

BBVA

BBVA: Strength in the current challenging environment

BBVA South America: A growth engine that reinforces BBVA's positive outlook



Vicente Roderó, Head of BBVA South America
Spanish Banks Day - Ahorro Corporación. Barcelona, October 10th 2011

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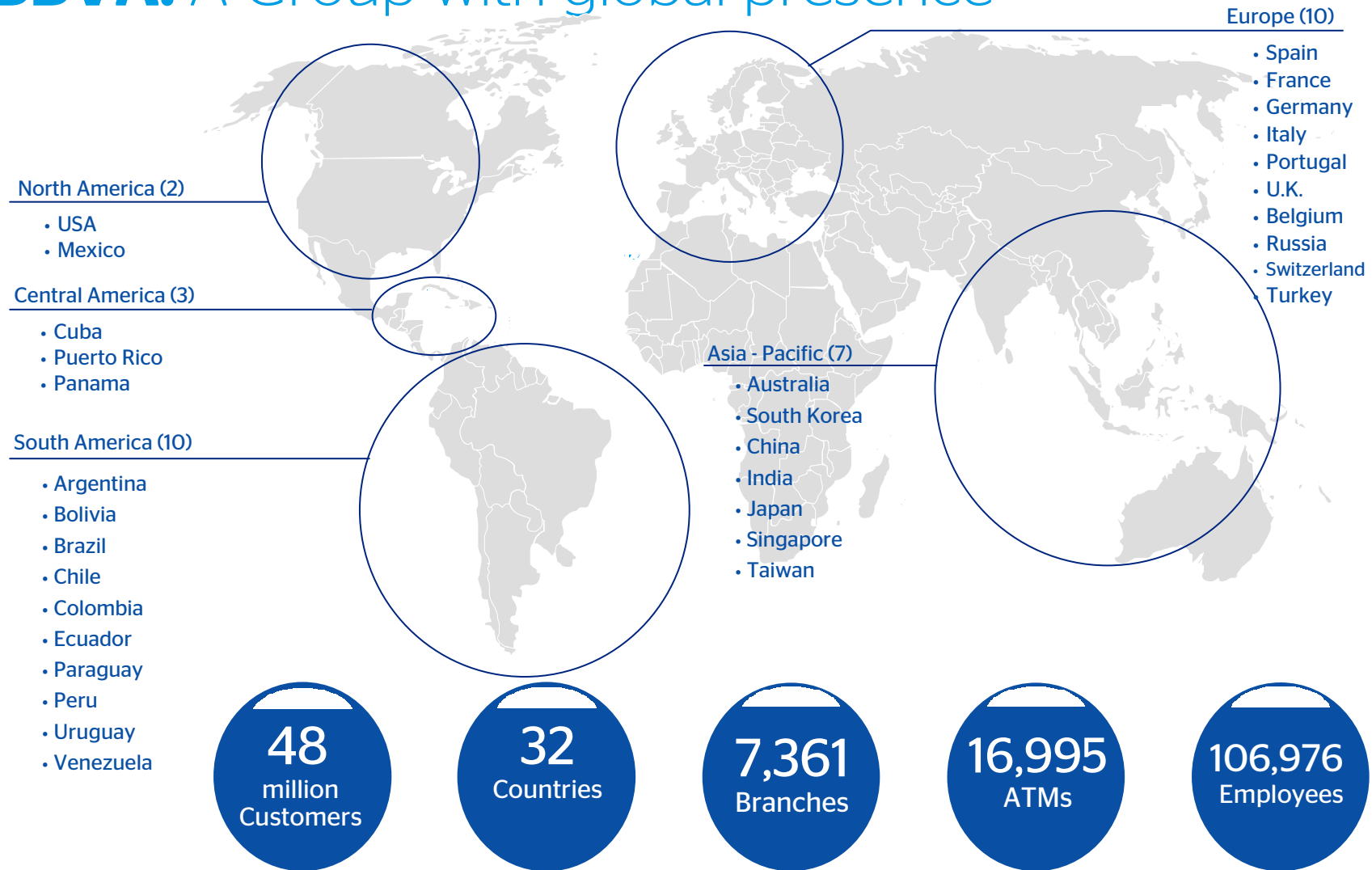
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2 What are BBVA strengths in the current challenging environment?

3 BBVA South America: a leading franchise

BBVA: A Group with global presence



A customer-centric global retail bank ...

		Ranking ⁽¹⁾
Total Assets (€ bn)	552.7	15 th
Net attributable profit (€ bn)	4.6	5 th
ROE (%)	15.8	2 nd
Cost to income (%)	42.9	1 st
Core Capital (%)	9.6 ^(*)	

(*) : Post Garanti Consolidation: (9%)

Figures as of December 2010

(1) Includes the following 15 European entities: BARCL, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS, UCI and BBVA.

... with leading franchises in all geographies

	Loans	Deposits	Ranking
Spain	12%	10%	2 nd
Mexico	27%	24%	1 st
South America (ex Brazil)	10%	10%	2 nd
USA (Sunbelt)	--	7%	4 th
Eurasia			
China (Citic Bank)	15 % stake		(7 th)
Turkey (Garanti Bank)	25 % stake		(1 st)

Ranking by deposits (except for China, by assets and for Turkey, by deposits); **Spain**: Data as of November 2010; **México**: Data as of December 2010; **South America**: Data as of September 2010, countries considered: Argentina, Chile, Colombia, Panama, Paraguay, Peru, Uruguay and Venezuela; **USA**: Data as of June, 2010, market share and ranking considering only Texas and Alabama; **China and Turkey**: data as of December 31, 2010.



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A bumpy transition to the new normal of the financial industry

Lower funding from capital markets

Regulatory pressures

Deleveraging

Exacerbated by the economic cycle

In this environment the banking industry faces significant challenges

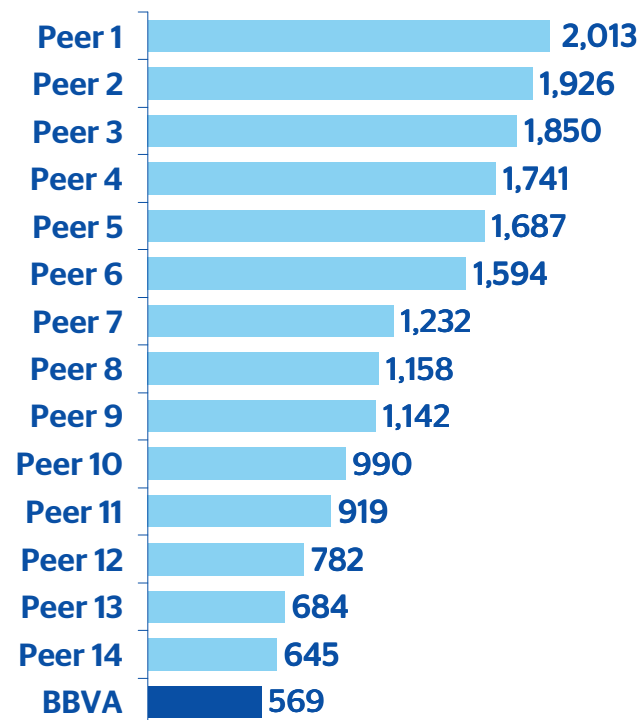
Transitioning to the new normal

- Excessive balance sheet size
- Liquidity/funding constrains
- Higher capital requirements
- Pressures on profitability
- Questioning the viability of certain business models
- Regulatory changes
- Lack of economic growth

Small balance sheet with the largest deposit base ...

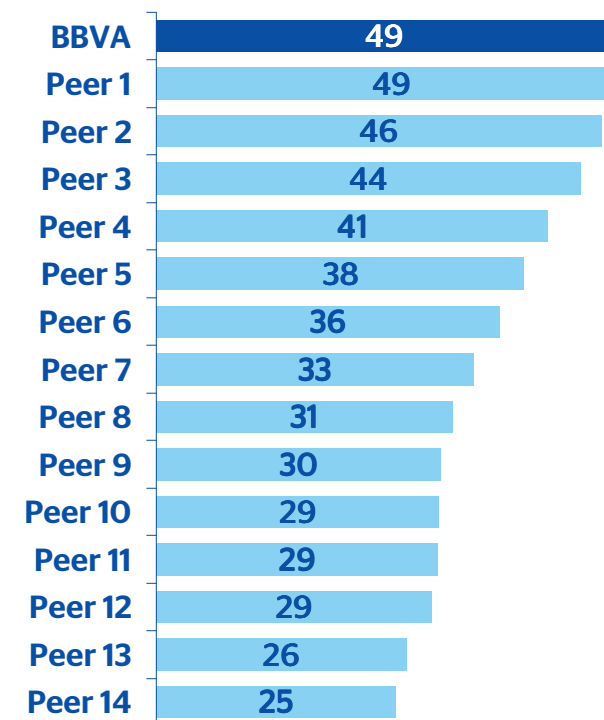
Total Assets

BBVA Group vs. Peer Group
(1H2011, € bn)



Customer deposits / Total Assets

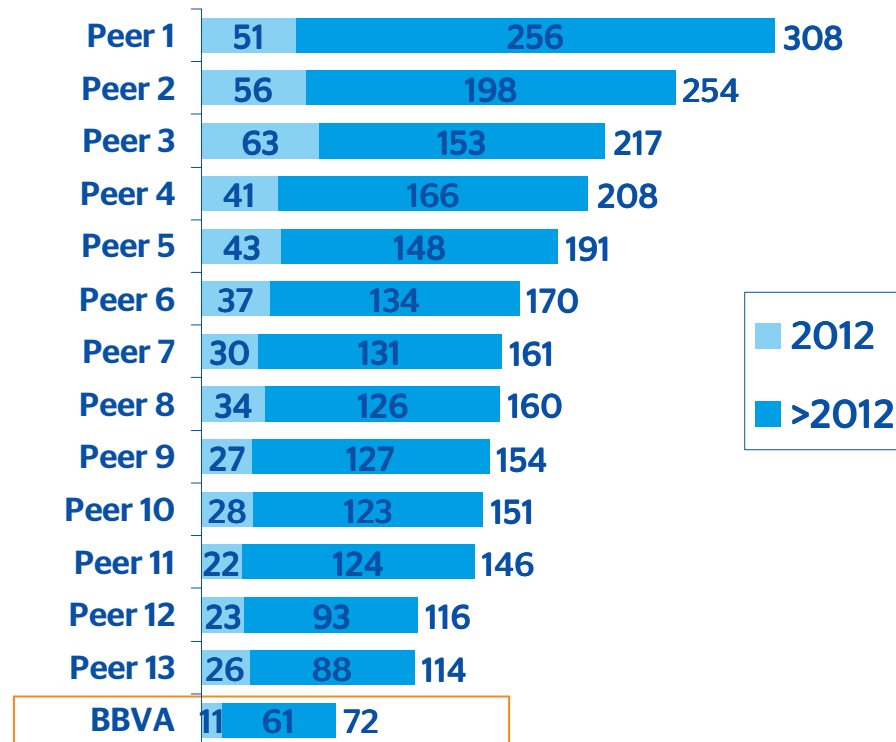
BBVA Group vs. Peer Group
(1H2011, %)



Low wholesale funding dependence

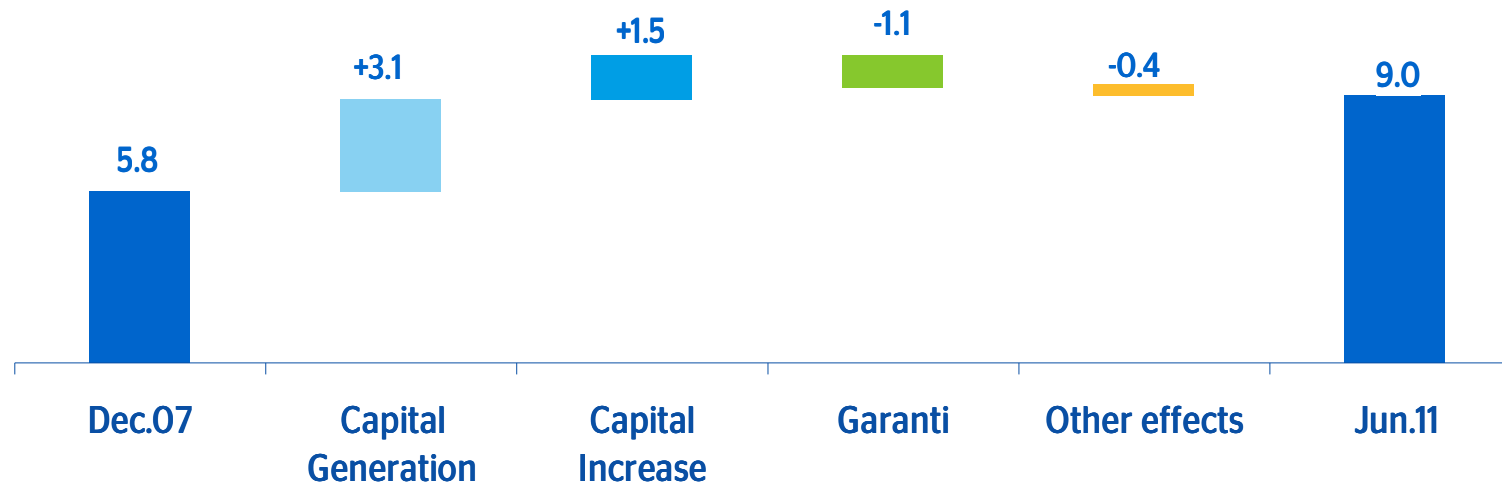
- 2011 funding needs covered
- Euro funding gap improving
 - €19 bn year-on-year
 - €2 bn in the last quarter
- Not dependent on ECB
- Not dependent on US short term funding
- Available collateral €60bn

Maturities of term wholesale funding
BBVA Group vs. Peer Group
(€bn)



High quality capital and consistent organic capital generation ...

