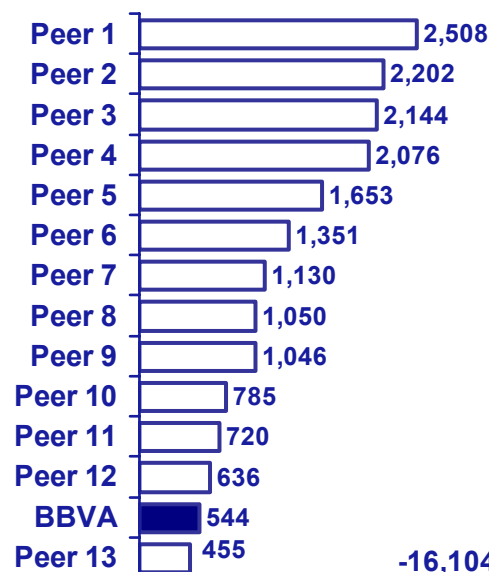
BBVA Group Excl. one-offs (€m)



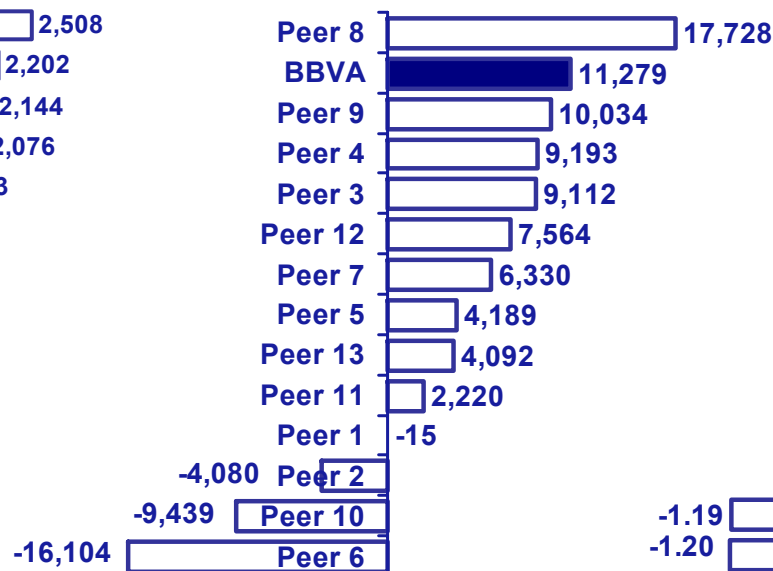
Net attributable profit 2008 including one-offs is €5,020m

2008, a year in which the crisis has clearly taken a toll on the financial industry

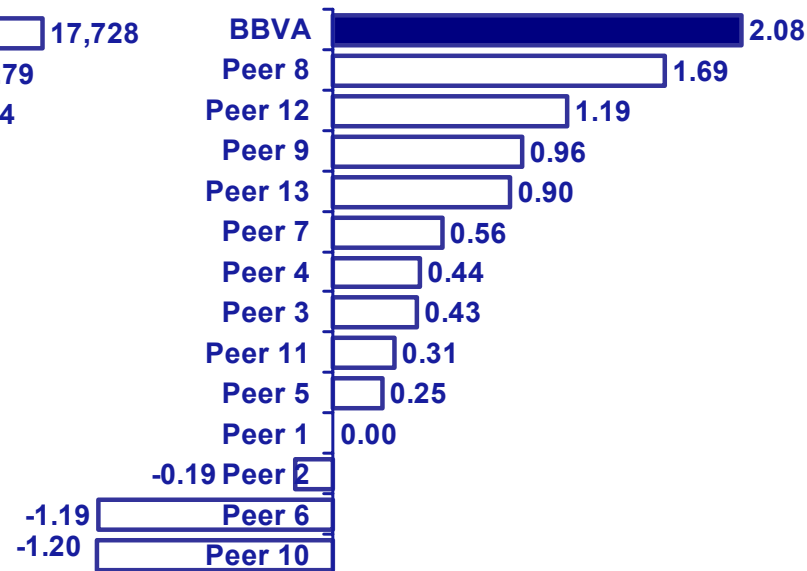
Total assets
Peer Group
(€bn, Dec.08)



Operating Income
Peer Group
(€m, Dec.08)



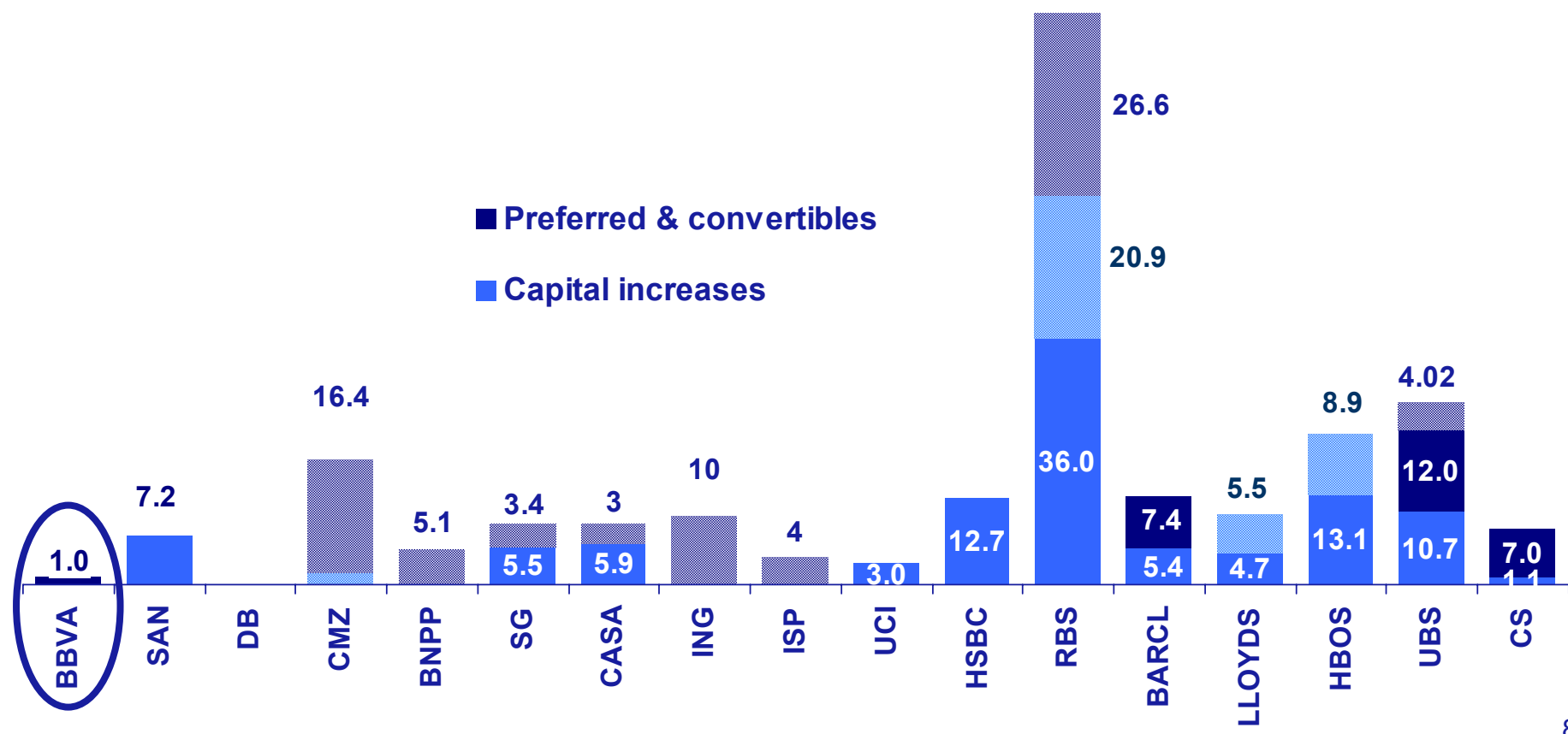
Operating Income/Total assets
Peer Group
(%, Dec.08)



Strong operating income is a distinct feature of the BBVA Group

Capital actions have been diverse in 2008, mirroring the differences in business models and strategies

Capital actions executed or announced since January 2008 (€ Bn)
Excludes M&A driven capital increases
 (Checkered = government sponsored)



Organic capital generation in 2008 is also an evidence of such differences

CORE CAPITAL	31 Dec. 2008	Capital growth ex capital increases
BBVA Group	6.20%	+0.40 p.p.
Peer 1*	6.30%	+0.30 p.p.
Peer 2*	8.57%	-0.11 p.p.
Peer 3*	5.87%	-0.21 p.p.
Peer 4	5.42%	-0.28 p.p.
Peer 5**	7.00%	-0.41 p.p.
Peer 6*	6.39%	-0.41 p.p.
Peer 7	5.80%	-0.50 p.p.
Peer 8*	7.23%	-0.69 p.p.
Peer 9	6.84%	-1.35p.p.
Peer 10**	7.60%	-1.37 p.p.
Peer 11*	8.59%	-3.25 p.p.
Peer 12	5.60%	-4.84 p.p.
Peer 13	4.12%	-5.49 p.p.

