BBVA, facing the future with strength

VI Spanish Banks Convention
Ahorro Corporación Financiera

Barcelona, september, 2010
Contents

Snapshot

Current environment

Outlook for the future
**BBVA**  
BBVA: a diversified group with strong focus on retail banking

### Key figures 1H10

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets:</td>
<td>€ 569 bn</td>
</tr>
<tr>
<td>Net attrib. profit:</td>
<td>€ 2.53 bn</td>
</tr>
<tr>
<td>Branches:</td>
<td>7,407</td>
</tr>
<tr>
<td>Employees:</td>
<td>104,372</td>
</tr>
<tr>
<td>Countries:</td>
<td>31</td>
</tr>
</tbody>
</table>

### Locations

- **USA**  
  Growth Platform: Leading franchise in Southern USA

- **Mexico**  
  Top bank

- **South America**  
  Leading franchise 1st / 2nd

- **Spain**  
  Growing market share: 1st / 2nd

- **Asia / China**  
  Advantageous positioning: Strategic alliance with a dominant player in Asia

### Customers

Customers: **47.5 mn**
BBVA is in a strong position

BBVA’s advantages: The ten commandments

- Small Balance Sheet
- Geographic Diversification
- Efficiency
- High Quality Assets
- Deposits Franchise
- Risk Management
- Solid Liquidity Position
- Solvency
- No Toxic Exposure

BBVA’s Differential Business Model
In the crisis ...

Attributable profit
Peer group* excl BBVA
(€bn, excl. One-off items)

2002 2003 2004 2005 2006 2007 2008 9M09
21.7 31.4 60.8 75.2 63.1 32.9 -28.6

BBVA's net attributable profit
(€m, excl. One-off items)

2002 2003 2004 2005 2006 2007 2008 2009
1,719 2,227 2,923 3,806 4,580 5,403 5,414 5,260

* Peer group: BARCL, BBVA, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, RBS, SAN, SG, UBS, LBG, Citi, BOA, JPM, Wells Fargo.

Collapse of industry

Sustained growth

* 2002 - 2003 Pre-IFRS
Strong position in ...

**ROE**
- BBVA: 36.96%
- Peer: 17.90%

**EFFICIENCY**
- BBVA: 129.53%
- Peer: 48.11%

**NPA RATIO**
- BBVA: 1.05%
- Peer: 4.52%

**COVERAGE RATIO**
- BBVA: 237.13%
- Peer: 60.99%
BBVA

We ended 2009 as a “better bank”

<table>
<thead>
<tr>
<th>Better capitalised</th>
<th>Core capital 8% (+180 pb)</th>
</tr>
</thead>
<tbody>
<tr>
<td>More efficient</td>
<td>40.4% (-4.1 pp)</td>
</tr>
<tr>
<td>A stronger balance sheet</td>
<td>• Provisioning effort</td>
</tr>
<tr>
<td></td>
<td>• Ample coverage</td>
</tr>
<tr>
<td></td>
<td>• Latent capital gains</td>
</tr>
<tr>
<td>More diversified and with stronger franchises</td>
<td>• South America: another “Bancomer”</td>
</tr>
<tr>
<td></td>
<td>• Establishing USA as a growth platform</td>
</tr>
<tr>
<td></td>
<td>• Reinforcing our Asian presence</td>
</tr>
<tr>
<td>More profitable</td>
<td>T.S.R. R.O.E.</td>
</tr>
</tbody>
</table>


Snapshot

Current environment

Outlook for the future
During a year in which the finance sector was characterised by...

- Liquidity problems
- Capital Markets closed
- Rating downgrades of Gov and financial entities
- Decline in revenues
- Stocks markets drop
- Lower margins in retail banking
- CDS at a maximum level
- Impairment of asset quality

At some point, there will be a return to normal, but normal does not mean things will be the same again.
Which are the main drivers to return to normal?

**MACRO**

- Fiscal Measures
- Structural Reforms
- Preventive regulation
- Communication

**DIFFERENTIATION AMONG ENTITIES**

1. Capacity for generating recurrent results
2. Good asset quality
3. Solvency and balance-sheet strength
1 Capacity for generating Recurrent results

BBVA, a very well diversified Group

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

- Spain & Portugal: 34%  
- Mexico: 26%  
- WB&AM: 10%  
- USA: 12%  
- South America: 18%  
- Emerging markets