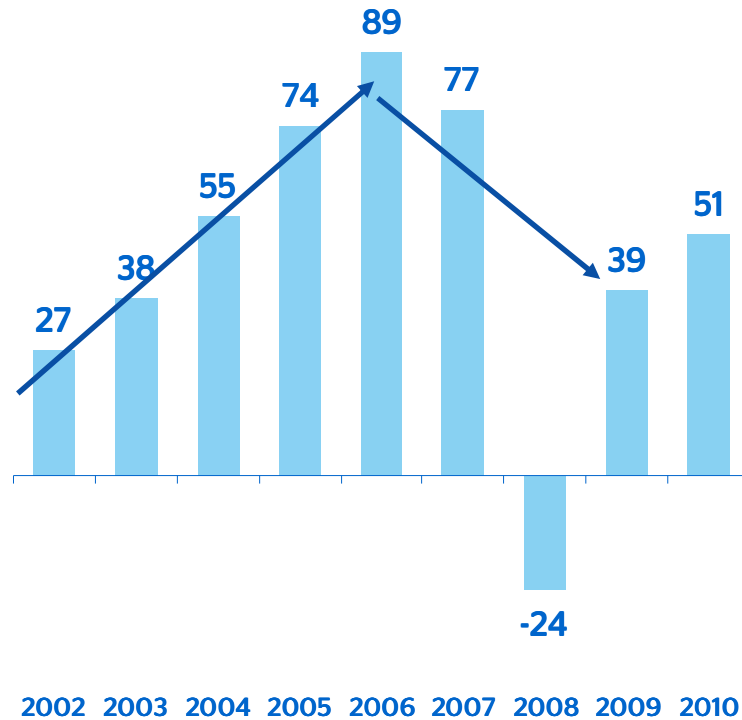
Core capital
BBVA Group



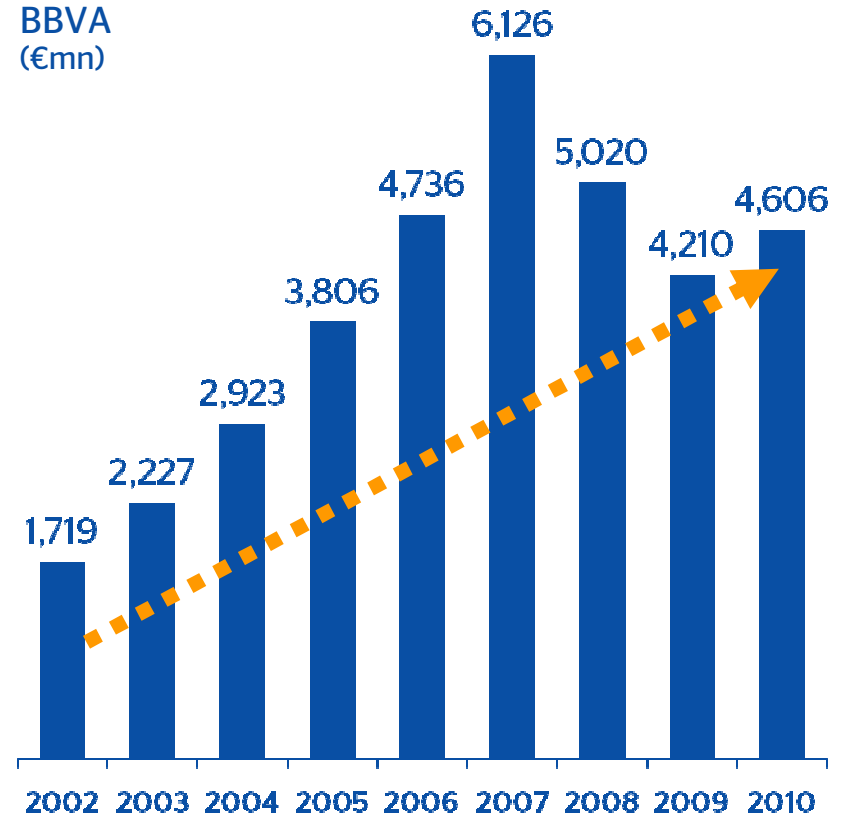
Organic capital generation: 15-20 bp per quarter
Sustainable dividend policy: €0.42 DPS remains the floor (€0.94 EPS 2011e*)

Solid and recurrent results during the crisis

Net attributable profit
European peers aggregate*
(€bn)



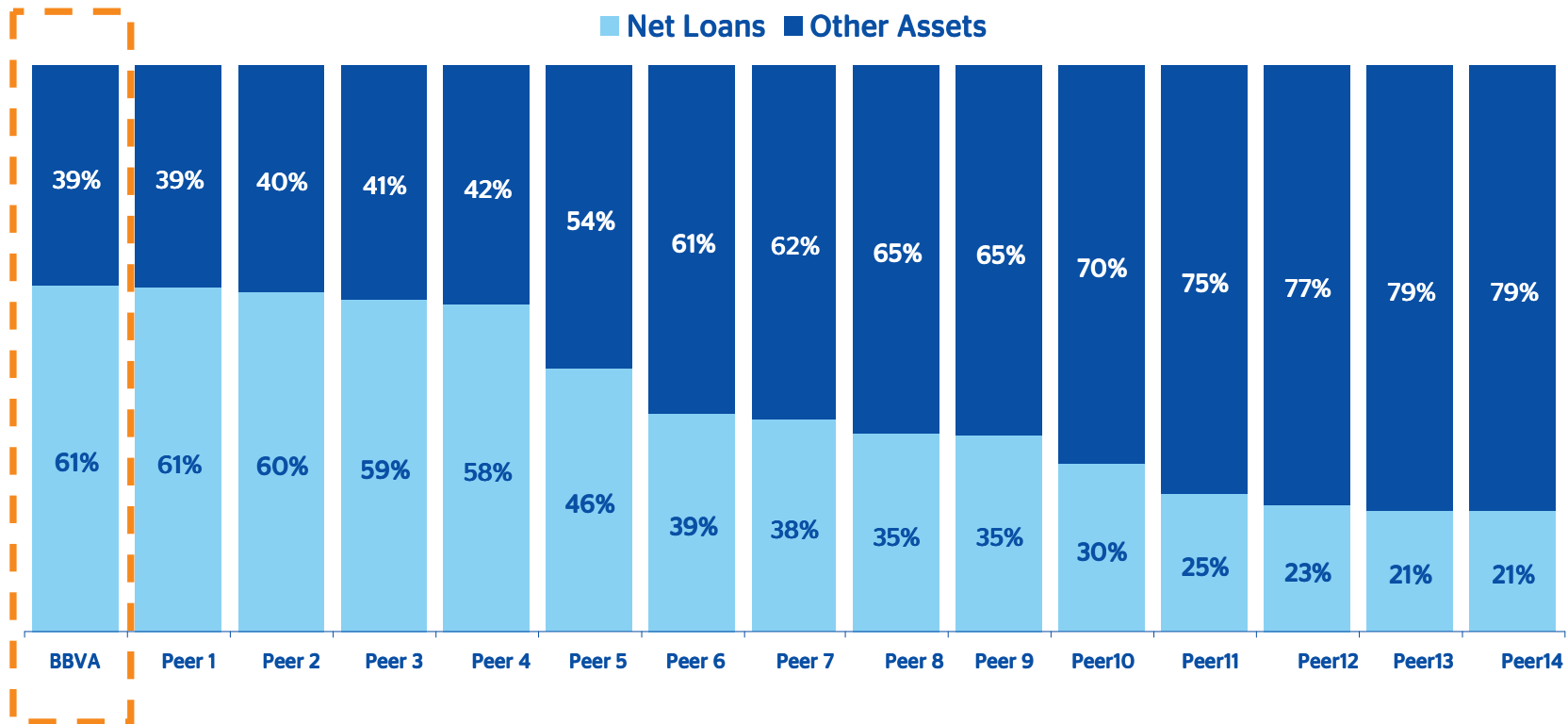
Net attributable profit
BBVA
(€mn)



1H2011 net attributable profit of €2.4bn

* European peers aggregate: BARCL, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS and UCI.

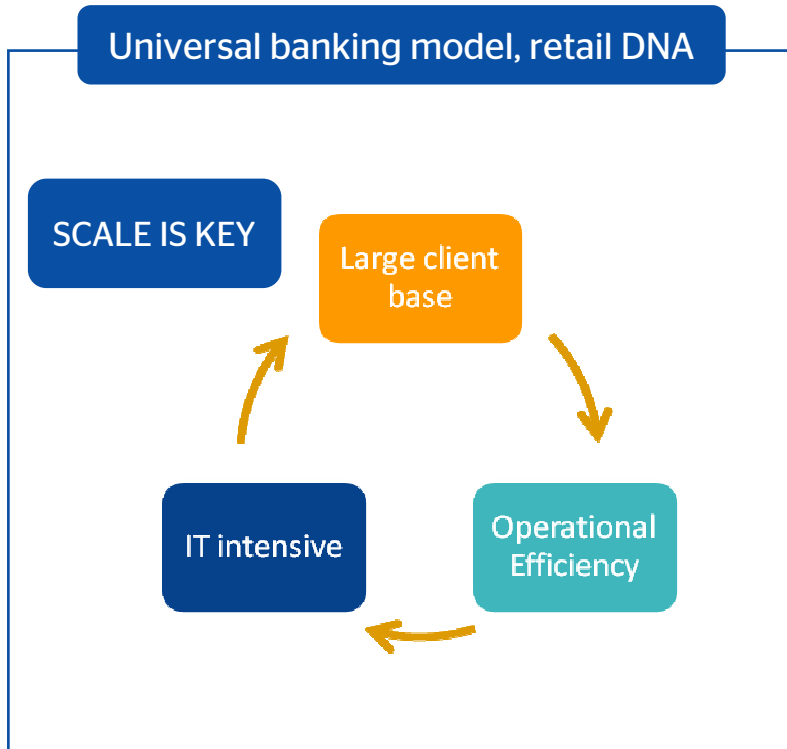
An attractive customer – centric, retail business model



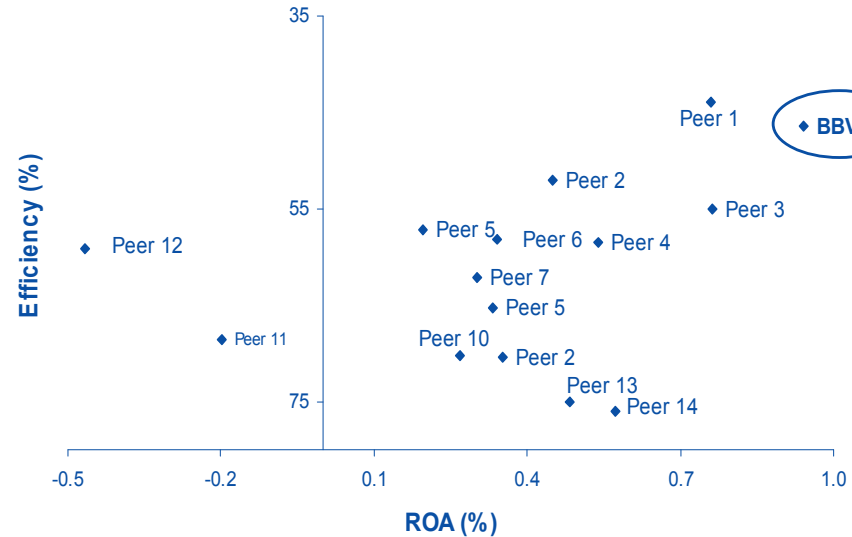
A client-driven business that ensures low volatility of earnings

