

# Strength in turbulent times

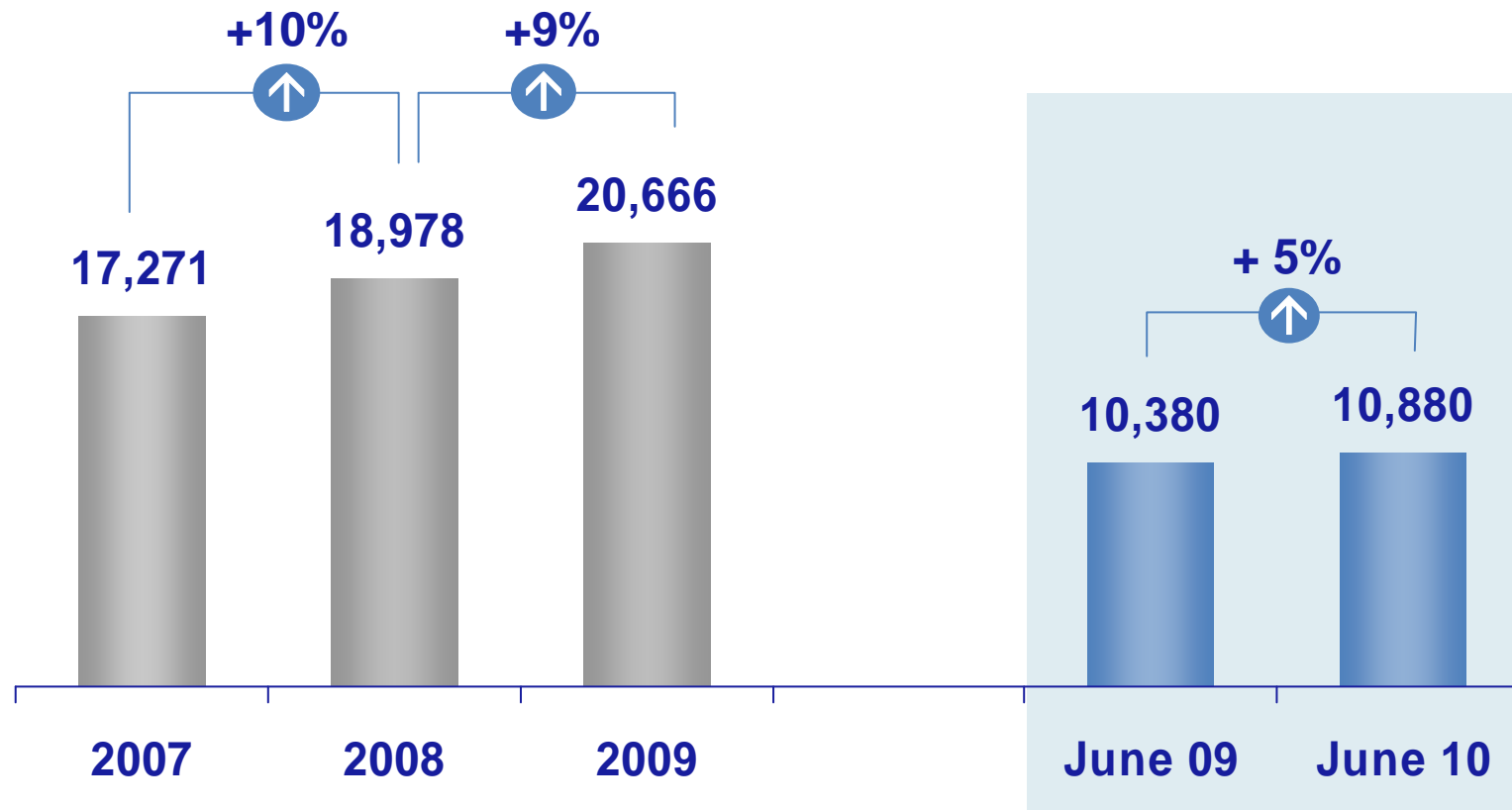
Pedro Urresti, Deputy CFO

Sandford C. Bernstein  
Strategic Decisions Conference  
London, September 21st 2010

- 1. High and recurrent operating income**
2. Improving asset quality outlook
3. Sound capital & funding
4. Unique position in Spain
5. Strong franchises in attractive markets
6. Attractive investment case

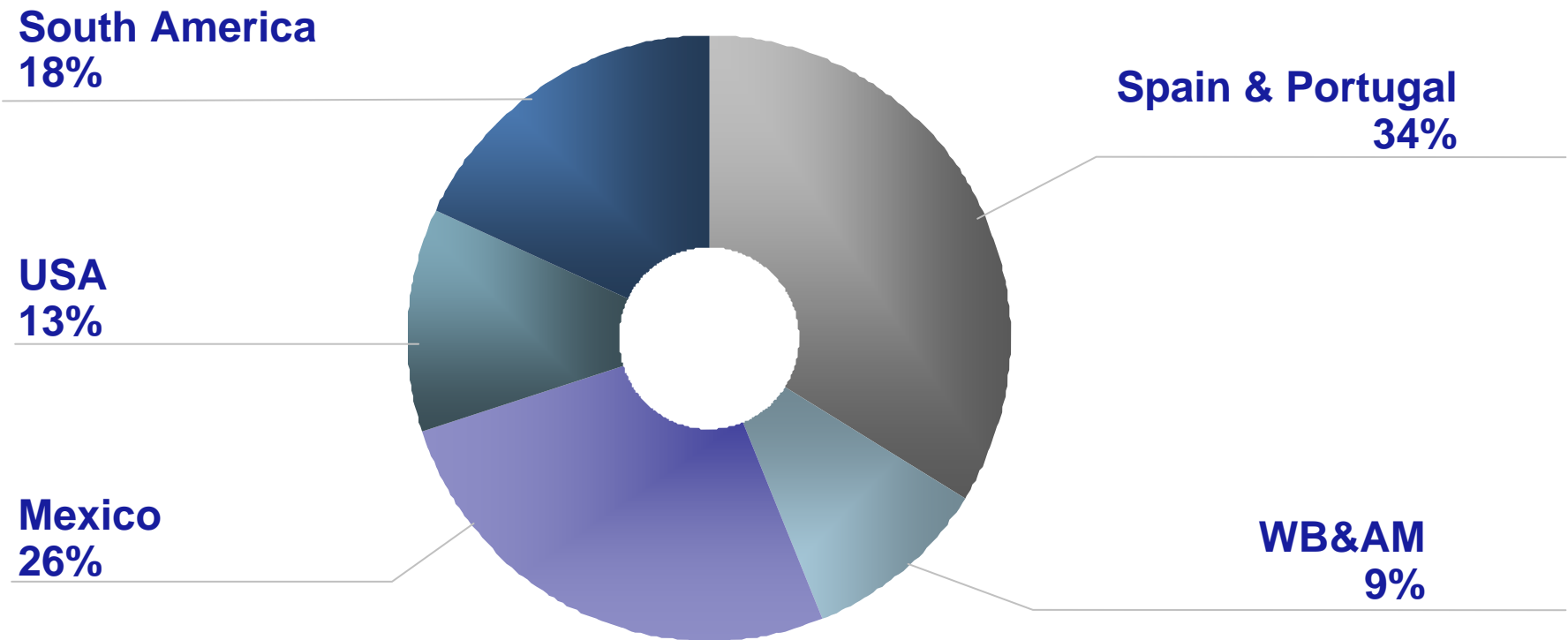
# Record revenues in 2009 and YTD with high growth throughout the crisis

