BBVA Bancomer

Focused on continuing growth
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Higher competitiveness and employment drive the Mexican economy expansion over 4% in 2011-12

- Improved foreign demand, better funding conditions and higher employment to foster domestic demand and economic growth

**Mexico, GDP**

1Q08=100

Source: BBVA Research and Inegi

**Employment**

(Formal market, million people)

Source: BBVA Research

**Economic Growth**

Source: BBVA Research and INEGI
Anchored mid-term inflation will lead to limited monetary hiking

- Commodity shocks and higher growth perspectives, temporarily interrupt mid-term inflation convergence
- Banxico’s credibility and fiscal policy focused on stability will result in softer than previous rates tightening

**Mexico. Inflation**

**Banxico. Funding rate**

Source: BBVA Research
Mexico: reaping the benefits of continued commitment to sound macro policies

- Non-external imbalances and reliable fiscal policy allow Mexico be supported by IMF through FCL, precautionary USD funding without policy conditionality
- Mexican peso forecasted path is coherent with inflation and growth differentials vs. USA. Mexican authorities’ engagement to a non-intervention exchange rate policy is a strength regarding other emerging currencies

Public Balance and Debt (% GDP, Average 2005-09)

Availability of USD funding

Exchange Rate, MXN Peso per USD

Source: IIF

Source: BBVA Research

Source: BBVA Research
The Mexican Banking Sector remains highly capitalized

Credit risk is limited and well covered

**Capitализation ratio of the Mexican Banking Sector**
(Percentage of Risk Weighted Assets)

**Bank Nonperforming Loans to Total Loans, %**

**Provisions to Nonperforming Loans, %**

Source: CNBV. Figures as of January 31, 2011
Continued progress in Mexican banking penetration

**Total Banking Customers**

- **2003**: 25 million
- **2010**: 43 million
- **Increase**: +18 M

**Commercial Banking: Credit to enterprises (SMEs)**

- **2005**: 4.6% of GDP
- **2010**: 7.4% of GDP

**# Enterprises with Credit**

- **2005**: 121 thousand
- **2010**: 525 thousand
- **Increase**: +404

Source: ABM with information of BANXICO, INEGI and CNBV
Bancomer has a strategic position in BBVA, one of the most solid international financial groups.

**BBVA Highlights**
As of March 31th, 2011

- Net Income (€ million): 1,150
- ROE (%): 12.8
- Efficiency (%): 44.8
- Capitalization (%): 13.0
- Clients (millions): 47.4
- Employees: 108,594
- Branches: 7,412
- Countries: 31

57% emerging markets
43% developed markets
<table>
<thead>
<tr>
<th>Section</th>
<th>1Q11</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Business Performance</td>
<td>Performing Loans +15.4%</td>
</tr>
<tr>
<td></td>
<td>Customer Funds +8.2%</td>
</tr>
<tr>
<td>2. Financial Results</td>
<td>Record Income €1,437 M</td>
</tr>
<tr>
<td>3. Asset Quality</td>
<td>Delinquency 2.5%</td>
</tr>
<tr>
<td></td>
<td>Cost of Risk 3.4%</td>
</tr>
<tr>
<td>4. Solvency &amp; Liquidity</td>
<td>Capital ratio 15.9%</td>
</tr>
<tr>
<td></td>
<td>Loans/Deposits 112%</td>
</tr>
<tr>
<td>5. Opportunities</td>
<td>Best positioned to continue growing</td>
</tr>
</tbody>
</table>
Higher business volumes and mix improvement

**Lending**

*Y-o-Y % change*

<table>
<thead>
<tr>
<th>Quarter</th>
<th>1Q10</th>
<th>2Q10</th>
<th>3Q10</th>
<th>4Q10</th>
<th>1Q11</th>
</tr>
</thead>
<tbody>
<tr>
<td>YoY growth</td>
<td>+7.3%</td>
<td>+20.0%</td>
<td>+19.4%</td>
<td>15.4%</td>
<td>0.1%</td>
</tr>
</tbody>
</table>

**Customer Funds**

*Y-o-Y % change*

<table>
<thead>
<tr>
<th>Quarter</th>
<th>1Q10</th>
<th>2Q10</th>
<th>3Q10</th>
<th>4Q10</th>
<th>1Q11</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.8</td>
<td>5.4</td>
<td>5.7</td>
<td>7.8</td>
<td>8.2</td>
<td></td>
</tr>
</tbody>
</table>

