

Strength in turbulent times

Manuel Gonzalez Cid, CFO

UBS
Global Financials Services
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High and recurrent operating income

2

Asset quality outlook reinforced

3

Outperforming in Spain

4

Strong franchises in attractive markets

5

Winner in Basel III

6

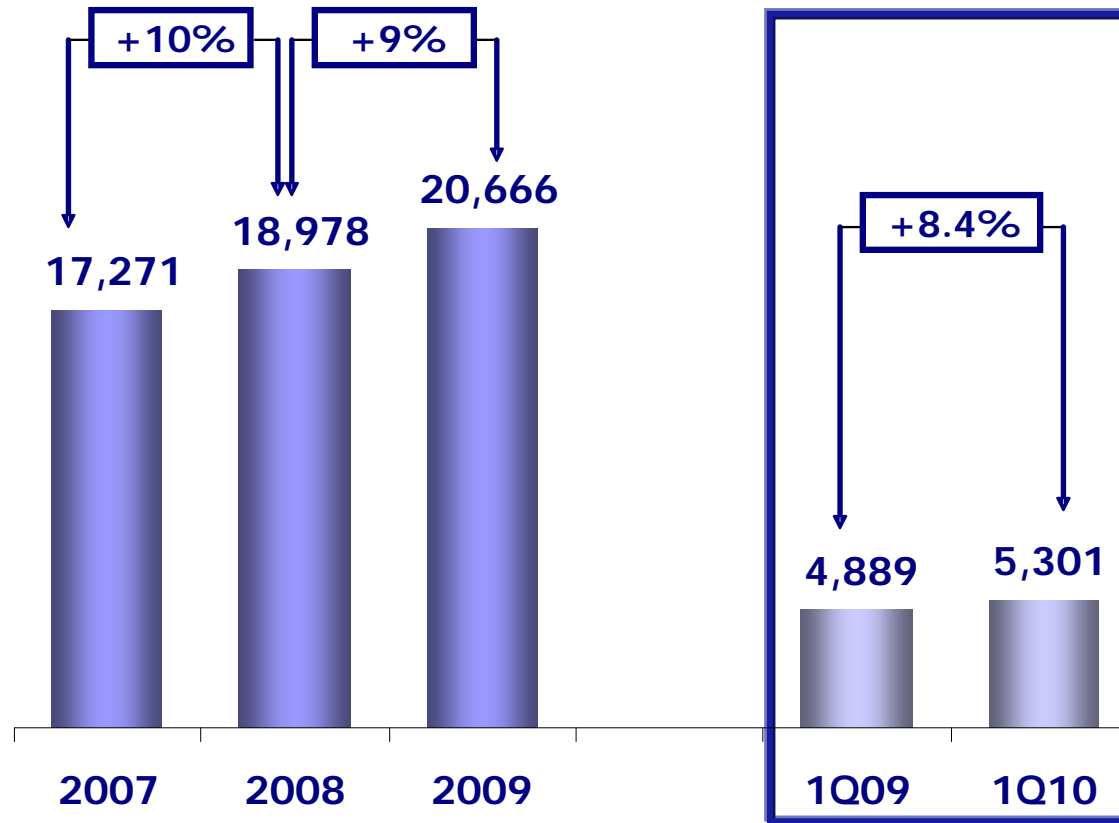
Attractive investment case

Record revenues in 2009 and 1Q10 with high growth throughout the crisis

BBVA

Gross income

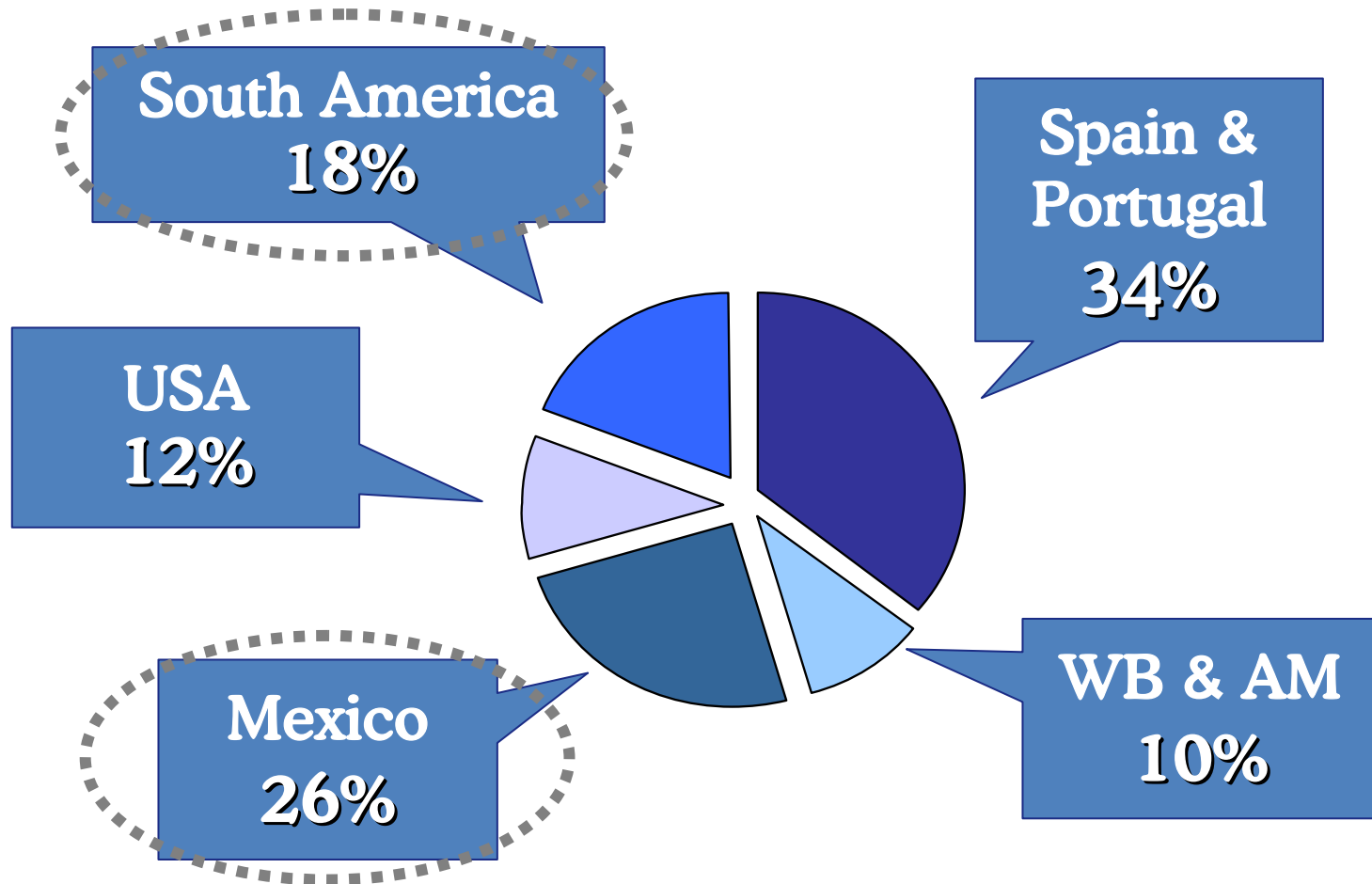
BBVA Group
(€m)



+9.5% in constant € in 1Q10

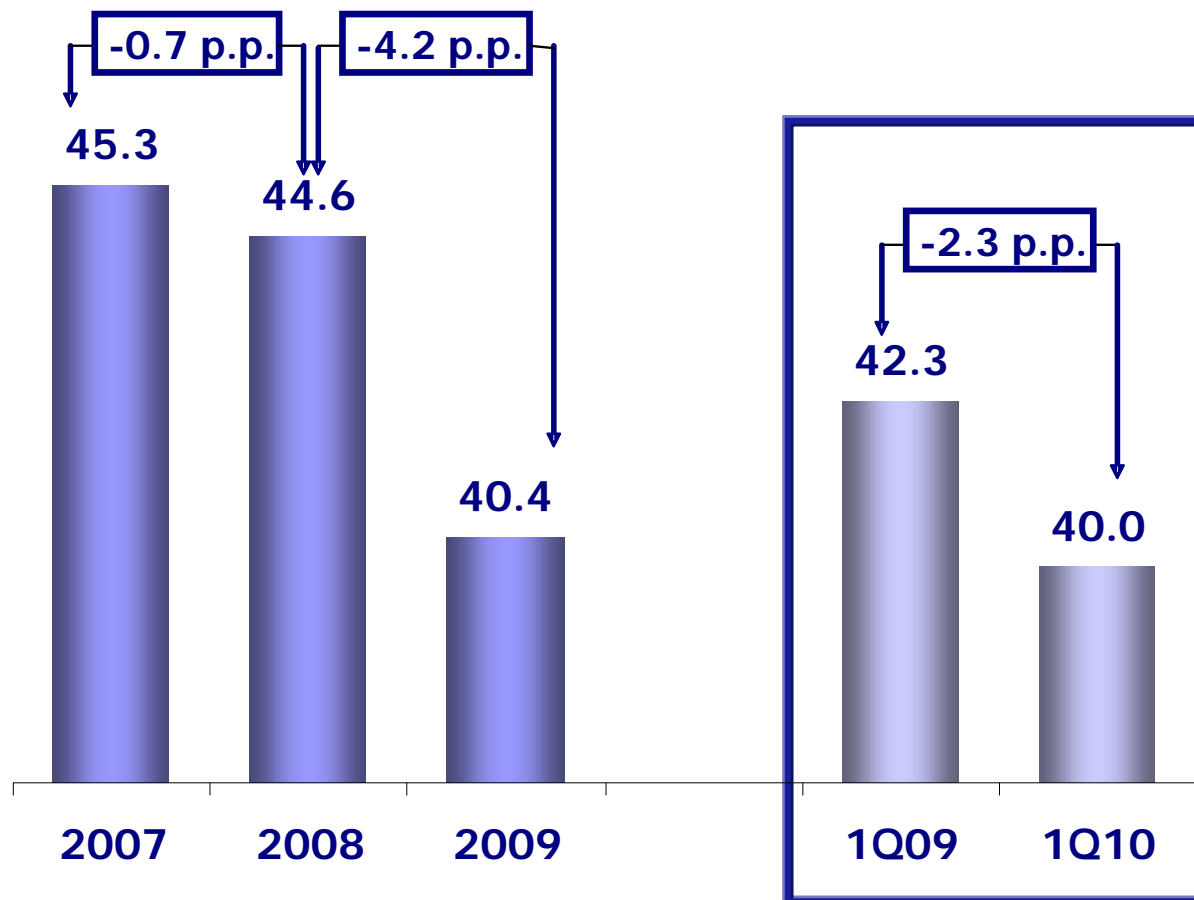
45% of revenues already come from emerging economies

