

BBVA

BBVA, Strengths & Fundamentals

Goldman Sachs Yankee FIG Conference

December 2012

Disclaimer

This document is only provided for information purposes and does not constitute, nor must it be interpreted as, an offer to sell or exchange or acquire, or an invitation for offers to buy securities issued by any of the aforementioned companies. Any decision to buy or invest in securities in relation to a specific issue must be made solely and exclusively on the basis of the information set out in the pertinent prospectus filed by the company in relation to such specific issue. Nobody who becomes aware of the information contained in this report must regard it as definitive, because it is subject to changes and modifications.

This document contains or may contain forward looking statements (in the usual meaning and within the meaning of the US Private Securities Litigation Act of 1995) regarding intentions, expectations or projections of BBVA or of its management on the date thereof, that refer to miscellaneous aspects, including projections about the future earnings of the business. The statements contained herein are based on our current projections, although the said earnings may be substantially modified in the future by certain risks, uncertainty and others factors relevant that may cause the results or final decisions to differ from such intentions, projections or estimates. These factors include, without limitation, (1) the market situation, macroeconomic factors, regulatory, political or government guidelines, (2) domestic and international stock market movements, exchange rates and interest rates, (3) competitive pressures, (4) technological changes, (5) alterations in the financial situation, creditworthiness or solvency of our customers, debtors or counterparts. These factors could condition and result in actual events differing from the information and intentions stated, projected or forecast in this document and other past or future documents. BBVA does not undertake to publicly revise the contents of this or any other document, either if the events are not exactly as described herein, or if such events lead to changes in the stated strategies and intentions.

The contents of this statement must be taken into account by any persons or entities that may have to make decisions or prepare or disseminate opinions about securities issued by BBVA and, in particular, by the analysts who handle this document. This document may contain summarised information or information that has not been audited, and its recipients are invited to consult the documentation and public information filed by BBVA with stock market supervisory bodies, in particular, the prospectuses and periodical information filed with the Spanish Securities Exchange Commission (CNMV) and the Annual Report on form 20-F and information on form 6-K that are disclosed to the US Securities and Exchange Commission.

Distribution of this document in other jurisdictions may be prohibited, and recipients into whose possession this document comes shall be solely responsible for informing themselves about, and observing any such restrictions. By accepting this document you agree to be bound by the foregoing Restrictions.

Europe: progress towards a genuine monetary union

New ECB focus
on financial
stability

Sept. 6th announcements

- Unlimited purchases of sovereign debt
- No seniority over other debt holders
- Focus on shorter part of the curve

Commitment
towards a
banking union

Main Pillars

- Capital and liquidity single rule book
- European Supervisor
- A common resolution framework and deposit guarantee scheme

- Anchoring risk premium expectations
- Tail risk diminishing

Despite difficulties, it is a trip of no return

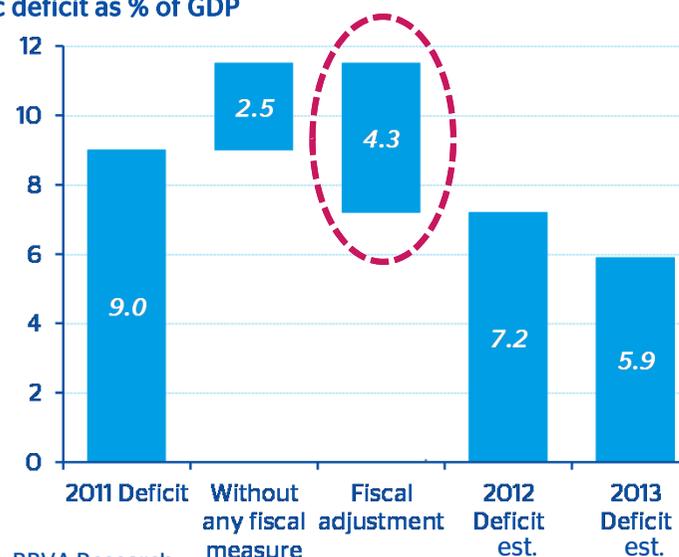
Spain is addressing the fiscal consolidation and the final stage of the financial sector restructuring

Fiscal consolidation

- Unprecedented fiscal effort in 2012 (> 4 pp. of GDP)
- Mechanism to control Regions' accounts by Central Government
- Spain needs time



Public deficit as % of GDP



Source: BBVA Research

Private sector adjustment

- Fast adjustment in current account balance driven by strong exports
- Significant reduction of household debt, reaching pre-crisis levels

Financial sector reform

- Banking sector needs (<€60Bn) widely below €100 Bn. available from EMU
- Advances in the definition and structure of the Bad-Bank, to be operating by year-end



BBVA

BBVA, A solid financial profile in the current adverse market conditions

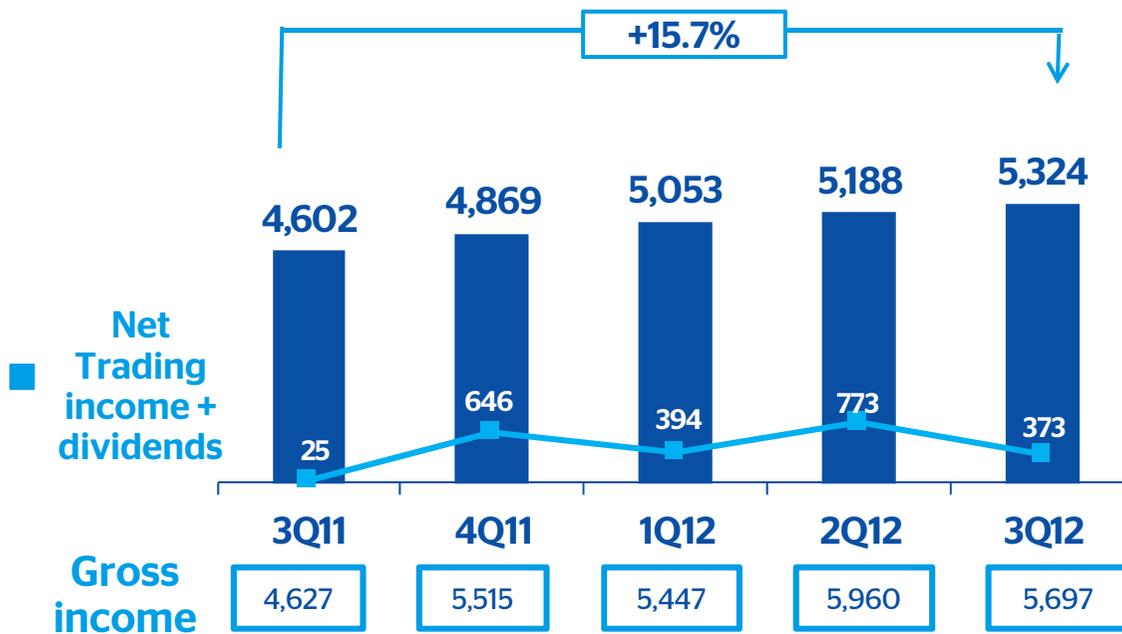
1 Top line growth in all geographies

2 Superior asset quality

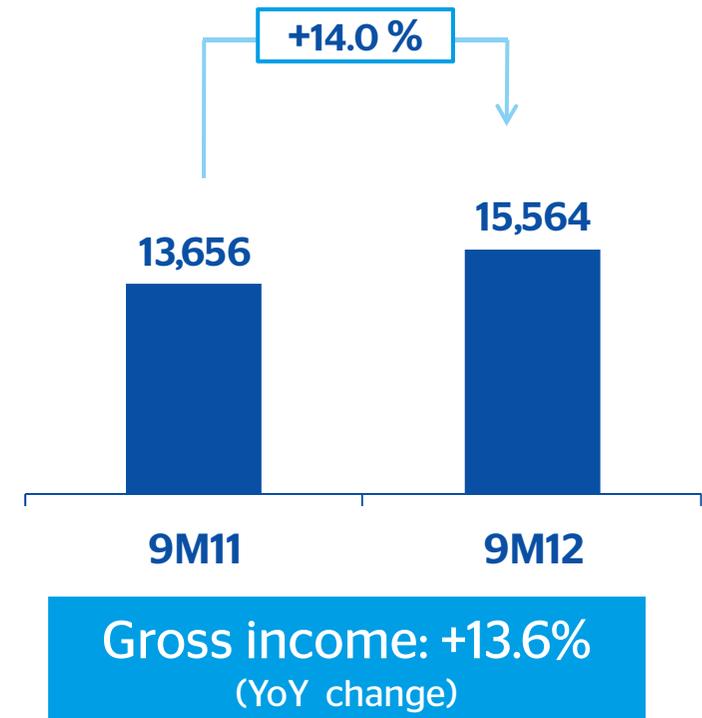
3 Balance sheet strengthening

Strong recurring gross income...

