Strengths and Opportunities in a challenging environment

Jaime Sáenz de Tejada, Head of Spain and Portugal
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3 BBVA Spain: Key management priorities

4 Conclusions
BBVA: a Group with global presence...

- **North America**
  - Mexico
  - Puerto Rico
  - USA

- **Central America**
  - Panama

- **South America**
  - Argentina
  - Bolivia
  - Brazil
  - Chile
  - Colombia
  - Ecuador
  - Paraguay
  - Peru
  - Uruguay
  - Venezuela

- **Europe**
  - Belgium
  - France
  - Germany
  - Italy
  - Portugal
  - Russia
  - Spain
  - Switzerland
  - Turkey
  - U.K.

- **Asia - Pacific**
  - Abu Dhabi
  - Australia
  - China
  - Hong Kong
  - India
  - Japan
  - Singapore
  - South Korea
  - Taiwan

- **Note:** Data as of September 2012.
... well balanced between emerging and developed markets

9M 12 Gross income Breakdown

**Developed**
- Weight: 43%
- YoY change to date: +0.1%

**Emerging**
- Weight: 57%
- YoY change to date: +16.6%

Note: does not include Corporate Activities; YoY change to date in constant €
With leading franchises in its core markets

<table>
<thead>
<tr>
<th>Geography</th>
<th>Loans</th>
<th>Deposits</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td>12.8%</td>
<td>13.1%</td>
<td>2nd</td>
</tr>
<tr>
<td>Mexico</td>
<td>24.3%</td>
<td>23.8%</td>
<td>1st</td>
</tr>
<tr>
<td>South America</td>
<td>10.5%</td>
<td>10.4%</td>
<td>1st</td>
</tr>
<tr>
<td>USA (Sunbelt)</td>
<td>--</td>
<td>5%</td>
<td>4th</td>
</tr>
<tr>
<td>Eurasia</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>China (Citic Bank)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Turkey (Garanti Bank)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Ranking by deposits (except for China, by assets, and for Turkey, by loans); Spain: Other domestic sector and public sector data as of June 2012 (BBVA+Unnim). Mexico: data as of June 2012; South America: data as of May 2012 for the following countries: Argentina, Chile, Colombia, Panama, Paraguay, Peru, Uruguay and Venezuela; ranking considering only the 4-5 main players in each country; USA: data as of June 2012, market share and ranking considering only Texas and Alabama; China: data as of September 2012; and Turkey: data as of June 2012.
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BBVA: Strengths and Opportunities

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)

Gross income
Net Trading income + dividends

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Gross income</th>
<th>Net Trading income + dividends</th>
</tr>
</thead>
<tbody>
<tr>
<td>3Q11</td>
<td>4,627</td>
<td>25</td>
</tr>
<tr>
<td>4Q11</td>
<td>5,515</td>
<td>646</td>
</tr>
<tr>
<td>1Q12</td>
<td>5,447</td>
<td>394</td>
</tr>
<tr>
<td>2Q12</td>
<td>5,960</td>
<td>773</td>
</tr>
<tr>
<td>3Q12</td>
<td>5,697</td>
<td>373</td>
</tr>
</tbody>
</table>

Recurring gross income (1)
BBVA Group 9M figures
(€Mn)

<table>
<thead>
<tr>
<th>Period</th>
<th>Gross income</th>
</tr>
</thead>
<tbody>
<tr>
<td>9M11</td>
<td>13,656</td>
</tr>
<tr>
<td>9M12</td>
<td>15,564</td>
</tr>
</tbody>
</table>

Gross income: +13.6%
(YoY change)

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

Recurring gross income (1)
(€ Mn)

<table>
<thead>
<tr>
<th>Market Type</th>
<th>9M12 (Year to date €Mn)</th>
<th>9M12 vs. 9M11 (Constant € %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td>4,936</td>
<td>5%</td>
</tr>
<tr>
<td>Eurasia</td>
<td>1,532</td>
<td>24%</td>
</tr>
<tr>
<td>Mexico</td>
<td>4,217</td>
<td>8%</td>
</tr>
<tr>
<td>South America</td>
<td>3,899</td>
<td>26%</td>
</tr>
<tr>
<td>USA</td>
<td>1,691</td>
<td>2%</td>
</tr>
</tbody>
</table>

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

Developed
41%
Emerging
59%

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.
Gross income growing faster than costs

Gross income vs. costs
BBVA Group 9M 12 figures
(Y-o-y change) %

<table>
<thead>
<tr>
<th>Gross income</th>
<th>Recurring gross (1)</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>13.6</td>
<td>14.0</td>
<td>11.0</td>
</tr>
</tbody>
</table>

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

(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)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Recurring Operating Income (€ Mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3Q11</td>
<td>2,141</td>
</tr>
<tr>
<td>4Q11</td>
<td>2,217</td>
</tr>
<tr>
<td>1Q12</td>
<td>2,468</td>
</tr>
<tr>
<td>2Q12</td>
<td>2,499</td>
</tr>
<tr>
<td>3Q12</td>
<td>2,493</td>
</tr>
</tbody>
</table>

