



BBVA

Delivering earnings

Cheuvreux EMEA conference

Paris, 23rd March 2009



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1

BBVA: a business model focused on retail banking





2

Balance Sheet strength along the cycle

3

Generating recurrent earnings

Our earnings performance in the last year has been outstanding

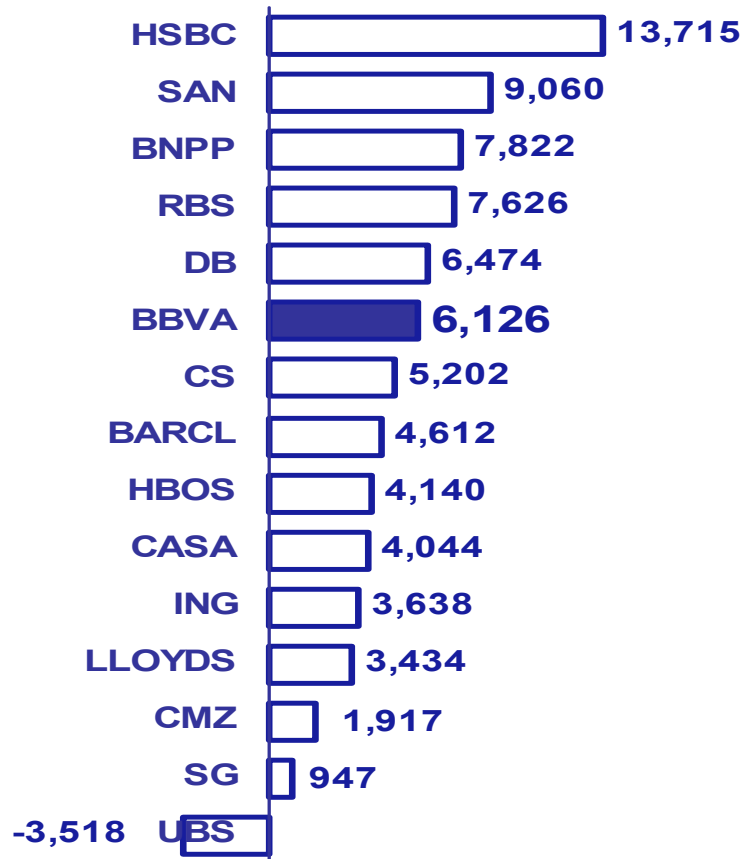
	2007	2008
Net attributable profit ranking	11 th	2 nd 
Market capitalization ranking	17 th	7 th 
Total shareholder return ranking*	3 rd	1 st 
S&P rating	AA-	AA 

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

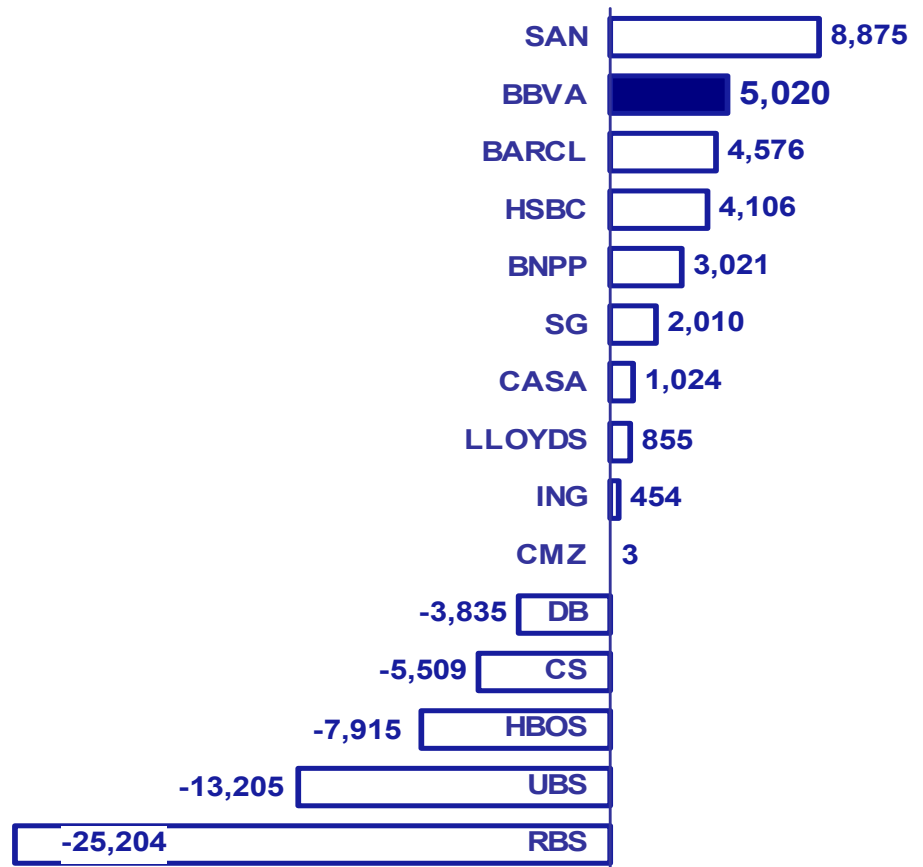
* Peer Group

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

Net attrib. profit
(€m, Dec.07)

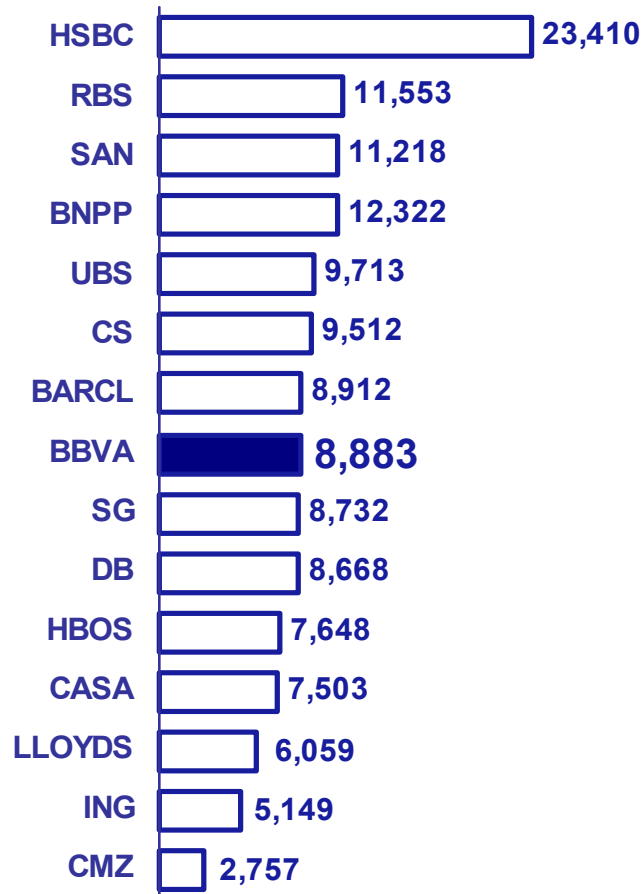


Net attrib. profit
(€m, Dec.08)

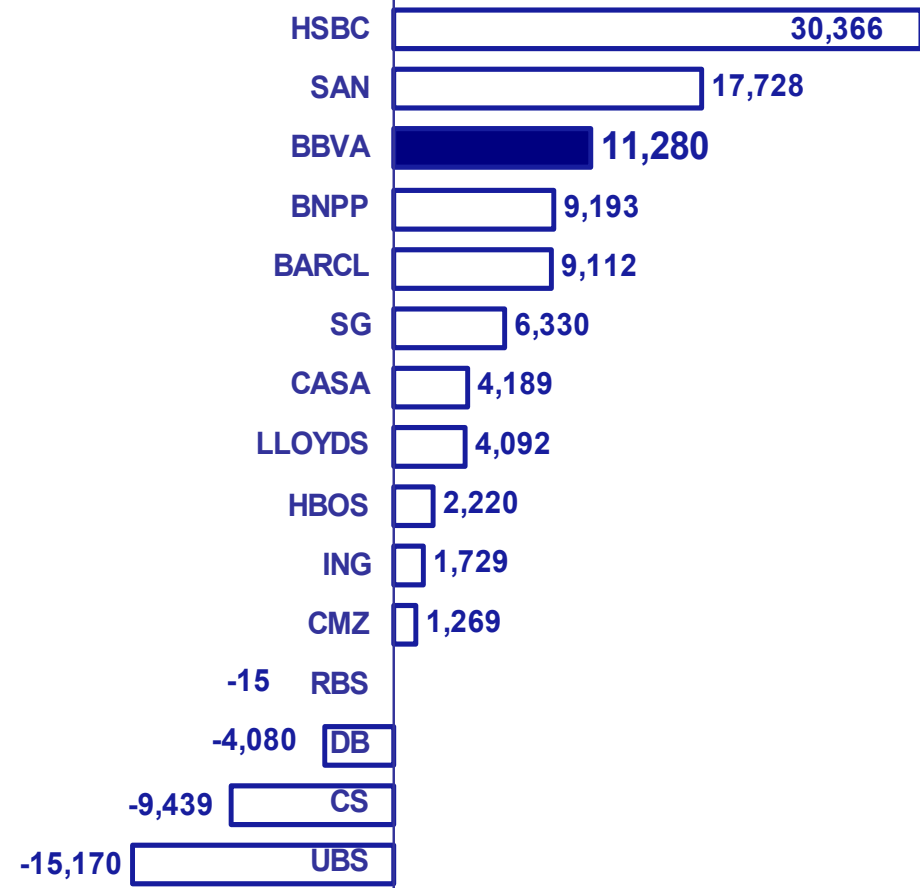


... but the evolution of the operating profit provides a clearer view of the impact of the crisis

Operating Profit
(€m, Dec.06)



