European Financials Conference

Strength in turbulent times

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Turbulent times for financial markets

Current situation

- High risk aversion
- Maximum volatility
- High cost of risk
- CDS at a maximum level
- Stock markets drop

At some point, there will be a return to normal, but normal does not mean things will be the same again

BBVA

Which are the main drivers to return to normal?

A. Macro	B. Regulation	C. Micro

Europe and Euro

- Fiscal measures
- Structural reforms
- Economic policies coordination
- Preventive regulation
- Communication
- …

Which are the main drivers to return to normal?

A. Macro | **B. Regulation** | C. Micro

Regulatory coordination efforts

- Many issues on the agenda: global coordination, systemic risks, regulatory arbitrage, level playing field, moral hazard …
- Heterogeneous progress.
- BIS III "under calibration".

Which are the main drivers to return to normal?

A. Macro	B. Regulation	C. Micro

Need for differentiation among entities

- Recurrent results generation capacity
- Good asset quality and foresight capacity
- Solvency and balance sheet strength

Three key questions for future differentiation

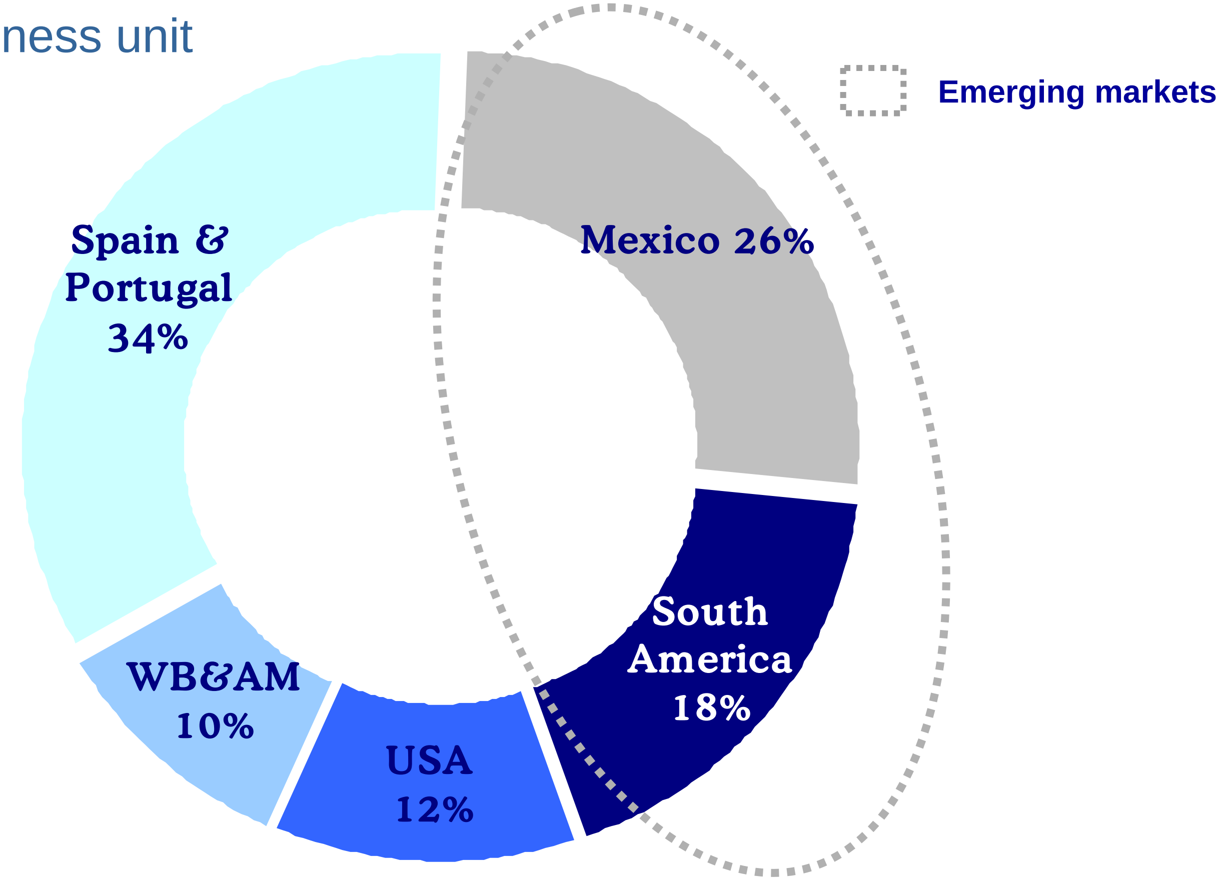
BBVA

BBVA, addressing these three key questions

1. **Results generation capacity?**
   - Diversification
   - Operating excellence
2. Good asset quality and foresight capacity?
3. Solvency and balance sheet strength?

BBVA, a very well diversified Group

Gross income*
BBVA Group by business unit
(1Q10, %)



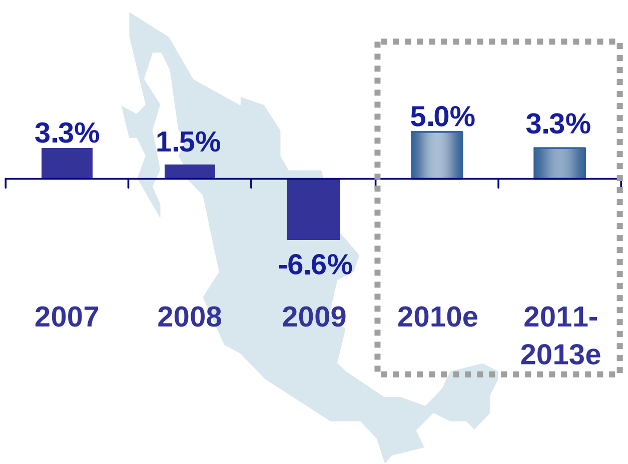
Roughly, 45% of revenues come from high growth emerging economies

* Not including corporate activities

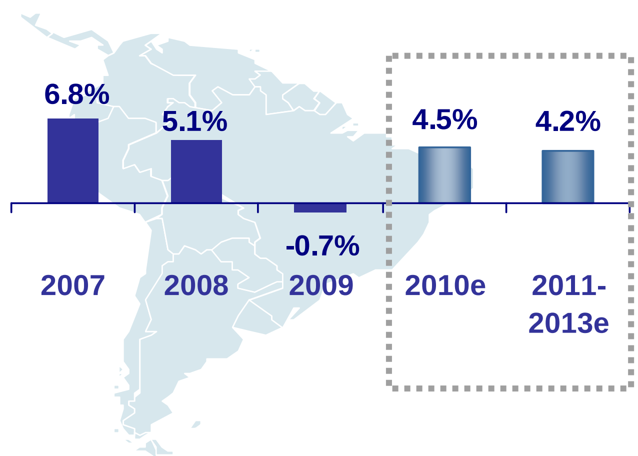
Excellent outlook for emerging economies …

… and moreover, sustainable growth

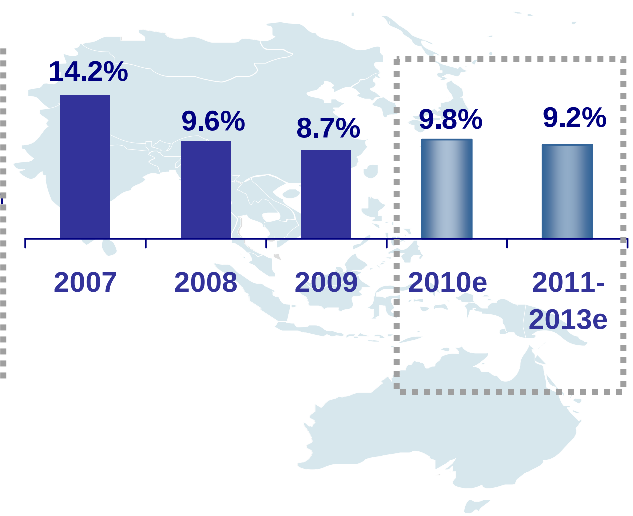
Mexico
GDP growth
(%)



South America*
GDP growth
(%)



China
GDP growth
(%)



GDP growth will turn into higher results for BBVA Bancomer very soon

South America, will remain as an important lever for the group

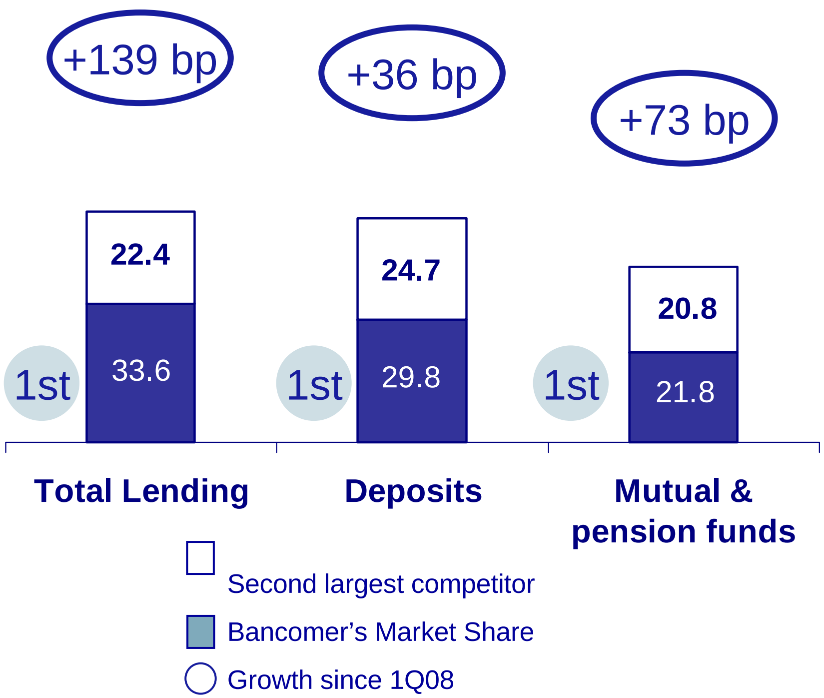
Asia, and China in particular, will keep a high potential growth

