Turning around

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Exane BNP Paribas, Spain Investor Day
January 15th, 2013

BBVA

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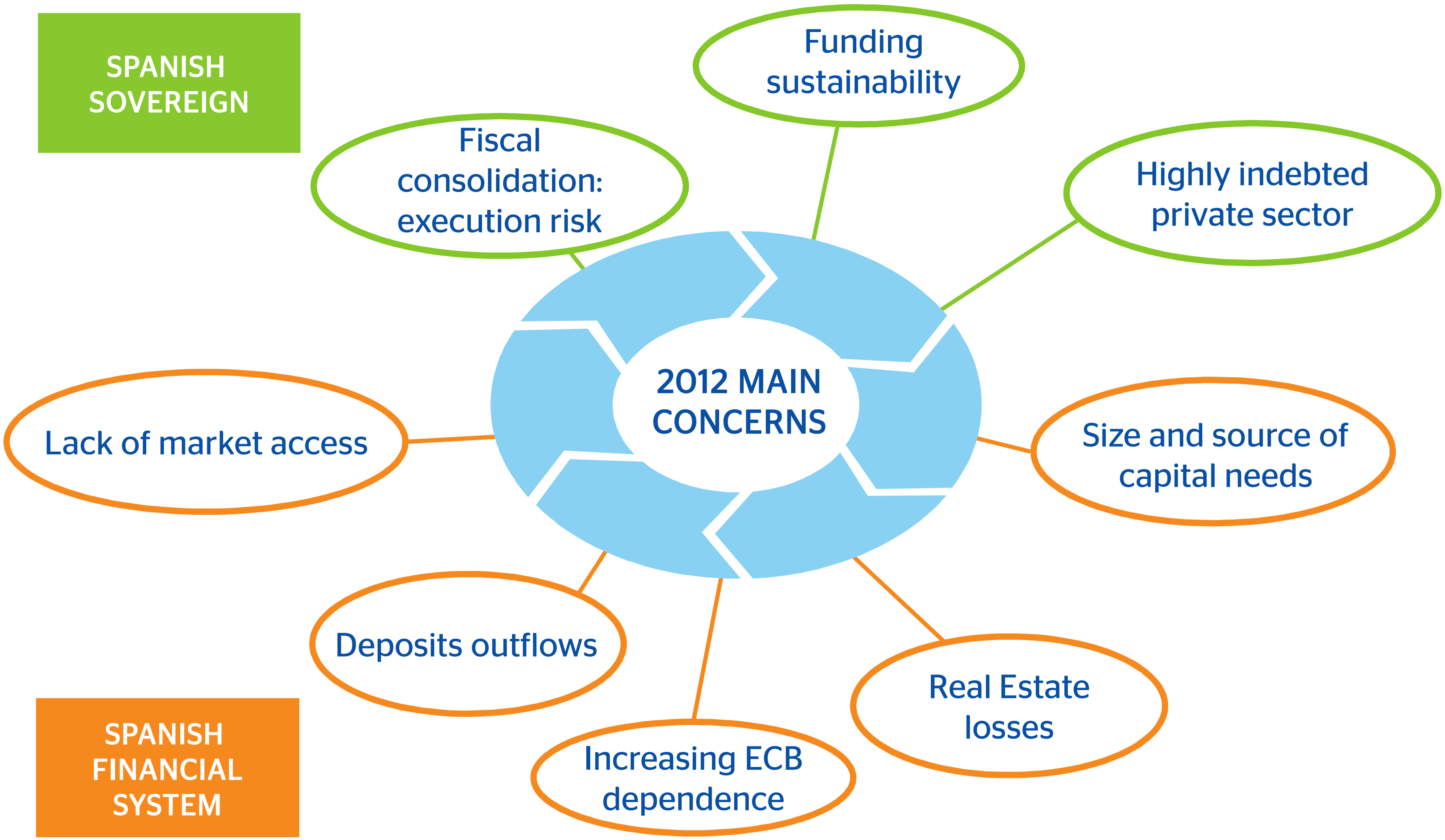
Significant improvement in developed markets situation, especially in the Eurozone

	Main concerns in 2012	Current situation (January 2013)
Europe	• Euro sustainability • Eurozone lack of decision making capacity	• New **ECB focus on financial stability** (OMT program) • Progressing towards a **Banking Union**: 1) European supervisor 2) Capital and liquidity single rule book 3) Common resolution framework and Deposit Guarantee Scheme
USA	• Threats to economic recovery • Fiscal cliff	• **Real estate** market **recovery** • Modest **job creation** • **Fiscal cliff** in the process of **being addressed**

Although there are still pending issues

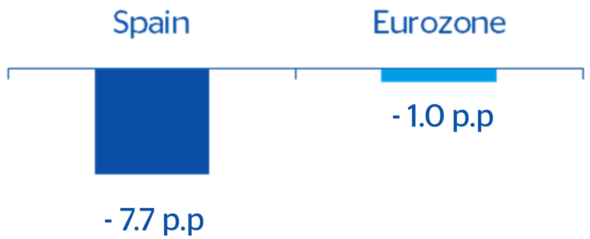
Spain is fixing its major concerns



Spain: significant progress in correcting imbalances

1 Private sector deleveraging

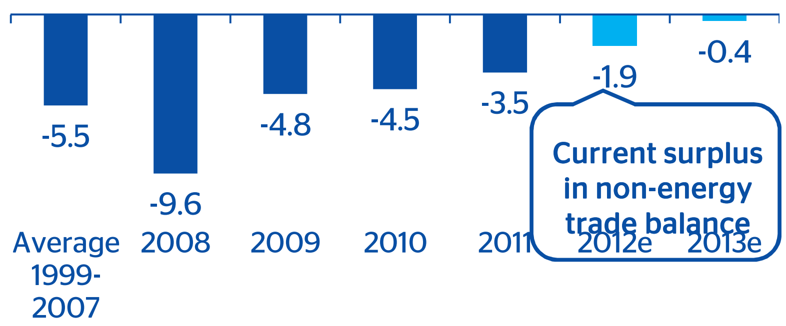
Household debt to GDP: reduction from peak to Sept 12



Source: ECB.

3 Current account deficit corrected

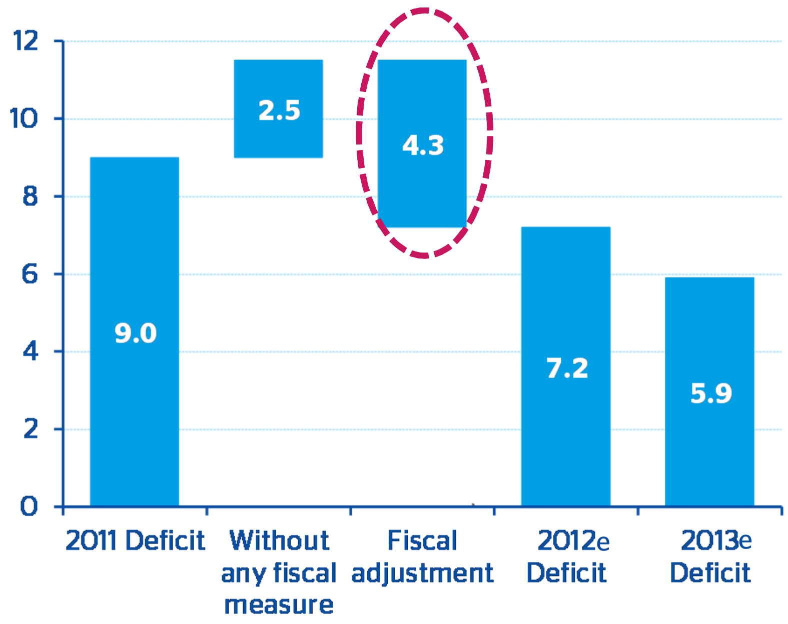
As % of GDP



Source: BBVA Research.