Recurring gross income ⁽¹⁾
BBVA Group. Quarterly data
(€ Mn.)



Recurring gross income
BBVA Group. 9 month figures
€Mn.



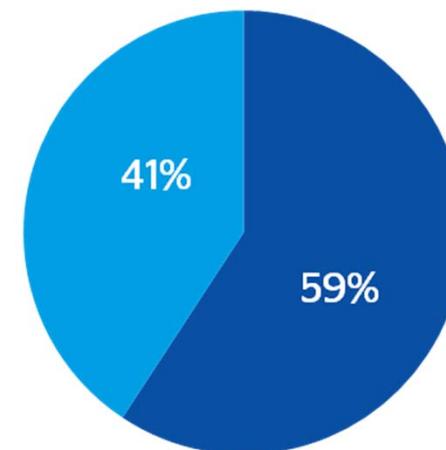
(1) Recurring gross income includes gross income net of trading income and dividends.

Recurring gross income ⁽¹⁾
(€ Mn.)

	9M12 (Year to date €Mn.)	9M12 vs. 9M11 (Constant € %)
Spain	4,936	5%
Eurasia	1,532	24%
Mexico	4,217	8%
South America	3,899	26%
USA	1,691	2%

Recurring gross income ⁽¹⁾
BBVA Group
(9M12 breakdown by market type) ⁽²⁾

Developed



Emerging

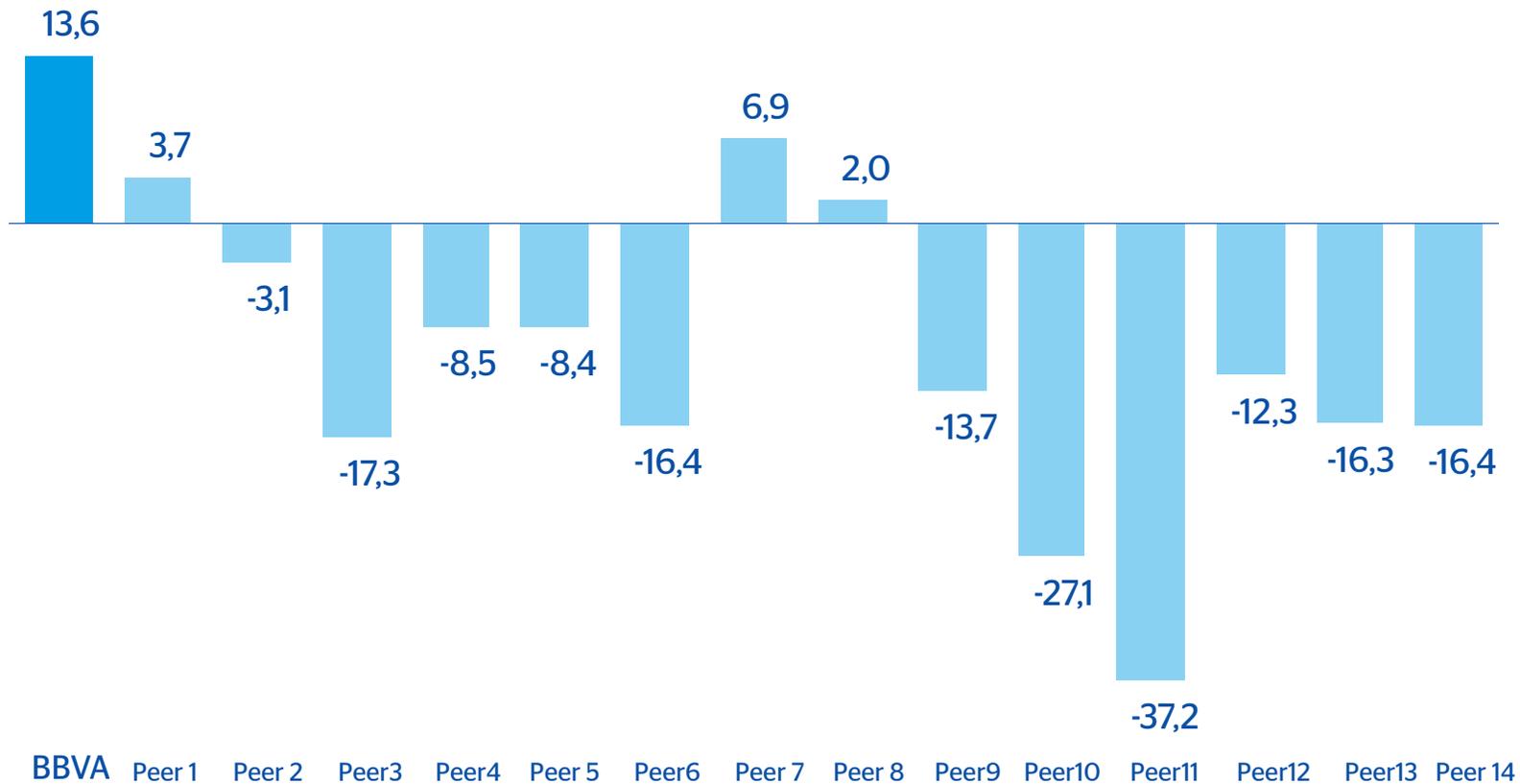
Including regulatory impact and Guaranty loan portfolio attrition: -5%

(1) Recurring gross income includes gross income net of net trading income and dividends

(2) Excluding Corporate Activities.

European banks 9M12 results: Drop in revenues. BBVA the most relevant exception

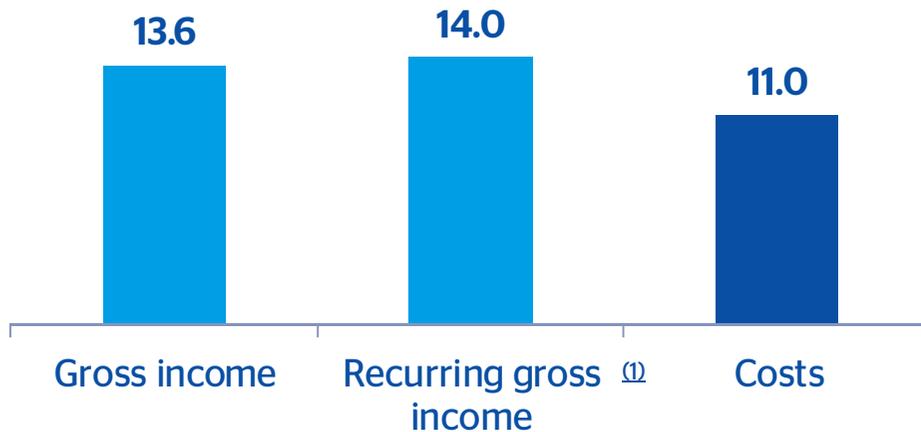
Gross income change, 9M12/11 (%)



Gross income growing faster than costs

Gross income vs. costs

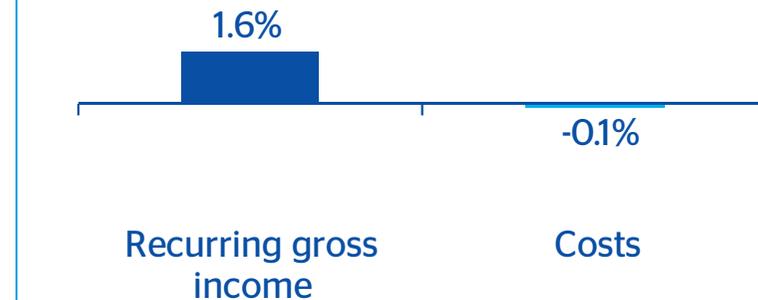
BBVA Group
(Y-o-y change)