*Argentina, Brazil, Chile, Colombia, Peru and Venezuela
Source: BBVA Research

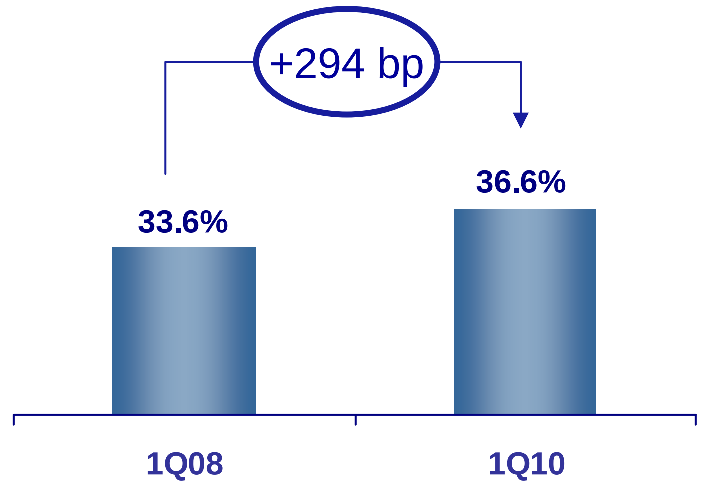
… and superior positioning of BBVA in Mexico, …

Mexico

Market share
(1Q10, %)



Share of recurrent operating income
(%)



+500,000 customers in the last two years

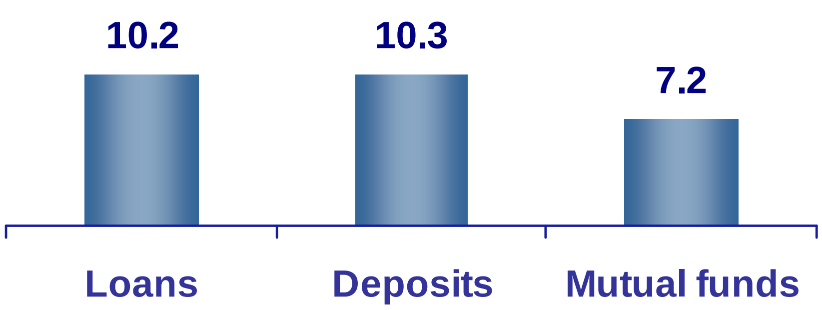
Widening the gap with our competitors during the crisis

Recurrent operating profit= Operating profit ex net trading income
Peer group: Banamex, Bancomer, Banorte, HSBC and Santander.

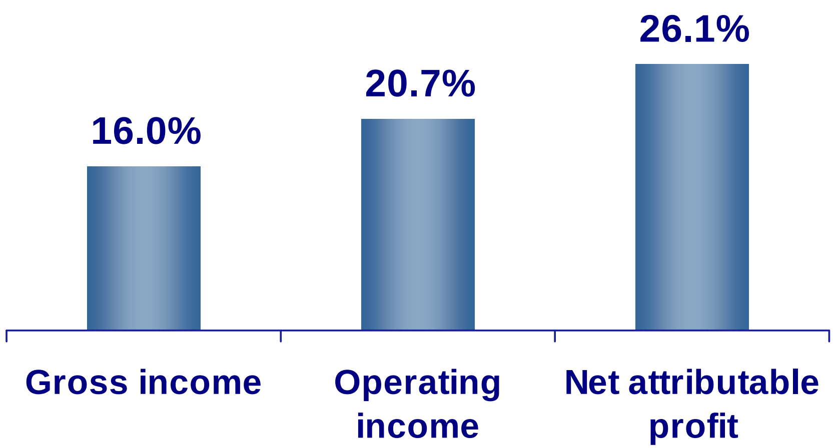
… South America and Asia

Market share South America
(1Q10, %)

Leading positions in every market



Excellent performance of the top lines of the income statement
(YoY growth -1Q10 vs 1Q09, %)

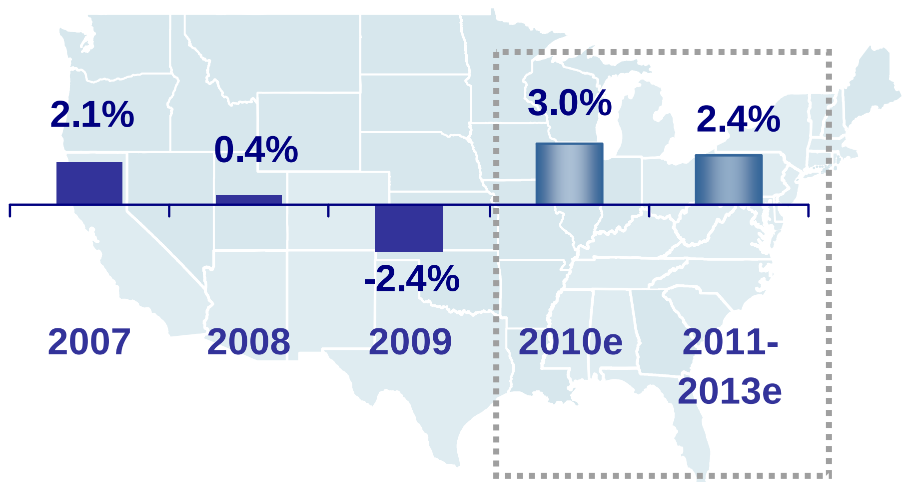


+420,000 customers in the last two years in South America

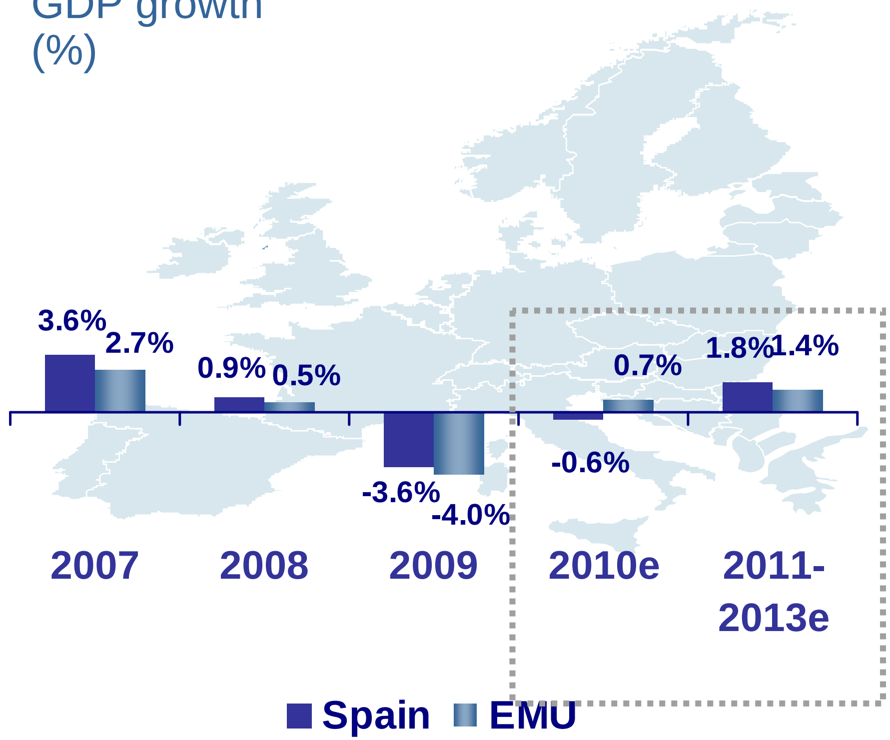
Furthermore, excellent position to take advantage of the increasing commercial trade between Asia and Latam thanks to our position in Asia

On-going recovery in mature markets

USA
GDP growth
(%)



Spain and EMU
GDP growth
(%)



Leading the recovery, with higher growth in Texas

Spain: impact of the crisis similar to EMU

Source: BBVA Research

BBVA

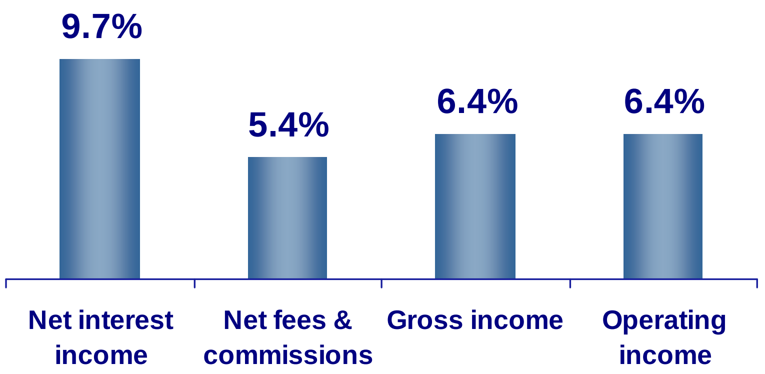
In the US, BBVA Compass speeding up …

Business indicators

Results generation

- Cross-selling to new customers: +25%
- Productivity: +7%
- Customer spread: +72 bps
- New IT platform

