A Unique Value Proposition

Morgan Stanley
European Financials Conference
Manuel Gonzalez Cid, BBVA's CFO
March 30th 2011
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1 High and recurrent profitability

2 Strong balance sheet and capital

3 Rising opportunities

4 Concluding remarks
Despite significant headwinds, earnings delivery has been a trademark of BBVA during the crisis.
Highly profitable business, attractive business mix and superior growth prospects

ROE: 15.8%

Geographic diversification of revenue*

BBVA Group vs Peer Group (12M10, %)

- BBVA
- Peer 1
- Peer 2
- Peer 3
- Peer 4
- Peer 5
- Peer 6
- Peer 7
- Peer 8
- Peer 9
- Peer 10
- Peer 11
- Peer 12
- Peer 13
- Peer 14

* Emerging  ■ Developed

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

* In-house preparation using available data as of January, 2011.
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1. High and recurrent profitability

2. Strong balance sheet and capital

3. Rising opportunities

4. Concluding remarks
Strong balance sheet and capital

Comfortable funding position
- Large deposit base
- Lowest wholesale funding needs among peers

Strong capital base
- Strong organic capital generation
- High quality capital
- Lowest leverage among peers
Large deposit base with low wholesale funding needs

Customer deposits / Total Assets
BBVA Group vs. Peers*
(2010, %)

<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>
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<tbody>
<tr>
<td></td>
<td></td>
<td>50</td>
<td>50</td>
<td>48</td>
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<td>32</td>
<td>31</td>
<td>30</td>
<td>29</td>
<td>28</td>
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</tbody>
</table>

Maturities of wholesale funding
BBVA Group vs. Peers*
(€bn)

<table>
<thead>
<tr>
<th></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>
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<th>Peer 9</th>
<th>Peer 10</th>
<th>Peer 11</th>
<th>Peer 12</th>
<th>BBVA</th>
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<td>212</td>
<td>42</td>
<td>43</td>
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<td>40</td>
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<td>24</td>
<td>37</td>
<td>21</td>
<td>30</td>
<td>23</td>
</tr>
</tbody>
</table>

Sound and consistent capital management policy with strong organic generation

Core capital BBVA Group (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Organic</th>
<th>Cap. Increase</th>
<th>Other effects (1)</th>
<th>2010 (BoS new core definition impact (2))</th>
<th>2010 after BoS new core definition (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>+0.7</td>
<td>+1.5</td>
<td>-0.6</td>
<td>9.6</td>
<td>9.5</td>
</tr>
<tr>
<td>2010</td>
<td>8.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

Capital increase for growth not for balance sheet repair

(1) Venezuela+CNCB & others
(2) Ratio calculated taking the new core capital published by Bank of Spain and reported RWA as of December 2010
**High quality capital with the lowest leverage**

<table>
<thead>
<tr>
<th>RWAs / Total Assets (%, 2010)</th>
<th>Tangible equity / Tangible Assets (%, 2010)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BBVA</td>
<td>57</td>
</tr>
<tr>
<td>Peer 1</td>
<td>50</td>
</tr>
<tr>
<td>Peer 2</td>
<td>50</td>
</tr>
<tr>
<td>Peer 3</td>
<td>49</td>
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<td>Peer 4</td>
<td>45</td>
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<td>Peer 5</td>
<td>41</td>
</tr>
<tr>
<td>Peer 6</td>
<td>35</td>
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<td>32</td>
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<td>Peer 9</td>
<td>30</td>
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<td>Peer 10</td>
<td>27</td>
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<td>Peer 11</td>
<td>23</td>
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<tr>
<td>Peer 12</td>
<td>21</td>
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<td>Peer 13</td>
<td>18</td>
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<tr>
<td>Peer 14</td>
<td>15</td>
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<tr>
<td>BBVA</td>
<td>5.3</td>
</tr>
<tr>
<td>Peer 1</td>
<td>4.9</td>
</tr>
<tr>
<td>Peer 2</td>
<td>4.5</td>
</tr>
<tr>
<td>Peer 3</td>
<td>4.3</td>
</tr>
<tr>
<td>Peer 4</td>
<td>4.2</td>
</tr>
<tr>
<td>Peer 5</td>
<td>4.1</td>
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<tr>
<td>Peer 6</td>
<td>4.1</td>
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<tr>
<td>Peer 7</td>
<td>3.9</td>
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<td>Peer 8</td>
<td>3.4</td>
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<td>Peer 9</td>
<td>3.3</td>
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<tr>
<td>Peer 10</td>
<td>3.1</td>
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<td>Peer 11</td>
<td>2.8</td>
</tr>
<tr>
<td>Peer 12</td>
<td>2.4</td>
</tr>
<tr>
<td>Peer 13</td>
<td>1.9</td>
</tr>
<tr>
<td>Peer 14</td>
<td>1.6</td>
</tr>
</tbody>
</table>