*Estimated Core capital Dec.07 calculated as (Core capital BISII/Core capital BIS I)
 ** Core capital according to BIS I

Peers: Barclays, BNPP, Crédit Agricole S.A., Credit Suisse, Deutsche Bank, HBOS, Intesa Sanpaolo, Lloyds, RBS, Santander, Société Générale, UBS y Unicredit

- 1 Outstanding earnings performance through the crisis
- 2 Recurrent and high quality operating income**
- 3 Strong profitability and organic capital generation
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- 5 Conclusions

First quarter 2009: encouraging signs and reassuring 2008 strengths

BBVA

BBVA's operating income is based on ...



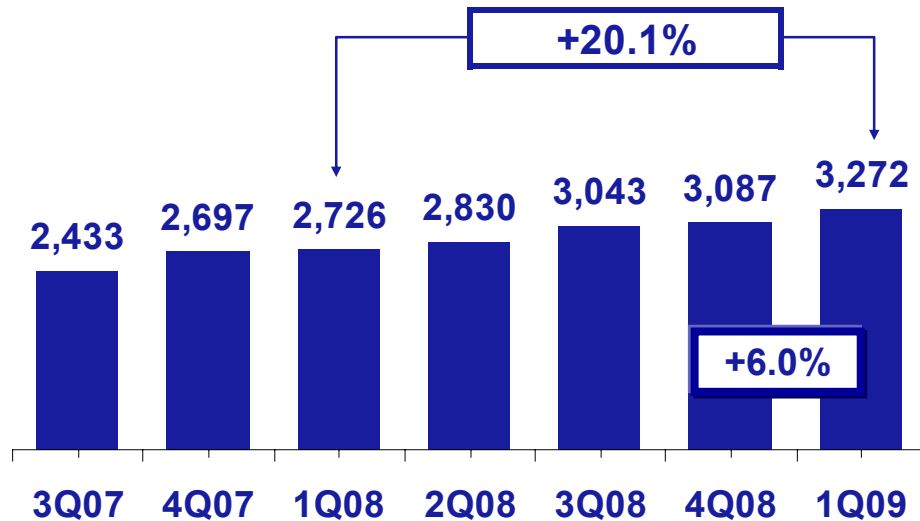
High quality of gross income

Focus on pricing and mix management

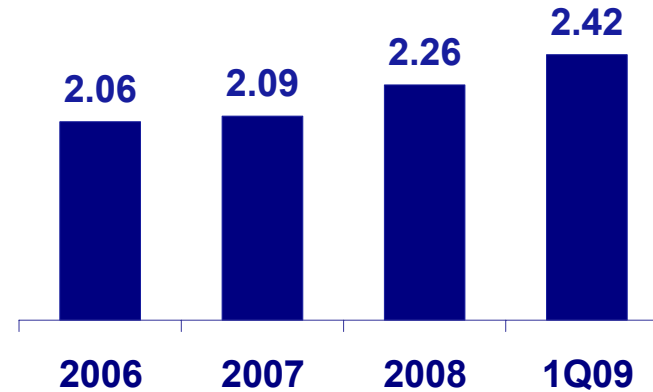
Strict cost control

Strong growth of net interest income

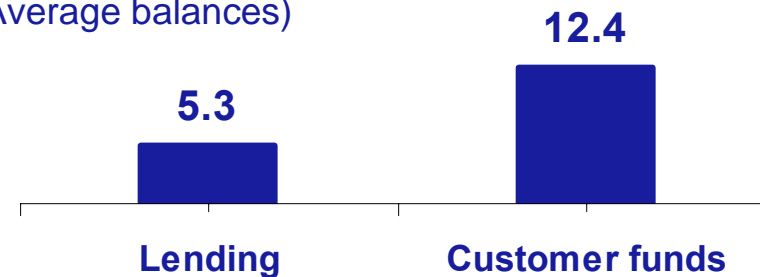
Net interest income
BBVA Group
(€m)



Net interest income / ATAs
BBVA Group
(%)

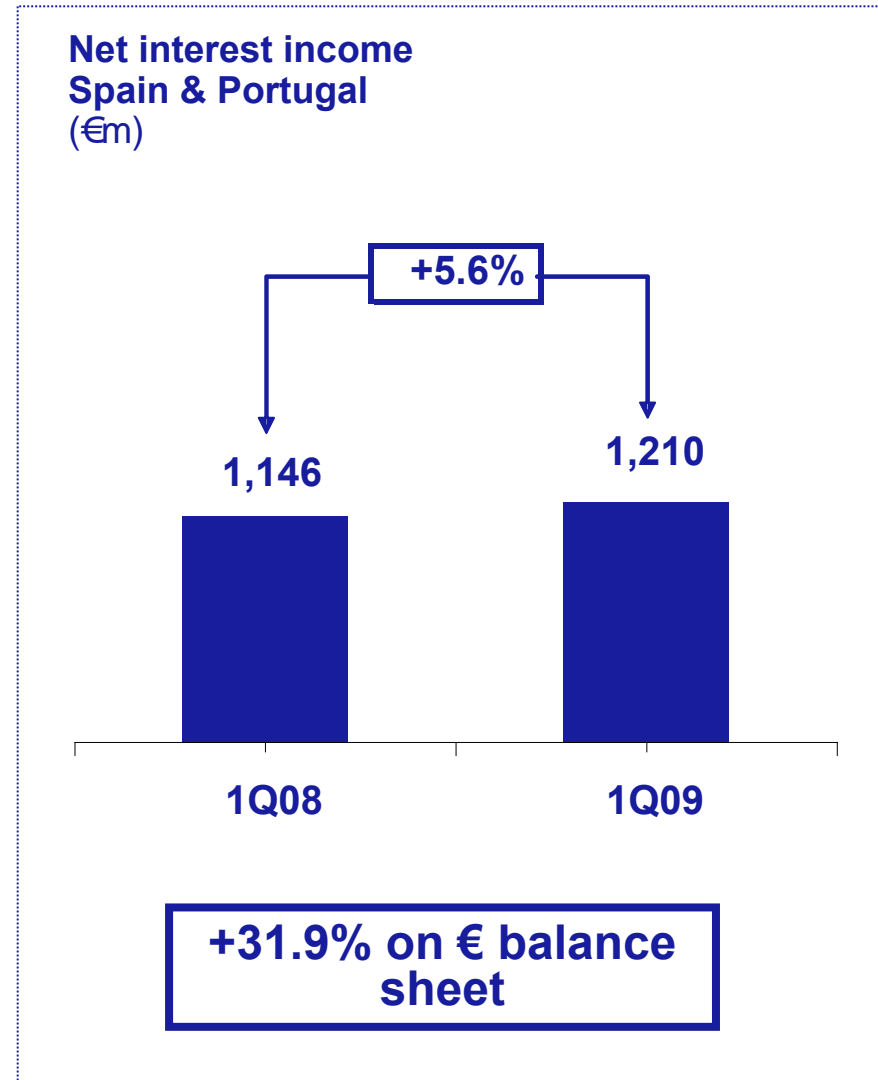
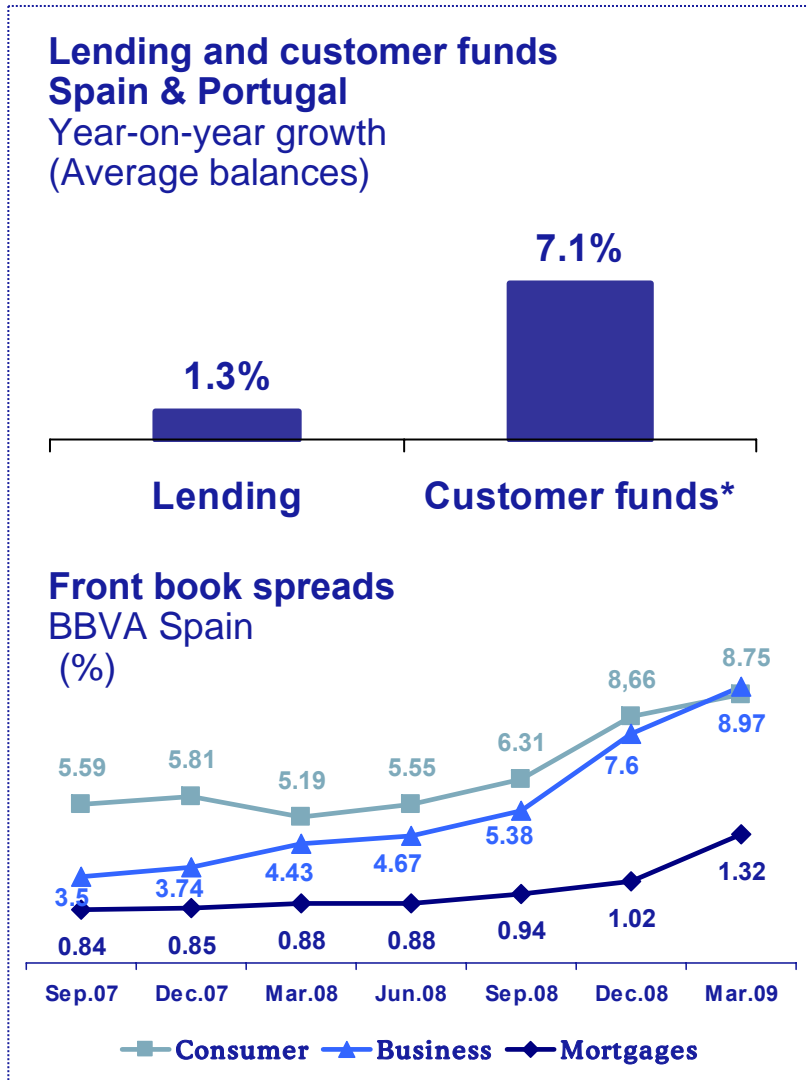


