BBVA

BBVA

Structural profitability

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Morgan Stanley
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Dow Jones Sustainability Indexes Member 2008/09 FTSE4Good KLD INDEXES ASPI ETHIBEL SUSTAINABILITY INDICES EXCELLENCE

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Structural profitability

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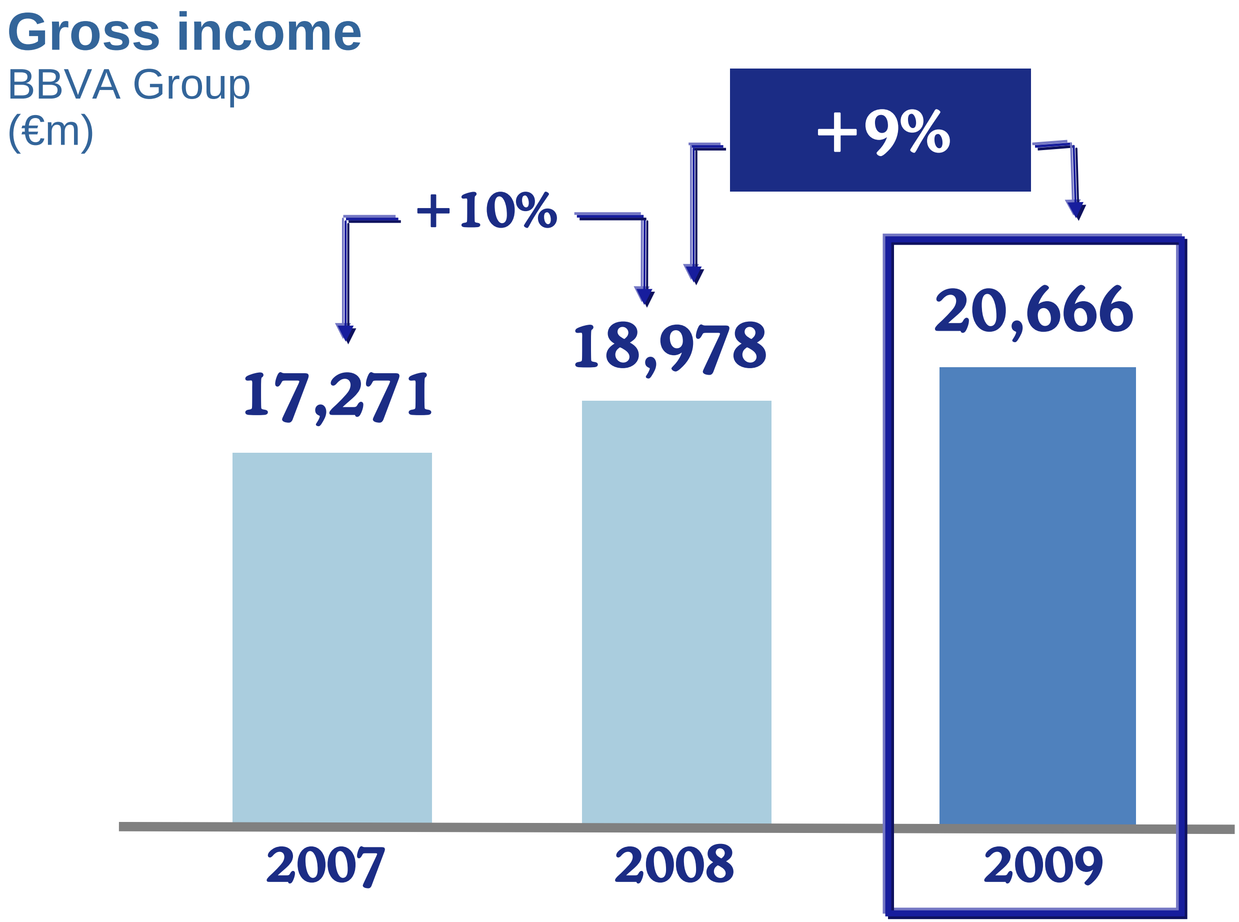
1. Strong operating income trends
2. Asset quality outlook maintained
3. Successful business model
4. Winner in Basel III
5. Attractive investment case

Record revenues in 2009 with high growth throughout the crisis



+13% in constant € in 2009

With significant contribution from all business units

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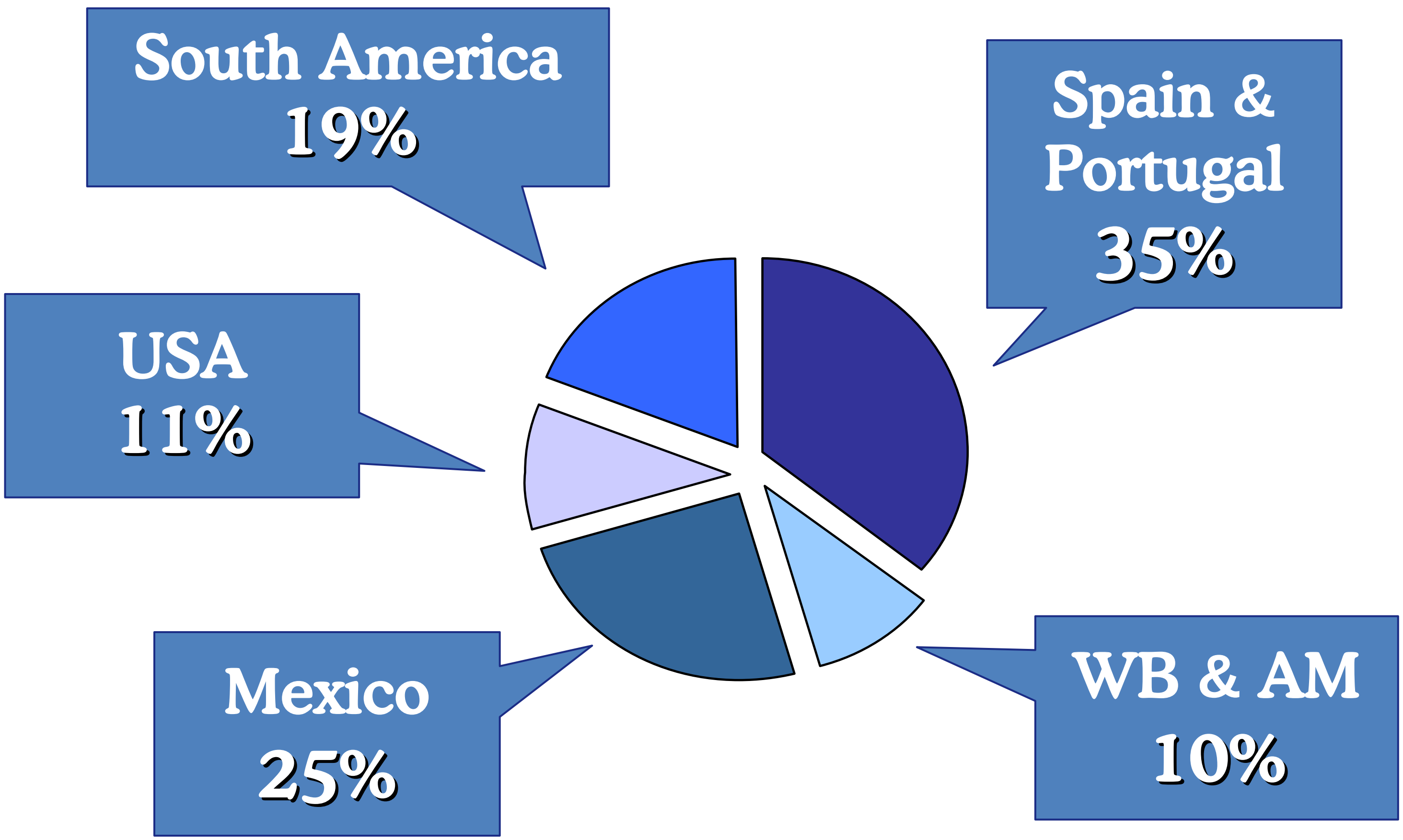
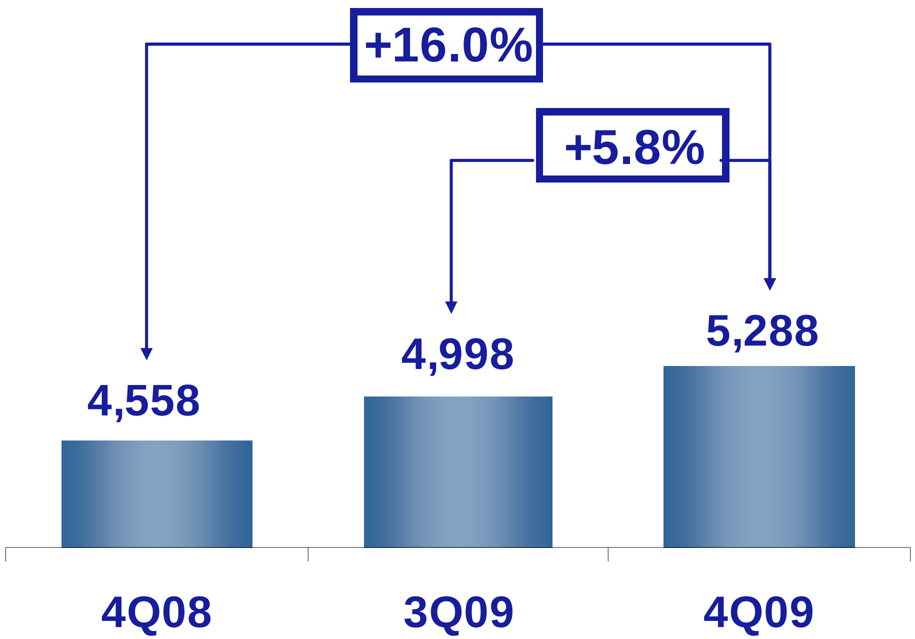
Breakdown of gross income by business unit - 2009