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

Highly profitable and efficient operations



ROA vs Efficiency
BBVA Group vs Peer Group (1H2011,%)

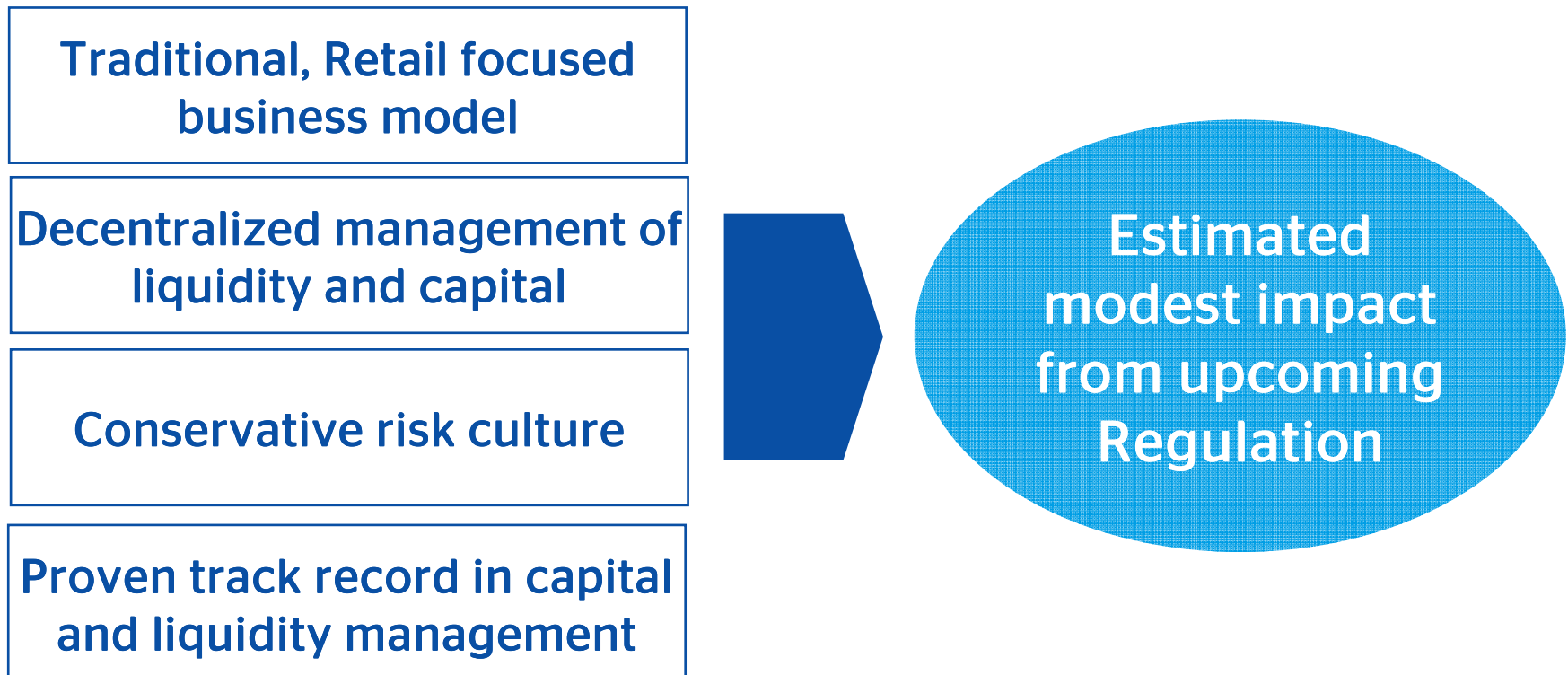


ROA: 0.9%

ROE: 12.9%

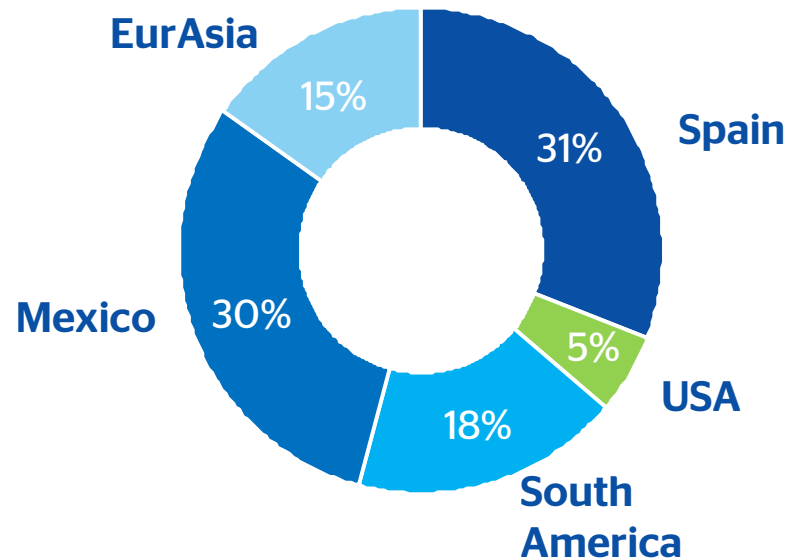
**The key: critical mass in sizeable markets
Relying on technology as a key sustainable competitive advantage**

BBVA is ready for the regulatory challenge

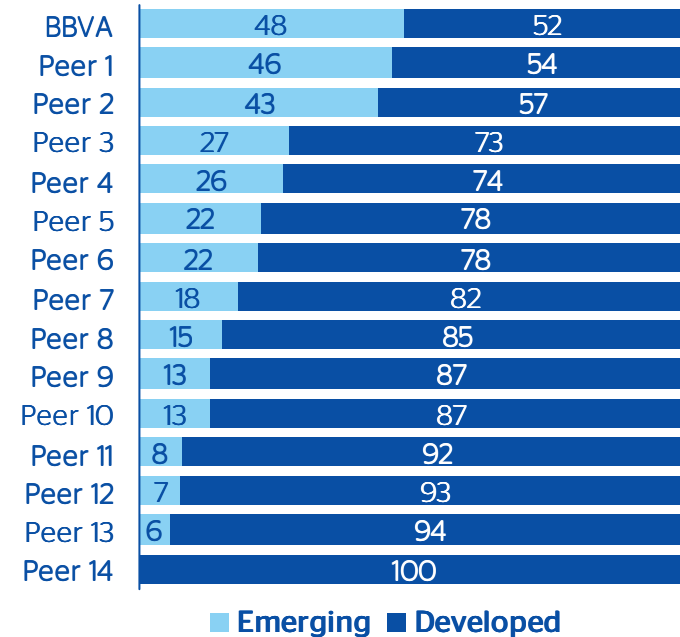


Diversified business mix that ensures sustainable growth

Net attributable profit by region ⁽¹⁾
 BBVA Group
 (%) 2Q 2011



Geographic diversification of revenue ⁽²⁾
 BBVA Group vs Peer Group
 (%) 2010

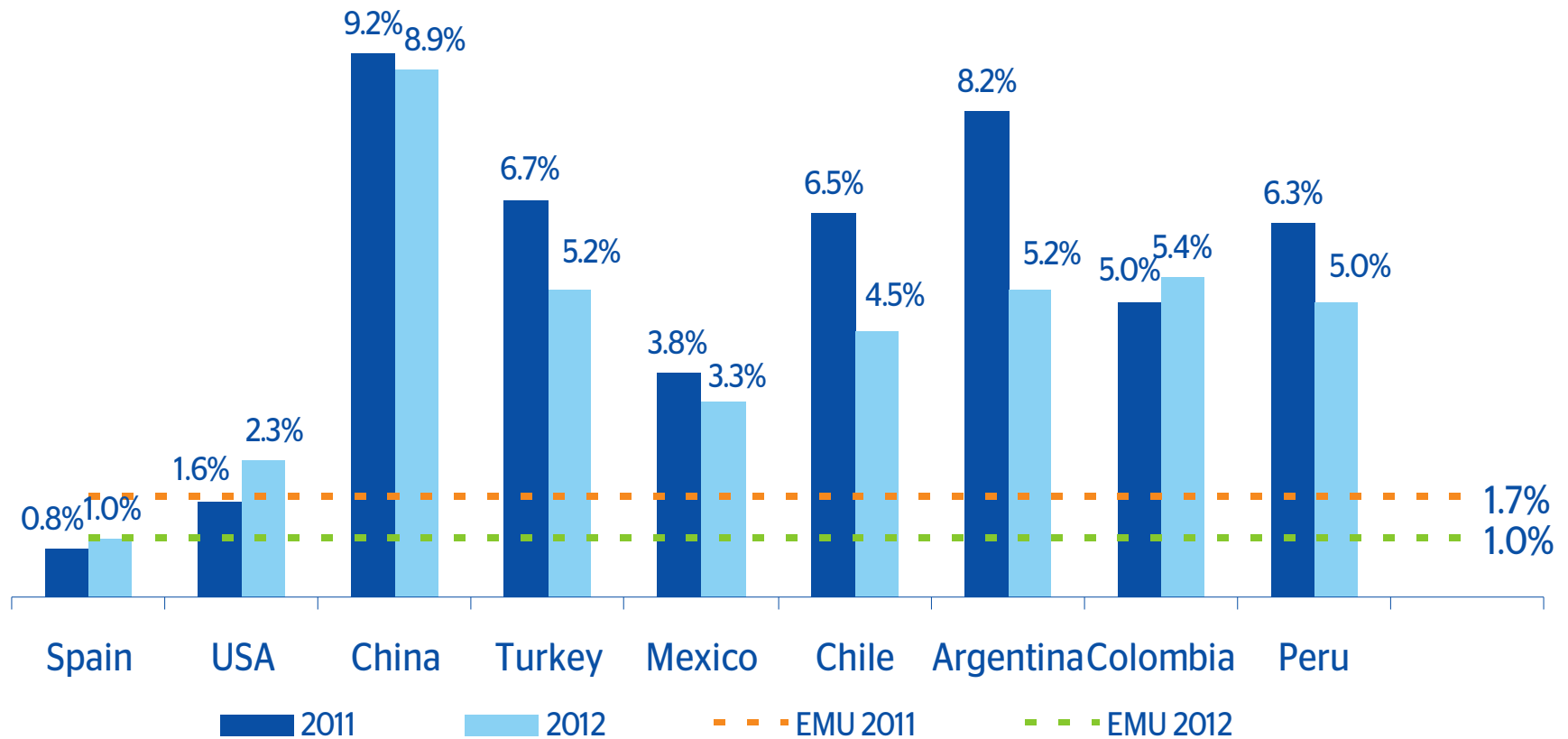


With **Garanti**, emerging market revenue contribution > 50%

(1): Ex holding; (2) In-house preparation using available data as of January, 2011.
 Peer Group: BARCL, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS and UCI.

Biased to high growth markets

Estimated real GDP growth (yoy %)





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What are BBVA strengths in the current challenging environment?