Peer Group: BARCL, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS & UCI.
1. High and recurrent profitability
2. Strong balance sheet and capital
3. Rising opportunities
4. Concluding remarks
Rising opportunities

**Mature markets**
- Improving asset quality
- Market share gains
- Pricing getting better

**Growing markets**
- Excellent asset quality
- Accelerating business
- Favourable mix trends
Spain: Better asset quality due to anticipation

Gross additions to NPA over total gross loans

Recoveries over gross additions to NPA

NPA ratio (2010 YoY change in b.p.)

- Gross additions continue to decline while recoveries are up

(*) Santander network, Popular, Caixa, Caja Madrid, Sabadell, Banesto, Bankinter and Pastor
Spain: In asset quality, the worst is behind for BBVA

Domestic lending market share

Very limited exposure to developers

Lower risk appetite during the credit boom years, particularly in RE developers.

Peers: Santander, Novacaixagalicia, Caja España, Catalunya Caixa, Unnim, Banesto, Bankinter, Popular, Banco Base, Sabadell, Banca Cívica, Caixa y Bankia.

Source: BBVA Quarterly report and CNMV
Spain: Best positioned to take advantage of the restructuring of Spanish financial system

BBVA has a lean and highly productive network, with no pending restructuring needs.

(*) Excluding BBVA
Source: Bank of Spain. Branch data as of September 2010
Spain: 2011 will continue to be challenging for NII, although front book dynamics are improving.

**Time deposit pricing improving**
(Current levels vs. 2010 max. in b.p.)

**Covered Bonds**
Spread difference
(latest issue vs. max. in b.p.)

**Front book spreads improving**
(Current levels vs. 2010 min. in b.p.)

- BBVA -106
- System -13
- Business 36
- Corporates 32
- Consumer 75
- Mortgages 31

Price normalization represents a significant opportunity.

Source: Internal data and Bank of Spain
**United States:** improvement of mix ...

**BBVA Compass – lending mix (%)**

- **Companies:**
  - Dec.09: 46%
  - Dec.10: 51%
  - YoY change: +5%
- **RE Construction:**
  - Dec.09: 21%
  - Dec.10: 13%
  - YoY change: -43%
- **Individuals:**
  - Dec.09: 33%
  - Dec.10: 37%
  - YoY change: +6%

**BBVA Compass – Deposit mix (%)**

- **Cost:**
  - Dec.09: 78%
  - Dec.10: 74%
  - YoY change: -7%
- **Non Cost:**
  - Dec.09: 22%
  - Dec.10: 26%
  - YoY change: +15%

... and increase in the customer spread

**BBVA Compass – Customer spread (%)**

- 2009: 3.65%
- 2010: 3.81%

* Excluding Guaranty Loss Sharing Agreement
United States: risk indicators continue to improve

BBVA USA Provisions (Constant €m)

- Anticip.: 1,470
- 12M09: 561
- 12M10: 709
- Risk premium: 3.3% 1.7%

BBVA USA NPAs balance (Constant €m)

- 2009: 2,034
- 2010: 1,964
- NPA ratio: 4.2% 4.4%
- Coverage: 58% 61%

... particularly at BBVA Compass

BBVA Compass NPL ratio by segment (%)

- Individuals
- Companies
- RE Construction
- Total NPL Ratio
**Mexico:** recovery of business traction and improvement in mix...