## Gross income BBVA Group (€m)

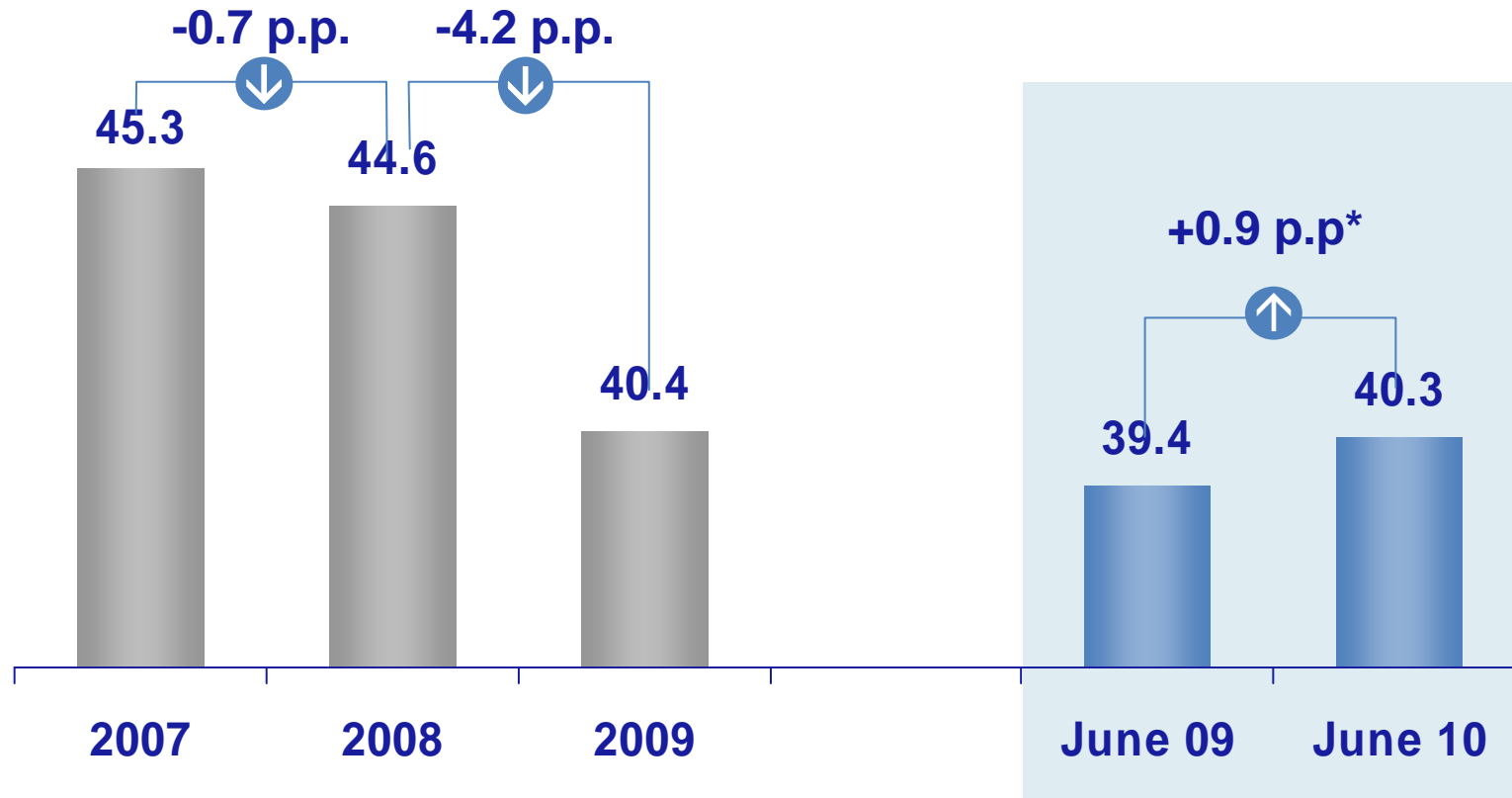


# 45% of revenues already come from emerging economies

## Gross Breakdown of gross income by business area – June 2010

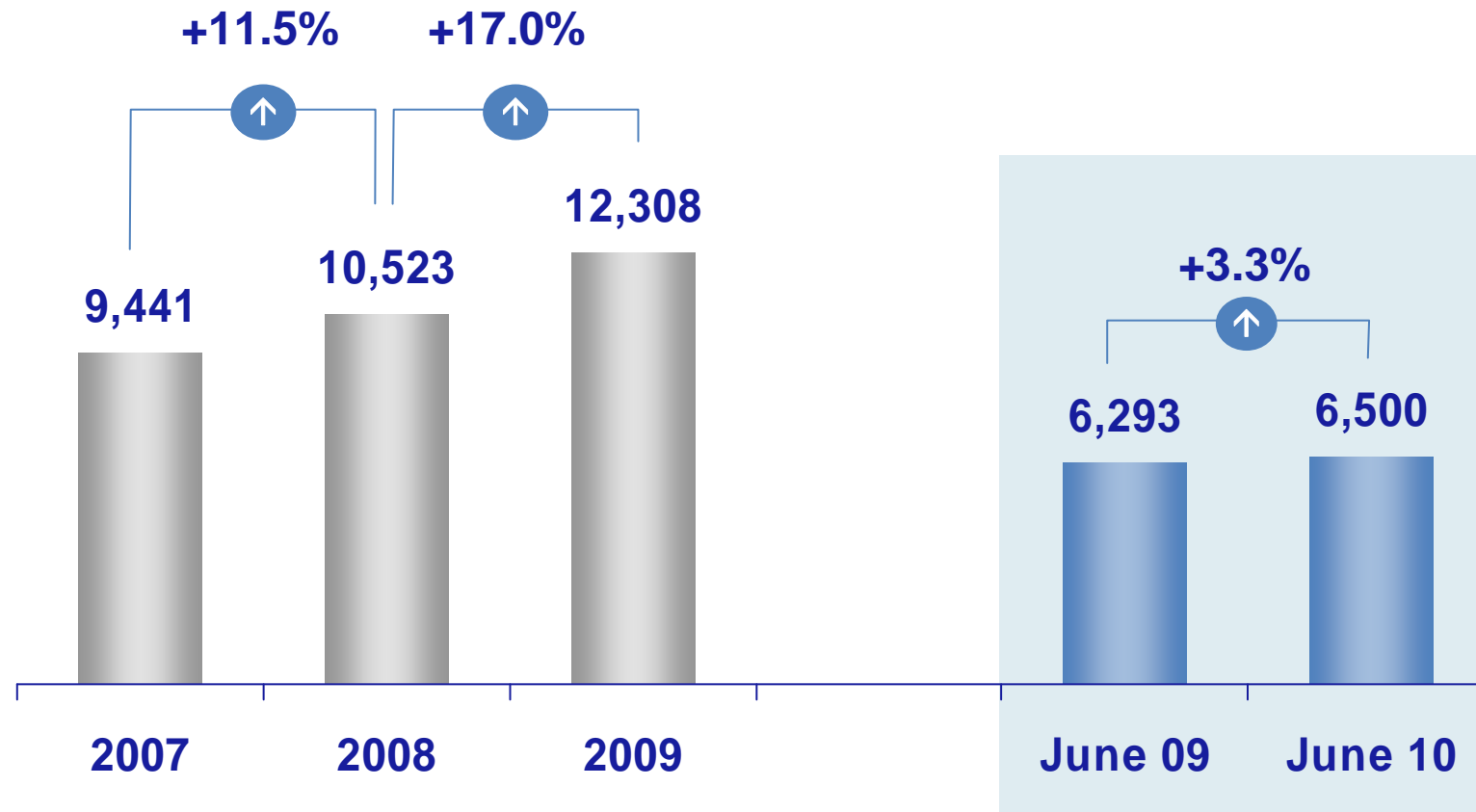


## Cost-income ratio BBVA Group (%)

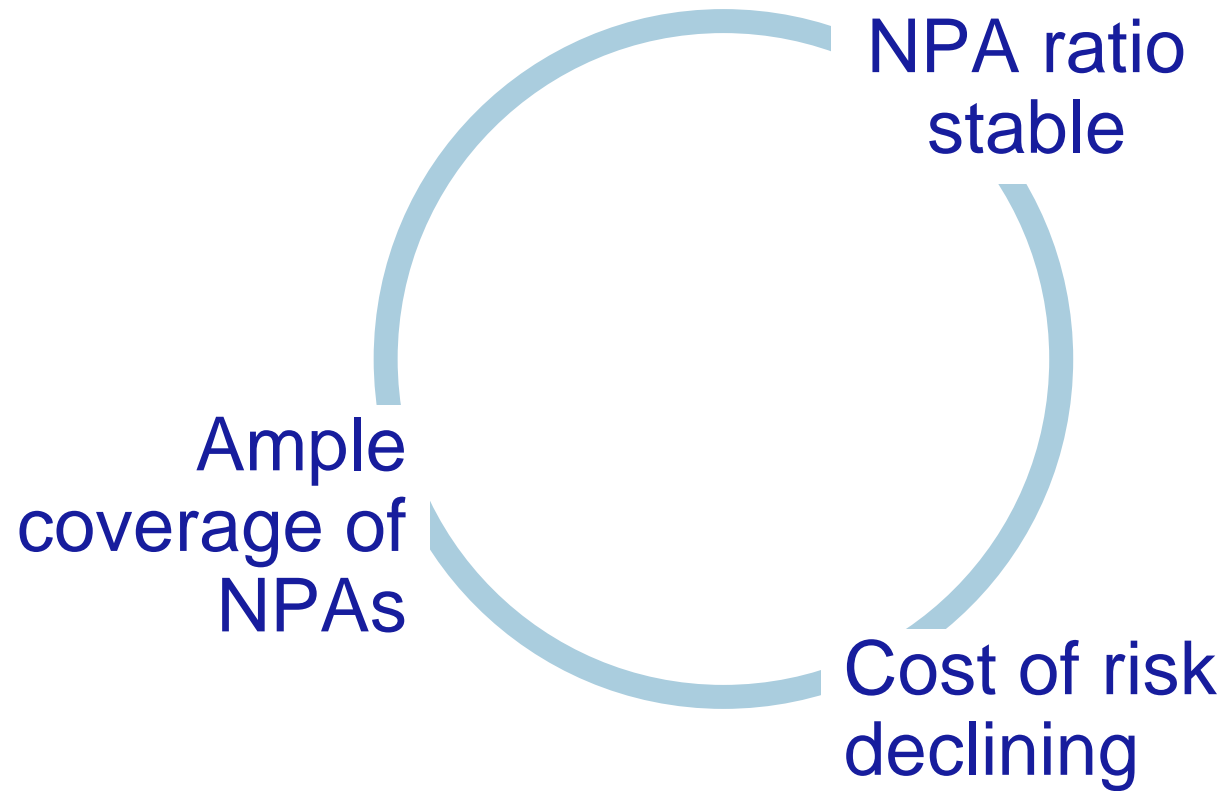


\* Due to perimeter changes (incorporation of Guaranty in the US)

## Operating income BBVA Group (€m)



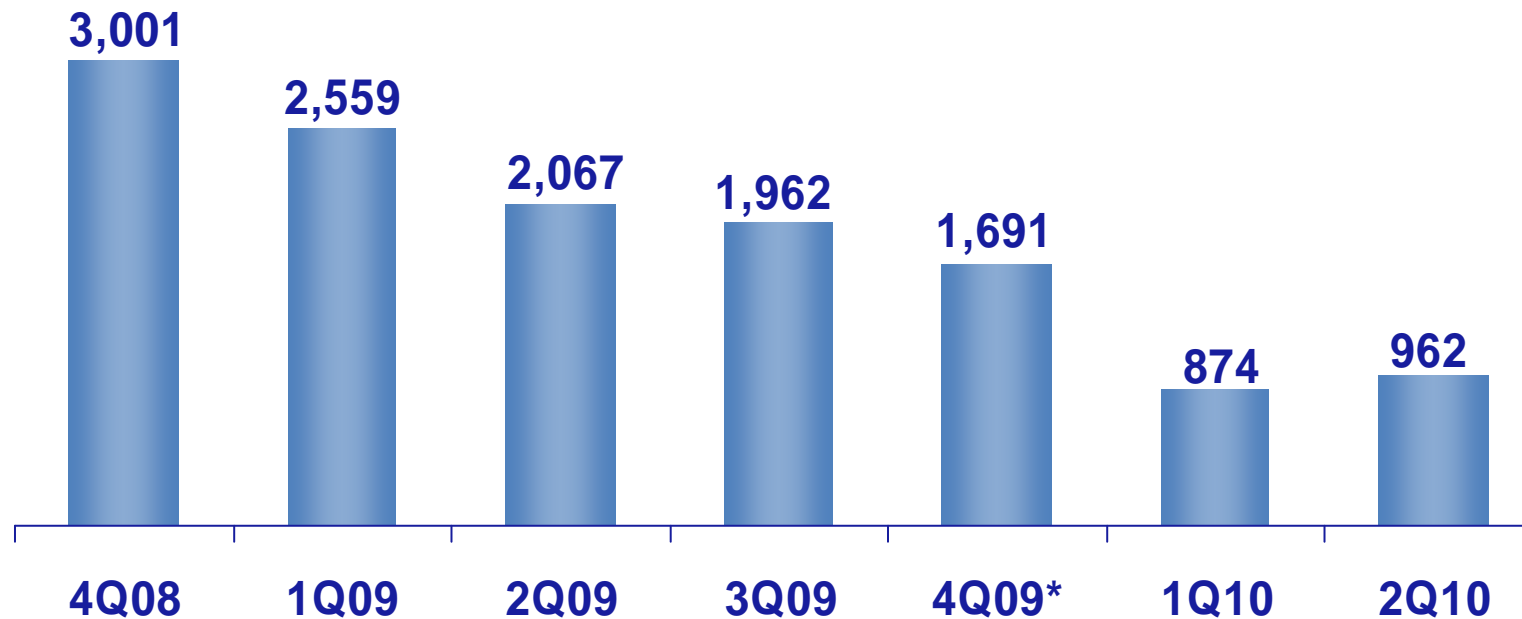
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# Declining additions to NPA significantly below 2009 and 2008