High and recurrent profitability

Strong Balance Sheet and Capital

Customer - centric, retail business model

Diversified business biased to high growth markets

1 BBVA: Snapshot

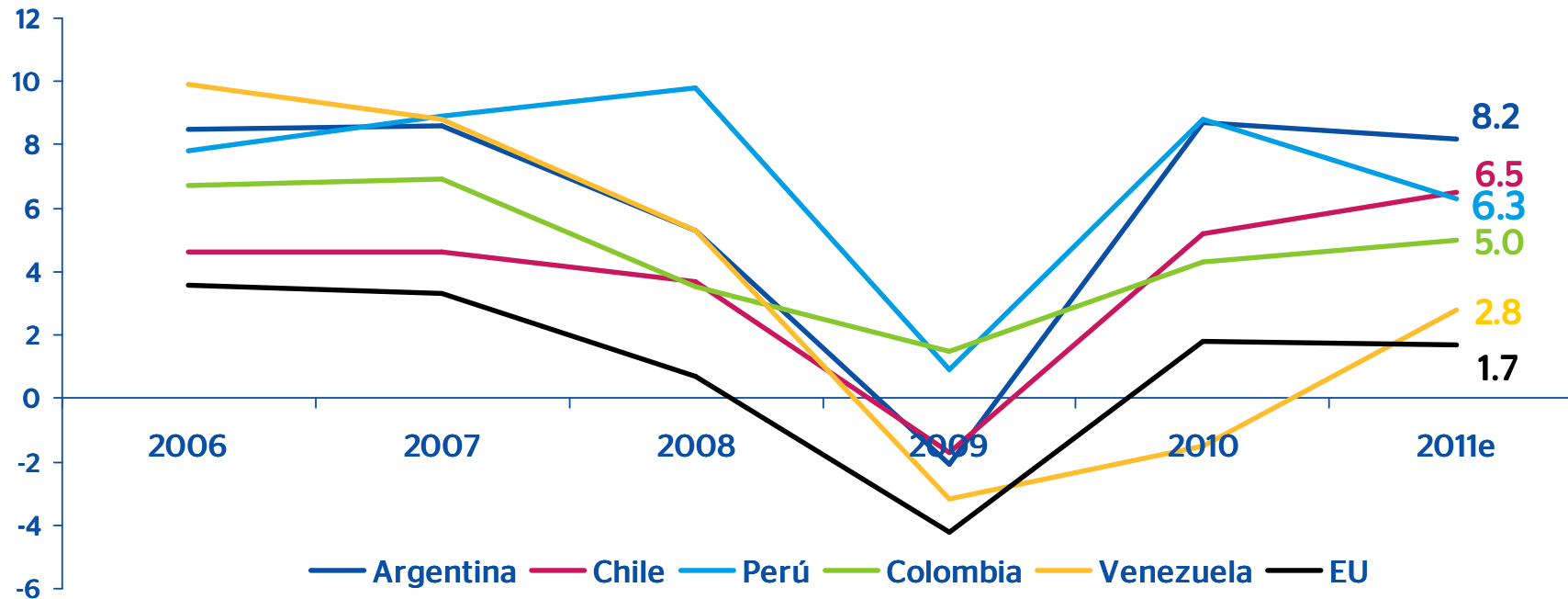
2 What are BBVA strengths in the current challenging environment?

3 BBVA South America: a leading franchise

- **Macro and Financial System**
- BBVA South America: Overview
- Banks
- Pensions & Insurance

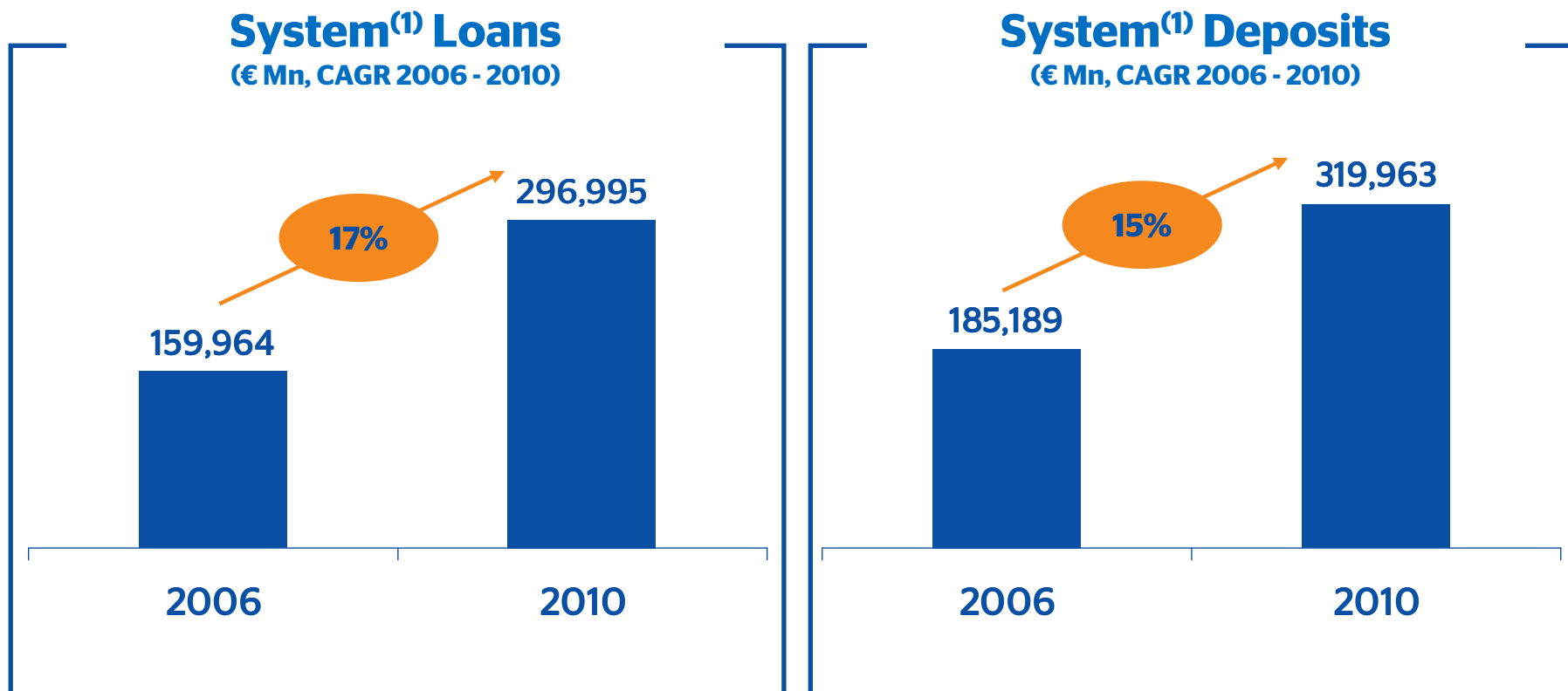
Macro: Resilience and positive growth outlook

Real GDP growth
(yoy %)



The region has been less impacted by the global financial crisis
Expected future growth well above mature markets

Financial System: Significant loan and deposit growth ...

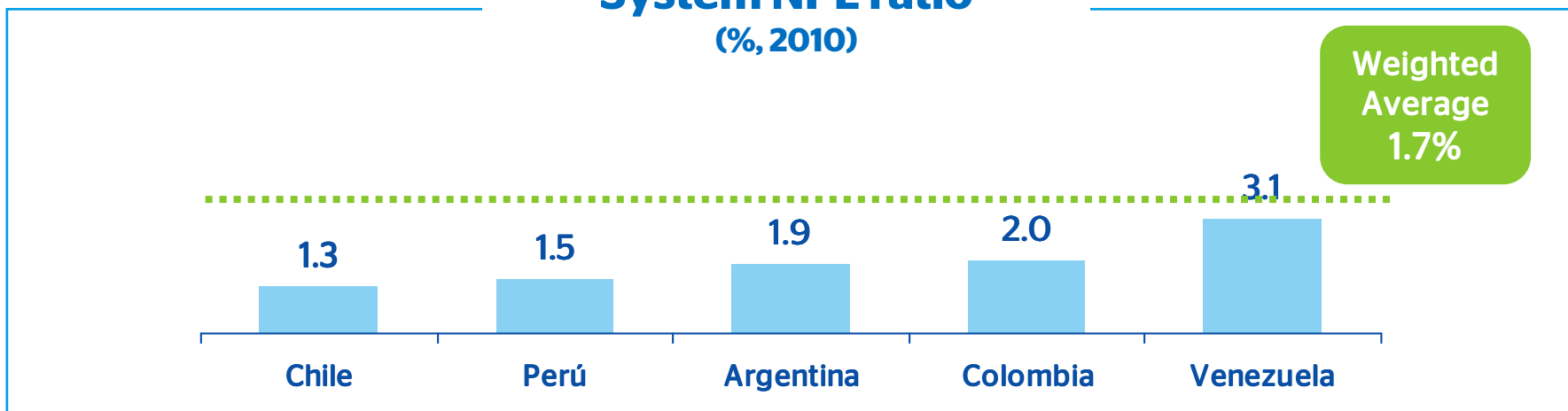


(1) Includes: Argentina, Chile, Colombia, Panama, Paraguay, Peru, Uruguay & Venezuela
Source: Bank's local Superintendecies

Maintaining a strong asset quality ...

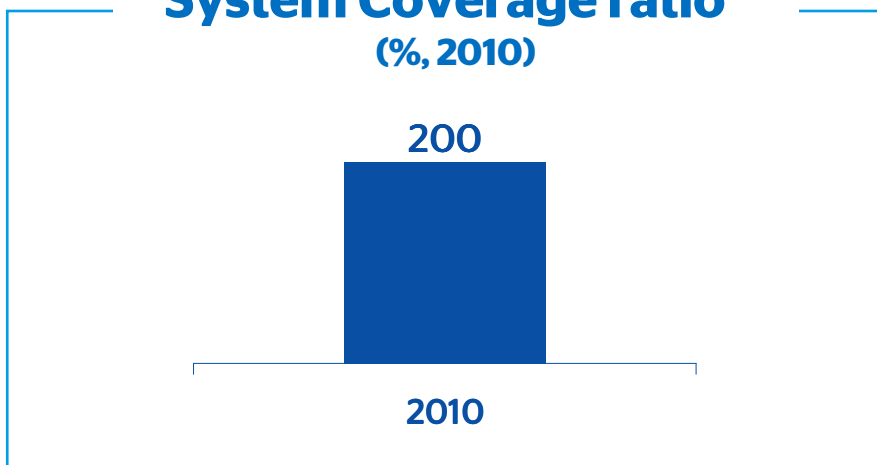
System NPL ratio

(%, 2010)



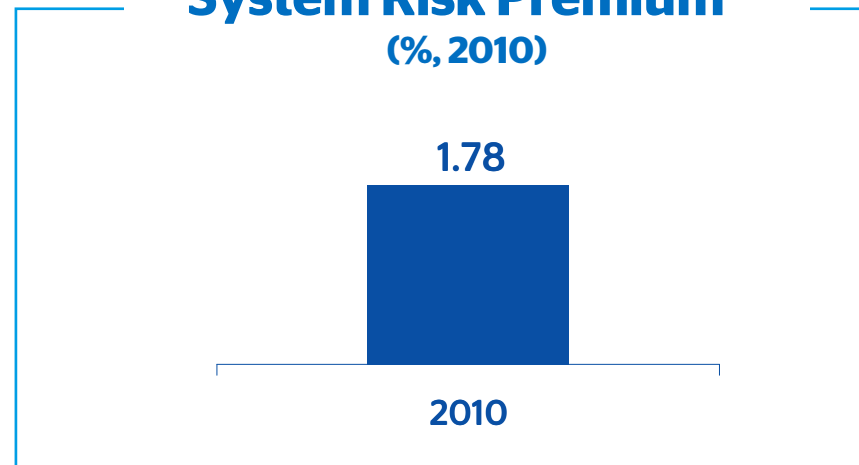
System Coverage ratio*

(%, 2010)



System Risk Premium*

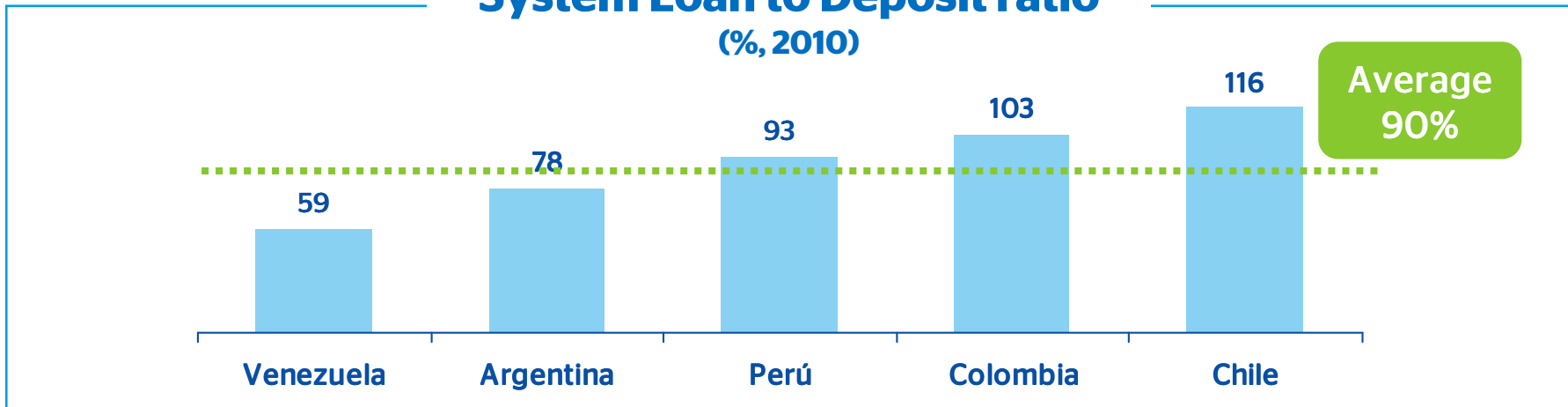
(%, 2010)



