"Leading the New Financial System"

Banking & Insurance CEO Conference

Ángel Cano
President & COO

London, 28th September 2010

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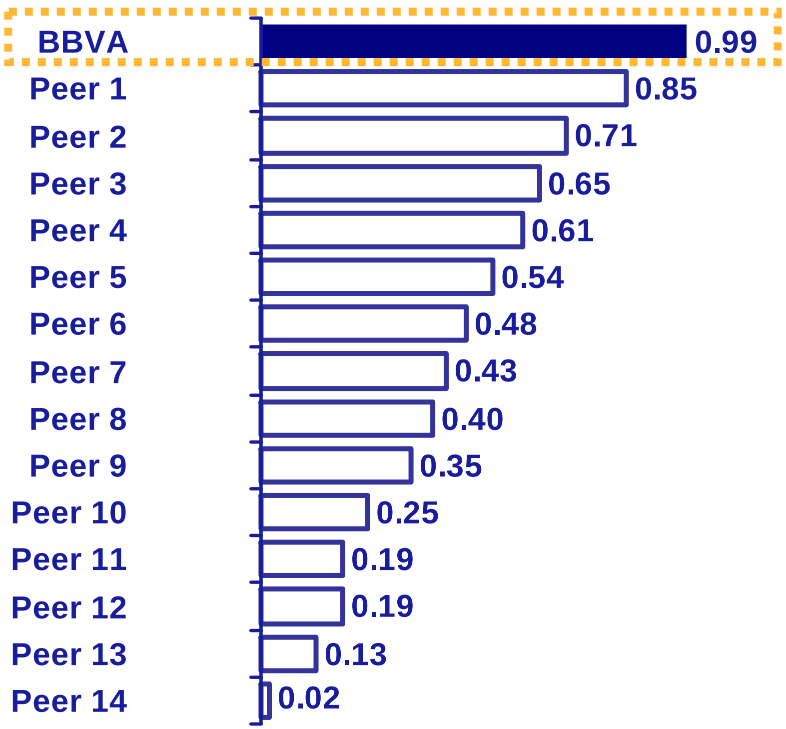
Superior performance of BBVA Group …

	2002-2007 (Base 100: 2002)	2007-2009 (Base 100: 2007)	1H10
Macro (World GDP)	2002: 100 2007: 126	2007: 100 2009: 102	• Sovereign risk • Fiscal consolidation • Liquidity crunch
Financial system (Attributable profit peer group*)	2002: 100 2007: 305	2007: 100 2009: 38	• Credit quality deterioration • Funding constraints
BBVA Group (Attributable profit)	2002: 100 2007: 314	2007: 100 2009: 97	• Record gross margin • Risk indicators stabilize • Access to liquidity • Solvency confirmed by stress-tests and S&P

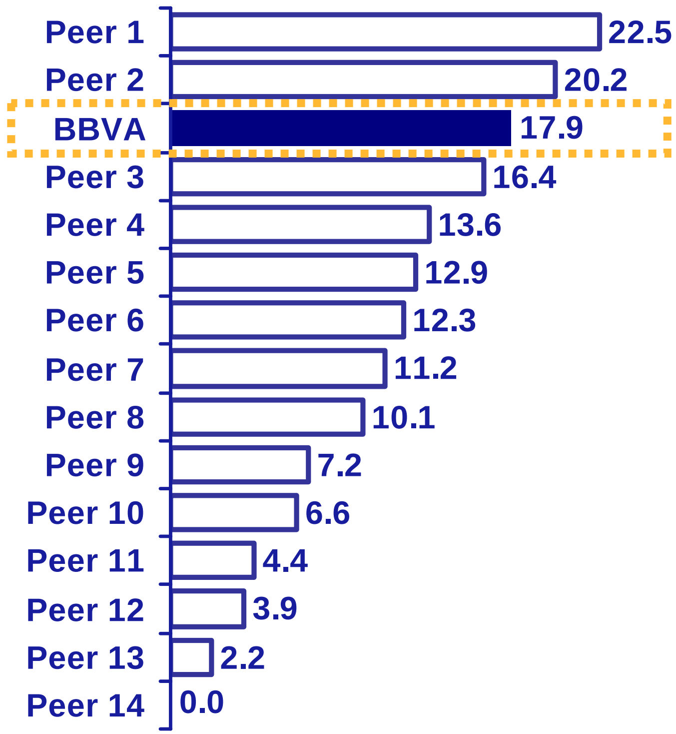
* Peer Group: BARCL, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, LBG, RBS , SAN, SG, UBS & UCI.