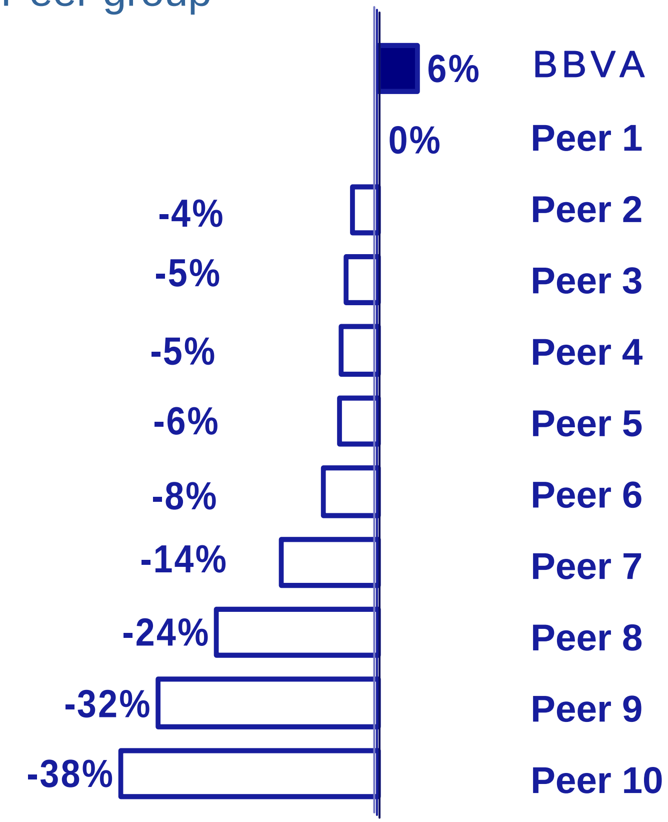


With strong 4Q in quantity and quality of revenues

Gross income
BBVA Group
Quarter-by-quarter
(€m)



Gross income
4Q09-3Q09 change
Peer group

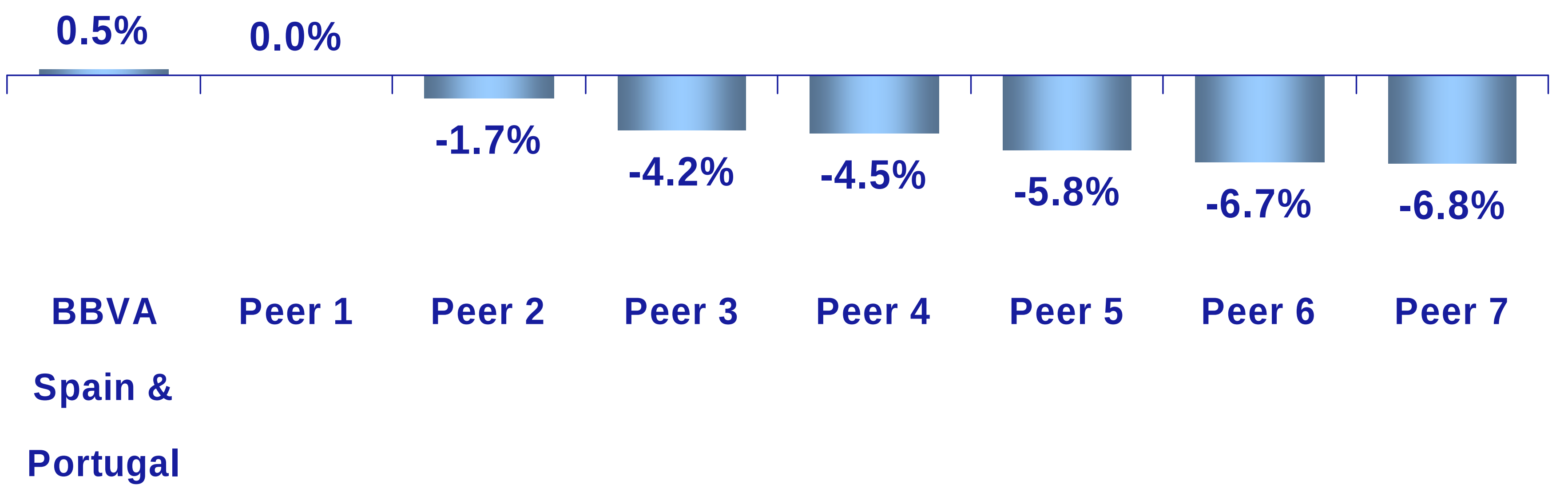


Trading income only 7% of 2009 revenues

Peers: BNPP, CASA, CMZ, CS, DB, ISP, SAN, SG, UBS, & UCI.

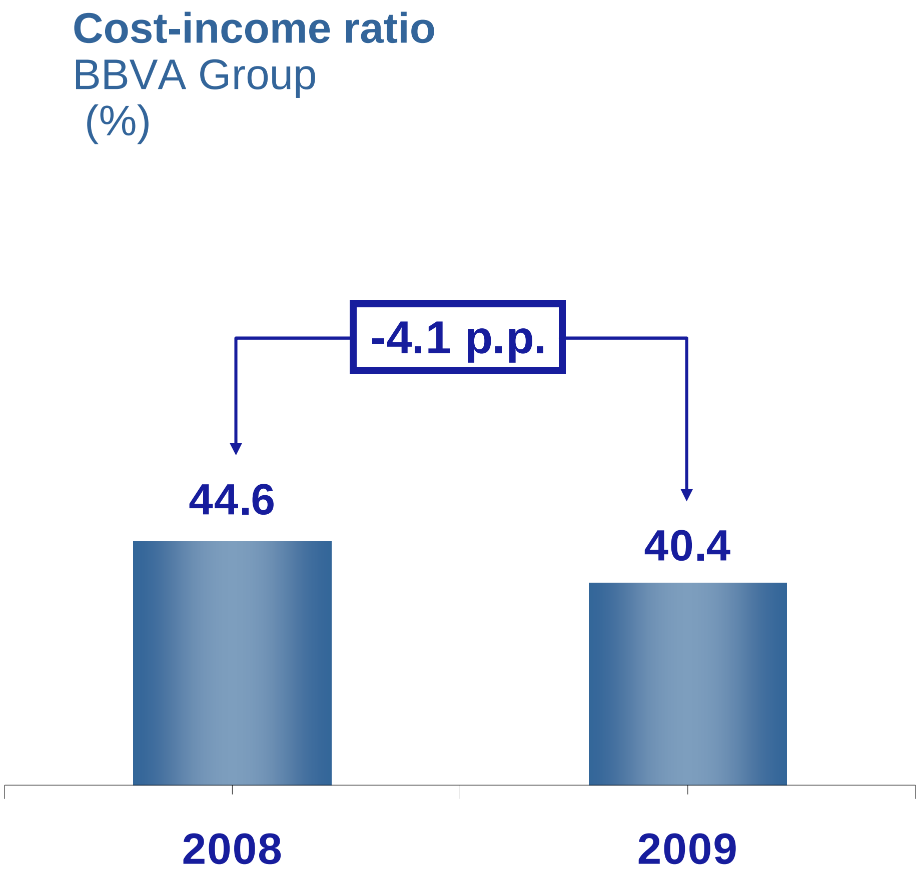
Specially remarkable NII performance in Spain

Net interest income
4Q09-3Q09 change



Peers: Popular, SAN Spain Network, Sabadell, Banesto, La Caixa, Caja Madrid, Bankinter

Outstanding cost control



The result of constant network and process reengineering and significant investments in IT and restructuring: BBVA's Transformation Plan

With efficiency gains in all business units

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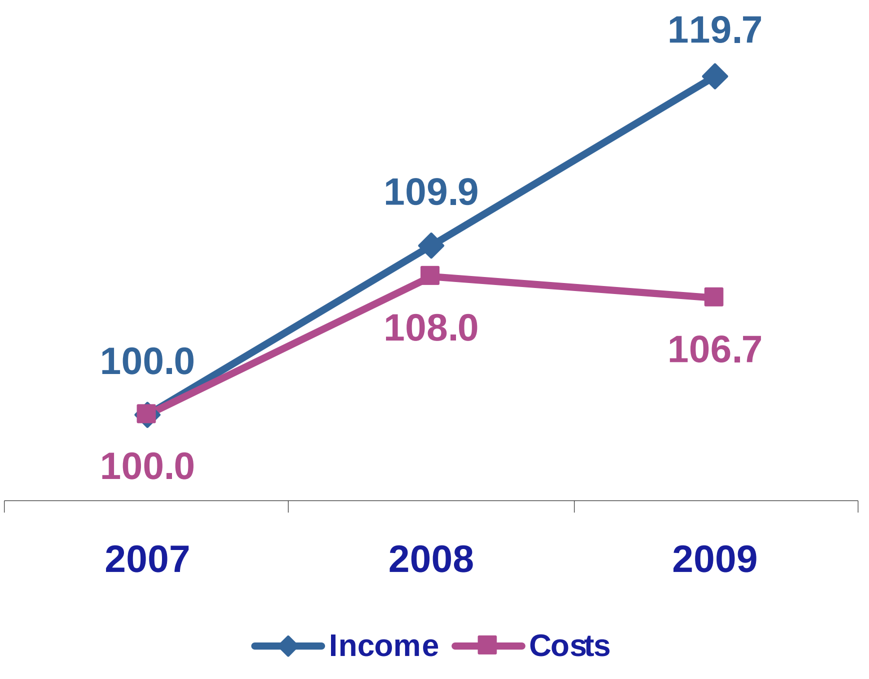
Cost/income ratio
BBVA Group and business areas
(%)

2009	Effic.	Change
BBVA GROUP	40.4%	-4.1 p.p.
Spain & Portugal	35.6%	-1.2 p.p.
WB&AM	28.1%	-1.2 p.p.
Mexico	31.9%	-1.3 p.p.
USA	59.9%	-5.9 p.p.
South America	40.6%	-3.9 p.p.