...consumer lending growing since 2S10

**Lending mix**

*Excludes UDI Trusts (Old residential)*

<table>
<thead>
<tr>
<th>Category</th>
<th>1Q09</th>
<th>1Q10</th>
<th>1Q11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer</td>
<td>23%</td>
<td>20%</td>
<td>21%</td>
</tr>
<tr>
<td>Mortgages</td>
<td>33%</td>
<td>34%</td>
<td>31%</td>
</tr>
<tr>
<td>Commercial</td>
<td>43%</td>
<td>46%</td>
<td>47%</td>
</tr>
</tbody>
</table>

**YoY growth**

- Consumer: +20.0%
- Mortgages: +7.3%
- Commercial: +19.4%

**Funding mix**

*YoY growth*

<table>
<thead>
<tr>
<th>Category</th>
<th>1Q09</th>
<th>1Q10</th>
<th>1Q11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>35%</td>
<td>31%</td>
<td>30%</td>
</tr>
<tr>
<td>Non Cost</td>
<td>65%</td>
<td>69%</td>
<td>70%</td>
</tr>
</tbody>
</table>

- Cost: +0.2%
- Non Cost: +2.9%
Record Gross Income driven by higher commercial activity

Million euros

**Gross Income**

- **1Q10**: 1,378
- **2Q10**: 1,397
- **3Q10**: 1,403
- **4Q10**: 1,397
- **1Q11**: 1,437

- Increase: +4.3%

**Net Interest Income**

- **1Q10**: 920
- **1Q11**: 967

- Increase: +5.1%

**Fees & Commissions**

- **1Q10**: 299
- **1Q11**: 299

- Decrease: -0.2%

**Trading Income**

- **1Q10**: 117
- **1Q11**: 120

- Increase: +3.0%
Net Interest Income showing better performance
Higher expense growth due to capital expenditure

Expenses

<table>
<thead>
<tr>
<th></th>
<th>Mar'10</th>
<th>Mar'11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Millions euros</td>
<td>479</td>
<td>521</td>
</tr>
<tr>
<td>Percentage</td>
<td>+8.8%</td>
<td></td>
</tr>
</tbody>
</table>

Efficiency ratio (%)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Efficiency ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q10</td>
<td>34.8</td>
</tr>
<tr>
<td>2Q10</td>
<td>33.5</td>
</tr>
<tr>
<td>3Q10</td>
<td>34.2</td>
</tr>
<tr>
<td>4Q10</td>
<td>35.8</td>
</tr>
<tr>
<td>1Q11</td>
<td>36.3</td>
</tr>
</tbody>
</table>
Continued improvement in asset quality

Provisions

Cost of Risk (%)

Peer Group: 3.8%

4.3
1Q10

-91 bp

3.4
1Q11

Non-Performing Loans (%)

7.07
1Q10

-110 bp

3.6
1Q11

4.35

Peer Group

5.5%

2.5

2.3%

Source: CNBV
Cost of Risk = accumulated provisions/Average gross loans. For delinquency ratio, Peer Group (Banamex, Santander, HSBC, Banorte and Scotiabank) and Bancomer information under local standards.
Sharp increase in bottom line

### Mexico

<table>
<thead>
<tr>
<th></th>
<th>Mar.10</th>
<th>Mar.11</th>
<th>mp</th>
<th>%chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Interest Income</td>
<td>920</td>
<td>967</td>
<td>47</td>
<td>5.1</td>
</tr>
<tr>
<td>Fees &amp; Commissions</td>
<td>299</td>
<td>299</td>
<td>-1</td>
<td>-0.2</td>
</tr>
<tr>
<td>Trading income</td>
<td>117</td>
<td>120</td>
<td>4</td>
<td>3.1</td>
</tr>
<tr>
<td>Gross Income</td>
<td>1,288</td>
<td>1,437</td>
<td>149</td>
<td>4.3</td>
</tr>
<tr>
<td>Operating Costs</td>
<td>-479</td>
<td>-521</td>
<td>-42</td>
<td>8.8</td>
</tr>
<tr>
<td>Operating Income</td>
<td>899</td>
<td>916</td>
<td>17</td>
<td>1.8</td>
</tr>
<tr>
<td>Provisions</td>
<td>-354</td>
<td>-310</td>
<td>44</td>
<td>-12.5</td>
</tr>
<tr>
<td>Income Before Tax</td>
<td>519</td>
<td>595</td>
<td>75</td>
<td>14.5</td>
</tr>
<tr>
<td>Net Attributable Profit</td>
<td>371</td>
<td>436</td>
<td>65</td>
<td>17.3</td>
</tr>
</tbody>
</table>
Deposit funded franchise and solid capital position