… and leadership in terms of profitability

ROA
BBVA Group & peer group*
(1H10, %)



ROE
BBVA Group & peer group*
(1H10, %)



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

Why do we outperform our peers? Why will we continue to do so?

1 **Superior business model: source of differentiation**

2 Bank transformation focused on superior future growth

Superior business model: source of differentiation

Superior business model based on:

1. Customer
2. Efficient distribution
3. Technology
4. Diversification
5. Prudence

Three key differentiation elements

A. Recurrence
B. Structural strength
C. Ability to anticipate

Our customer-focused business model …

Customer-based banking model …

Customer-based revenues:
91%* of total revenues

Retail banking leader in all our franchises

- **46.9 million customers**
- **7,407 branches**

A global WB&AM franchise

- **3,800 employees** (1,900 Europe, 1,800 America and 100 in Asia)
- **25 countries**

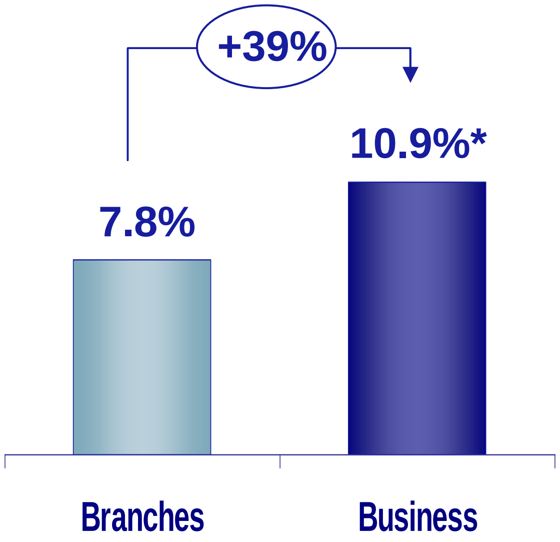
… with a leading position in our main markets

* Customer based revenues = BBVA Group gross income – (corporate activities + no clients income from WB&AM)

… with a very efficient distribution network …

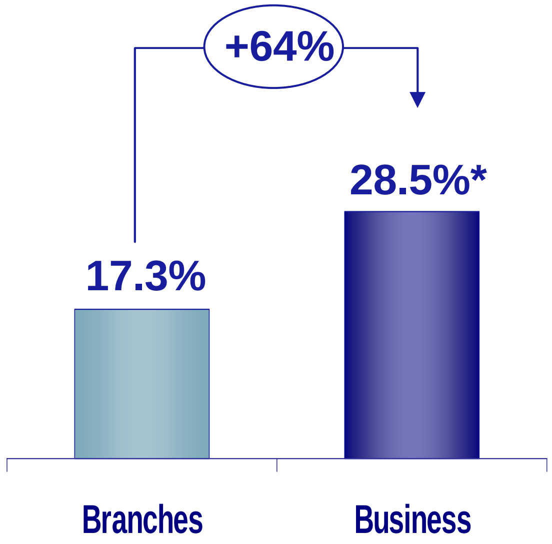
Spain

Market share
(%, June 10)



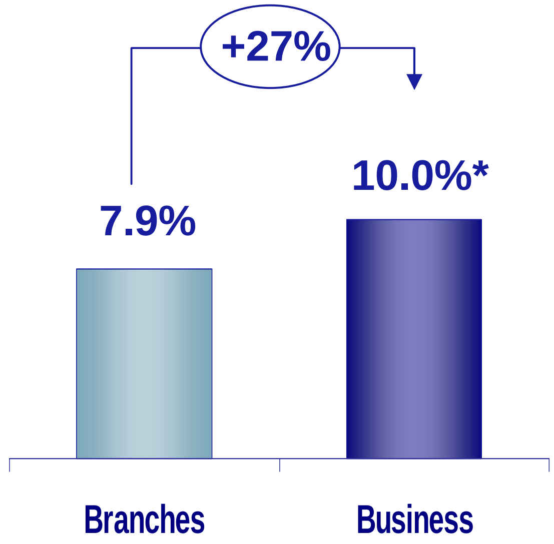
Mexico

Market share
(%, June 10)