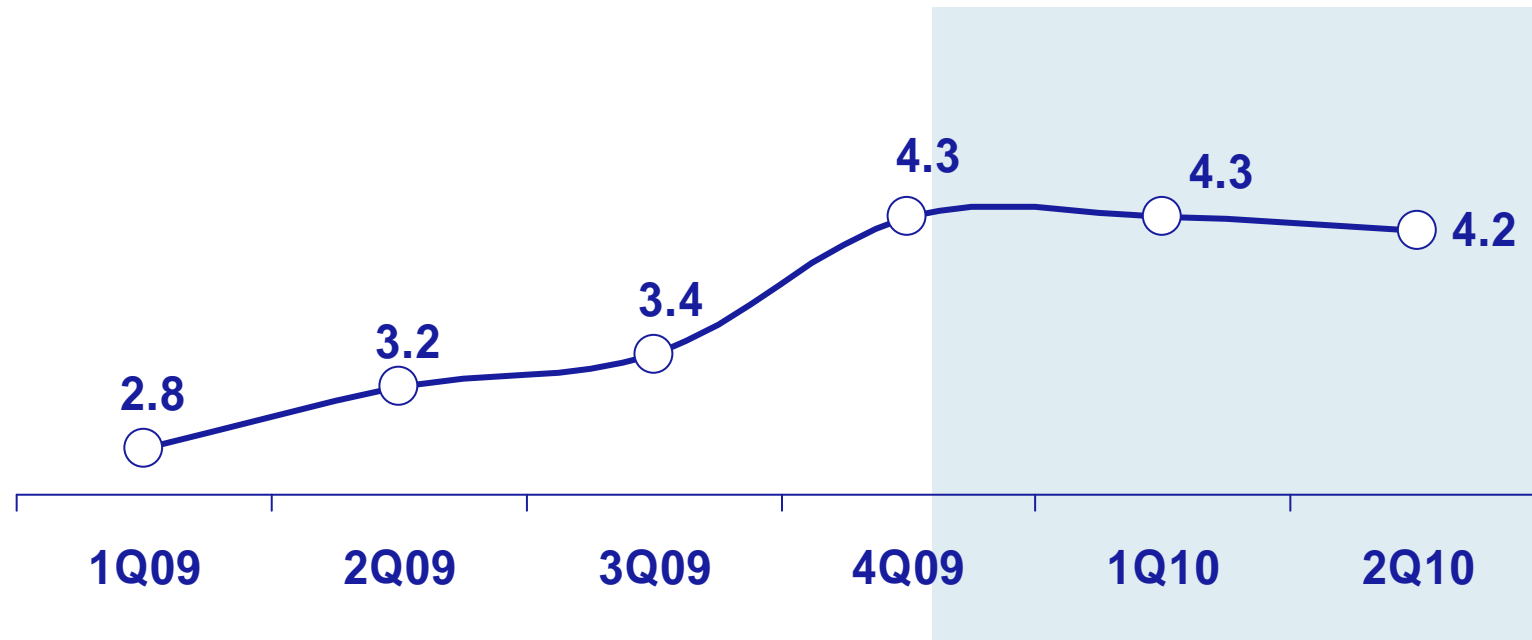
BBVA Group Net additions to NPA Quarter-by-quarter (€m)



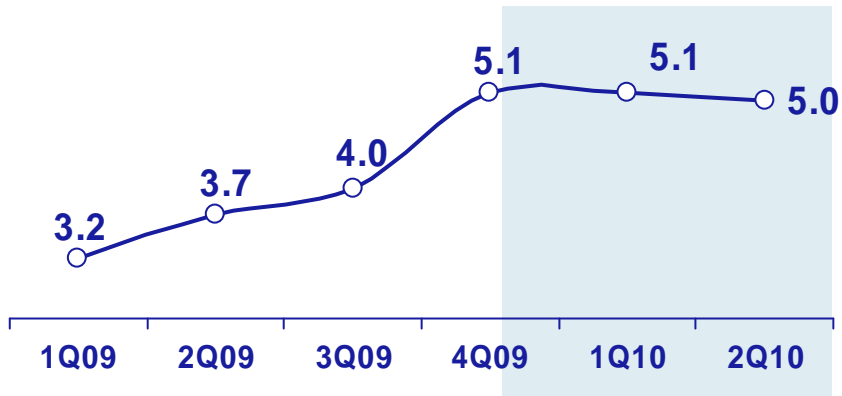
\* Excl. anticipation

# BBVA NPA ratio has stabilized

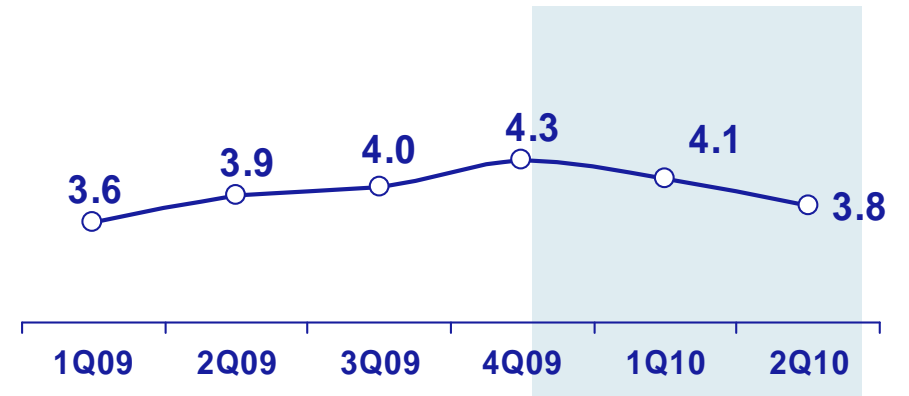
NPA ratio BBVA Group (%)



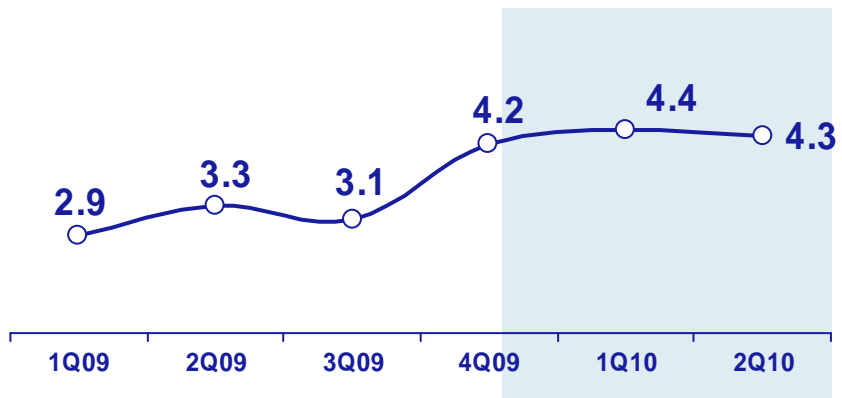
**Spain & Portugal. NPA ratio (%)**



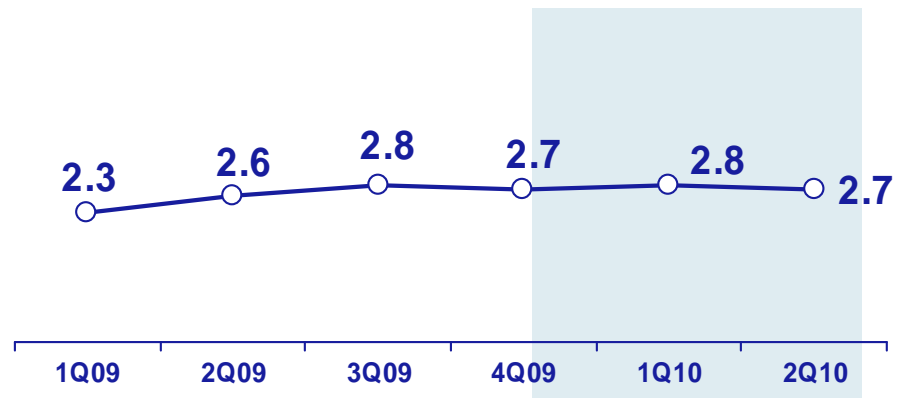
**Mexico. NPA ratio (%)**



**USA. NPA ratio (%)**



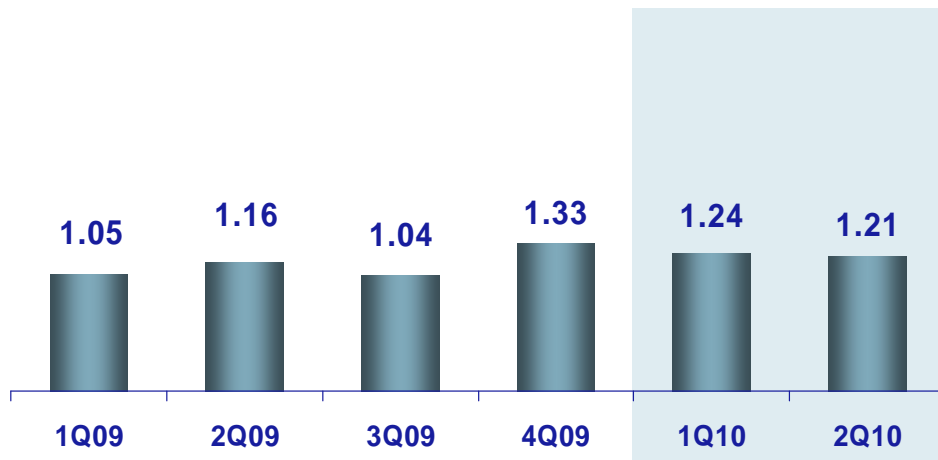
**South America. NPA ratio (%)**



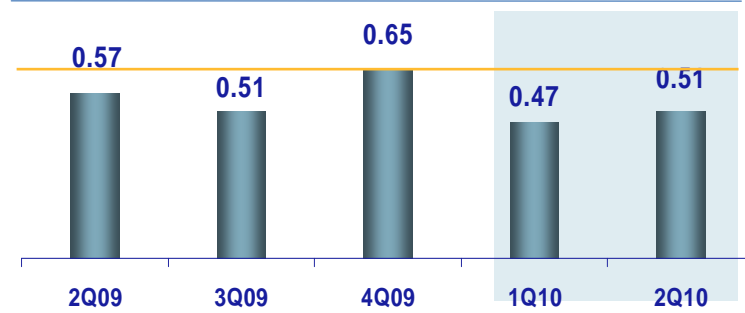
# BBVA Cost of risk improves in franchises where it rose in most recent quarters