...consumer lending starting to improve in 2010, thanks to internal demand recovery after sharp drop in 2009*.

* Growth of Bancomer Consumer Portfolio in 4Q10 was 7.8% vs. 3.9% in total lending. Data excludes UDI trust.
Mexico: sharp drop in the cost of risk

<table>
<thead>
<tr>
<th></th>
<th>NPA &amp; coverage ratios (%)</th>
<th>Provisions (Constant €m)</th>
<th>Attributable profit Quarter-by-quarter (Constant €m)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Coverage ratio</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dec.09</td>
<td>130</td>
<td>1,710</td>
<td>366</td>
</tr>
<tr>
<td>Mar.10</td>
<td>131</td>
<td></td>
<td>436</td>
</tr>
<tr>
<td>Jun.10</td>
<td>136</td>
<td></td>
<td>450</td>
</tr>
<tr>
<td>Sep.10</td>
<td>150</td>
<td></td>
<td>454</td>
</tr>
<tr>
<td>Dec.10</td>
<td>152</td>
<td>-27.9%</td>
<td></td>
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<tr>
<td>NPA ratio</td>
<td></td>
<td>12M09 1,710</td>
<td></td>
</tr>
<tr>
<td>Dec.09</td>
<td>4.3</td>
<td>5.3%</td>
<td></td>
</tr>
<tr>
<td>Mar.10</td>
<td>4.1</td>
<td>3.6%</td>
<td></td>
</tr>
<tr>
<td>Jun.10</td>
<td>3.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sep.10</td>
<td>3.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dec.10</td>
<td>3.2</td>
<td></td>
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</table>

...altogether leading to an acceleration of earnings growth
South America: high level of business...

Lending
Year-on-year change (%)

<table>
<thead>
<tr>
<th></th>
<th>Mar.10</th>
<th>Jun.10</th>
<th>Sep.10</th>
<th>Dec.10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change</td>
<td>-0.7%</td>
<td>6.7%</td>
<td>14.9%</td>
<td>23.3%</td>
</tr>
</tbody>
</table>

Customer funds
Year-on-year change (%)

<table>
<thead>
<tr>
<th></th>
<th>Mar.10</th>
<th>Jun.10</th>
<th>Sep.10</th>
<th>Dec.10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change</td>
<td>6.6%</td>
<td>9.0%</td>
<td>11.0%</td>
<td>19.3%</td>
</tr>
</tbody>
</table>

... with an improvement in the mix

Lending mix (%)

<table>
<thead>
<tr>
<th></th>
<th>Dec.08</th>
<th>Dec.09</th>
<th>Dec.10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgages</td>
<td>19</td>
<td>21</td>
<td>20.4</td>
</tr>
<tr>
<td>Consumer</td>
<td>21.7</td>
<td>22.4</td>
<td>22.9</td>
</tr>
<tr>
<td>Commercial</td>
<td>59.3</td>
<td>56.6</td>
<td>56.7</td>
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2010 vs. 2009

<table>
<thead>
<tr>
<th></th>
<th>2010 vs. 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgages</td>
<td>+20%</td>
</tr>
<tr>
<td>Consumer</td>
<td>+26%</td>
</tr>
<tr>
<td>Commercial</td>
<td>+24%</td>
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Deposit mix (%)