Lending and customer funds
BBVA Group
Year-on-year growth
(Average balances)



**Appropriate management of the slowdown
and focus on pricing**

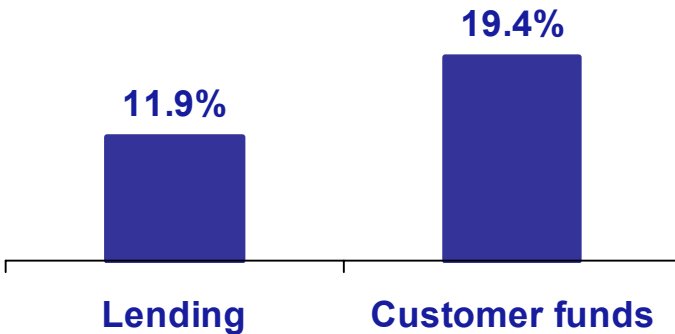
Focus on pricing, a clear management commitment



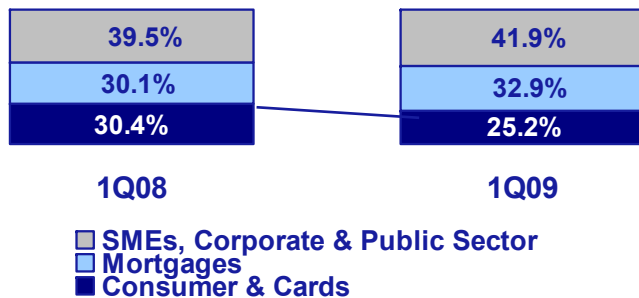
* Liquid funds + time deposits

In Mexico: good levels of business activity and prices maintained with lower-risk mix BBVA

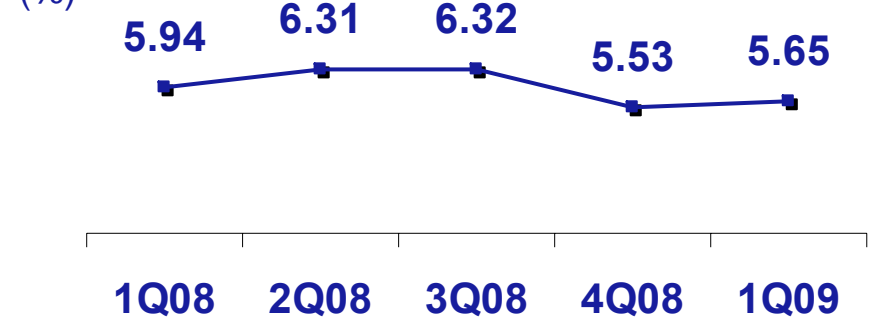
Lending and cust. funds
Year-on-year growth
(Average balances)



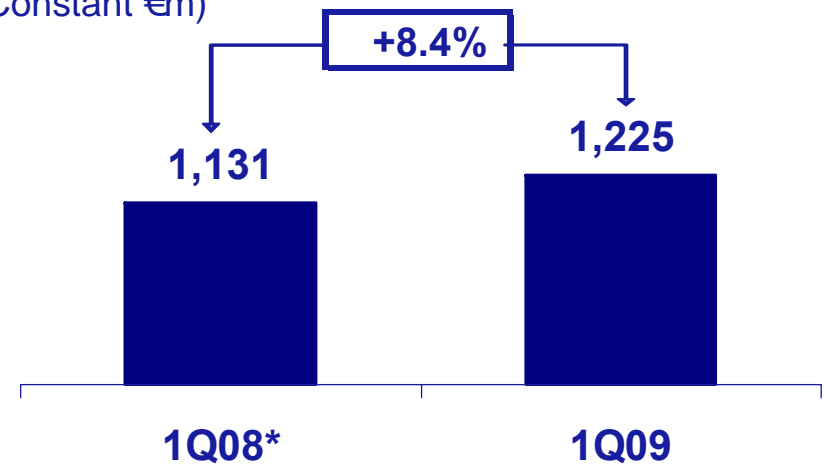
Lending mix
(%)



Net interest income / ATAs
(%)



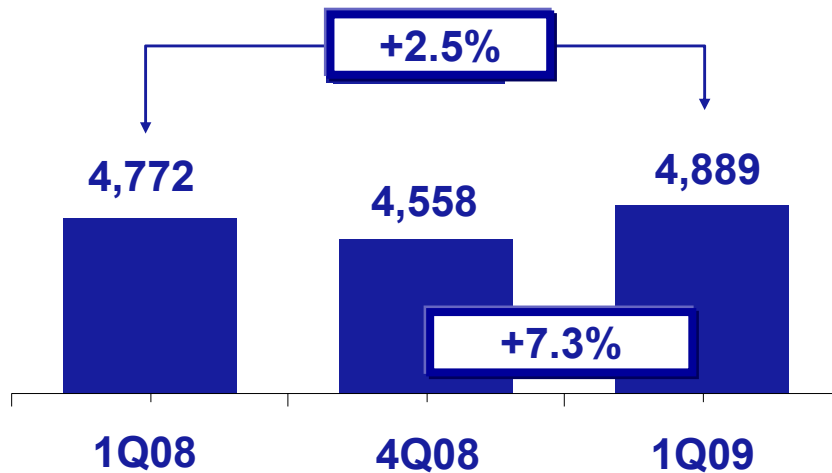
Gross income
(Constant €m)



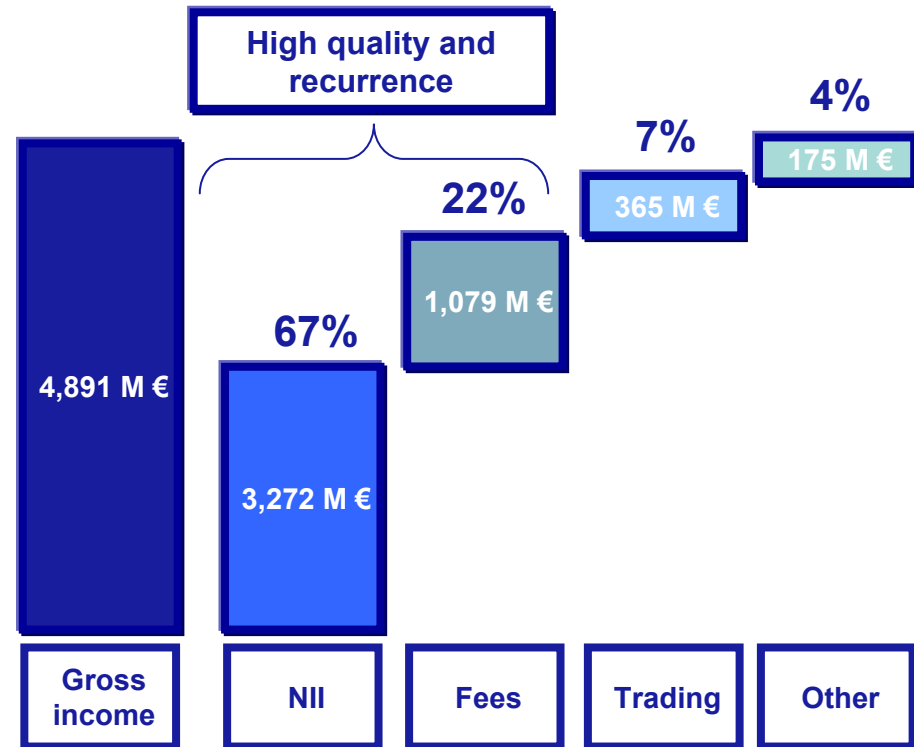
* Ex- Visa IPO (96 M€ one-off)

Delivering high quality gross income, with marginal contribution of trading income

Gross income
BBVA Group
(€m)



Breakdown of gross income
BBVA Group
(€m)