Total revenues and costs
BBVA Group
Full year
(Base 100: 2007)



High and stable growth of operating income, with a constant perimeter

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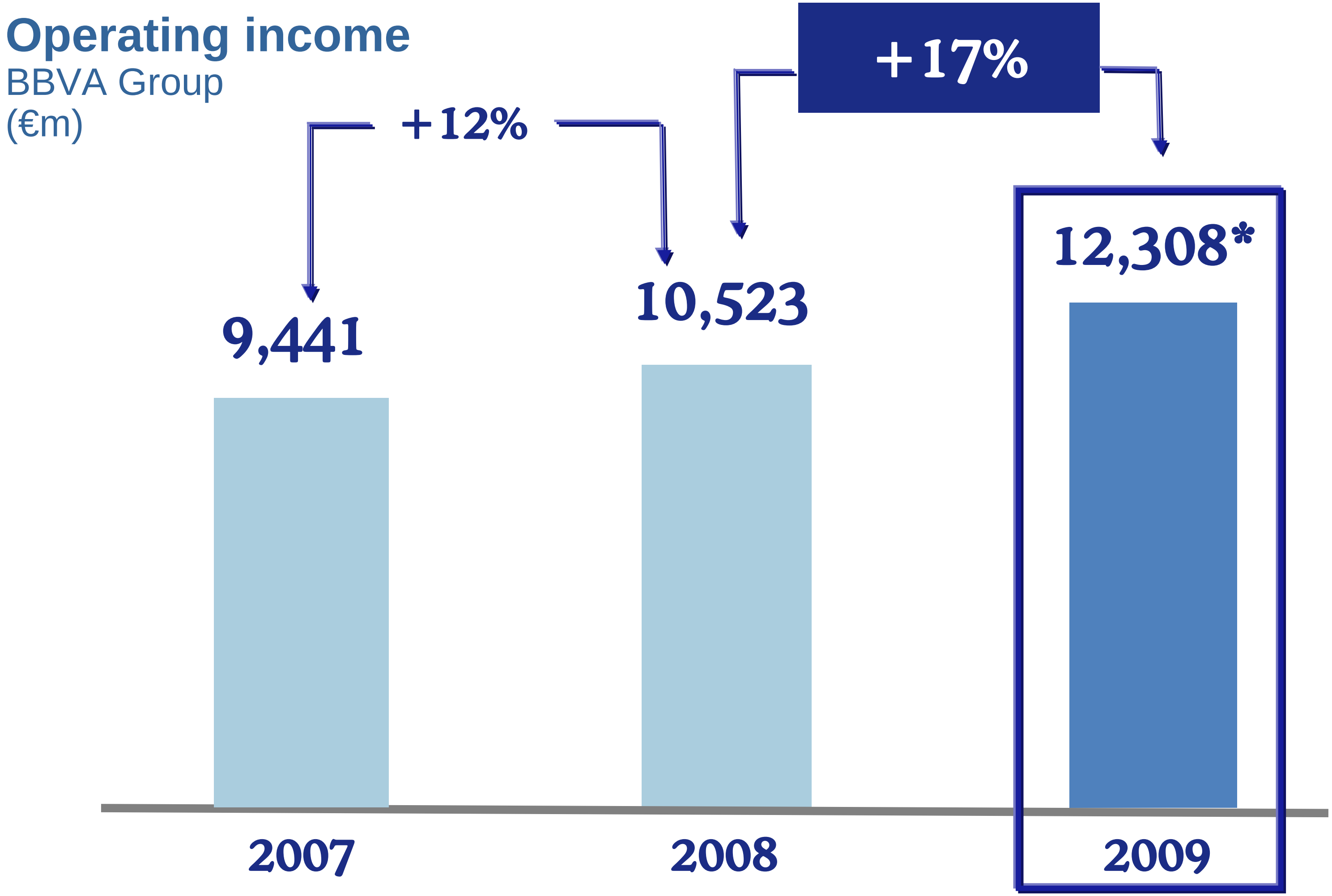

+22% in constant € in 2009

* Guaranty less than 0.5%

Structural profitability

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Spain and Portugal – Credit cycle update

NPL formation is down in 2010

Recoveries continue to increase

Asset quality deterioration has peaked

Better asset quality due to significant market share loss during the credit boom years

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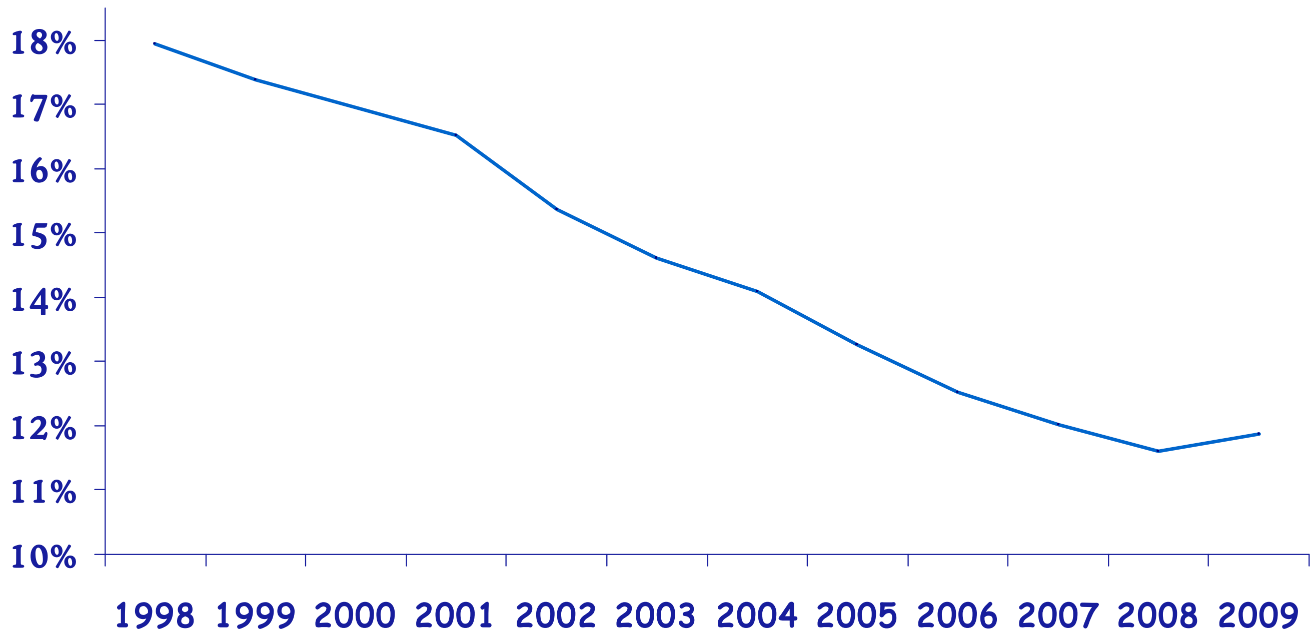
BBVA's lending share in Spain (%)



New entrants, such as foreign banks and the saving banks, grew aggressively in the high part of the cycle

Source: BBVA and Bank of Spain. Prior to 2000, pro-forma adding BBV and Argentaria

Higher risk segments have explained a large fraction of NPL formation

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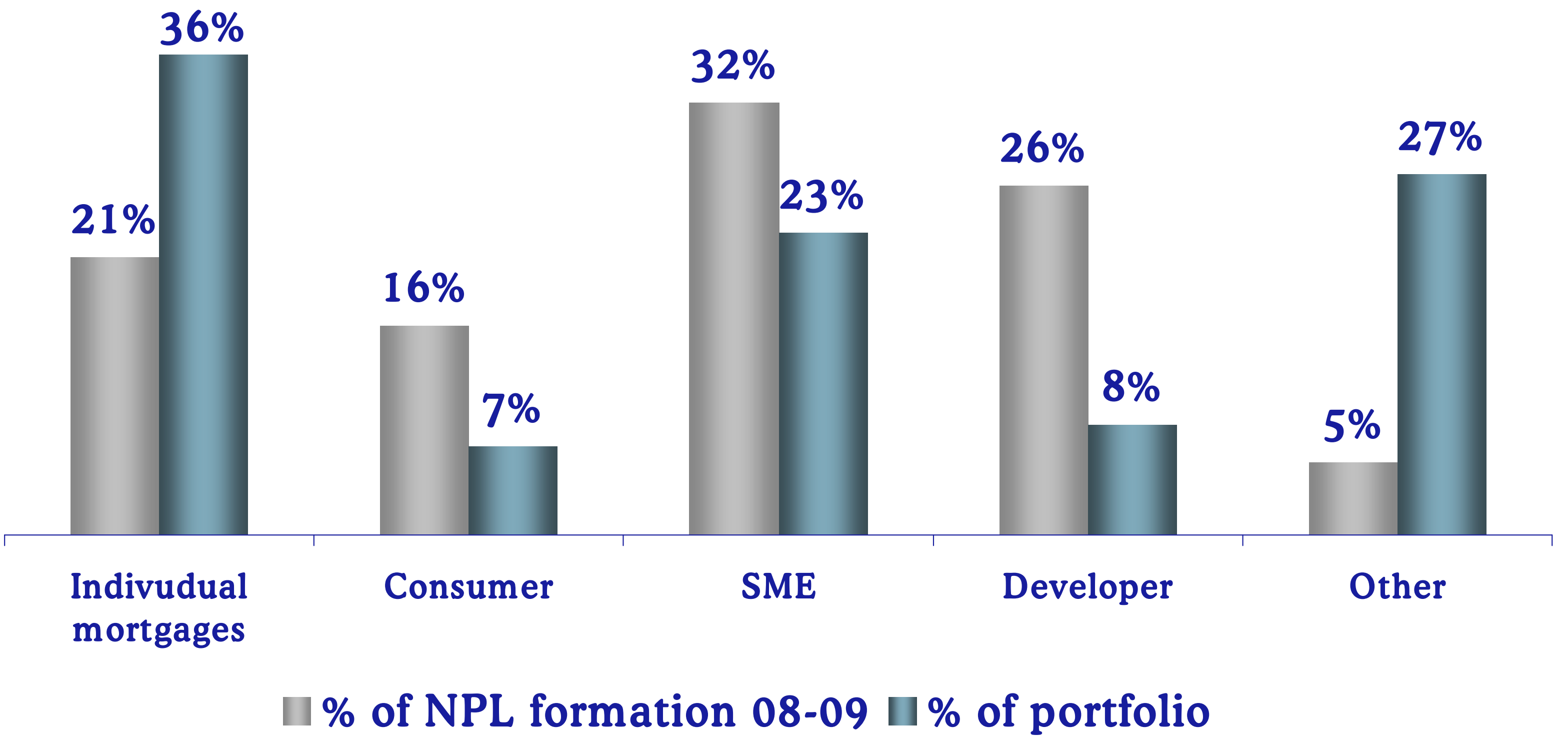

Contribution to NPL formation from Consumer and Developers is coming down, other segments stable or down

