Earnings

BBVA Group
Cheuvreux Financials Conference
Pedro Urresti, Deputy CFO

London, 1st December 2009
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BBVA, strength of earnings and fundamentals:

1. Earnings to date

2. Earnings to come
High recurrent earnings despite environment

Net attributable profit
BBVA Group excluding one-offs
YTD
(€m)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>3Q07</th>
<th>3Q08</th>
<th>3Q09</th>
</tr>
</thead>
<tbody>
<tr>
<td>9M07</td>
<td>3,962</td>
<td>4,321</td>
<td>4,179</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

-3.3%

+1.3% in constant €

Earnings per share: €1.12 (-3.3%)
Buoyant net interest income . . .

Net interest income
BBVA Group
YTD
(€m)

9M07  6,930
9M08  8,599
9M09  10,292

Net interest income / ATAs
BBVA Group
(%)

9M08  2.27
9M09  2.53

Sustained year-on-year growth at about 20% in recent quarters
... plus high quality gross income with little volatility

Gross income
BBVA Group
YTD
(€m)

9M07 12,641
9M08 14,420
9M09 15,378

+6.6%

+9.7% in constant €

% of NTI
13%
10%
7%

Gross income
Peer Group
(Base 100: 1H06; %)

1H07 113
1H08 129
1H09 139

1H07 116
1H08 96
1H09 116

BBVA
Average

Peers: BARCL, BBVA, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, RBS, SAN, SG, UBS, LBG & UCI.
For periods prior to 2009: HBOS and LLOYDS instead of LBG.
Cost cutting benefits from the Transformation Plan

**Operating costs**
BBVA Group
Year-on-year growth (%)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>3M08</th>
<th>6M08</th>
<th>9M08</th>
<th>12M08</th>
<th>3M09</th>
<th>6M09</th>
<th>9M09</th>
</tr>
</thead>
<tbody>
<tr>
<td>16.9</td>
<td>9.5</td>
<td>10.0</td>
<td>8.0</td>
<td>-0.7</td>
<td>-1.6</td>
<td>-2.4</td>
<td></td>
</tr>
</tbody>
</table>

**Cost-income ratio**
BBVA Group
(%)  


<table>
<thead>
<tr>
<th>Quarter</th>
<th>9M08</th>
<th>9M09</th>
</tr>
</thead>
<tbody>
<tr>
<td>43.4</td>
<td>39.7</td>
<td></td>
</tr>
</tbody>
</table>
Strong growth of operating income, a critical management variable …

Operating income
BBVA Group
YTD
(€m)

Total income and cost
BBVA Group
YTD
(Base 100 in 9M07, %)

Both in terms of revenues and costs
Operating income by business area
Year-on-year growth
Constant € (%)

<table>
<thead>
<tr>
<th>Business Area</th>
<th>Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain &amp; Portugal</td>
<td>+3.4%</td>
</tr>
<tr>
<td>WB&amp;AM*</td>
<td>+12.6%</td>
</tr>
<tr>
<td>Mexico</td>
<td>+7.1%</td>
</tr>
<tr>
<td>United States</td>
<td>+13.8%</td>
</tr>
<tr>
<td>South America</td>
<td>+31.7%</td>
</tr>
</tbody>
</table>

* WB & AM excludes Industrial & Real Estate Holdings
... confirming BBVA’s strength relative to its peers...

The gap widens during the crisis

Mkt share of operating income*
BBVA Group / total peer group (%)

Jun.07: 5.1  Jun.09: 7.6  +250 bp

Mkt share of attributable profit
BBVA Group / total peer group (%)

Jun.07: 4.8  Jun.09: 19.9  +15.1 pp

Peers: BARCL, BBVA, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, RBS, SAN, SG, UBS, LBG & UCI.
For periods prior to 2009: HBOS and LLOYDS instead of LBG.
* Operating income = gross income – operating costs
... and its leadership position in efficiency and profitability

### Efficiency
Peer Group
(\% at Sep.09)\(^1\)

<table>
<thead>
<tr>
<th>Bank</th>
<th>Efficiency (% at Sep.09)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BBVA</td>
<td>39.4%</td>
</tr>
<tr>
<td>SAN</td>
<td>41.3%</td>
</tr>
<tr>
<td>HSBC</td>
<td>46.8%</td>
</tr>
<tr>
<td>BARCL</td>
<td>52.6%</td>
</tr>
<tr>
<td>ISP</td>
<td>53.0%</td>
</tr>
<tr>
<td>UCI</td>
<td>56.0%</td>
</tr>
<tr>
<td>BNP</td>
<td>56.9%</td>
</tr>
<tr>
<td>RBS</td>
<td>58.8%</td>
</tr>
<tr>
<td>CASA</td>
<td>64.0%</td>
</tr>
<tr>
<td>LLOYDS</td>
<td>67.0%</td>
</tr>
<tr>
<td>DEUTSCHE</td>
<td>70.2%</td>
</tr>
<tr>
<td>SOC GEN</td>
<td>71.0%</td>
</tr>
<tr>
<td>CS</td>
<td>73.1%</td>
</tr>
<tr>
<td>CMZ</td>
<td>79.1%</td>
</tr>
<tr>
<td>UBS</td>
<td>102.3%</td>
</tr>
</tbody>
</table>