2 Unprecedented fiscal effort in 2012

Public deficit as % of GDP



Source: BBVA Research.

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Spanish financial sector restructuring: close to the final stage

1	Downsizing underway	• **12% reduction of employees and branches** from peak • **Financial entities reduction from 55 to 21** [1]
2	System Recapitalization	• **€253-274 Bn of maximum expected losses** under the OW adverse scenario ... • **... covered with public capital injections of €41 Bn** [2] (widely below the €100 Bn European backstop)
3	RE Clean-up	• **RE provisioning effort in 2012: €66 Bn** (45% coverage of total RE exposure) • **Creation of Sareb:** isolation of RE assets of the weakest entities
4	Better funding environment	• **Core deposits inflows** (+€17 Bn in the last 4 months[3]) **and reduction of ECB facility usage** (-€47 Bn since Aug-12 peak) • **Wholesale markets re-opening**
5	Greater differentiation among entities	• **The majority of the system** (62% of the total loan book) **has proven to be solvent**, even under very severe scenarios

(1) Reduction since 2007. Entities considered: domestic banks and saving banks with more than €4 Bn of total assets.
(2) Including Group 1 and Group 2 public capital injections and FROB's participation in Sareb's equity.
(3) From August, 2012 to November, 2012.

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BBVA's strengths

1. Diversification
2. Top line growth in all geographies
3. Superior asset quality
4. Balance sheet strengthening

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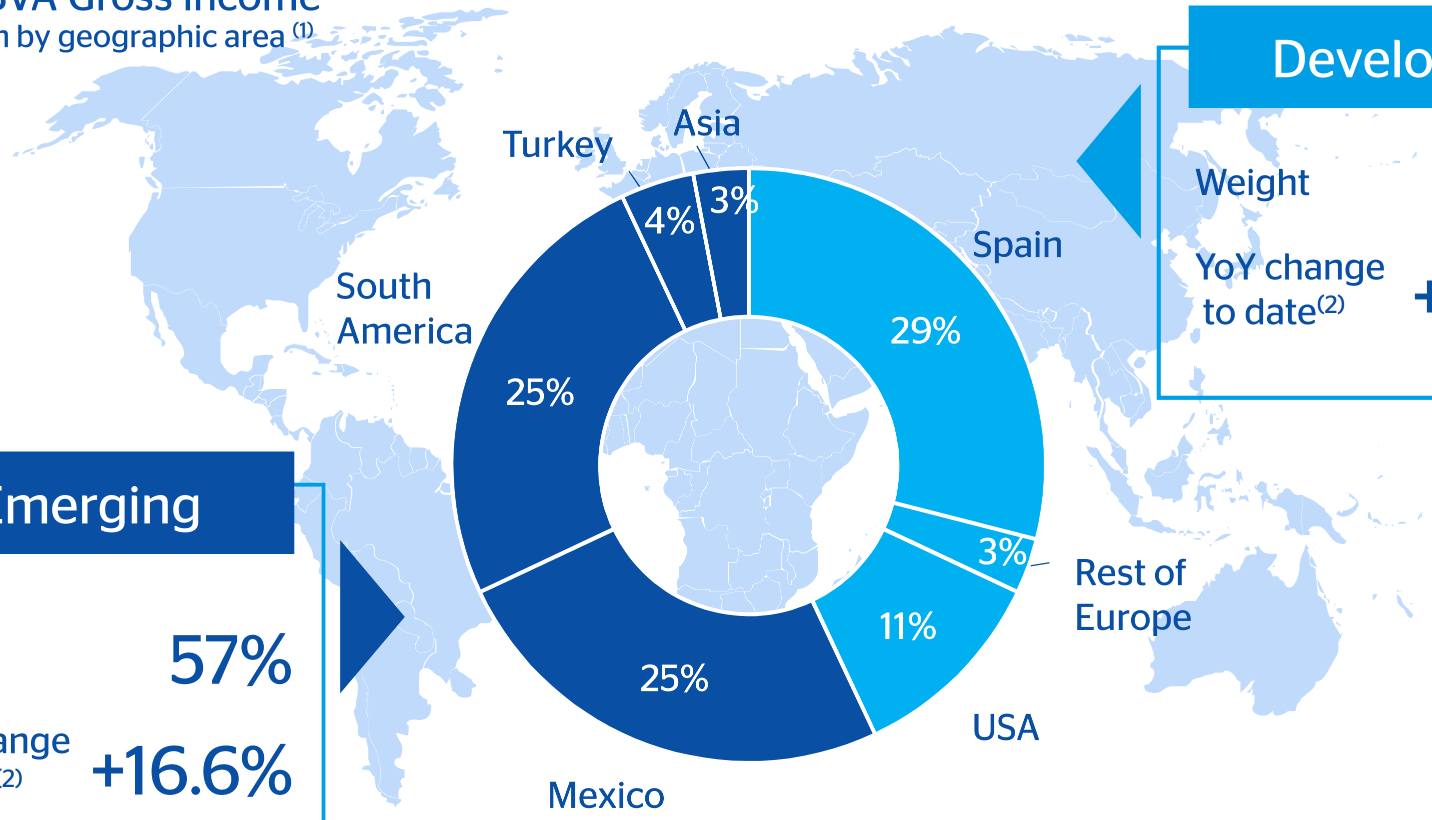
BBVA, a global franchise in a dual world

9M12 BBVA Gross income
Breakdown by geographic area [(1)]



Developed

Weight	43%
YoY change to date[(2)]	+0.1%

Emerging

Weight	57%
YoY change to date[(2)]	+16.6%

Well balanced between emerging and developed markets

(1) Excluding Corporate Activities.
(2) YoY change to date in constant €.