## Cost of risk excl. one-offs

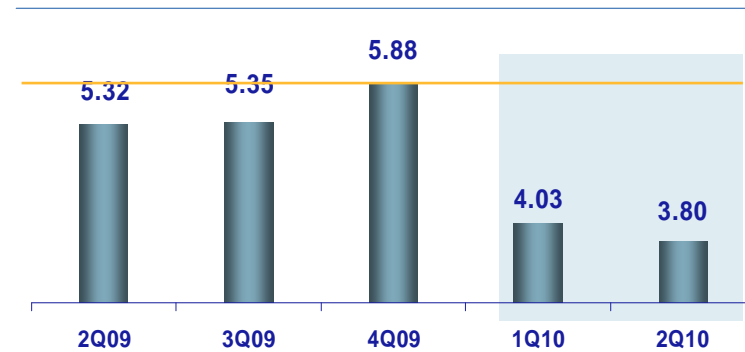
BBVA Group (%)



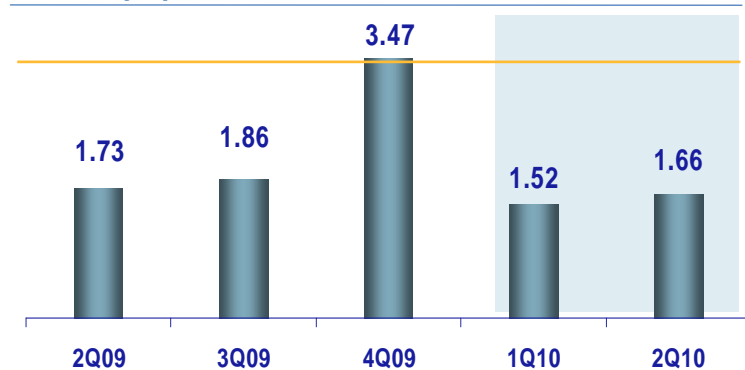
## Spain & Portugal (%)



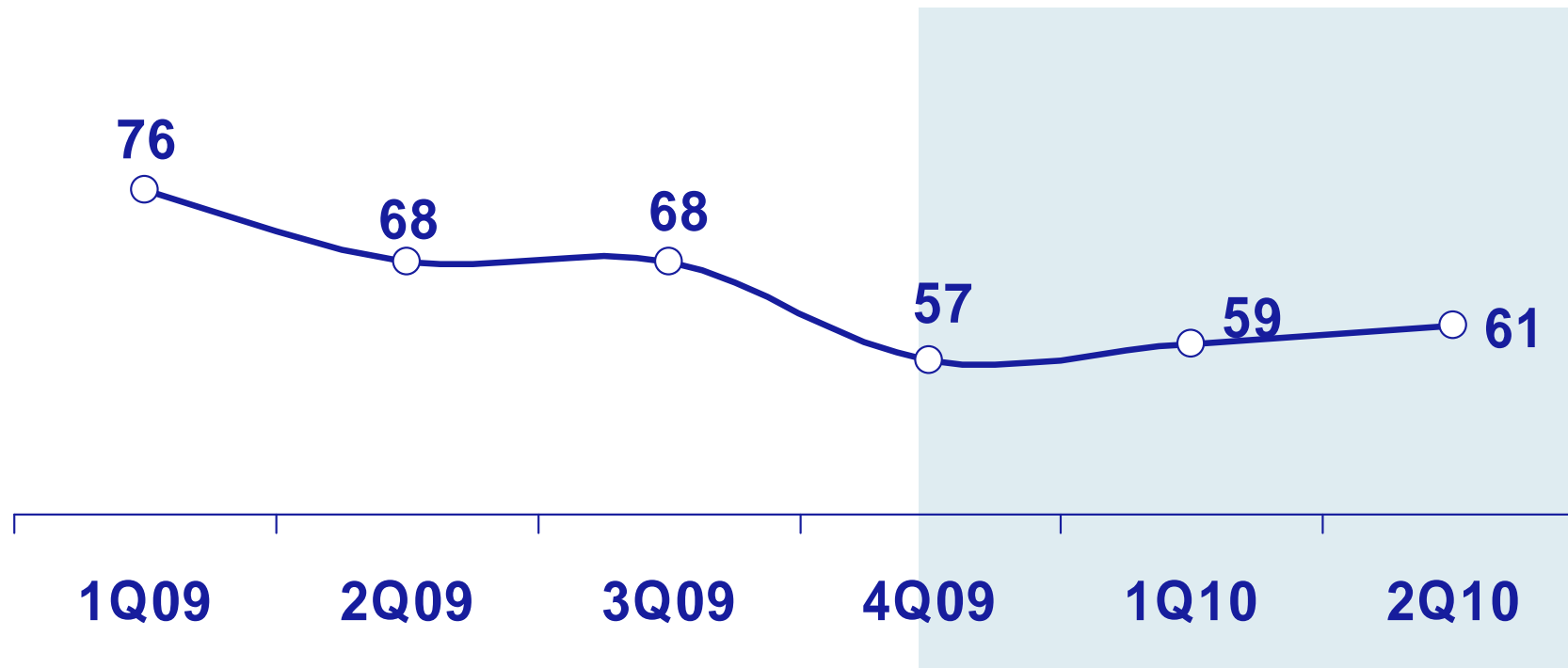
## Mexico (%)



## USA (%)

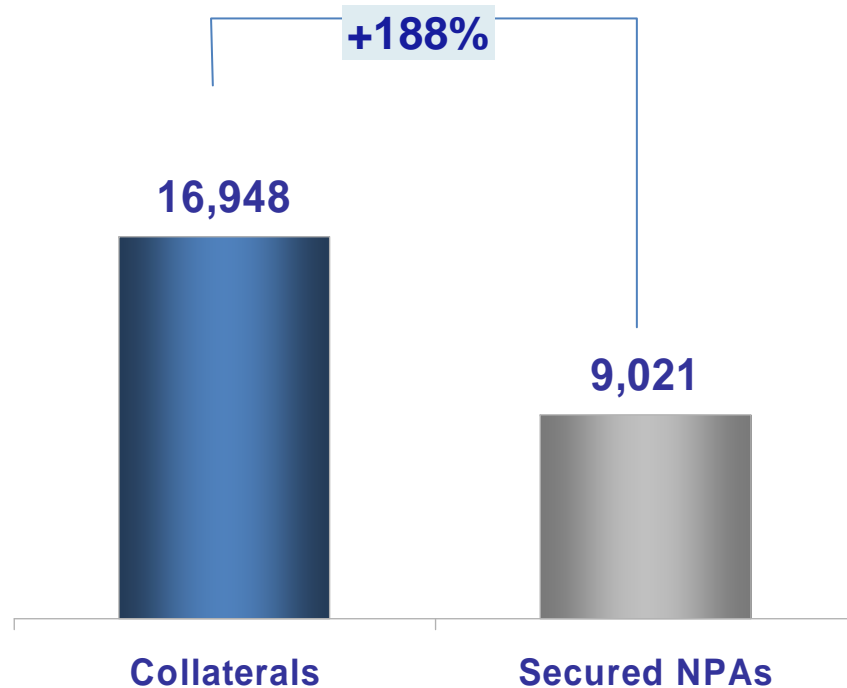


## Coverage ratio BBVA Group (%)

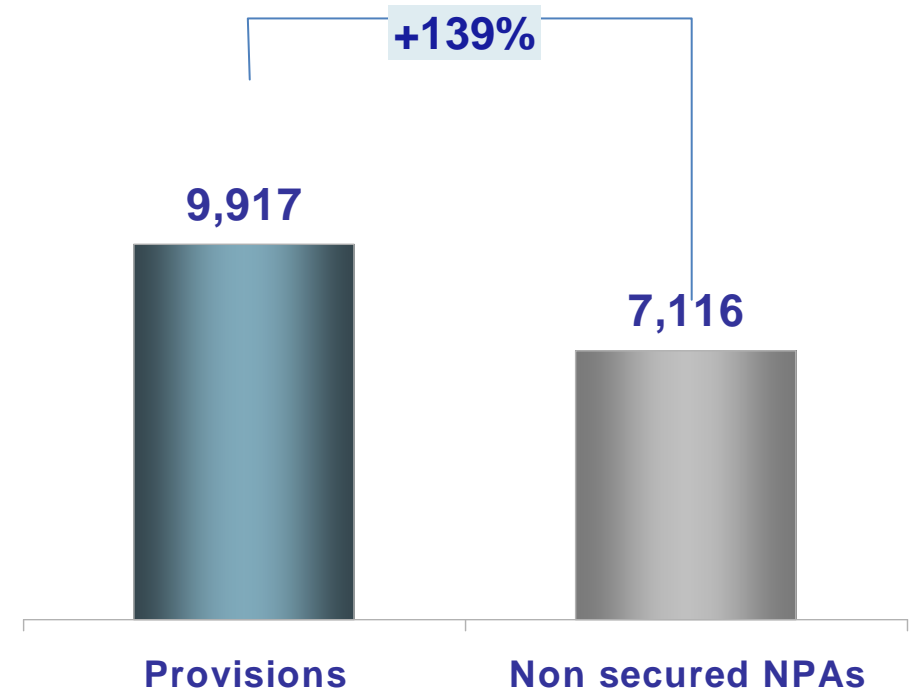


# Ample coverage including provisions, collaterals and latent capital gains

## Secured loans (€m)



## Unsecured Loans (€m)

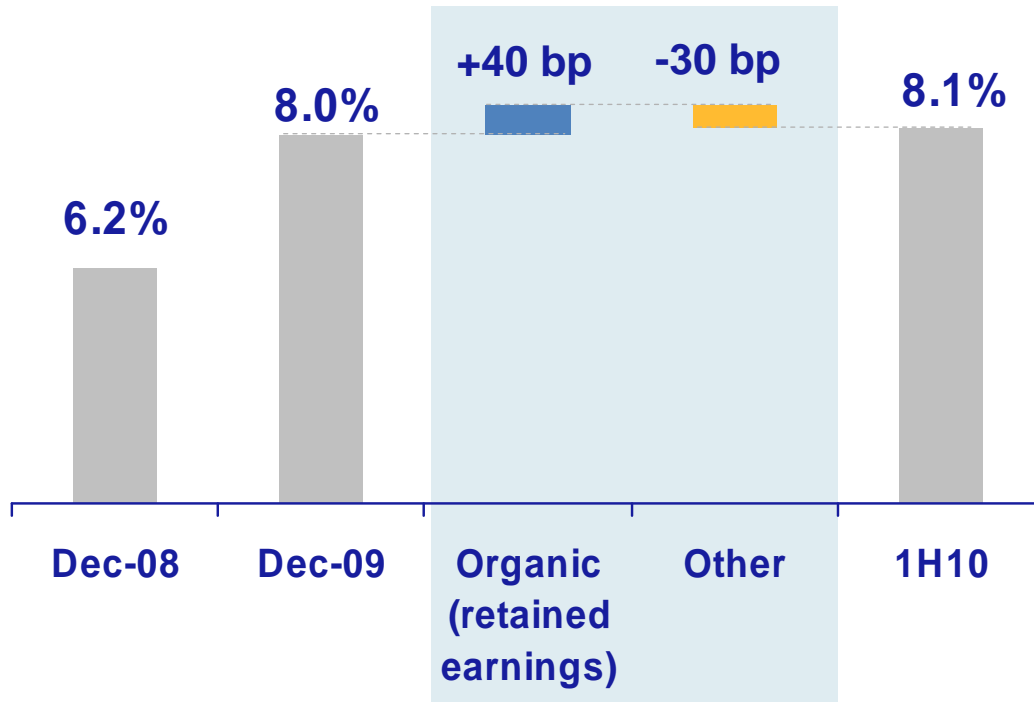


Latent capital gains: > €1.500m

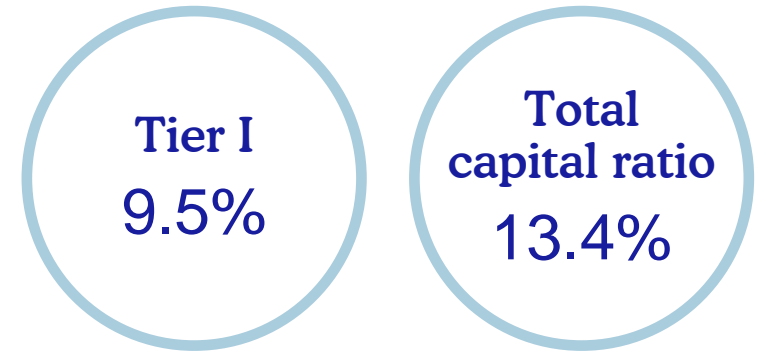
Annual Pre-provision Profit: €12.308m in 2009