**Loans / Deposits (%)**

<table>
<thead>
<tr>
<th></th>
<th>Mar.10</th>
<th>Mar.11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>106</td>
<td>112</td>
</tr>
</tbody>
</table>

**Capitalization Ratio (%)**

<table>
<thead>
<tr>
<th></th>
<th>Mar.10</th>
<th>Mar.11</th>
</tr>
</thead>
<tbody>
<tr>
<td>TIER 2</td>
<td>2.7</td>
<td>4.4</td>
</tr>
<tr>
<td>TIER 1</td>
<td>12.1</td>
<td>11.5</td>
</tr>
</tbody>
</table>

Above minimum Basel III

Largest issuer in international and domestic markets

April 2010:
- **Subordinated Notes**: US$1 bn, 10 yrs
  - US, Europe and Asia

March 2011:
- **Senior Notes**: US$750 M, 5 yrs
  - US, Europe, Asia and LatAM
- **Subordinated Notes**: US$1.25 bn, 10 yrs
  - US, Europe, Asia and LatAM
Banking penetration: 12 million to be banked

**Mexican Banked Population (Million)**

- 2003: 25
- 2007: 35 (+9%)
- 2010: 43 (+7%)
- 2015: 55 (+5%)

**Domestic credit to private sector (% of GDP) (2009)**

- Chile: 98
- Brazil: 54
- Bolivia: 37
- Colombia: 30
- Paraguay: 29
- Ecuador: 25
- Peru: 24
- Mexico: 23
- Venezuela: 22
- Uruguay: 21
- Argentina: 14

Source: BBVA Bancomer; working team
Source: BBVA Research with World Bank data
Customer Centric: Segmentation and Innovation

Total Customers: 16.9 Mar-11 (+8 M since 2003)

Customized Service

- Corporate
- Medium-Sized & Government
- Small Business
- Micro Business & Mass
- Lower Mass (Express Banking)
- High Net Worth
- Upper Affluent
- Affluent
- Upper Mass

Customer Centric
A new UNIQUE experience

- Cross-Selling
- Increase # of customer
- Integral Solutions
- Easy & Efficient Distribution
- Listen to the customer

Innovation + Technology

Value Supply
New Segments
Consumer lending: successful strategy based on high standards in risk management

Credit Card Penetration in Mexico (% of homes with at least 1 credit)

Credit Card Market Share (%)

Mkt Share
Auto: 54%
C.Portfolio: 36%

Strategic commercial partnerships
Multichannel Distribution
Pre-approved Offers
Opportunities: Physical Access to Financial Services
Points per 100,000 inhabitants, 2008

<table>
<thead>
<tr>
<th></th>
<th>Mexico</th>
<th>Chile</th>
<th>Brazil</th>
<th>Spain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branches</td>
<td>432</td>
<td>450</td>
<td>1,471</td>
<td>3,523</td>
</tr>
<tr>
<td>Correspondents</td>
<td>10</td>
<td>6¹</td>
<td>50</td>
<td>ND</td>
</tr>
<tr>
<td>ATMs</td>
<td>40</td>
<td>56</td>
<td>110</td>
<td>157</td>
</tr>
<tr>
<td>POS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 Data as of 2007. Source: McKinsey

Multichannel model: low penetration of distribution channels

From an industrialized model to a customized model

- Better customer service
- More efficient channels
- Lower costs

Technology
Mortgage Market: Bancomer’s best positioned to grow

**Housing Deficit**
(estimates, based on 2008 data, million)

<table>
<thead>
<tr>
<th>Deficit</th>
<th>9.6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homes in need of remodeling or expansion and households without home</td>
<td></td>
</tr>
</tbody>
</table>

**Household formation**
(yoy % growth)

- **2010**
- **2012**
- **2014**
- **2016**
- **2018**
- **2020**

1/3 new mortgages in the private sector

- **Infonavit**: 79%
- **Private Sector**: 16%
- **Others**: 1%
- **Fovissste**: 4%

Private Sector

- **Banks**: 54%
- **Bancomer**: 42%
- **Sofoles**: 4%

Branches: 67
Executives: 349

Source: BBVA Bancomer: Economic Research, CONAPO, SOFTEC. Two inhabitants per room
Micro & Small companies: specialized attention in a growing market

**BBVA Bancomer**

SMEs Specialized Network:
- 14 Business Center
- 150 Executives
- 365 Business executives
- 1,717 Branch executives

Aggressive growth targets following high standards of risk quality
Leveraged on NAFIN guarantees

**Market Size**

- Corporate: 500
- Big: 7,400
- Medium: 31,600
- Small: 138,500
- Micro: 4,820,000