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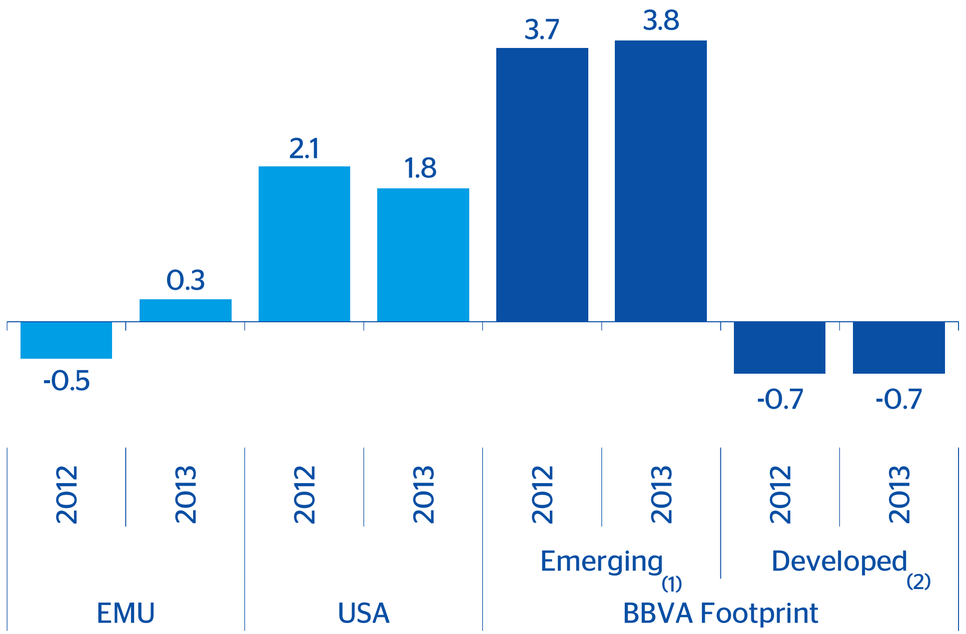
Emerging and developed markets: two different growth profiles

Real GDP growth
(% yoy)

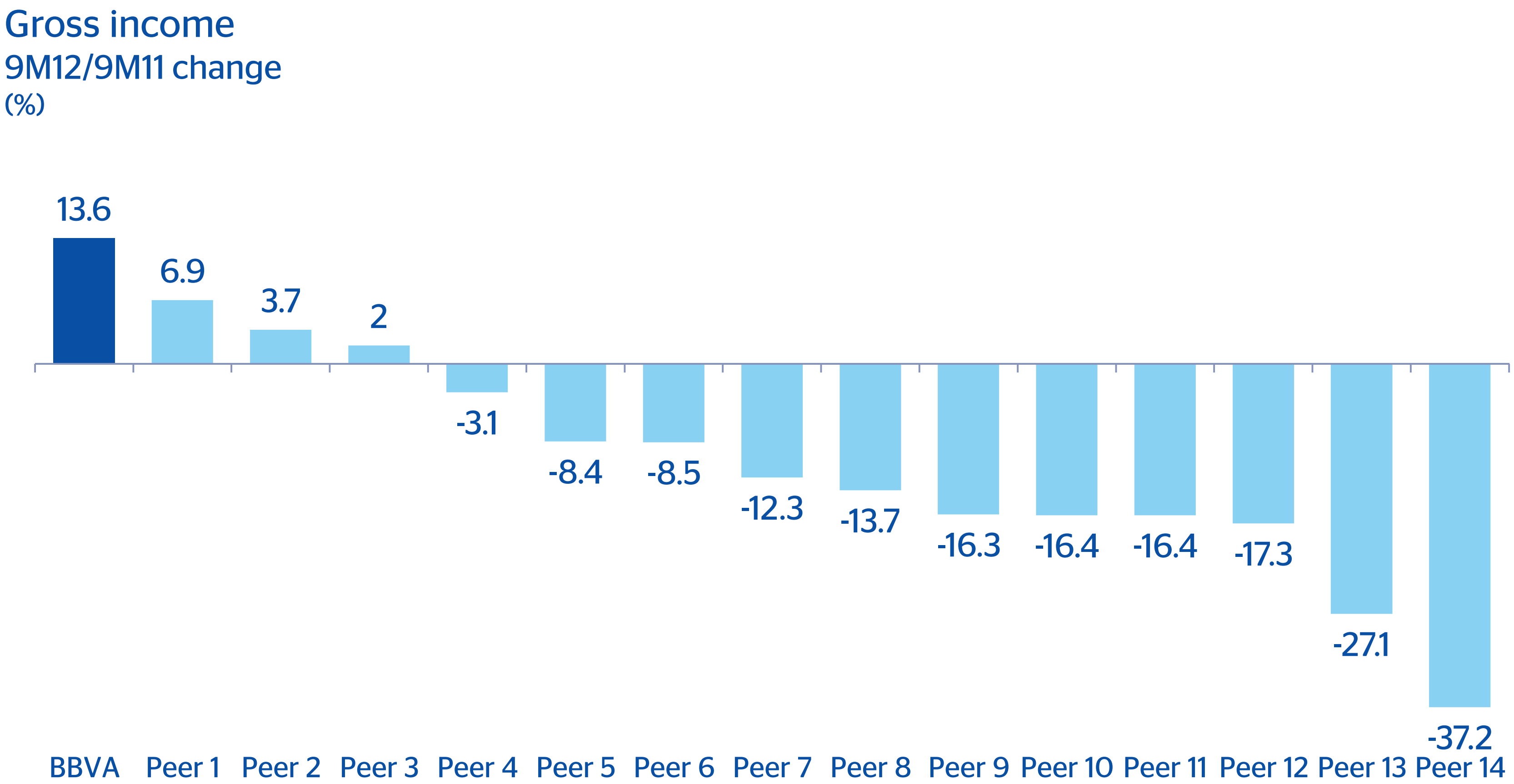


Emerging markets: solid growth maintained

Modest growth rates in the US and in Europe

Source: BBVA Research. estimates
(1) Mexico, South America, China and Turkey weighted average real GDP growth, based on their contribution to BBVA Group's operating income.
(2) Spain, USA and rest of Europe weighted average real GDP growth, based on their contribution to BBVA Group's operating income.

BBVA stands out from its European peers in terms of top line growth ...



European peer Group: BARCL, BNPP, CASA, CMZ, CS, DB, ISP, HSBC, LBG, RBS, SAN, SG, UCI and UBS.

… showing strong recurring gross income in all geographies

BBVA Recurring gross income (1)
(€ Mn)

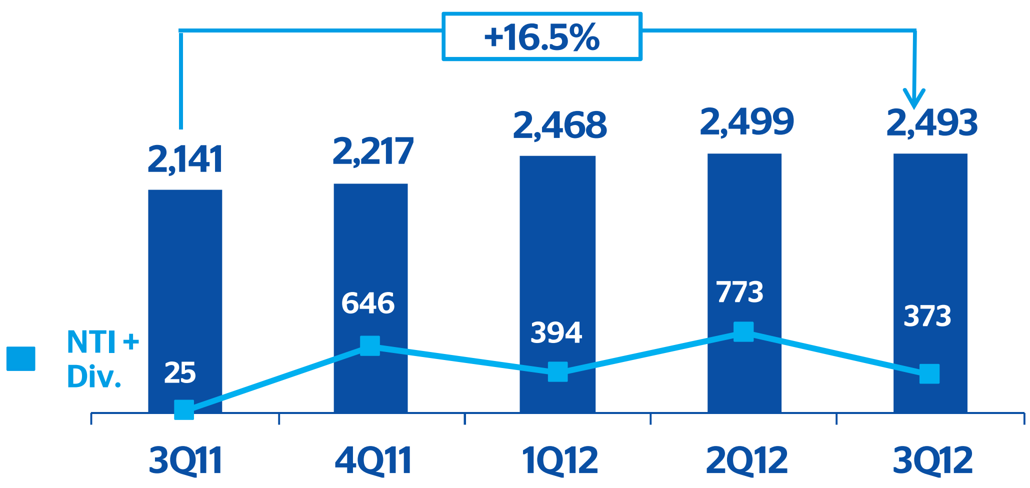
	9M12 (Year to date, € Mn)	9M12 vs. 9M11 (Constant €, %)
Spain	4,936	+5%
Eurasia	1,532	+24%
Mexico	4,217	+8%
South America	3,899	+26%
USA	1,691	+2%