Breakdown of gross income
by business area – 1Q10



Outstanding cost control

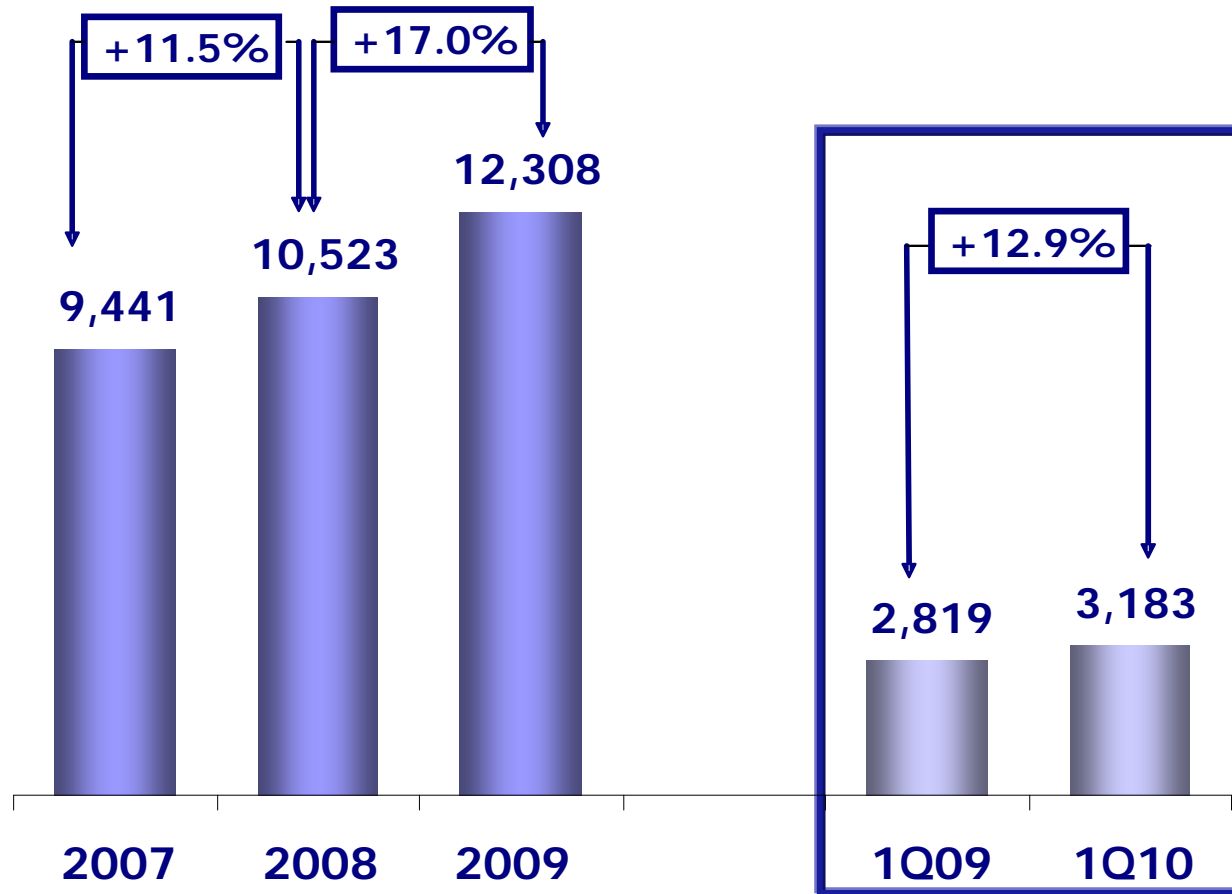
Cost-income ratio
BBVA Group
(%)



High and stable growth of operating income

BBVA

Operating income
BBVA Group
(€m)



+13.2% in constant € in 1Q10

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NPA ratio stabilizing

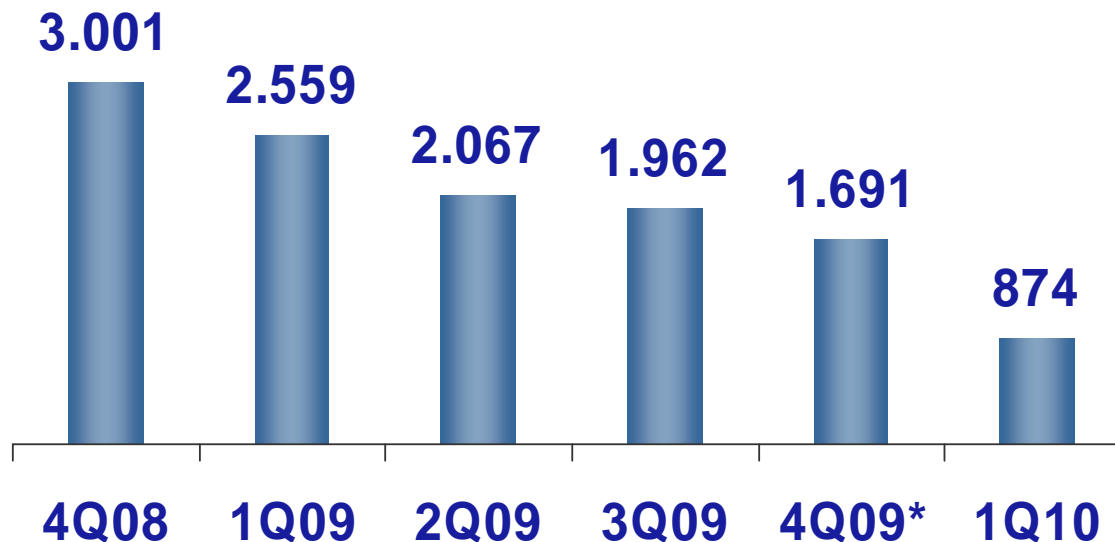
Cost of risk declining

Coverage ratio increasing

Gross additions to NPA drop significantly while recoveries increase

BBVA

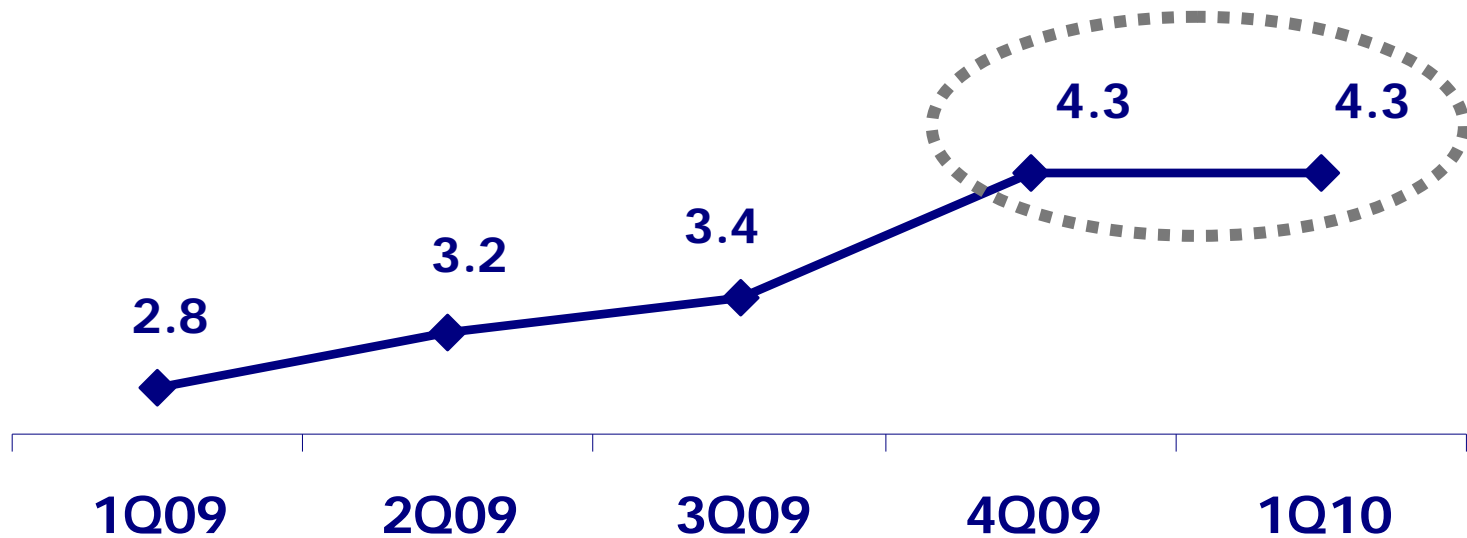
Net additions to NPA
BBVA Group
Quarter-by-quarter
(€m)



**Gross additions to NPA in 1Q10
Vs 2009 average -11.9%**

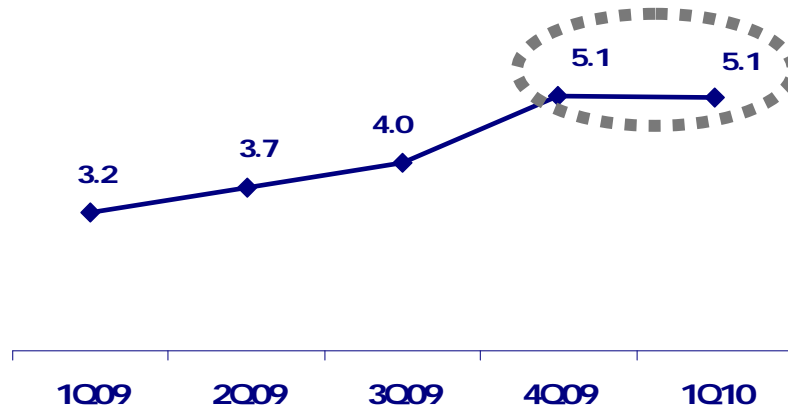
NPA ratio stabilizes

NPA ratio
BBVA Group
(%)

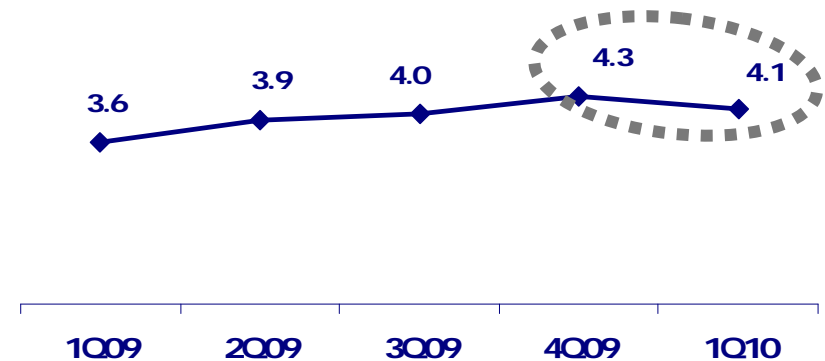


With good performance in all business units

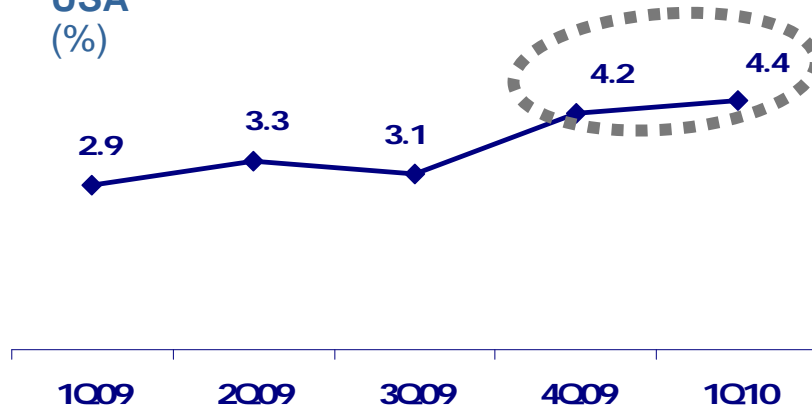
Spain & Portugal
(%)