Latam

Market share
(%, June 10)

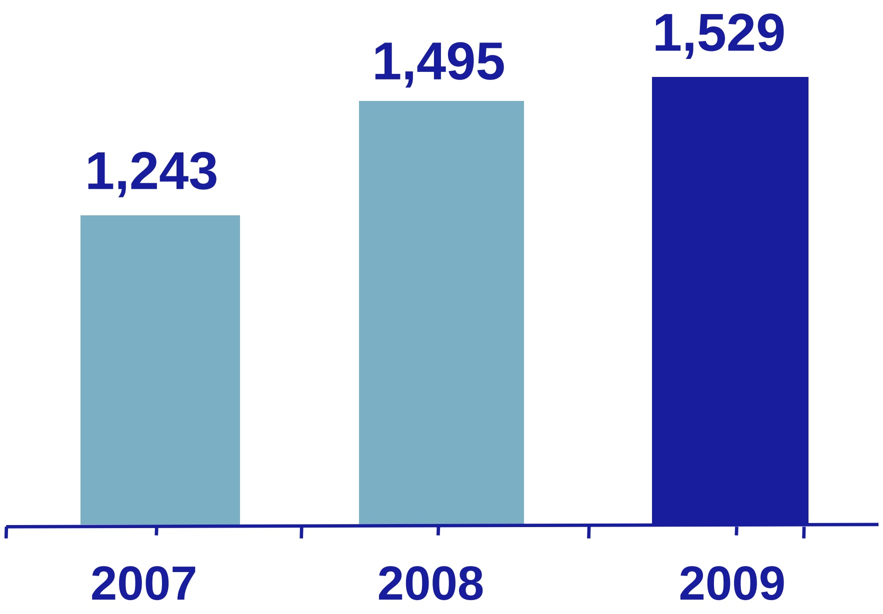


Efficient networks are key factor given their weight in the cost structure

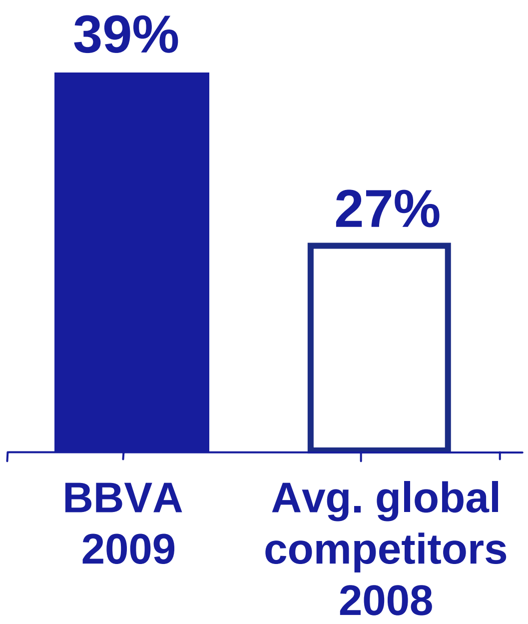
*Lending + customer funds

… important leveraging of technology …

Expenditures on technology BBVA Group*
(€m)



Change-the-bank vs Run-the-Bank
(Capex vs total costs)

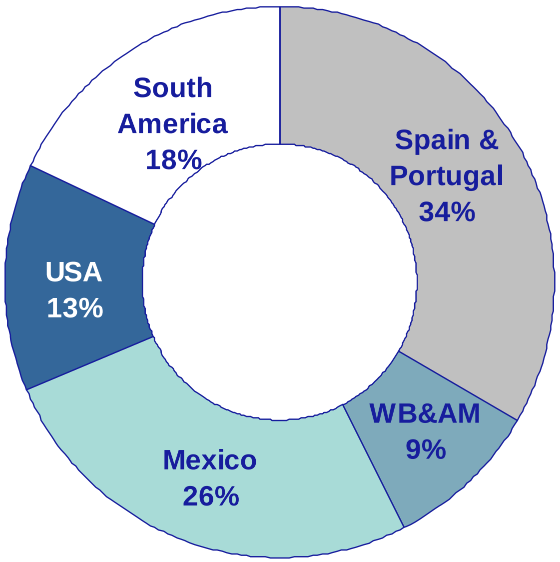


* Include investment + incurred expense excluding depreciation.

Source: BCG and in-house.