Good performance of the top lines of the income statement
(YoY growth -1Q10 vs 1Q09, %)



In a complex macro and regulatory environment, BBVA model implementation on track and delivering results

BBVA

… and ready to take advantage of new opportunities

A. Market opportunities

Reduced competition

Re-intermediation of financial services by banks

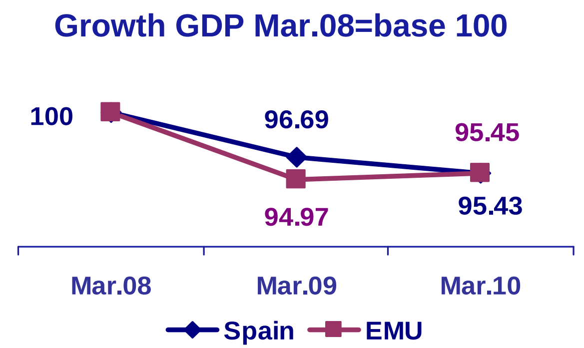
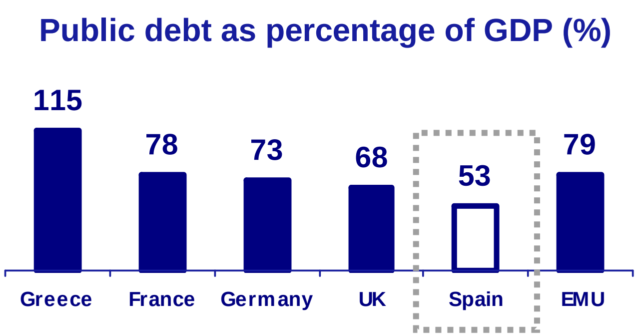
Cross-border business and opportunities in corporate banking

B. Business model opportunities

- Relationship banking
- Customer-centric

Highly efficient and productive model

In Spain: rigorous analysis, realistic conclusions

Usual headlines	Reality	
1. GDP growth Protracted recession	Similar adjustment to EMU	
2. External sector Loss of external competitiveness	No loss of exports quota. Current acc. balance: -4.7%	
3. Public debt sector Critical government debt levels	Clearly lower than EMU	

Source: BBVA Research

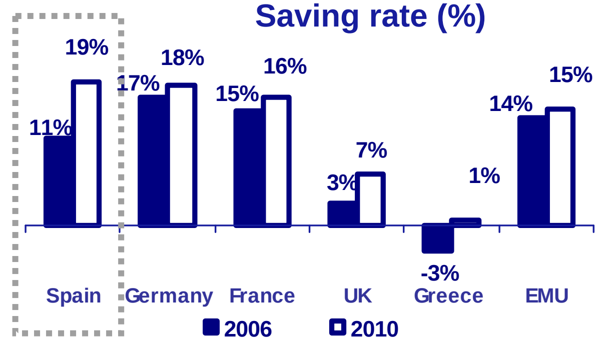
In Spain: rigorous analysis, realistic conclusions

Usual headlines	Reality

4. Household leverage
Not sustainable

Higher savings rate and better evolution

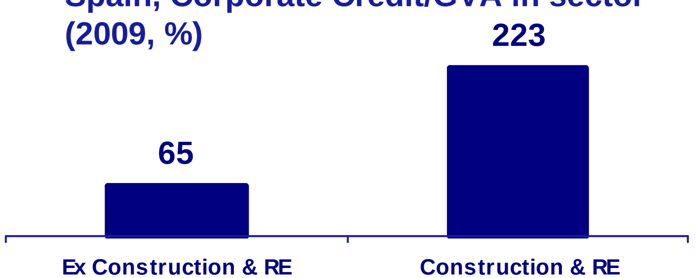
Saving rate (%)



5. Corporates indebtedness
High leverage of corporates

Problem concentrated on RE

Spain, Corporate Credit/GVA in sector (2009, %)



6. Banking sector
Solvency problems

- Problem concentrated on a few entities: ¼ of the assets of the system

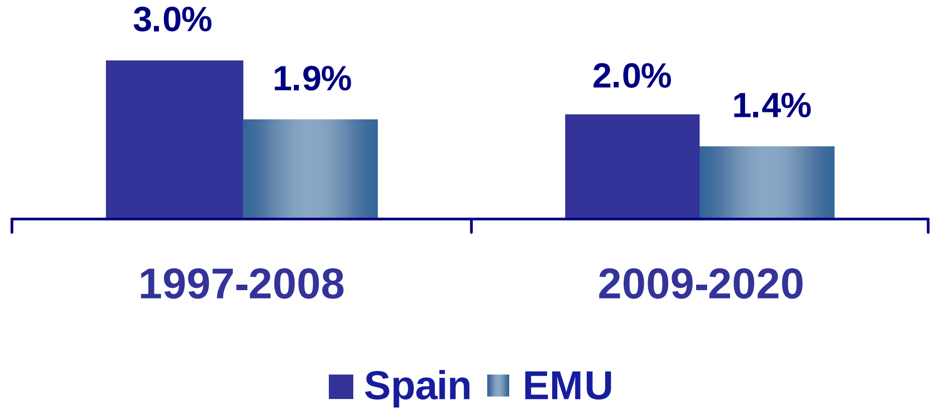
7. Unemployment
Headwinds for Bank's asset quality

- Concentrated on temporary, young and immigrants
- At the peak of the cycle: 8.3% (Spain's frictional unemployment rate); Temporary workers: 35%
- Structural problem

Source: BBVA Research

In Spain: rigorous analysis, realistic conclusions

Potential GDP
Spain and EMU
(YoY % var.)



A favorable combination of structural reforms could take the economy back to growth rates of around 3%

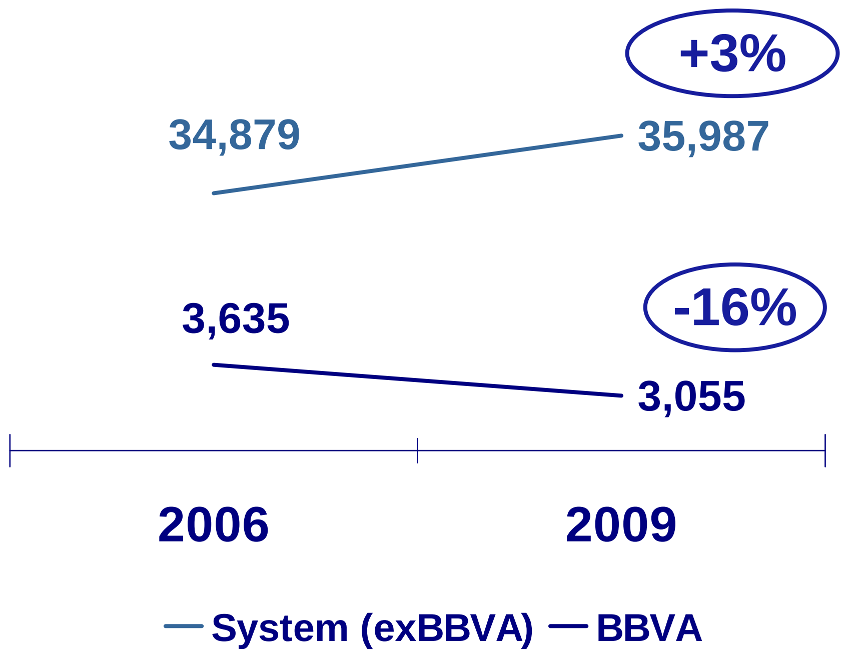
Spain will converge at a 2% growth rate, higher than EMU (1.4%)

Source: BBVA Research

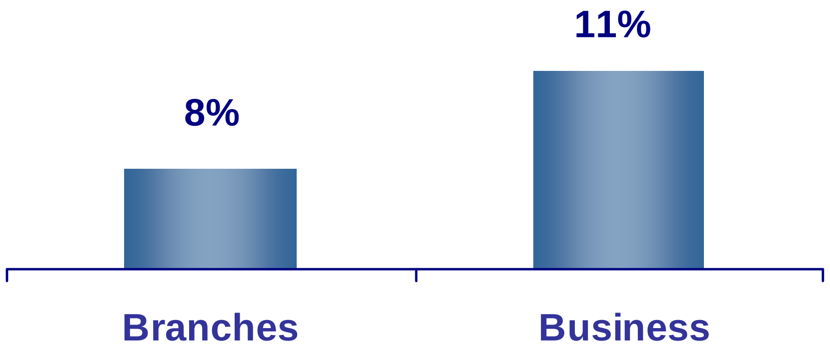
BBVA is better prepared for the cycle change …

Leaner + **More productive**

Branch network evolution in Spain



BBVA share (1)
(1Q10, %)



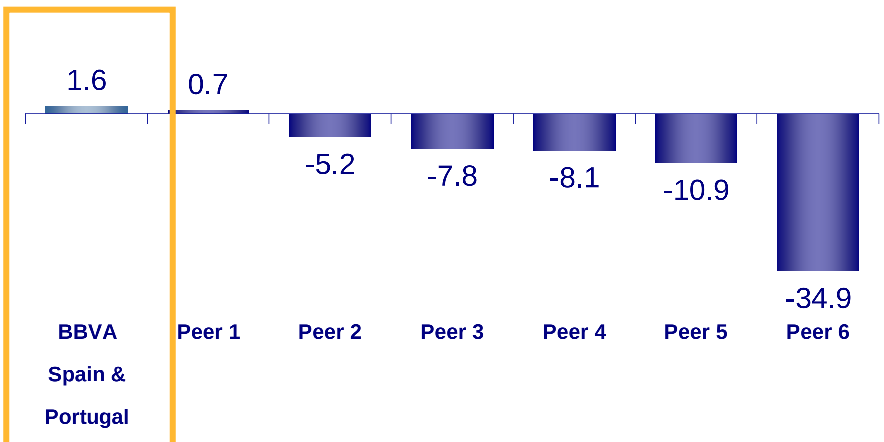
Transformation plan

Efficient distribution network

(1) Loans + Deposits + Mutual Funds + Pension Funds
All market shares last available data: Branches as of December 2009, loans and deposits as of February 2010, Pension Funds and Mutual Funds as of March 2010.