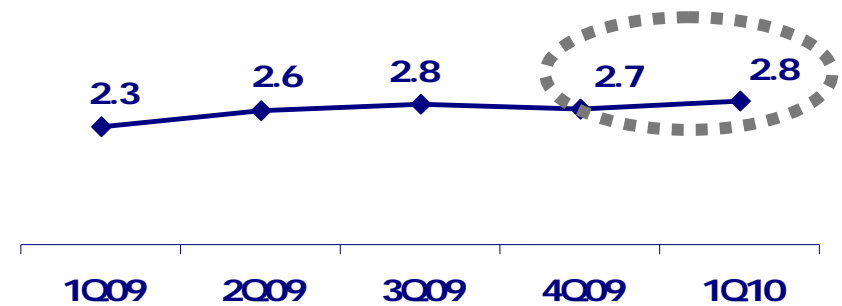
Mexico
(%)



USA
(%)

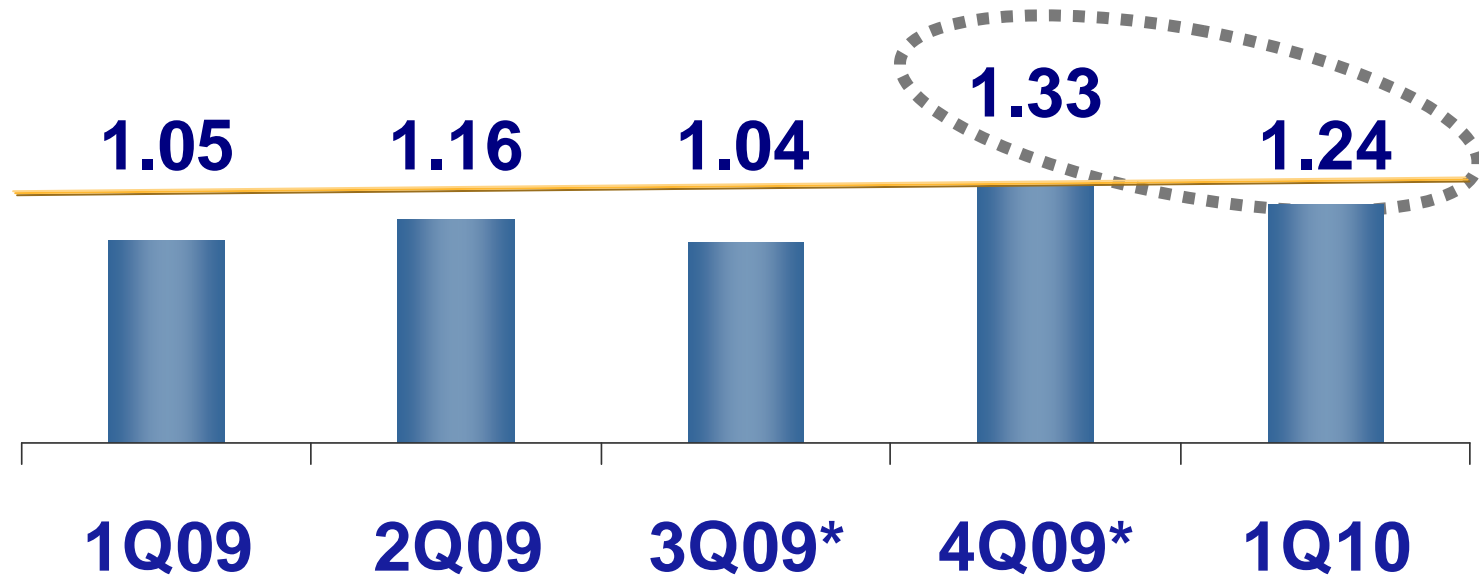


South America
(%)



Cost of risk improves

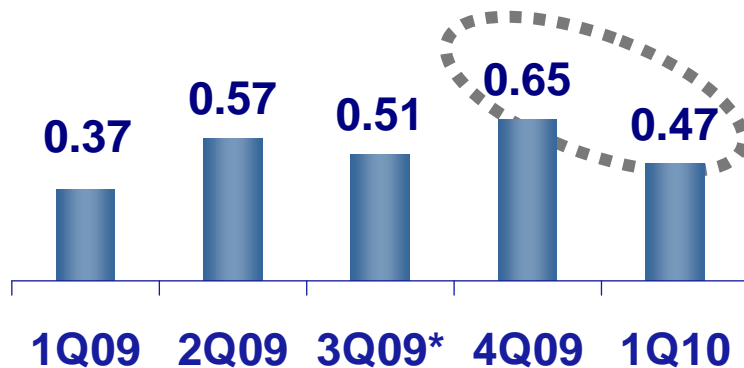
Cost of risk
BBVA Group
(%)



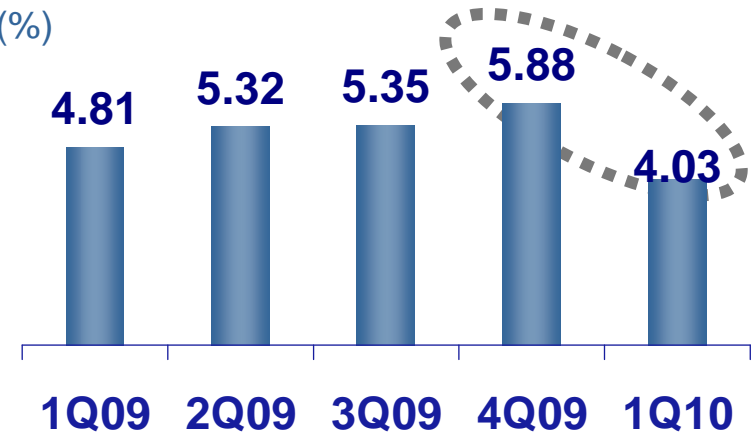
Cost of risk improves in all business units

BBVA

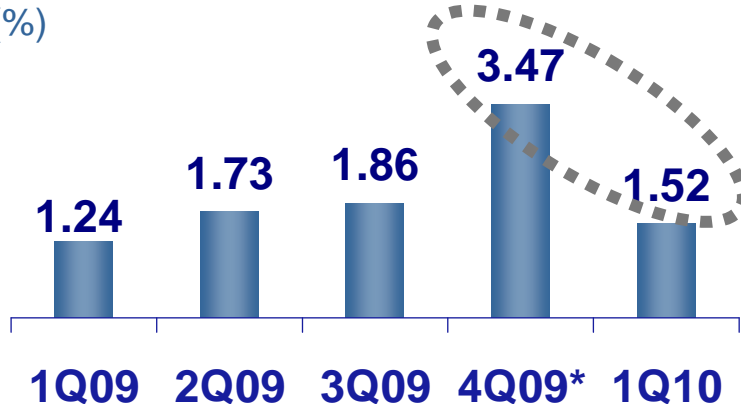
Spain & Portugal
(%)



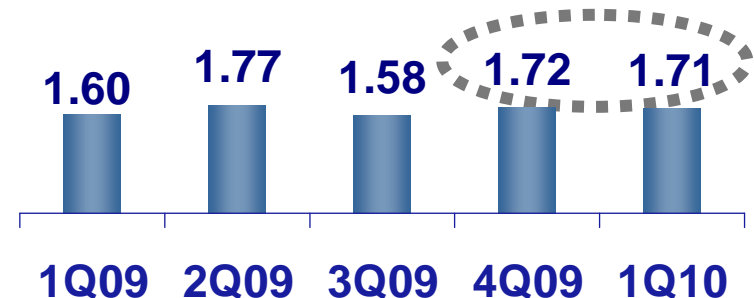
Mexico
(%)



USA
(%)

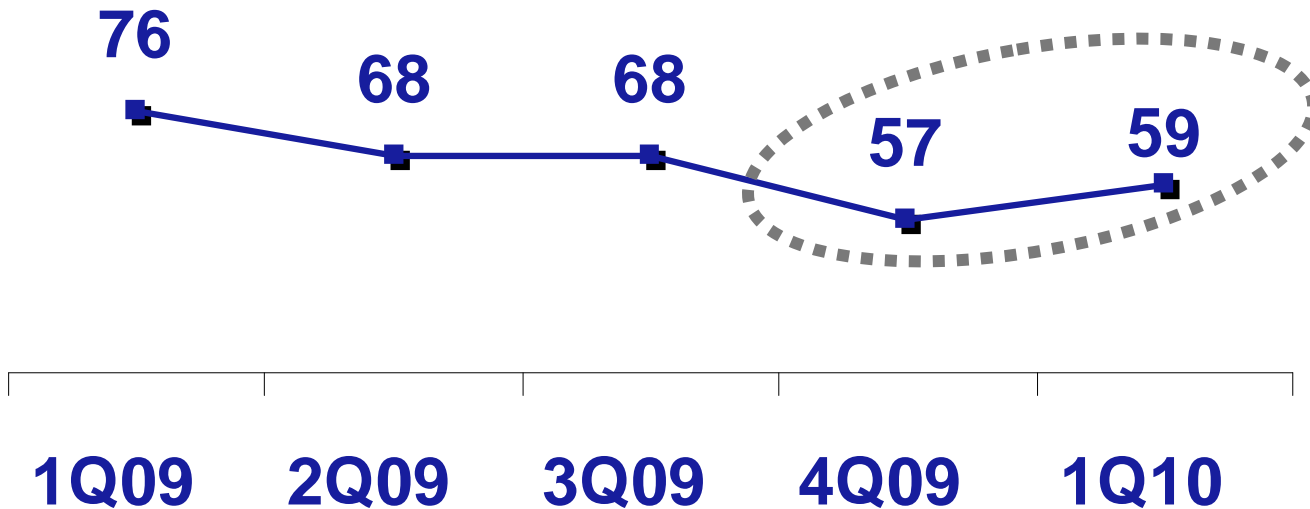


South America
(%)



Coverage ratio increases

Coverage ratio
BBVA Group
(%)



Ample coverage and collateral

In sum, asset quality outlook confirmed

Key messages in 4Q09

1Q10

**Spain &
Portugal**

**Asset quality deterioration
has peaked. Risk premium
to remain stable**

Net NPA additions:

€- 99 M ↓

Cost of risk: 0.47% ↓

Mexico

**Asset quality improving.
Risk premium to decline**

NPA ratio: 4.1% ↓

Cost of risk: 4.03% ↓

USA

**Provisions to remain high
in 2010. Risk premium has
peaked in 2009**

LLP: €161 M ↓

Cost of risk: 1.52% ↓

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Attractive investment case

Spain's economy: Myth vs Reality

	Myth	Reality			
Real GDP growth	Protracted recession	<u>% y/y (E.C. est.)</u>	<u>2009</u>	<u>2010e</u>	<u>2011e</u>
		Spain	-3.6	-0.4	+0.8
		Euro	-4.1	+0.9	+1.5
Public debt / GDP	Critical government debt levels	<u>% of GDP (E.C. est.)</u>		<u>2010e</u>	<u>2011e</u>
		Spain		65%	72%
		Euro		85%	89%
Household leverage	High, not sustainable	<u>% gross disposable income</u>	<u>2007</u>	<u>2010e</u>	
		Savings rate	11%	19%	
		Affordability (monthly payment)	43%	29%	
Corporate indebtedness	High leverage of corporates	<u>% of GDP</u>	<u>2000</u>	<u>2009</u>	
		Credit to Firms	48%	94%	
		Credit excluding RE	36%	51%	
External sector	Economy is losing external competitiveness		<u>2007</u>	<u>2009</u>	
		Current account (% of GDP)	-10%	-5.4%	
		Exports of G&S (% of world)	2.2%	2.2%	

Spain is not the same for everyone

BBVA

BBVA: outperforming in Spain

Better prepared for the current cycle

Clear asset quality outlook

Outperforming peers in 1Q10

Clear opportunities to continue to deliver earnings through profitable growth

80% of Saving Banks likely to merge

40% are in talks or have agreed to merge

~ 20% of branches expected to close

Narrowing customer spreads are not sustainable

Capacity reduction

High customer churn

Flight to quality

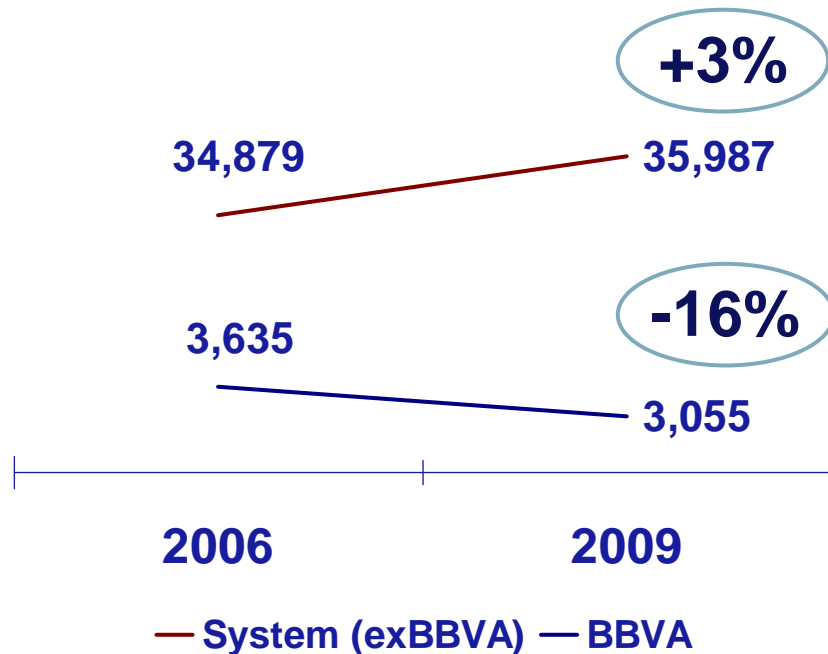
Less competition in loan origination

~ 15-25% of business / customers are lost with branch integration or closure processes

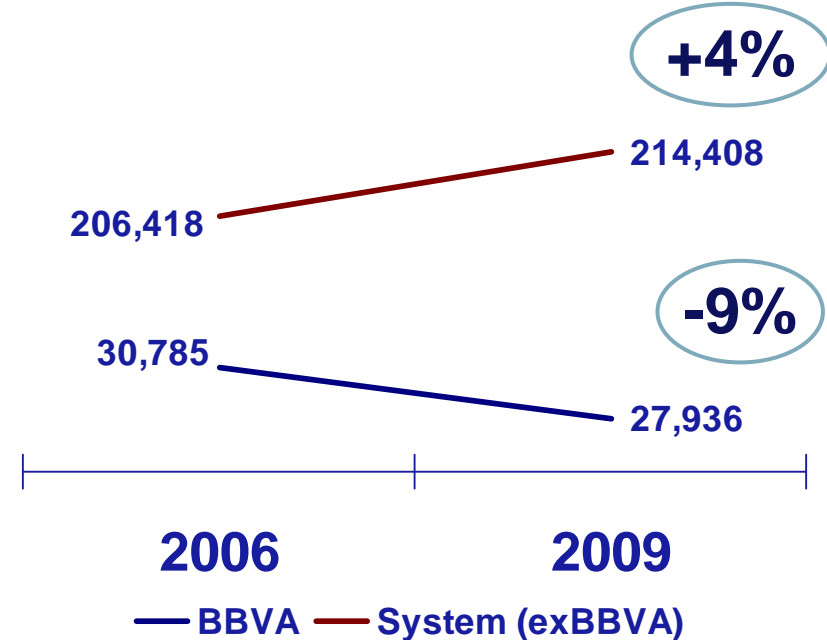
Before the end of the credit boom era, BBVA launched its Transformation

BBVA

Branch network evolution in Spain



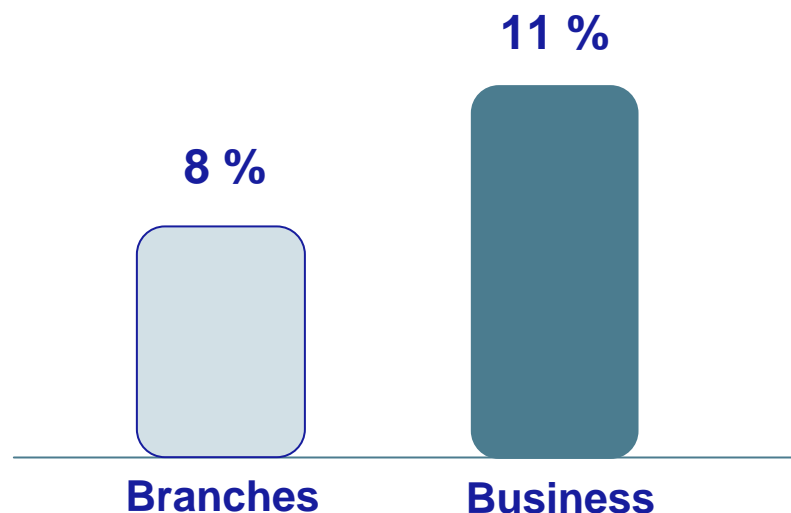
Total employees ('000)



Whilst BBVA was reducing capacity, the sector continued to open branches and hire employees

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

BBVA share (%)

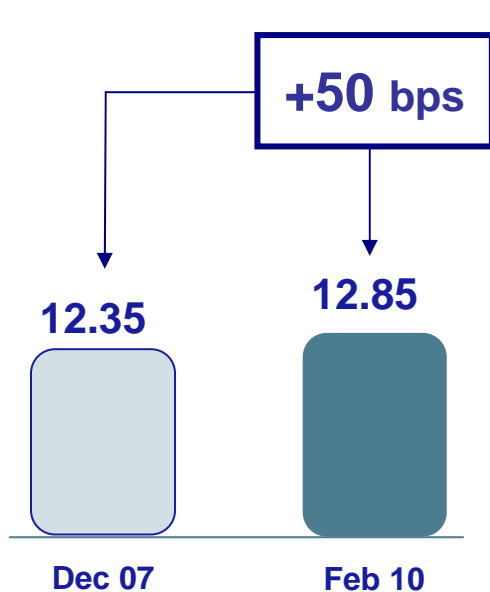


Capturing our natural share of the business to be lost by competitors represents an important opportunity

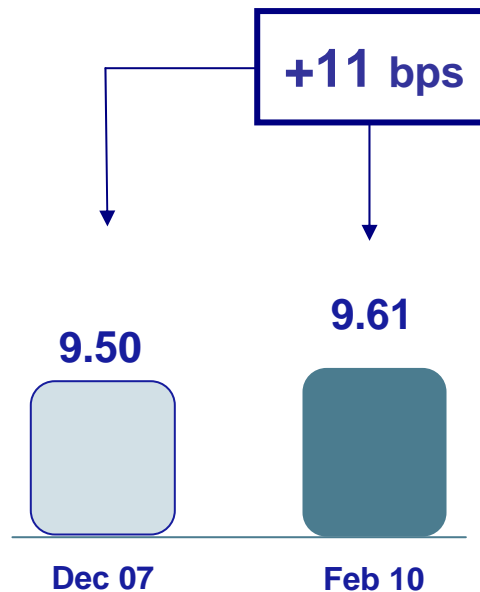
BBVA's network transformation was achieved while maintaining a high commercial intensity

Market share evolution (%)