… well diversified …

Gross income*
Breakdown by business area
(%)



Emerging economies	46%
Developed economies	54%

… and finally prudence, the fundamental principle of our management

* Excl. corporate activities

1 Superior business model: source of differentiation

Superior business model based on …

1. Customer
2. Efficient distribution
3. Technology
4. Diversification
5. Prudence

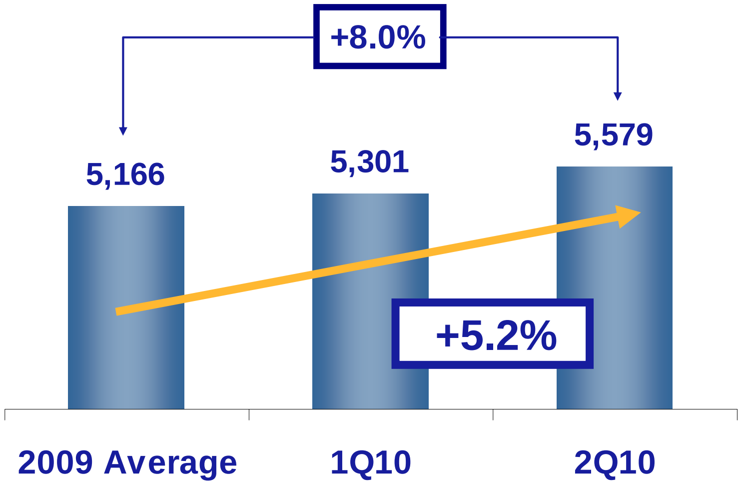
Three key differentiation elements …

A. Recurrence
B. Structural strength
C. Ability to anticipate

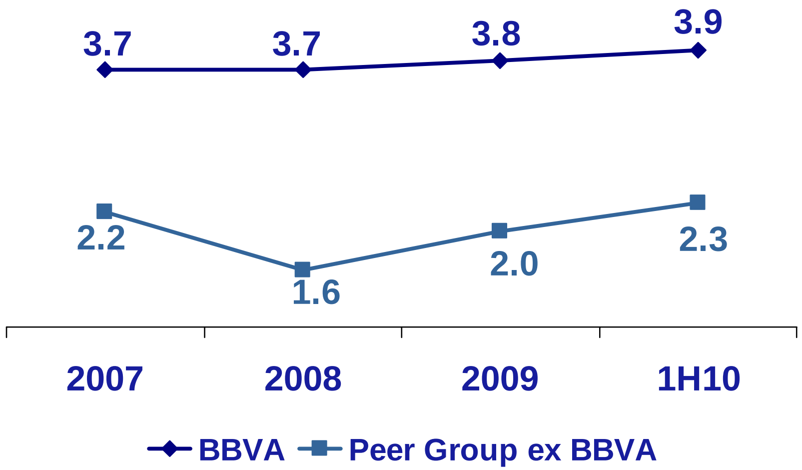
A. Recurrence: as a result we enjoy recurrent high-quality gross income …

- A. Recurrence
- B. Structural strength
- C. Ability to anticipate

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



Gross income / ATAs
BBVA Group vs peer group* (%)