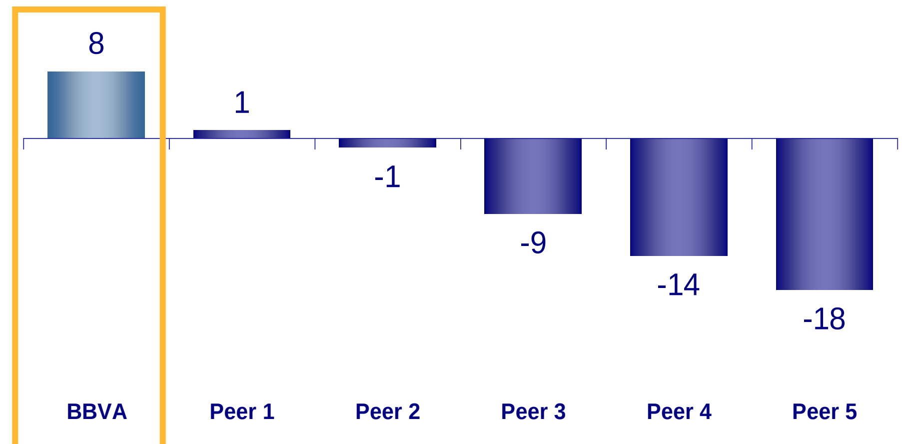
… outperforming our local peers …

Net interest income (NII)
BBVA vs domestic peers*
(yoy - 1Q10 / 1Q09, %)



1Q10 / 1Q09 in € balance sheet: +7.2%

Customer spread*
BBVA vs domestic peers
(yoy change – 1Q10 / 4Q09, basis points)



Customer spread 1Q10: 275 bp (~40 bp > peer avg)

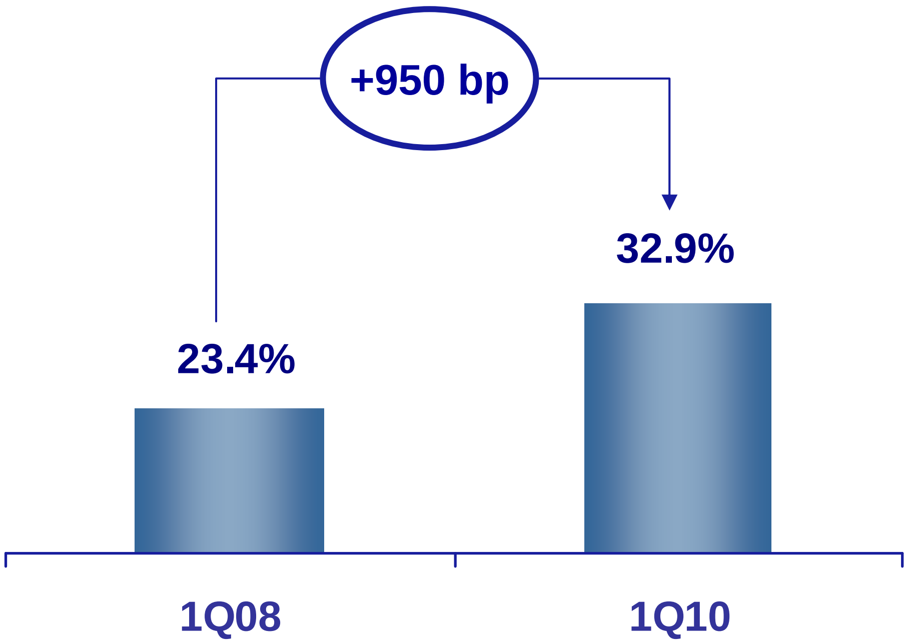
Better price management

Peer group: Bankinter,Caixa, Caja Madrid, Popular, Sabadell and Santander

*Customer loan yield minus remuneration of deposits. Domestic business.
Peer group: Banesto, Bankinter, Popular, Sabadell and Santander

… and improving our position through the crisis

Share of recurrent operating income*
(%)



Market share evolution
(%)

	Mar.10 (%)	Mar.10/Dec.07
Retail Mortgages	12.9	+49 bp
Retail non-cost deposits	9.7	+20 bp
Mutual Funds	20.7	+228 bp

BBVA has been able to gain share in results and core products among top players

* Recurrent operating income= operating profit ex net trading income
Peers: Bankinter, BBVA, Caixa, Caja Madrid, Popular, Sabadell & Santander

BBVA

Furthermore, it is time of real opportunities

OPPORTUNITIES

80% of Saving Banks likely to merge	Capacity reduction
79% are in talks or have agreed to merge	High customer churn
~ 20% of branches expected to close	Flight to quality
Narrowing customer spreads are not sustainable	Less competition in loan origination

≃ 15-25% of business / customers are lost with branch integration or closure processes

BBVA …

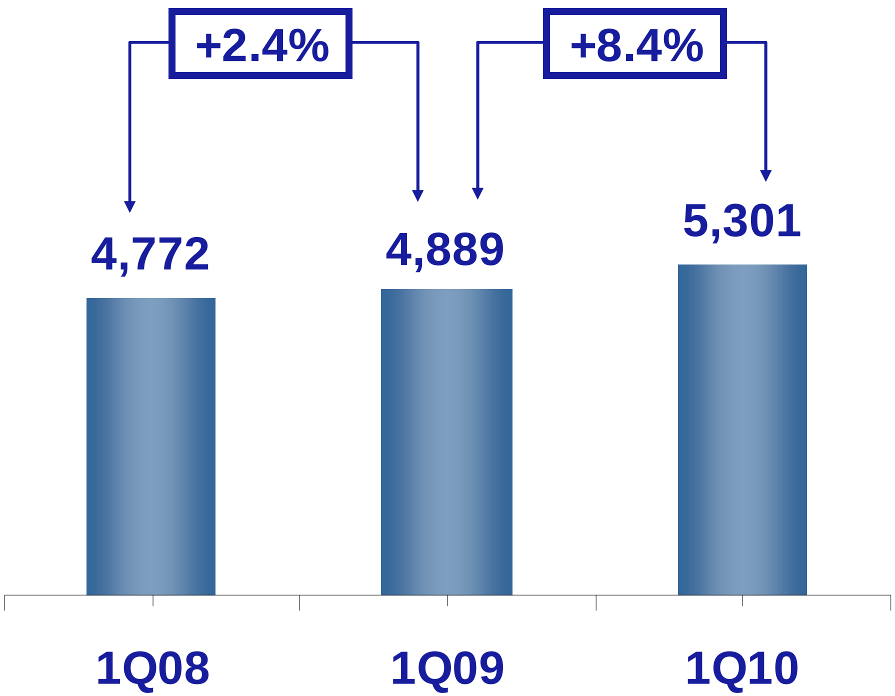
- ✓ Presence in markets with excellent growth prospects
- ✓ Significant earnings contribution from emerging markets
- ✓ Leading franchises and superior positioning in every market
- ✓ Spain:
  1. Challenging macro outlook, but adjustment concentrated on certain sectors
  2. BBVA, better performance than local competitors
  3. Significant opportunities for strong and independent players

BBVA, addressing these three key questions

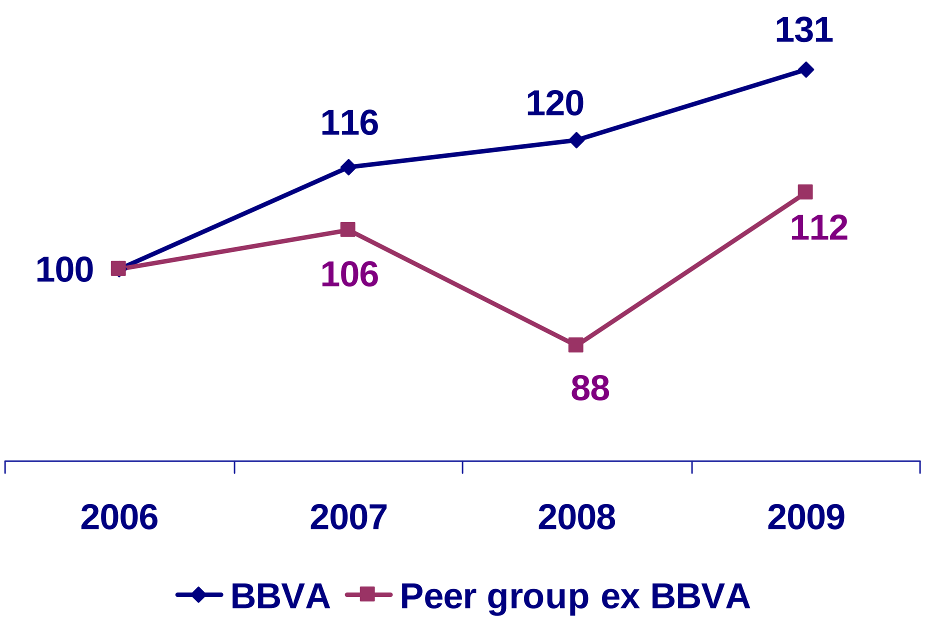
1. **Results generation capacity?**
   - Diversification
   - Operating excellence
2. Good asset quality and foresight capacity?
3. Solvency and balance sheet strength?