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

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

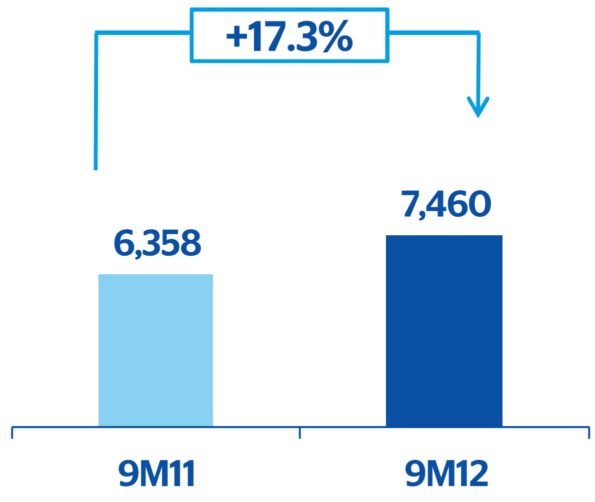
Maintaining a solid and recurring operating income

Recurring operating income [1]
BBVA Group quarterly data
(€ Mn)



Operating income	3Q11	4Q11	1Q12	2Q12	3Q12
	2,166	2,863	2,862	3,272	2,866

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



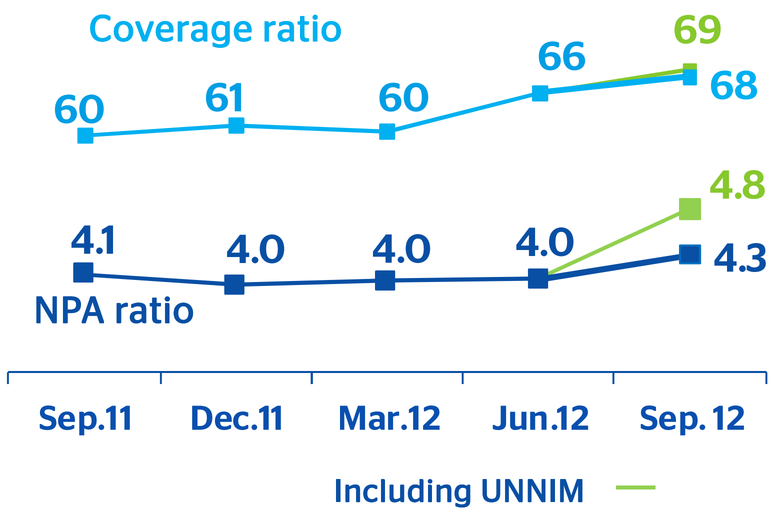
Operating income: +16.1%
(YoY change)

The best buffer to absorb unexpected losses

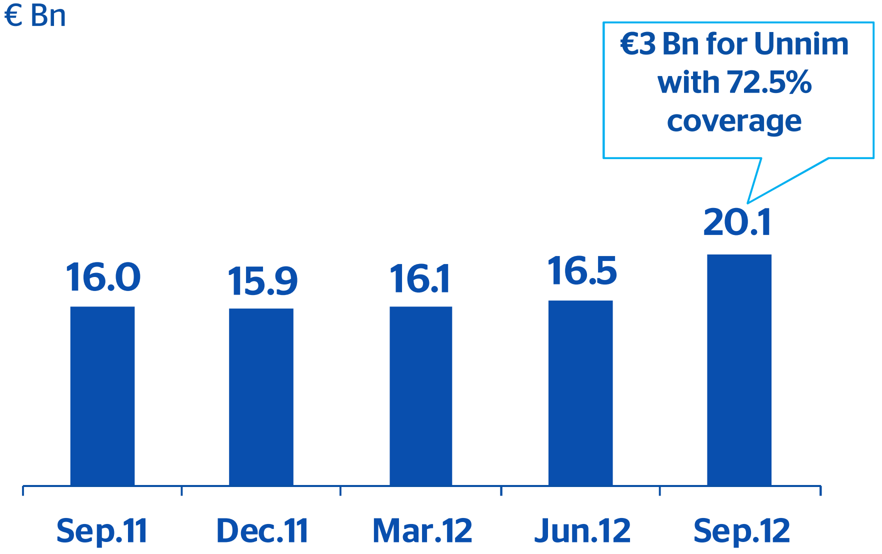
(1) Recurring operating income excludes net trading income and dividends.