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## Core capital (%)



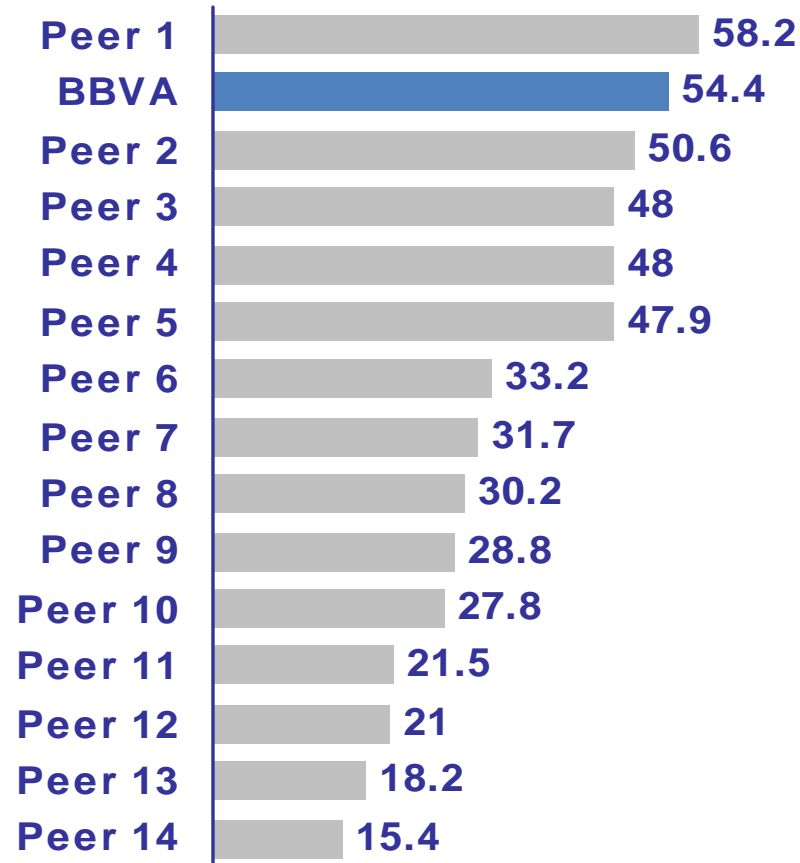
## Tier I and Total capital ratio (%)



\* Risk-weighted assets/total assets as of June 2010.



## RWA / Total Asset (% , 2009)



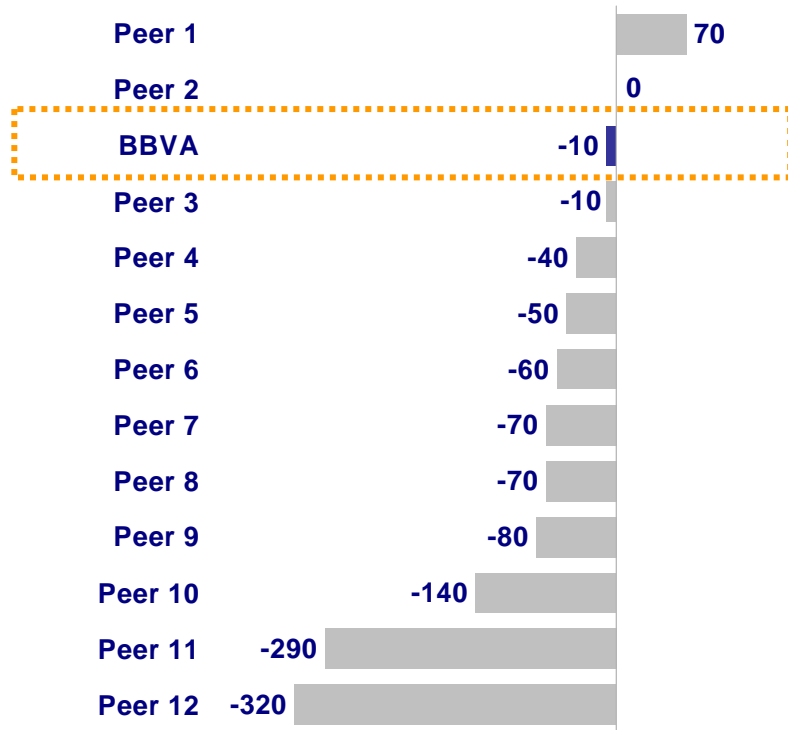
Peers: BARCL, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, RBS, SAN, SG, UBS, LBG & UCI.

## Low leverage vs european peers

	Basel III requirements	BBVA	
<b>Capital</b>	Minimum common equity plus capital conservation buffer of 7% by 2019	<b>Core Capital 8,1%</b>	✓
<b>Liquidity</b>	Liquidity Coverage Ratio (LCR) & Net Stable Funding Ratio (NSFR) over 100%	<b>LCR 200% NSFR 115%</b>	✓

# One of the most resilient to stress test conducted by CEBS on European Banks

## Impact of stress test over TIER I (bps)



- Maximum resilience of capital in spite of the tough hypothesis taken for Spain
- Ability to generate operational results



**No additional capital needs under stress test, while maintaining dividend payment in cash**

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

## AA rating by Standard & Poor's confirmed

## Wholesale financing

Lowest wholesale financing needs among European peers

## Issues

Planned issues in 2010 are covered, already pre-funding 2011

## Collateral available

Moreover, eligible collateral available is ~ €80 bn in euro balance sheet, and €100 bn for the total Group

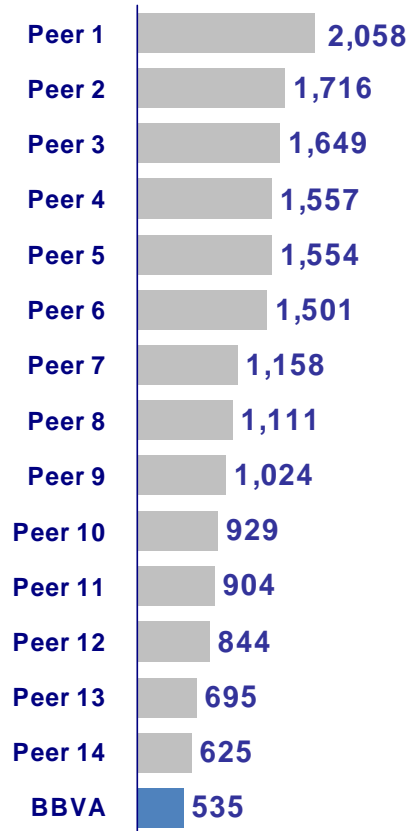
## Balance sheet

Small balance sheet and retail structure

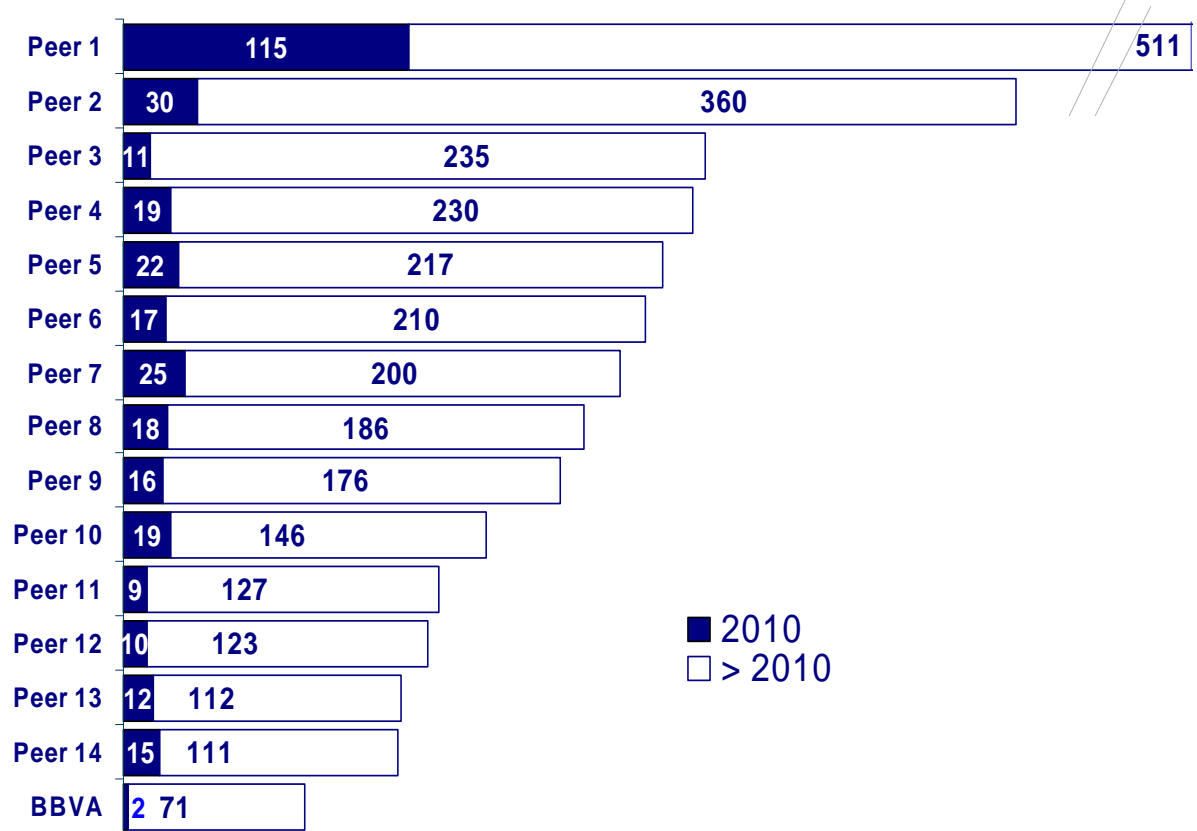
An advantage compared to peers

# Small balance sheet and lowest wholesale debt maturities among peers

## Assets (€bn, 2009)



## BBVA Group's wholesale maturities (€bn)



Peers: BNPP, CASA, CMZ, CS, DB, HSBC, ISP, RBS, SAN, SG, UBS, LBG & UCI.