1Q10, BBVA record in revenues …

Gross income
BBVA Group
(€m)



Gross income
BBVA Group & peer group ex BBVA
(Base 100: 2006)

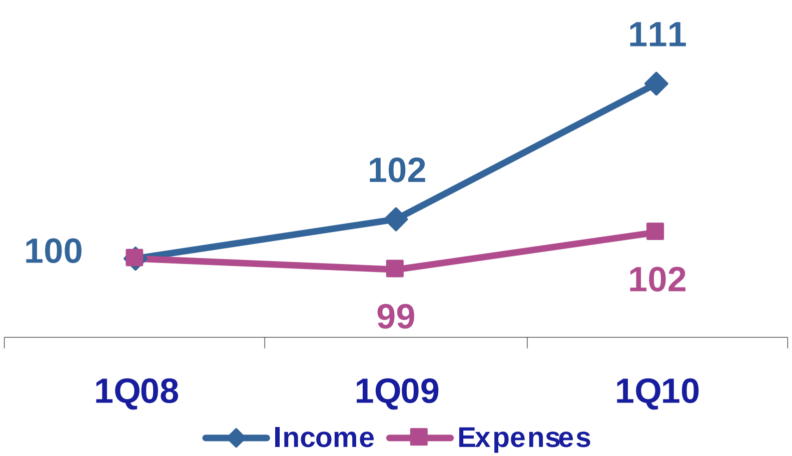


Thanks to a solid customer based franchise

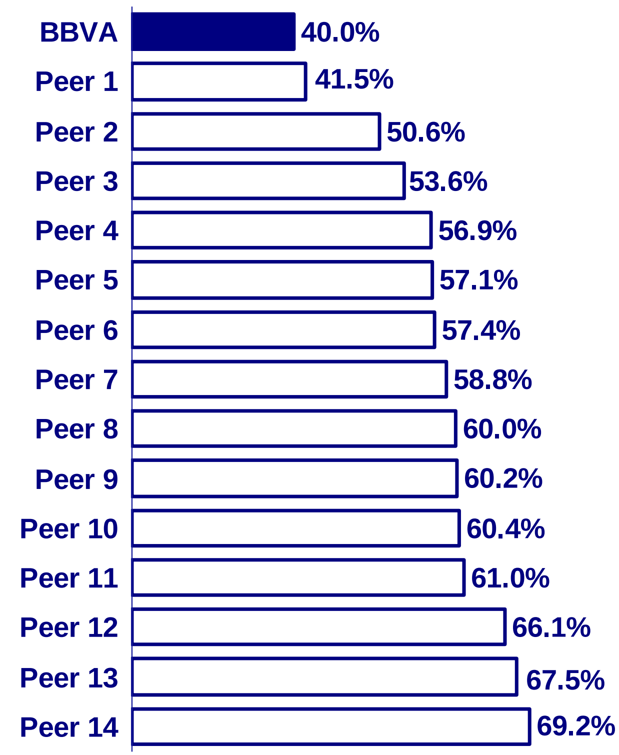
Peer group: BARCL, BBVA, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS & UCI.

… and strict cost control

Income and expenses
BBVA Group
(Base 100: 1Q08)



Efficiency
BBVA Group & peers
(1Q10,%)

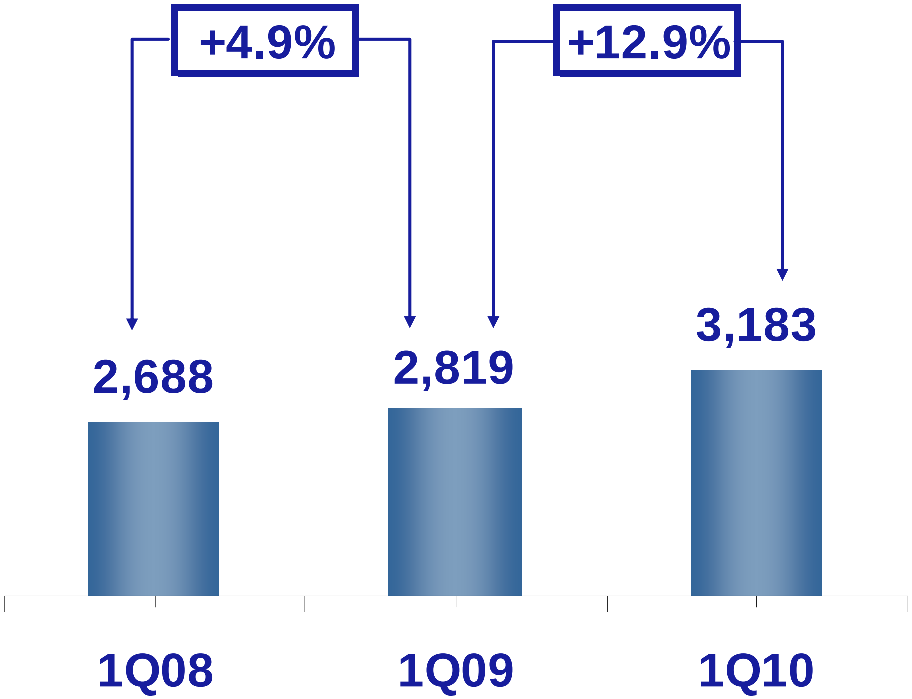


BBVA Group, leader in efficiency

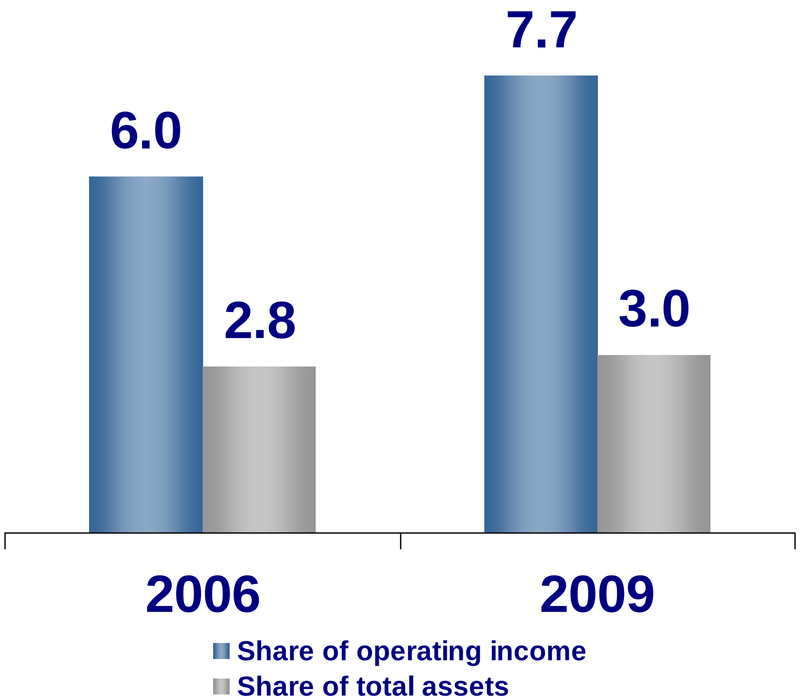
Peer group: BARCL, BBVA, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS & UCI. HSBC & LBG as of Dec.09

As a consequence, recurrent operating income

Operating income
BBVA Group
(€m)



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



Improvement of operating income share, while keeping the share of total assets stable

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

In summary, operating excellence?

BBVA ...

✓Demonstrated capacity to deal with the current environment: high growth throughout the crisis

✓1Q10, record revenues

✓Outstanding cost control and cost to income leadership

✓High and stable operating profit

✓Recurrence and sustainability

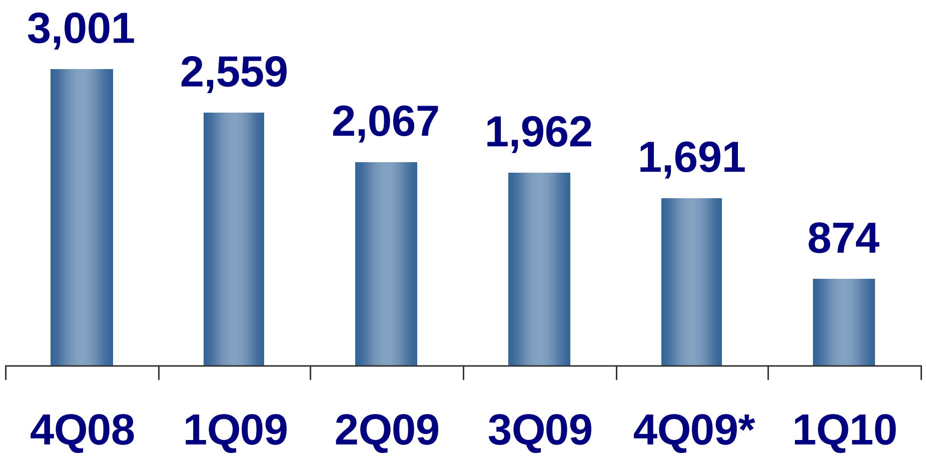
BBVA

BBVA, addressing these three questions

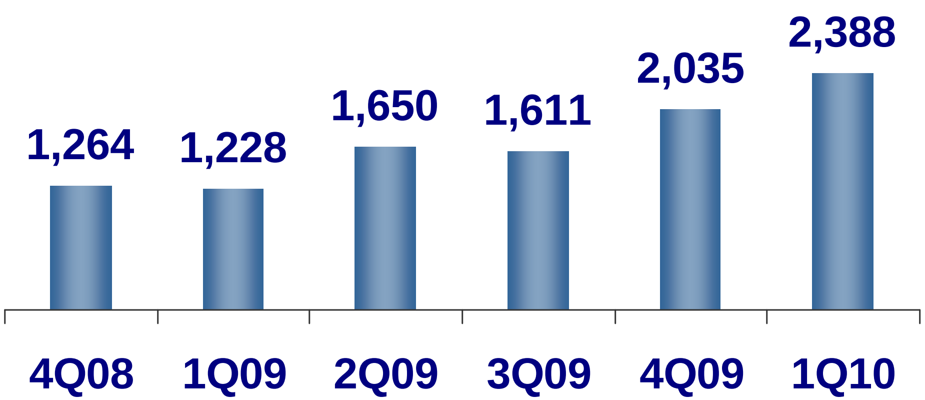
1. Results generation capacity?
   - Diversification
   - Operating excellence
2. **Good asset quality and foresight capacity?**
3. Solvency and balance sheet strength?