*: Includes: Argentina, Chile, Colombia, Paraguay, Peru & Venezuela
 Source: Bank's local Superintendecies

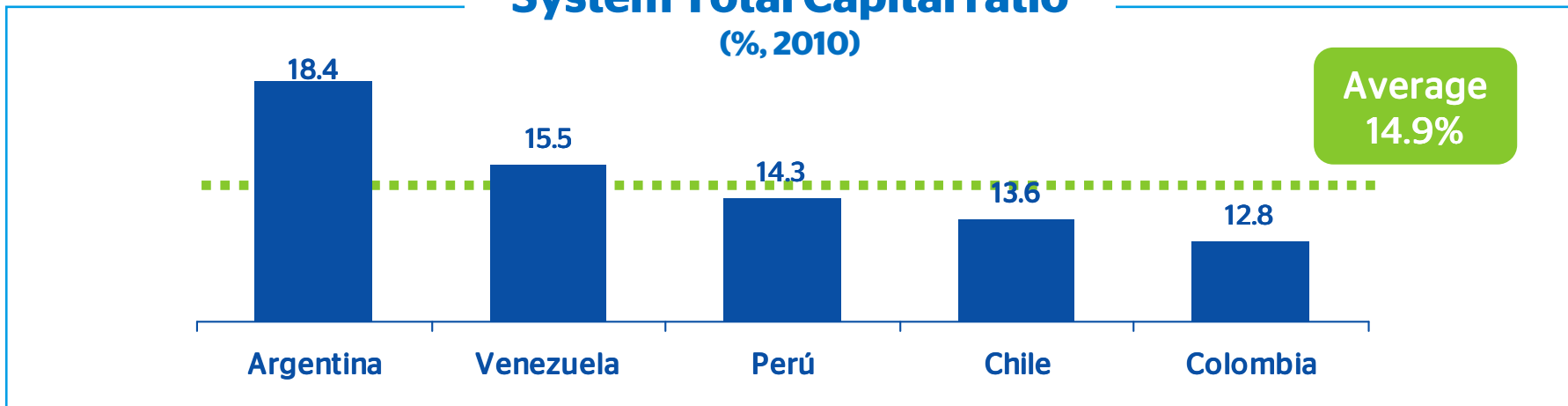
... and supported by a comfortable funding position and high solvency levels

System Loan to Deposit ratio (%, 2010)



Source: Bank's local Superintendecies

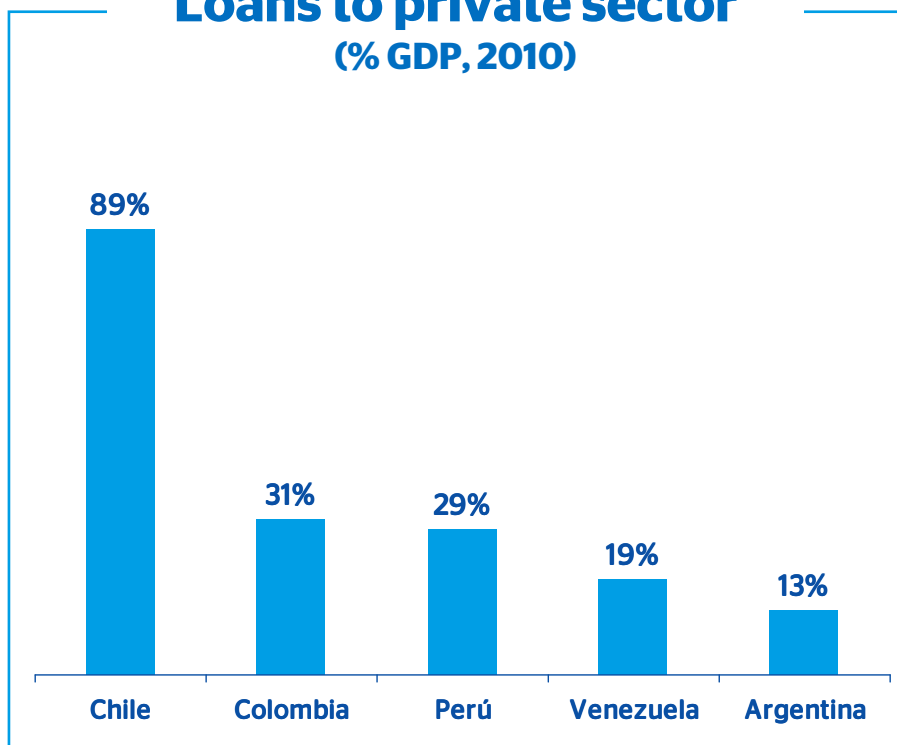
System Total Capital ratio (%, 2010)



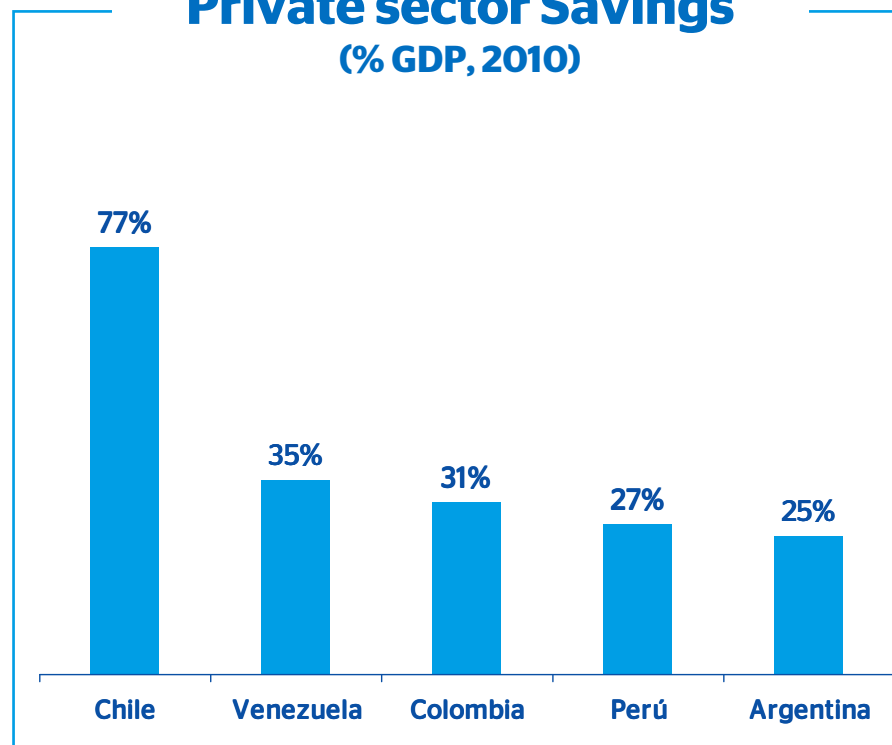
Source:BBVA Research

There is still significant room for growth

Loans to private sector
(% GDP, 2010)



Private sector Savings
(% GDP, 2010)



Most South American financial systems are significantly under penetrated compared to mature markets

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- **BBVA South America: Overview**
- Banks
- Pensions & Insurance

BBVA South America: A significant player in the region



- 8 Banks
- 6 AFPs (Pension Funds Managers) including Afore Mexico
- 4 Insurance Companies

	Banks	Insurance	AFPs
Argentina	●	●	
Bolivia			●
Chile (*)	●	●	●
Colombia	●	●	●
Ecuador			●
Panamá	●		
Paraguay	●		
Perú (*)	●		●
Uruguay	●		
Venezuela (*)	●	●	

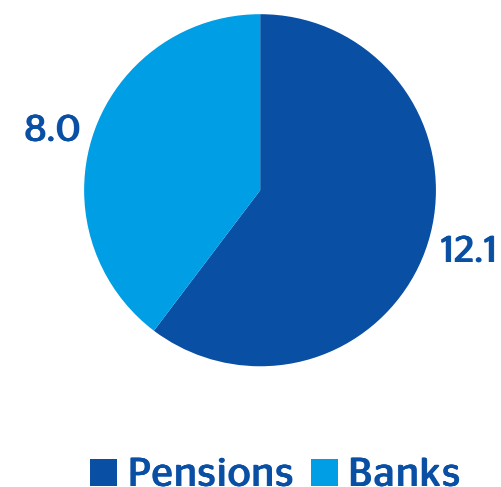
(*) % owned by minorities:
 BBVA Continental (Perú): 54%
 BBVA Chile: 32%
 BBVA Provincial (Venezuela) : 45%

Key figures of BBVA South America

December 2010
(€Mn)

Total Assets	51,663
Loans to customers	30,408
Deposits from customers	33,496
Assets Under Management	61,572
Gross Income	3,797
Net Income	1,273
Net attributable profit	889

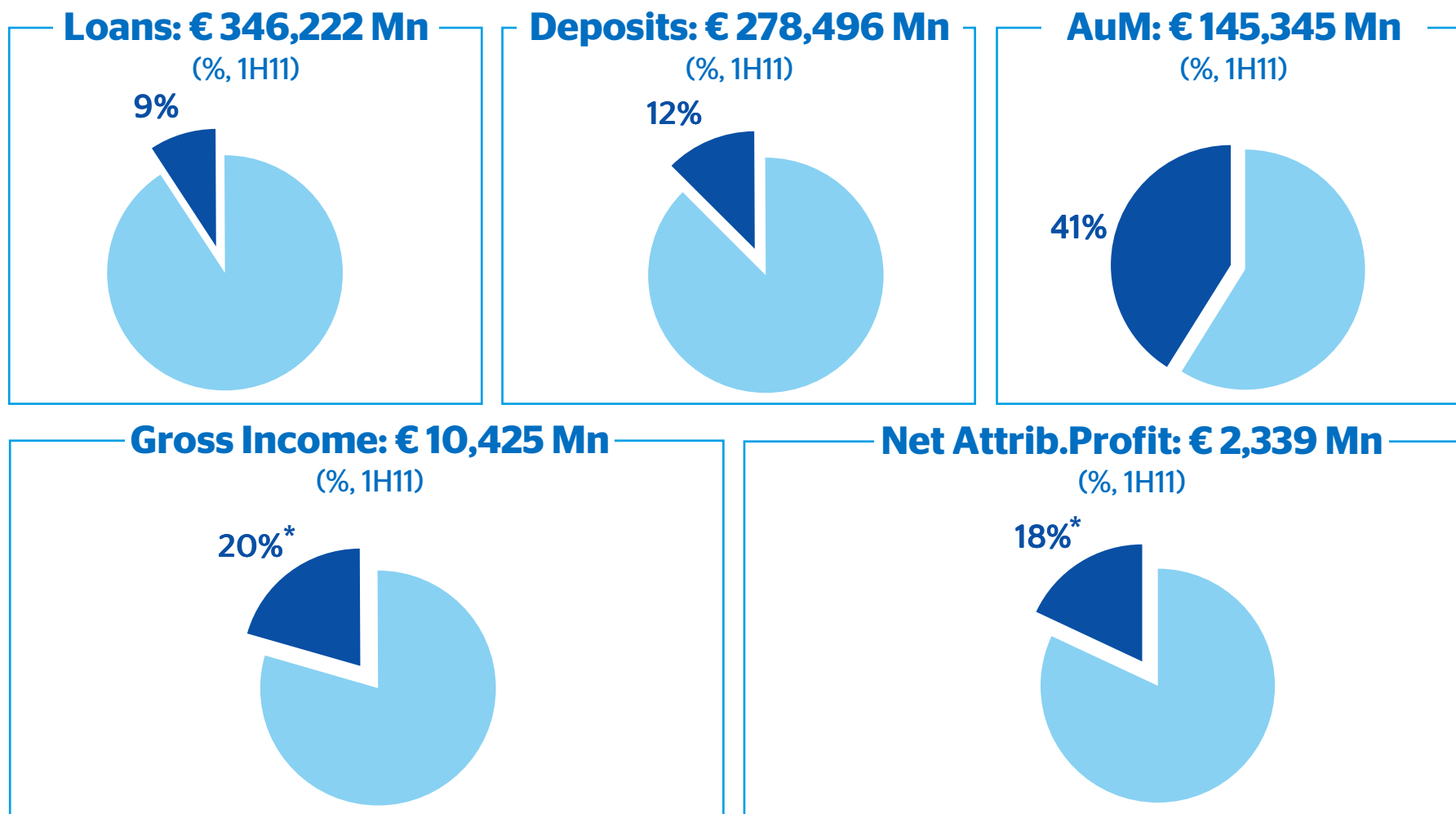
Customer* distribution
June 2011 (%)



