BBVA

Structural profitability

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Structural profitability

1. Strong operating income trends
2. Asset quality outlook maintained
3. Successful business model
4. Winner in Basel III
5. Attractive investment case
Record revenues in 2009 with high growth throughout the crisis

Gross income
BBVA Group
(€m)

2007: 17,271  +10%  2008: 18,978  +9%  2009: 20,666

+13% in constant € in 2009
With significant contribution from all business units

Breakdown of gross income by business unit - 2009

- USA: 11%
- Mexico: 25%
- South America: 19%
- Spain & Portugal: 35%
- WB & AM: 10%

With significant contribution from all business units.
With strong 4Q in quantity and quality of revenues

Gross income
BBVA Group
Quarter-by-quarter
(€m)

+16.0%
+5.8%

4,558 4,998 5,288
4Q08 3Q09 4Q09

Gross income
4Q09-3Q09 change
Peer group

Trading income only 7% of 2009 revenues

Peers: BNPP, CASA, CMZ, CS, DB, ISP, SAN, SG, UBS, & UCI.
Specially remarkable NII performance in Spain

Net interest income
4Q09-3Q09 change

BBVA

Peer 1
Peer 2
Peer 3
Peer 4
Peer 5
Peer 6
Peer 7

Spain & Portugal

Peers: Popular, SAN Spain Network, Sabadell, Banesto, La Caixa, Caja Madrid, Bankinter
Outstanding cost control

Total operating cost
BBVA Group
Full year
(€m)

2007: 7,830 (increase of 8.0%)
2008: 8,455 (decrease of 1.1%)
2009: 8,358

Cost-income ratio
BBVA Group
(%)

2008: 44.6
2009: 40.4 (decrease of 4.1 p.p.)

The result of constant network and process reengineering and significant investments in IT and restructuring: BBVA’s Transformation Plan.
With efficiency gains in all business units

Cost/income ratio
BBVA Group and business areas (%)

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>Effic.</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>BBVA GROUP</td>
<td>40.4%</td>
<td>-4.1 p.p.</td>
<td></td>
</tr>
<tr>
<td>Spain &amp; Portugal</td>
<td>35.6%</td>
<td>-1.2 p.p.</td>
<td></td>
</tr>
<tr>
<td>WB&amp;AM</td>
<td>28.1%</td>
<td>-1.2 p.p.</td>
<td></td>
</tr>
<tr>
<td>Mexico</td>
<td>31.9%</td>
<td>-1.3 p.p.</td>
<td></td>
</tr>
<tr>
<td>USA</td>
<td>59.9%</td>
<td>-5.9 p.p.</td>
<td></td>
</tr>
<tr>
<td>South America</td>
<td>40.6%</td>
<td>-3.9 p.p.</td>
<td></td>
</tr>
</tbody>
</table>

Total revenues and costs
BBVA Group
Full year
(Base 100: 2007)

![Graph showing income and costs growth from 2007 to 2009]
High and stable growth of operating income, with a constant perimeter

Operating income
BBVA Group
(€m)

2007: 9,441
2008: 10,523
2009: 12,308*

+12%
+17%
+22% in constant € in 2009

* Guaranty less than 0.5%
Structural profitability

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Spain and Portugal – Credit cycle update

- NPL formation is down in 2010
- Recoveries continue to increase
- Asset quality deterioration has peaked
Better asset quality due to significant market share loss during the credit boom years

BBVA’s lending share in Spain (%)

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

Source: BBVA and Bank of Spain. Prior to 2000, pro-forma adding BBV and Argentaria
Higher risk segments have explained a large fraction of NPL formation.

<table>
<thead>
<tr>
<th>Segment</th>
<th>% of NPL formation 08-09</th>
<th>% of portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual mortgages</td>
<td>21%</td>
<td>36%</td>
</tr>
<tr>
<td>Consumer</td>
<td>16%</td>
<td>7%</td>
</tr>
<tr>
<td>SME</td>
<td>32%</td>
<td>23%</td>
</tr>
<tr>
<td>Developer</td>
<td>26%</td>
<td>8%</td>
</tr>
<tr>
<td>Other</td>
<td>27%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Contribution to NPL formation from Consumer and Developers is coming down, other segments stable or down.
Recoveries continue to increase

Recoveries tend to trail NPL formation by a couple of quarters

Risk premium will remain stable thanks to the Spanish anti-cyclical provisioning system

4Q09 excludes the anticipatory NPL reclassification done in the quarter to show underlying recovery trend. Including the €1.8 Bn of performing loans that were reclassified as subjective NPLs.
Credit cards explain most of the asset quality deterioration and provisions

Credit card asset quality improving

Risk premium has peaked in 2009
Credit cards have explained most of the asset quality deterioration and provisions.