Sharp drop in net additions to NPA and positive trend of recoveries

Net additions to NPA
BBVA Group
Quarter-by-quarter
(€m)



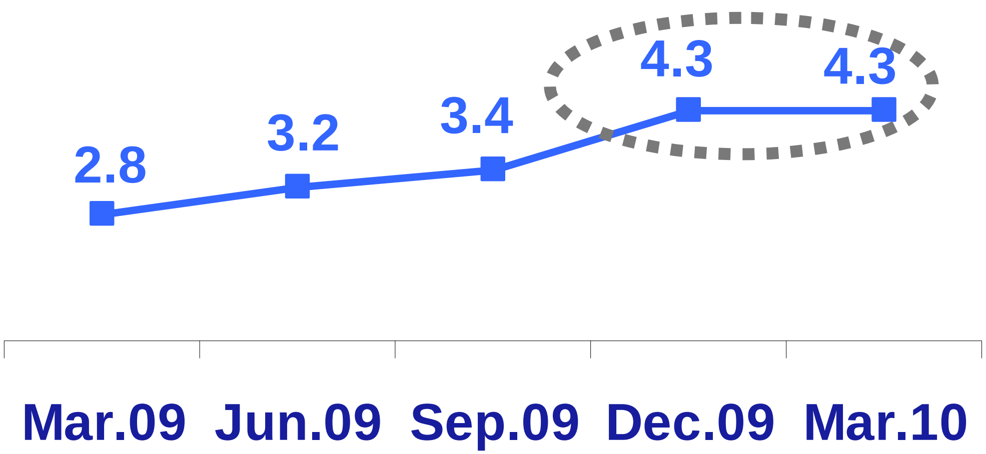
Recoveries
BBVA Group
Quarter-by-quarter
(€m)



* Excl. anticipation

NPA ratio stabilizes throughout the organization …

NPA ratio
BBVA Group
(%)



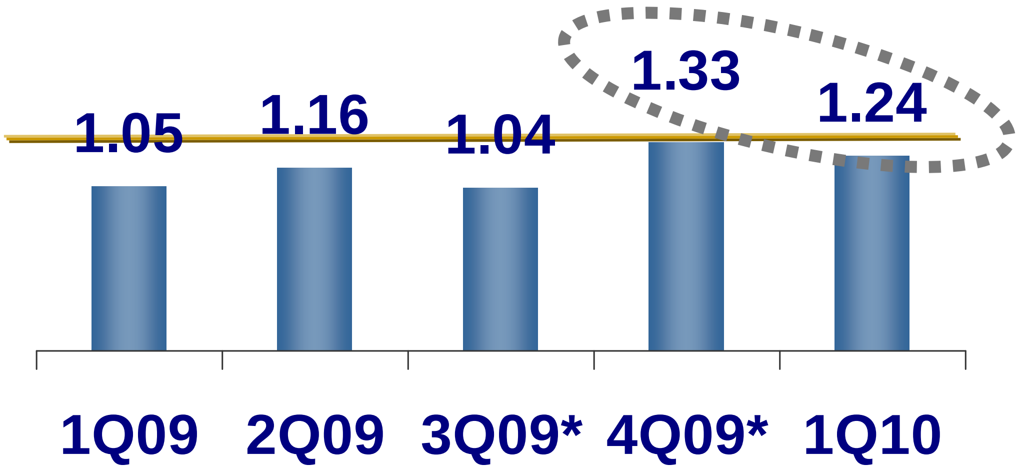
NPA ratio
(%)

… specially in markets that suffered most during the crisis

BBVA

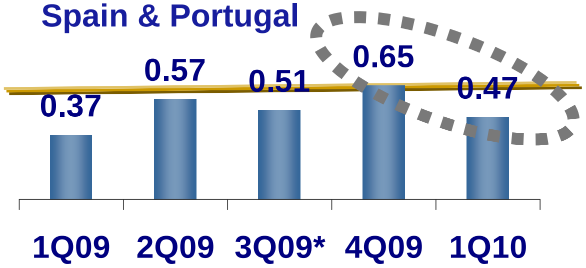
Cost of risk also improves …

Cost of risk
BBVA Group
(%)

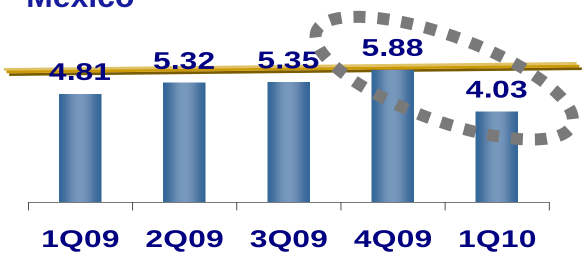


Cost of risk
(%)

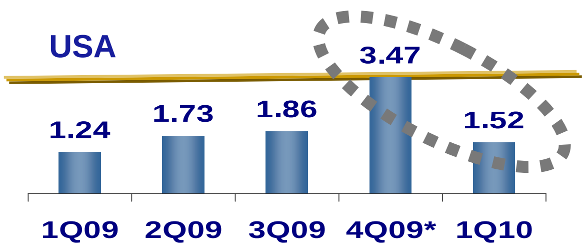
Spain & Portugal



Mexico



USA



… in franchises where it rose most in recent quarters

* Excl. one-off items

In summary, good asset quality and foresight capacity?

BBVA …

- ✓ Additions to NPA coming down and recoveries coming up
- ✓ Risk premium gradually coming down
- ✓ Stabilization of asset quality deterioration

BBVA, addressing these three key questions

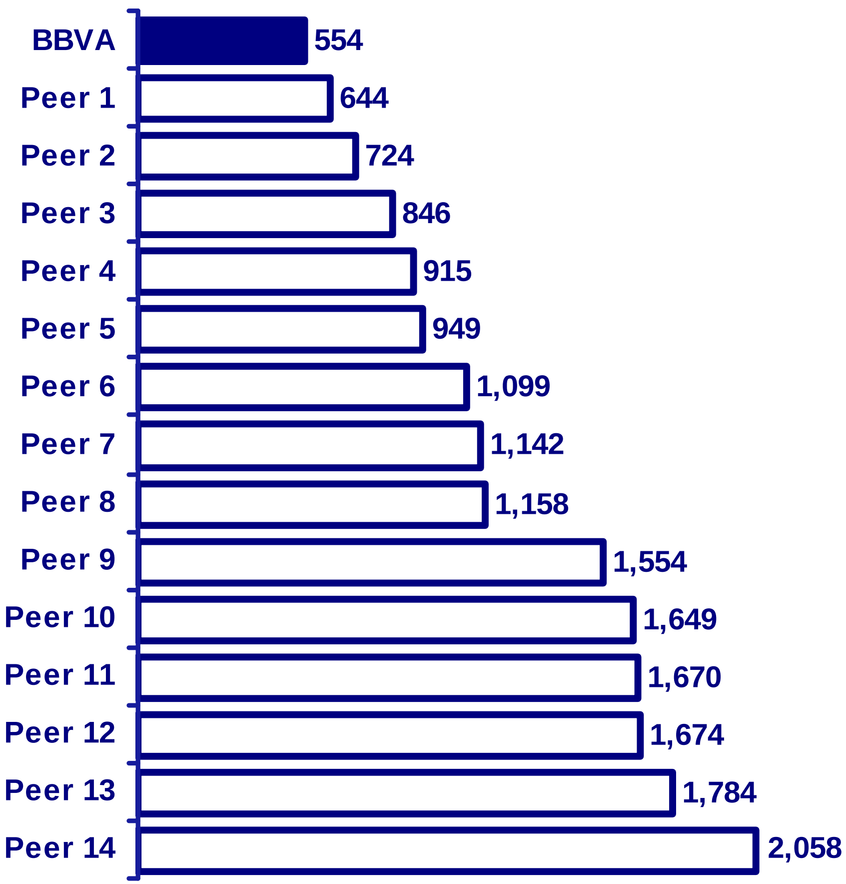
A. Liquidity

1. Small balance sheet and high customer deposit base
2. Lowest wholesale debt maturities among peers
3. Additional sources of liquidity
4. Well positioned regarding BIS III