- Efficiency improves and leadership position maintained vs. peer group
- Capitalizing on the investment plans of previous quarters

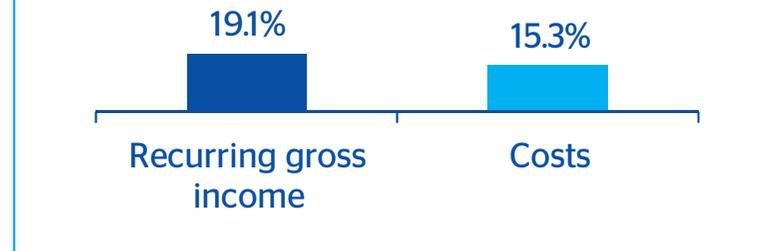
Developed mkts

Year on year change to date
€ (constant) %



Emerging mkts

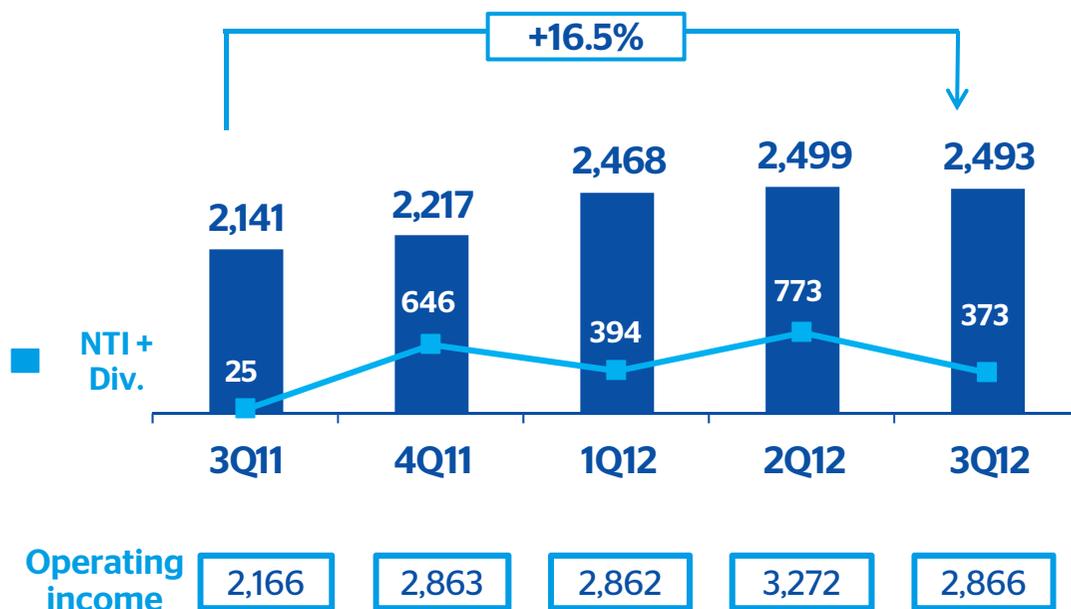
Year on year change to date
€ (constant) %



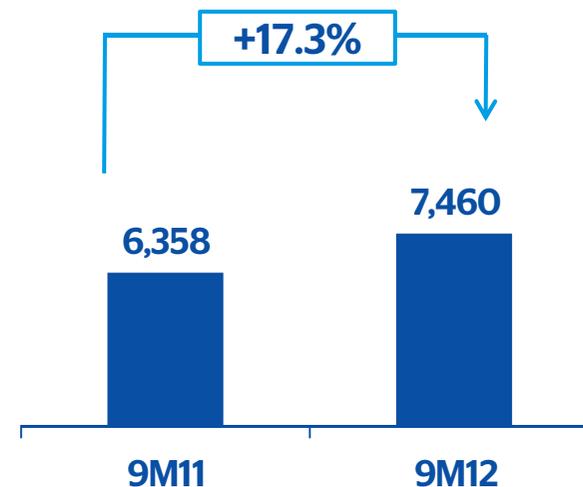
⁽¹⁾ Recurring gross income includes gross income net of trading income and dividends.

Solid operating income, remaining at high levels

Recurring operating income ⁽¹⁾
BBVA Group. Quarterly data
(€ Mn.)



Recurring operating income ⁽¹⁾
BBVA Group. 9 month figures
(€Mn.)



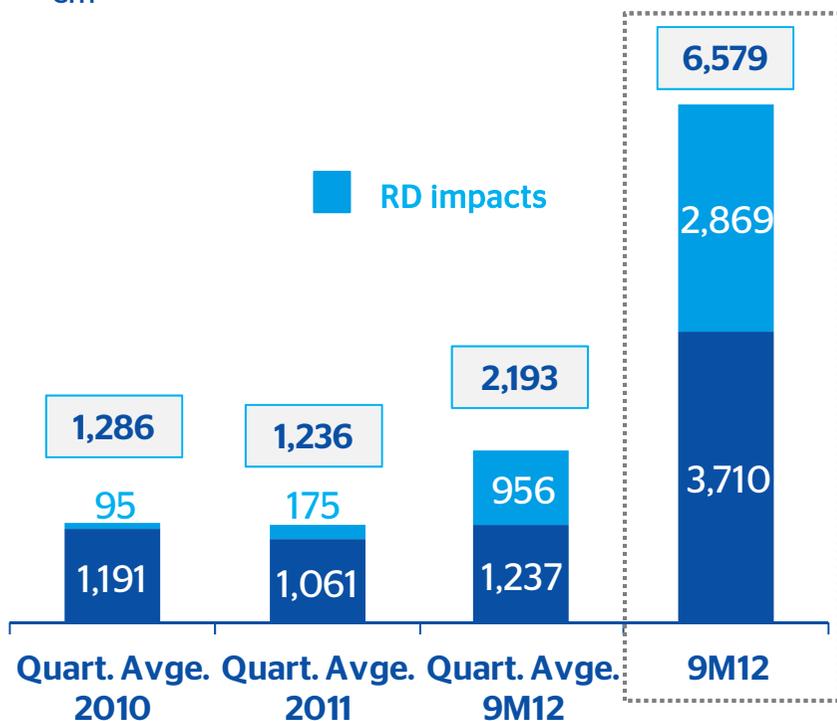
Operating income: +16.1%
(YoY change)

The best buffer to absorb unexpected losses

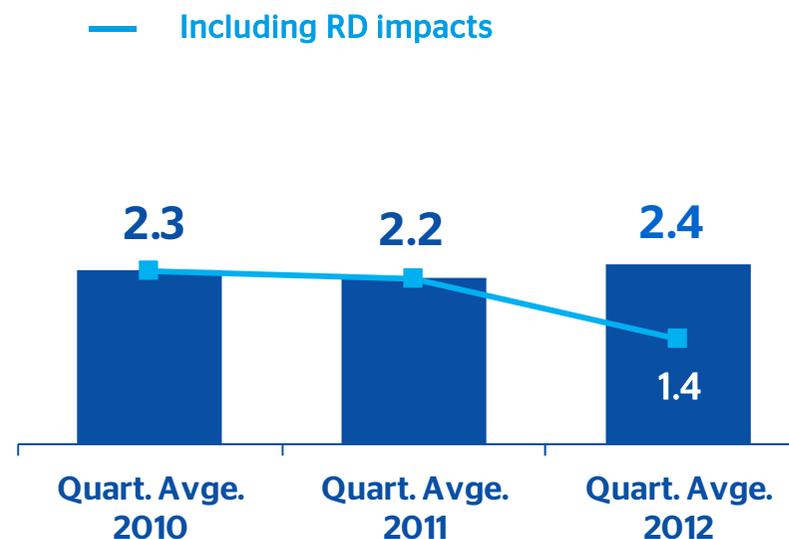
(1) Recurring operating income excludes net trading income and dividends.