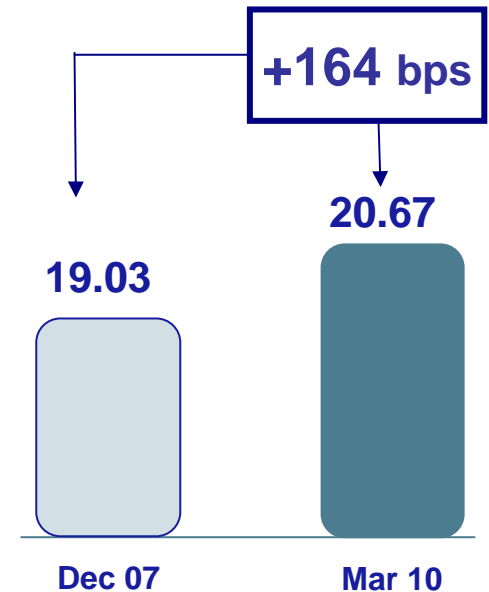
Retail Mortgages



Demand deposits



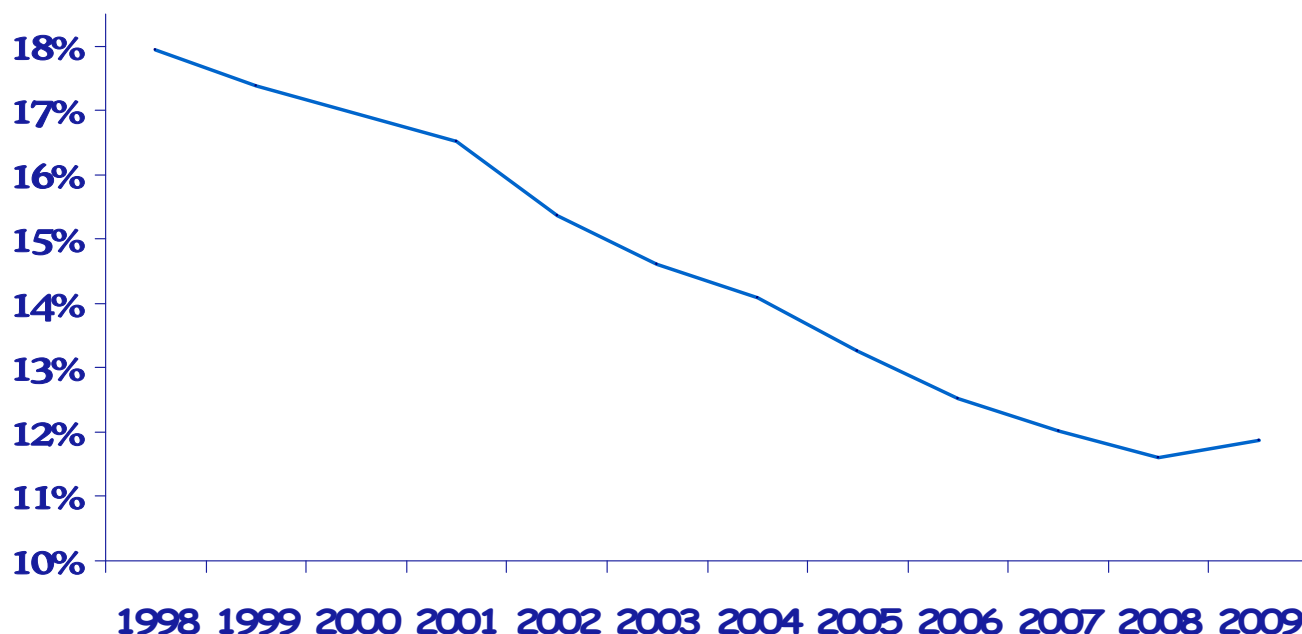
Mutual Funds



BBVA has been able to gain market share in core products through its Transformation process

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

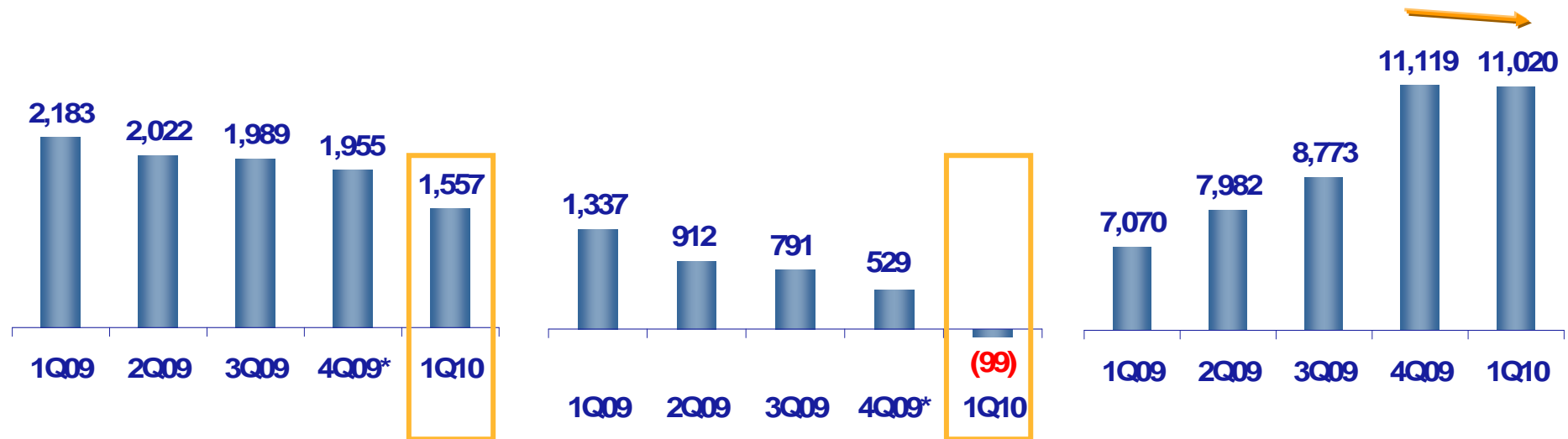
Negative Net NPA additions in 1Q10

BBVA

Gross additions to NPA
Spain & Portugal
(€m)

Net additions to NPA
Spain & Portugal
(€m)

NPA balance
Spain & Portugal
(€m)

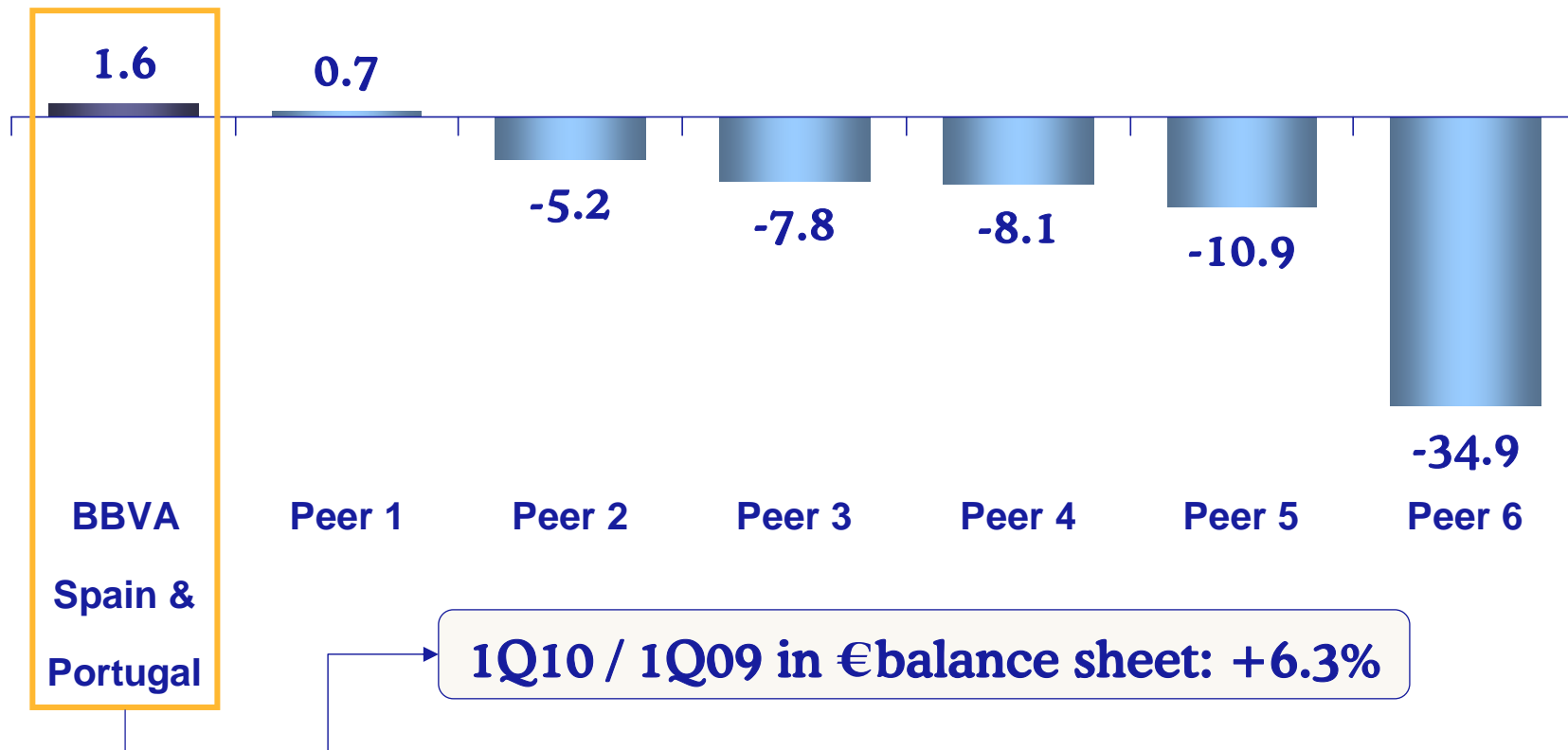


NPL formation from Developers and Consumer continues to drop, other segments stable or down

While outperforming peers in NII growth

BBVA

Net interest income (NII)
BBVA vs domestic peers*
% y/y - 1Q10 / 1Q09



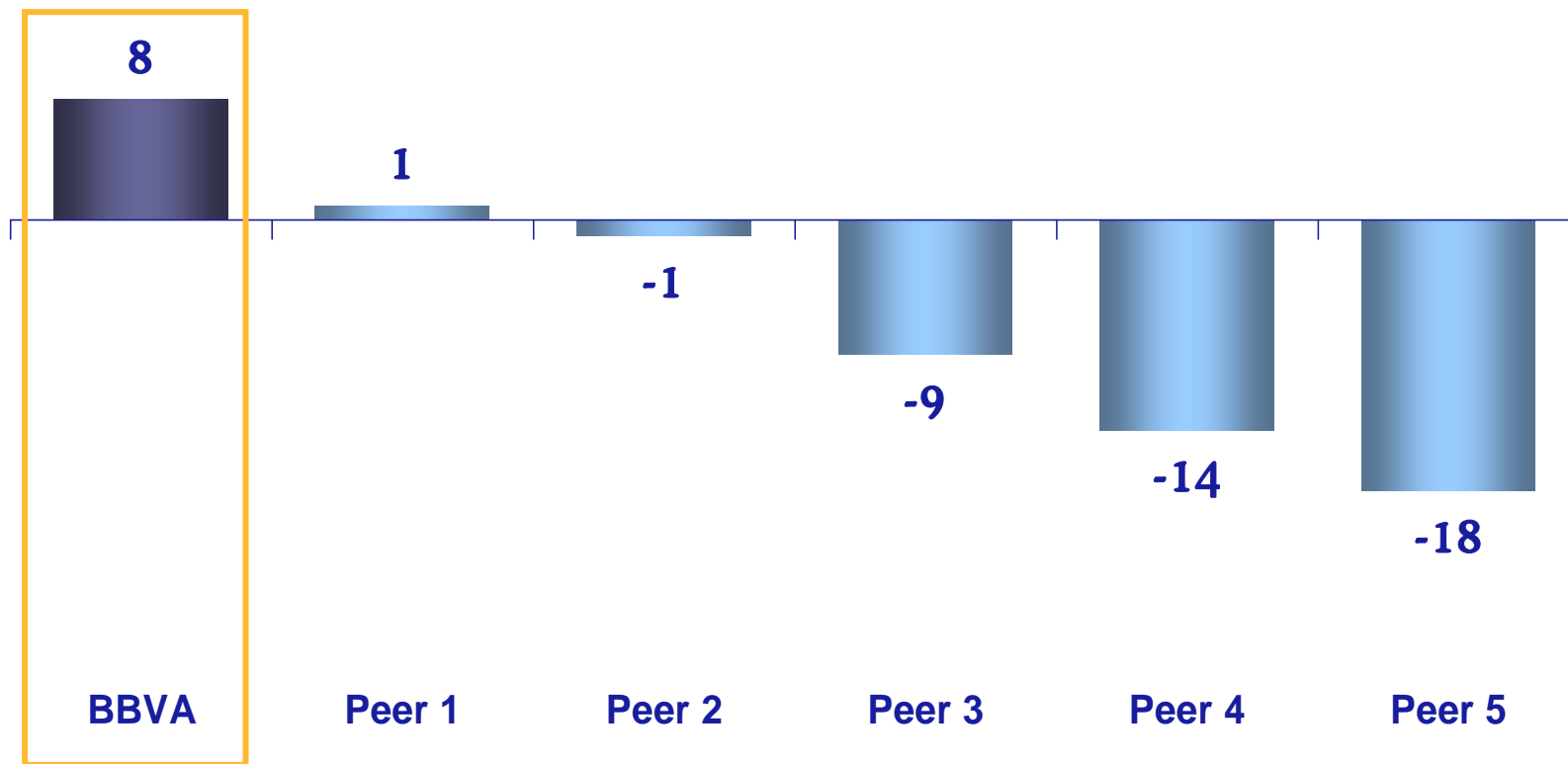
BBVA's S&P NII not "subsidized" by Corporate Activities (Corp Act NII +€89 M 1Q10/1Q09)