Group risk indicators contained

NPA & coverage ratios
%

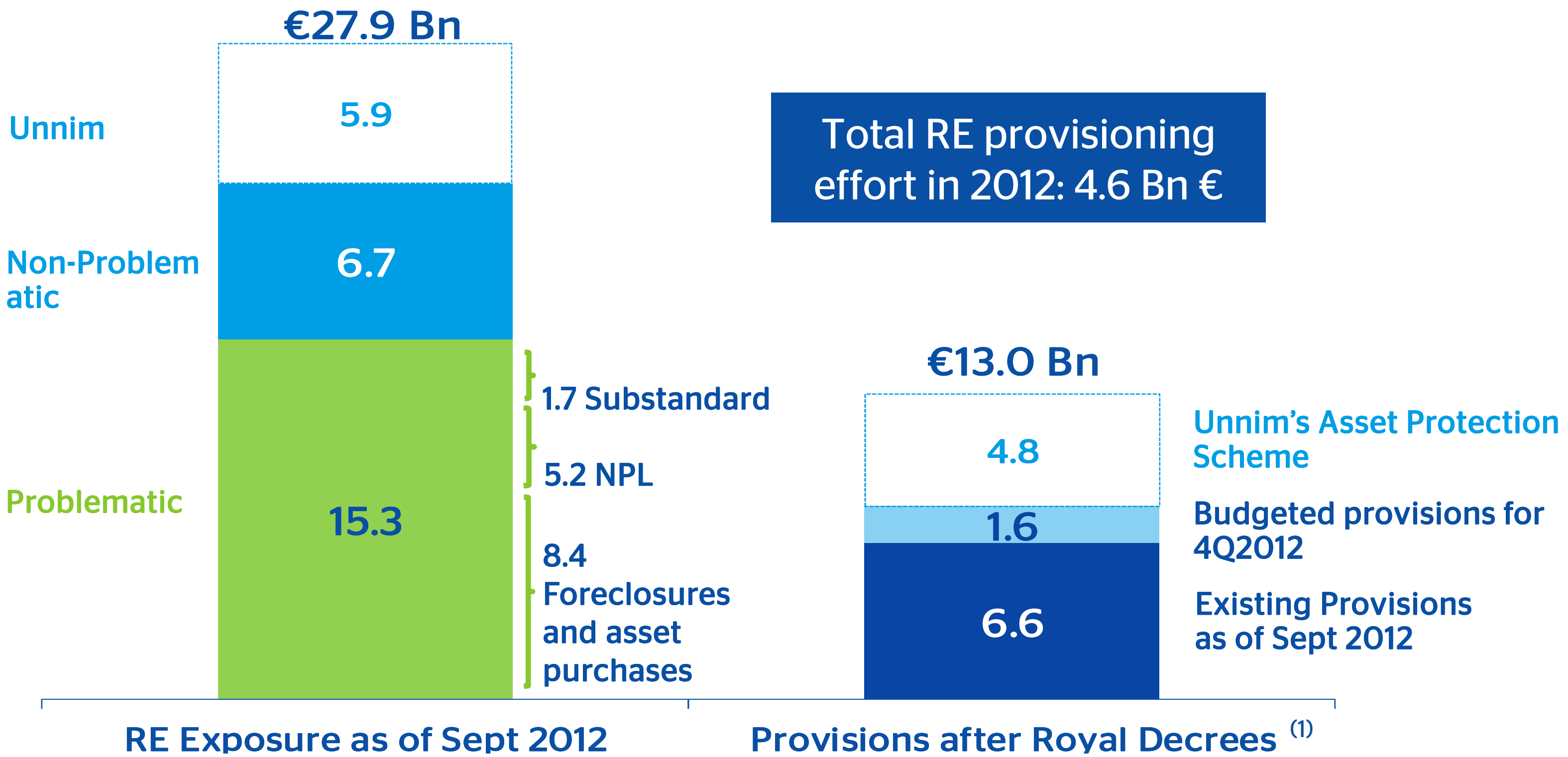


NPA
€ Bn



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

Complete Spanish Real Estate clean-up in 2012 …



Total RE provisioning effort in 2012: 4.6 Bn €

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

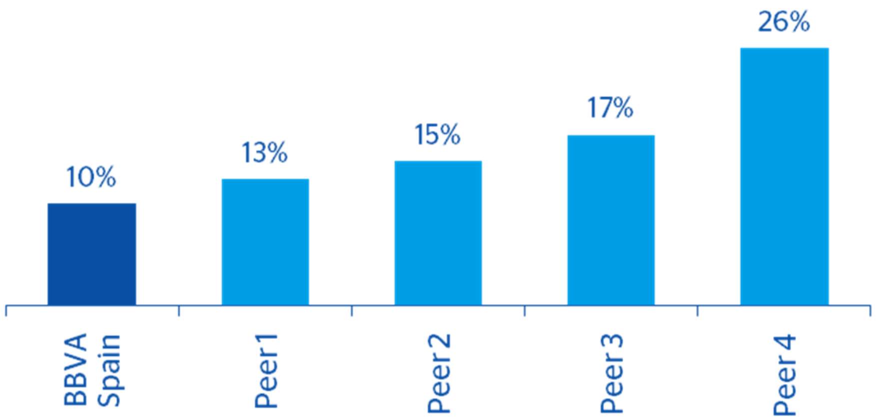
(1) Including both RD 02/2012 and RD 18/2012.

… without making use of extraordinary measures

Low relative RE exposure [1]

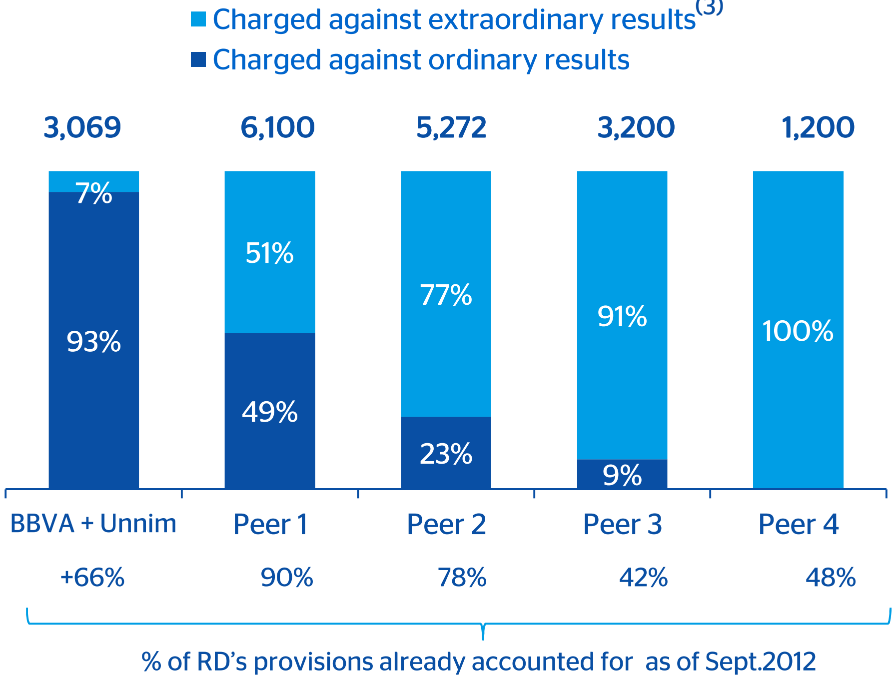
Foreclosed assets + developer loans over domestic lending

Data as of June 2012



Breakdown of RDs provisions:

charged against ordinary and extraordinary income[2]



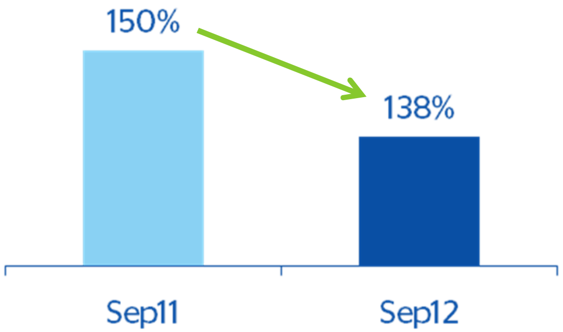
Prudent risk management and anticipation strategy

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 include capital gains and generic provisions from previous year.

Liquidity: Sound liquidity position of the Euro Balance Sheet

Domestic LTD ratio[1] improvement



Commercial gap reduction of €21 Bn in the last 12 months

Generating €2.5 – 3 Bn of liquidity per quarter since December 2010

In this context of lower funding needs BBVA has:

- Issued **€12Bn** of wholesale funds **since December 2011**.
- Being the **first mover in 2013**: €1.5 Bn 5Y senior bond issuance with 3x demand (90% foreign) and a spread below the Spanish sovereign's.
- **Ample collateral available**: 2.1x liquidity buffer[2].

(1) Domestic loans include public sector and exclude securitizations, repos and guarantees; and domestic deposits include public sector and promissory notes and exclude repos.
(2) Liquidity buffer: defined as the number of times that next 3 months' unsecured funding maturities are covered by available collateral. Figures as of January, 2013.