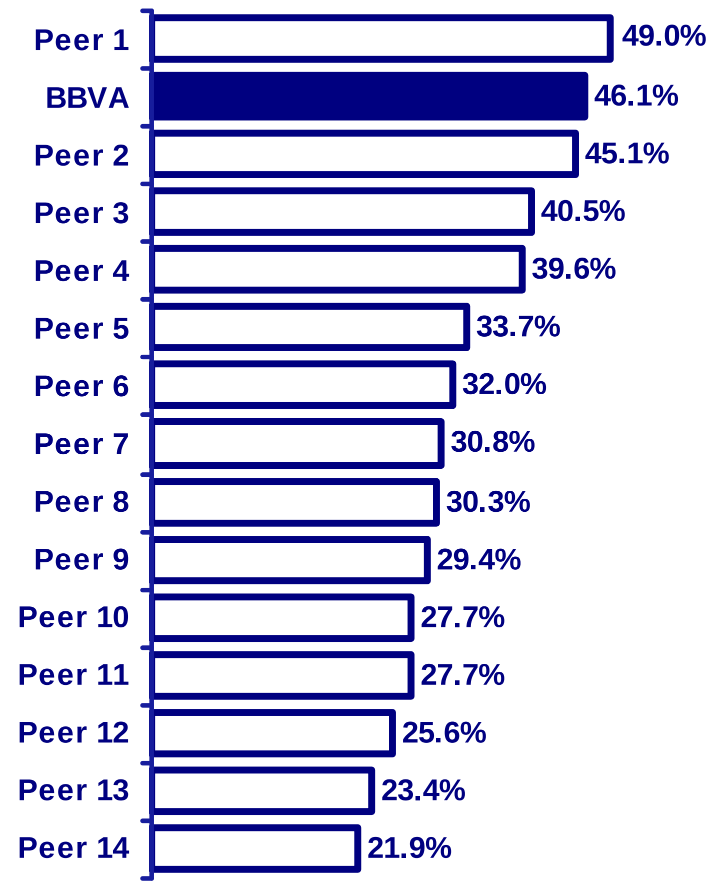
A highly profitable retail business model with attractive diversification

1. Small balance sheet and high customer deposit base

Total assets
Peer Group
(1Q10, €bn)



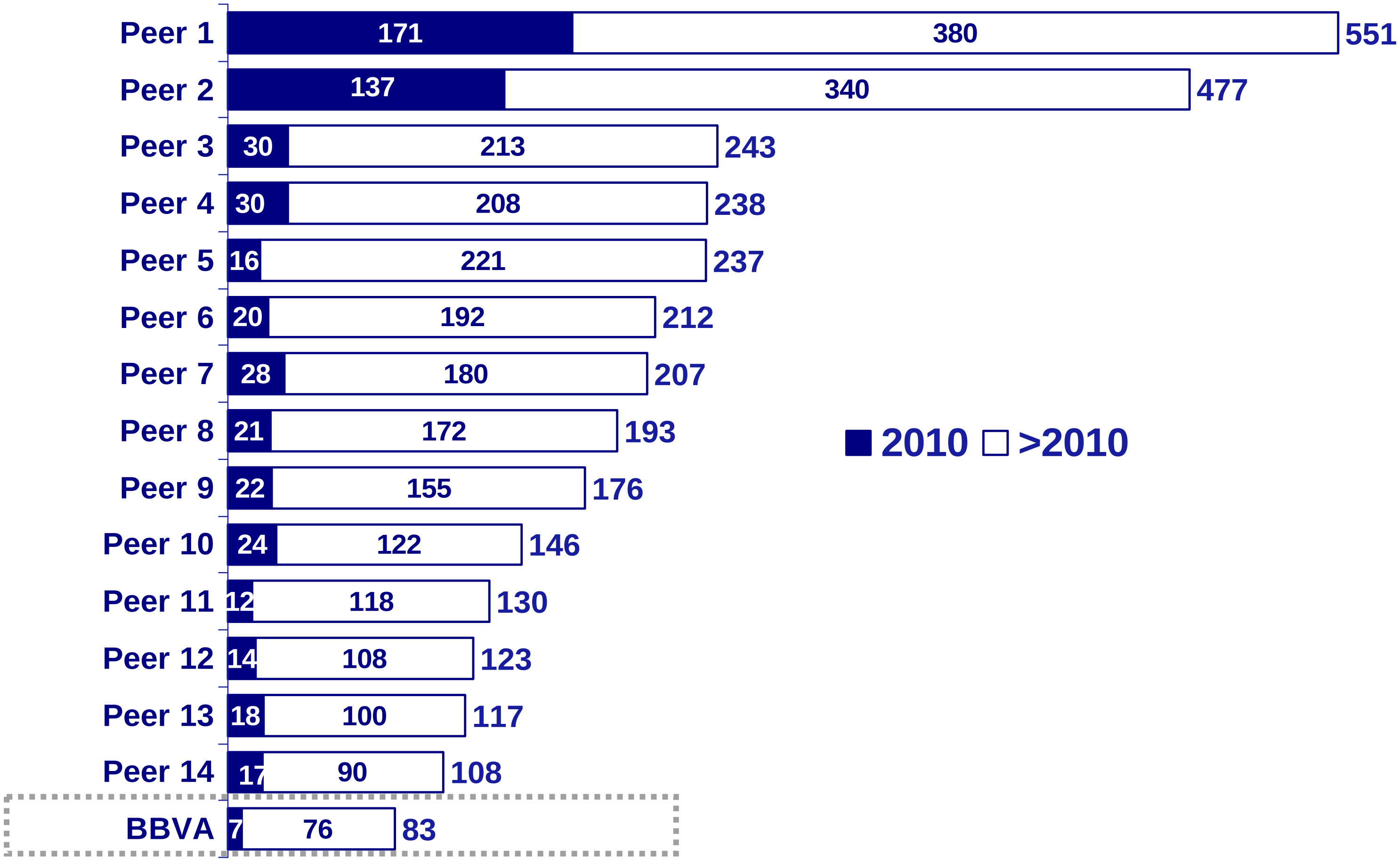
Deposits to total assets
Peer Group
(1Q10, %)



Peer group: BARCL, BBVA, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS & UCI. BARCL, HSBC & LBG as of Dec.09

2. Lowest wholesale debt maturities among peers

Wholesale maturities
(€bn)



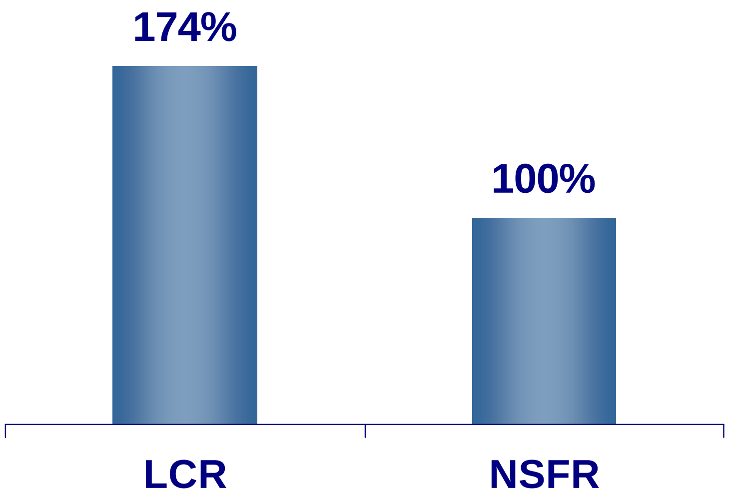
3. Ample base of collaterals: €66bn

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

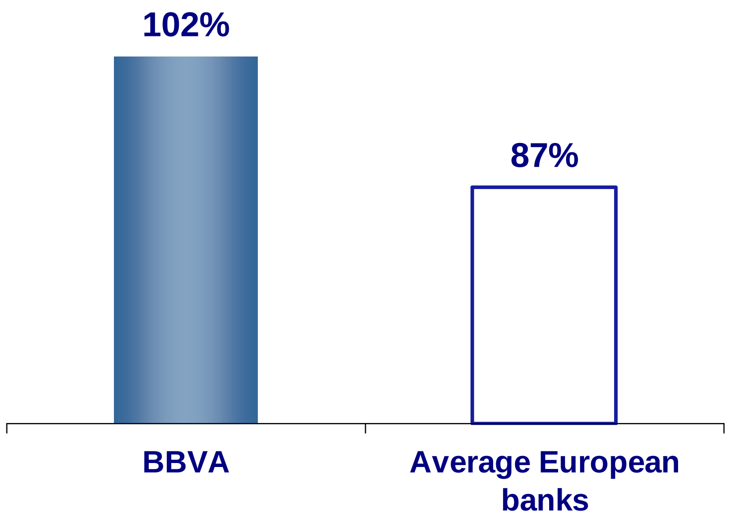
Source: Bloomberg 8th June 2010

4. Well positioned regarding BIS III

LCR (Liquidity Coverage Ratio) and NSFR (Net stable funding ratio)
(%, Dec.09)



NSFR* (Net Stable Funding Ratio)
BBVA vs. Europen banks
(%)



*Source: Morgan Stanley 27th of January, 2010

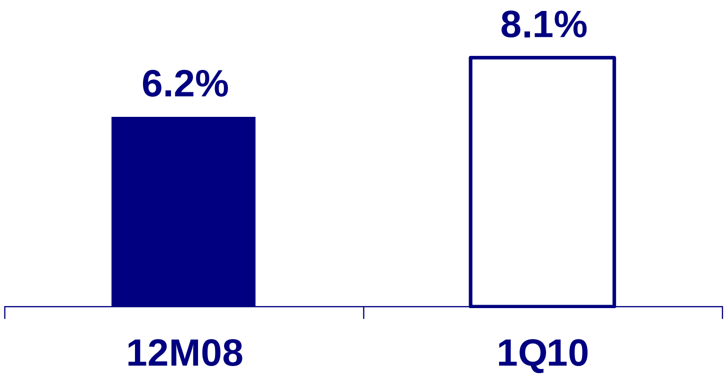
1. Significant organic capital generation track record