Thanks to effective commercial practices

Customer spread*

BBVA vs domestic peers

basis points y/y change – 1Q10 / 4Q09



Customer spread 1Q10: 275 bp (~40 bp > peer avg)

*Customer loan yield minus remuneration of deposits

Peers: Banesto, Bankinter, Popular, Sabadell and Santander

As a result, BBVA leads in the generation of core revenues

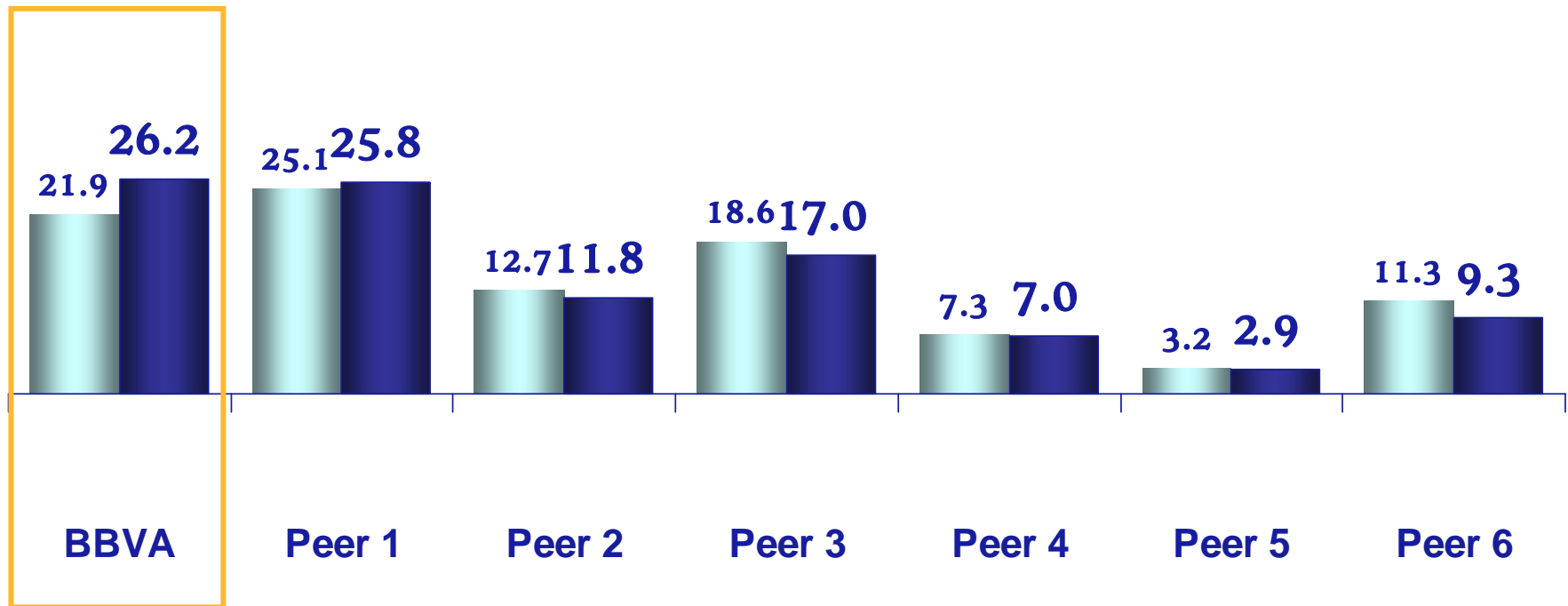
BBVA

Core revenues (NII + fee income)

BBVA vs domestic peers

% share of peer group – 1Q10 vs 1Q08

■ 1Q08 ■ 1Q10



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Attractive investment case

Mexico and South America are particularly attractive banking markets

Relevant mid-term trends

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

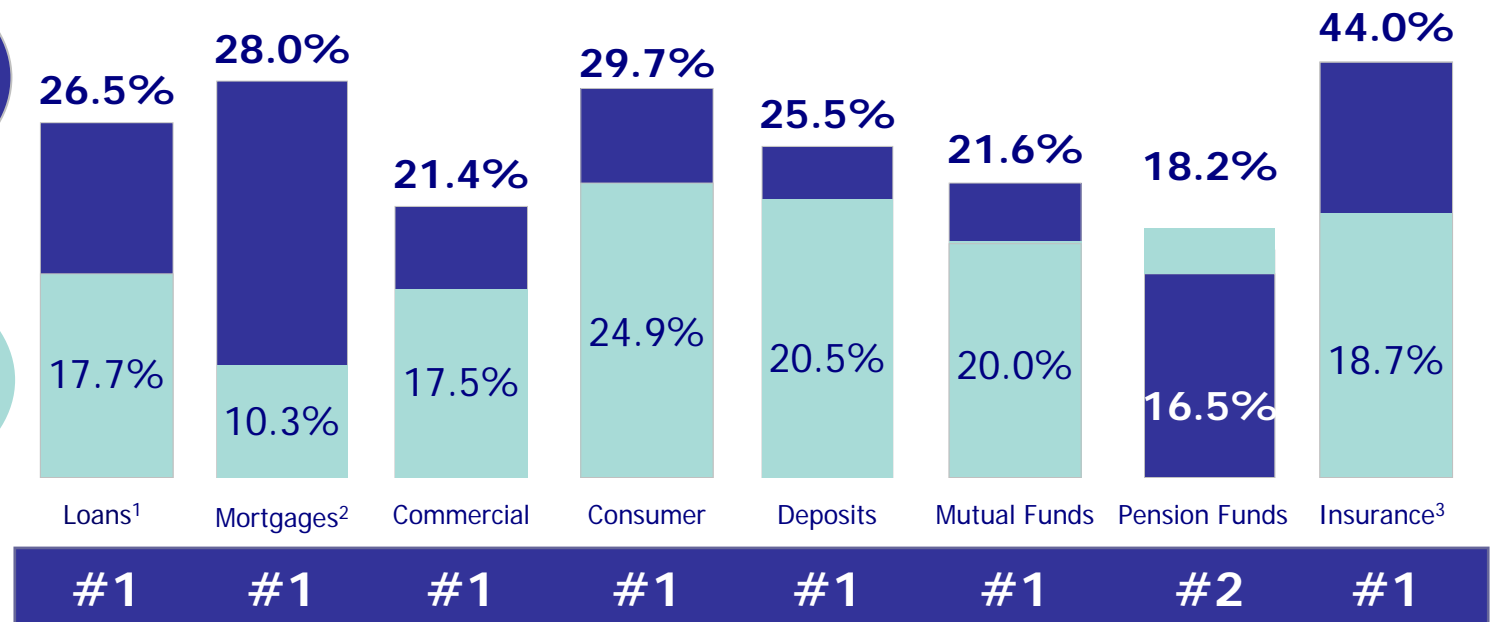
**Positive business outlook for
BBVA's franchises**

BBVA is the clear leader in Mexico, one of the most attractive banking markets

Market share
(%)

BBVA
Bancomer

2nd largest
competitor



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

¹ Gross Loans

² Includes Sofoles, excludes securitizations

³ Data as of September 2009

BBVA Bancomer, outstanding track record

	CAGR	
	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%
Fundamentals (1T10)	Efficiency ratio	34.8%
	Coverage ratio	131%
	Risk Premium	5.23%
Market share growth:		
	Total loans	+98bp
	Demand deposits	+147bp

BBVA South America, an additional Bancomer

BBVA

€Bn as of 1Q10

Assets

Customer lending (gross)