YOY change: +16.5%

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Operating Income (€ Mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>9M11</td>
<td>6,358</td>
</tr>
<tr>
<td>9M12</td>
<td>7,460</td>
</tr>
</tbody>
</table>

YOY change: +17.3%

The best buffer to absorb unexpected losses

(1) Recurring operating income excludes net trading income and dividends.
Group risk indicators contained

NPA & coverage ratios

<table>
<thead>
<tr>
<th>Month</th>
<th>NPA ratio</th>
<th>Coverage ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sep.11</td>
<td>4.1</td>
<td>60</td>
</tr>
<tr>
<td>Dec.11</td>
<td>4.0</td>
<td>61</td>
</tr>
<tr>
<td>Mar.12</td>
<td>4.0</td>
<td>60</td>
</tr>
<tr>
<td>Jun.12</td>
<td>4.0</td>
<td>66</td>
</tr>
<tr>
<td>Sep.12</td>
<td>4.3</td>
<td>69</td>
</tr>
</tbody>
</table>

NPA € Bn

<table>
<thead>
<tr>
<th>Month</th>
<th>NPA € Bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sep.11</td>
<td>16.0</td>
</tr>
<tr>
<td>Dec.11</td>
<td>15.9</td>
</tr>
<tr>
<td>Mar.12</td>
<td>16.1</td>
</tr>
<tr>
<td>Jun.12</td>
<td>16.5</td>
</tr>
<tr>
<td>Sep.12</td>
<td>20.1</td>
</tr>
</tbody>
</table>

Including UNNIM

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

€3 Bn for Unnim with 72.5% coverage
**Liquidity**: Active market issuer and improved liquidity position

Medium and long term debt issuances (9M12) (€ Bn)

- Parent Company: 8.5
- Subsidiaries:
  - Garanti: 4.3
  - South America: 1.5
  - Mexico: 1.8

2012/2013 debt redemptions already covered

Ample collateral available: 1.9x liquidity buffer (1)

No liquidity transfer from subsidiaries, as they are financially independent

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(1) Liquidity buffer defined as the number of times that next 3 months’ unsecured funding maturities are covered by available collateral.
**Capital**

Sound position and capital-generation capacity

**Core capital ratio (Basel 2.5)**

<table>
<thead>
<tr>
<th></th>
<th>Jun.12</th>
<th>Unnim</th>
<th>Other effects</th>
<th>Sep.12</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.8</td>
<td>-0.1</td>
<td>+0.1</td>
<td>10.8</td>
<td></td>
</tr>
</tbody>
</table>

**Impacts:**

 (-) RWAs
 (+) Badwill

**€ 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 and a total dividend yield(1) of 7.1%
- Fully loaded BIS III CT1 as of Dec 2013 >9%

**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 20, 2012. Total dividend: €0.42 per share including €0.20 cash dividend per share.
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Europe: progress towards a genuine monetary union

Sept. 6th announcements

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

Main Pillars

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

Commitment towards a banking union

New ECB focus on financial stability

Despite difficulties, it is a trip of no return

• Anchoring risk premium expectations
• Tail risk diminishing
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

**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

Spain needs time
BBVA Spain: Key management priorities

1. Targeted customer base increase
   - Gaining new bundled clients with a focus on savings and transactional services

2. Liquidity
   - Strengthening liquidity position due to organic market share gain in deposits and deleveraging

3. Pricing
   - Price management strategy focused on profitability

4. Cost control
   - Maintaining efficiency leadership

5. Risk management
   - Prudence and anticipation, resulting in better risk indicators than peers

High and resilient pre-provision profit to absorb increased coverage
Gaining bundled clients, with a focus on savings and transactional services

**Industry trends**
- Deleverage and lack of credit demand
- Business growth driven by savings advisory

**Opportunities**
- Loss of commercial focus and lack of investments in advisory capabilities by competitors involved in restructuring processes

**BBVA strategy**
- Gain new bundled clients, with a focus on savings and transactional services

+50 bp customer market share gain in the last 2 years (*)

(*) First banking service provider customer market share
BBVA continues to strengthen its domestic business liquidity position …

BBVA’s Domestic LTD ratio evolution (1)

BBVA’s domestic retail deposits market share evolution (2)

… due to deleverage and market share gains in retail deposits

(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) Domestic retail deposits include deposits from households and non-financial companies and promissory notes distributed through the retail network.
A price management strategy focused on profitability

BBVA Spain: loans repricing
New business spread variation
Sept11-Sept12
In bp

<table>
<thead>
<tr>
<th></th>
<th>System average</th>
<th>BBVA</th>
<th>BBVA Spain customer spread (ex Markets)</th>
</tr>
</thead>
<tbody>
<tr>
<td>9M11</td>
<td>1.83</td>
<td>2.02</td>
<td>+19 bp</td>
</tr>
<tr>
<td>9M12</td>
<td>1.56</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Retail deposits stock
Cost evolution (1)
%

(1) Retail deposits include time deposits and non-cost deposits. Quarterly average cost. System data from Bank of Spain.