Figures according to public reporting

*: For the Pension business, "Customers" corresponds to Participants

A significant contributor to the Group



*: Excluding Corporate Activities in Profit & Loss figures



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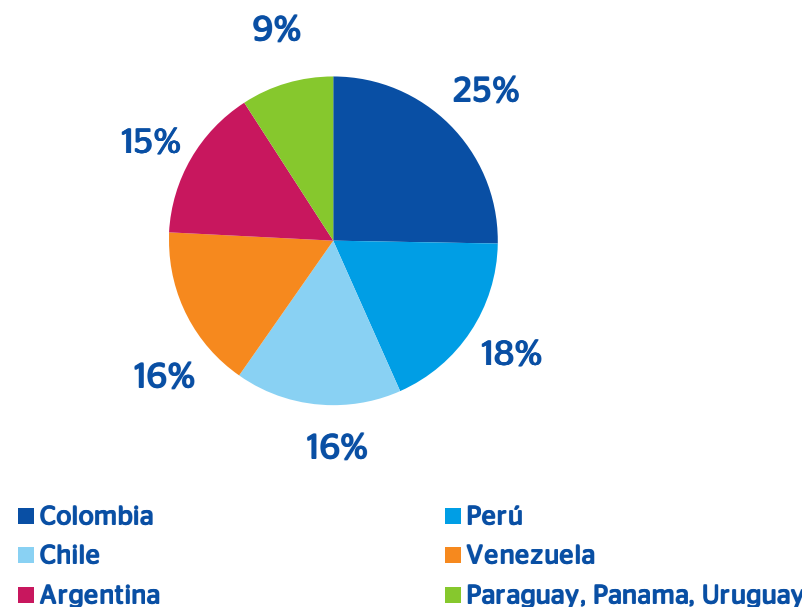
- Macro and Financial System
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Banks: Overview

December 2010
(€Mn)

Total Assets	46,016
Loans to customers	28,549
Deposits from customers	31,740
Net Income	1,011
Net attributable profit	707
Efficiency ratio (%)	44%
Branches (#)	1,309
Employees (#)	24,824

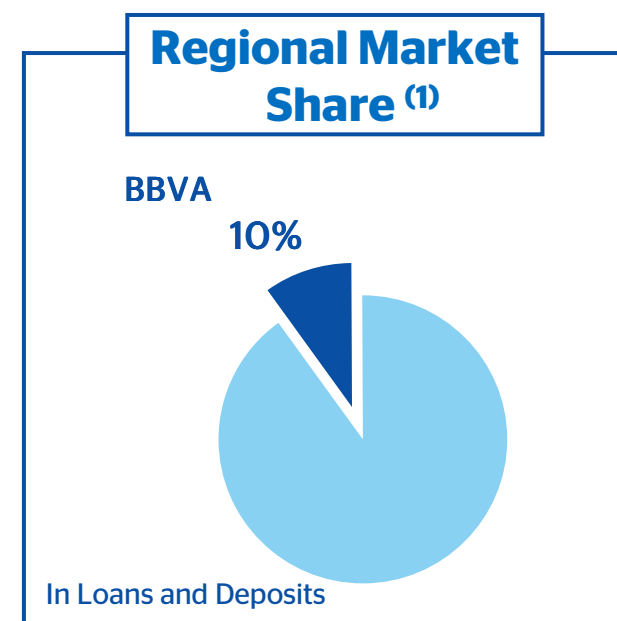
Net attributable profit by country
December, 2010 (%)



Leadership positions in all markets

Country	Total loans		Total deposits	
	Ranking	Market share	Ranking	Market share
Argentina	3º	7.8%	3º	8.4%
Chile	5º	7.3%	5º	6.1%
Colombia	4º	9.2%	4º	9.6%
Panamá	4º	7.1%	4º	5.8%
Paraguay	3º	17.2%	4º	13.9%
Perú	2º	23.7%	2º	21.9%
Uruguay	2º	20.6%	2º	19.0%
Venezuela	3º	13.8%	3º	12.2%

Figures as of June 2011



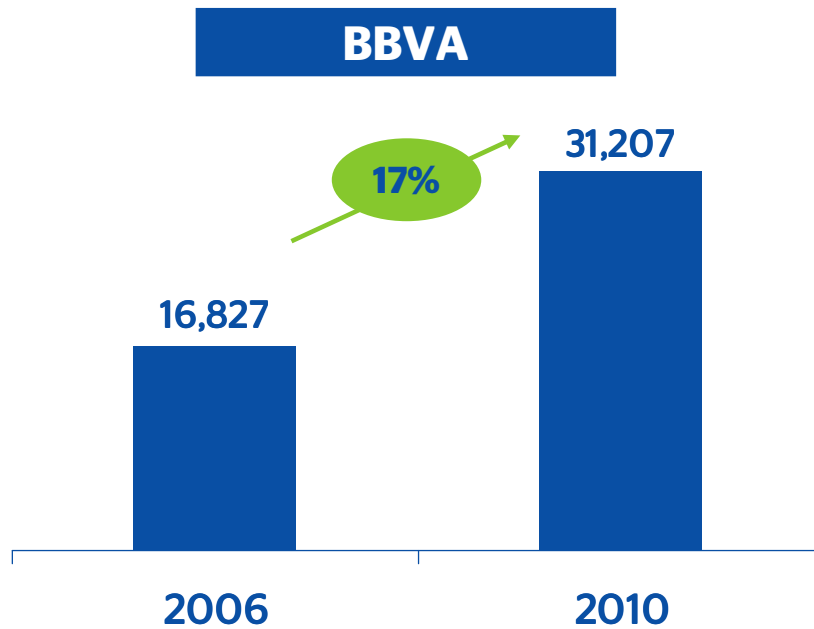
(1): Includes: Argentina, Chile, Colombia, Panama, Paraguay, Peru, Uruguay & Venezuela
Source: Bank's local Superintendecies



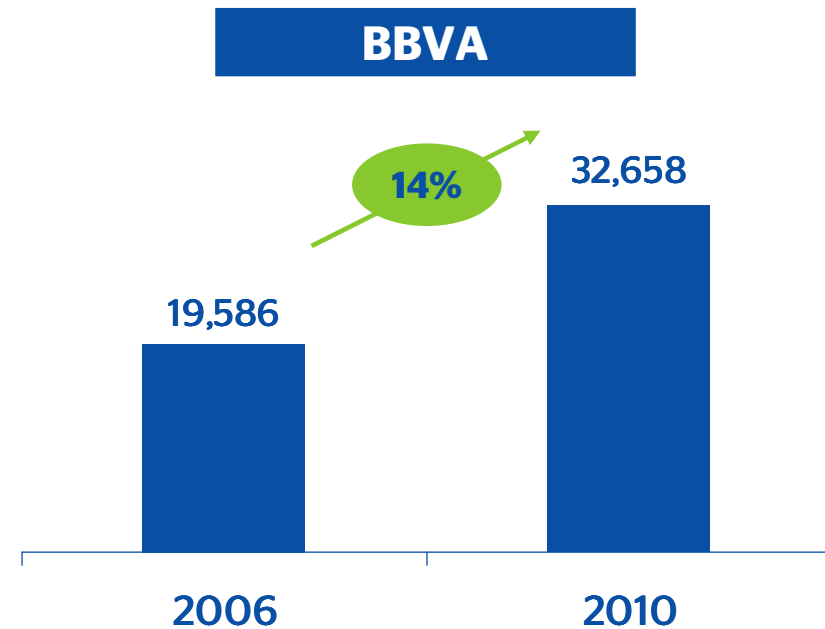
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A high growth business ...

Loans
(€ Mn, CAGR 2006 - 2010)



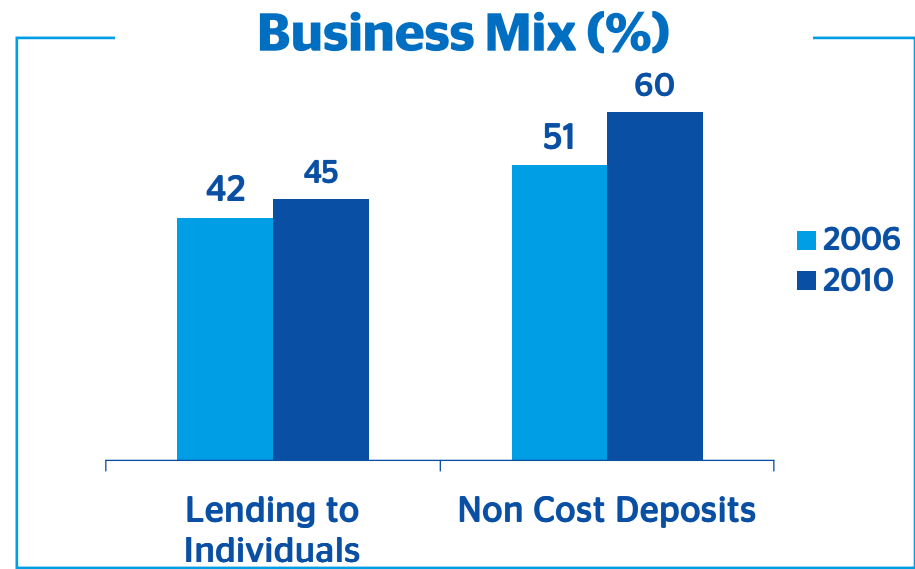
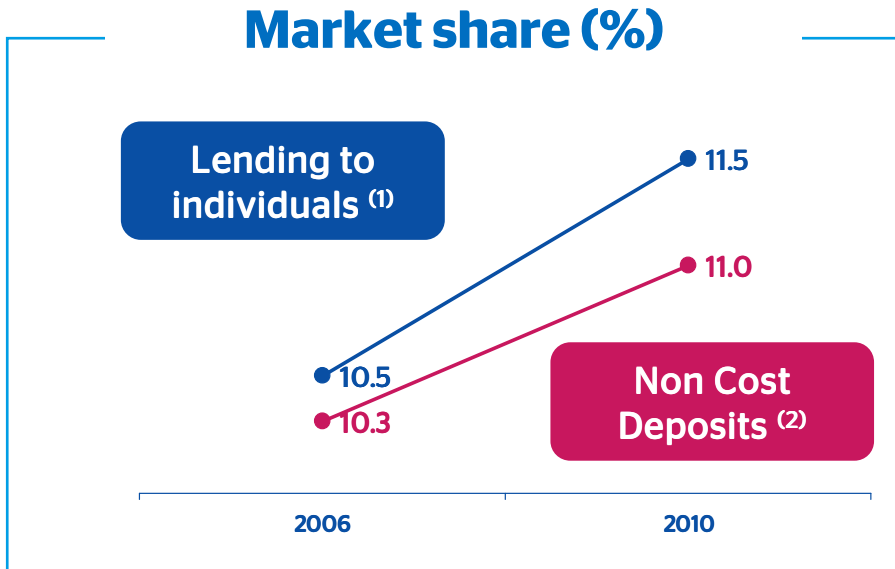
Deposits
(€ Mn, CAGR 2006 - 2010)



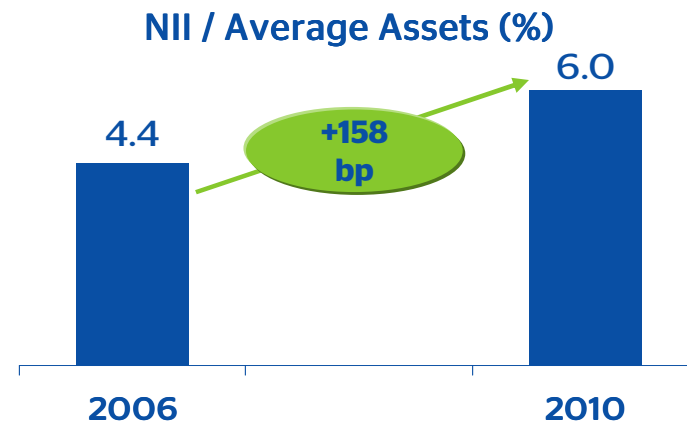
Profitable and sustainable growth

Includes the following countries: Argentina, Chile, Colombia, Panama, Paraguay, Peru, Uruguay & Venezuela
Source: Bank's local Superintendecies

... with an improving business mix ...



... leading to a significant NIM increase ...