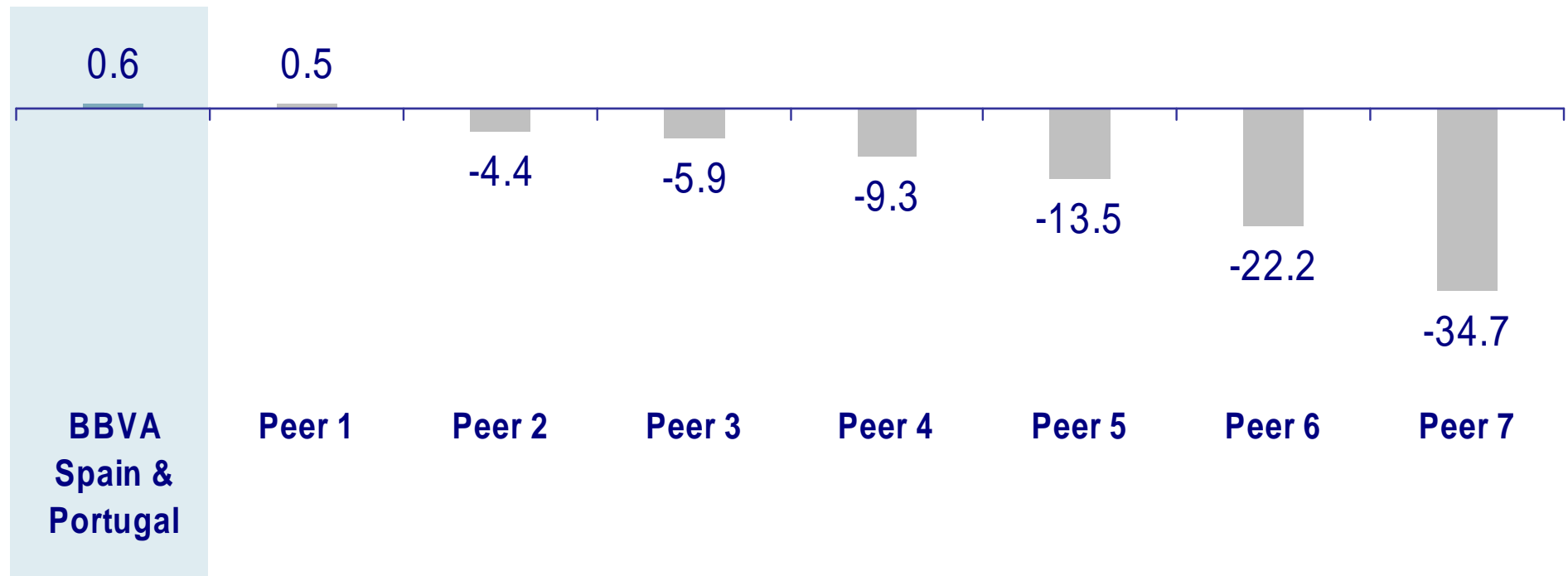
Source: Bloomberg 22/07/10

Average annual maturities in the next 3 years approx €10 bn

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# Outperforming in Spain, Spain is not the same for everyone

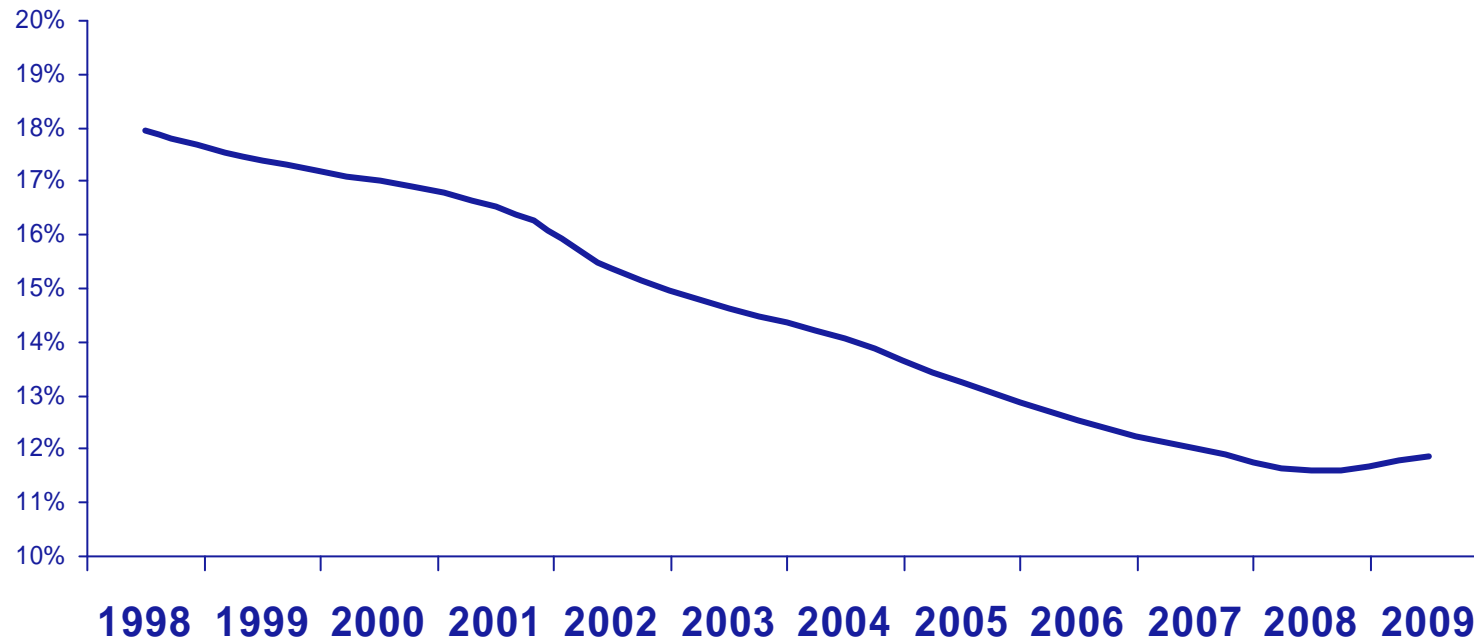
**Net interest income (NII).** BBVA vs domestic peers (% y/y – 1H10 / 1H09)



\* Peers: Caixa, Caja Madrid, Bankinter, Popular, Sabadell, Banesto and Santander .

# Better asset quality due to significant market share loss during the credit boom years

## BBVA's lending share in Spain (%)



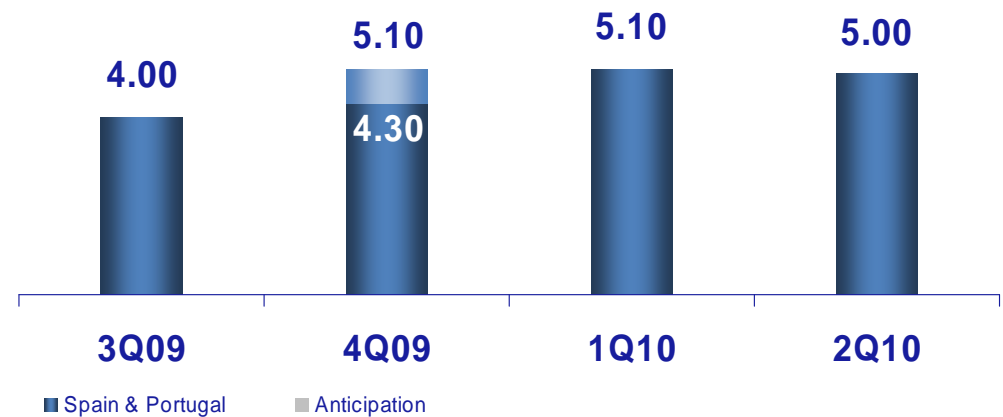
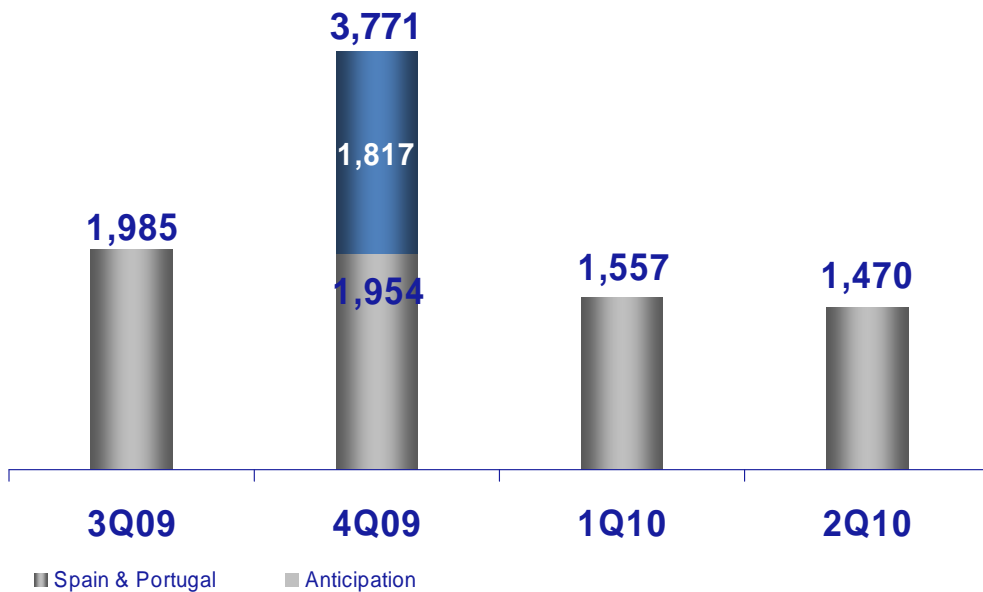
Source: BBVA and Bank of Spain. Prior to 2000, pro-forma adding BBV and Argentaria

New entrants, such as foreign banks and the saving banks, grew aggressively in the high part of the cycle



Spain & Portugal Gross additions to NPA (€m)