Recoveries continue to increase

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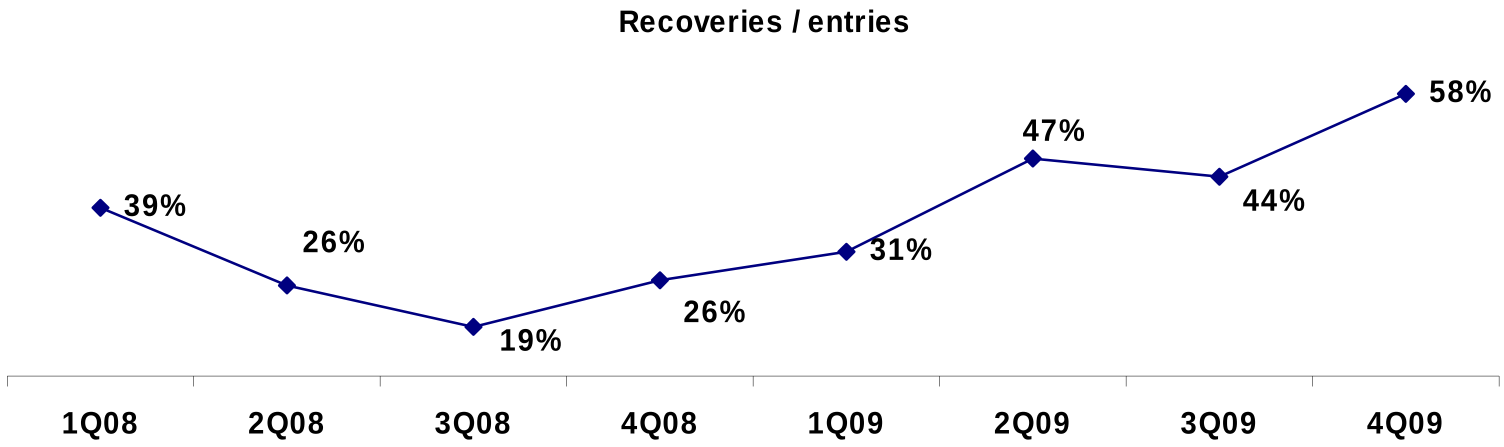
Recoveries tend to trail NPL formation by a couple of quarters



Risk premium will remain stable thanks to the Spanish anti-cyclical provisioning system

4Q09 excludes the anticipatory NPL reclassification done in the quarter to show underlying recovery trend. Including the €1.8 Bn of performing loans that were reclassified as subjective NPLs.

Mexico – Credit cycle update

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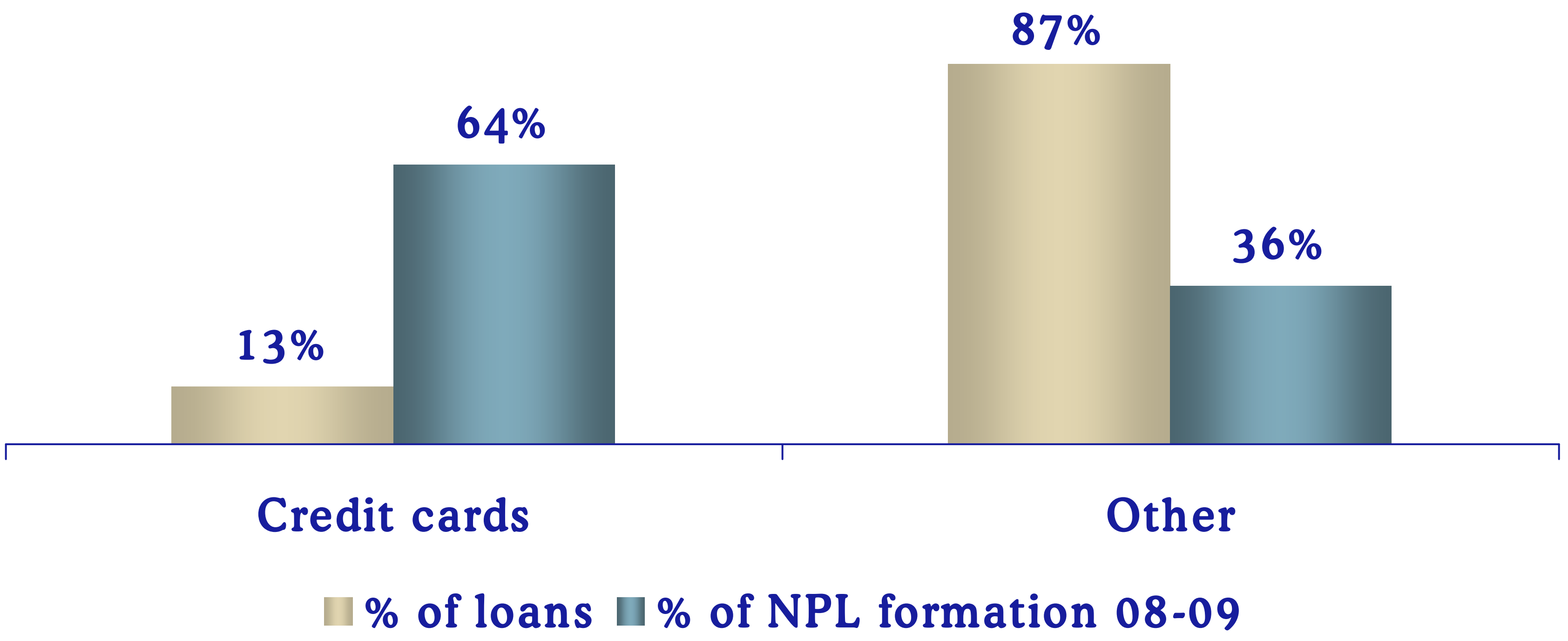
Credit cards explain most of the asset quality deterioration and provisions

Credit card asset quality improving

Risk premium has peaked in 2009

Credit cards have explained most of the asset quality deterioration and provisions



Credit cards have passed the NPL peak

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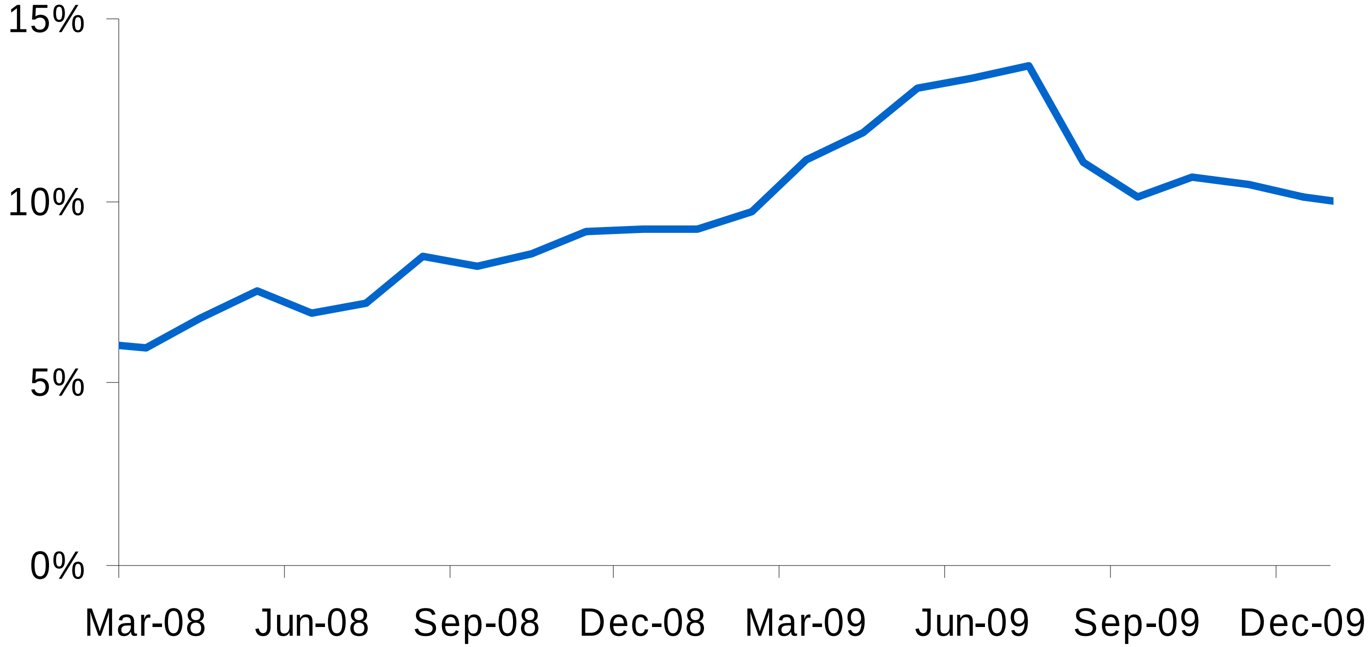
Credit Cards – NPL Ratio



