BBVA’s plans to meet the new EBA

June 2012 Core Capital Target

Manuel Gonzalez Cid, CFO

October 27th 2011
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Reconciliation of reported 3Q11 Core Capital and EBA’s Core Capital

Core Capital BIS II vs proforma EBA Core Tier I Capital (Sept., 2011)
BBVA Group (bp and %)

Required buffer vs. 9%
€6,3 Bn
+ €0,8 Bn*
€ 7,1 Bn as of June ‘11

*3Q11 organic capital generation
How will BBVA reach the June 2012 9% target?

1. **Required buffer vs. 9% as of June + Sovereign debt & loan portfolio haircuts + Basel 2.5 = €7.1 Bn**

2. **Required buffer as of September considering organic generation in 3Q11 + Basel 2.5 = €6.3 Bn**

3. **Required buffer as of September without Basel 2.5 effect = €5.4 Bn**
How will BBVA reach the June 2012 9% target?

1. Organic capital generation
2. RWA optimization
3. Portfolio and balance sheet management
BBVA has a proven track record of organic capital generation

3Q11 - 2Q12 estimated organic Capital generation €2.6 Bn:

- Average consensus earnings for 2011 + 2012, minus 3Q11 organic capital generation
- Maintaining current dividend policy

*Includes conversion of convertible bonds
** Acquisition of Fórum, Garanti y Credit Uruguay
BBVA has ample room to optimize RWA without deleveraging

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<th>EBA capital* / total tangible assets</th>
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<td>BBVA Group vs Peer Group (Dec.10, %)</td>
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BBVA: Highest RWA density and low leverage

Peer Group: BARCL, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS, UCI. * CASA: core capital published in december 2010
RWA optimization is a common practice and BBVA has a large room for improvement.

1 year RWA evolution
June 2010 - June 2011
BBVA Group vs. Peer Group (%)

Average RWA reduction - 10%
Operational Risk:

- Migration of operational risk RWA to internal models

Other measures (examples):

- Review parameters of existing models
- Reduce risk weighting of provisioned non-performing portfolios

• Total effect expected to be €2.1 Bn of additional capital
• Less than 5% of current RWA, more than compensating Basel 2.5 impact.

(*) Subject to Bank of Spain approval
BBVA would undertake a review of its portfolio businesses and optimize its balance sheet structure.

- Assets / businesses with lower strategic relevance
- Value enhancement of existing portfolio of businesses
- Unrealized capital gains in outstanding debt

Potential capital generation well above remaining required buffer.
BBVA has several levers to achieve the required target.

Proforma EBA Core Tier I September, 2011 vs Proforma EBA Core Tier I June 2012 Target

BBVA Group
(bp and %)

- Pro-forma Core Tier I EBA Sep 2011 post Sov. haircuts: 7.1%
- Organic Generation (3 quarters): +80
- RWA Optimization: +64
- Portfolio and balance sheet management
- EBA Core Tier I June 2012 Target: >9.0%
European exercise represents a significant overweight in Spanish banking system (25% of total requirements)

BBVA is confronted with material additional buffers following a very successful outcome of the June 2011 stress test

BBVA will address the required capital buffer through a mix of retained earnings and management actions without recurring to public funds

This will position BBVA as one of the lowest leveraged and highest capitalized entity of the EU supported by a high degree of recurrent earnings

This implies more than 10% of core capital by June 2012
BBVA’s plans to meet the new EBA June 2012 Core Capital Target

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