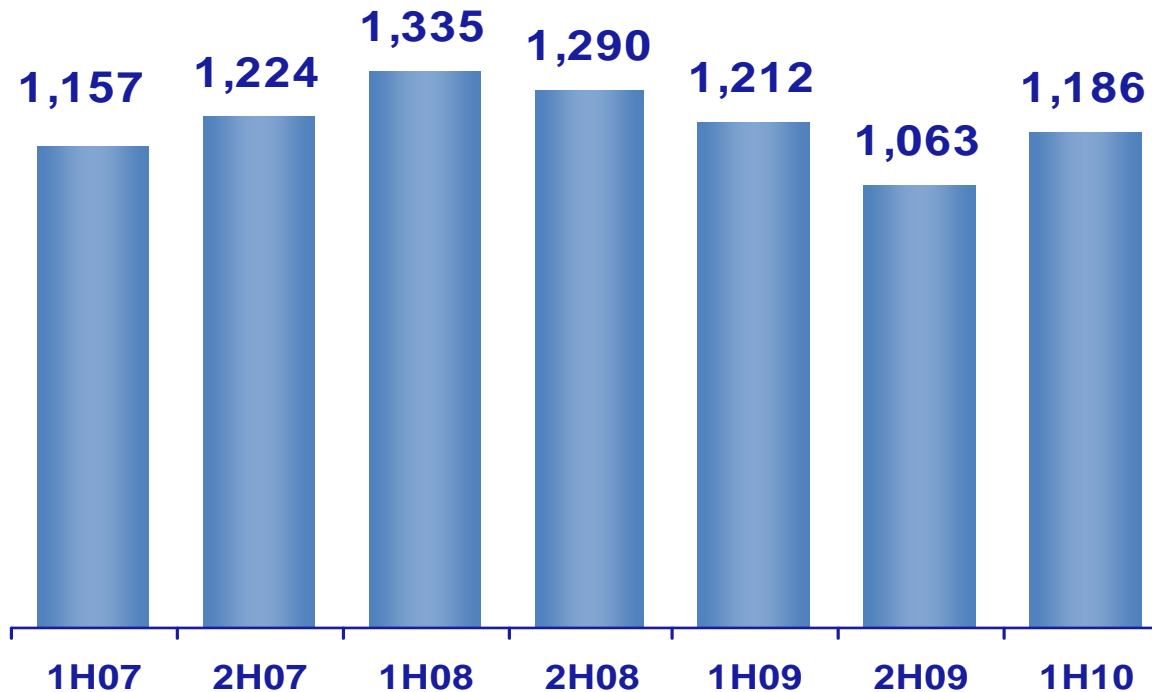
Spain & Portugal. NPA Ratio (%)



Classification of €1,8 Bn of performing loans to subjective NPAs in 4Q09

# High and resilient earnings despite difficult environment in Spain

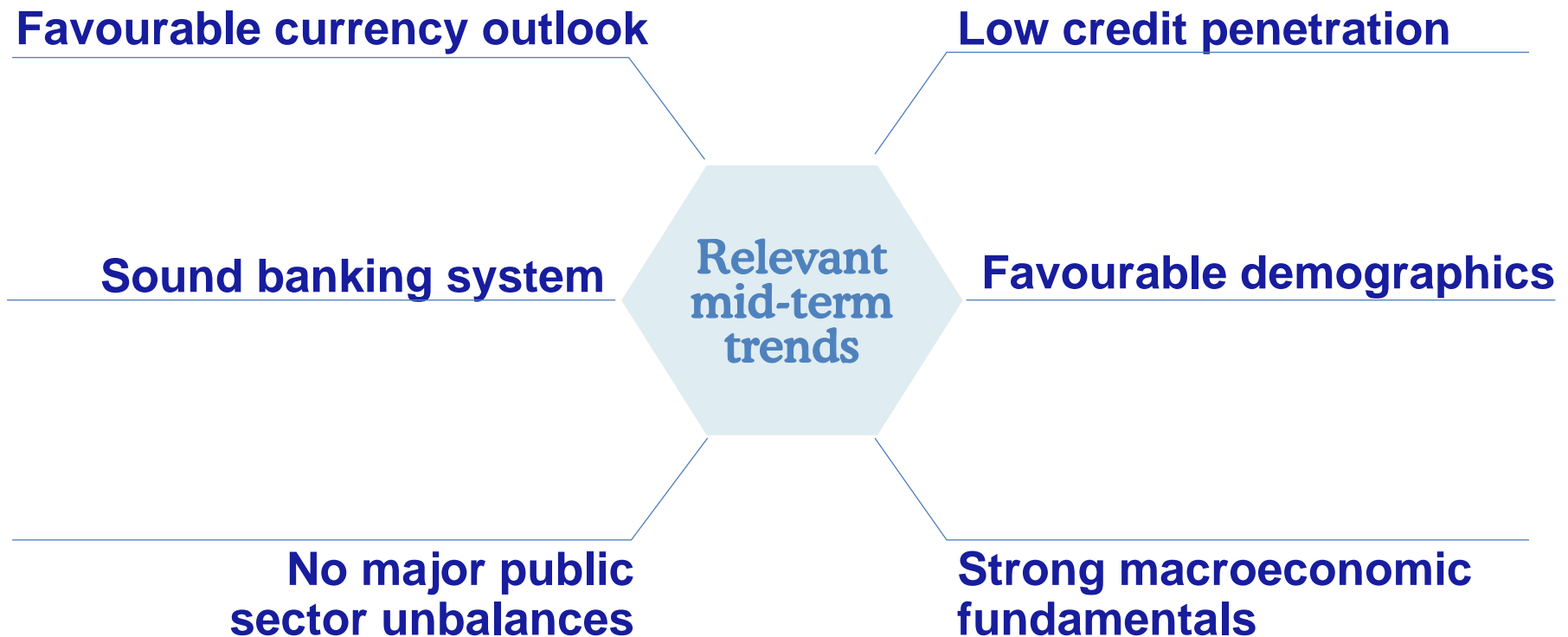
Spain & Portugal Net Attributable Profit (€m)



Despite high provisioning needs in Spain BBVA continues to deliver high and stable earnings

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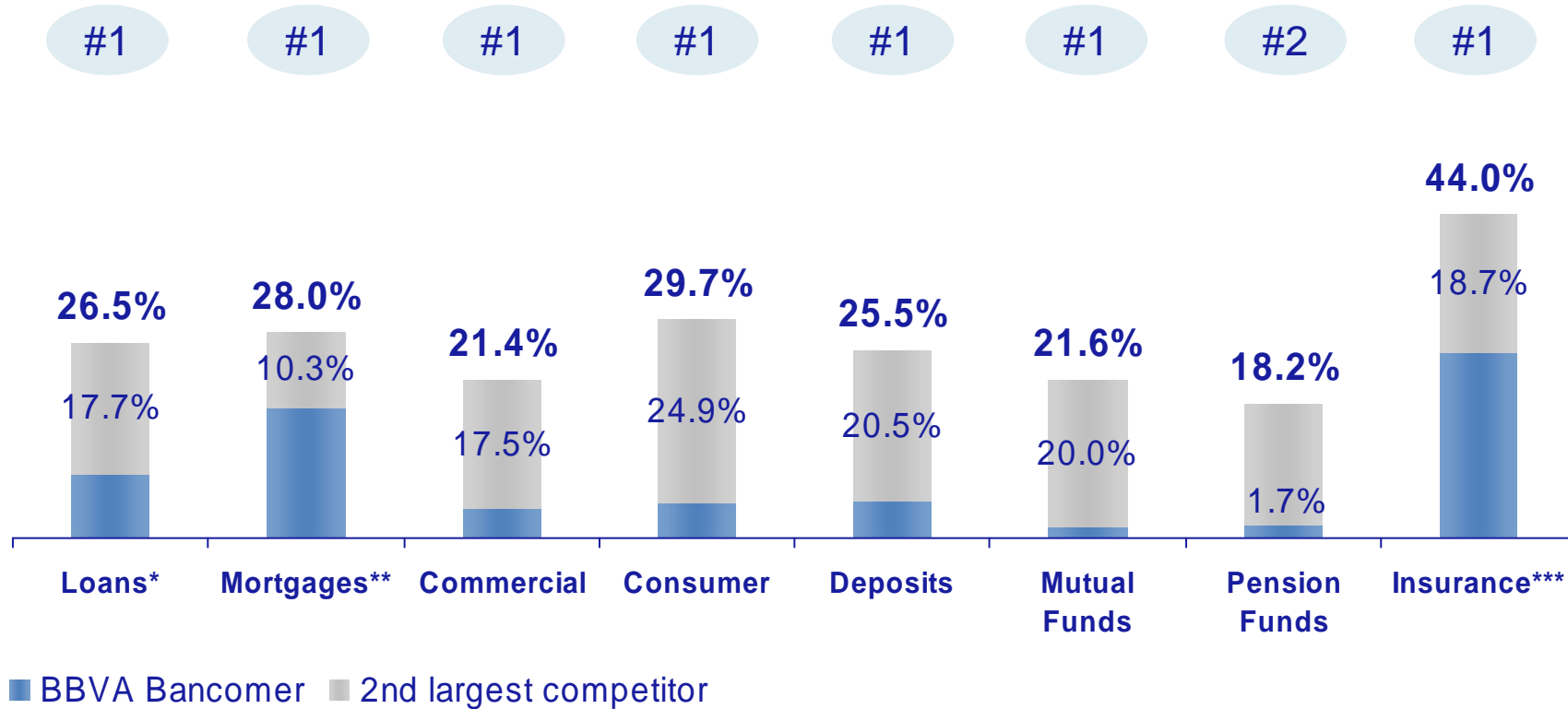
# Mexico and South America are particularly attractive banking markets



Positive business outlook for BBVA's franchises

# Clear leadership in Mexico, one of the most attractive banking markets

## Market share (%)



Source: CNBV, SHF, CONSAR, AMIS y AMIB. Figures as of December 2009

\* Gross Loans

\*\* Includes Sofoles, excludes securitizations

\*\*\* Data as of September 2009

## CAGR evolution

	2005-07	2007-09
GDP Growth	4.13%	-2.61%
Total Loans	+28%	+5%
Loans to individuals	+39%	+2%
Loans to SMEs & Businesses	+48%	+121%
Total Deposits	+5%	+12%
Mutual Funds	+32%	+7%
Net profit	+37%	+8%
<b>Fundamentals (2Q10):</b>		
Efficiency ratio		34.1%
Coverage ratio		136%
Risk Premium		3.8%
<b>Market share growth:</b>		
Total loans	+246 bp	+98 bp
Demand deposits	+83 bp	+147 bp