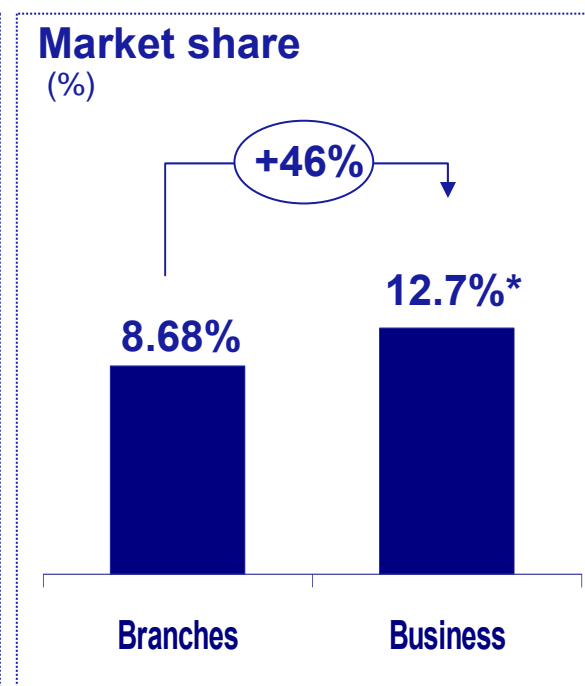
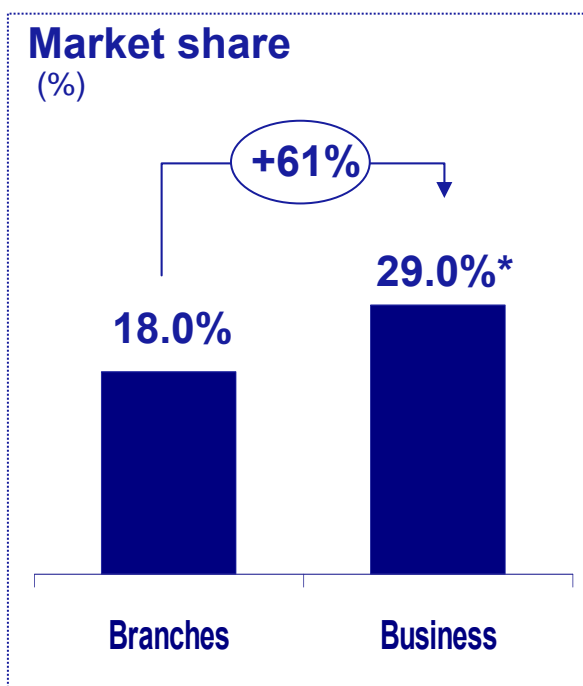
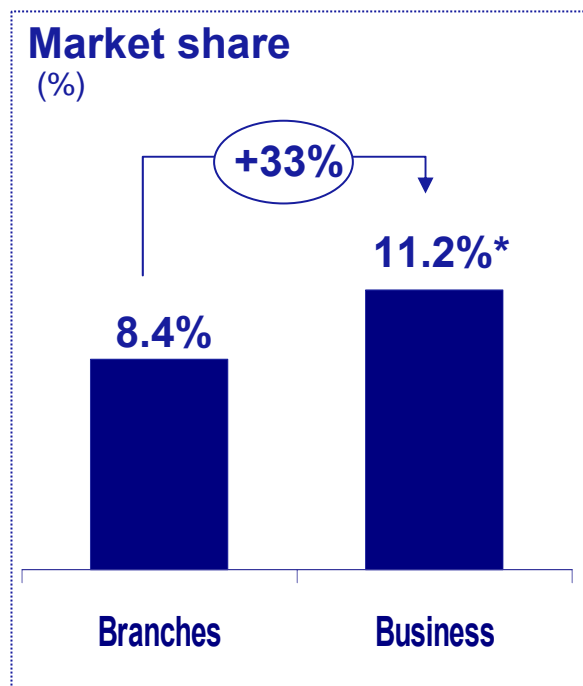
NII and fees = 89%
Retail networks = 84%

Firmly controlling costs, aiming to be the least cost producer in the industry

Spain

Mexico

South America

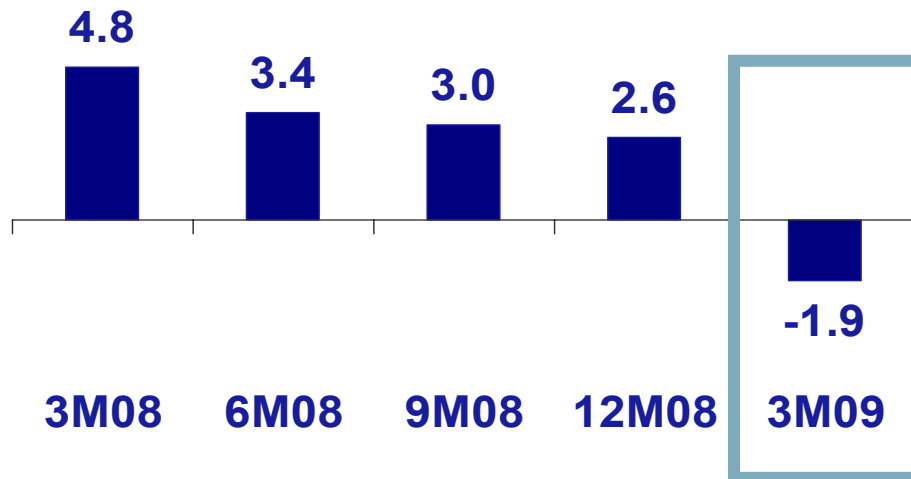


Operating efficient networks is key given their weight in the Group's cost structure

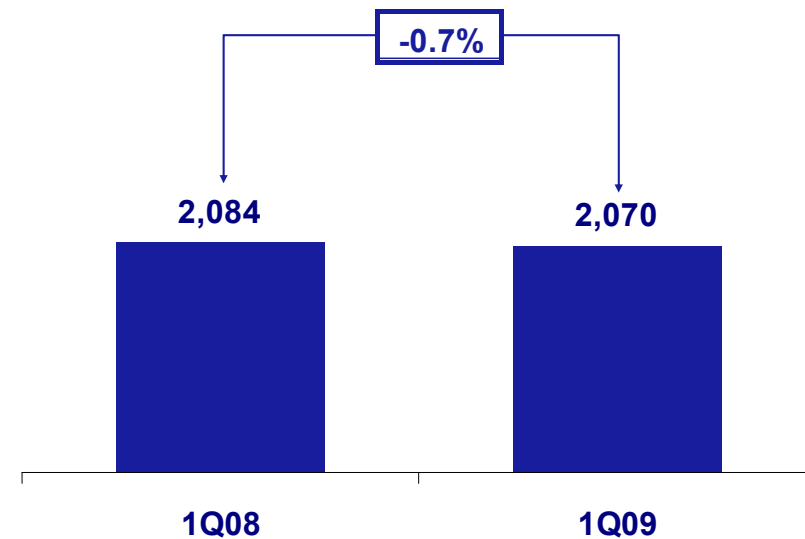
* Lending + cust. funds; Dec 08 figures

To do so the Group has been working on its Transformation plan for years ...

Total expenses
BBVA Group Excl. Compass and one-offs
Year-on-year growth
(%)



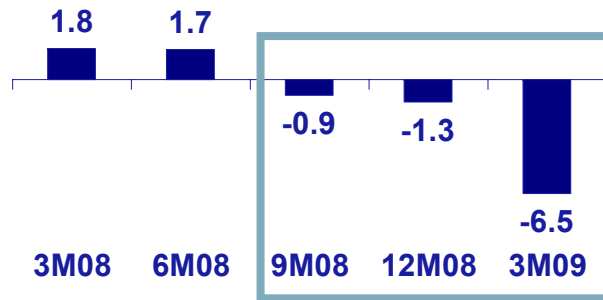
Total expenses
BBVA Group
(€m)



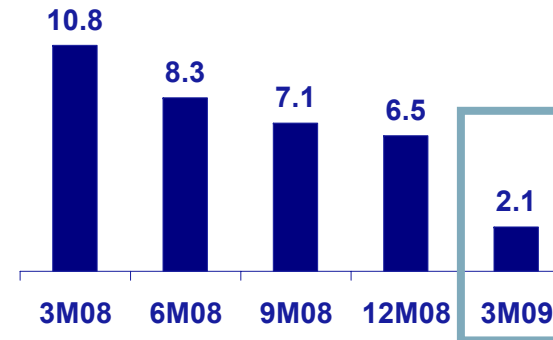
Estimated growth of expenses in 2009: +0%

... starting its implementation in Spain & Portugal and soon after in all other units

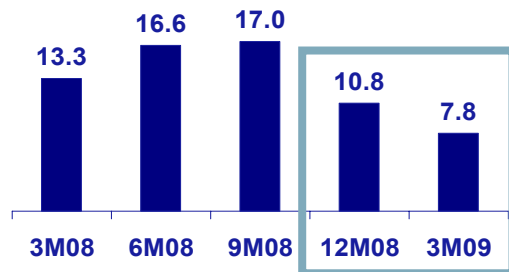
Total expenses Spain & Portugal
Year-on-year growth (%)



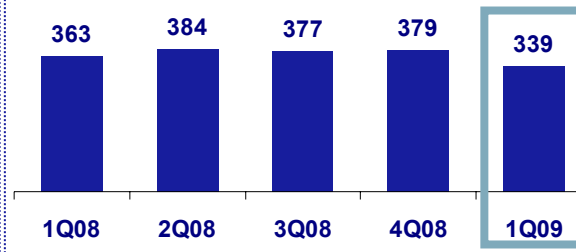
Total expenses Mexico
Year-on-year growth (%)



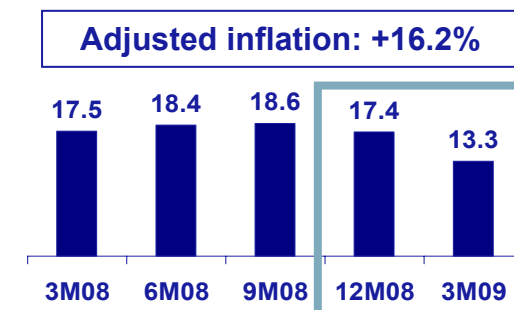
Total expenses WB&AM
Year-on-year growth (%)



Total expenses USA
Quarter by quarter (Constant €m)

