Goldman Sachs European Financials Conference

BBVA, recurrent and sustainable earnings

Panel 7. Back to basics: how can retail banking offer superior returns?

Frankfurt, June 5th 2009
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.
1. Outstanding earnings performance through the crisis
2. Recurrent and high quality operating income
3. Strong profitability and organic capital generation
4. Improving asset quality trends
5. Conclusions
1. Outstanding earnings performance through the crisis

2. Recurrent and high quality operating income

3. Strong profitability and organic capital generation

4. Improving asset quality trends

5. Conclusions
Outstanding earnings performance in 2008

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net attributable profit ranking</td>
<td>11th</td>
<td>2nd</td>
</tr>
<tr>
<td>Market capitalization ranking</td>
<td>17th</td>
<td>7th</td>
</tr>
<tr>
<td>Total relative shareholder return *</td>
<td>3rd</td>
<td>1st</td>
</tr>
<tr>
<td>S&amp;P rating</td>
<td>AA-</td>
<td>AA</td>
</tr>
</tbody>
</table>

... as a consequence of a prudent management and corporate positioning in retail banking

* Peer Group
Confirming the recurrent nature and sustainability of our business model

**Superior performance**

![Graph showing Superior performance](image)

**Sustainable profit**

![Graph showing Sustainable profit](image)

**Net attributable profit**

*Peer group aggregate excluding BBVA Group (€bn)*

- 2002: 21.7
- 2003: 31.4
- 2004: 83.1
- 2005: 60.8
- 2006: 75.2
- 2007: 63.1
- 2008: -28.6

**Net attributable profit**

*BBVA Group Excl. one-offs (€m)*

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

*Peers: Barclays, BNPP, Crédit Agricole S.A., Credit Suisse, Deutsche Bank, HBOS, Intesa Sanpaolo, Lloyds, RBS, Santander, Société Générale, UBS and Unicredit*

Net attributable profit 2008 including one-offs is €5,020m
2008, a year in which the crisis has clearly taken a toll on the financial industry

Strong operating income is a distinct feature of the BBVA Group

Peers: Barclays, BNPP, Crédit Agricole S.A., Credit Suisse, Deutsche Bank, HBOS, Intesa Sanpaolo, Lloyds, RBS, Santander, Société Générale, UBS y Unicredit
Capital actions have been diverse in 2008, mirroring the differences in business models and strategies.

Capital actions executed or announced since January 2008 (€ Bn)
Excludes M&A driven capital increases
(Checkered = government sponsored)

<table>
<thead>
<tr>
<th>Bank</th>
<th>Preferred &amp; convertibles</th>
<th>Capital increases</th>
</tr>
</thead>
<tbody>
<tr>
<td>BBVA</td>
<td>7.2</td>
<td>1.0</td>
</tr>
<tr>
<td>SAN</td>
<td>5.1</td>
<td>3.4</td>
</tr>
<tr>
<td>DB</td>
<td>3.4</td>
<td>1.0</td>
</tr>
<tr>
<td>CMZ</td>
<td>5.5</td>
<td>4.02</td>
</tr>
<tr>
<td>BNPP</td>
<td>10</td>
<td>12.0</td>
</tr>
<tr>
<td>SG</td>
<td>3</td>
<td>36.0</td>
</tr>
<tr>
<td>CASA</td>
<td>4</td>
<td>13.1</td>
</tr>
<tr>
<td>ING</td>
<td>3</td>
<td>8.9</td>
</tr>
<tr>
<td>ISP</td>
<td>12.7</td>
<td>10.7</td>
</tr>
<tr>
<td>UCI</td>
<td>5.9</td>
<td>20.9</td>
</tr>
<tr>
<td>HSBC</td>
<td>4</td>
<td>26.6</td>
</tr>
<tr>
<td>RBS</td>
<td>36.0</td>
<td></td>
</tr>
<tr>
<td>BARCL</td>
<td>7.4</td>
<td></td>
</tr>
<tr>
<td>LLOYDS</td>
<td>5.5</td>
<td></td>
</tr>
<tr>
<td>HBOS</td>
<td>13.1</td>
<td></td>
</tr>
<tr>
<td>UBS</td>
<td>10.7</td>
<td></td>
</tr>
<tr>
<td>CS</td>
<td>7.0</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.1</td>
</tr>
</tbody>
</table>
Organic capital generation in 2008 is also an evidence of such differences