Customer deposits

Net Income

**BBVA
Bancomer**

68.3

32.8

33.3

347

**BBVA
South America**

43.7

25.3

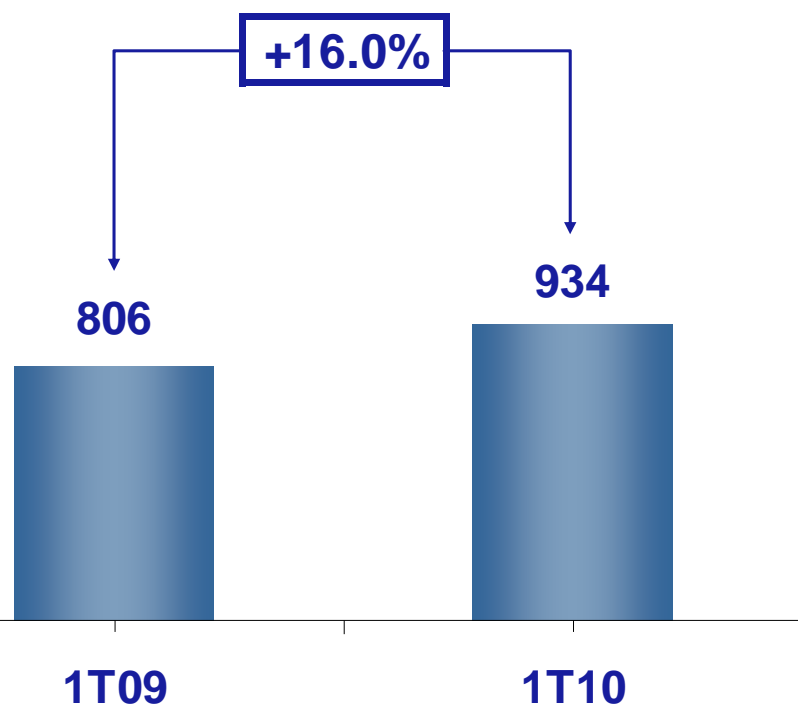
30.8

348

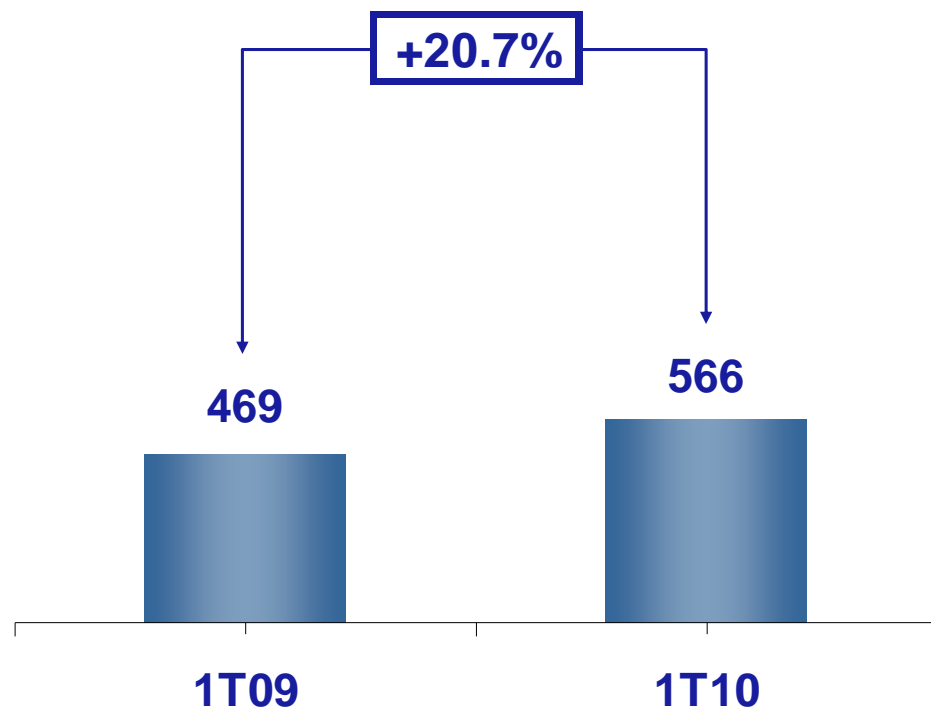
Large client base in the region that does not have credit products with BBVA, including 5 million payroll clients

South America, a sizeable franchise increasingly relevant to BBVA's earnings growth

Gross income
South America
(Constant €m)



Operating income
South America
(Constant €m)



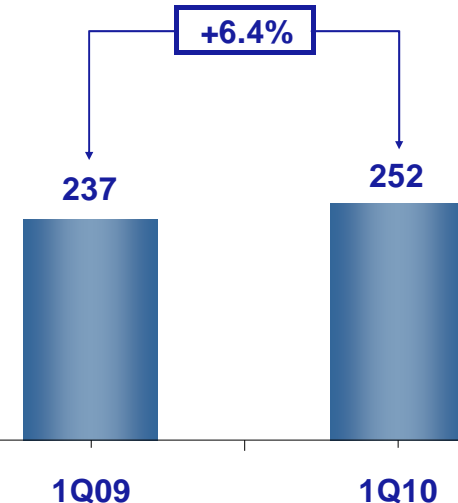
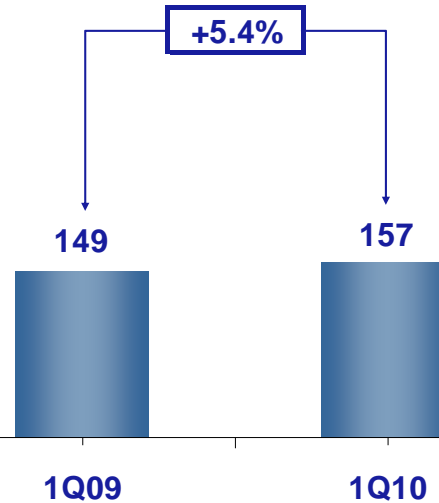
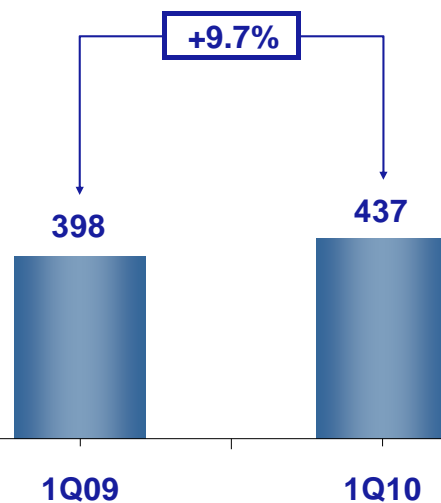
BBVA US, strong operating performance in a market that is improving

BBVA

Net interest income
United States
(Constant €m)

Fee income
United States
(Constant €m)

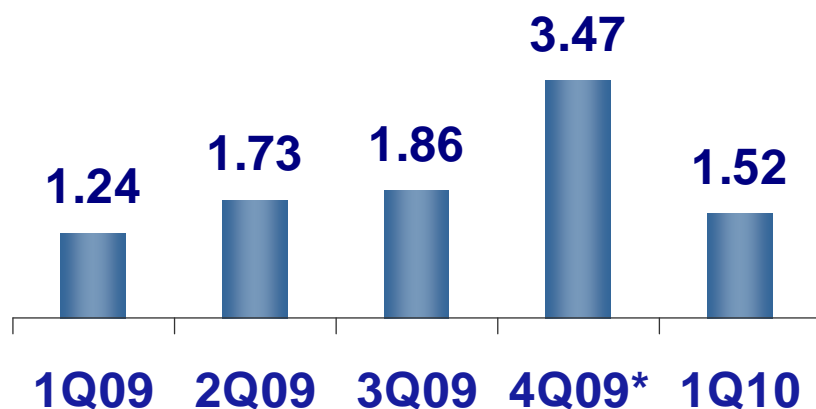
Operating income
United States
(Constant €m)



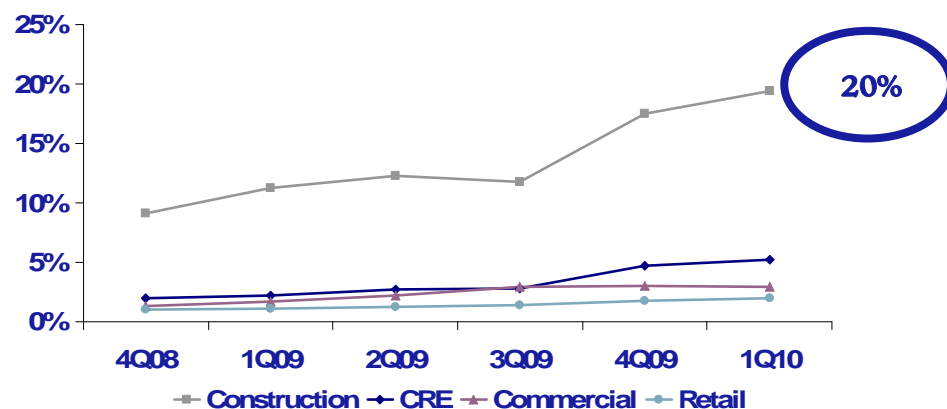
Efficiency: 58.7% (-20 bp)

A strong operating performance that will flow to earnings as the credit cycle improves

Cost of risk
BBVA Compass
(%)



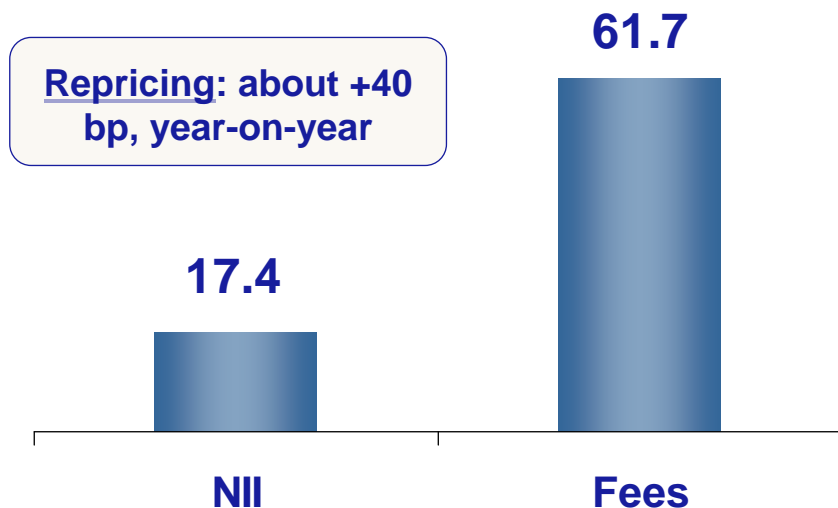
NPA ratio
BBVA Compass
(%)



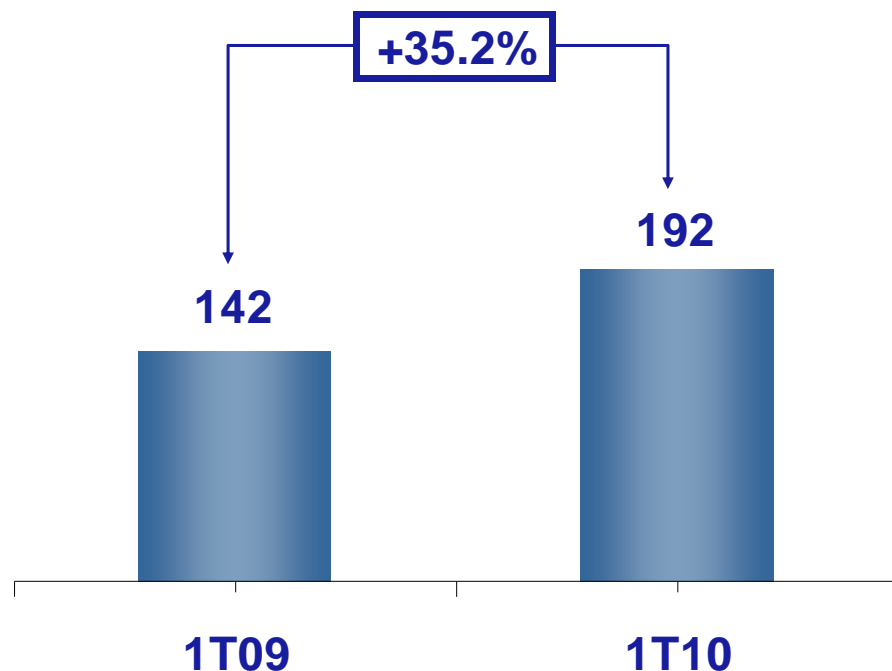
US Banks have posted stronger than expected results in 1Q10 while NPA and NCO trends are also improving

WB&AM, recurrent and high quality revenues

Net interest income + fee income
Corporate & Investment Banking
Year-on-year growth
(%)



Operating income
Corporate & Investment Banking
(€m)



Fees / gross income: 41% (vs 33% in 1Q09)
Asian contribution to 1Q10 earnings: €53 M