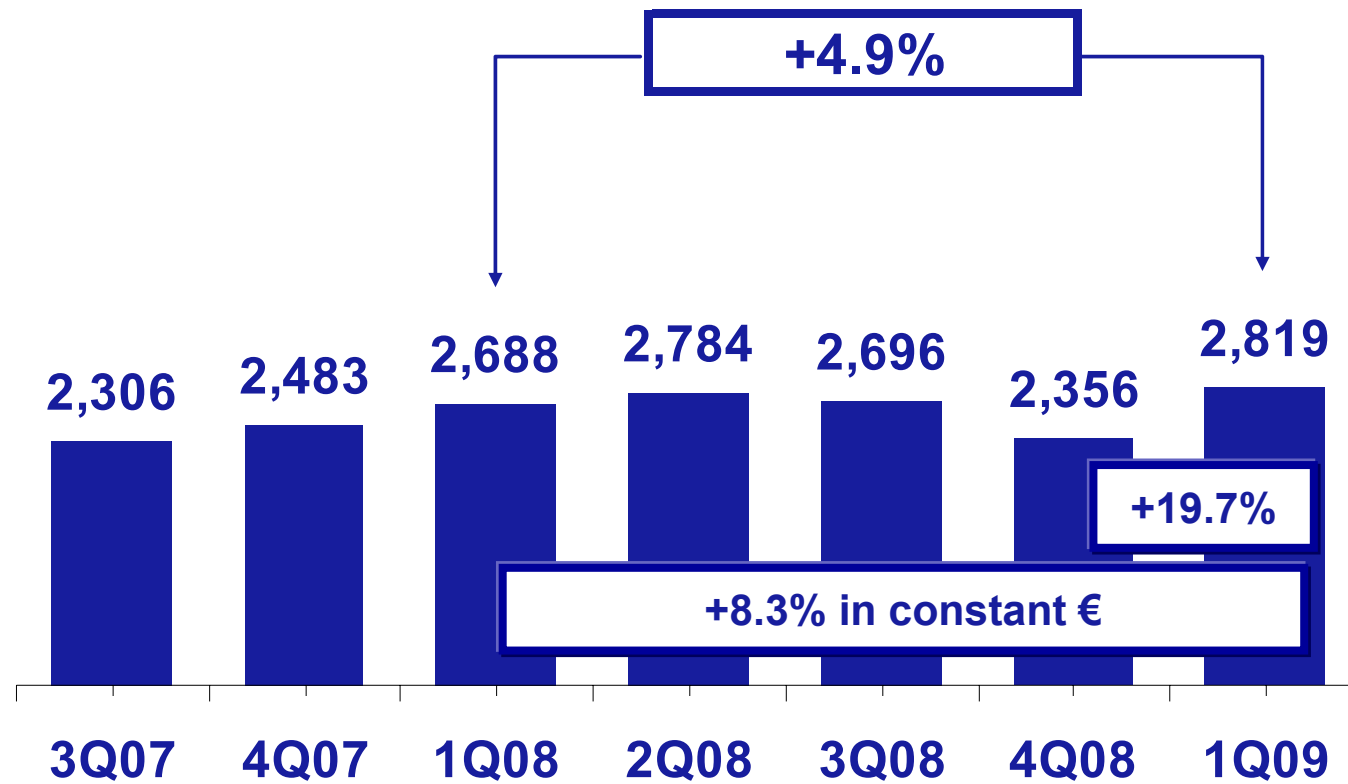


Total expenses South America
Year-on-year growth (%)



In summary, recurrent operating income

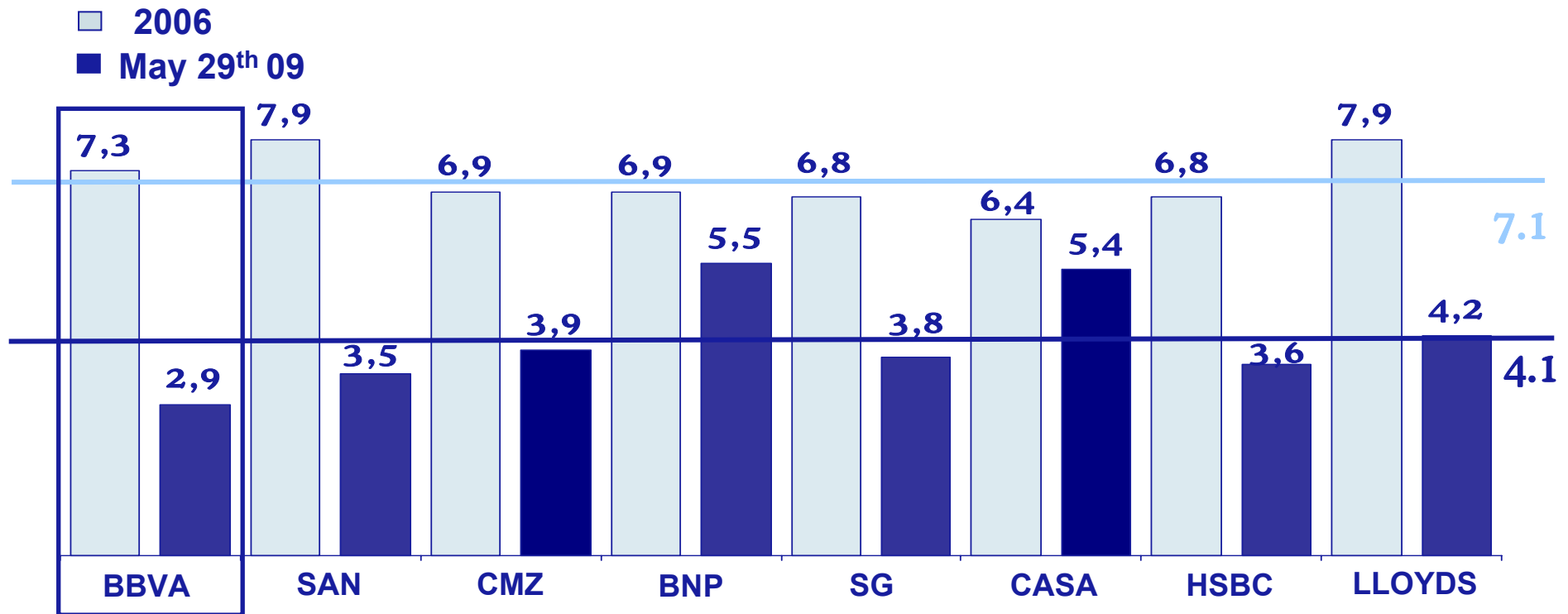
Operating income
BBVA Group
(€m)



BBVA's operating income: Low beta + high alpha

Is the market pricing operating income strength?

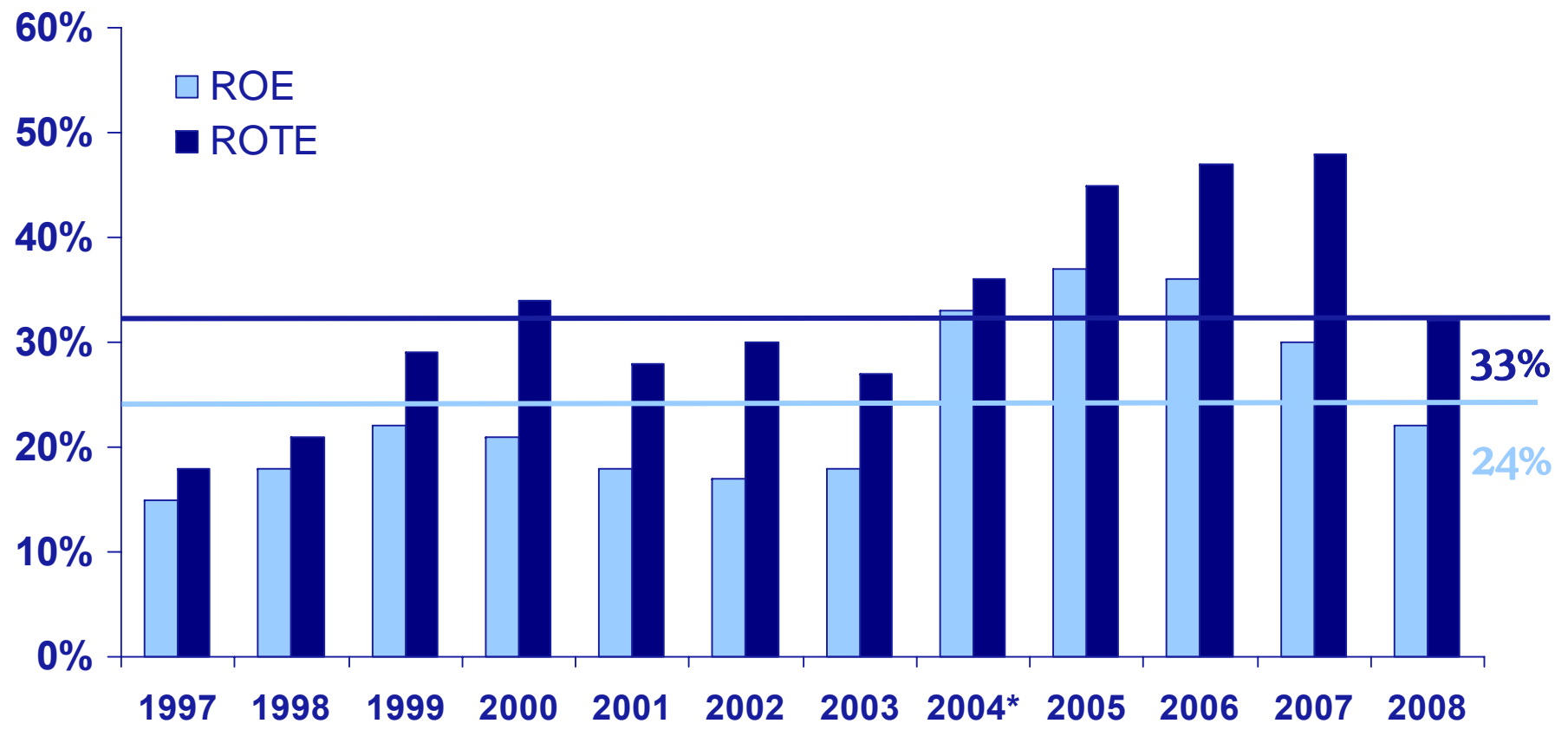
Evolution of market Cap. to operating income