Record quarter

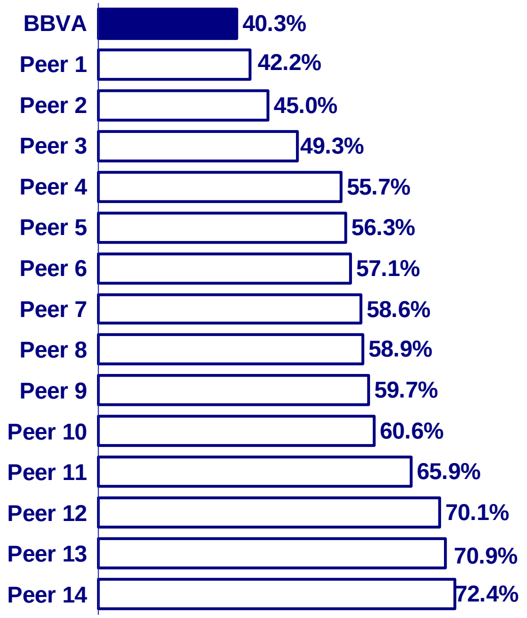
High profitability of our balance sheet

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

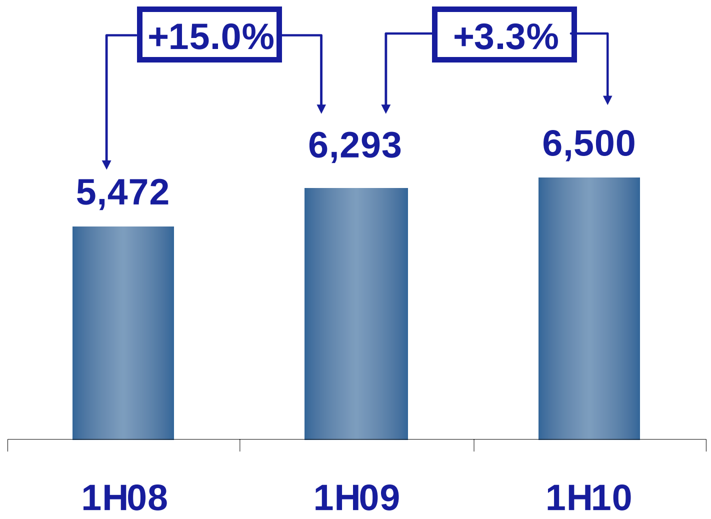
… that along with continuous progress in efficiency leads to strong operating income …

A. Recurrence
B. Structural strength
C. Ability to anticipate

Cost to income
BBVA Group & peer group
(1H10,%)



Operating income
BBVA Group
(1H10, €m)