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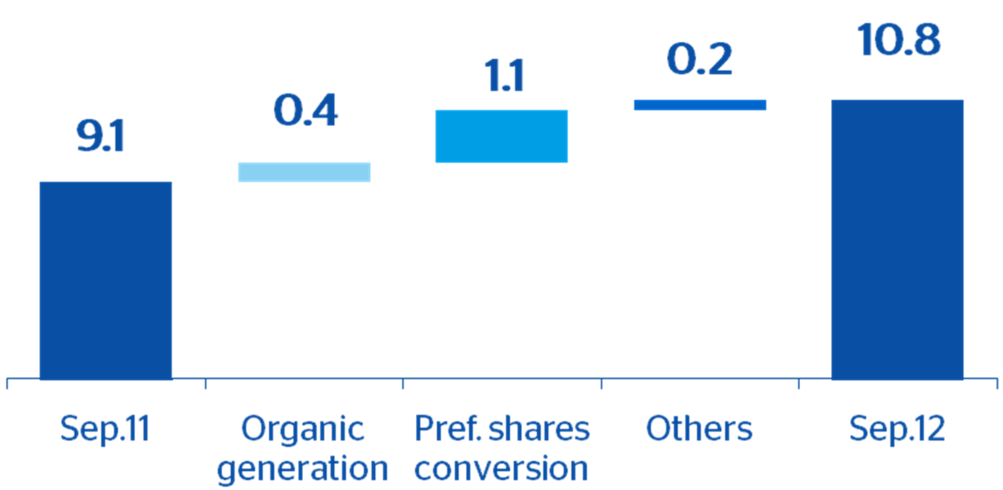
Capital: Sound position and strong capital generation capacity …

BBVA Reported Group Core capital ratio
%



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

Stable dividend policy: €0.42 DPS with 2 cash payments

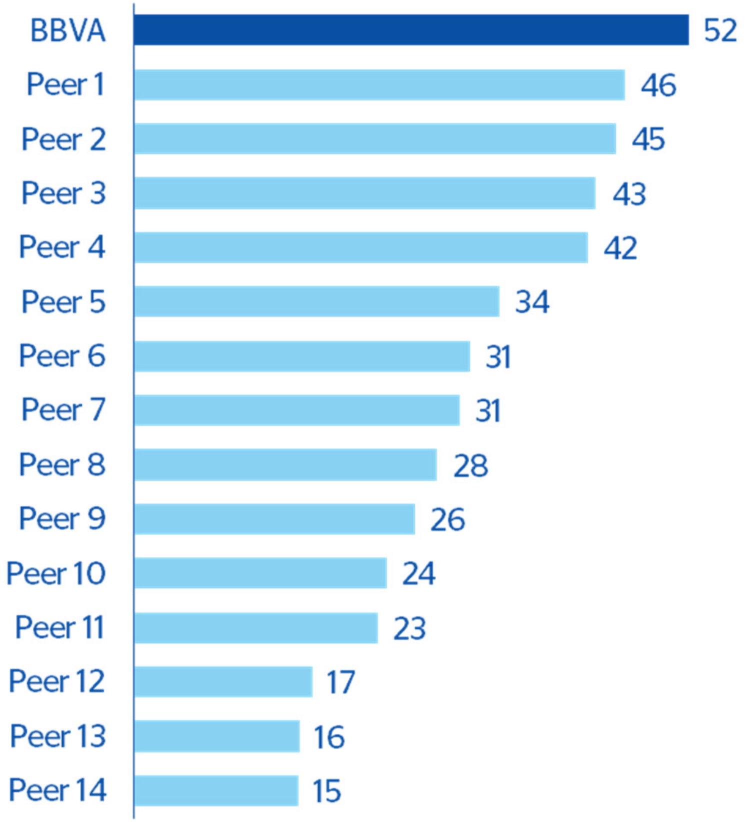
Neutral impact of Unnim after October's retail hybrid instruments conversion

…with a highly capitalized Parent Company in Spain:
11.4% core capital ratio as of September, 2012

Capital: High quality capital with low leverage

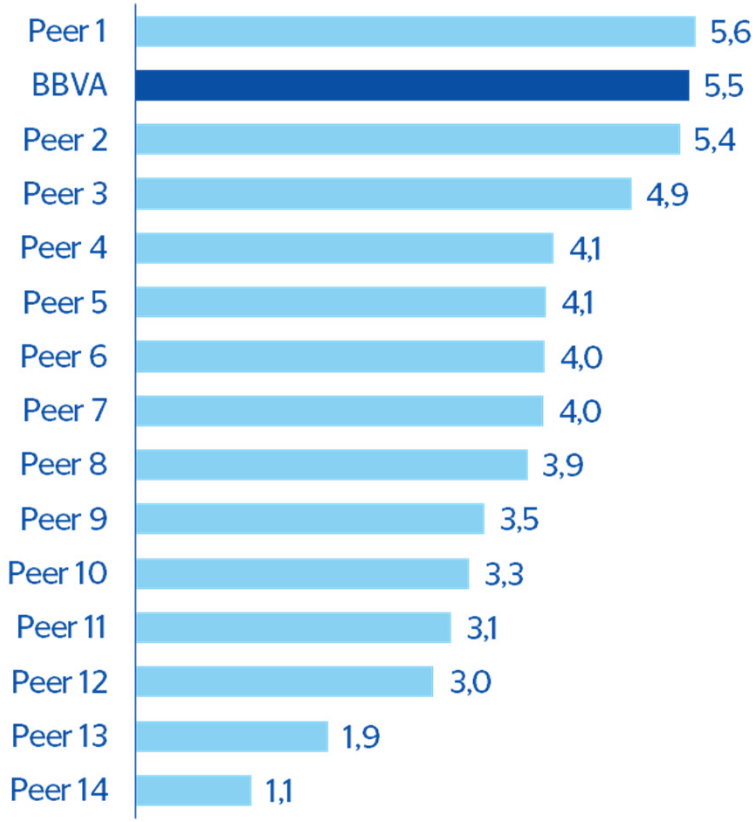
RWAs / Total Assets

BBVA Group vs. Peer Group
9M2012 (%)



Tangible equity / Tangible Assets

BBVA Group vs. Peer Group
9M2012 (%)



European Peer Group: BARCL, BNPP, CASA, CMZ, CS, DB, ISP, HSBC, LBG, RBS, SAN, SG, UCI and UBS.

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Active portfolio management

Business positioning

- **Emerging markets: business growth biased to higher profitability segments.**
- **Spain: Increasing customer base and deposits market share.** BBVA doubled its market share in the attractive region of Catalonia with the acquisition of Unnim.
- **USA: Mix transformation from RE Construction to Commercial and Retail.**
- **CIB: Selective deleverage.**

Sale of non-core businesses

- **BBVA Puerto Rico** (closed in 4Q12).
- **Pension businesses in Mexico** (closed in 1Q13) **and Colombia** (expected closing in 1H13).