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

* Not including corporate activities
Excellent outlook for emerging economies …

**South America***

GDP growth (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>6.8%</td>
</tr>
<tr>
<td>2008</td>
<td>5.1%</td>
</tr>
<tr>
<td>2009</td>
<td>-0.7%</td>
</tr>
<tr>
<td>2010e</td>
<td>4.5%</td>
</tr>
<tr>
<td>2011-2013e</td>
<td>4.2%</td>
</tr>
</tbody>
</table>

*Argentina, Brazil, Chile, Colombia, Peru and Venezuela

Source: BBVA Research

**Asia**

GDP growth (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>14.2%</td>
</tr>
<tr>
<td>2008</td>
<td>9.6%</td>
</tr>
<tr>
<td>2009</td>
<td>8.7%</td>
</tr>
<tr>
<td>2010e</td>
<td>9.8%</td>
</tr>
<tr>
<td>2011-2013e</td>
<td>9.2%</td>
</tr>
</tbody>
</table>

*Argentina, Brazil, Chile, Colombia, Peru and Venezuela

Source: BBVA Research

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

*Asia, and China in particular, will keep a high potential growth*
Excellent outlook for Mexico and USA

**Mexico**
GDP growth (%)

- 2007: 3.3%
- 2008: 1.5%
- 2009: -6.6%
- 2010e: 5.0%
- 2011-2013e: 3.3%

**USA**
GDP growth (%)

- 2007: 2.1%
- 2008: 0.4%
- 2009: -2.4%
- 2010e: 3.0%
- 2011-2013e: 2.4%

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

Leading the recovery, with higher growth in Texas.
Spain and EMU
GDP growth (%)

Spain
EMU

2007 2008 2009 2010e 2011-2013e

3.6% 2.7% 0.9% 0.5% 0.7% 1.8% 1.4%

-3.6% -4.0% -0.6%

On-going recovery in mature markets

Reestructuring Spanish Market
Plan UNO
Lending recovers...

Lending BBVA Group
y-o-y change
Average balances (%)

<table>
<thead>
<tr>
<th></th>
<th>Jun.09</th>
<th>Sep.09</th>
<th>Dec.09</th>
<th>Mar.10</th>
<th>Jun.10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td>-1,0</td>
<td>-2,6</td>
<td>-5,0</td>
<td>-3,7</td>
<td>-1,2</td>
</tr>
<tr>
<td>S. America</td>
<td>-5,0</td>
<td>-2,5</td>
<td>-1,3</td>
<td>-0,5</td>
<td></td>
</tr>
<tr>
<td>Mexico</td>
<td>-1,4</td>
<td>0,1</td>
<td>4,2</td>
<td>-2,3</td>
<td></td>
</tr>
<tr>
<td>USA</td>
<td>-1,6</td>
<td>-4,3</td>
<td>-1,3</td>
<td>-2,3</td>
<td></td>
</tr>
</tbody>
</table>

Lending Spain, Mexico, South America and USA
y-o-y change
Average balances (%)

Lending is moving closer to overall annual growth
Strongly recurrent net interest income...

Net interest income
BBVA Group
Quarter-by-quarter
(€m)

2009 Average 1Q10 2Q10
3,470 3,386 3,551
+2.3%

Net interest income
BBVA Group
Half year
(€m)

1H08 1H09 1H10
5,555 6,858 6,937
+23.5% +1.2%
Strong operating income

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

- 2009 Average: 3,077
- 1Q10: 3,183
- 2Q10: 3,317

+7.8% increase

Operating income
BBVA Group
First half
(€m)

- 1H08: 5,472
- 1H09: 6,293
- 1H10: 6,500

+15.0% increase
+3.3% increase
2 Asset Quality

Decline in gross additions to NPA status

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

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Gross Additions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2Q09</td>
<td>3.717</td>
</tr>
<tr>
<td>3Q09</td>
<td>3.573</td>
</tr>
<tr>
<td>4Q09*</td>
<td>3.726</td>
</tr>
<tr>
<td>1Q10</td>
<td>3.262</td>
</tr>
<tr>
<td>2Q10</td>
<td>3.042</td>
</tr>
</tbody>
</table>

* Excl. anticipation

Net additions to NPA:
-56%
Monthly average, 2010 vs 2009*

Recoveries:
+37%
Monthly average, 2010 vs 2009
The NPA ratio improves

NPA ratio BBVA Group (%)

Jun.09 Sep.09 Dec.09 Mar.10 Jun.10

3.2 3.4 4.3 4.3 4.2

NPA ratio (%)

Jun.09 Sep.09 Dec.09 Mar.10 Jun.10

Spain & Portugal

3.7 4.0 5.1 5.1 5.0

Mexico

3.9 4.0 4.3 4.1 3.8

USA

3.3 3.1 4.2 4.4 4.3

... specially in markets that suffered most during the crisis
Cost of risk stabilises

Cost of risk excl. one-offs
BBVA Group
Stand alone quarter (%)

Cost of risk excl. one-offs
Stand alone quarter (%)

Spain & Portugal

Mexico

USA

The cost of risk is improving in franchises where it rose most in recent quarters

* Excl. one-off items
Stronger provisions

Coverage ratio
BBVA Group
(%)
Solvency and balance-strength

which results in a solid core capital ratio...