... key to sustain the provisioning effort

Loan-loss + Real-estate provisions
€m



Operating income / loan-loss + RE provisions
Multiplier (times)

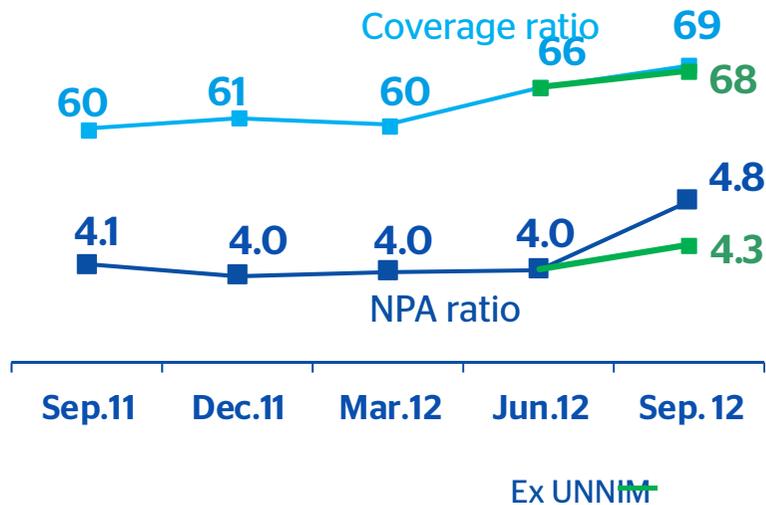


2/3 of the Royal Decree perimeter provisions already covered, with €1,568m pending for Q4

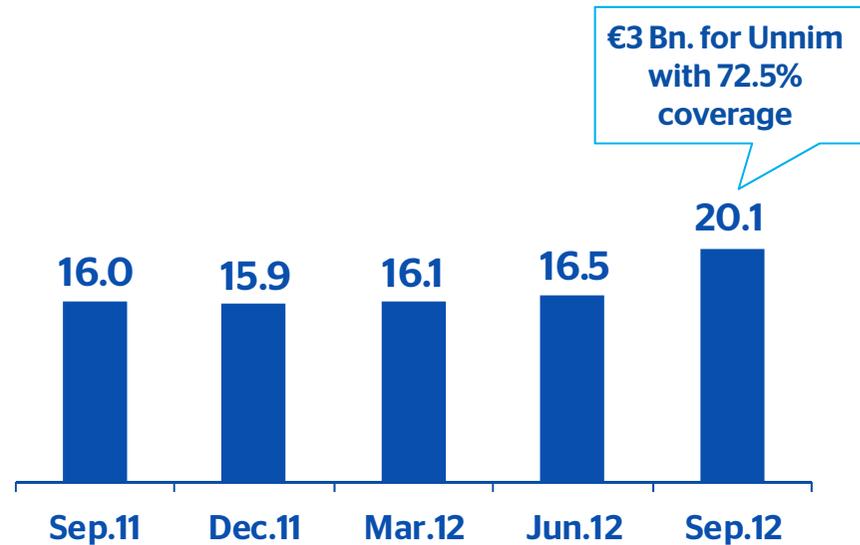
Note: 2/3 of the RD perimeter provisions already covered, including €200m generic provisions allocated in 2011.

Group risk indicators contained

NPA & coverage ratios
%



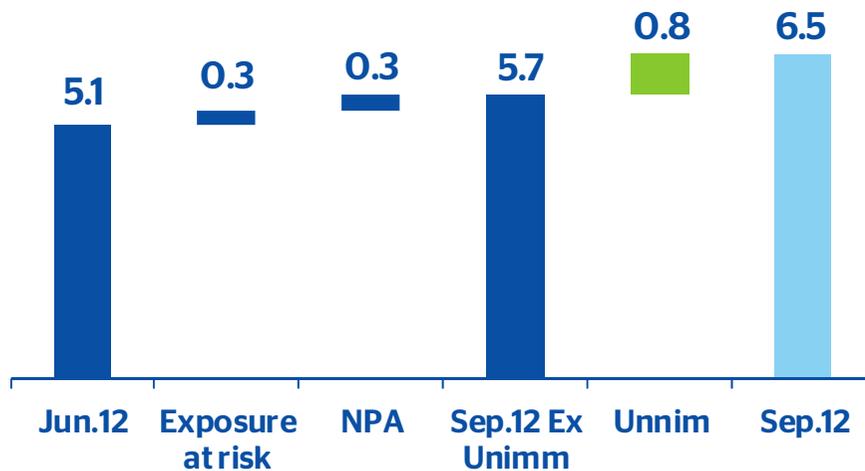
NPA
€ Bn.



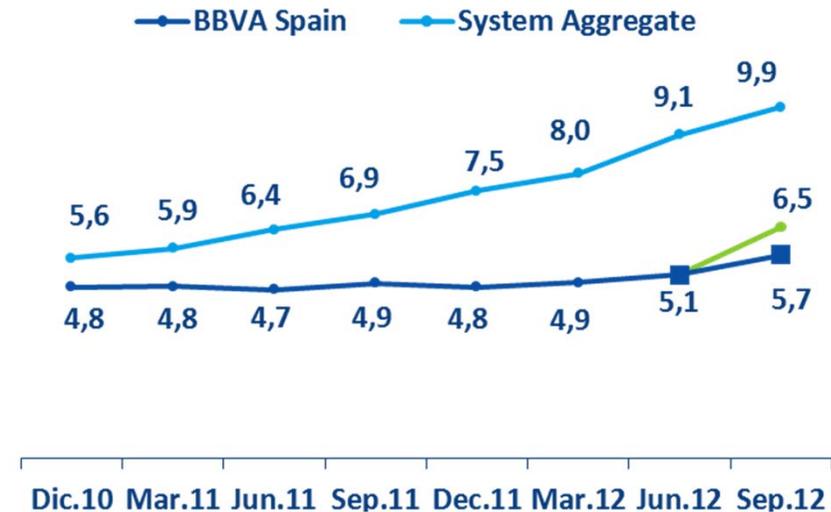
BBVA's geographical diversification entails a more stable asset quality profile, balancing different credit cycles

Spain's performance in line with forecast, and much better than the system

NPA ratio
Breakdown
%



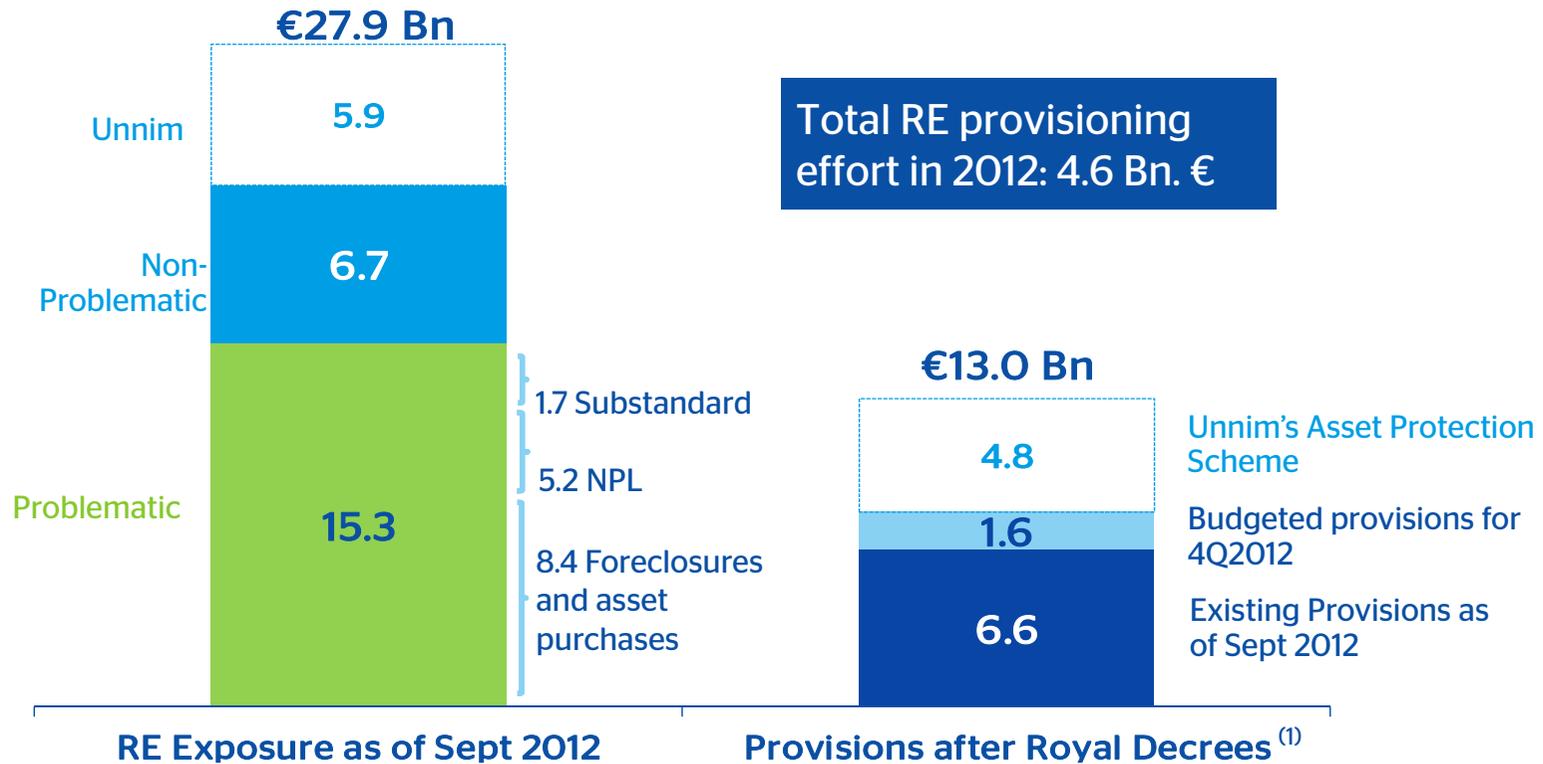
NPA Ratio Evolution
BBVA Spain vs. Domestic Sector System Aggregate ⁽¹⁾
%