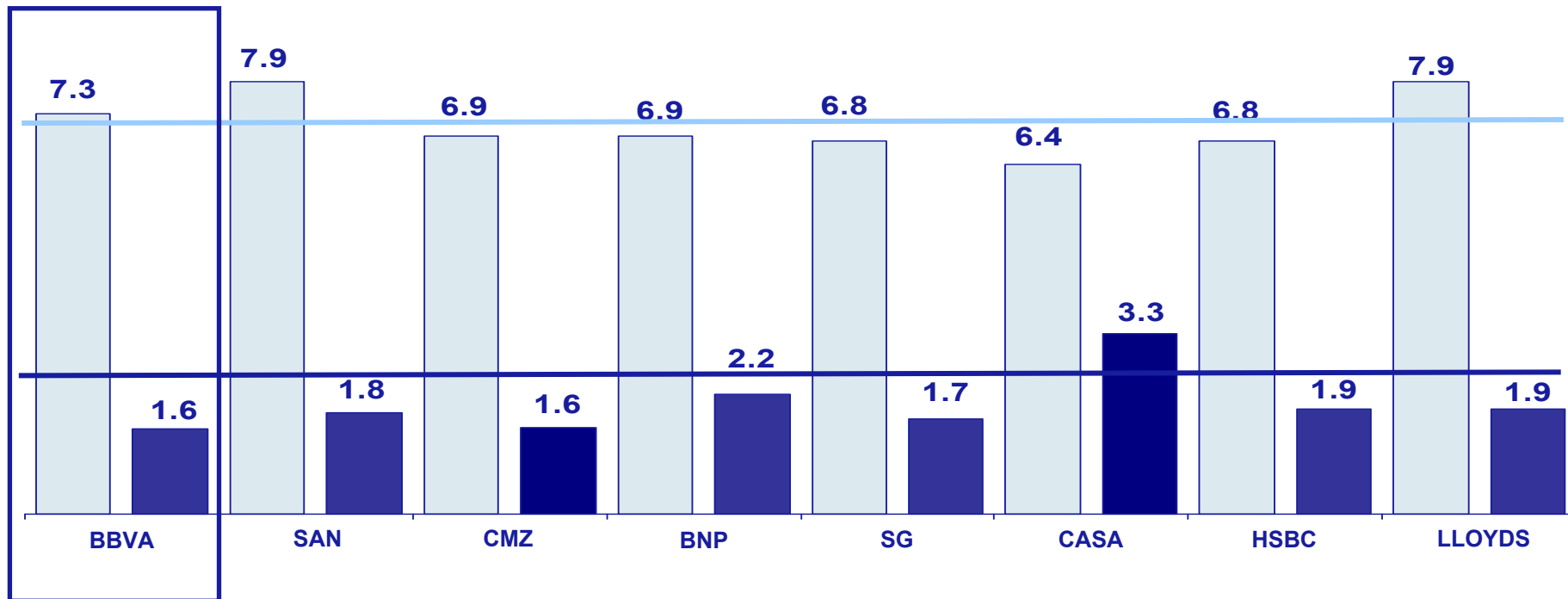
Operating Profit
(€m, Dec.08)



BBVA's retail banking business model remains intact

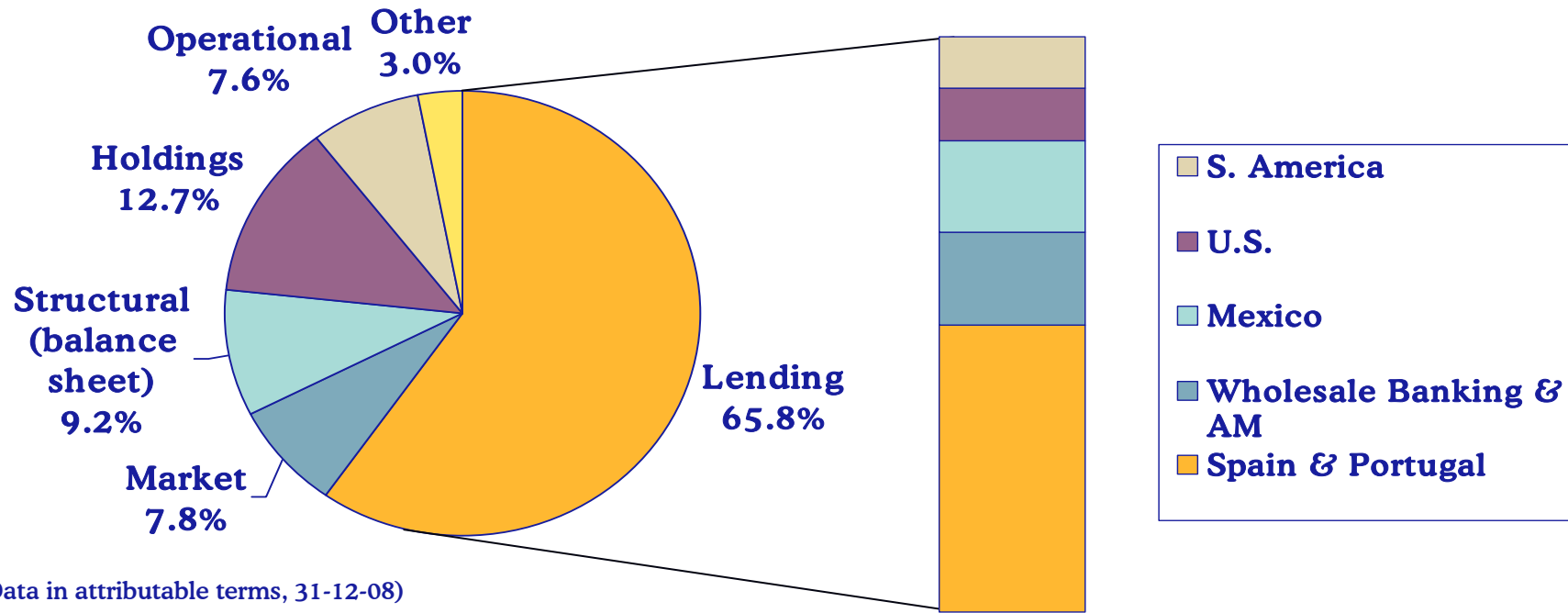
Evolution of Market Cap. to operating profit

■ 2006
■ March 09



Is the market differentiating between business models?

BBVA business model is focused on retail banking
Group economic risk capital: distribution by risk type



(Data in attributable terms, 31-12-08)

- 7,787 branches
- Over 47 million customers
- Number 1 in mutual fund manager in Spain
- Number 1 in pensions and insurance management in South America
- Number 1 bank in Mexico; number 1 or 2 in all other Latin American markets (ex Brazil)

Retail banking = low volatility of earnings

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Generating recurrent earnings

BBVA's strength is based on ...



A

Low leverage: size matters

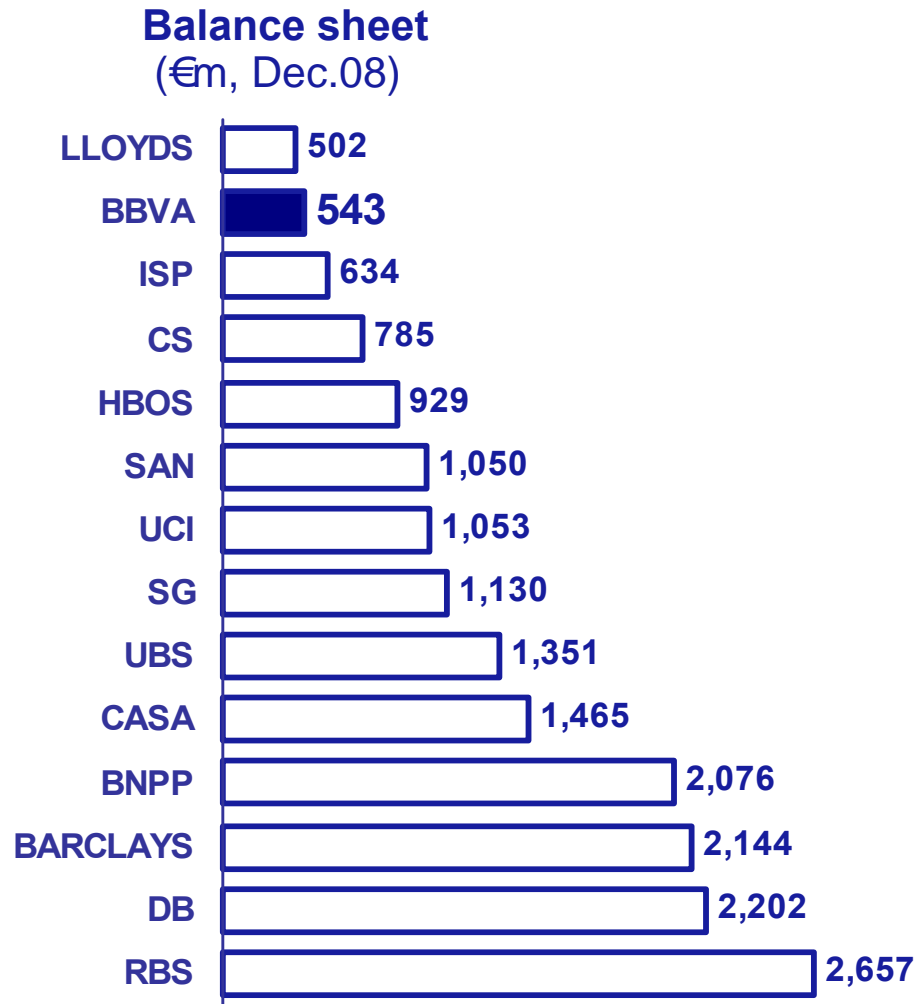
B

Sound capital position

C

High asset quality

BBVA is one of the safest banks in the present **BBVA** environment: size matters!



- Granular loan portfolio
- No off-balance sheet exposure: no SIVs nor Conduits
- No major exposure to contingent corporate lines

Internal sources based on published figures.