BBVA Bancomer's risk premium has peaked in 2009

USA – Credit cycle update

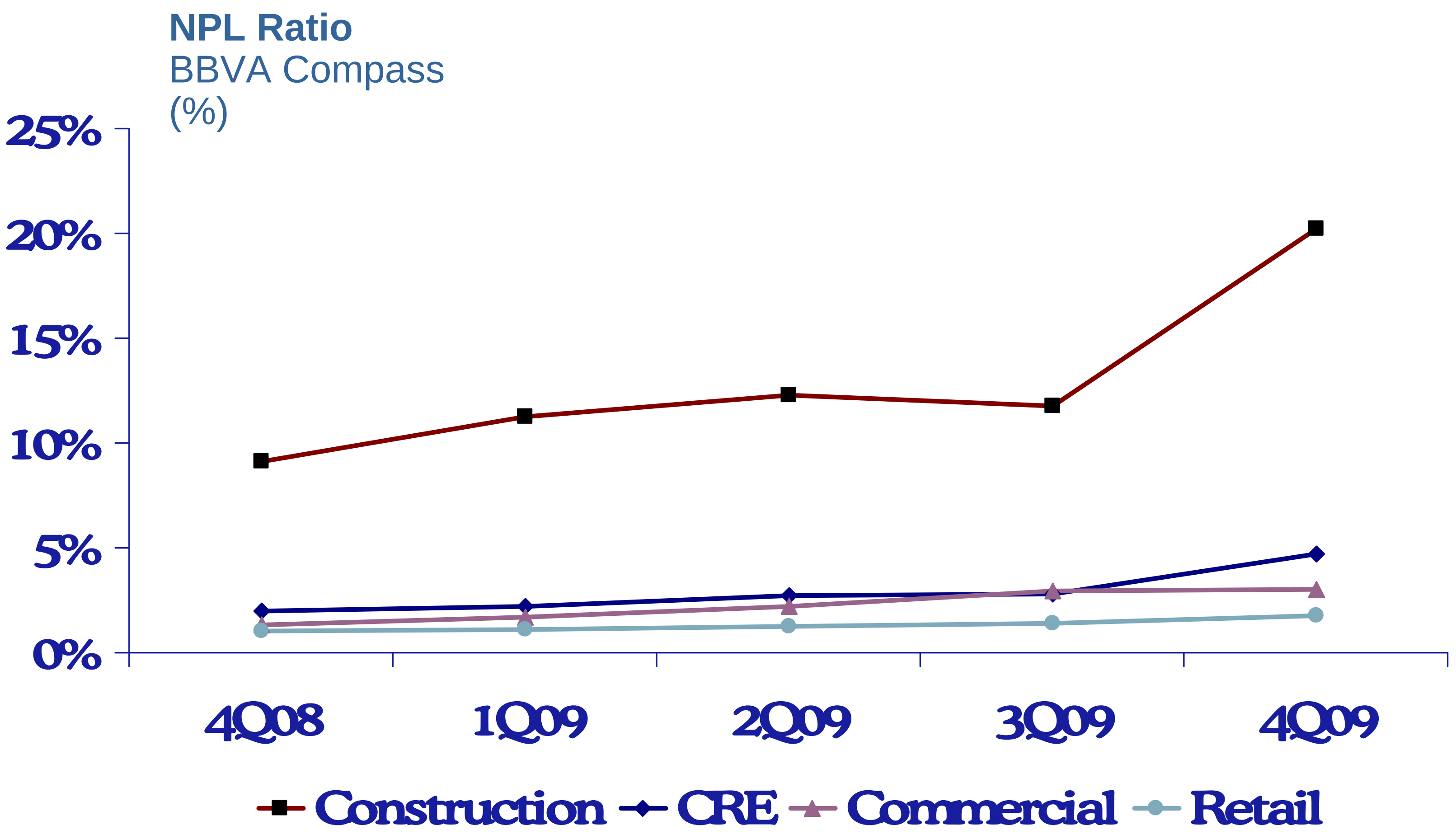
CRE still a challenge, specially Construction loans

Other segments performing well

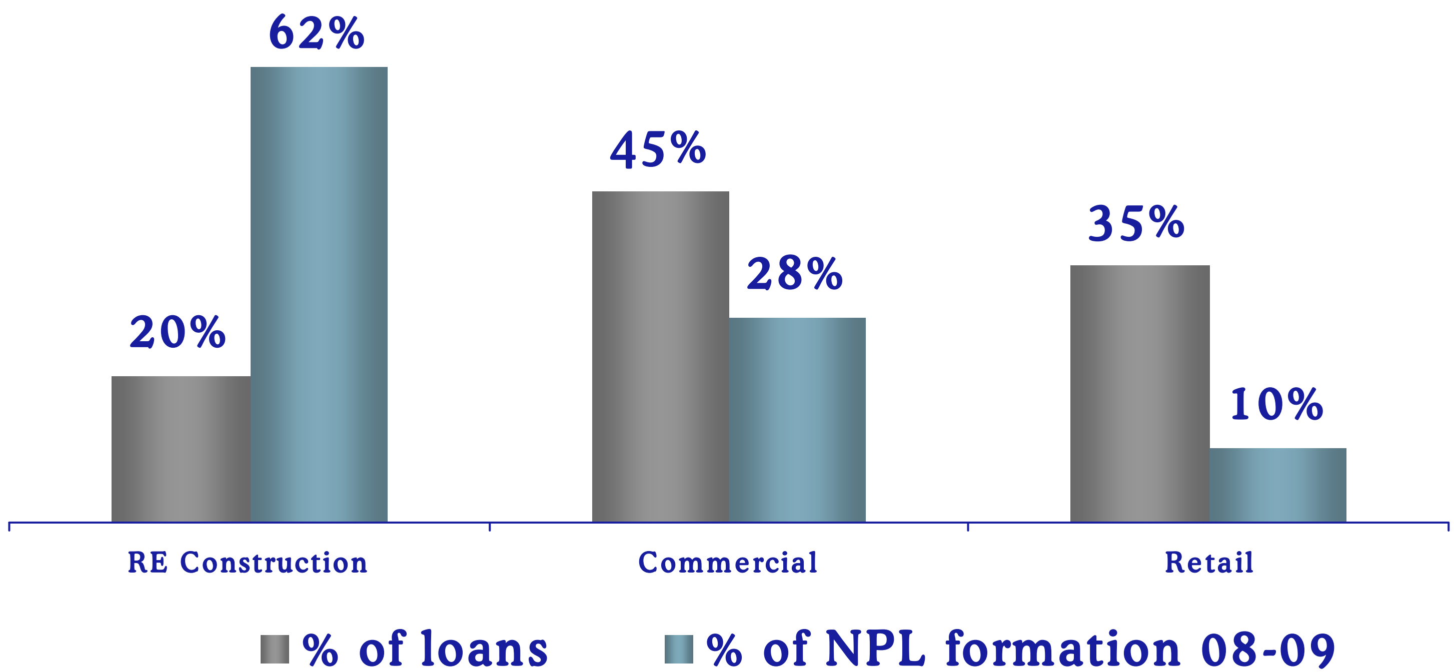
Non-construction CRE expected to perform better due to high quality mix and safer geographical exposure

Provisions will remain high in 2010, but risk premium has peaked in 2009

All sectors perfoming well, except RE Construction



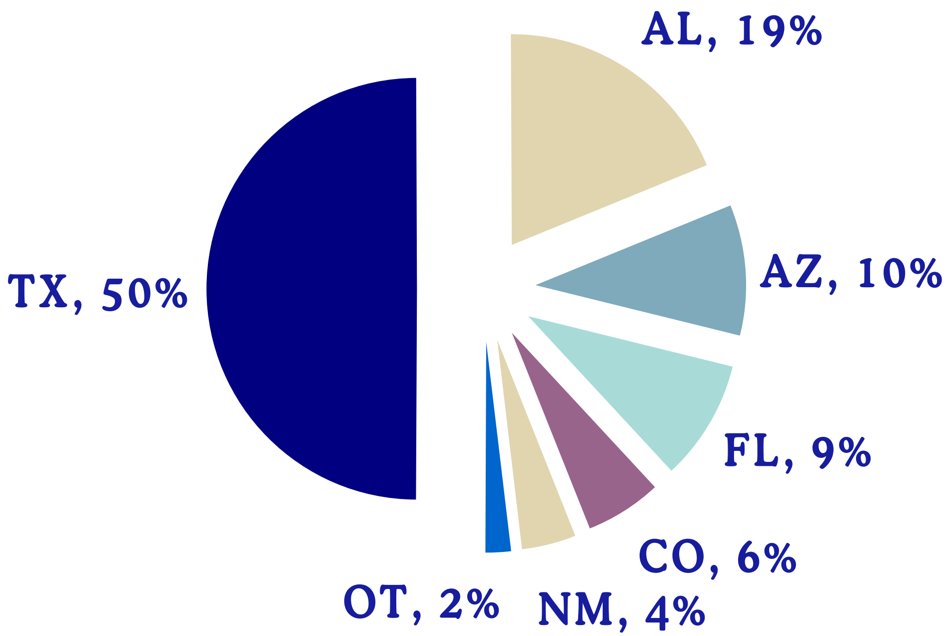
RE construction explains most of the asset quality deterioration and provisions



RE Construction: High NPL recognition for a book that is 50% in Texas. 63% of NPL's original value has been provisioned or charged off

Non-construction CRE expected to perform better due to good quality mix and safer geographical exposure

Non – construction CRE



48% of BBVA Compass' Non-construction CRE portfolio is not directly linked to the RE "rental" cycle (owner-occupied/industrial).

Asset quality outlook maintained

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Spain & Portugal	Asset quality deterioration has peaked, risk premium to remain stable
Mexico	Credit card asset quality improving Risk premium down
USA	Provisions will remain high in 2010, but risk premium has peaked in 2009

Structural profitability

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Successful business model

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High structural profitability

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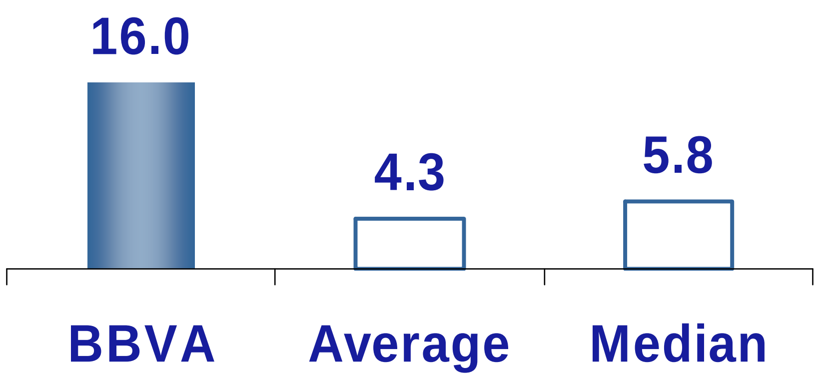
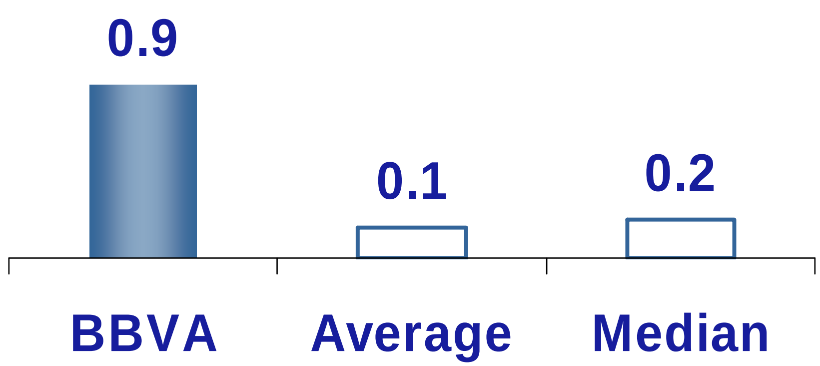
Significant presence in attractive emerging markets

Despite high provisioning and other negative one-offs in 2009, BBVA maintains a leadership position in profitability

ROE
Peer Group 2009
(%)



ROA
Peer Group 2009
(%)



BBVA's average historical ROE = 24%

Peers: BARCL, BBVA, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS and UCI. UK bank figures are latest available.