<table>
<thead>
<tr>
<th>CORE CAPITAL</th>
<th>31 Dec. 2008</th>
<th>Capital growth ex capital increases</th>
</tr>
</thead>
<tbody>
<tr>
<td>BBVA Group</td>
<td>6.20%</td>
<td>+0.40 p.p.</td>
</tr>
<tr>
<td>Peer 1*</td>
<td>6.30%</td>
<td>+0.30 p.p.</td>
</tr>
<tr>
<td>Peer 2*</td>
<td>8.57%</td>
<td>-0.11 p.p.</td>
</tr>
<tr>
<td>Peer 3*</td>
<td>5.87%</td>
<td>-0.21 p.p.</td>
</tr>
<tr>
<td>Peer 4</td>
<td>5.42%</td>
<td>-0.28 p.p.</td>
</tr>
<tr>
<td>Peer 5**</td>
<td>7.00%</td>
<td>-0.41 p.p.</td>
</tr>
<tr>
<td>Peer 6*</td>
<td>6.39%</td>
<td>-0.41 p.p.</td>
</tr>
<tr>
<td>Peer 7</td>
<td>5.80%</td>
<td>-0.50 p.p.</td>
</tr>
<tr>
<td>Peer 8*</td>
<td>7.23%</td>
<td>-0.69 p.p.</td>
</tr>
<tr>
<td>Peer 9</td>
<td>6.84%</td>
<td>-1.35 p.p.</td>
</tr>
<tr>
<td>Peer 10**</td>
<td>7.60%</td>
<td>-1.37 p.p.</td>
</tr>
<tr>
<td>Peer 12</td>
<td>5.60%</td>
<td>-4.84 p.p.</td>
</tr>
</tbody>
</table>

*Estimated Core capital Dec.07 calculated as (Core capital BISII/Core capital BISI)
** Core capital according to BIS I

Peers: Barclays, BNP Paribas, Crédit Agricole S.A., Credit Suisse, Deutsche Bank, HBOS, Intesa Sanpaolo, Lloyds, RBS, Santander, Société Générale, UBS y Unicredit
1. Outstanding earnings performance through the crisis

2. Recurrent and high quality operating income

3. Strong profitability and organic capital generation

4. Improving asset quality trends

5. Conclusions
First quarter 2009: encouraging signs and reassuring 2008 strengths

BBVA’s operating income is based on...

- High quality of gross income
- Focus on pricing and mix management
- Strict cost control
Strong growth of net interest income

Net interest income
BBVA Group
(€m)

Lending and customer funds
BBVA Group
Year-on-year growth (Average balances)

Appropriate management of the slowdown and focus on pricing
Focus on pricing, a clear management commitment

Lending and customer funds
Spain & Portugal
Year-on-year growth
(Average balances)

Front book spreads
BBVA Spain (%)

Net interest income
Spain & Portugal
(€m)

+31.9% on € balance sheet

* Liquid funds + time deposits
In Mexico: good levels of business activity and prices maintained with lower-risk mix

**Lending and cust. funds**
Year-on-year growth (Average balances)

<table>
<thead>
<tr>
<th></th>
<th>1Q08</th>
<th>1Q09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lending</td>
<td>11.9%</td>
<td></td>
</tr>
<tr>
<td>Customer funds</td>
<td>19.4%</td>
<td></td>
</tr>
</tbody>
</table>

**Lending mix (%)**

<table>
<thead>
<tr>
<th></th>
<th>1Q08</th>
<th>1Q09</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMEs, Corporate &amp; Public Sector</td>
<td>39.5%</td>
<td>41.9%</td>
</tr>
<tr>
<td>Mortgages</td>
<td>30.1%</td>
<td>32.9%</td>
</tr>
<tr>
<td>Consumer &amp; Cards</td>
<td>30.4%</td>
<td>25.2%</td>
</tr>
</tbody>
</table>

**Net interest income / ATAs (%)**

<table>
<thead>
<tr>
<th></th>
<th>1Q08</th>
<th>2Q08</th>
<th>3Q08</th>
<th>4Q08</th>
<th>1Q09</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5.94</td>
<td>6.31</td>
<td>6.32</td>
<td>5.53</td>
<td>5.65</td>
</tr>
</tbody>
</table>

**Gross income (Constant €m)**

<table>
<thead>
<tr>
<th></th>
<th>1Q08*</th>
<th>1Q09</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,131</td>
<td>1,225</td>
</tr>
</tbody>
</table>

* Ex- Visa IPO (96 M€ one-off)
Delivering high quality gross income, with marginal contribution of trading income

Gross income
BBVA Group
(€m)

1Q08 4,772 4Q08 4,558 1Q09 4,889

Breakdown of gross income
BBVA Group
(€m)