With the aim of gaining and maintaining bundled clients
BBVA, leadership in efficiency thanks to its anticipation strategy

Spanish system
Branch evolution during the last part of the credit boom (2006-2010)

BBVA: 7.7% network market share vs. 12% business volume market share

Efficiency ratio
9M 2012

Constant review of resources and processes to identify potential savings

A lean and productive network, ready to take advantage of the Spanish sector restructuring
Risk indicators performance in line with forecast, and much better than the system.

NPA ratio Breakdown

<table>
<thead>
<tr>
<th></th>
<th>Jun.12</th>
<th>Exposure at risk</th>
<th>NPA</th>
<th>Sep.12 Ex Unimm</th>
<th>Unimm</th>
<th>Sep.12</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5.1</td>
<td>0.3</td>
<td>0.3</td>
<td>5.7</td>
<td>0.8</td>
<td>6.5</td>
</tr>
</tbody>
</table>

NPA Ratio Evolution

BBVA Spain vs. Domestic Sector System Aggregate

<table>
<thead>
<tr>
<th></th>
<th>BBVA Spain</th>
<th>System Aggregate</th>
<th>Including UNNIM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dic.10</td>
<td>5.6</td>
<td>5.9</td>
<td>5.6</td>
</tr>
<tr>
<td>Mar.11</td>
<td>5.9</td>
<td>6.4</td>
<td>5.9</td>
</tr>
<tr>
<td>Jun.11</td>
<td>6.4</td>
<td>6.9</td>
<td>6.4</td>
</tr>
<tr>
<td>Sep.11</td>
<td>6.9</td>
<td>7.5</td>
<td>6.9</td>
</tr>
<tr>
<td>Dec.11</td>
<td>7.5</td>
<td>8.0</td>
<td>7.5</td>
</tr>
<tr>
<td>Mar.12</td>
<td>8.0</td>
<td>9.1</td>
<td>8.0</td>
</tr>
<tr>
<td>Jun.12</td>
<td>9.1</td>
<td>10.0</td>
<td>9.1</td>
</tr>
<tr>
<td>Sep.12</td>
<td>10.0</td>
<td>6.5</td>
<td>10.0</td>
</tr>
</tbody>
</table>

Lower risk appetite during the credit boom years

(1) Source: Bank of Spain. Including other domestic sector and public sector.
Slight uptick in NPA ratio explained by developers and SMEs, as expected

<table>
<thead>
<tr>
<th>Portfolio</th>
<th>Exposure</th>
<th>NPA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developers</td>
<td>€ 13,567 m</td>
<td>38.3%</td>
</tr>
<tr>
<td>SMEs</td>
<td>€ 23,739 m</td>
<td>8.2%</td>
</tr>
<tr>
<td>Retail</td>
<td>€ 94,600 m</td>
<td>3.9%</td>
</tr>
<tr>
<td>Rest(1)</td>
<td>€ 85,857 m</td>
<td>1.8%</td>
</tr>
</tbody>
</table>

Note: excludes UNNIM
(1) Rest Includes loans to Corporates, Public sector and CIB.

NPA ratio on other portfolios remains stable
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 \(^{(1)}\)
Forestced assets + developer loans over domestic lending
Data as of June 2012

Breakdown of RDs provisions:
charged against ordinary and extraordinary income \(^{(2)}\)

<table>
<thead>
<tr>
<th>BBVA</th>
<th>Peer 1</th>
<th>Peer 2</th>
<th>Peer 3</th>
<th>Peer 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>10%</td>
<td>13%</td>
<td>15%</td>
<td>17%</td>
<td>26%</td>
</tr>
</tbody>
</table>

Charged against extraordinary results
Charged against ordinary results

High and recurrent pre-provision profit to cover extraordinary provisions

Prudent risk management and anticipation strategy

\(^{(1)}\) Peer s considered: Caixabank, Popular+Pastor, Sabadell and Santander Spain.
\(^{(2)}\) Peers considered: Santander, Caixabank + Banca Civica, Popular+Pastor, Sabadell+CAM
\(^{(3)}\) Extraordinary results: mainly includes capital gains and generic provisions from previous year
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Conclusions

**BBVA Group**

- Strong 3Q12 results driven by recurrent income growth in all geographies.
- Stable asset quality profile, balancing different credit cycles.
- Balance sheet reinforcement: strong capital generation capacity (+€7.4 Bn in 12M) and liquidity position improvement.

**BBVA Spain**

- Taking advantage of market opportunity to gain new bundled clients.
- High and recurrent pre-provision profit.
- Better asset quality.
Strengths and opportunities in a challenging environment

Jaime Saérez de Tejada, Head of Spain and Portugal

SocGen, The Premium Review Conference
November 28th, 2012