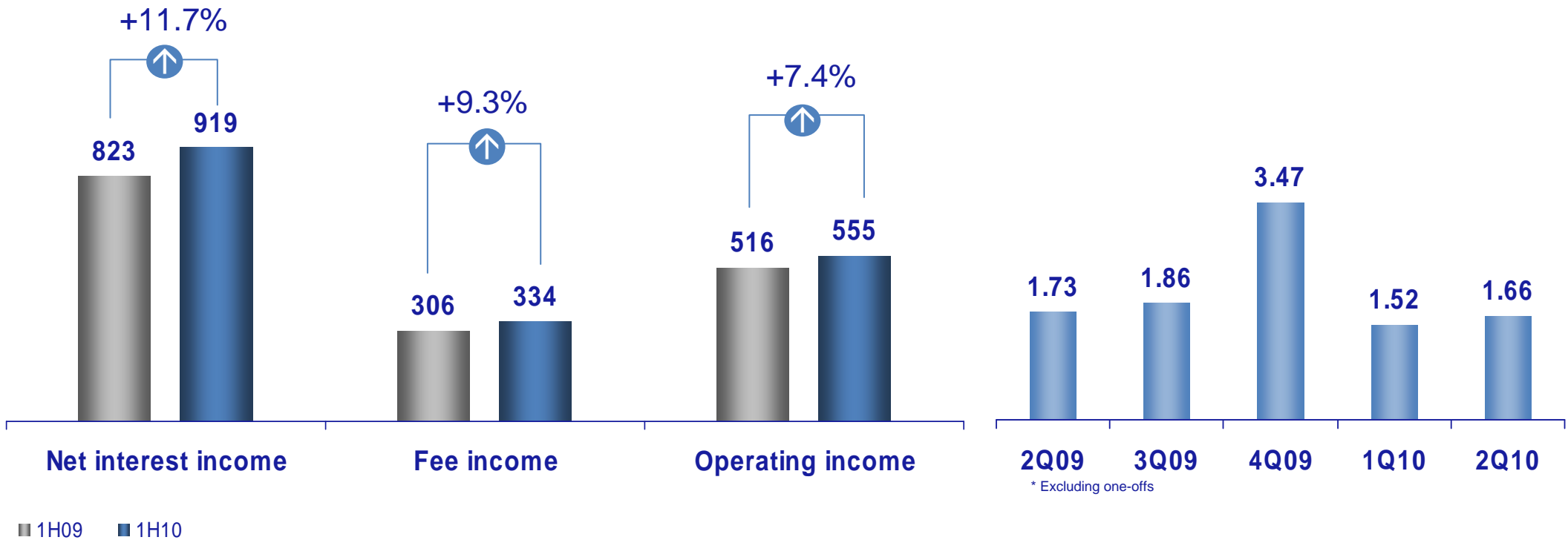
€Bn as of 1H10	BBVA Bancomer	BBVA South America
<b>Assets</b>	<b>73.8</b>	<b>48.6</b>
<b>Customer lending (gross)</b>	<b>35.6</b>	<b>28.7</b>
<b>Customer deposits</b>	<b>36.5</b>	<b>32.4</b>
<b>Net Income</b>	<b>798</b>	<b>453</b>

Up to 5 million payroll clients still customers for credit

# BBVA USA: A strong operating performance that will flow to earnings as the credit cycle improves

Income in United States (constant €m)

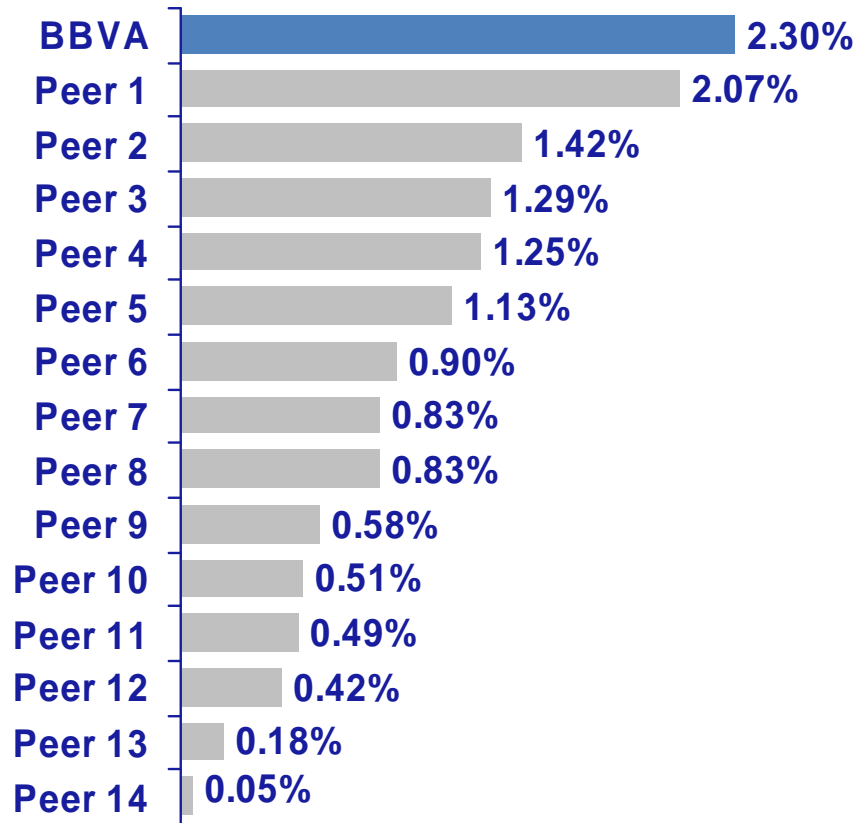
Cost of risk\* (%)





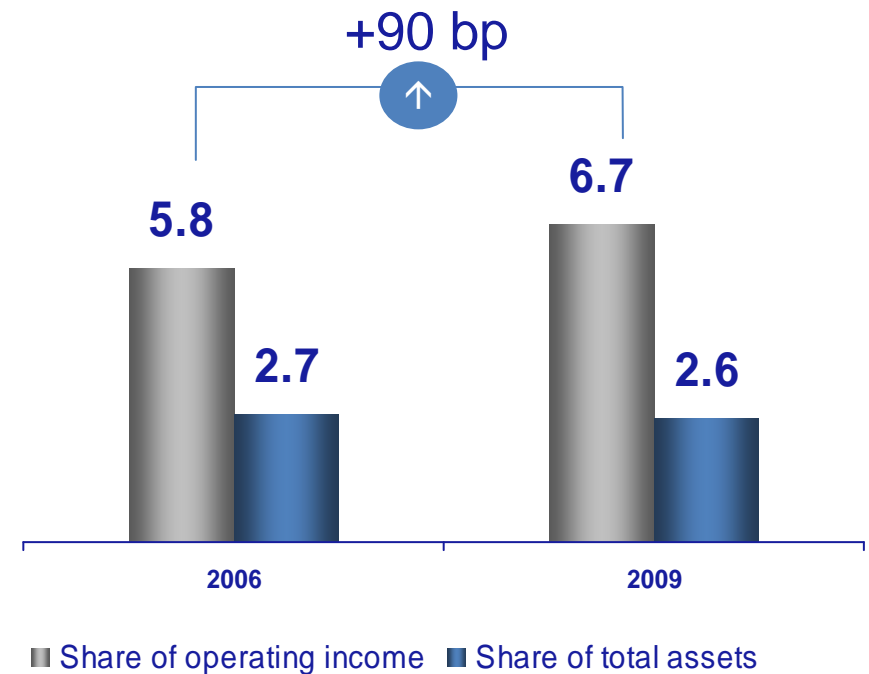
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## Operating Income vs Total Assets Peer Group (% , 2009)



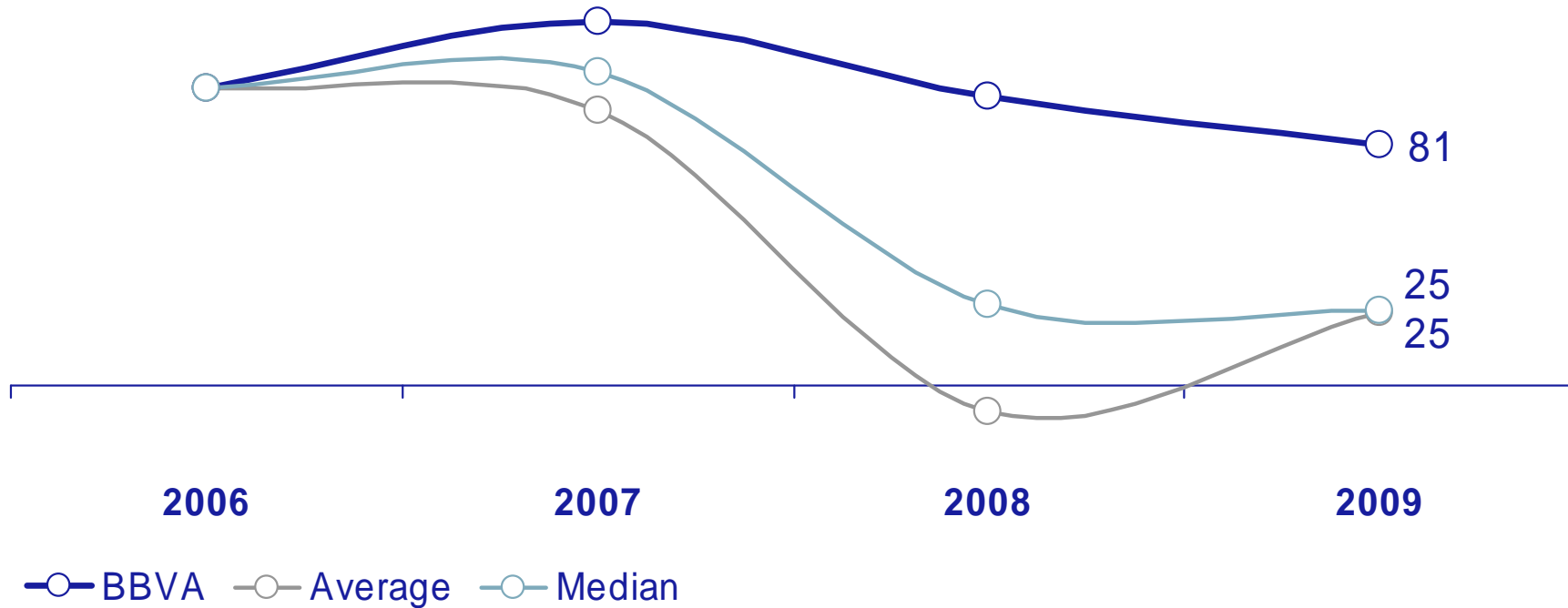
Peers: BARCL, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, RBS, SAN, SG, UBS, LBG & UCI.

## Share of operating income vs share of total assets. BBVA Group vs. peer group (%)



# With a high structural profitability that flows to our shareholders

Earnings per share BBVA vs Peer Group (Base 100: 2006)



Peers: BARCL, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, RBS, SAN, SG, UBS, LBG & UCI.

## Earnings

Track record of earnings delivery

## Balance sheet

Strong balance sheet

## Spain

Resilient profitability

## High growth franchises

Strong franchises in attractive markets in clear turnaround

High structural profitability and better positioned for the new cycle

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