Limited additional risk from Unnim' acquisition: high coverage of NPLs and 80% of problematic RE exposure covered by the APS

(1) Source: Bank of Spain. Including other domestic sector and public sector. Data as of Ago.12

Complete Spanish Real Estate clean-up in 2012 ...



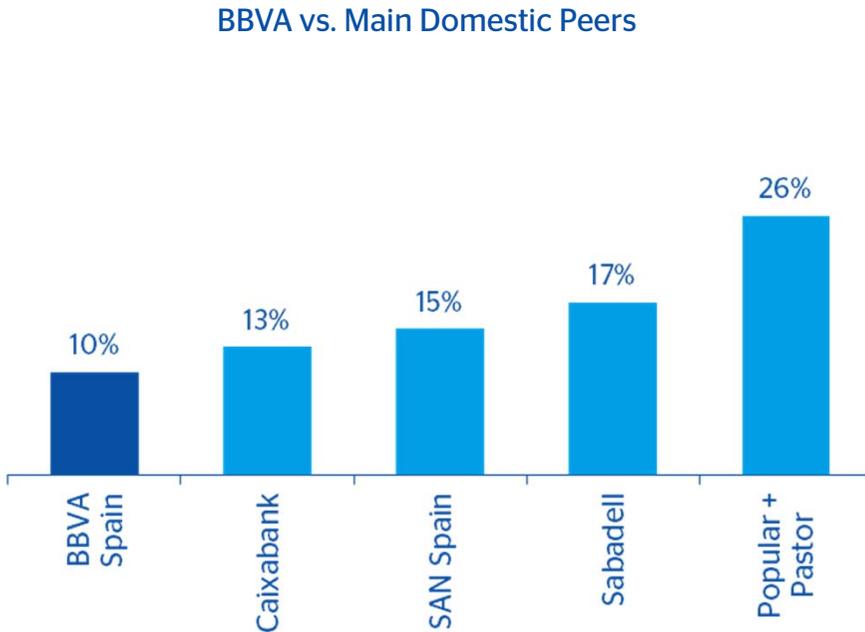
By the end of 2012, coverage will reach 47% of total exposure, including the Asset Protection Scheme

(1) Includes both RD 02/2012 and RD 18/2012.

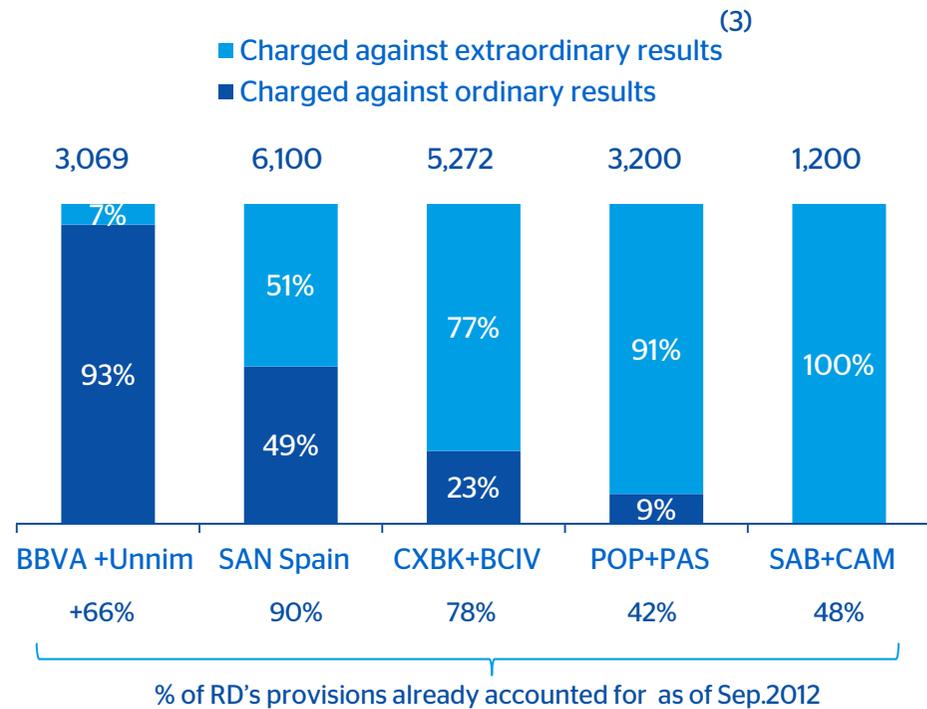
...without making use of extraordinary measures

Low relative RE exposure ⁽¹⁾
 Foreclosed + Developers over domestic lending
 Data as of June 2012

BBVA vs. Main Domestic Peers



Breakdown of RDs provisions: charged against ordinary and extraordinary income ⁽²⁾



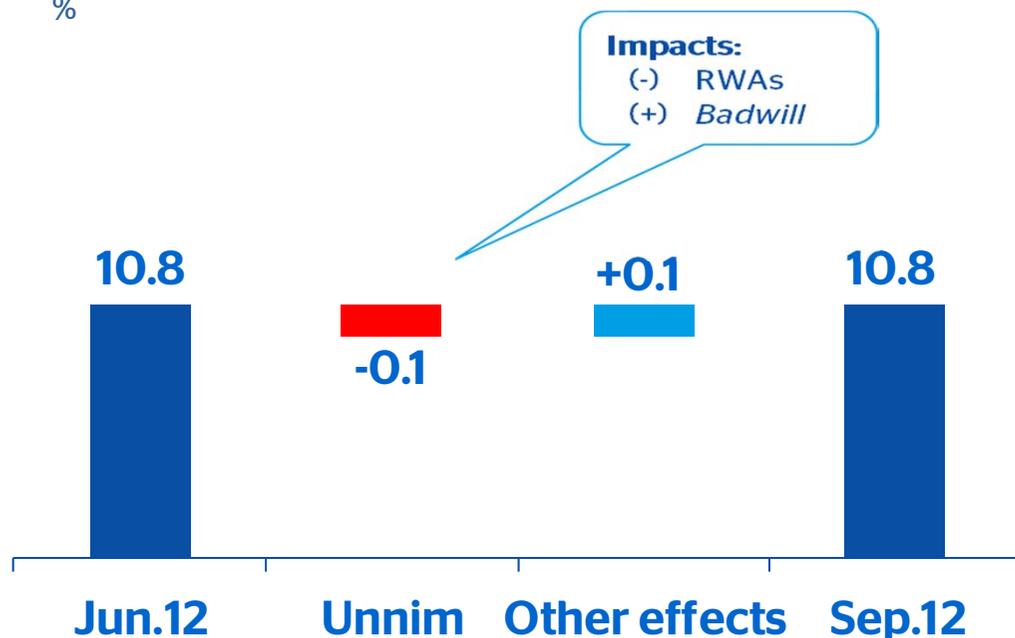
Prudent risk management and anticipation strategy