2. High quality and low leverage

3. Analysts agree that BBVA is among the least impacted regarding BIS III

1. Significant organic capital generation track record

Core capital
(%)

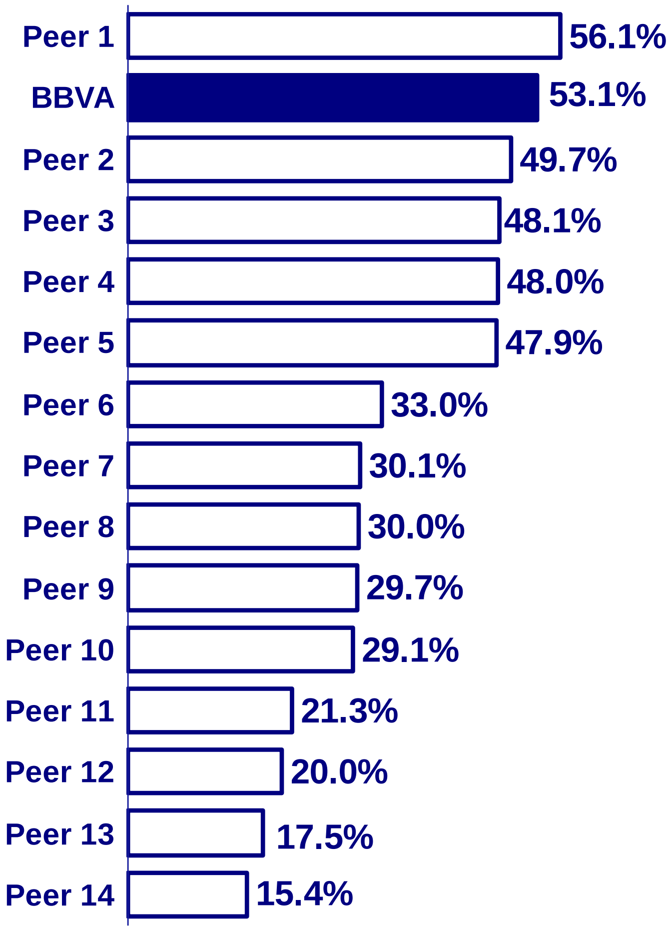


15-20 bps of capital generated organically every quarter

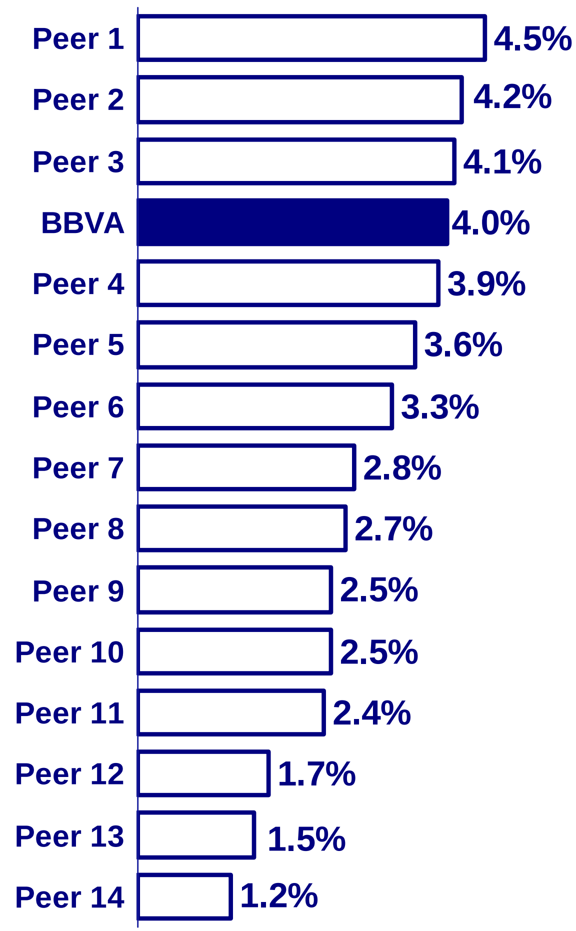
No capital increase or any type of public support throughout the crisis

2. High quality and low leverage

RWAs/ Assets
(Mar.10, %)



Tangible Equity/Tangible assets
(Mar.10, %)



Peer group: BARCL, BBVA, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS & UCI. BARCL, HSBC & LBG as of Dec.09

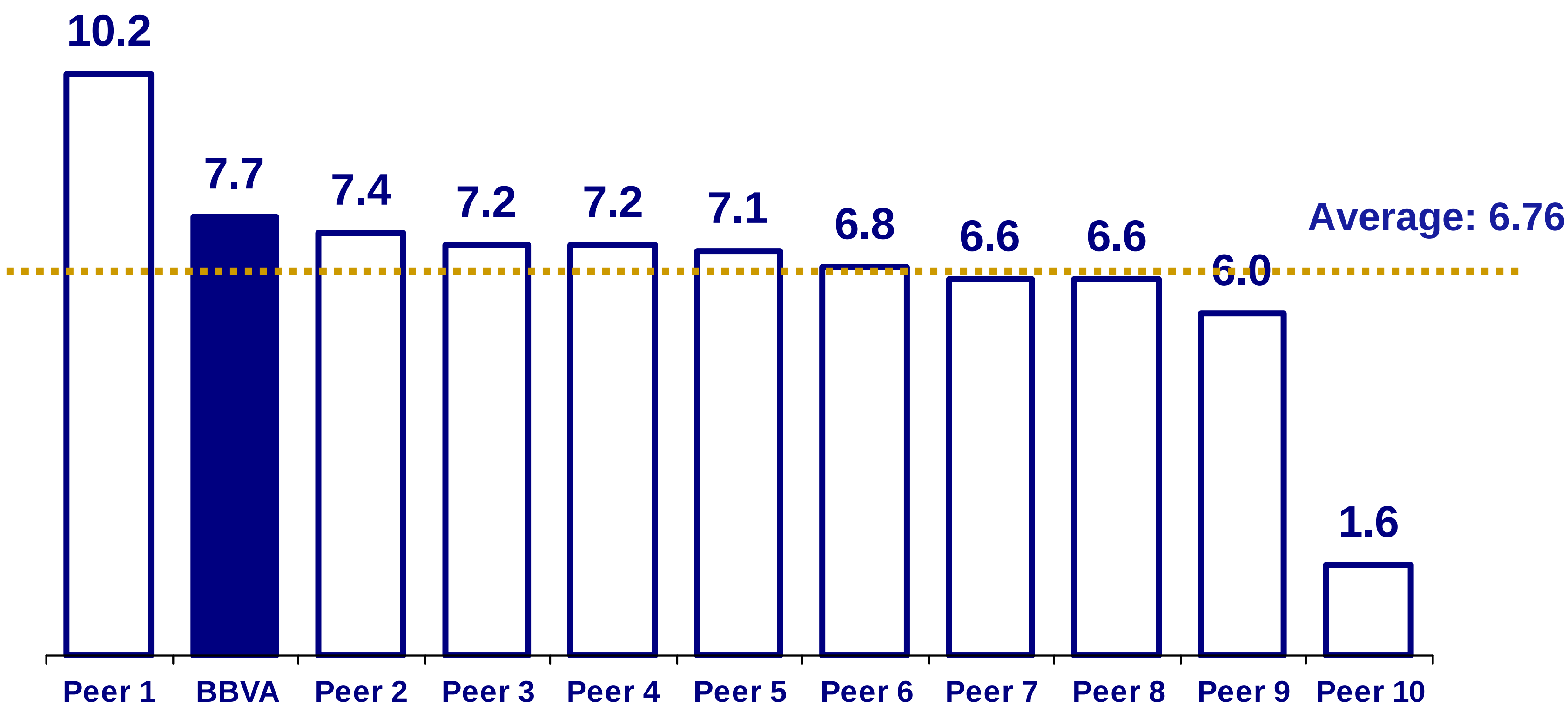
3. Analysts agree that BBVA is among the least impacted regarding BIS III

DTA Treatment	Low DTAS from tax loss carry forward
Minorities	Small: To be compensated by proportional RWA reduction?
Pension liability deficit	Pension obligations fully funded
Leverage ratio	Among the least leveraged of Europe
Quality of Capital	High quality – low weight of hybrids
Capital gains/loss treatment	More favourable than current treatment by Bank of Spain

Still, the new regulation is under review

Less impact of the new regulation

Core Tier I (e) 2012
BIS III* (%)



*Credit Suisse, Deutsche Bank, Keefe, B&W & Merrill Lynch estimates (T1 level 1Q2010: 9.5%)

Peer group: BARCL, BBVA, BNPP, CASA, CS, DB, HSBC, ISP, SAN, SG & UCI.

In summary, solvency and balance sheet strength?

BBVA …

- ✓ Balance sheet strength in a very complex environment
- ✓ One of the strongest entities in terms of capital and liquidity
- ✓ One of the least impacted by regulatory changes

Unstable financial markets that do not differentiate enough

Main drivers to return to normal

- Macro
- Regulation
- Micro

BBVA outstands in the key factors for future differentiation

- Recurrent results generation capacity
- Good asset quality and foresight capacity
- Solvency and balance sheet strength

Goldman Sachs

European Financials Conference

BBVA

Strength in turbulent times

Ángel Cano
President & COO

Madrid, June 11th 2010

Dow Jones Sustainability Indexes

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