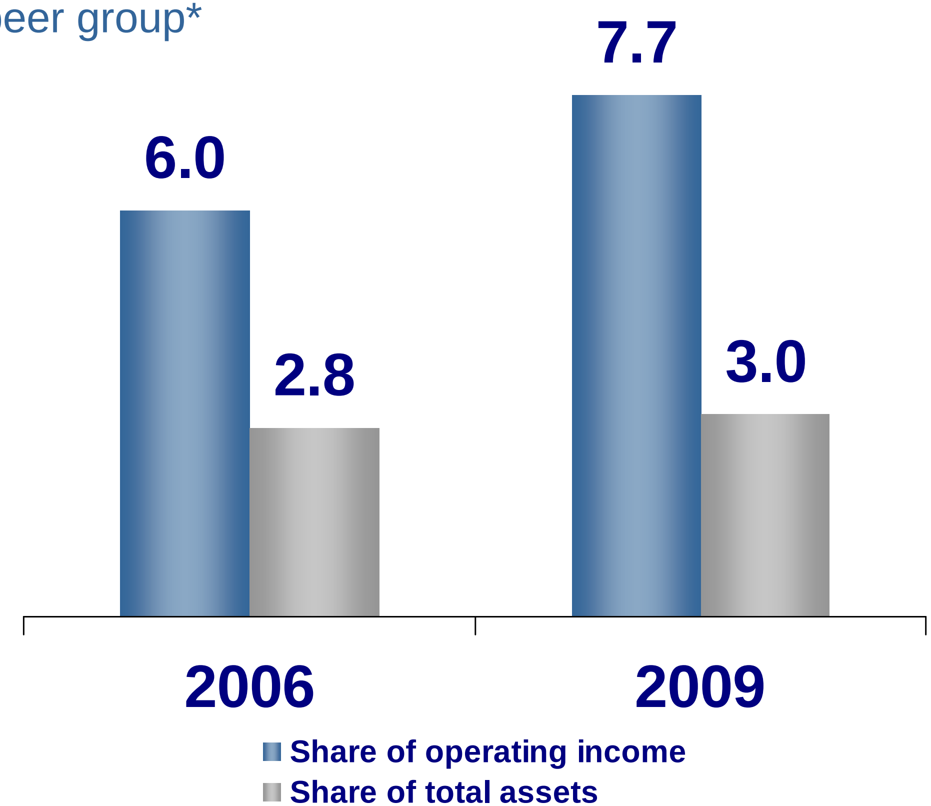
Leadership in efficiency

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

BBVA … improving our relative position during the crisis

A. Recurrence
B. Structural strength
C. Ability to anticipate

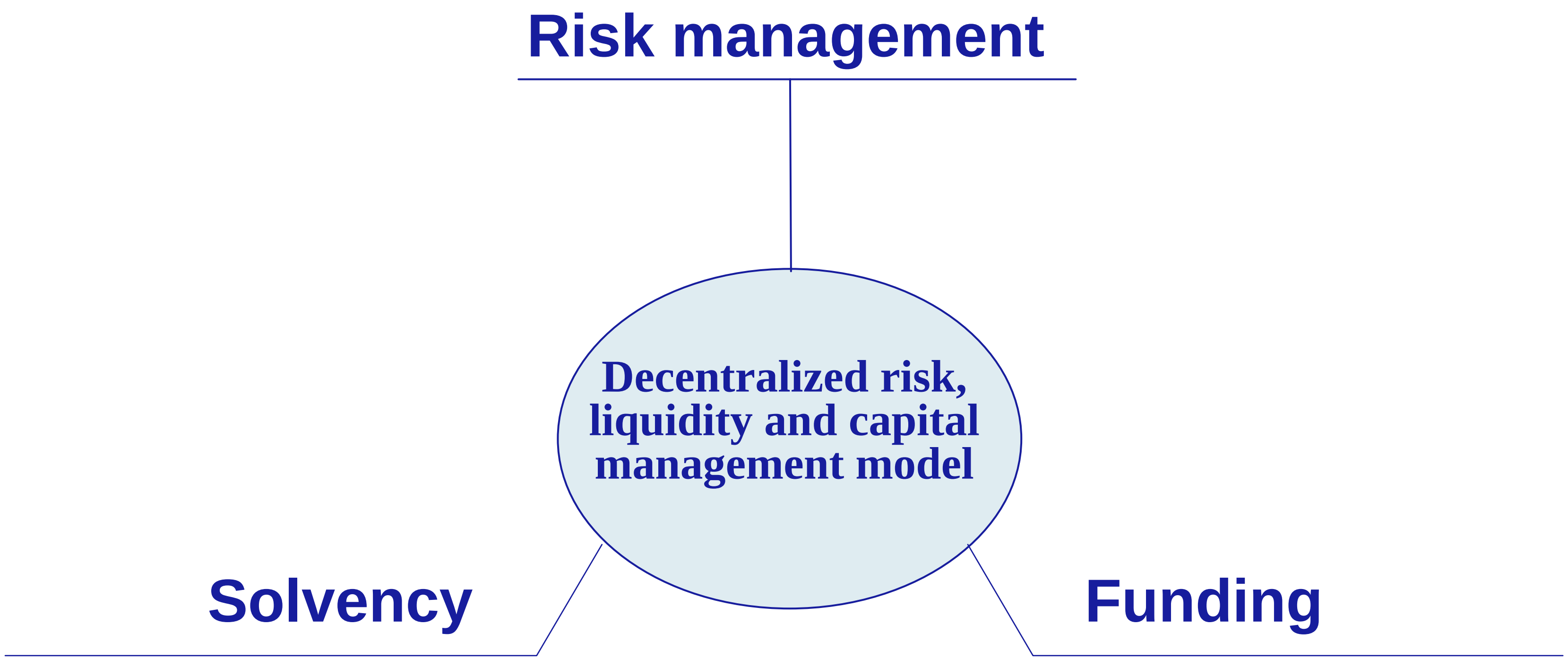
Share of operating income vs. share of total assets
BBVA Group vs. peer group*
(%)



Improvement in market share of operating income while keeping total assets stable

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

B. Structural strength



Risk management

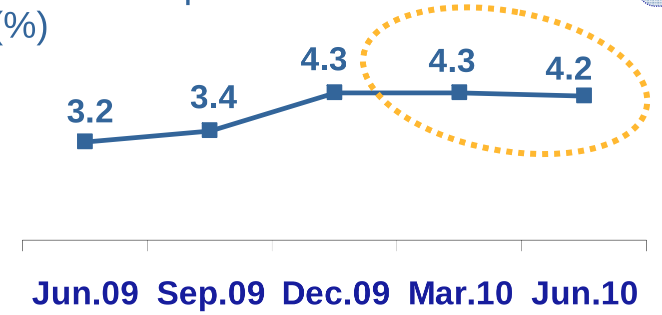
A. Recurrence
B. Structural strength
C. Ability to anticipate