... acknowledged by the rating agencies



RATINGS: BBVA VS. EUROPEAN BANKS (jul 07)

STANDARD & POOR'S									
AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-
	BNP Wells Fargo	Lloyds Barclays Santander HSBC (+) RBS UBS Citi BOA Wachovia US Bancorp	BBVA C Agricole Credit Sui (+) SOCGEN (-) ISP DB JPM Morgan S Merrill Lynch Goldman Sachs	Unicredito BONY	Commer				

RATINGS: BBVA VS. PEER GROUP (March 09)

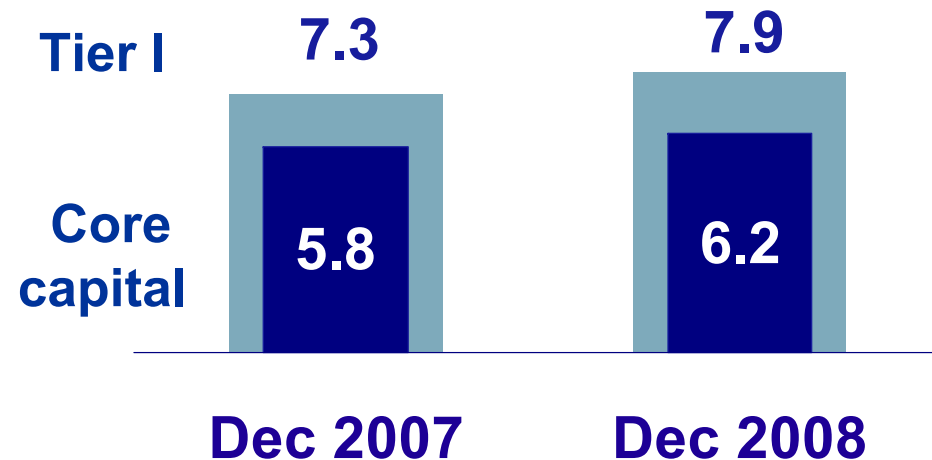
STANDARD & POOR'S (march 09)									
AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-
		BBVA (-) BNP(-) Santander (-) HSBC (-) US Bancorp	ISP(-) C Agricole Barclays (-) SOCGEN (-) BONY Wells Fargo (-)	RBS UBS Credit Sui DB Lloyds/HBOS JPM	Commerz. Goldman (-) Citi (-) Morgan S (-) Merril Lynch (-) BOA (-) Unicredito				

BBVA enjoys a sound capital position relative to its size and business model

Core capital (%)

	2008
Initial core capital	5.8%
Organic generation	+66 bp
Exchange rate	-14 bp
One-offs	-12 bp
Final core capital	6.2%

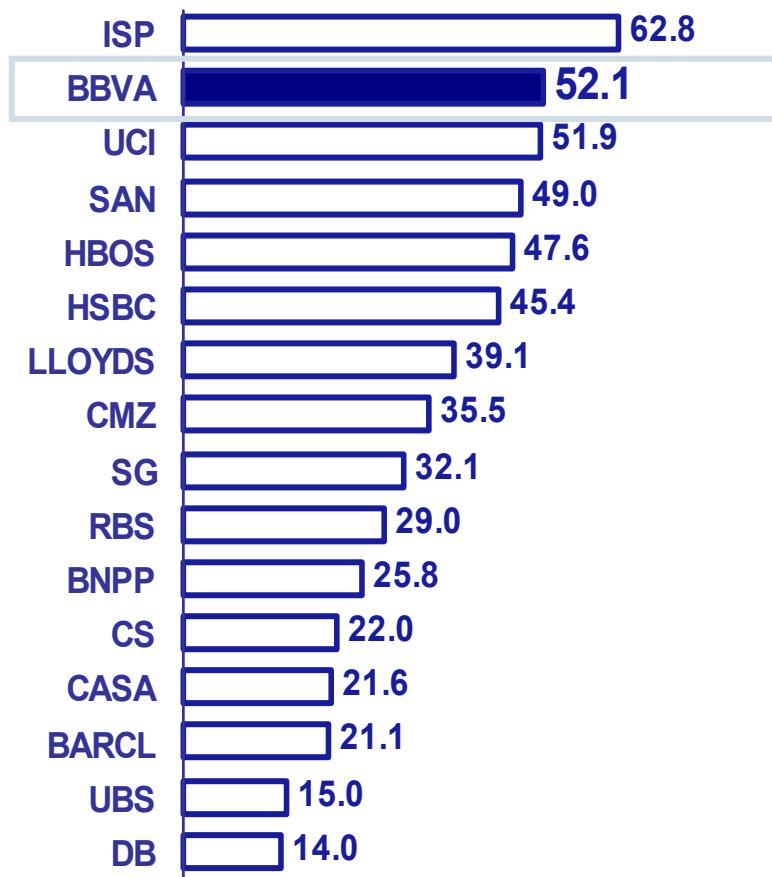
Core capital BIS II (%)



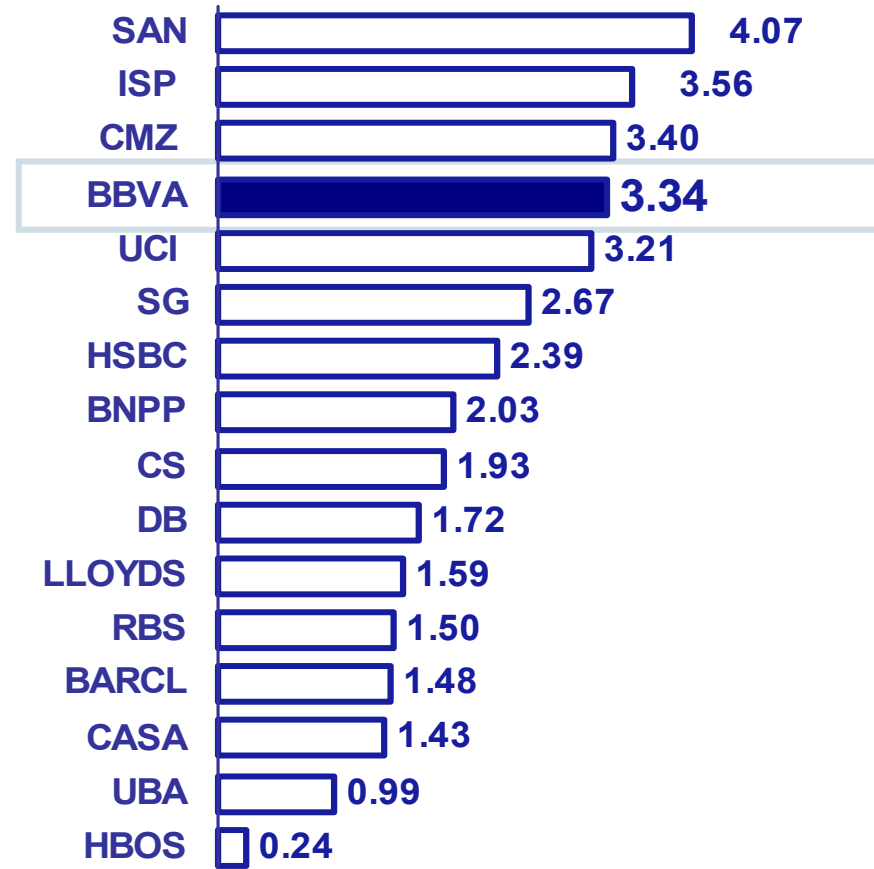
But very importantly, BBVA's capital ratio is of first-class quality!

The “quality” of our capital is better than our competitors ...

RWAs / total assets
(%, Dec.08)⁽¹⁾



Tangible equity / assets
(%, Dec.08)⁽¹⁾

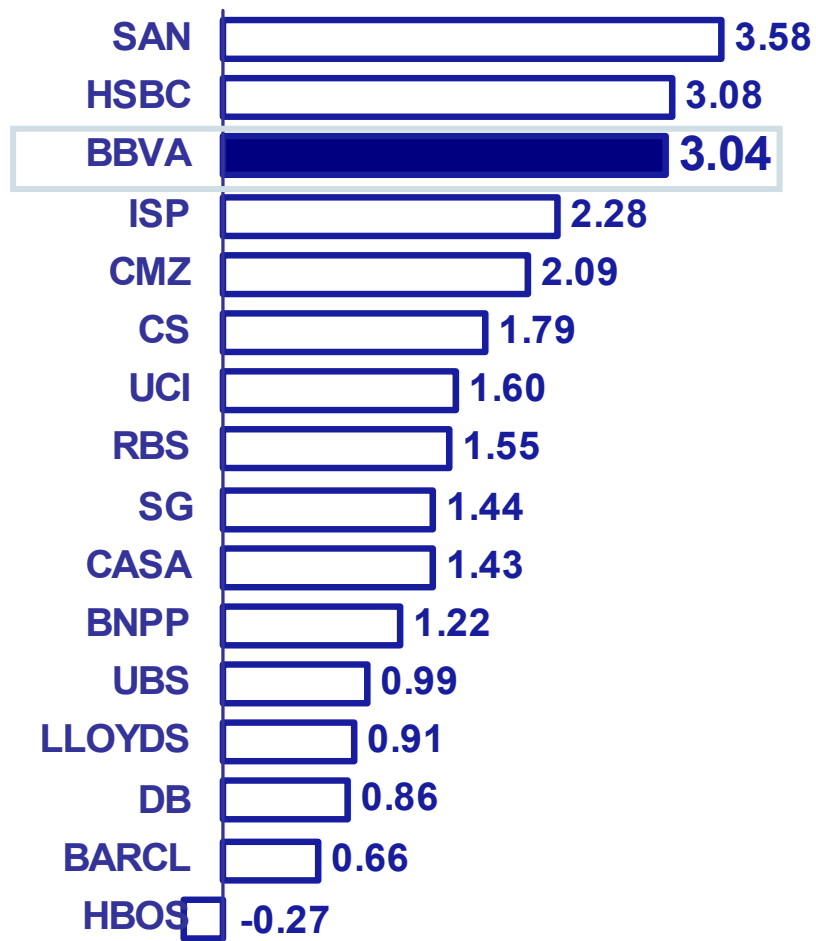


(1) Italian Banks' data at 30-Sept-08
Internal sources based on published figures.

The “quality” of our capital is better than our competitors ...