The market will eventually return to earnings metrics

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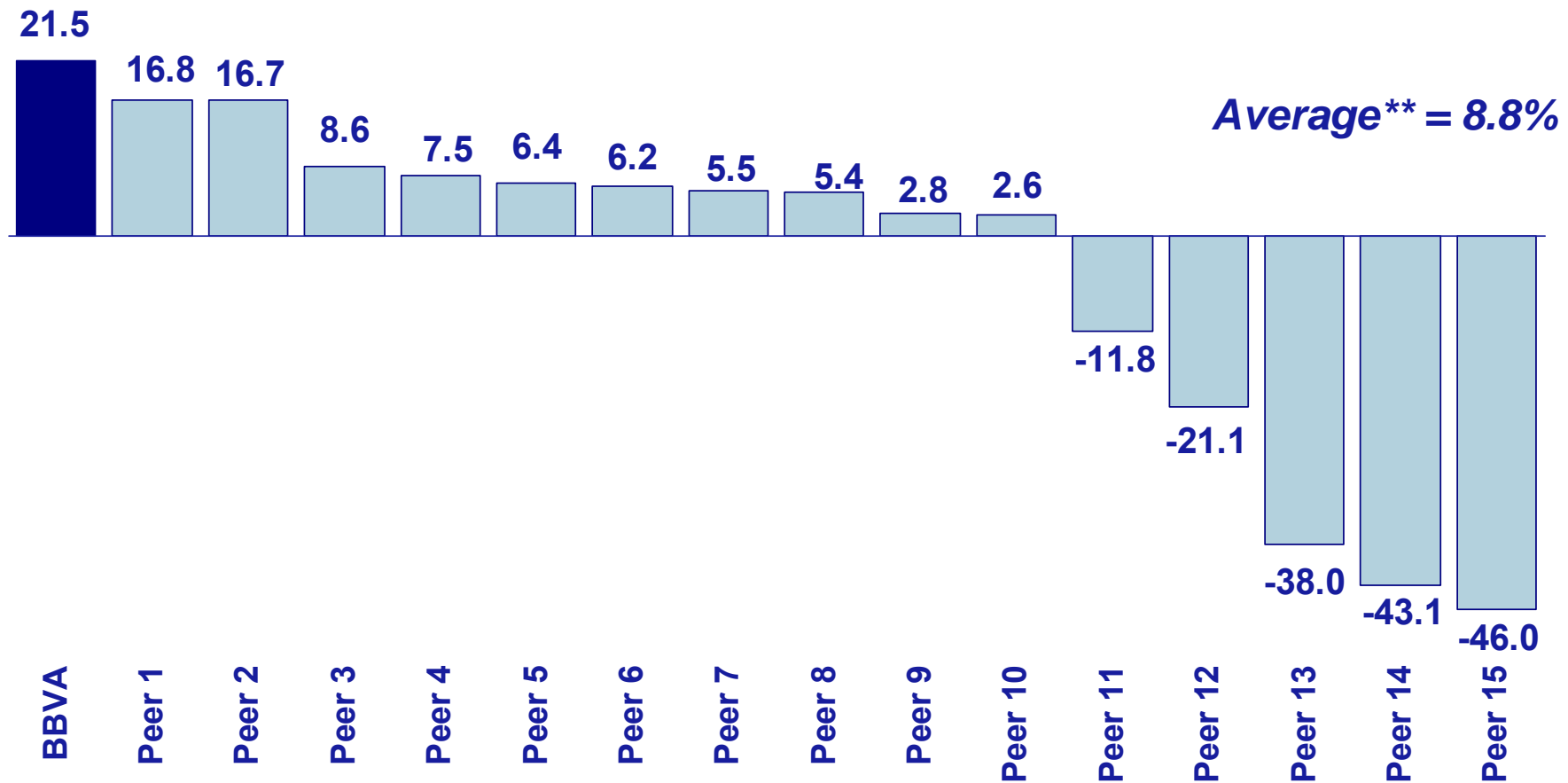
BBVA has managed to maintain very strong profitability levels, even in downturns



* Implementation of IAS

A feature that stands out in the current context **BBVA**

ROE* 2008 (%)



* Calculated as Reported Net Income / Average Reported Equity

** Excludes DB, RBS, HBOS, UBS y CS, that reported losses in 2008

PEERS: BARC, BNPP, CASA, CMZ, CS, DB, HBOS, HSBC, ISP, LLOY, RBOS, SAN, SG, UBS and UCI

And we continue to do so in 1Q09

1Q09 profitability ratios (%)

ROA: 1.00%

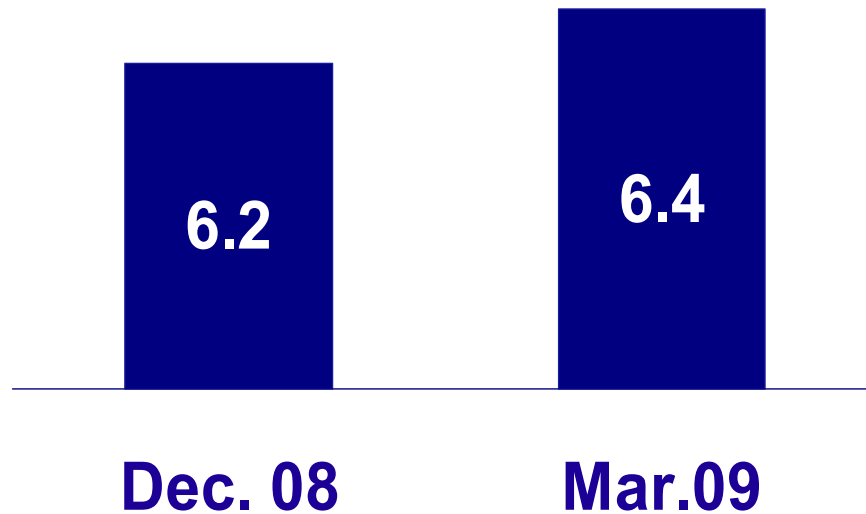
RoRWA: 1.88%

ROE: 19.4%

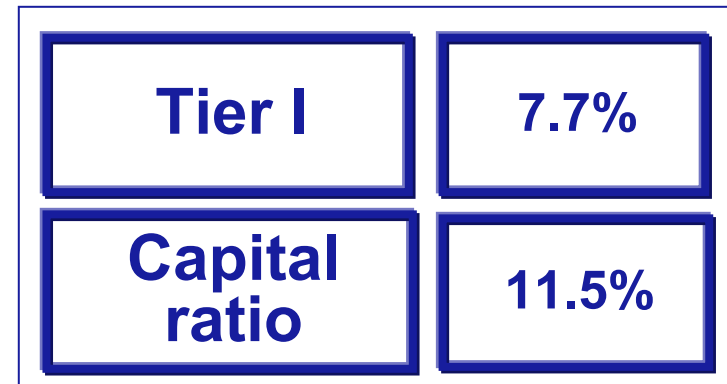
ROTE: 26.7%

Which allow us to continue generating capital organically **BBVA**

Core capital
BIS II
(%)



Tier I and Capital ratio
BIS II
(%)



Organic generation of capital: +20 b.p.