<table>
<thead>
<tr>
<th></th>
<th>% of loans</th>
<th>% of NPL formation 08-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit cards</td>
<td>13%</td>
<td>64%</td>
</tr>
<tr>
<td>Other</td>
<td>87%</td>
<td>36%</td>
</tr>
</tbody>
</table>
Credit cards have passed the NPL peak

Credit Cards – NPL Ratio

BBVA Bancomer’s risk premium has peaked in 2009
USA – Credit cycle update

CRE still a challenge, specially Construction loans

Other segments performing well

Non-construction CRE expected to perform better due to high quality mix and safer geographical exposure

Provisions will remain high in 2010, but risk premium has peaked in 2009
All sectors performing well, except RE Construction

NPL Ratio
BBVA Compass (%)

0% 5% 10% 15% 20% 25%
Q408 Q109 Q209 Q309 Q409

Construction  CRE  Commercial  Retail
RE construction explains most of the asset quality deterioration and provisions.

RE Construction: High NPL recognition for a book that is 50% in Texas. 63% of NPL’s original value has been provisioned or charged off.
Non-construction CRE expected to perform better due to good quality mix and safer geographical exposure

48% of BBVA Compass’ Non-construction CRE portfolio is not directly linked to the RE “rental” cycle (owner-occupied/industrial).
Asset quality outlook maintained

<table>
<thead>
<tr>
<th>Country</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain &amp; Portugal</td>
<td>Asset quality deterioration has peaked, risk premium to remain stable</td>
</tr>
</tbody>
</table>
| Mexico        | Credit card asset quality improving  
                Risk premium down |
| USA           | Provisions will remain high in 2010, but risk premium has peaked in 2009 |
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Successful business model

High structural profitability

+ 

Significant presence in attractive emerging markets
Despite high provisioning and other negative one-offs in 2009, BBVA maintains a leadership position in profitability.

<table>
<thead>
<tr>
<th>ROE</th>
<th>Peer Group 2009 (%)</th>
<th>BBVA</th>
<th>Average</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>BBVA</td>
<td>16.0</td>
<td></td>
<td>4.3</td>
<td>5.8</td>
</tr>
<tr>
<td>Average</td>
<td></td>
<td>0.9</td>
<td>0.1</td>
<td>0.2</td>
</tr>
<tr>
<td>Median</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

BBVA’s average historical ROE = 24%

Peers: BARCL, BBVA, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, LBG, RBS, SAN, SG, UBS and UCI. UK bank figures are latest available.
A high structural profitability that flows to our shareholders

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

No shareholder dilution during the crisis
BBVA is a more “productive” manager of its assets

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

BBVA 2.3%
Peer 1 2.1%
Peer 2 1.4%
Peer 3 1.3%
Peer 4 1.3%
Peer 5 1.1%
Peer 6 0.9%
Peer 7 0.8%
Peer 8 0.8%
Peer 9 0.6%
Peer 10 0.5%
Peer 11 0.5%
Peer 12 0.4%
Peer 13 0.2%
Peer 14 0.1%

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

2006 2009

BBVA 5.8 6.7
Peer 1 2.7 2.6
Peer 2 +90 b.p.

Peers: BARCL, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, RBS, SAN, SG, UBS, LBG & UCI.
And the leader in efficiency

Cost/income ratio
Peer Group
(%, 2009)

BBVA 40.4%
Peer 1 41.7%
Peer 2 50.0%
Peer 3 50.6%
Peer 4 55.3%
Peer 5 55.7%
Peer 6 57.4%
Peer 7 57.8%
Peer 8 64.8%
Peer 9 70.2%
Peer 10 72.5%
Peer 11 72.5%
Peer 12 74.2%
Peer 13 85.8%
Peer 14 97.4%

Peers: BARCL, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, RBS, SAN, SG, UBS, LBG & UCI.
Close to 50% of revenues already come from emerging economies

Breakdown of gross income by business unit - 2009

- USA: 11%
- Mexico: 25%
- South America: 19%
- Spain & Portugal: 35%
- WB & AM: 10%
Emerging economies with superior growth prospects

<table>
<thead>
<tr>
<th>Region</th>
<th>2010 GDP growth</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico</td>
<td>3.8%</td>
<td>The leading bank in one of the most attractive banking markets of the world</td>
</tr>
<tr>
<td>South America</td>
<td>4.0%</td>
<td>A sizeable franchise becoming increasingly relevant to BBVA’s earnings</td>
</tr>
<tr>
<td>China</td>
<td>9.3%</td>
<td>CITIC: a long term opportunity play, with current earnings delivery</td>
</tr>
</tbody>
</table>

Mexico and South America are particularly attractive

Relevant mid-term trends

- Low credit penetration
- Favourable demographics
- Strong macroeconomic fundamentals
- No major public sector unbalances
- Sound banking system
- Favourable currency outlook

Positive business outlook for BBVA’s franchises
Structural profitability

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BBVA: strong organic capital generation

Core capital
BIS II (%)

<table>
<thead>
<tr>
<th></th>
<th>Dec-08</th>
<th>Organic (retained earnings)</th>
<th>Other</th>
<th>Dec-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier I</td>
<td>6.2%</td>
<td>+143 bp</td>
<td></td>
<td>8.0%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>+37 bp</td>
<td></td>
</tr>
</tbody>
</table>

Tier I and total capital ratio
BIS II (%)