(Core equity + excess|deficit provisions) / total assets

(%, Dec.08) (1)



Business model with no unexpected consumption of capital

No accounting reclassification of portfolios

Recurrent earnings

Little exposure to falls in housing prices and economic slowdown

(20% fall in housing prices = 0 bp in core capital)
 (30% fall in housing prices = -3 bp in core capital)

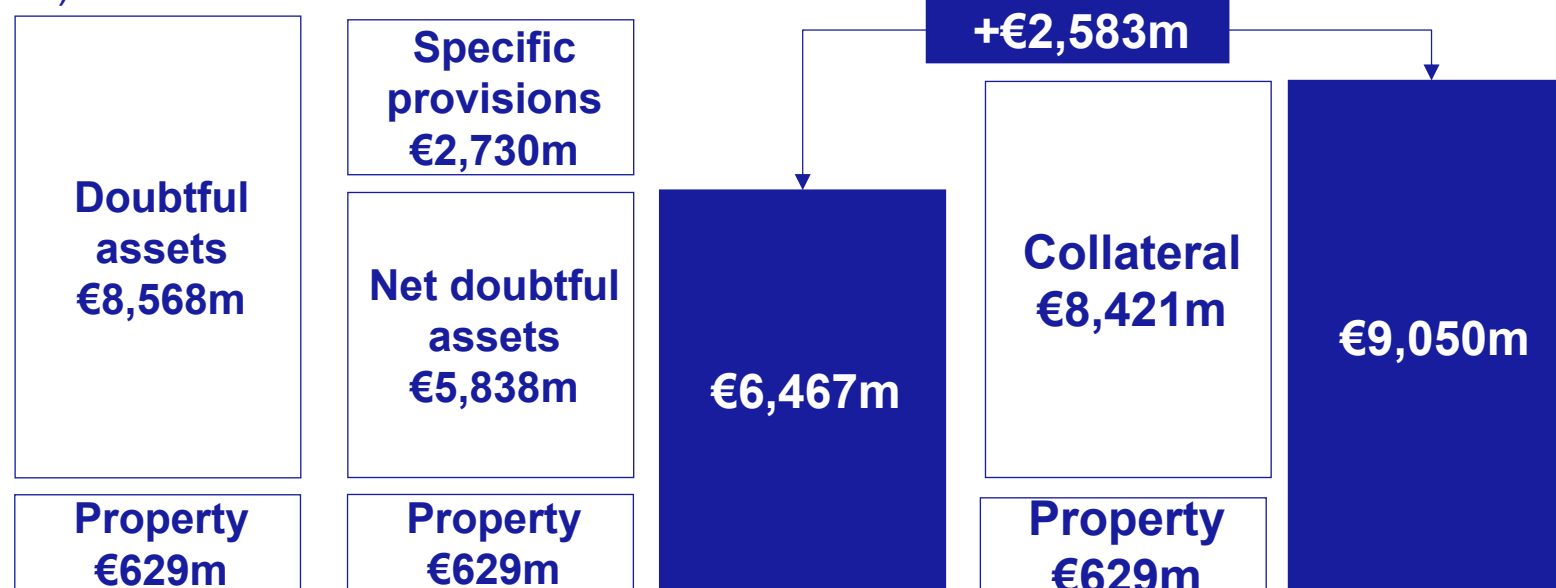
(1) Italian Banks' data at 30-Sep-08

Asset impairment is covered by provisions and collateral

**NPA ratio
2.12 %**

**Coverage
91%**

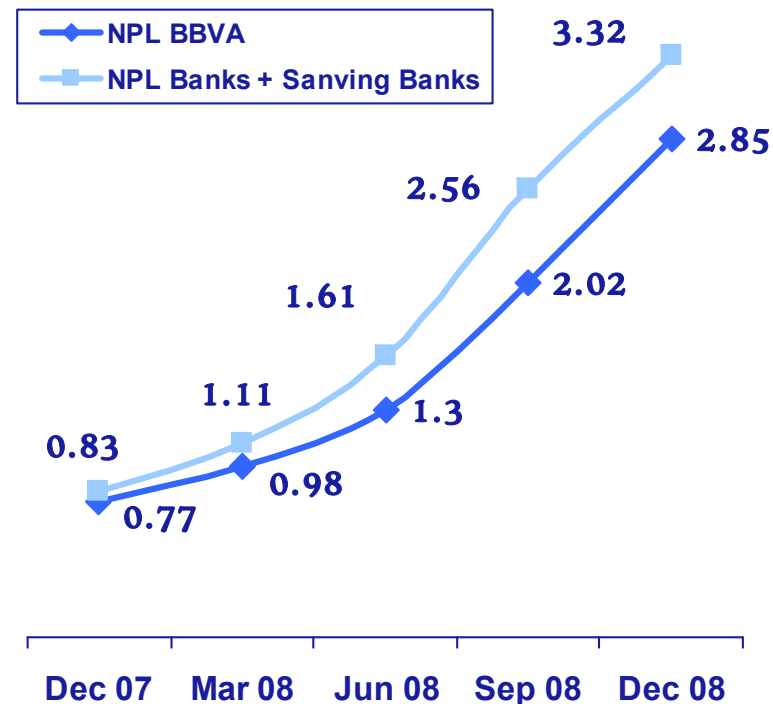
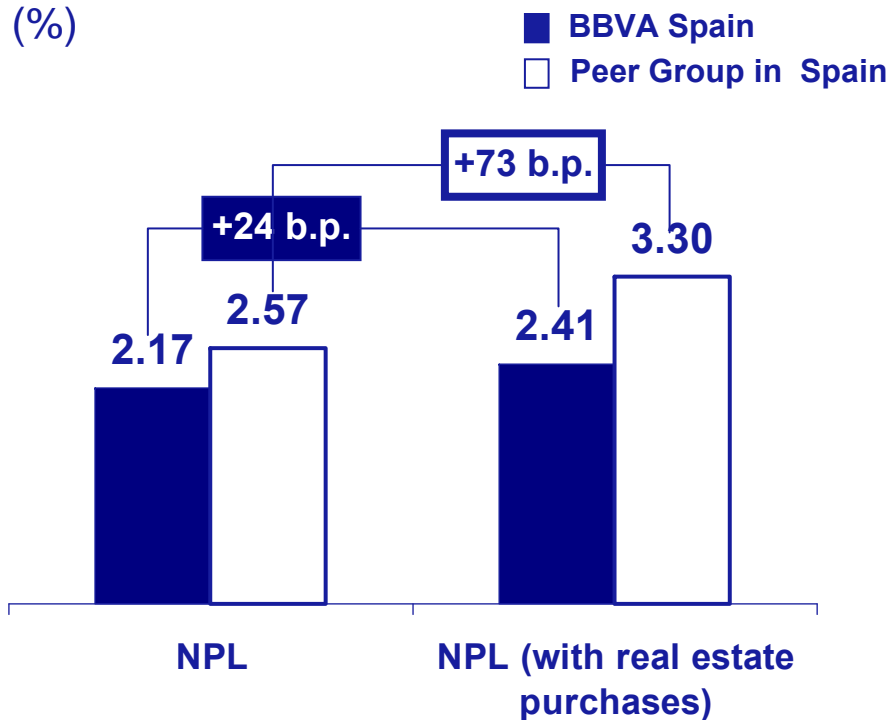
Doubtful assets & property purchases
(€m)



**Collateral exceeds net doubtful assets by €2,583m
Additional €5,000m of generic and substandard provisions**

... with distinctive asset quality in our main markets

NPL Ratio
BBVA vs. Peers*
(%)



Effectively securitized loans (€16.8 Bn) only require provisions for the first loss tranche (avg 1.6%)