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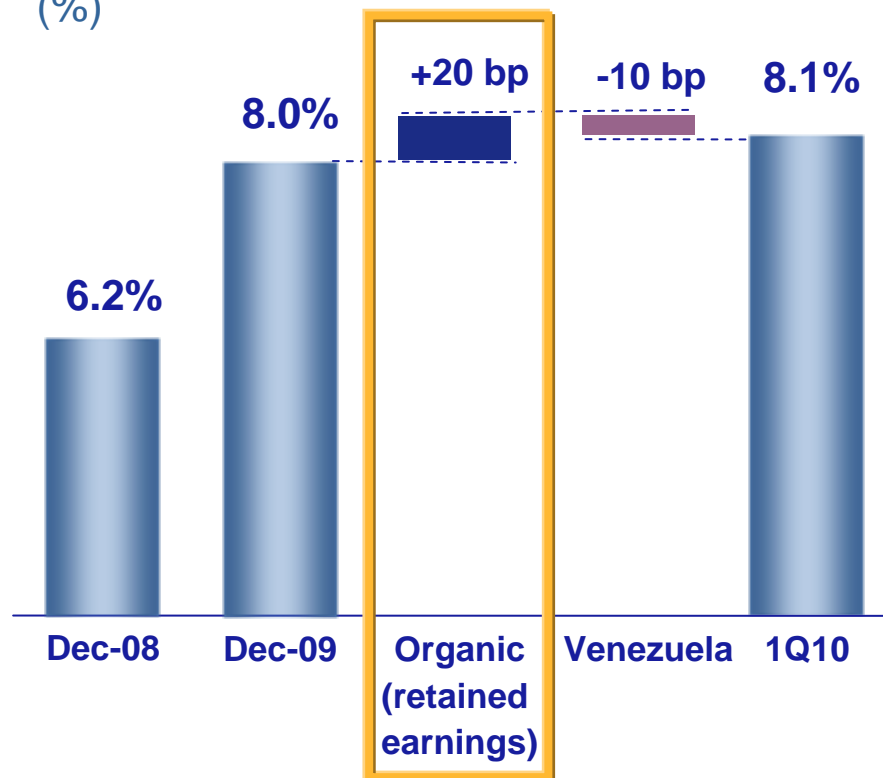
Winner in Basel III

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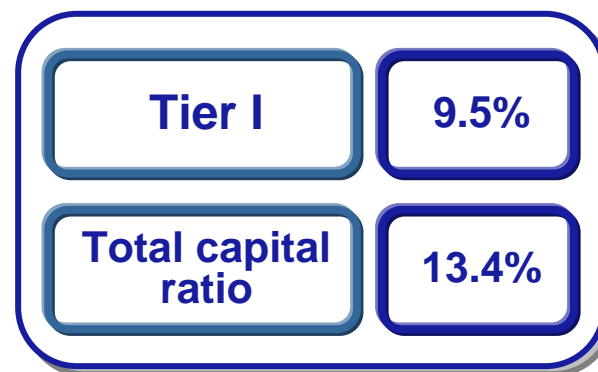
Attractive investment case

Strong organic capital generation ...

Core capital
BIS II
(%)



Tier I and total capital ratio
BIS II
(%)



High quality capital with RWA / TA* at 53.1%

... and liquidity position is excellent



Lowest wholesale financing needs among European peers



Planned issues in 2010 are covered



Moreover, collateral available is ~ €66 billion



Small balance sheet and retail structure



Superior NSFR*: 102% BBVA vs 87% European peers

An advantage compared to peers

BBVA is well-positioned for regulatory changes on capital

BBVA

Change		BBVA
DTA Treatment	➤	Low DTAS from tax loss carry forward
Minorities	➤	Small: To be compensated by proportional RWA reduction?
Pension liability deficit	➤	Pension obligations fully funded
Leverage ratio	➤	Among the least leveraged of Europe
Quality of Capital	➤	High quality – low weight of hybrids
Capital gains/loss treatment	➤	More favourable than current treatment by Bank of Spain

Analysts agree that BBVA is among the least impacted

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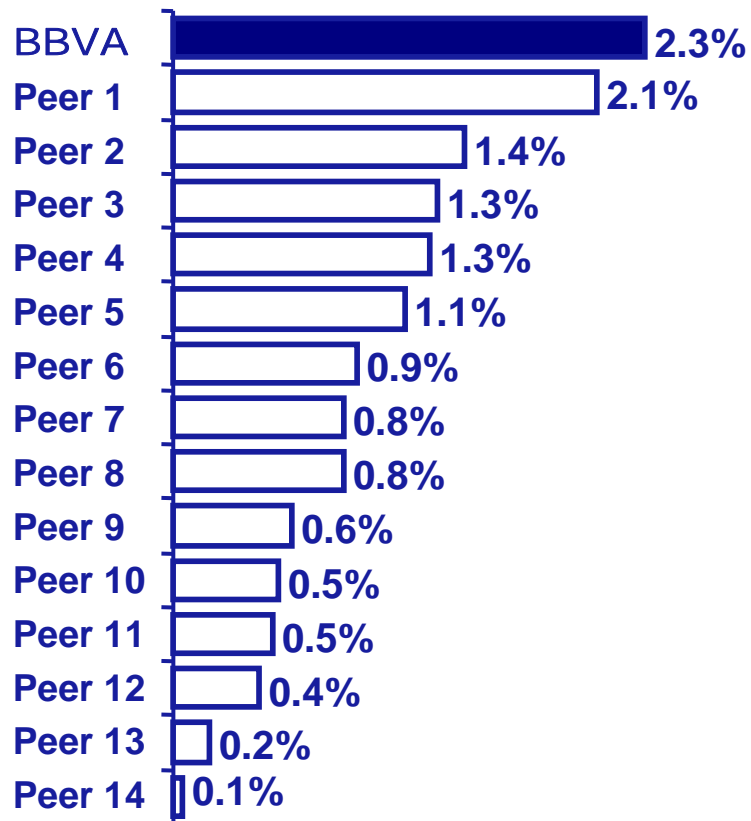
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Attractive investment case

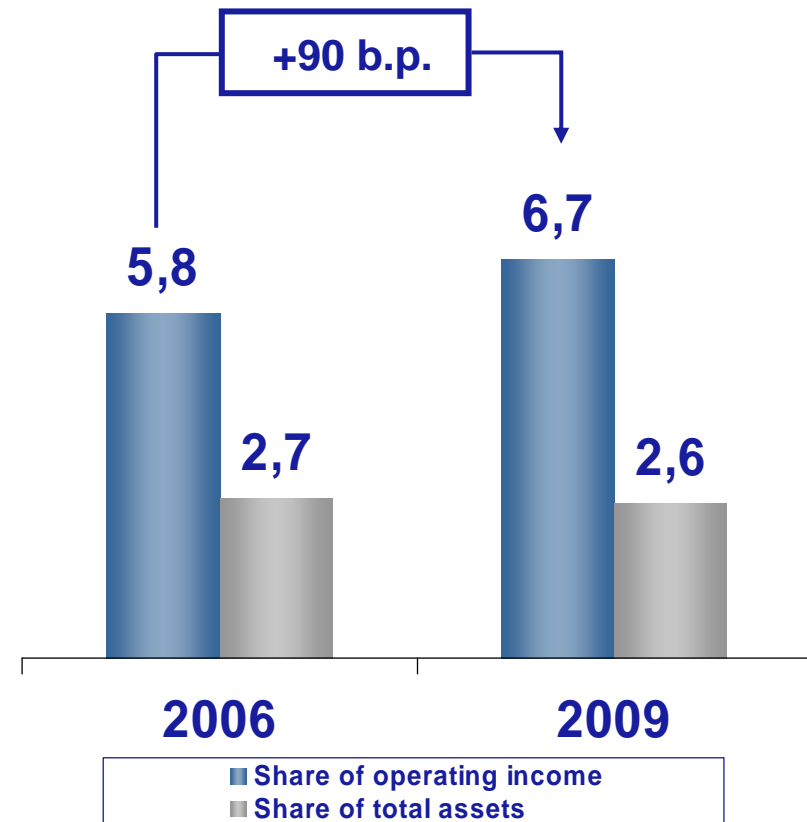
BBVA is a good owner of its assets

BBVA

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



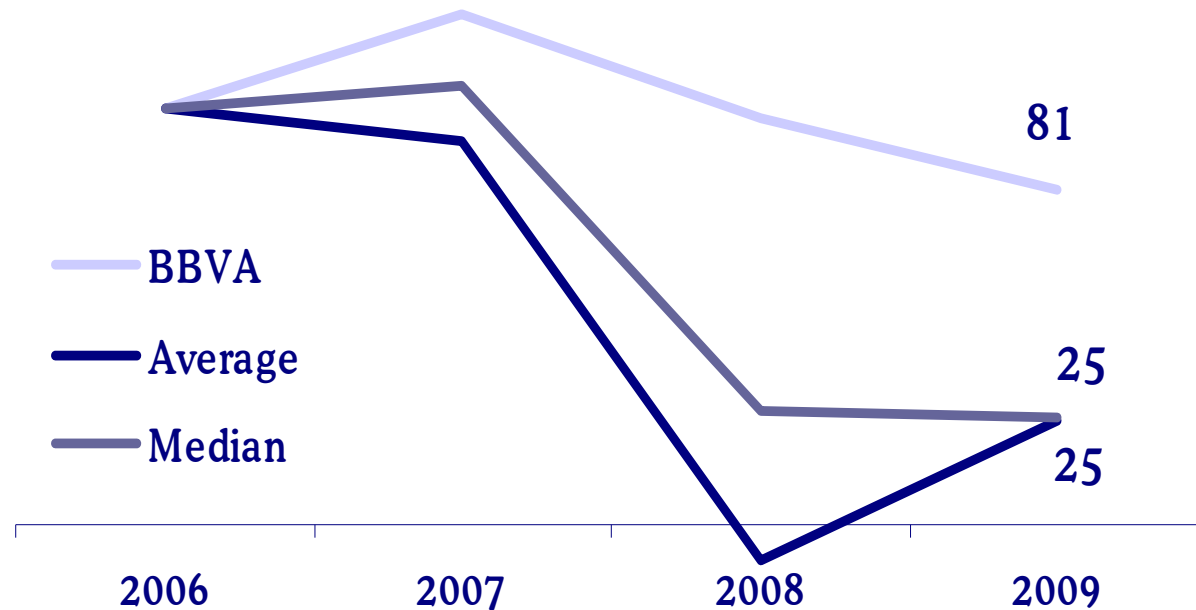
Share of operating income vs share of total assets
BBVA Group vs. peer group
(%)



With a high structural profitability that flows to our shareholders

BBVA

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



No shareholder dilution during the crisis

Track record of earnings delivery

Strong balance sheet

Unique performance in Spain

Strong franchises in attractive markets in clear turnaround

Current market turmoil dislocated from BBVA's strengths

High structural profitability and better positioned for the new cycle

Strength in turbulent times

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