High quality and recurrence

Gross income 4,891 M €
NII 3,272 M €
Fees 1,079 M €
Trading 175 M €
Other

NII and fees = 89%
Retail networks = 84%
Firmly controlling costs, aiming to be the least cost producer in the industry

Operating efficient networks is key given their weight in the Group’s cost structure

* Lending + cust. funds; Dec 08 figures
To do so the Group has been working on its Transformation plan for years …

<table>
<thead>
<tr>
<th>Year</th>
<th>Total expenses BBVA Group Excl. Compass and one-offs</th>
<th>Total expenses BBVA Group (€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3M08</td>
<td>4.8</td>
<td>2,084</td>
</tr>
<tr>
<td>6M08</td>
<td>3.4</td>
<td></td>
</tr>
<tr>
<td>9M08</td>
<td>3.0</td>
<td></td>
</tr>
<tr>
<td>12M08</td>
<td>2.6</td>
<td></td>
</tr>
<tr>
<td>3M09</td>
<td>-1.9</td>
<td></td>
</tr>
</tbody>
</table>

Estimated growth of expenses in 2009: +0%
... starting its implementation in Spain & Portugal and soon after in all other units

Total expenses Spain & Portugal
Year-on-year growth (%)

Total expenses Mexico
Year-on-year growth (%)

Total expenses USA
Quarter by quarter (Constant €m)
Adjusted inflation: +16.2%

Total expenses South America
Year-on-year growth (%)

Total expenses WB&AM
Year-on-year growth (%)

---

Year-on-year growth:
- Spain & Portugal: 1.8% (3M08) to 1.7% (6M08), -0.9% (9M08) to -1.3% (12M08), -6.5% (3M09)
- Mexico: 10.8% (3M08) to 8.3% (6M08) to 7.1% (9M08) to 6.5% (12M08) to 2.1% (3M09)
- USA: 13.3% (3M08) to 16.6% (6M08) to 17.0% (9M08) to 10.8% (12M08) to 7.8% (3M09)
- South America: 17.5% (3M08) to 18.4% (6M08) to 18.6% (9M08) to 17.4% (12M08) to 13.3% (3M09)

Adjusted inflation: +16.2%
In summary, recurrent operating income

Operating income
BBVA Group
(€m)

BBVA’s operating income: Low beta + high alpha
Is the market pricing operating income strength?

Evolution of market Cap. to operating income

The market will eventually return to earnings metrics
1. Outstanding earnings performance through the crisis
2. Recurrent and high quality operating income
3. Strong profitability and organic capital generation
4. Improving asset quality trends
5. Conclusions
BBVA has managed to maintain very strong profitability levels, even in downturns.

* Implementation of IAS
A feature that stands out in the current context

**ROE* 2008 (%)**

<table>
<thead>
<tr>
<th></th>
<th>BBVA</th>
<th>Peer 1</th>
<th>Peer 2</th>
<th>Peer 3</th>
<th>Peer 4</th>
<th>Peer 5</th>
<th>Peer 6</th>
<th>Peer 7</th>
<th>Peer 8</th>
<th>Peer 9</th>
<th>Peer 10</th>
<th>Peer 11</th>
<th>Peer 12</th>
<th>Peer 13</th>
<th>Peer 14</th>
<th>Peer 15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average**</td>
<td>21.5</td>
<td>16.8</td>
<td>16.7</td>
<td>8.6</td>
<td>7.5</td>
<td>6.4</td>
<td>6.2</td>
<td>5.5</td>
<td>5.4</td>
<td>2.8</td>
<td>2.6</td>
<td>-11.8</td>
<td>-21.1</td>
<td>-38.0</td>
<td>-43.1</td>
<td>-46.0</td>
</tr>
</tbody>
</table>

* Calculated as Reported Net Income / Average Reported Equity
** Excludes DB, RBS, HBOS, UBS y CS, that reported losses in 2008
PEERs: BARC, BNPP, CASA, CMZ, CS, DB, HBOS, HSBC, ISP, LLOY, RBOS, SAN, SG, UBS and UCI
And we continue to do so in 1Q09

1Q09 profitability ratios (%)

- **ROA**: 1.00%
- **RoRWA**: 1.88%
- **ROE**: 19.4%
- **ROTE**: 26.7%
Which allow us to continue generating capital organically

Core capital
BIS II
(%)  
Dec. 08  6.2
Mar. 09  6.4

Tier I and Capital ratio
BIS II
(%)  
Tier I  7.7%
Capital ratio  11.5%

1. Outstanding earnings performance through the crisis
2. Recurrent and high quality operating income
3. Strong profitability and organic capital generation
4. Improving asset quality trends
5. Conclusions
Improving asset quality trends

A. Lower entries to NPLs
B. Provisioning in line with 2H08
C. Preservation of generic provisions
D. Ample coverage by provisions and collateral
Lower entries to NPL and higher success with recoveries...