<table>
<thead>
<tr>
<th>Tier I</th>
<th>Total capital ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.4%</td>
<td>13.6%</td>
</tr>
</tbody>
</table>

High quality capital with RWA / TA at 54.4%
### BBVA is well-positioned for regulatory change on capital

<table>
<thead>
<tr>
<th>Change</th>
<th>BBVA</th>
</tr>
</thead>
<tbody>
<tr>
<td>DTA Treatment</td>
<td>Low DTAS from tax loss carry forwards</td>
</tr>
<tr>
<td>Minorities</td>
<td>Small: To be compensated by proportional RWA reduction?</td>
</tr>
<tr>
<td>Pension liabilities/deficit</td>
<td>Pension obligations fully funded</td>
</tr>
<tr>
<td>Leverage ratio</td>
<td>Among the least leveraged of European banks</td>
</tr>
<tr>
<td>Quality of Capital</td>
<td>High quality – low weight of hybrids</td>
</tr>
<tr>
<td>Capital gains/loss treatment</td>
<td>More favourable than current treatment by Bank of Spain</td>
</tr>
</tbody>
</table>
Analysts estimate little impact to BBVA’s capital from regulatory changes

Core Tier I (e) 2012
Analyst’s forecasts Basel III draft*

BBVA better positioned in the new environment

* Forecasts: Credit Suisse, Deutsche Bank, Keefe, B&W and Merrill Lynch
In liquidity regulation, BBVA ranks well in the new Net Stable Funding Ratio

BBVA has the lowest wholesale refinancing needs of the peer group

Source: MS: Banks Regulation. 1/27/2010
Structural profitability

1. Strong operating income
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5. Attractive investment case
BBVA has significantly underperformed the sector YTD

Share price evolution
(Base 100: 01-01-10)
And remains undervalued relative to the sector

Price Earnings Ratio
Peer Group
(2010e)

<table>
<thead>
<tr>
<th>Peer</th>
<th>P/E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer 1</td>
<td>8.1</td>
</tr>
<tr>
<td>Peer 2</td>
<td>8.4</td>
</tr>
<tr>
<td>BBVA</td>
<td>8.7</td>
</tr>
<tr>
<td>Peer 3</td>
<td>8.9</td>
</tr>
<tr>
<td>Peer 4</td>
<td>9.6</td>
</tr>
<tr>
<td>Peer 5</td>
<td>10.2</td>
</tr>
<tr>
<td>Peer 6</td>
<td>10.8</td>
</tr>
<tr>
<td>Peer 7</td>
<td>10.9</td>
</tr>
<tr>
<td>Peer 8</td>
<td>10.9</td>
</tr>
<tr>
<td>Peer 9</td>
<td>11.1</td>
</tr>
<tr>
<td>Peer 10</td>
<td>12.4</td>
</tr>
<tr>
<td>Peer 11</td>
<td>15.4</td>
</tr>
<tr>
<td>Peer 12</td>
<td>18.3</td>
</tr>
</tbody>
</table>

Market cap / Estimated operating Profit
Peer Group
(2010e)

<table>
<thead>
<tr>
<th>Peer</th>
<th>Market Cap/Estimated Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>BBVA</td>
<td>3.9</td>
</tr>
<tr>
<td>Peer 1</td>
<td>4.4</td>
</tr>
<tr>
<td>Peer 2</td>
<td>4.9</td>
</tr>
<tr>
<td>Peer 3</td>
<td>5.1</td>
</tr>
<tr>
<td>Peer 4</td>
<td>5.2</td>
</tr>
<tr>
<td>Peer 5</td>
<td>5.5</td>
</tr>
<tr>
<td>Peer 6</td>
<td>5.8</td>
</tr>
<tr>
<td>Peer 7</td>
<td>6.0</td>
</tr>
<tr>
<td>Peer 8</td>
<td>6.5</td>
</tr>
<tr>
<td>Peer 9</td>
<td>6.6</td>
</tr>
<tr>
<td>Peer 10</td>
<td>6.6</td>
</tr>
<tr>
<td>Peer 11</td>
<td>9.5</td>
</tr>
<tr>
<td>Peer 12</td>
<td>10.6</td>
</tr>
<tr>
<td>Peer 13</td>
<td>11.3</td>
</tr>
</tbody>
</table>

Peers: BARCL, BNPP, CASA, CS, DB, HSBC, ISP, SAN, SG, UBS, LBG, UCI and RBS. RBS excluded form P/E and CS excluded form Market Cap/Estimated Profit as the ratio is not relevant.

Source: Bloomberg IBES Consensus as of 17 March 2010
BBVA is the leader in profitability

ROE
Peer Group (%, 2009)

Tangible Price Book Value
Peer Group (%, 2009)

Dividend Yield*
Peer Group (%, 2010e)

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

* Dividend Yield 2010e calculated as Consensus estimate DPS 2010 and current market share prices (03/17/2010)
BBVA, an attractive investment case

- Strong operating income trends
- Asset quality outlook maintained
- Successful business model
- Winner in Basel III

High structural profitability and better positioned for the new cycle
BBVA

Structural profitability

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