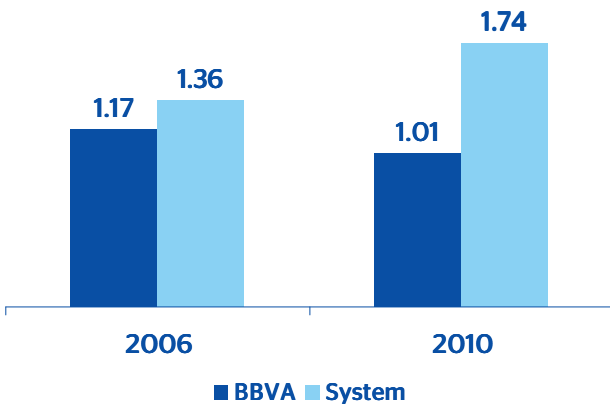


Source: Bank's local Superintendecies

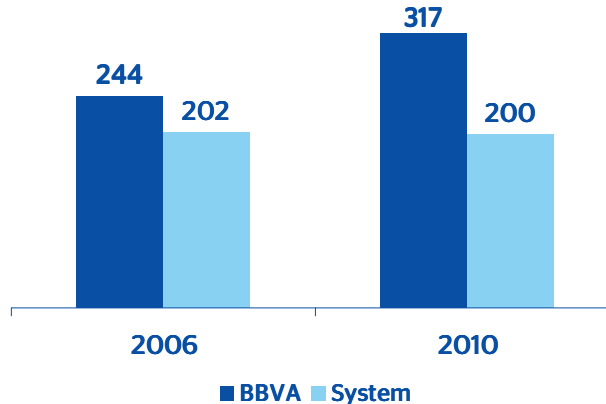
(1) Lending to individuals includes: Consumer loans, Credit Cards and Residential mortgages (excluding mortgages in Venezuela); (2) Non Cost Deposits includes Current and Saving accounts (excluding USD accounts in Argentina)

... coupled with adequate risk management policies

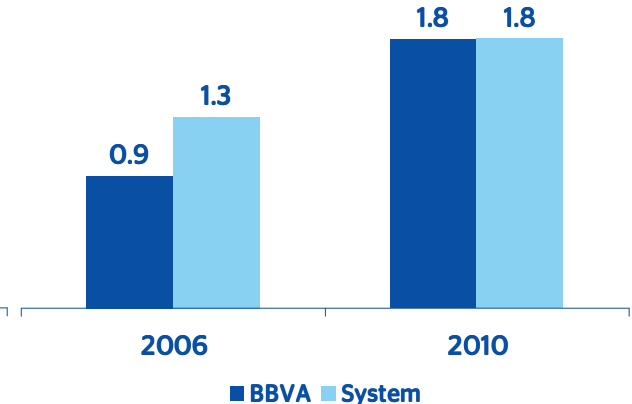
NPL (%)



Coverage (%)



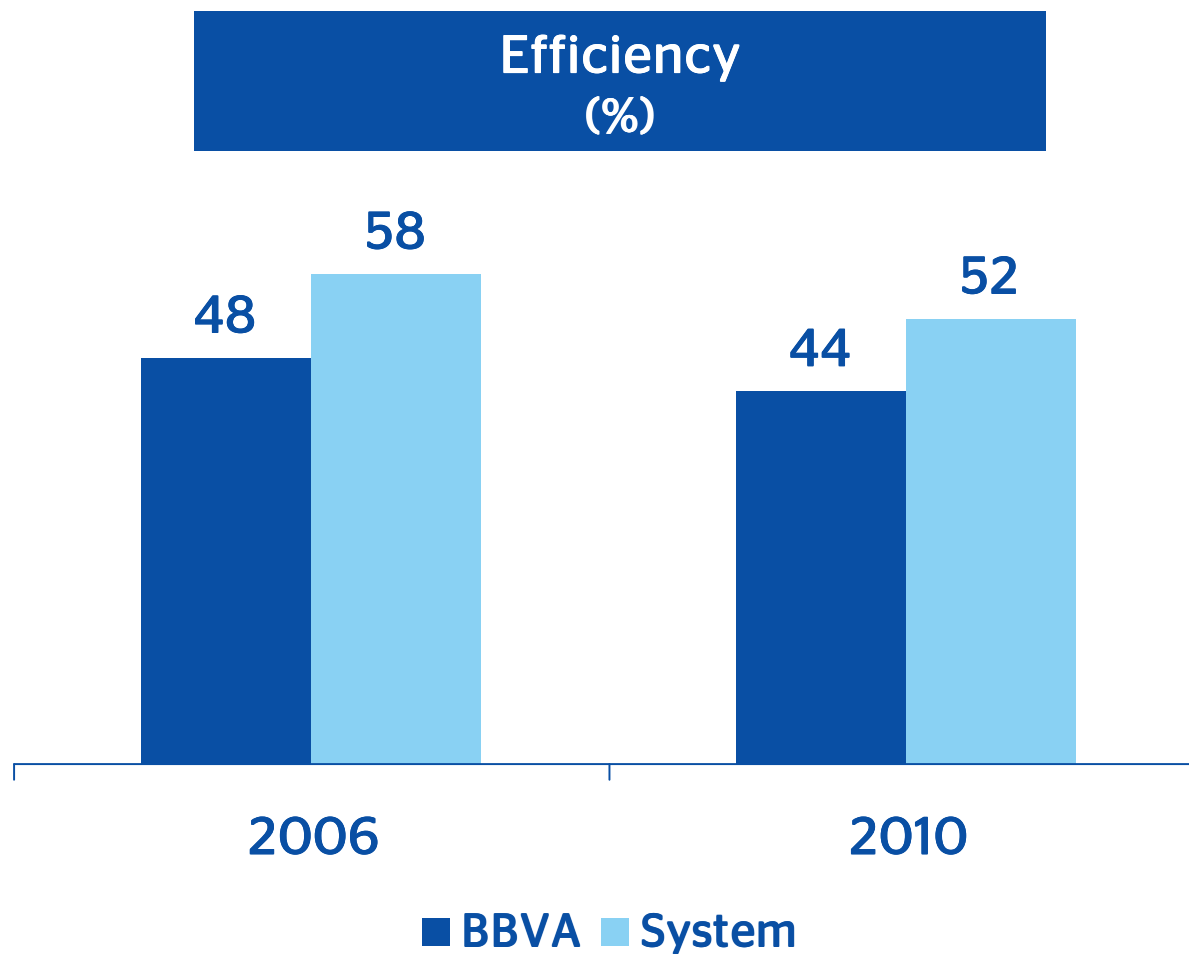
Risk Premium (%)



Our risk management philosophy: to maintain a better asset quality than local peers average in each segment

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Without forgetting BBVA's focus on operational efficiency



Source: Bank's local Superintendecies

Countries included in System: Argentina, Chile, Colombia, Panama, Paraguay, Peru, Uruguay & Venezuela

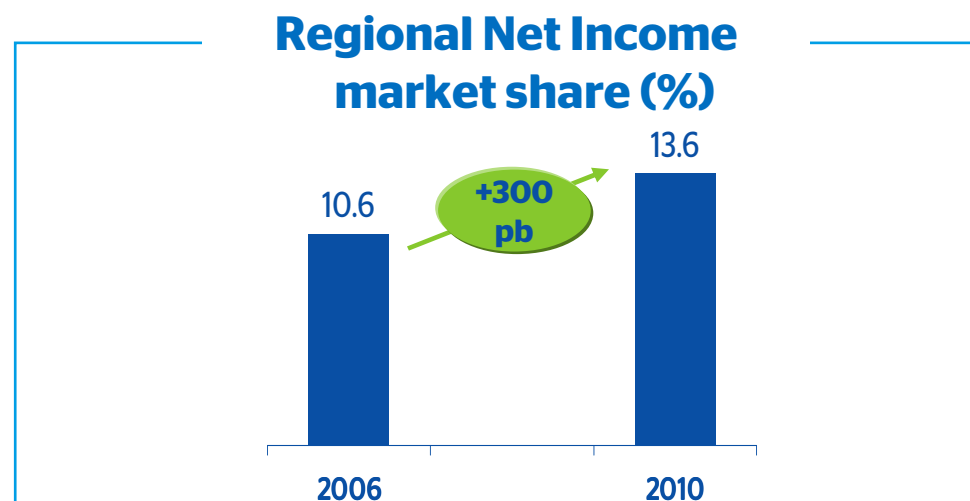
Leading to a buoyant earnings growth

NET INCOME 2006 x 2.8 = NET INCOME 2010



Organic growth

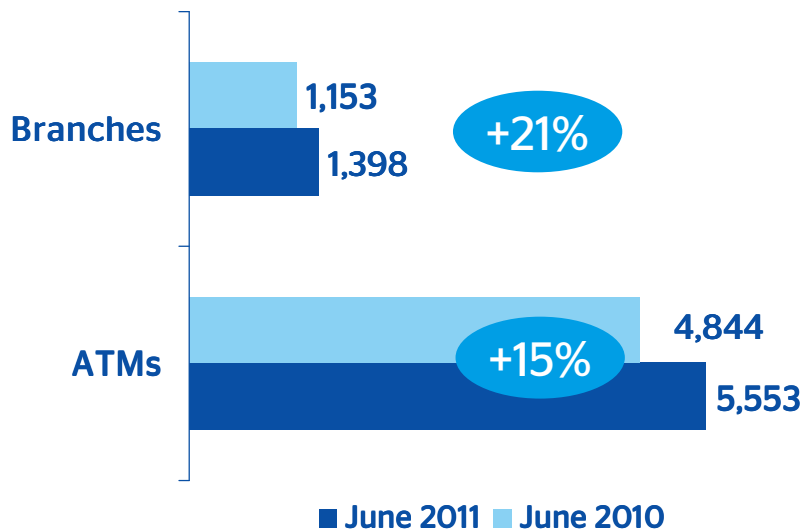
... achieving a 14% net income market share in the region



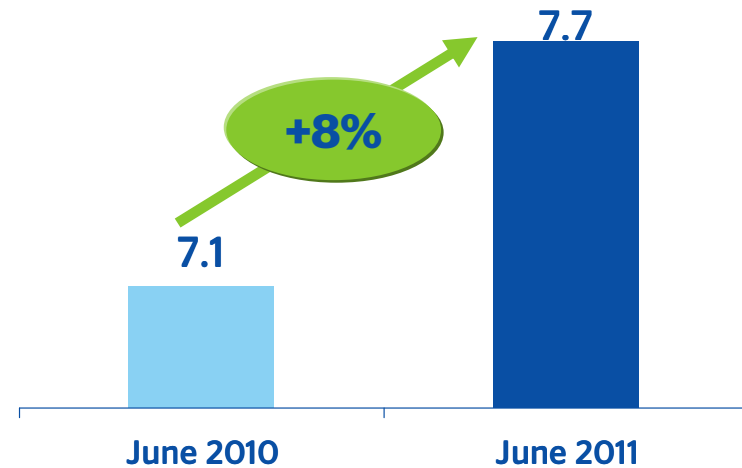
Net Income has grown more than 20% during the last 5 years

Plans to capture the region's structural growth and to increase penetration ...