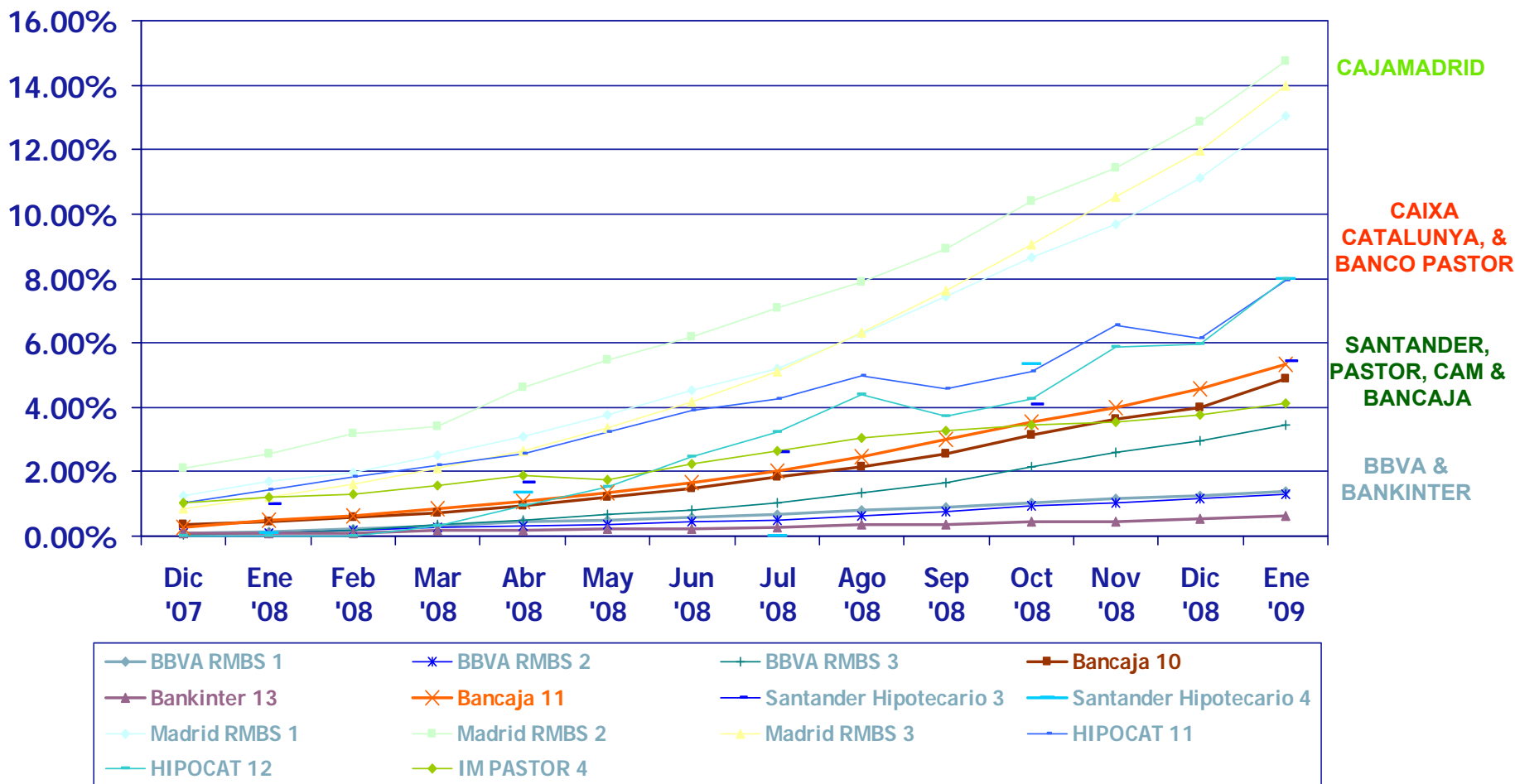
Purchase of properties for €629m

Maximum cost of risk fenced in

* La Caixa, Caja Madrid, Banco Popular, Sabadell, Santander y BBVA

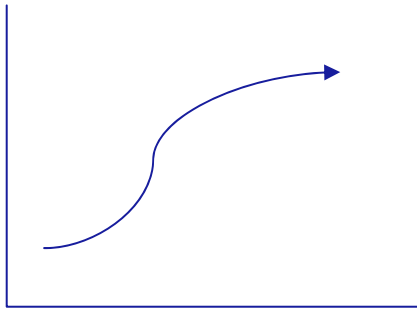
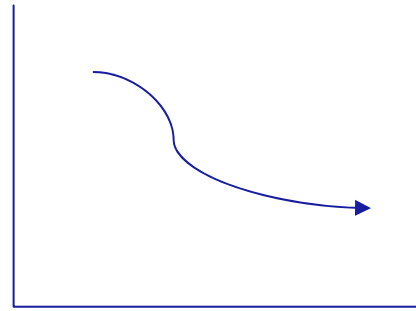
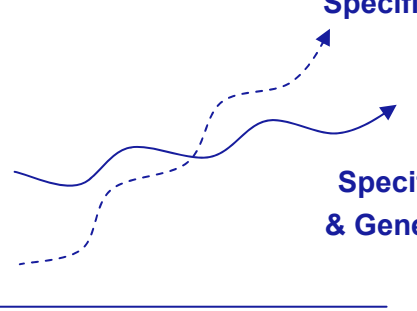
Securitizations: Spanish RMBS performance

PUBLISHED DEFAULT RATE (+90 days in arrears)

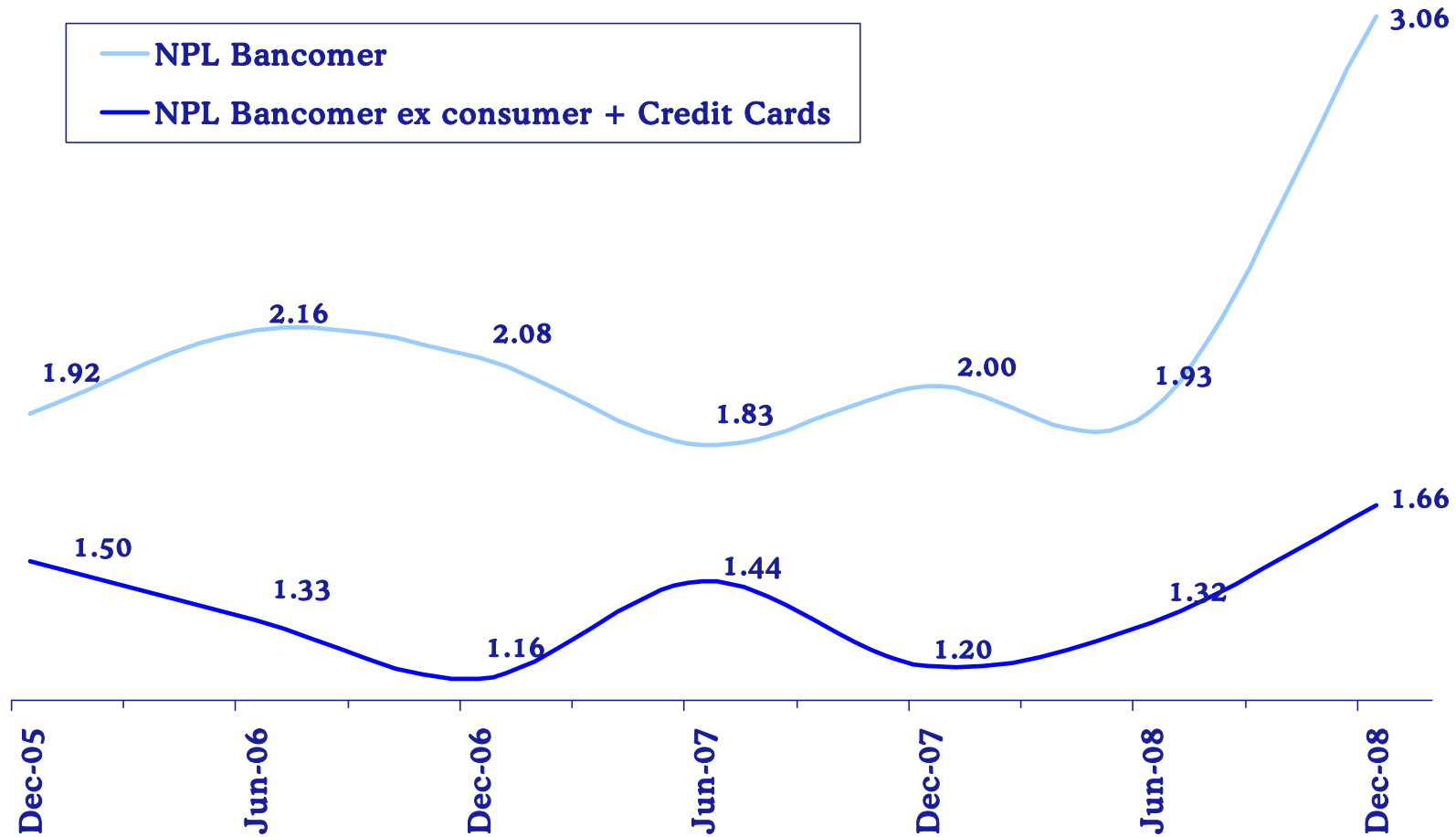


Source: Management companies of securitization funds

What's happening with the credit quality in Spain?

<p>NPLs</p> 	<p>COVERAGE</p> 	<p>RISK PREMIUM</p> 
<p>IMPLICATIONS OF BANK OF SPAIN REGULATION</p>		
<p>Fast and strict NPL recognition</p>	<p>Calendar varies for each loan type</p>	<p>Anti-cyclical “generic” provisioning</p>
<p>BBVA’s SPECIFIC CHARACTERISTICS</p>		
<p>Mix biased to mortgages Full NPL recognition of securitized loans</p>	<p>2% coverage for <80% LTV mortgages and 1.6% for €8 Bn of high LTV RMBS</p>	<p>Large generic reserve RP effectively capped High quality collateral = future recoveries</p>

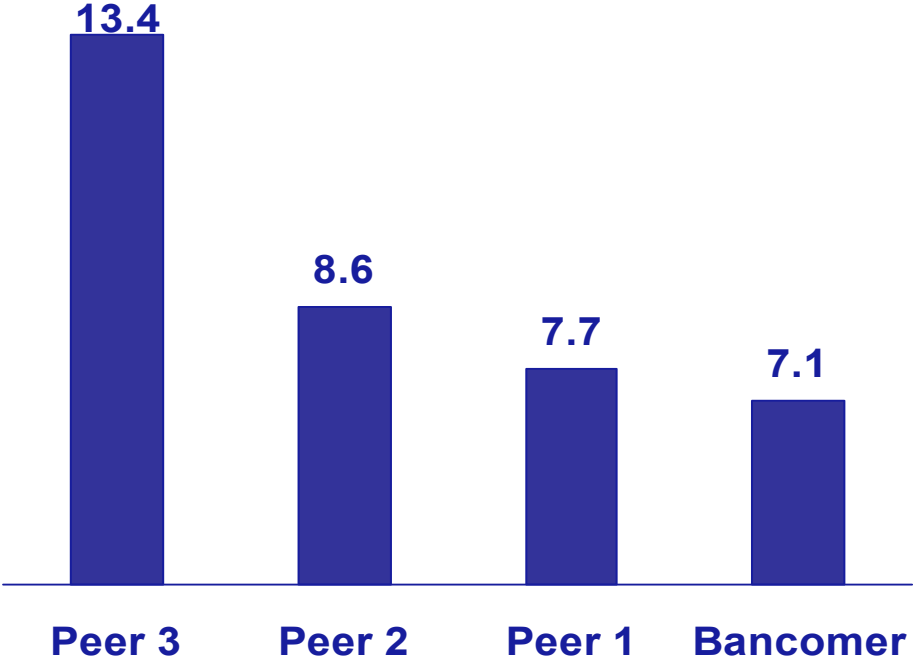
Asset quality deterioration in Mexico...