Gross additions to NPA:
-14.8%
Monthly average, 2010 vs 2009*

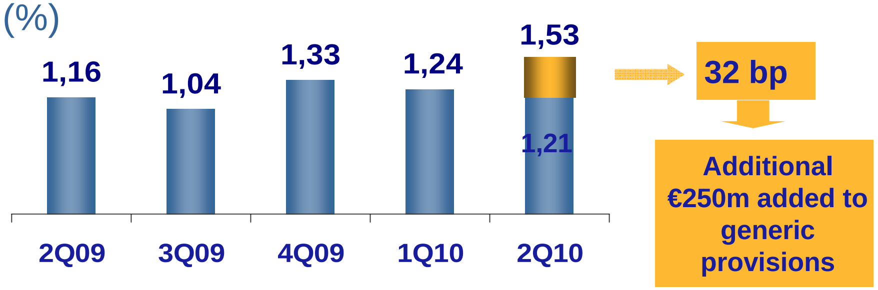
Net additions to NPA:
-56%
Monthly average, 2010 vs 2009*

Recoveries:
+37%
Monthly average, 2010 vs 2009

NPA ratio
BBVA Group
(%)



Cost of risk excl. one-offs
BBVA Group
Quarter-by-quarter
(%)



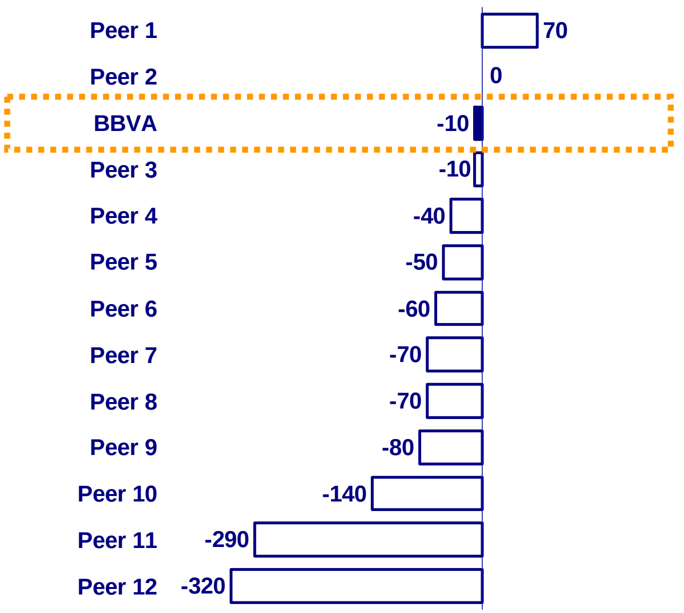
Stabilization and improvement in main risk indicators

* Excl. anticipation

Solvency: according to CEBS stress test BBVA is one of the most resilient entities in Europe

A. Recurrence
B. Structural strength
C. Ability to anticipate

Impact of stress test over TIER I
(In basis points)



Maximum resilience of capital ratio despite the tough test scenario used for Spain

Ability to generate net operating income

Adequate solvency and payment of cash dividends in stress scenarios in the absence of capital increases

Standard & Poor's has confirmed AA rating

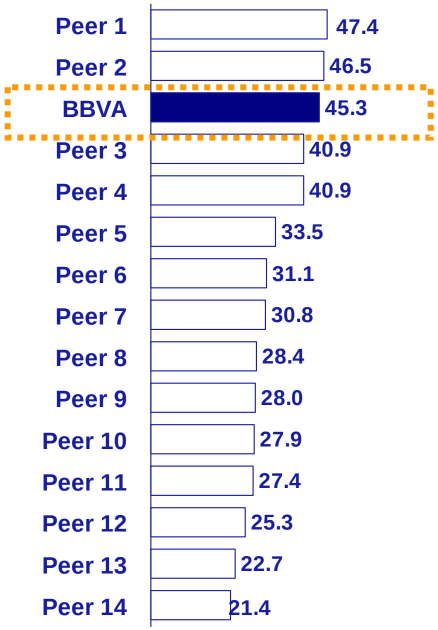
Organic generation capacity demonstrated quarter by quarter