**1 million formal businesses with credit access**

Current customers: 360 th

**Network expansion:**
- +100 th customers in 3 years
- +10 Executives pyme Dec’11
- +65 Business executives Dec’11

1 million formal businesses with credit access
BBVA Bancomer
Medium-Sized enterprises & Government: Focused on opportunities

**Enterprises**

- **# Customers**
  - 26,114
  -增加了47%
  - 38,353

- **Customers with credit**
  - +19.6%

- **Executives**
  - 331

- **Branches**
  - 80

**Government**

- **# Customers**
  - 3,557
  -增加了158%
  - 9,193

- **Executives**
  - 96

- **Branches**
  - 37

**Opportunities**

- Increase lending penetration to actual customers
- Improve lending process
- Quicker response
- Increase number of municipalities with credit
- Cash management and collection solutions

**Municipalities**

- Increase number of municipalities with credit
Wholesale Banking & Asset Management: Global attention to Global customers

BBVA’s Globalization
New coverage customer’s model
Competitive value chain
Specialized risk management

New structure based on 3 pillars:

Products:
Global Markets, Lending & Transactional banking

Maximize cross-selling and cross-boarder activities

BBVA Bancomer

<table>
<thead>
<tr>
<th>BBVA Bancomer</th>
<th>Mar.11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structured Notes</td>
<td>29.6%</td>
</tr>
<tr>
<td>Source: Valmer</td>
<td></td>
</tr>
<tr>
<td>Corporate Lending</td>
<td>28.6%</td>
</tr>
<tr>
<td>Source: MBA</td>
<td></td>
</tr>
<tr>
<td>Equity Debt</td>
<td>10.5%</td>
</tr>
<tr>
<td>Source: Bloomberg</td>
<td></td>
</tr>
<tr>
<td>Mutual Funds</td>
<td>22.2%</td>
</tr>
<tr>
<td>Source: MBA</td>
<td></td>
</tr>
</tbody>
</table>

Asset Management: Global Structure and focus on Institutional clients
Concluding Remarks

- Mexico: one of the most attractive countries for banking
- Bancomer strengthened in the crisis; best positioned to take advantage of opportunities
- Positive momentum on lending with a profitable funding mix
- Deposit funded franchise: adequate liquidity
- Solid capital position
BBVA Bancomer

Focused on continue growing
## Macroeconomic Forecast

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GDP</strong></td>
<td>5.2</td>
<td>3.2</td>
<td>1.5</td>
<td>-6.1</td>
<td>5.5</td>
<td>4.7</td>
<td>3.8</td>
</tr>
<tr>
<td><strong>Consumer</strong></td>
<td>5.2</td>
<td>3.9</td>
<td>1.7</td>
<td>-5.7</td>
<td>4.7</td>
<td>3.5</td>
<td>3.5</td>
</tr>
<tr>
<td><strong>Investment</strong></td>
<td>10.5</td>
<td>6.6</td>
<td>5.2</td>
<td>-10.9</td>
<td>2.4</td>
<td>7.0</td>
<td>5.0</td>
</tr>
<tr>
<td><strong>Exports</strong></td>
<td>11.0</td>
<td>5.7</td>
<td>0.7</td>
<td>-14.0</td>
<td>24.5</td>
<td>12.2</td>
<td>10.7</td>
</tr>
<tr>
<td><strong>Imports</strong></td>
<td>12.7</td>
<td>7.0</td>
<td>3.2</td>
<td>-19.0</td>
<td>22.3</td>
<td>10.8</td>
<td>10.5</td>
</tr>
<tr>
<td><strong>Unemployment (%)</strong></td>
<td>3.6</td>
<td>3.7</td>
<td>4.0</td>
<td>5.5</td>
<td>5.4</td>
<td>4.6</td>
<td>3.9</td>
</tr>
<tr>
<td><strong>CPI (average)</strong></td>
<td>3.6</td>
<td>4.0</td>
<td>5.1</td>
<td>5.3</td>
<td>4.2</td>
<td>3.9</td>
<td>3.6</td>
</tr>
<tr>
<td><strong>Funding (%)</strong></td>
<td>7.0</td>
<td>7.5</td>
<td>8.3</td>
<td>4.5</td>
<td>4.5</td>
<td>5.0</td>
<td>5.5</td>
</tr>
<tr>
<td><strong>Foreign exchange</strong></td>
<td>11.0</td>
<td>10.9</td>
<td>13.4</td>
<td>12.9</td>
<td>12.4</td>
<td>12.0</td>
<td>12.4</td>
</tr>
</tbody>
</table>