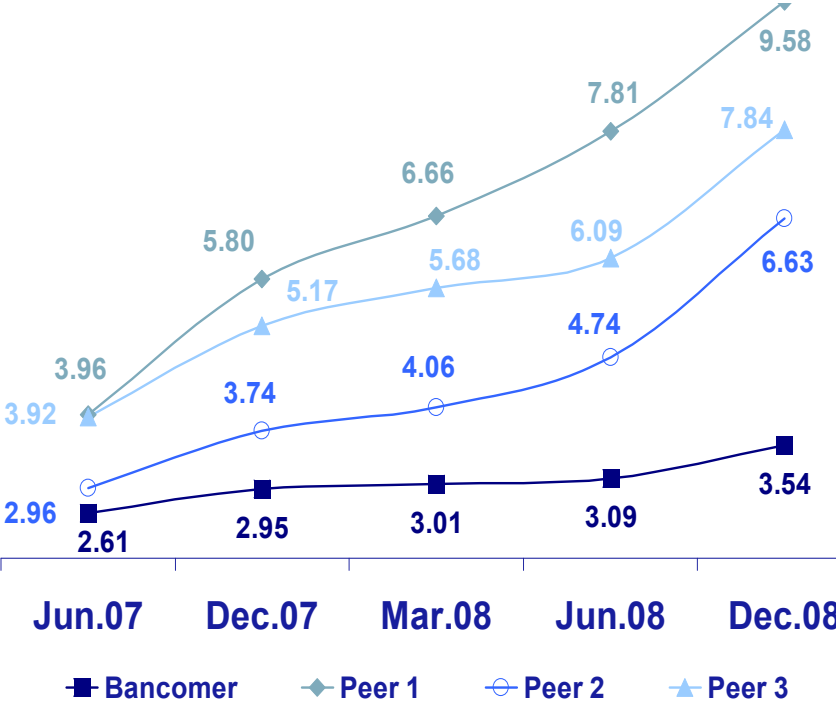
... is very much concentrated in Consumer and Credit Cards in Bancomer

The deterioration of the consumer and credit card portfolios is common to all players, but its effect on risk premium is quite diverse...

NPL ratio (%) (1)*
Consumer + cards



Cost of risk (%)
Local Data

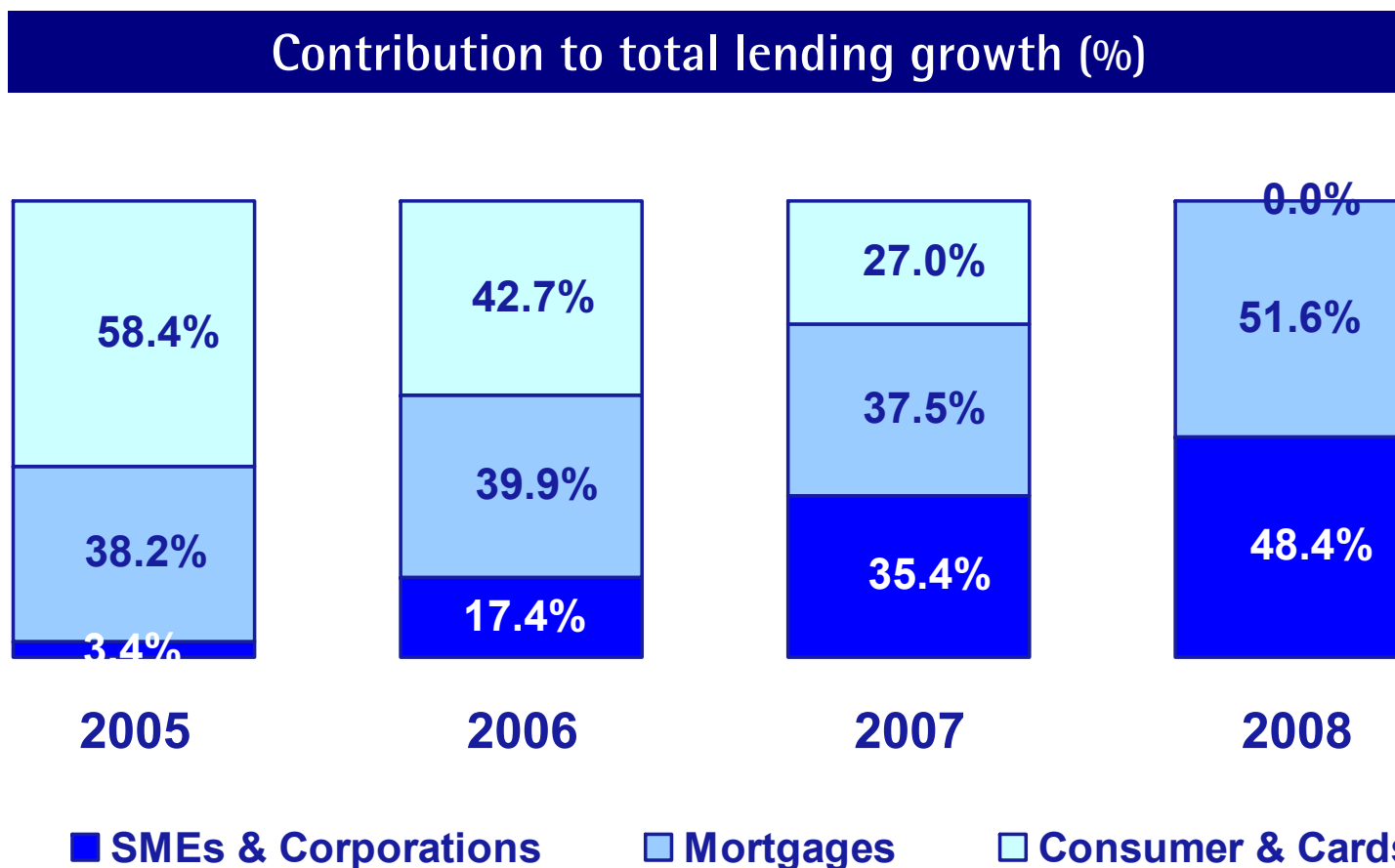


NPA: 3.21%

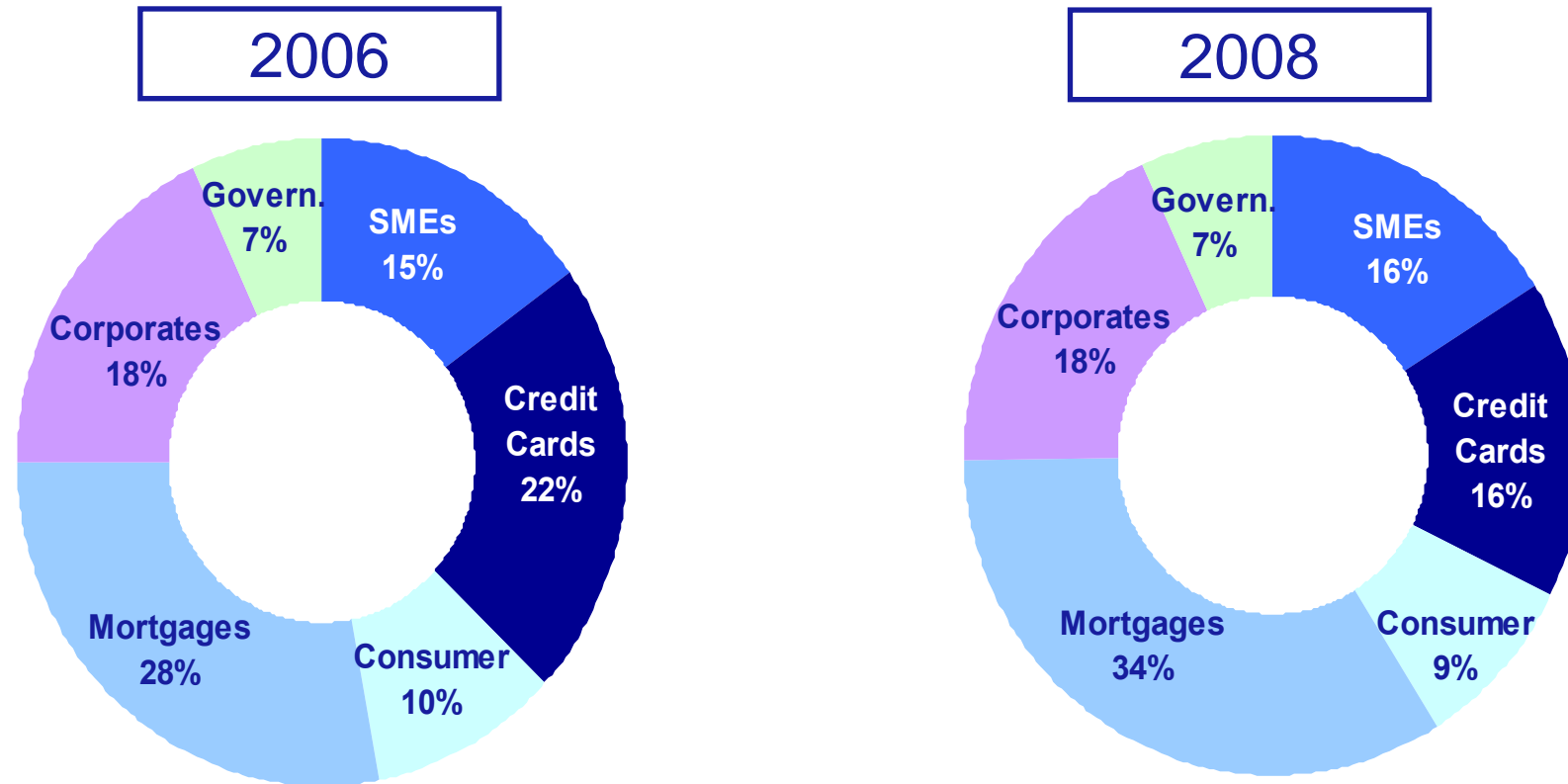
Coverage: 161%

(1) January 2009
* Source: CNBV

Anticipating this situation, 2008 lending origination came from companies, corporations and mortgages