Core capital
BIS II rules
(%)

Tier I and BIS ratio
BIS II rules
(%)

8.0 8.1 -0.2 0.2 8.1
Dec.09 Mar.10 CNBC Organic Jun.10

Tier I 9.2%
BIS Ratio 12.7%
Solid liquidity and finance positions

BBVA Group’s wholesale maturities (€bn)

<table>
<thead>
<tr>
<th>Peer</th>
<th>Maturity (€bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer 1</td>
<td>115</td>
</tr>
<tr>
<td>Peer 2</td>
<td>30</td>
</tr>
<tr>
<td>Peer 3</td>
<td>11</td>
</tr>
<tr>
<td>Peer 4</td>
<td>19</td>
</tr>
<tr>
<td>Peer 5</td>
<td>22</td>
</tr>
<tr>
<td>Peer 6</td>
<td>17</td>
</tr>
<tr>
<td>Peer 7</td>
<td>25</td>
</tr>
<tr>
<td>Peer 8</td>
<td>18</td>
</tr>
<tr>
<td>Peer 9</td>
<td>16</td>
</tr>
<tr>
<td>Peer 10</td>
<td>19</td>
</tr>
<tr>
<td>Peer 11</td>
<td>9</td>
</tr>
<tr>
<td>Peer 12</td>
<td>10</td>
</tr>
<tr>
<td>Peer 13</td>
<td>12</td>
</tr>
<tr>
<td>Peer 14</td>
<td>15</td>
</tr>
<tr>
<td>BBVA</td>
<td>71</td>
</tr>
</tbody>
</table>

Average annual maturities in the next 3 years: approx. €10,000m

LT issues in 2Q10* €7,599m

Retail deposits in 2Q10 €19,371m

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

Source: Bloomberg 22/07/10
### Transparency
- 100% of banks and savings banks in the Spanish financial system (vs. 65% average in Europe)

### Rigour and harshness
- More severe macro and micro scenarios for Spain in terms of GDP, construction sector, falling operating profit and provisions

### Impact of stress test more demanding for Spain

<table>
<thead>
<tr>
<th>Country</th>
<th>Up to stress test</th>
<th>Stress test amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>2.7%</td>
<td>2.9%</td>
</tr>
<tr>
<td>EMU</td>
<td>1.1%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Spain</td>
<td>0.6%</td>
<td>4.0%</td>
</tr>
<tr>
<td>U.K.</td>
<td>0.4%</td>
<td>1.7%</td>
</tr>
</tbody>
</table>

Losses prior to stress test and estimated losses in stress test (% over assets)

Source: Bloomberg, National Sources and BBVA Research
CEBS stress test: BBVA, one of the most resilient entities in Europe

Impact of stress test over TIER I (In basis points)

Maximum resilience of capital ratio despite the tough hypothesis taken for Spain

Ability to generate operational results

Adequate solvency and payment of cash dividends in stress scenarios, in the absence of capital increases

AA rating by Standard & Poor’s confirmed

*Peer Group: BARCL, BBVA, BNPP, CASA, CMZ, DB, HSBC, ISP, LBG, RBS, SAN, SG & UCI.*
Analysts agree that BBVA is among the least impacted regarding BIS III

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

Still, the new regulation is under review
Snapshot

Current environment

Outlook for the future
How does BBVA face the future?

VALUE CREATION FOR SHAREHOLDERS

- **Dividends**
  - Short term
  - Results

- **Stock Price**
  - Long term
  - NPV of future “growth”
How does BBVA face the future?

NPV OF FUTURE GROWTH

DIFFERENTIATION PLAN

Customer centric

Distribution Channels

“Lean” Processes

We use the technology as fixed element
Future Banking Model: Conclusions

Today Banking Products
Private Banking
New Channels
Diferentiation
In person
Remote
Low cost
Banking Products
Technologic Banking

Type of Service
Financial
Not Financial

Customer Needs
Type of Relationship
BBVA is in the vanguard, anticipating the future and leading the change... with the ambition of being the best global bank in the world