A high structural profitability that flows to our shareholders

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

No shareholder dilution during the crisis

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

BBVA is a more "productive" manager of its assets

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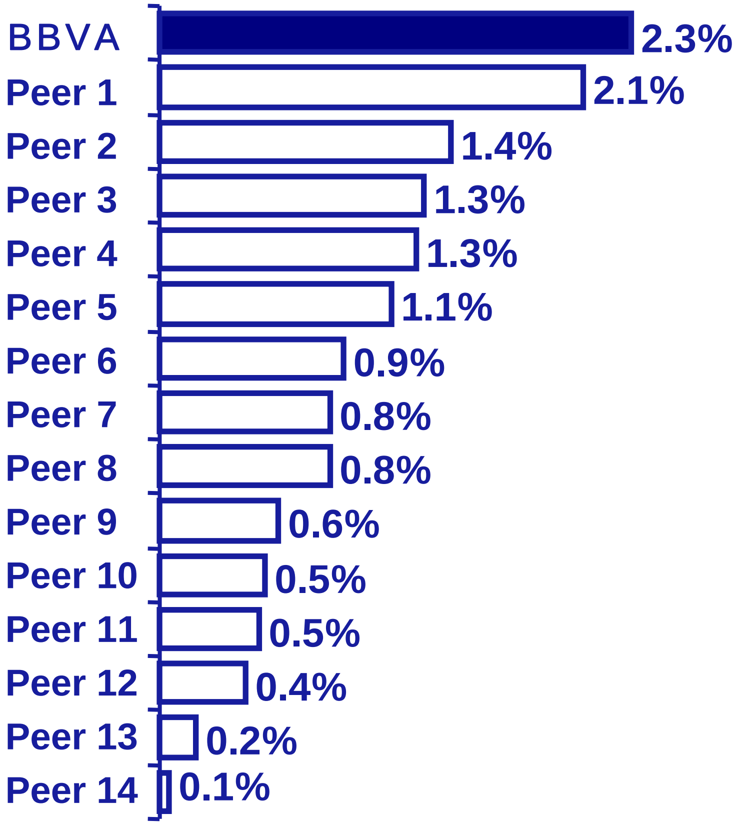
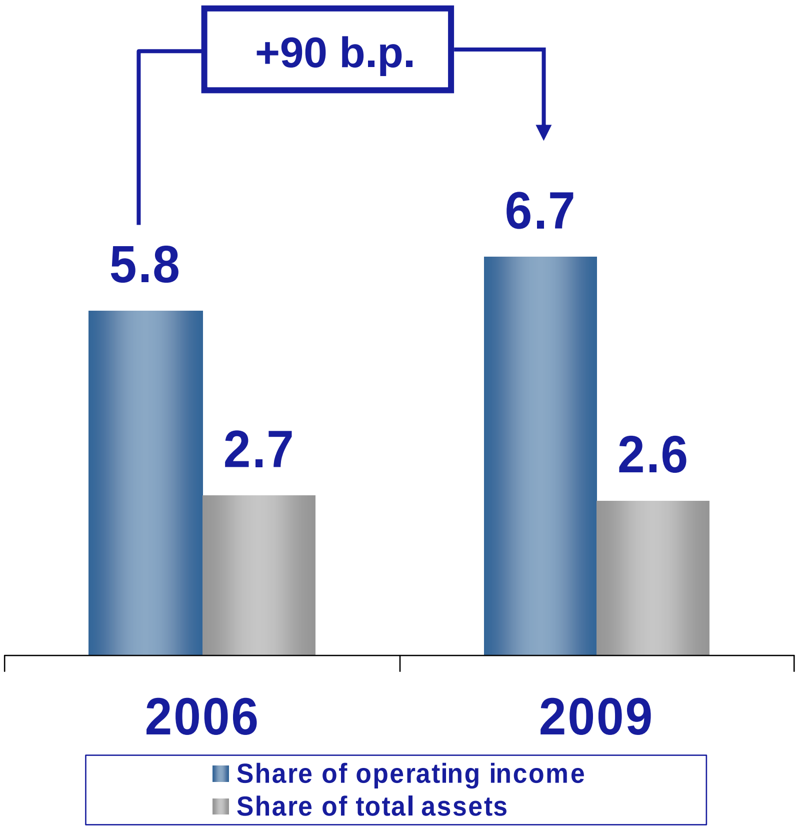
Operating Income vs Total Assets
Peer Group
(%, 2009)



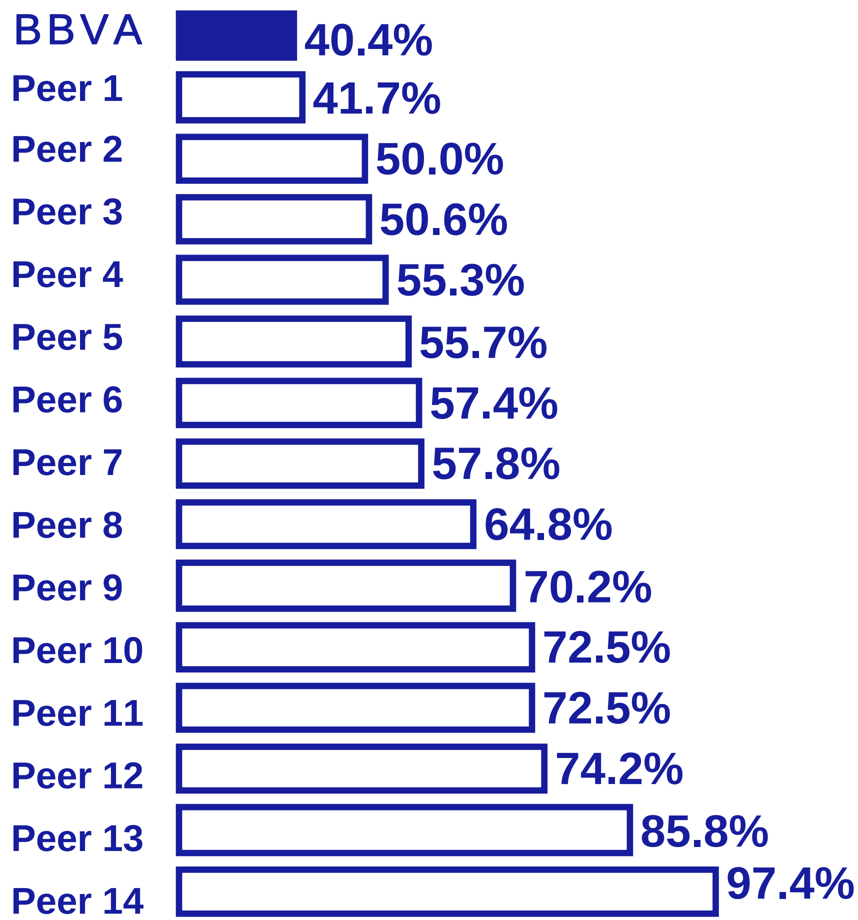
Share of operating income vs share of total assets
BBVA Group vs. peer group
(%)



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

And the leader in efficiency

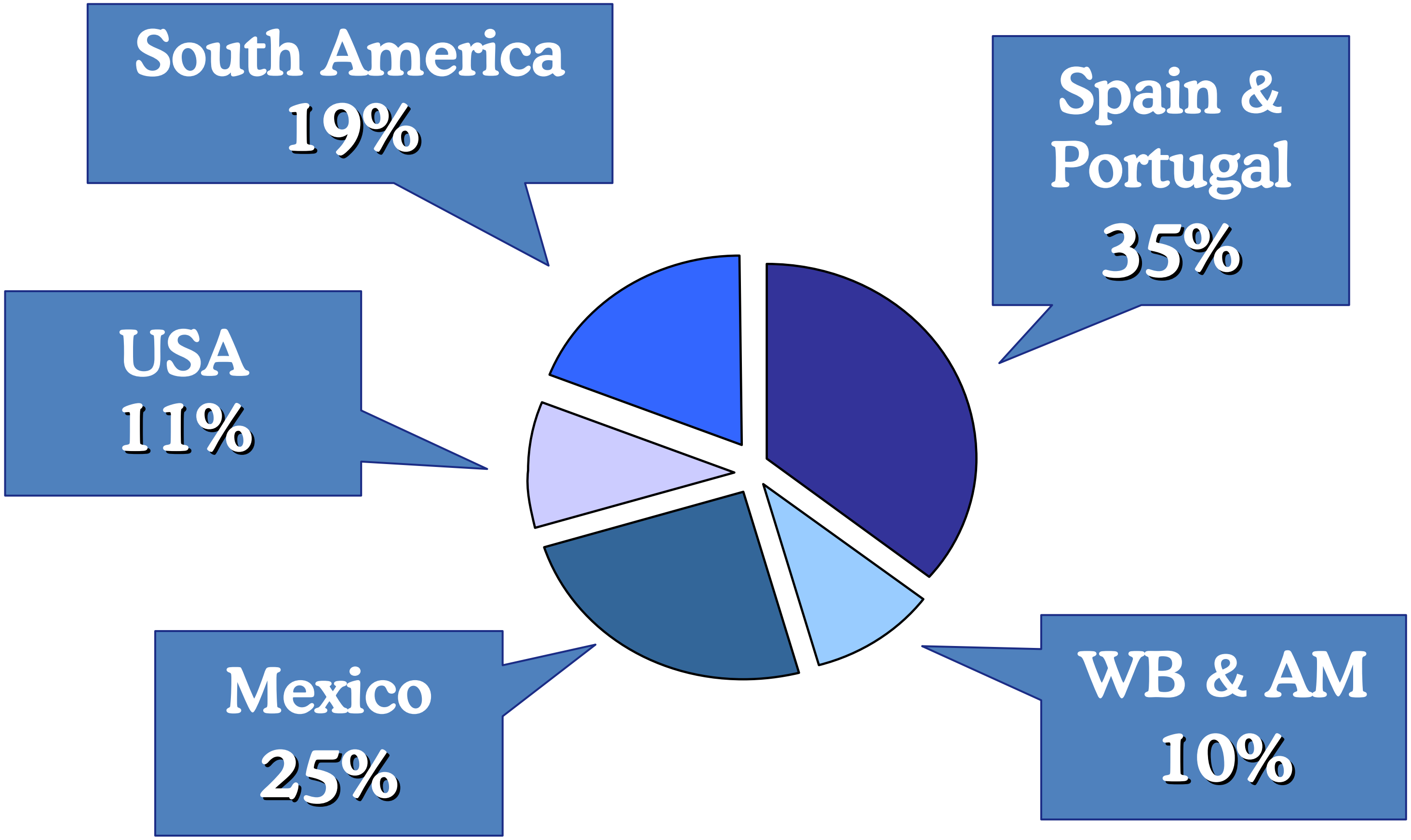
Cost/income ratio
Peer Group
(%, 2009)



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

Close to 50% of revenues already come from emerging economies

Breakdown of gross income by business unit - 2009



Emerging economies with superior growth prospects

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	2010 GDP growth	
Mexico	3.8%	The leading bank in one of the most attractive banking markets of the world
South America	4.0%	A sizeable franchise becoming increasingly relevant to BBVA's earnings
China	9.3%	CITIC: a long term opportunity play, with current earnings delivery

Source: BBVA Research. Jan 2010.