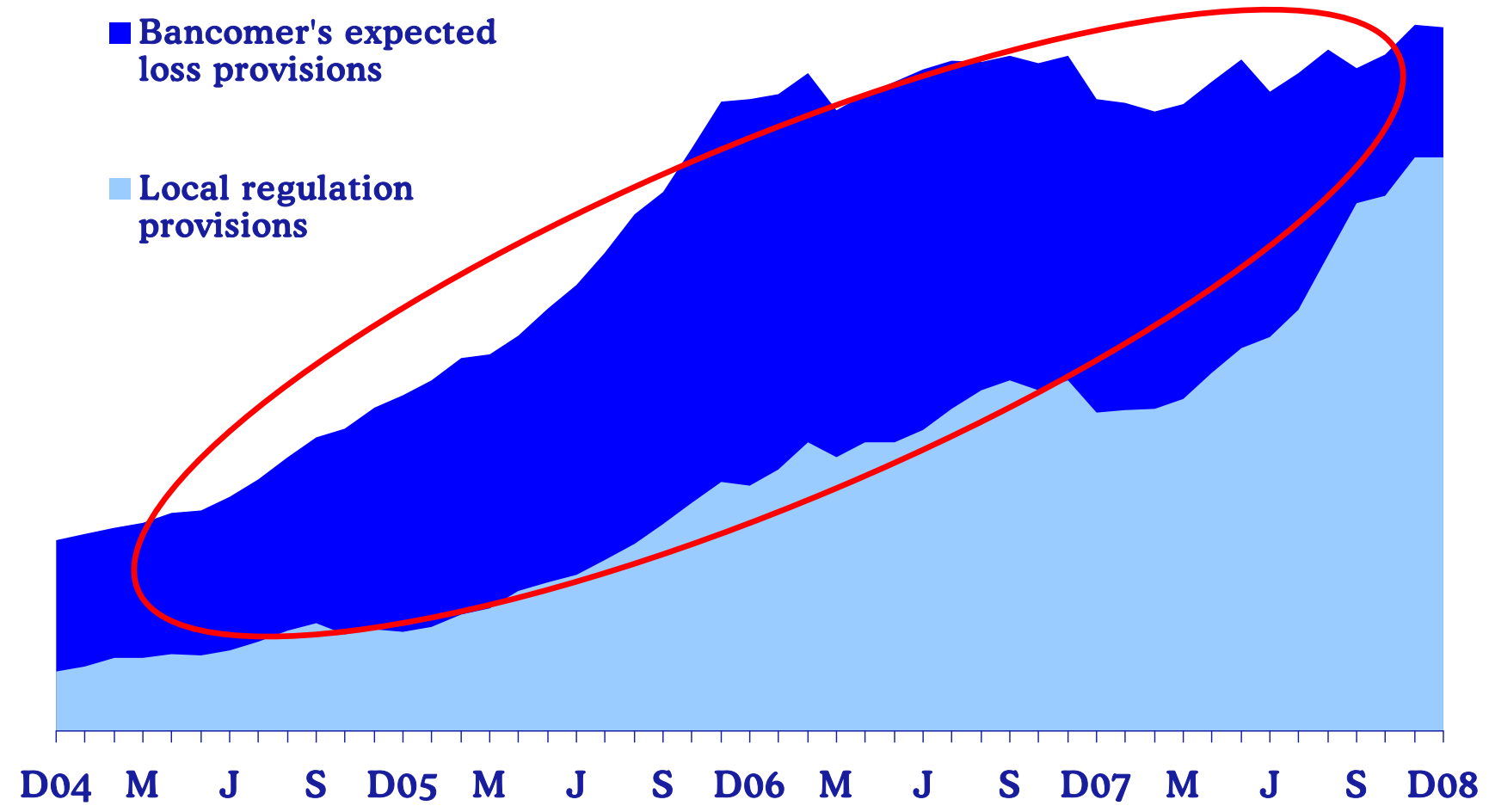


Bancomer's anticipation has led to a well balanced portfolio mix



The reduction of the weight of the consumer and credit card portfolio will accelerate in 2009

Credit card loans have been provisioned according to the internal expected loss model...



An effective buffer for the future

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BBVA: a business model focused on retail banking

2

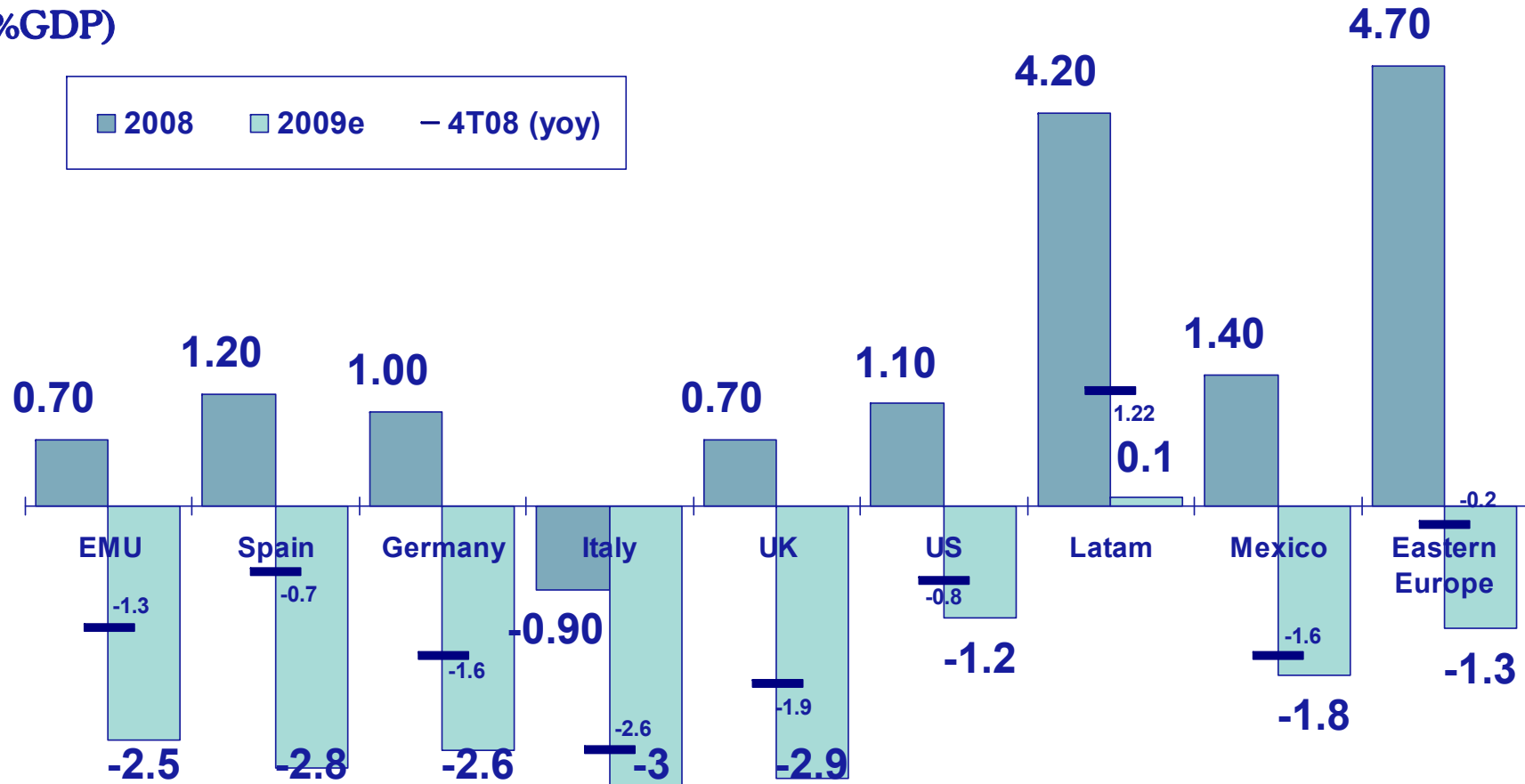
Balance Sheet strength along the cycle

3

Generating recurrent earnings

BBVA is a defensive play in a challenging global macroeconomic environment.

Global economic deterioration estimates (%GDP)



Retail banking is low beta.

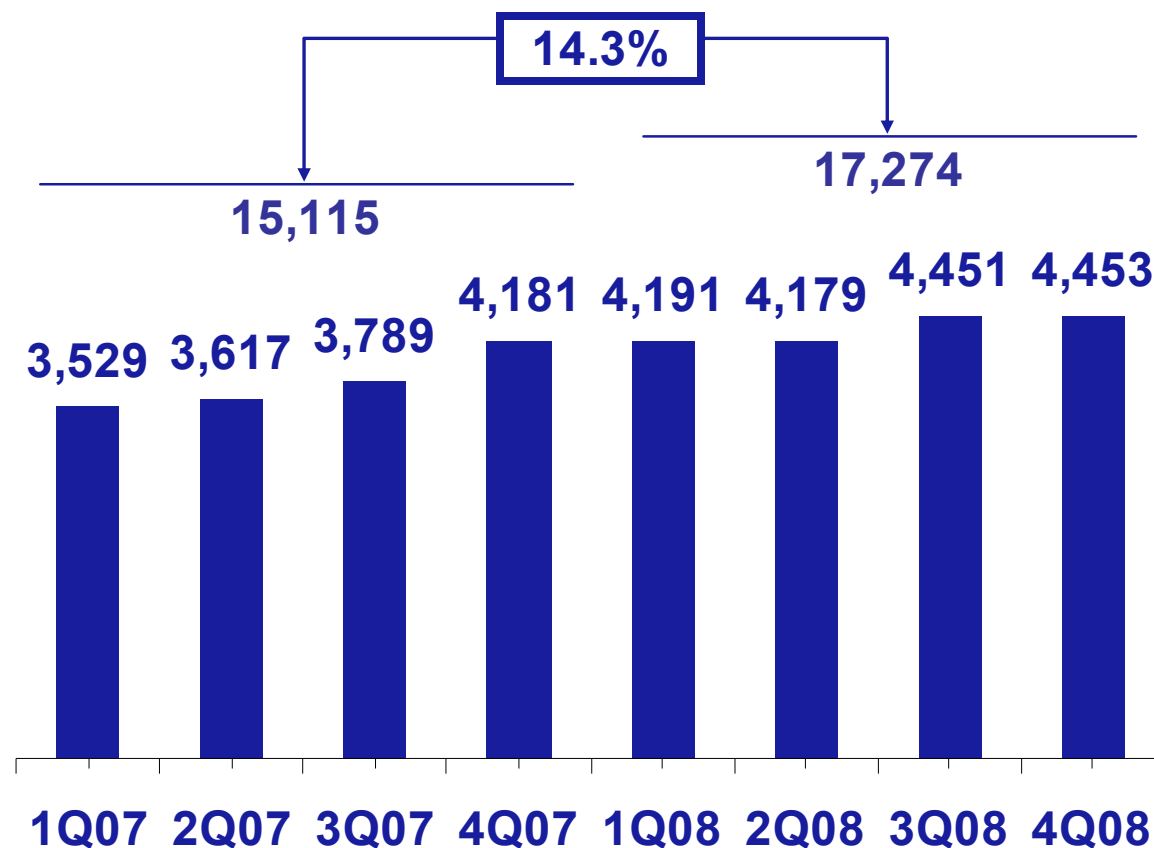
BBVA is delivering recurrent earnings

BBVA's profits are based on ...