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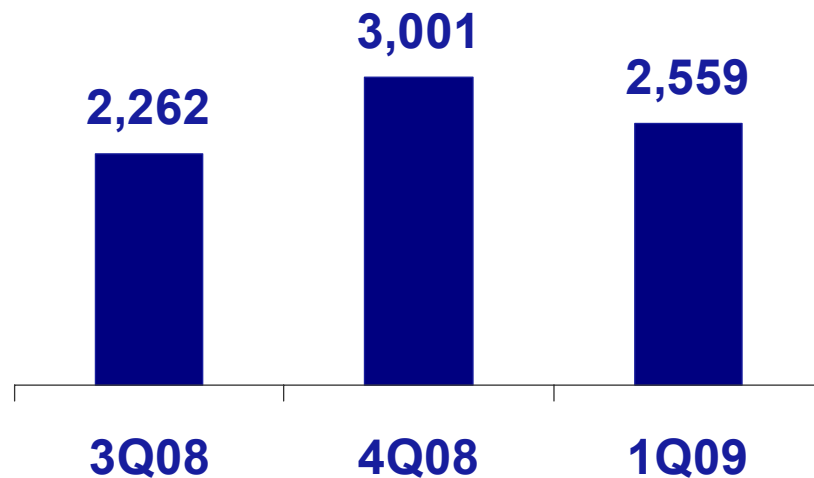
- A** Lower entries to NPLs
- B** Provisioning in line with 2H08
- C** Preservation of generic provisions
- D** Ample coverage by provisions and collateral



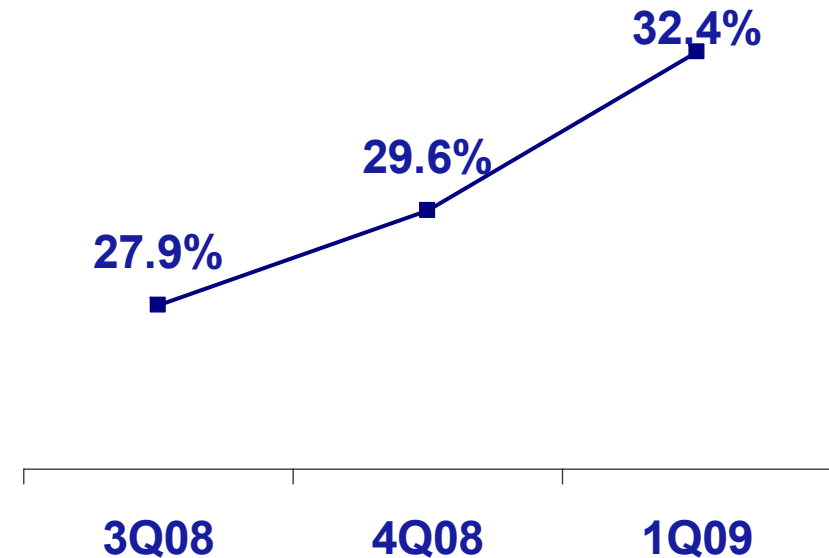
Lower entries to NPL and higher success with recoveries...

BBVA

Net entries to NPL
BBVA Group
(€m)



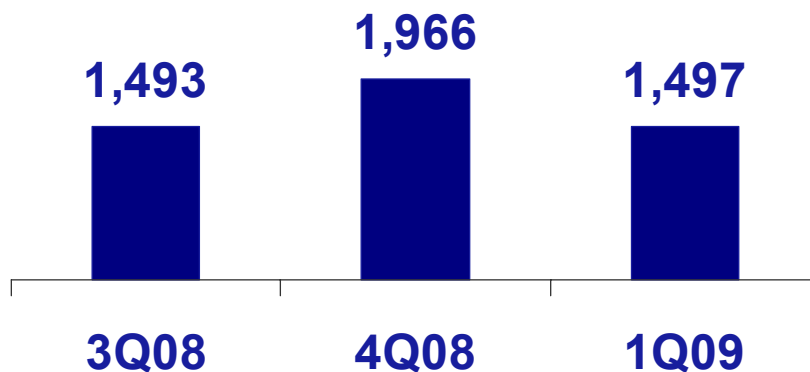
Recoveries / NPL entries
BBVA Group
(%)



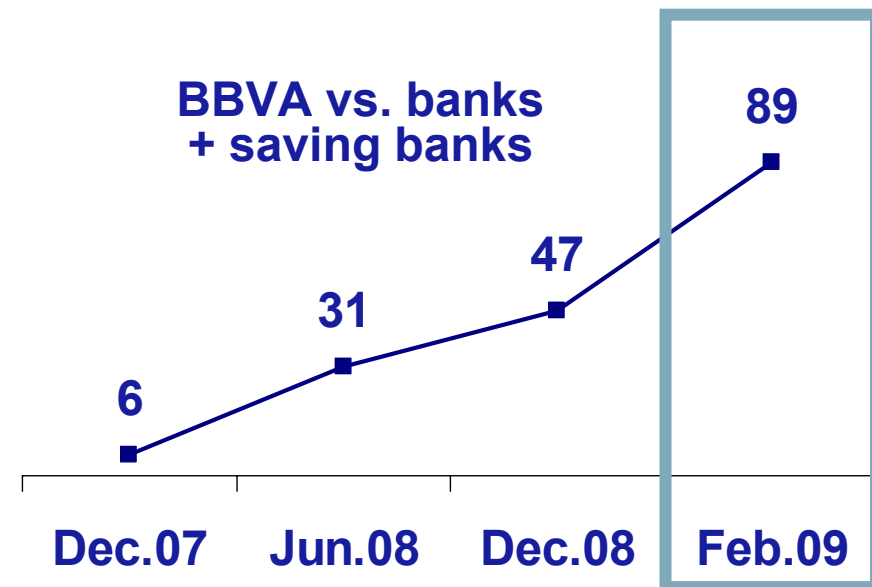
Net entries to NPLs down 15% in the quarter

... with special relevance in the case of Spain & Portugal ...

Net entries to NPL
Spain & Portugal
(€m)



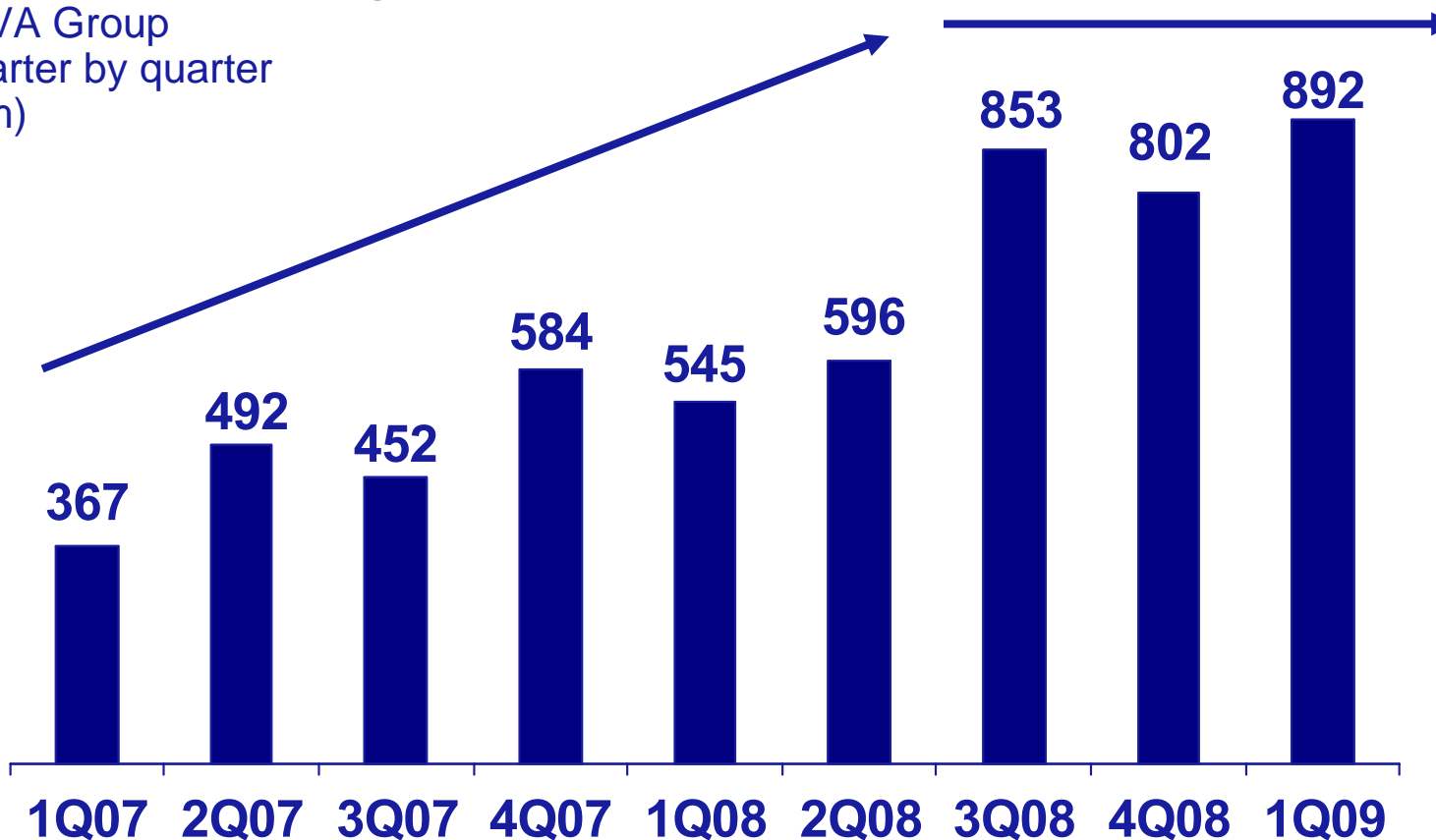
NPA ratio differential vs. the system
BBVA Spain vs. banks and saving banks



... which enables us to continue improving our relative position

B Provisioning starts to stabilise ...