### Operating income / total assets
Peer Group
(\% at Sep.09)\(^2\)

<table>
<thead>
<tr>
<th>Bank</th>
<th>Operating income / total assets (% at Sep.09)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BBVA</td>
<td>2.32%</td>
</tr>
<tr>
<td>SAN</td>
<td>2.13%</td>
</tr>
<tr>
<td>HSBC</td>
<td>1.58%</td>
</tr>
<tr>
<td>ISP</td>
<td>1.46%</td>
</tr>
<tr>
<td>UCI</td>
<td>1.30%</td>
</tr>
<tr>
<td>BARCL</td>
<td>0.95%</td>
</tr>
<tr>
<td>CS</td>
<td>0.90%</td>
</tr>
<tr>
<td>RBS</td>
<td>0.90%</td>
</tr>
<tr>
<td>BNP</td>
<td>0.74%</td>
</tr>
<tr>
<td>LLOYDS</td>
<td>0.58%</td>
</tr>
<tr>
<td>DEUTSCHE</td>
<td>0.54%</td>
</tr>
<tr>
<td>SOC GEN</td>
<td>0.52%</td>
</tr>
<tr>
<td>CASA</td>
<td>0.38%</td>
</tr>
<tr>
<td>CMZ</td>
<td>0.26%</td>
</tr>
<tr>
<td>UBS</td>
<td>-0.04%</td>
</tr>
</tbody>
</table>

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\(^1\): latest available data for British banks (June 09)

\(^2\): latest available data for British and French banks (June 09)
Appropriate risk management in each phase of cycle

A. Steady reduction in net entries to NPA
B. Stronger generic and ample coverage by provisions and collateral
C. Stable cost of risk and slower growth of NPAs
D. Limited use of property purchases
E. Leader in return/risk ratio
Steady reduction in net entries to NPA

Net entries to NPA
BBVA Group
Quarter-on-quarter
(€m)

Recoveries / entries to NPA
BBVA Group
Quarter-by-quarter
(%)
Stronger generic provisions . . .

Sale & Lease Back

Gross capital gains

Gross of tax but net of costs

Total generic and substandard provisions: €4,655m

* Gross of tax but net of costs
and ample coverage by provisions and collateral

**Secured loans**

<table>
<thead>
<tr>
<th>BBVA Group (€m)</th>
<th>Collateral</th>
<th>Doubtful</th>
</tr>
</thead>
<tbody>
<tr>
<td>12,607</td>
<td>6,620</td>
<td>190%</td>
</tr>
</tbody>
</table>

**Unsecured loans**

<table>
<thead>
<tr>
<th>BBVA Group (€m)</th>
<th>Total provisions*</th>
<th>Doubtful</th>
</tr>
</thead>
<tbody>
<tr>
<td>8,459</td>
<td>5,880</td>
<td>144%</td>
</tr>
</tbody>
</table>

**BBVA Group coverage: 68% (168% including collateral)**

* Specific+Generic+Substandard
Stable cost of risk and slower growth of NPAs

Cost of risk
BBVA excl. additional generic provision
Quarter-by-quarter
(%)  

NPA ratio
BBVA Group
Quarter-by-quarter growth
(Basis points)
Limited use of property purchases

Property purchases
BBVA Group
(€m)

€772m YTD

Total stock of properties (net): €1,094m
23% of coverage
Leader in return/risk ratio.

Net interest income adjusted for credit risk*
Peer Group (%)  
BBVA  
2007 2008 1H09

* [NII – provisions] / ATA  
Peers: BARCL, BBVA, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, RBS, SAN, SG, UBS, LBG & UCI.  
For periods prior to 2009: HBOS and LLOYDS instead of LBG.
Unparalleled core capital generation

Organic capital generated in the third quarter of the year 2009: about €1,000m
Remarkably high levels of profitability . . .