High and recurrent pre provision profit to cover extraordinary provisions

(1) Peers considered: Caixabank, Popular+Pastor, Sabadell and Santander Spain.
 (2) Peers considered: Santander, Caixabank + Banca Cívica, Popular+Pastor, Sabadell+CAM
 (3) Extraordinary results: mainly includes capital gains and generic provisions from previous year

Sound position and capital-generation capacity

Core capital ratio (Basel 2.5)
%



€ 7.4 Bn. of capital generated and
 € 1.3 Bn. of cash dividends distributed
 (in the last 12 months)

Stable dividend policy

With 2 cash dividends and 2 scrip:

Total dividend yield: ⁽¹⁾ 7.1%

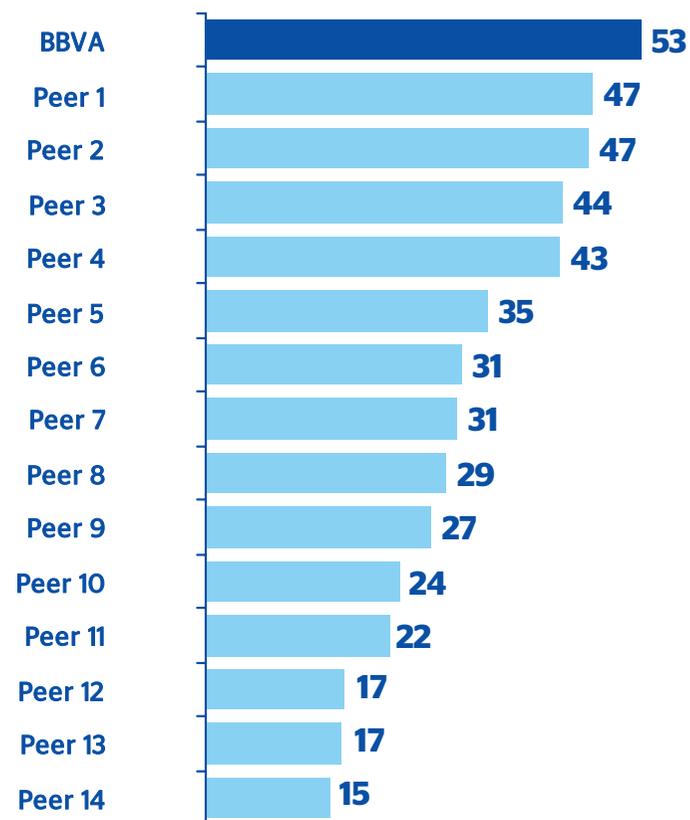
Cash dividend yield: ⁽¹⁾ 3.4%

Neutral impact of Unnim after October's retail hybrid instruments conversion

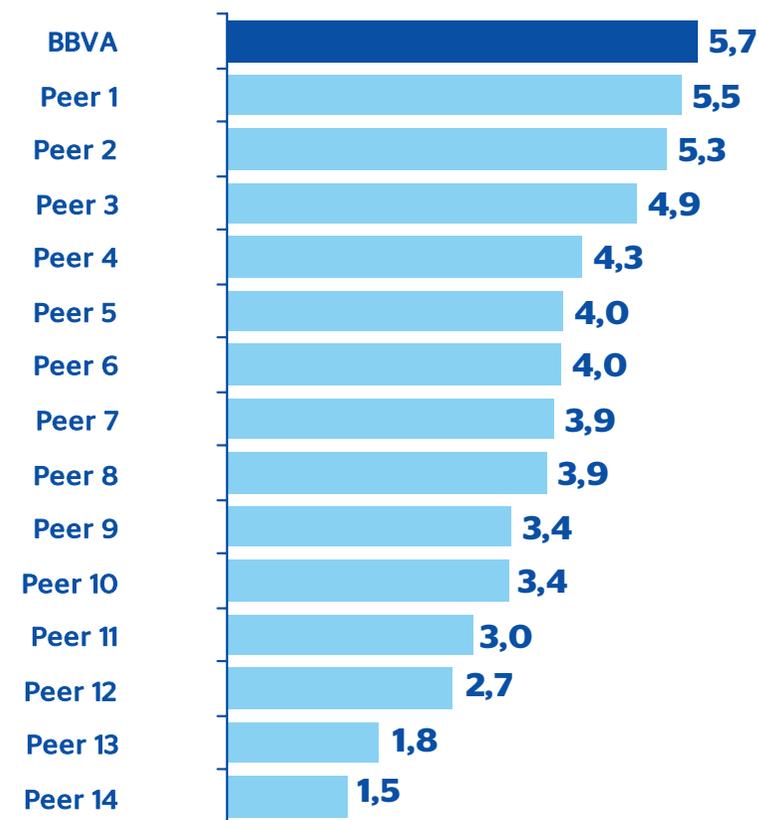
(1) Yield based on BBVA's average share price from January 1st, 2012 to November 6, 2012. Total dividend: €0.42 per share including €0.20 cash dividend per share

High quality capital with low leverage

RWAs / Total Assets
BBVA Group vs. Peer Group
(June 2012, %)

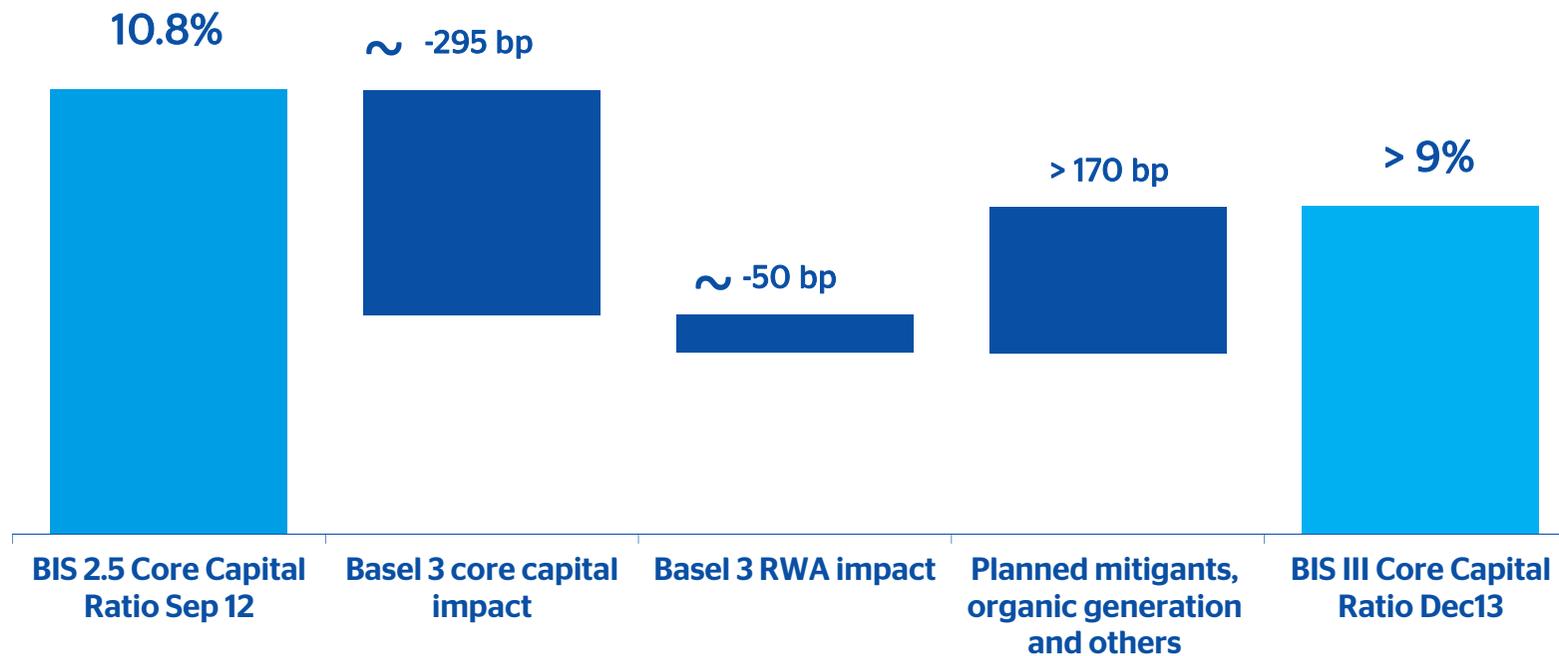


Tangible equity / Tangible Assets
BBVA Group vs. Peer Group
(June 2012, %)