Mexico and South America are particularly attractive

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Relevant mid-term trends

- Low credit penetration
- Favourable demographics
- Strong macroeconomic fundamentals
- No major public sector unbalances
- Sound banking system
- Favourable currency outlook

Positive business outlook for BBVA's franchises

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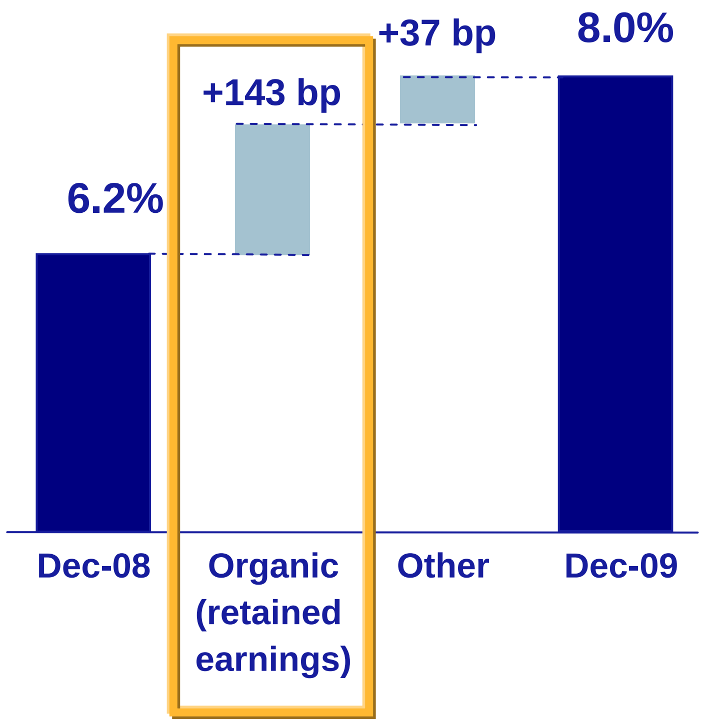
BBVA: strong organic capital generation

Core capital
BIS II
(%)



Tier I and total capital ratio
BIS II
(%)

Tier I	9.4%
Total capital ratio	13.6%

High quality capital with RWA / TA at 54.4%

BBVA is well-positioned for regulatory change on capital

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

Analysts estimate little impact to BBVA's capital from regulatory changes

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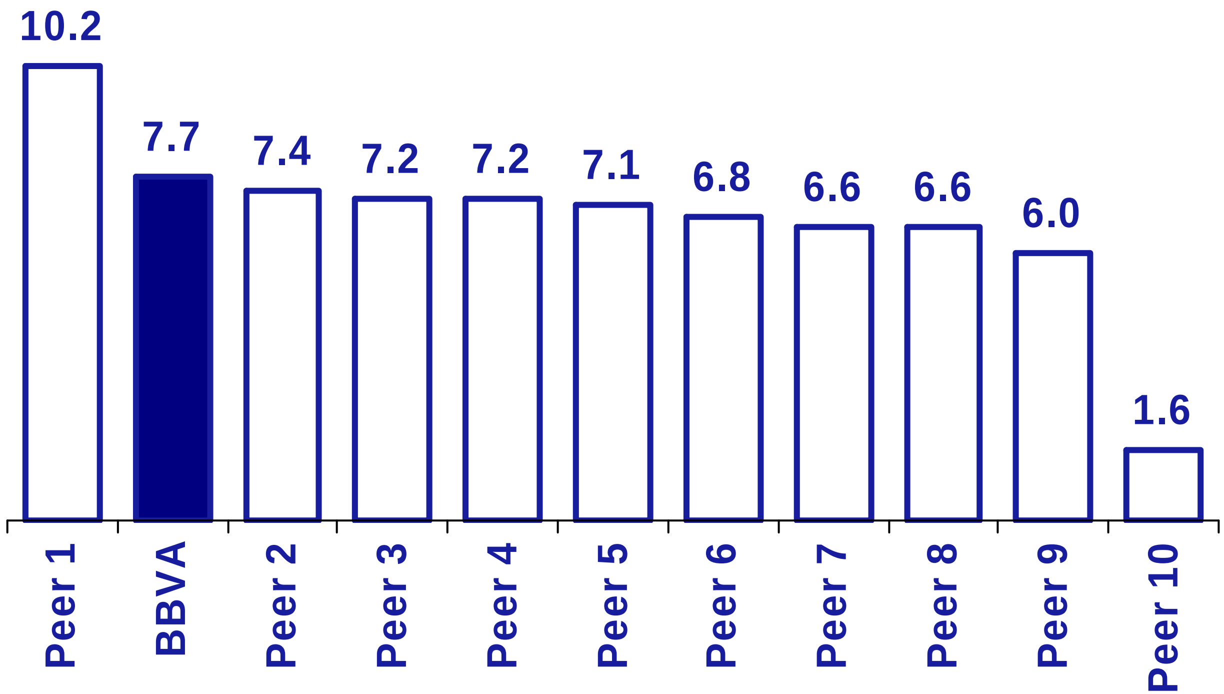
Core Tier I (e) 2012
Analyst's forecasts Basel III draft*



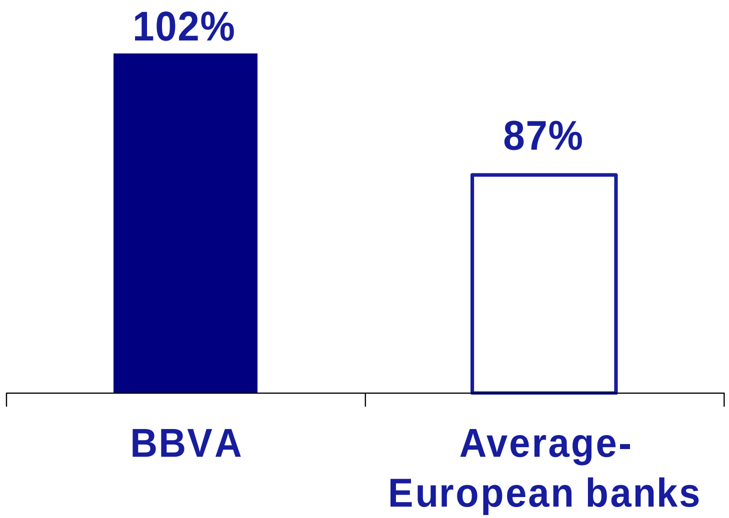
BBVA better positioned in the new environment

* Forecasts: Credit Suisse, Deutsche Bank, Keefe, B&W and Merrill Lynch

In liquidity regulation, BBVA ranks well in the new Net Stable Funding Ratio

BBVA

NSFR
BBVA Group vs. *European Banks* (%)



- Small balance sheet
- Large retail deposit base
- Long term wholesale funding

BBVA has the lowest wholesale refinancing needs of the peer group

Source: MS: Banks Regulation. 1/27/2010

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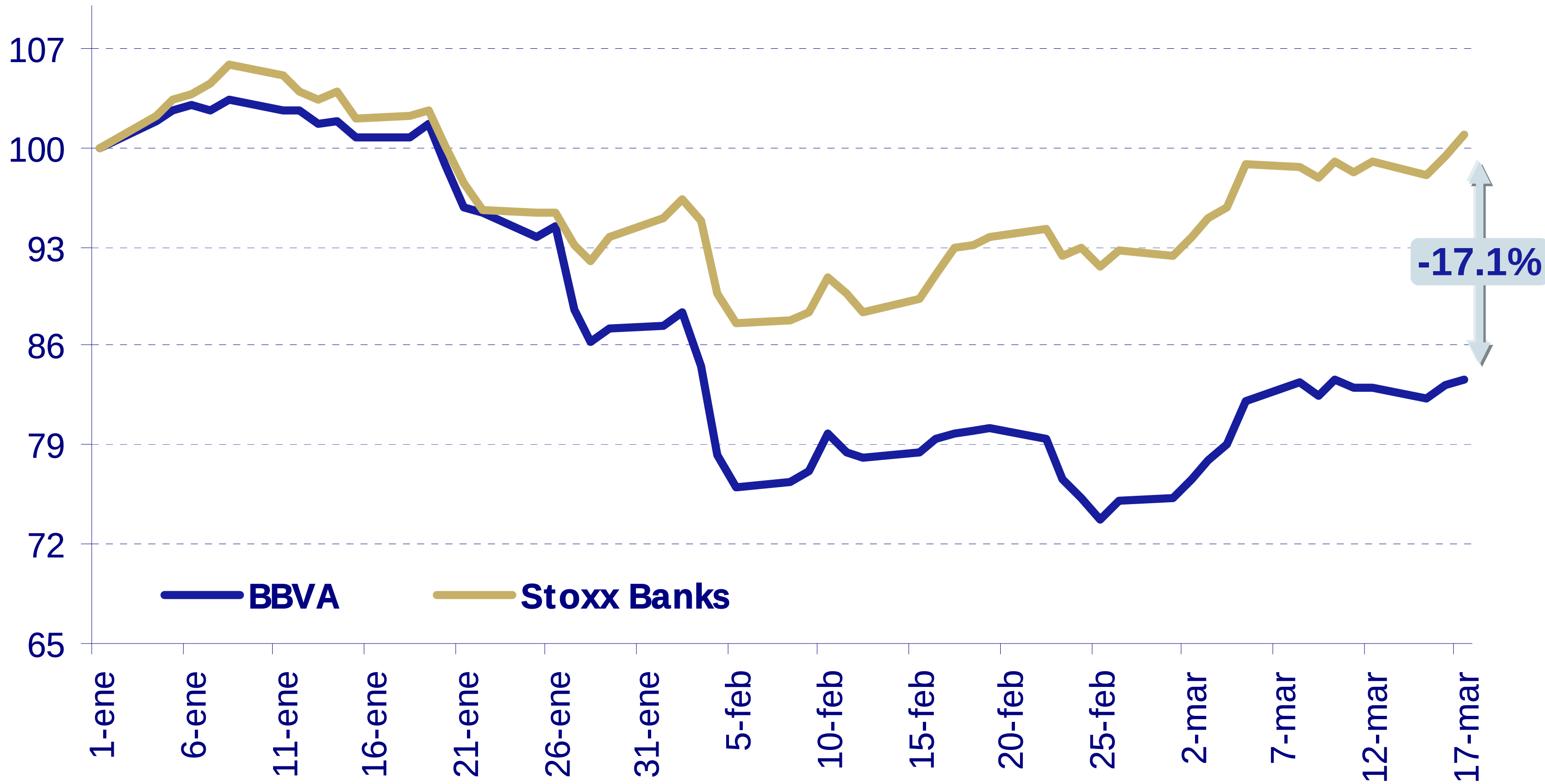
BBVA has significantly underperformed the sector YTD