**ROE**

Peer Group 1H09 (%)

- **BBVA**: 21.5
- **Peer Group**: 2.8 (Average), 6.5 (Median)

**ROTE**

Peer Group 1H09 (%)

- **BBVA**: 31.6
- **Peer Group**: 4.7 (Average), 9.6 (Median)

**ROE 9M09:** 21.2%

**ROTE 9M09:** 29.8%

Peers: BARCL, BBVA, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, RBS, SAN, SG, UBS, LBG proforma & UCI.
BBVA, *strength of earnings and fundamentals:*

1. Earnings to date

2. Earnings to come
Earnings to come, from:

A. Spain: a strong network ready to benefit from improving competitive landscape

B. Mexico: the clear leader in a sizeable market with huge growth potential

C. USA: building a solid franchise in a very attractive region for retail banking

D. South America: An additional Bancomer
BBVA has grown less during the boom years in Spain, but today it is stronger.

Saving banks and new entrants have grown aggressively during the economic boom years.

BBVA's lending share in Spain (%)

NPA ratio
Local Peer Group (%), June 2009

1 – Source: BBVA and Bank of Spain. Prior to 2000, pro-forma adding BBV and Argentaria figures.
Anticipating the end of the credit boom era, BBVA launched its Transformation plan, resulting in a much leaner distribution network.

Transforming our operation from a loan originating network, to a network able to provide high value added services.
BBVA is already profiting from its position of relative strength

BBVA Spain’s market share of recurrent operating income net of provisions
Quoted banks + largest saving banks (%)
The Mexican financial system continues to have an exceptionally low penetration.

In an economy as large as Spain or Texas

- Loans to the private sector % of GDP
  - Non bank financing *
  - Bank financing

- Total consumer loans % of GDP
  - 2.7

- Total mortgage loans % of GDP
  - 6.7

Source Banxico and INEGI

* Includes external financing, Mexican non-bank institutions, suppliers, local debt issuances, and Infonavit
Mexico’s demographics are the best for continuous long term retail banking growth

**Expected population growth**

**Household creation** (cumulative data and flows)

- **+15 M**
- **32 million**
- **47 million**

- **750,000 people entering the labor market per year**
- **Close to 700,000 households created per year**

New households = potential demand for mortgages
In a market in which Bancomer is the clear market leader

<table>
<thead>
<tr>
<th>Market Share (%)</th>
<th>Total Lending¹</th>
<th>Mortg.²</th>
<th>Comm.</th>
<th>Cons.</th>
<th>Total Deposits³</th>
<th>Mutual Funds</th>
<th>Pension Funds</th>
<th>Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>27.3%</td>
<td>28.4%</td>
<td>22.2%</td>
<td>28.9%</td>
<td>25.6%</td>
<td>22.1%</td>
<td>18.5%</td>
<td>46.8%</td>
</tr>
<tr>
<td>#2</td>
<td>14.8%</td>
<td>10.2%</td>
<td>13.7%</td>
<td>22.7%</td>
<td>16.9%</td>
<td>18.0%</td>
<td>16.6%</td>
<td>19.4%</td>
</tr>
</tbody>
</table>

Source: CNBV, SHF, CONSAR, AMIS y AMIB. Data as of June 2009

¹ Including government loans and non-banking financial entities
² Without UDI Trusts. Includes loans to developers and Sofoles
³ Including repos
In 2010 Mexico will come back to growth, supported by the recovery of the US economy.
USA, building a solid franchise in a very attractive region for retail banking

BBVA is taking firm and focused steps in building its US franchise

* Assisted by FDIC
United States: absorption of Guaranty Bank

- Assets: $14 bn
- Deposits: $12 bn
- Employees: 1,761
- Loans: $10 bn
- Branches: 164

FDIC’s first assisted acquisition with a foreign bank
No payout
Risks capped and shared with FDIC

No payout
In the most attractive region of the USA

Sunbelt (1)

Average Annual % Change

Change in GDP
Sunbelt
Change in GDP
US average

2003-2008
8.9%
6.9%
Change in GDP
Sunbelt
3.2
-2.5
Change in GDP
US average
2.5
-1.4

2009
7.3%
2.2%
Change in GDP
Sunbelt
-1.4
1.1
Change in GDP
US average
1.5
2.5

2010
3.0%
6.6%
Lending to Private Sector Growth
Deposits Growth

(1) Loans and Deposits only Texas and Alabama
Source: BBVA Economic Research
BBVA South America, an additional Bancomer

(€bn and €m) 30-Sep-2009

<table>
<thead>
<tr>
<th></th>
<th>BBVA Mexico</th>
<th>BBVA South America</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>60.2</td>
<td>42.0</td>
</tr>
<tr>
<td>Customer loans (gross)</td>
<td>26.6</td>
<td>24.5</td>
</tr>
<tr>
<td>Deposits</td>
<td>27.8</td>
<td>29.9</td>
</tr>
<tr>
<td>Profit before minorities</td>
<td>1,103</td>
<td>1,049</td>
</tr>
</tbody>
</table>