<table>
<thead>
<tr>
<th></th>
<th>Dec.08</th>
<th>Dec.09</th>
<th>Dec.10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>52</td>
<td>42</td>
<td>40</td>
</tr>
<tr>
<td>Non Cost</td>
<td>48</td>
<td>58</td>
<td>60</td>
</tr>
</tbody>
</table>

2010 vs. 2009

<table>
<thead>
<tr>
<th></th>
<th>2010 vs. 2009</th>
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</thead>
<tbody>
<tr>
<td>Cost</td>
<td>+14%</td>
</tr>
<tr>
<td>Non Cost</td>
<td>+26%</td>
</tr>
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</table>
**South America:** ... with the best risk indicators in the Group

NPA & coverage ratios (%)

<table>
<thead>
<tr>
<th>Date</th>
<th>NPA ratio</th>
<th>Coverage ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec.09</td>
<td>2.7</td>
<td>129</td>
</tr>
<tr>
<td>Mar.10</td>
<td>2.8</td>
<td>132</td>
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<tr>
<td>Jun.10</td>
<td>2.7</td>
<td>133</td>
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<tr>
<td>Sep.10</td>
<td>2.4</td>
<td>139</td>
</tr>
<tr>
<td>Dec.10</td>
<td>2.5</td>
<td>130</td>
</tr>
</tbody>
</table>

Provisions (Constant €m)

- 12M09: 432
- 12M10: 419

Risk Premium
- 12M09: 1.7%
- 12M10: 1.5%

... altogether leading to buoyant earnings

Attributable profit (Constant €m)

- 12M09: 763
- 12M10: 889

Risk Premium: -3.0%
Garanti: Adding growth to our business portfolio

**Transaction update**
Closing of the transaction: March 22nd

**A growth market for retail banking**
- High growth economy
- Large and young population
- Low banking penetration

**The best banking franchise**
- Solid funding position
- Stable and high profitability
- Leading position in key segments
- Top quality management
- Sharing BBVA’s technological vision
BBVA WB&AM: a customer franchise with a resilient business model

BBVA WB&AM vs. Peers (1) - Operating Income
(€ mn constant)
(Index 100=Q1’07)

... leading to a growing contribution to Group’s profits

Attributable profit
(Constant €m)

(1) Synthetic index created out of public information of the following peers: BNP, Citi, CMZ, CS, GS, ISP, JPM, MS, NOM, SAN, SG, UCI
1  High and recurrent profitability

2  Strong balance sheet and capital

3  Rising opportunities

4  Concluding remarks
Conclusions

High and recurrent profitability

- Highly profitable business model
- Attractive business mix with superior growth prospects

Strong balance sheet and capital

- Comfortable funding position
- Strong and high quality capital

Rising opportunities

- In mature markets
- In high growth markets
Business Areas: key aspects

Spain & Portugal: Progressive market share gains & margin normalization. Although 2011 will continue to be challenging for NII.

United States: Improvements in business activity, spreads and asset quality.

Mexico: Loan growth accelerating, in higher margin segments. Provisioning continues to decrease.

South America: High business growth with improvement in the mix. Excellent earnings and risk performance.


A business portfolio that delivers high profitability even in challenging times. Garanti enhances BBVA’s growth profile.
BBVA: a unique value proposition

PE 2011  
**BBVA vs Peer Group**  
(Consensus estimates)

- **BBVA**: 9x
- **European Peers Average**: 10x

Dividend yield 2011  
**BBVA vs Peer Group**  
(Consensus estimates)

- **BBVA**: 4.6%
- **European Peers Average**: 3.0%

ROE 2010  
**BBVA vs Peer Group**

- **BBVA**: 15.8%
- **European Peers Average**: 8.6%

Stable dividend policy: € 0.42 per share remains floor

Peer Group: BARCL, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, RBS, SAN, SG, UBS, LBG & UCI. ROE excluding RBS and LBG (negative results in 2010)  
Source: Bloomberg as of March 24, 2011; Consensus estimates from Thomson Reuters for BBVA core brokers.
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