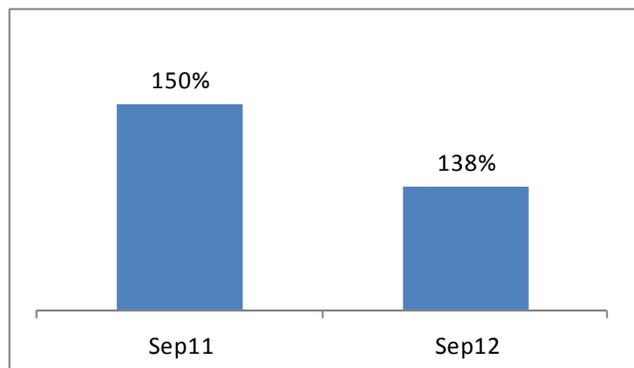
Peers considered:

Ready to comply with the upcoming capital regulation



Active market issuer and improved liquidity position

BBVA's Domestic LTD ratio evolution ⁽¹⁾



Medium and long term debt issuances (YTD)
(€ Billion)



- Domestic commercial gap improving: € 16 bn YTD.
- Ample collateral available: 1.9x liquidity buffer ⁽²⁾
- 2012/13 debt redemptions already covered
- No liquidity transfer from subsidiaries, as they are financially independent

(1) Domestic loans including public sector and excluding securitizations, repos and guarantees; and domestic deposits including public sector and promissory notes and excluding repos.

(2) Liquidity buffer: defined as the number of times that next 3 months' unsecured funding maturities are covered by available collateral.

(3) Includes debt issuances with maturity < 12 months.

Robust earnings

**Recurring gross
income****+14.0%**
YoY**Recurring
operating income****+17.3%**
YoY**Provisions****2/3 RDs****Diversified
revenues****57%**
Emerging

Sound structure

Capital

BIS 2.5

EBA ratio

BIS III (e) 2013

10.8%**>9%****>9%**

Liquidity

Total issuance: €6.7 bn

Commercial gap € bal. sheet: - €16 bn YTD

Risks

NPA ratio

Coverage ratio

4.8%**69%**



Annex: BBVA and the rating agencies



BBVA

BBVA ratings

	Long term	Short term
DBRS	A	R-1
Fitch	BBB+	F2
Moody's	Baa3	P-3
S&P	BBB-	A-3

Recent rating actions on BBVA

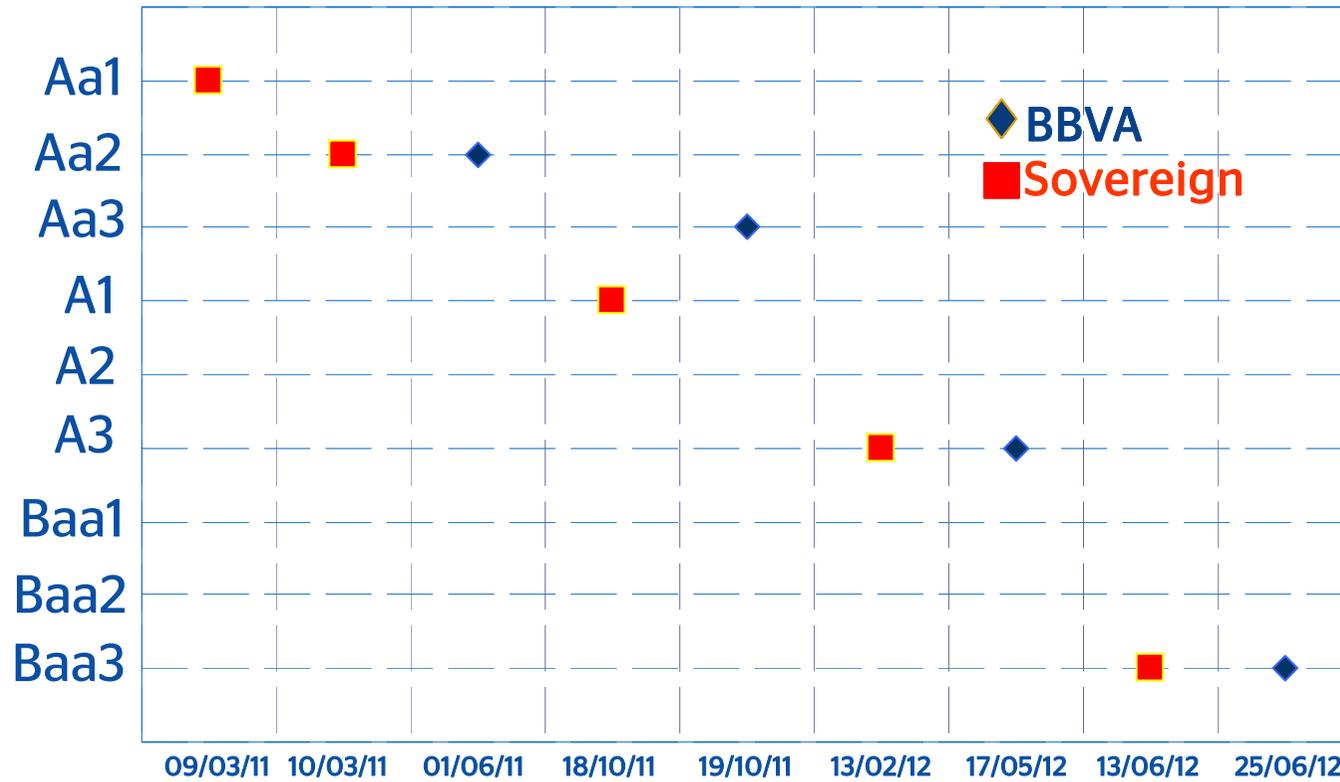
- 1** Very aggressive downgrades on BBVA's ratings (between 4 and 7 notches) in the last 12 months.
- 2** There is no link between BBVA's rating downgrades and the Group's financial performance.
- 3** Rating actions on BBVA have been a direct consequence of a previous downgrade of the Kingdom of Spain.
- 4** Nevertheless, and paradoxically, rating agencies have recognized BBVA's strong financial profile:
 - Solid competitive positioning in Spain and solid franchises in Mexico and South America.
 - Adequate revenues and capital generation capacity.
 - Adequate risk management and risk position.
 - High recurrent and predictable earnings, thanks to its retail business model and geographic diversification.