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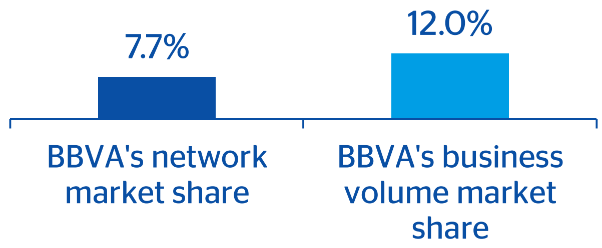
Spain: The best franchise to take advantage of market opportunities

1 Efficient NETWORK

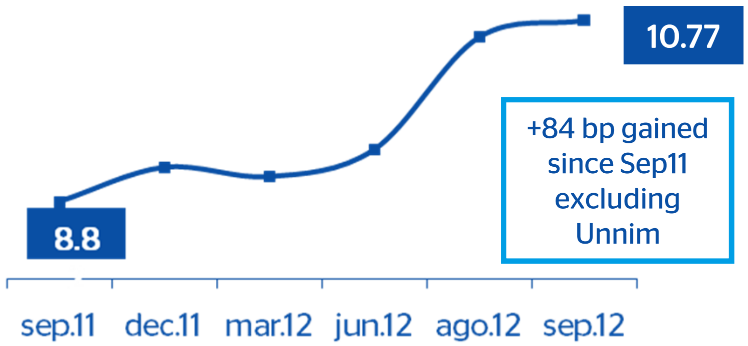


No significant pending restructuring

Focus on commercial activity

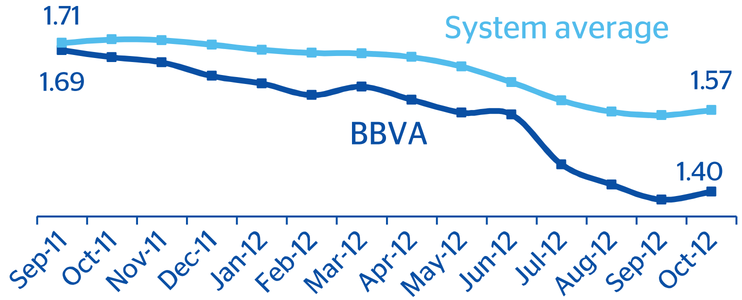
2 Growing CUSTOMER base

BBVA's domestic retail deposits market share evolution [(1)]
(%)



3 PRICE management

Retail deposits stock. Cost evolution [(2)]
(%)



Priority

Improving profitability

(1) Domestic retail deposits include deposits from households and non-financial companies and promissory notes distributed through the retail network.
(2) Retail deposits include time deposits and non-cost deposits. Quarterly average cost . System's data from Bank of Spain.

Mexico: The strongest franchise in a leading market

1 BBVA Bancomer, leader of the Mexican financial system

- **24.6% loans market share**[1]
- BBVA Mexico **net attrib. profit: €1.3 Bn** in 9M12
- **19.6% ROE** and **2.0% ROA**[2]

(1) Source: CNBV. Data as of October, 2012.
(2) Source: Bancomer public reporting figures (local accounting standards).

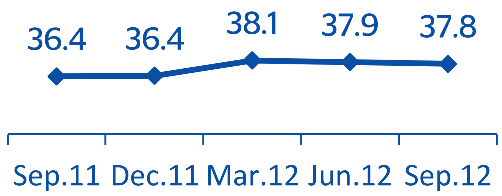
2 High growth opportunities

- **Under penetrated financial system** (22% loans to GDP)
- **Favourable population dynamics:** [3]
  - 120 Mn people in 2020e (Δ22 Mn since 2010)
  - >50% population 20-60 years old

(3) Source: INEGI projections, based on CONAPO data base.

3 Investing for the future, while maintaining highly efficient operations

Efficiency ratio [4] (%)



ATMs [5]	POS [5]	Employees[5]
+538	+10,700	+3,700

(4) Consolidated figures.
(5) Y-o-y change (Sept.12 vs. Sept.11).

Priority Upgrading our franchise to take advantage of growth opportunities

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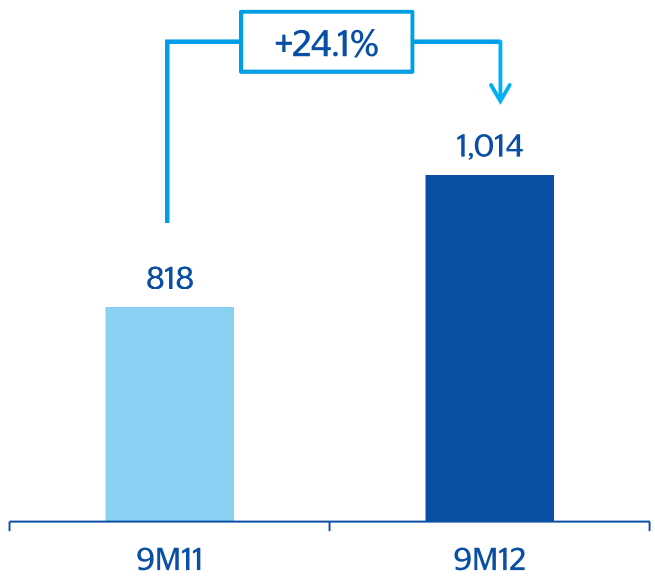
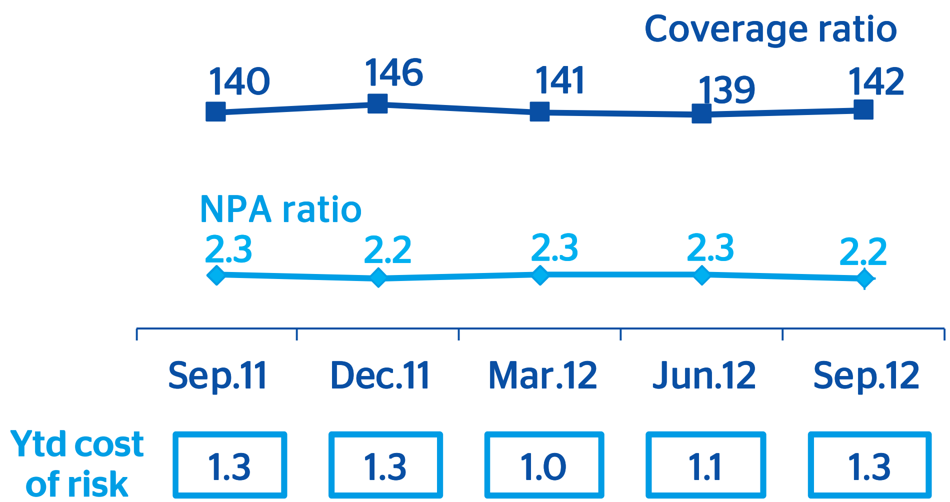
South America: Leadership positions in a high growth region

Net attributable profit
(Constant € Mn)



NPA & coverage ratios
(%)



Priority

Ensure sustainability of growth

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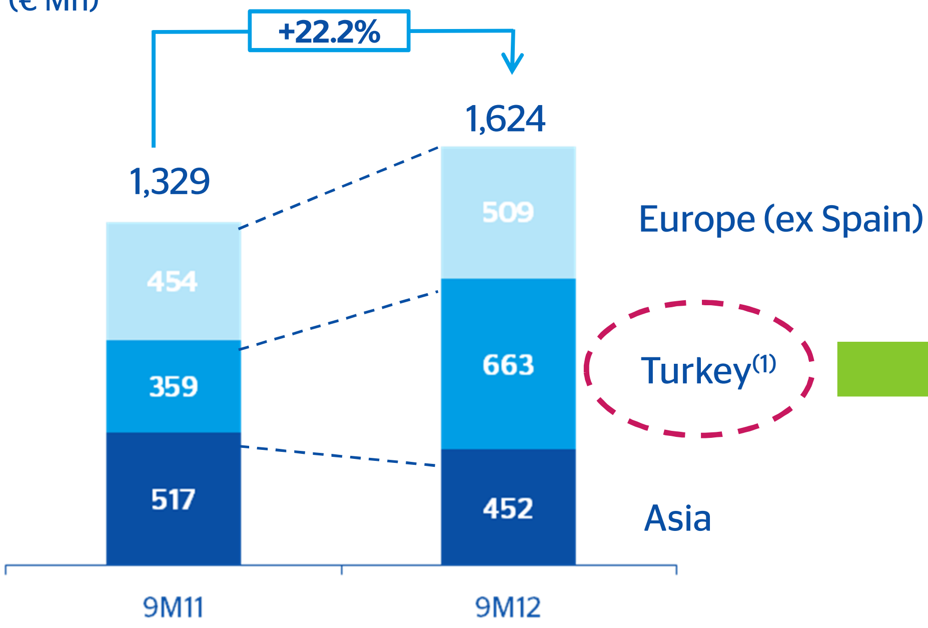
Eurasia: Another source of emerging market growth