Branch and ATMs growth
(Number, YOY change (%))



Individual clients
(millions). YOY change (%)



“Value” Clients +22%

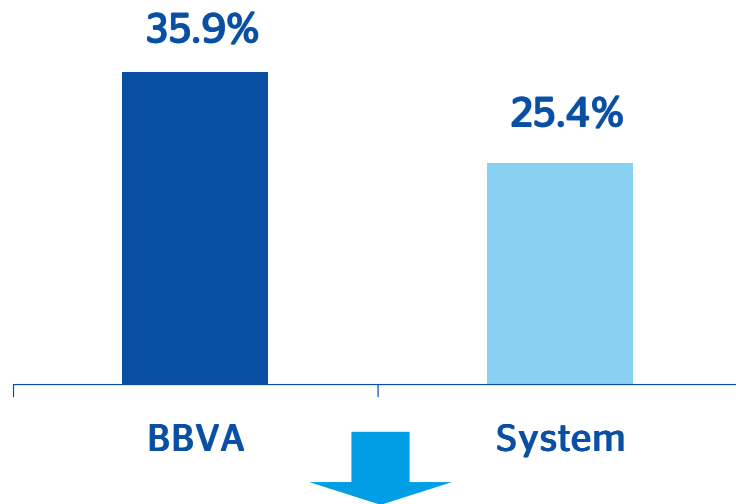
“Premium-VIP” Clients +31%

**Investing in infrastructure and distribution channels
Improving our product offering**

... prioritizing the most attractive segments

Consumer and credit Cards

(June 2011, yoy %, and market share gain, pb)

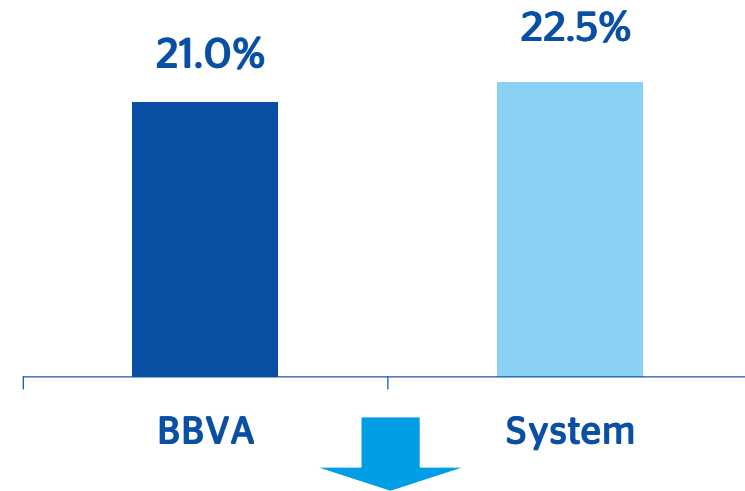


BBVA market share gain

86pb

Commercial Loans

(June 2011, yoy %, and market share gain, pb)



**Selective market share loss (11 pb).
Increase in greater value segments:**

**SMEs:
+25%**

**Corporate Clients:
+8%**



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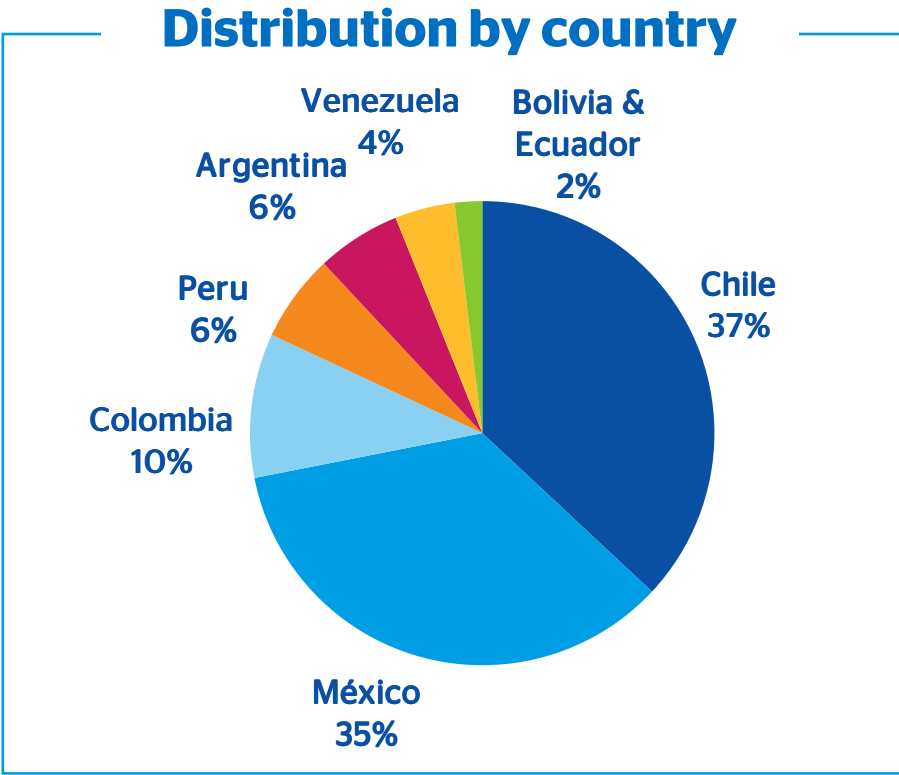
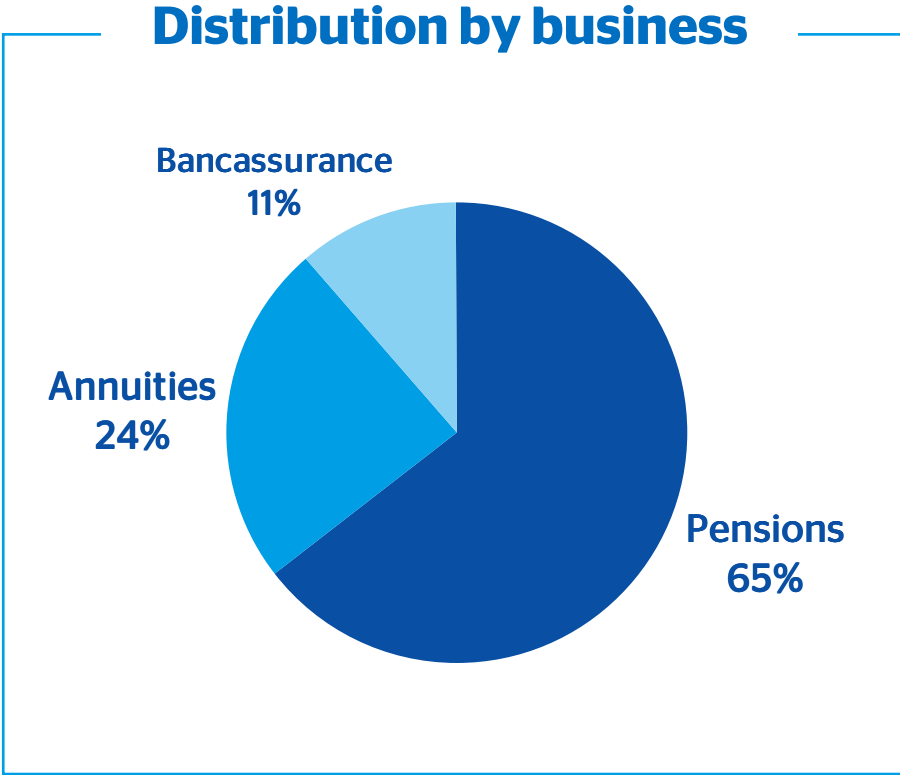
Pensions & Insurance unit: Overview

December 2010

Assets under management (€ Mn)	61,572
Net Profit (€ Mn)	404
Pension Participants (Mn)	12.1
Insurance policies (Mn)	7
Employees (#)	8,115

Diversified businesses in attractive markets

Pensions and Insurance Net Income* (2010, %)



Figures include Afore Bancomer and Pensions Bancomer; exclude Seguros Bancomer

Pensions: leading positions in the region ...

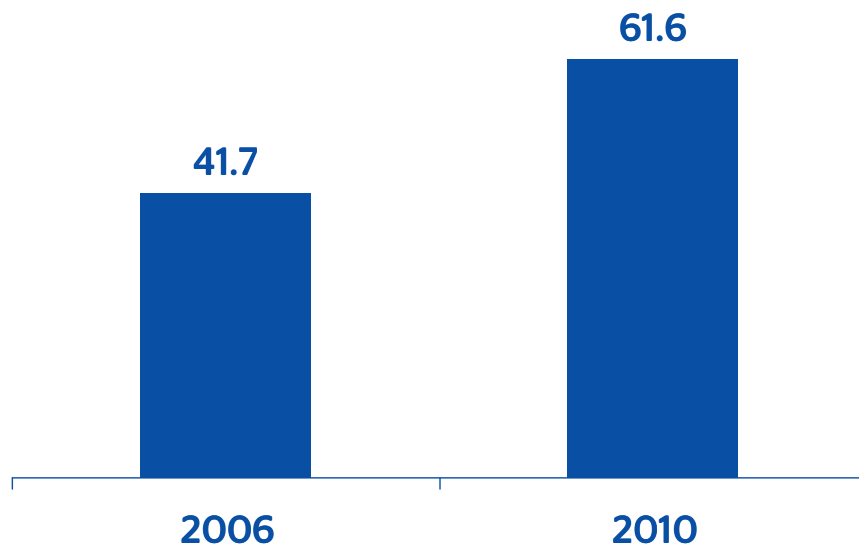
Country	Assets under management		Participants	
	Ranking	Market Share	Ranking	Market Share
Bolivia	1º	53%	1º	54%
Chile	1º	29%	1º	40%
Colombia	3º	15%	3º	18%
Ecuador	1º	65%	1º	77%
México	2º	15%	3º	11%
Perú	3º	23%	1º	28%



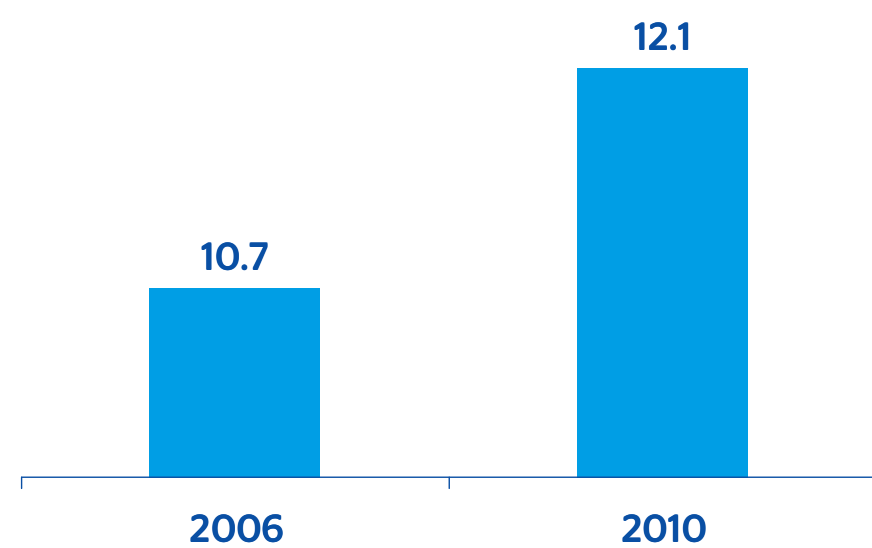
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Consistent growth in AuM and Participants ...

**BBVA Pension Funds - AuM
(€ Mn)**

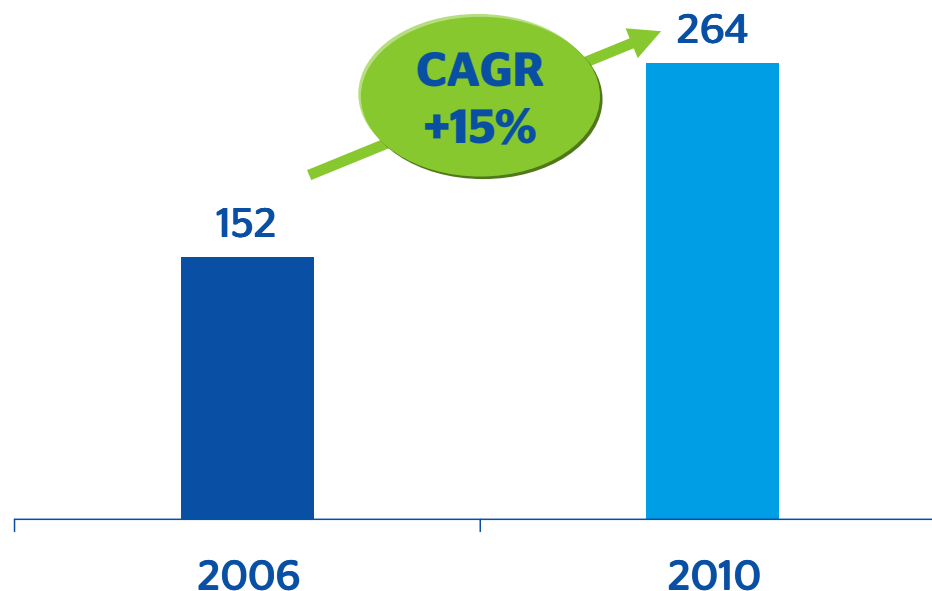


**Participants
(Mn)**



... resulting in a profitable, recurrent and growing business

Pension Funds Net Income (€ Mn)



An anti - cyclical business that provides stability to BBVA South America

BBVA's unique strengths in the AFP* business

Leadership

BBVA is the largest AFP manager, being a key world reference in the industry

Know-how

Regulation, commercial management, systems, risk and investment management

Influence

Exceptional relationships with senior government officials, regulators, international institutions, ...

Positive outlook: high employment creation and a model being considered by many relevant emerging countries

- ✓ **A region with very positive economic growth outlook**
- ✓ **Leading franchises in the banking and pension businesses, with improving market position**
- ✓ **Delivering high and sustainable profit growth, with sound risk management**

BBVA South America: A growth engine that reinforces BBVA's positive outlook

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BBVA: Strength in the current challenging environment

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Vicente Roderó, Head of BBVA South America
Spanish Banks Day - Ahorro Corporación. Barcelona, October 10th 2011