Share price evolution
(Base 100: 01-01-10)



And remains undervalued relative to the sector

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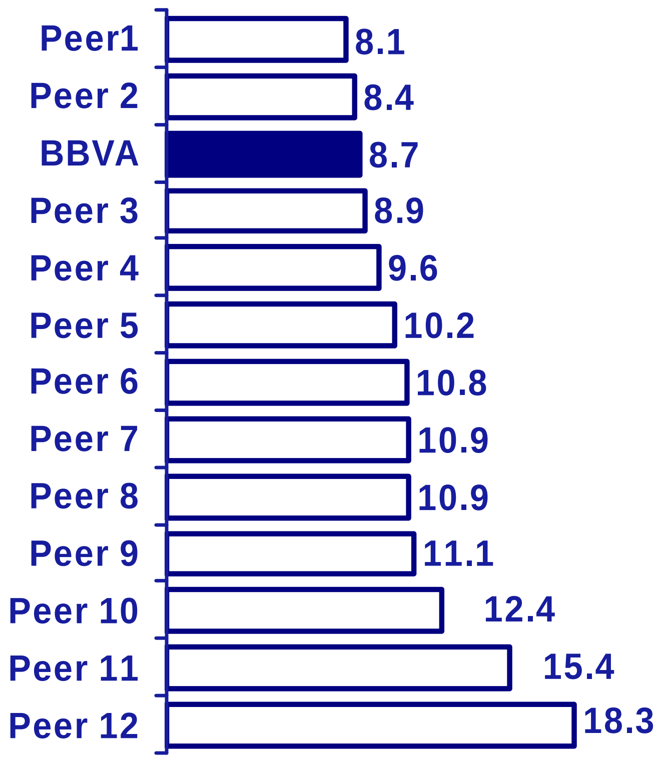
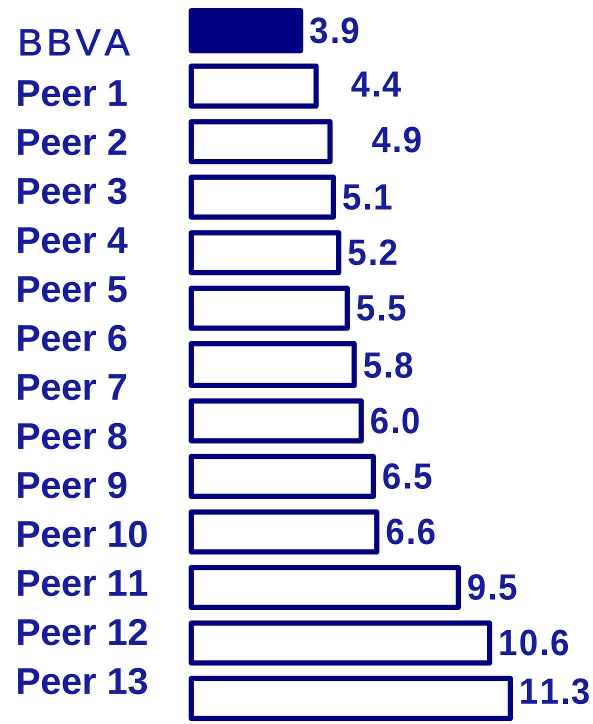
Price Earnings Ratio
Peer Group
(2010e)



Market cap / Estimated operating Profit
Peer Group
(2010e)



Peers: BARCL, BNPP, CASA, CS, DB, HSBC, ISP, SAN, SG, UBS, LBG, UCI and RBS. RBS excluded form P/E and CS excluded form Market Cap/Estimated Profit as the ratio is not relevant.
Source: Bloomberg IBES Consensus as of 17 March 2010

BBVA is the leader in profitability

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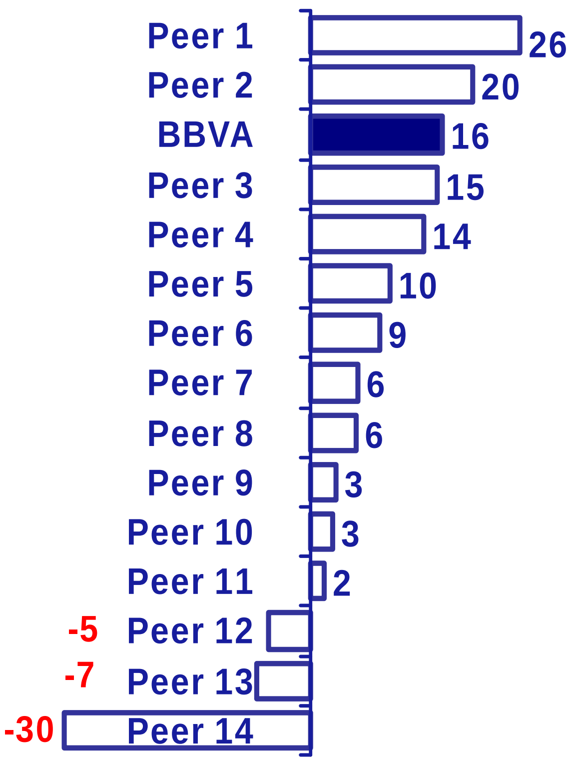
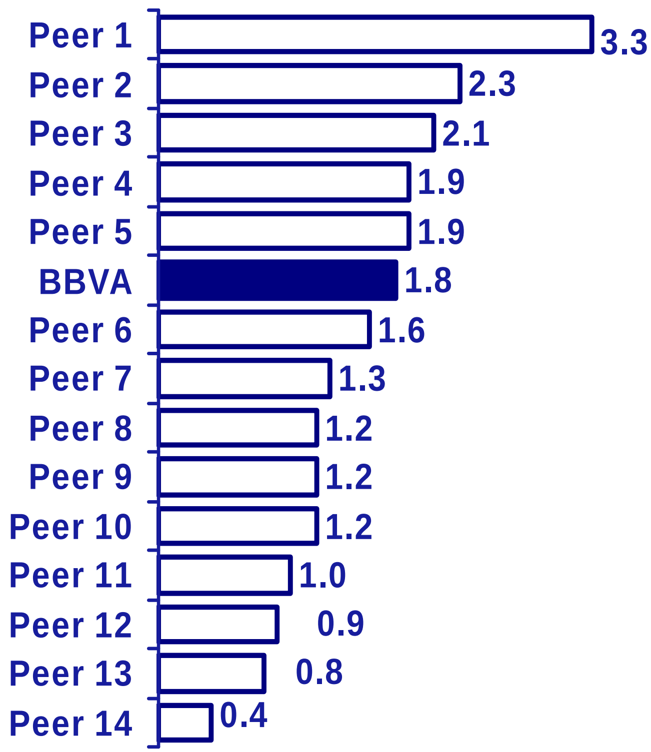
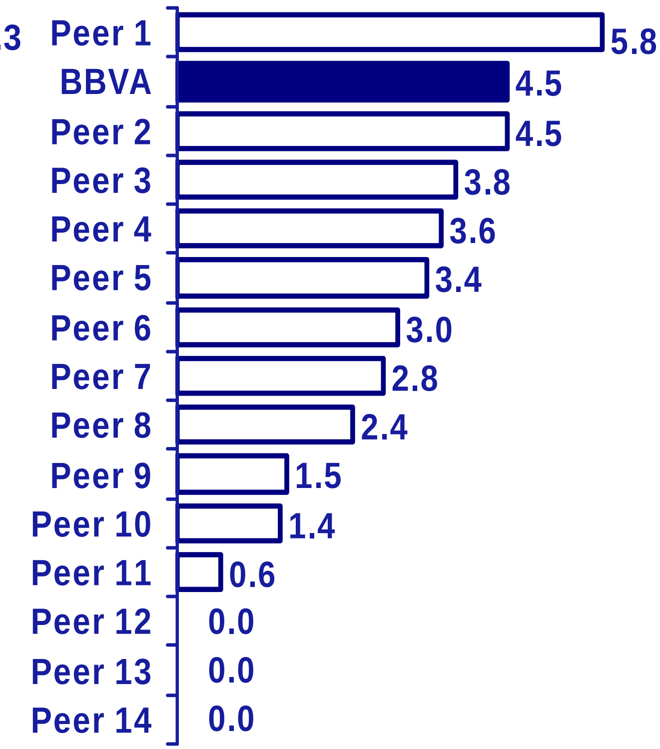
ROE
Peer Group
(%, 2009)



Tangible Price Book Value
Peer Group
(%, 2009)



Dividend Yield*
Peer Group
(%, 2010e)



Peers: BARCL, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, RBS, SAN, SG, UBS, LBG & UCI.
* Dividend Yield 2010e calculated as Consensus estimate DPS 2010 and current market share prices (03/17/2010)

BBVA, an attractive investment case

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Strong operating income trends

Asset quality outlook maintained

Successful business model

Winner in Basel III

High structural profitability and better positioned for the new cycle

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ASPI
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