Loan-loss provisioning
 BBVA Group
 Quarter by quarter
 (€m)



Risk premium stabilizing at all units

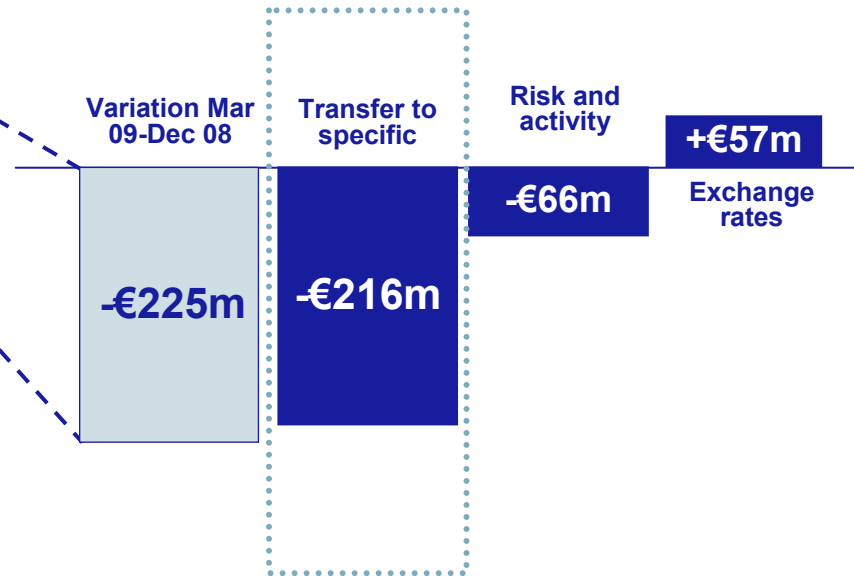
C

Limited release of generic provisions to preserve a balance for future quarters ...

Generic provisions
(€m)



Breakdown of variations in generic provisions Mar 09 vs. Dec 08
(€m)

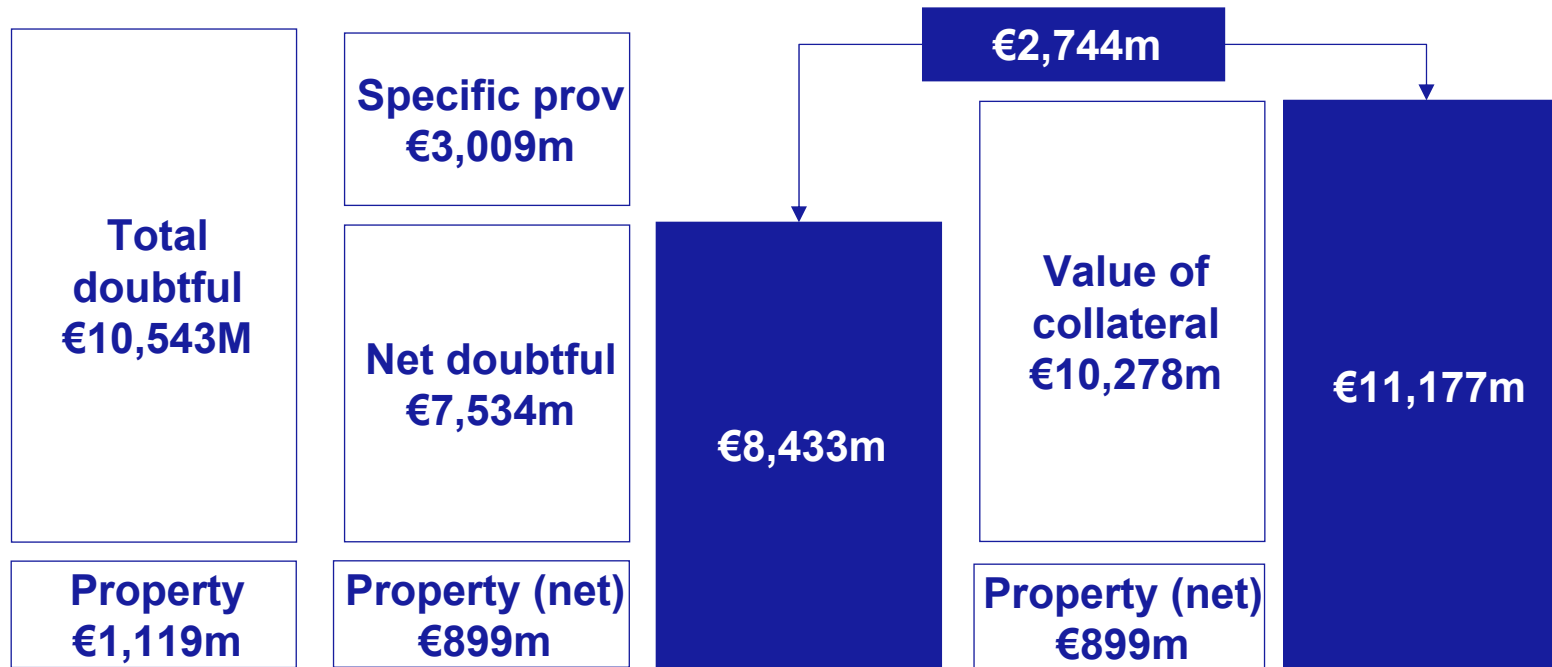


Release of €216m in 1Q09 (vs. €300m in 4Q08) to offset the charge for specific provisions



Ample coverage by provisions and collateral

Doubtful assets and property acquired (€m)

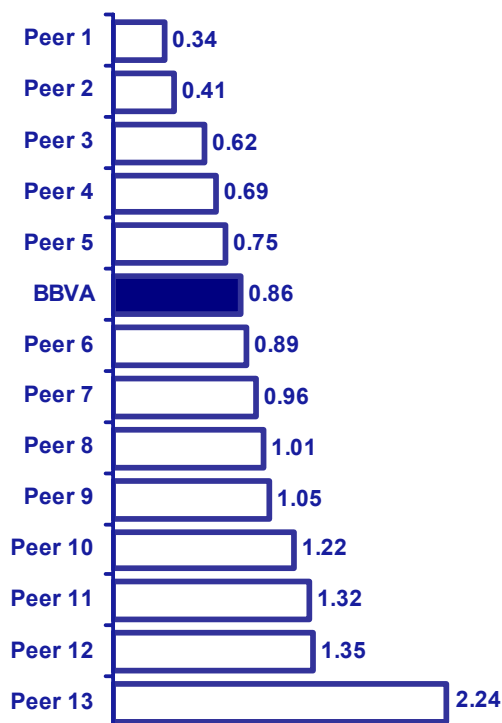


Collateral exceeds net value of doubtful assets by €2,744m
In addition, about €4,991m of generic and substandard provisions

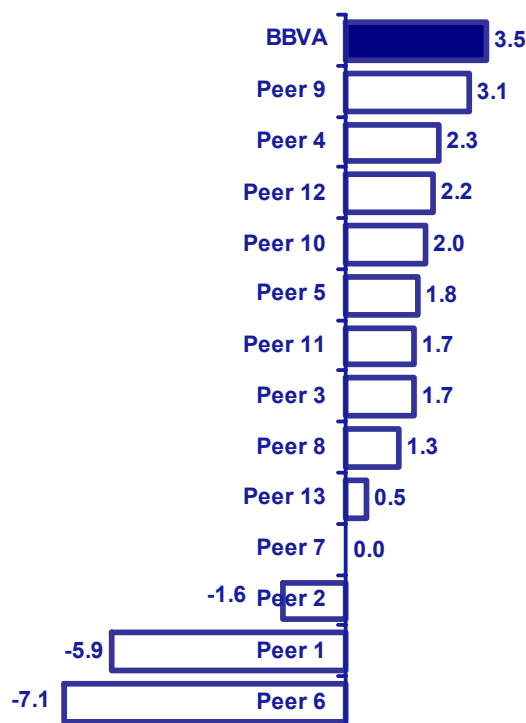
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- 5** **Conclusions**

Sizeable and recurrent operating profit, a key buffer for asset quality deterioration

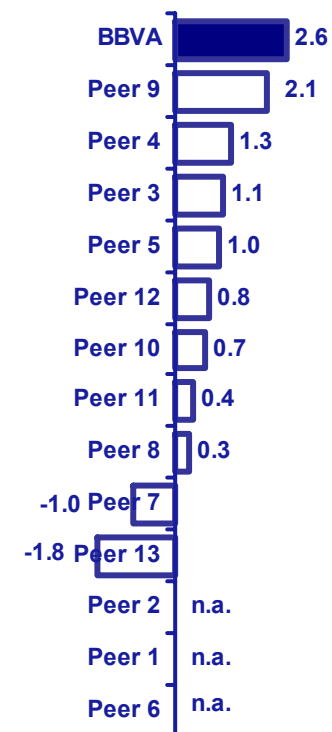
Cost of risk
Peer Group
(%, Dec 08)



Operating profit¹ as maximum cost of risk²
Peer Group
(%, Dec 08)



Additional cost of risk supported by operating profit³
Peer Group
(%, Dec 08)



1. Operating profit as old account
2. Maximum cost of risk supported by operating profit without generating losses
3. Maximum cost of risk – Current cost of risk

Peers: Barclays, BNPP, Crédit Agricole S.A., Credit Suisse, Deutsche Bank, HBOS, Intesa Sanpaolo, Lloyds, RBS, Santander, Société Générale, UBS and Unicredit

BBVA's management is committed to maintaining this outstanding performance, preserving the attractiveness of our investment case



Strong profitability advantage



Goldman Sachs European Financials Conference

BBVA, recurrent and sustainable earnings

Panel 7. Back to basics: how can retail banking offer superior returns?

Frankfurt, June 5th 2009