BBVA

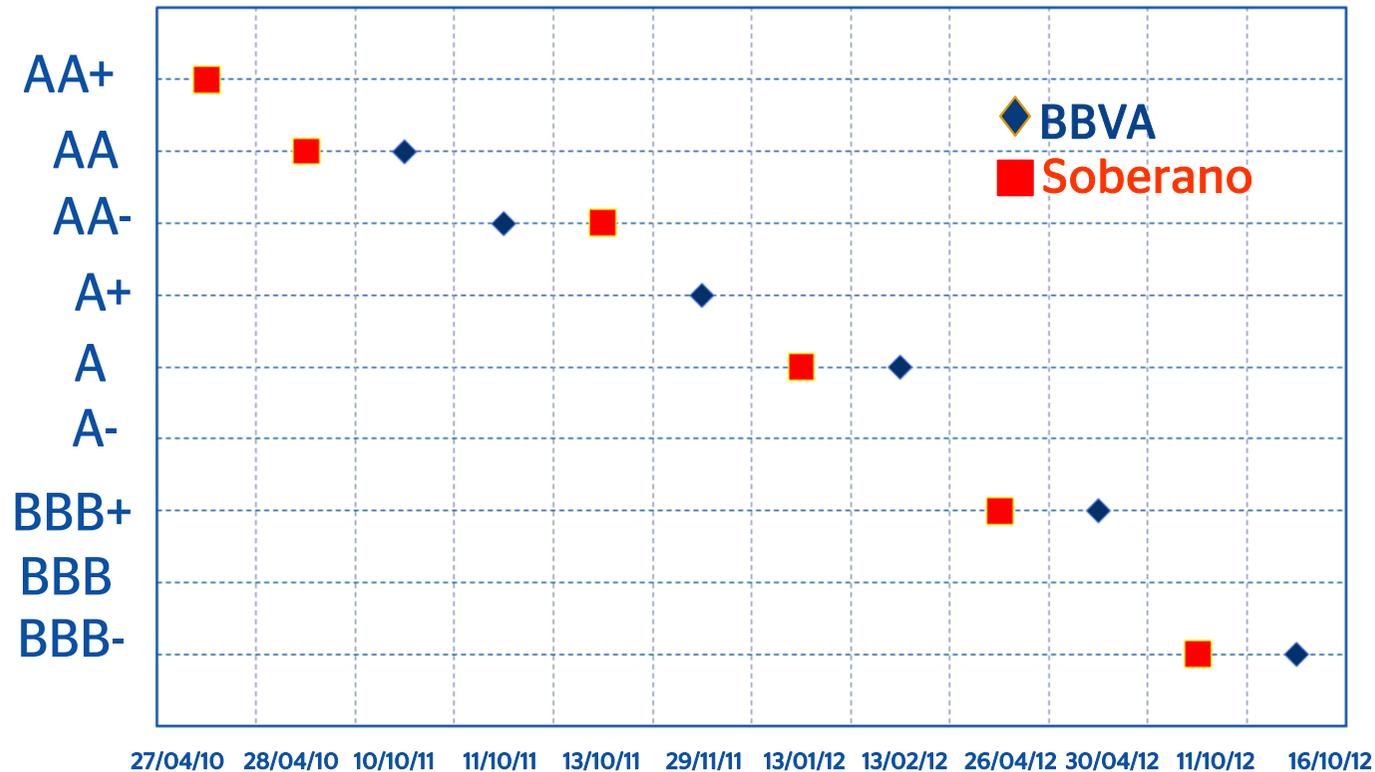
Moody's: 7 downgrades in 11 months

BBVA and Spanish Sovereign rating evolution



S&P: 7 downgrades in 12 months

BBVA and Spanish sovereign rating evolution



Exposure to Spain as the main reason behind the downgrade

Despite the rating downgrades, BBVA continues to strengthen its balance sheet

	Dec-10 Fitch: AA- / Moody's: Aa2 S&P: AA+	Dec-11 Fitch: A+ / Moody's: Aa3 S&P: A+	Dec-12 Fitch: BBB+ / Moody's: Baa3 S&P: BBB-
	Dec-10	Dec-11	Sep-12
Total assets	€553bn	€598bn	€645bn
Customer Dep.	€276bn	€286bn ⁽²⁾	€302bn ⁽²⁾
Net Atr. Income	€4.6bn	€4.0bn ⁽³⁾	€3.3bn ⁽³⁾
NPL ratio	4.1%	4.0%	4.8%
NPL Coverage	62%	61%	69%
ROA	0.9%	0.8% ⁽³⁾	0.8%
Core capital	8.5% ⁽¹⁾	10.3%	10.8%

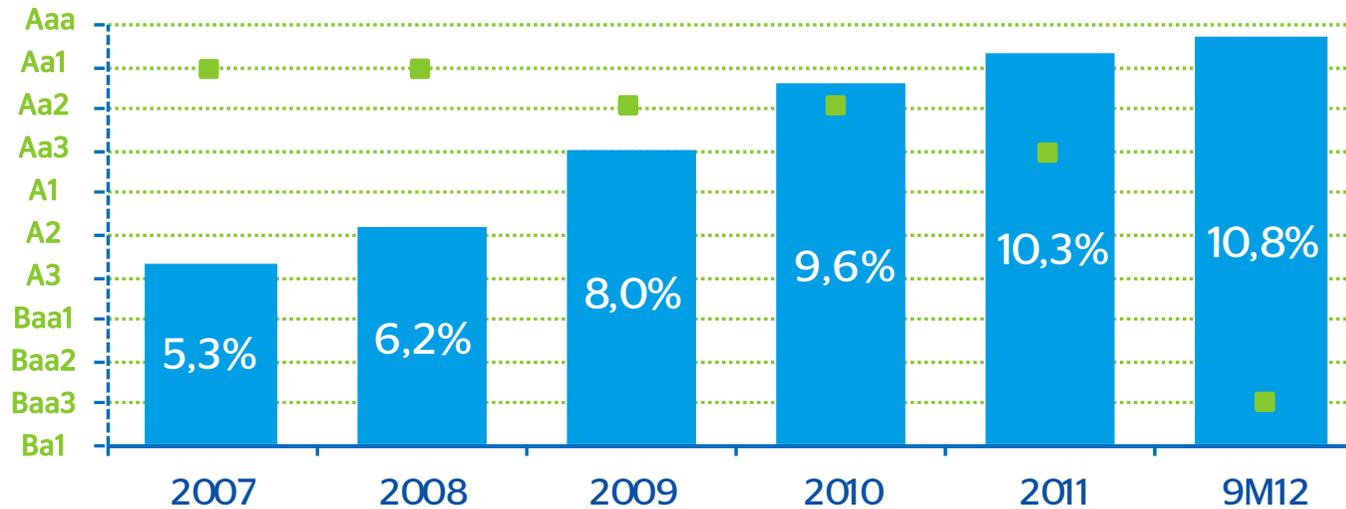
(1): Pro-forma including Garanti acquisition. (2) Includes Spain's retail debt certificates. (3) Excluding one-offs (goodwill impairment in the US).

BBVA

BBVA's core capital ratio evolution as an example of the rating agencies contradictory reasoning

Moody's Rating

Core Capital Ratio BIS II



	2007	+ 5,5%	2012
Core Capital	5,3%	➔	10,8%
Rating	Aa1	➔	Baa3

BBVA has more than doubled its core capital ratio mainly through capital generation (€20.5 Bn since 2007)

BBVA

BBVA's implicit rating is higher than the ICR:
S&P's "triple sovereign accounting"

Ratings Score Snapshot

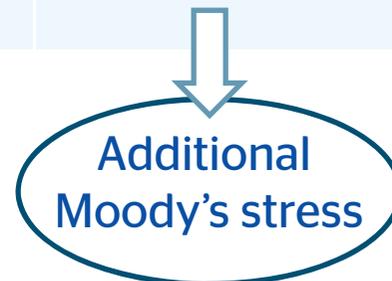
Issuer Credit Rating	BBB-/Negative/A-3
SACP	bbb+ → BBVA's stand-alone rating
Anchor	bbb- → 1st sovereign impact
Business Position	Strong (+1)
Capital and Earnings	Moderate (-1) → 2nd sovereign impact
Risk Position	Very Strong (+2)
Funding	Above Average (0)
Liquidity	Adequate (0)
Support	0
GRE Support	0
Group Support	0
Sovereign Support	-2 → 3rd sovereign impact
Additional Factors	0

BBVA is 3 times penalized for the sovereign factor in S&P's rating analysis

BBVA

BBVA's implicit rating is higher than the LT Moody's rating: additional Moody's stress penalizes the final rating

	BSFR (1)	Assigned BFSR	LT rating
May 12	C	C	A3
Jun12	C	D+	Baa3



BBVA's stand-alone rating was C just one month before the last downgrade

(1) Stand alone rating



BBVA

In summary

- ❑ BBVA's rating downgrades are mainly linked to the Spanish sovereign rating
- ❑ There is a decoupling between BBVA's current ratings and its fundamentals and recent performance
- ❑ BBVA has proven to deserve a better rating

BBVA

BBVA, Strengths & Fundamentals

Goldman Sachs Yankee FIG Conference

December 2012