Gross income
(€ Mn)



Already contributing € 813 Mn to the Group's net attributable profit in 9M12

BBVA's strategic commitment with the best franchise in Turkey

- Above sector growth in most profitable segments
- Better asset quality than local peers
- The best customer franchise and IT systems in Turkey

Leading to outstanding profitability: ROE 16%

Priority

Continue building-up our franchise in Eurasia

Note: Garanti proportional consolidation from March 22nd, 2011.
Garanti's data source: Garanti BRSA Financials (bank-only figures) and sector BRSA weekly data for commercial banks only.

USA: Attractive franchise with high growth potential

1 Well-positioned

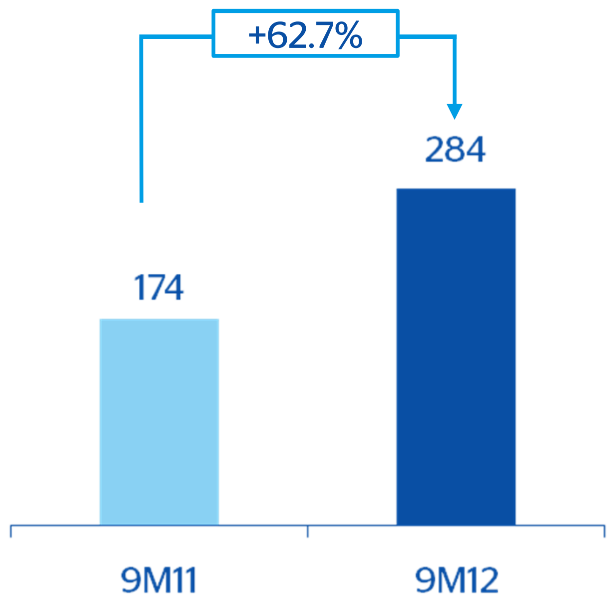
- **€59Bn and 709 Branches in the Sunbelt**
- 58% of BBVA Compass' deposits located **in Texas**

2 Transformation on track

- Implementing BBVA's industrialized customer- centric business model
- **Fully operative core IT platform in 2013.** "Real-time" deposit system completed.
- **High growth of commercial and retail loans**
- **RE Construction reduced from 22% in 2008 to less than 6%**[(1)]

3 Improving contribution to the Group

Net Attributable profit
BBVA Compass
(Constant € Mn)



Priority **Maximize returns on investment**

(1) Percentage of RE Construction over total loans.

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Relying on **technology** as a key sustainable competitive advantage in financial services

Customer centric approach
- Customized product offering
- Multichannel distribution

Commercial productivity increase
- Customized management model
- Easier access to banking services

Lower risk level and mitigation
- Risk Intelligent system

Operational efficiency enhancement
- Efficiency in processes
- Robust infrastructure

- Greater revenues per employee/customer
- Higher cross sale ratio
- Greater customer satisfaction/loyalty
- Barriers of entry
- Faster processes with less bureaucracy
- Higher risk adjusted returns

Higher profitability, and better efficiency and asset quality than the peer average in each market

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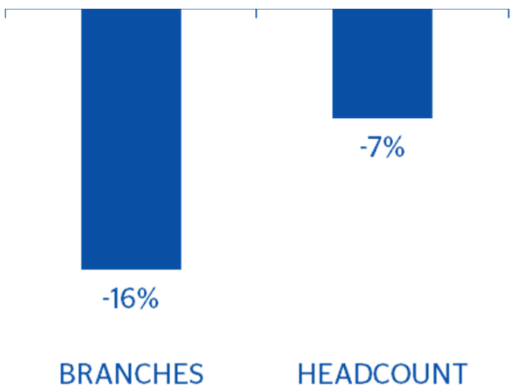
Spanish franchise is already profiting from technology investment

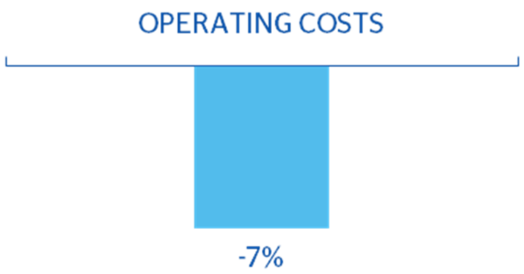
1 Branches and headcount reduction

BBVA's branches and headcount evolution (Dec-07-Sept-12)



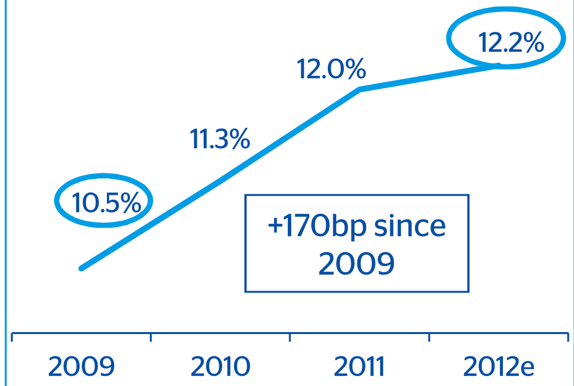
2 Cost control

BBVA's operating cost evolution (2008-Sept-12)



3 Business market share gain

BBVA's business volume market share evolution



1.6 Mn active internet clients as of September, 2012 (+68% since 2009)

Note: Data excluding Unnim.

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Principle-based profitability: How we conduct our business also matters

- Integrity
- Prudence
- Transparency

- Normative compliance
- Behavioral standards
- Responsible commercial practices
- Corporate governance

BBVA has avoided any relevant issue in terms of operational risk, reputational problems or bad "commercial practices"

Key to maintain a loyal and high value customer franchise

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BBVA's structural strengths have become even more apparent during the crisis

1	**Better growth profile** and underlying **profitability** than peers
2	**High capital generation capacity** (€7.4 Bn in the last 12M) without selling core assets
3	Overcoming the worst year of the crisis in Spain: **>€7 Bn of provisioning** effort in 2012, while **able to maintain the dividend policy**
4	Proactive balance sheet management, **minimizing shareholder dilution** and focusing on **customer franchise value**

Ready to enter a new EPS growth cycle

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Turning around

Manuel González Cid, CFO

Exane BNP Paribas, Spain Investor Day

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