Net entries to NPL
BBVA Group
(€m)

<table>
<thead>
<tr>
<th></th>
<th>3Q08</th>
<th>4Q08</th>
<th>1Q09</th>
</tr>
</thead>
<tbody>
<tr>
<td>2Q08</td>
<td>2,262</td>
<td>3,001</td>
<td>2,559</td>
</tr>
</tbody>
</table>

Recoveries / NPL entries
BBVA Group
(%)  

<table>
<thead>
<tr>
<th></th>
<th>3Q08</th>
<th>4Q08</th>
<th>1Q09</th>
</tr>
</thead>
<tbody>
<tr>
<td>2Q08</td>
<td>27.9%</td>
<td>29.6%</td>
<td>32.4%</td>
</tr>
</tbody>
</table>

Net entries to NPLs down 15% in the quarter
... with special relevance in the case of Spain & Portugal ...

Net entries to NPL
Spain & Portugal
(€m)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>3Q08</th>
<th>4Q08</th>
<th>1Q09</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,493</td>
<td>1,966</td>
<td>1,497</td>
</tr>
</tbody>
</table>

NPA ratio differential vs. the system
BBVA Spain vs. banks and saving banks

BBVA vs. banks + saving banks

<table>
<thead>
<tr>
<th></th>
<th>Dec.07</th>
<th>Jun.08</th>
<th>Dec.08</th>
<th>Feb.09</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6</td>
<td>31</td>
<td>47</td>
<td>89</td>
</tr>
</tbody>
</table>

... which enables us to continue improving our relative position
Provisioning starts to stabilise ...

Loan-loss provisioning
BBVA Group
Quarter by quarter
(€m)

Risk premium stabilizing at all units
Limited release of generic provisions to preserve a balance for future quarters ...

Breakdown of variations in generic provisions Mar 09 vs. Dec 08 (€m)

<table>
<thead>
<tr>
<th>Variation Mar 09-Dec 08</th>
<th>Transfer to specific</th>
<th>Risk and activity</th>
<th>Exchange rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>-€225m</td>
<td>-€216m</td>
<td>-€66m</td>
<td>+€57m</td>
</tr>
</tbody>
</table>

Release of €216m in 1Q09 (vs. €300m in 4Q08) to offset the charge for specific provisions
Ample coverage by provisions and collateral

Doubtful assets and property acquired (€m)

- **Total doubtful**: €10,543M
- **Property**: €1,119m
- **Property (net)**: €899m
- **Specific prov**: €3,009m
- **Net doubtful**: €7,534m

**Value of collateral**: €10,278m

- **Property (net)**: €899m
- **Collateral exceeds net value of doubtful assets by €2,744m**

In addition, about €4,991m of generic and substandard provisions
1. Outstanding earnings performance through the crisis
2. Recurrent and high quality operating income
3. Strong profitability and organic capital generation
4. Improving asset quality trends
5. Conclusions
Sizeable and recurrent operating profit, a key buffer for asset quality deterioration

Cost of risk
Peer Group (%, Dec 08)

Operating profit¹ as maximum cost of risk²
Peer Group (%, Dec 08)

Additional cost of risk supported by operating profit³
Peer Group (%, Dec 08)

1. Operating profit as old account
2. Maximum cost of risk supported by operating profit without generating losses
3. Maximum cost of risk – Current cost of risk

Peers: Barclays, BNPP, Crédit Agricole S.A., Credit Suisse, Deutsche Bank, HBOS, Intesa Sanpaolo, Lloyds, RBS, Santander, Société Générale, UBS and Unicredit
BBVA’s management is committed to maintaining this outstanding performance, preserving the attractiveness of our investment case.

<table>
<thead>
<tr>
<th>High quality operating income</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Quality of gross income</td>
</tr>
<tr>
<td>B Focus on pricing &amp; mix management</td>
</tr>
<tr>
<td>C Strict cost control</td>
</tr>
<tr>
<td>D Stable risk premium</td>
</tr>
</tbody>
</table>

Top α levers

Strong profitability advantage
BBVA, recurrent and sustainable earnings

Panel 7. Back to basics: how can retail banking offer superior returns?

Frankfurt, June 5th 2009