Recurrent revenues based on our relationship with customers

Core revenues excl. dividends
(€m)



Focus on Pricing
NII/ATA: 2.29% (+18bp)

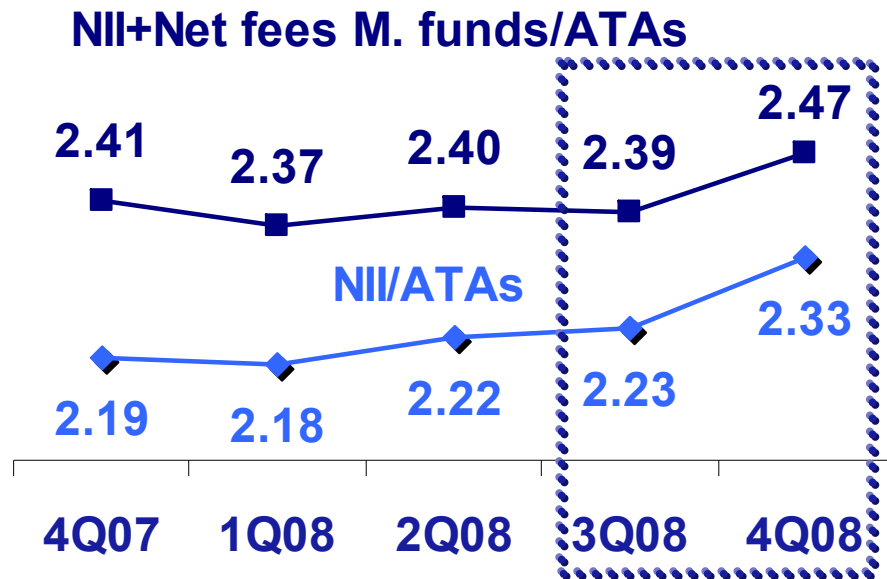
Price management: our first priority in Spain

Lending and Customer Funds
Year-on-year growth
(Average balances)

	08/07
Lending	+1.0%
Cust. Funds*	+8.1%

* In balance-sheet

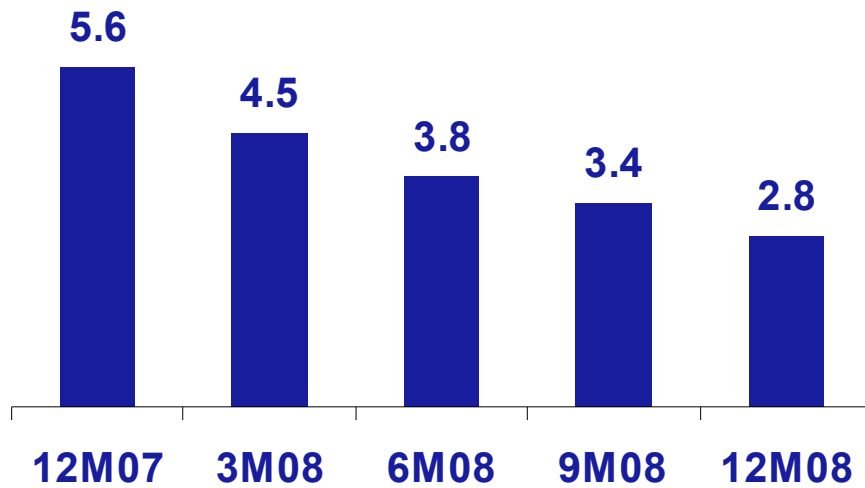
**Net interest income/ATAs and
(NII+Net fees mutual funds)/ATAs
(%)**



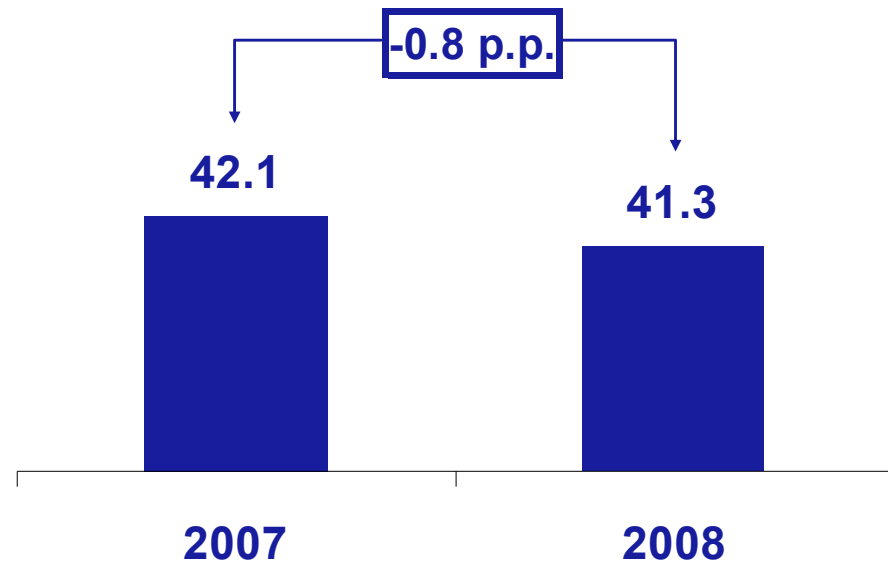
Improvements gaining traction

Strict management of costs

Increases in general and admin expenses
Group, excl. one-offs and Compass
(%)



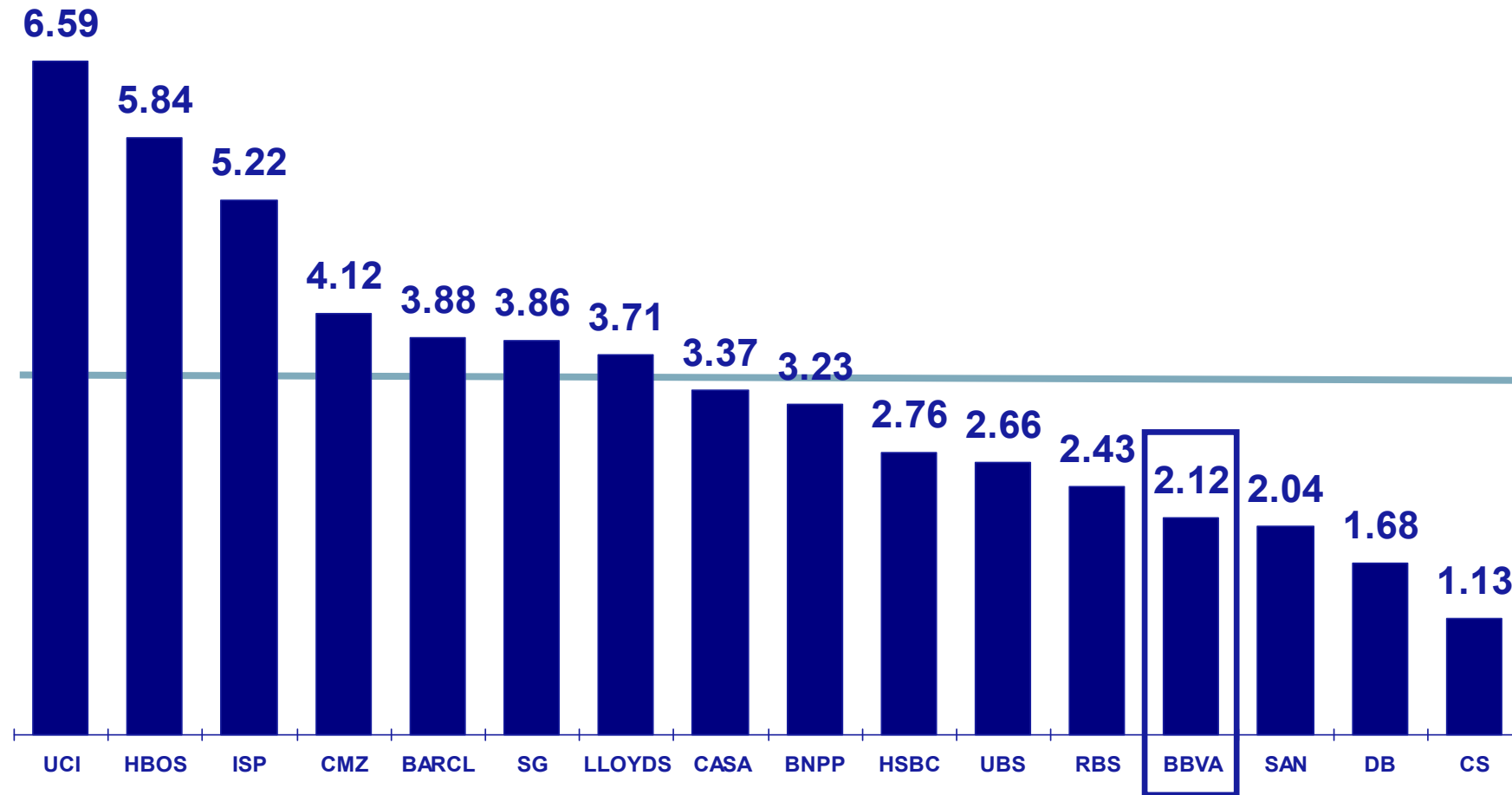
Cost/inc ratio incl. depreciation
Group, excl. one-offs and Compass
(%)



Transformation Plan measures taken in 2008, will lead to practically 0% nominal growth of expenses in 2009

Anticipation in credit risk management

NPL ratio
Dec-08 (%)



BBVA's NPL ratio below our European peers average

3 BBVA is delivering recurrent earnings

BBVA's profits are based on ...



BBVA top investment opportunity



BBVA

Delivering earnings

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