More than 80% of clients in the region do not have credit products, including 5 million payroll clients
BBVA’s South American business has had an outstanding growth in the last 5 years

Strong business volume growth...
Assets & customer funds, BBVA South America
US$ mM

<table>
<thead>
<tr>
<th>Year</th>
<th>Assets</th>
<th>Customer Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>04</td>
<td>350</td>
<td>143</td>
</tr>
<tr>
<td>05</td>
<td>500</td>
<td>192</td>
</tr>
<tr>
<td>06</td>
<td>588</td>
<td>243</td>
</tr>
<tr>
<td>07</td>
<td>770</td>
<td>316</td>
</tr>
<tr>
<td>08</td>
<td>951</td>
<td>1,362</td>
</tr>
</tbody>
</table>

... and revenue
Gross income, BBVA South America
US$ mM

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>04</td>
<td>18</td>
</tr>
<tr>
<td>05</td>
<td>22</td>
</tr>
<tr>
<td>06</td>
<td>27</td>
</tr>
<tr>
<td>07</td>
<td>35</td>
</tr>
<tr>
<td>08</td>
<td>46</td>
</tr>
</tbody>
</table>

% CAGR
A growth that remains high in the current environment

Gross income
South America
YTD
(Constant €m)

Operating income
South America
YTD
(Constant €m)

Net attributable profit
South America
YTD
(Constant €m)

Growth nearing record levels
Despite strong credit growth, the region still has a very low penetration.

Credit to households share of total remains well below developed economies.
In conclusion, BBVA is delivering:

**Strength of earnings**
- Net attrib. profit 9m: €4,179m
- Sustained EPS at 2008 levels
- Operating income is solid and growing (+13.5%)
- Stable cost of risk (1.05%)
- Superior performance in all franchises

**Strength of fundamentals**
- Core capital: 8.0% (110bp generated organically in last nine months)
- Strengthening generic provisions with capital gains
- Leader in efficiency (<40%) and profitability (ROE >21%)
With high profitability and growth that flows all the way down to EPS growth

Earnings per share
Peer Group ¹
(Base 100 in 2006)

(1) Peers: BARCL, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, LBG, RBS, SAN, SG, UCI, ISP & UBS.
(2) Annualised linearly.
### Adjusted P/E 09

<table>
<thead>
<tr>
<th>Bank</th>
<th>P/E 09</th>
</tr>
</thead>
<tbody>
<tr>
<td>HSBC</td>
<td>23.2</td>
</tr>
<tr>
<td>SG</td>
<td>21.6</td>
</tr>
<tr>
<td>CA</td>
<td>20.9</td>
</tr>
<tr>
<td>UNI</td>
<td>20.5</td>
</tr>
<tr>
<td>BARCL</td>
<td>13.7</td>
</tr>
<tr>
<td>ISP</td>
<td>11.9</td>
</tr>
<tr>
<td>BNP</td>
<td>11.5</td>
</tr>
<tr>
<td>SAN</td>
<td>11.1</td>
</tr>
<tr>
<td>Average</td>
<td>15.0</td>
</tr>
</tbody>
</table>

### Adjusted P/E 10

<table>
<thead>
<tr>
<th>Bank</th>
<th>P/E 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>HSBC</td>
<td>15.3</td>
</tr>
<tr>
<td>UNI</td>
<td>15.0</td>
</tr>
<tr>
<td>SG</td>
<td>10.9</td>
</tr>
<tr>
<td>SAN</td>
<td>10.6</td>
</tr>
<tr>
<td>BARCL</td>
<td>10.6</td>
</tr>
<tr>
<td>BNP</td>
<td>9.9</td>
</tr>
<tr>
<td>BBVA</td>
<td>9.5</td>
</tr>
<tr>
<td>CA</td>
<td>9.3</td>
</tr>
<tr>
<td>ISP</td>
<td>8.2</td>
</tr>
</tbody>
</table>

**Valuation does not reflect BBVA’s earnings delivery and growth prospects**

Source: Bloomberg for Price and “core brokers” for Adjusted EPS (Citigroup, C. Suisse, DB, Goldman Sachs, Cheuvreux, JPMorgan, Keefe B.W., Morgan Stanley, Merrill Lynch y UBS).

Data as of 26 Nov 09
Earnings

BBVA Group
Cheuvreux Financials Conference
Pedro Urresti, Deputy CFO

London, 1st December 2009