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

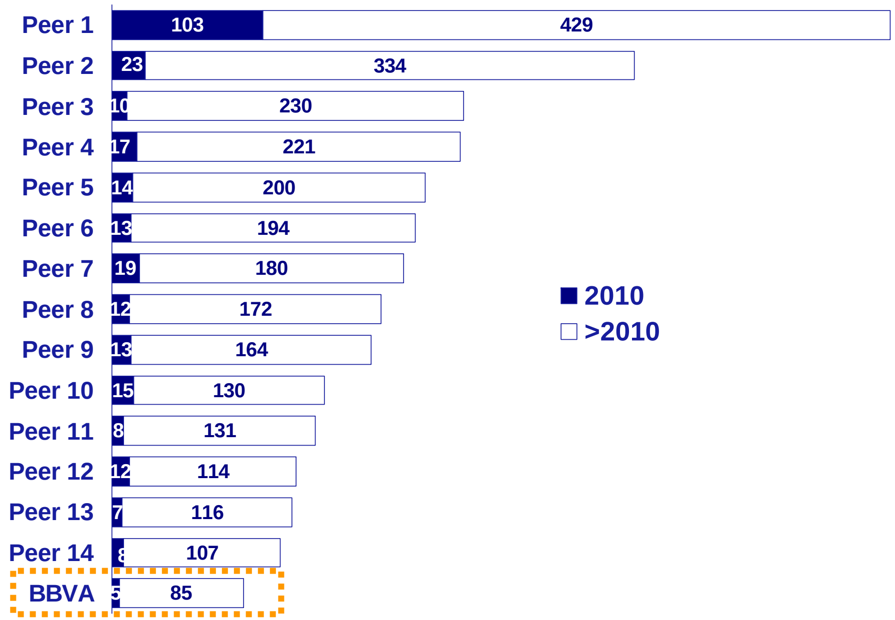
Funding: solid liquidity and finance positions

A. Recurrence
B. Structural strength
C. Ability to anticipate

Deposit / Assets
(1H2010, %)



BBVA Group's wholesale maturities
(€bn)



Source: Bloomberg September, 6, 2010

High deposit base and a smaller balance sheet than any peer

Less dependent on wholesale debt rollover in the medium term

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

BBVA

C. A history characterized by anticipation

Two types of anticipation

Tactical anticipation

Short term performance

Structural anticipation

Sustainability & evolution of the model

Tactical anticipation: recent examples

A. Recurrence
B. Structural strength
C. Ability to anticipate

Funding position

Wholesale funding

- LT wholesale finance budget covered in advance

Retail funding

- Customized prices vs. massive price campaigns
- Selective growth

Credit quality

- Anticipate future deterioration

- Comfortable position and access to the markets
- Resilience of net interest income
- Market share gains

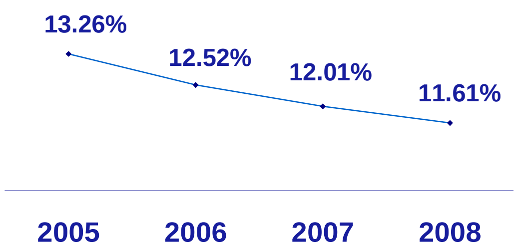
- Superior NPA evolution

Structural anticipation: Spain

A. Recurrence
B. Structural strength
C. Ability to anticipate

Planned quota loss (since pre-crisis)

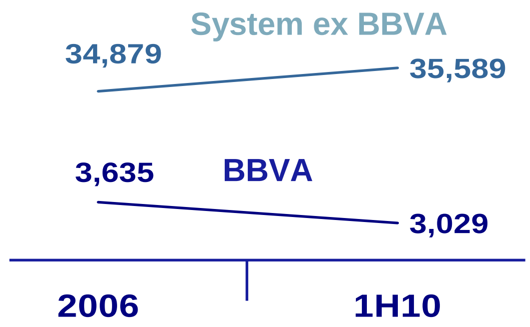
BBVA's lending share in Spain (%)



Source: BBVA and Bank of Spain

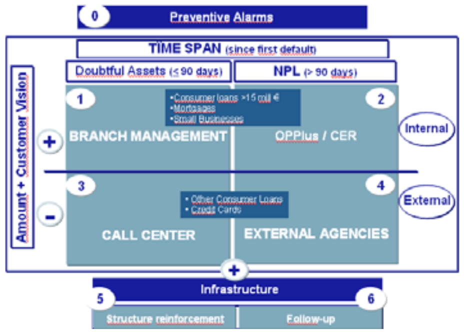
Transformation plan (2007)

Branches in Spain



New recovery process (2007)

Recoveries process redesign in Spain



Market share of recurrent operating income*: 33.0 %
(+10.7 pp in the last two years)

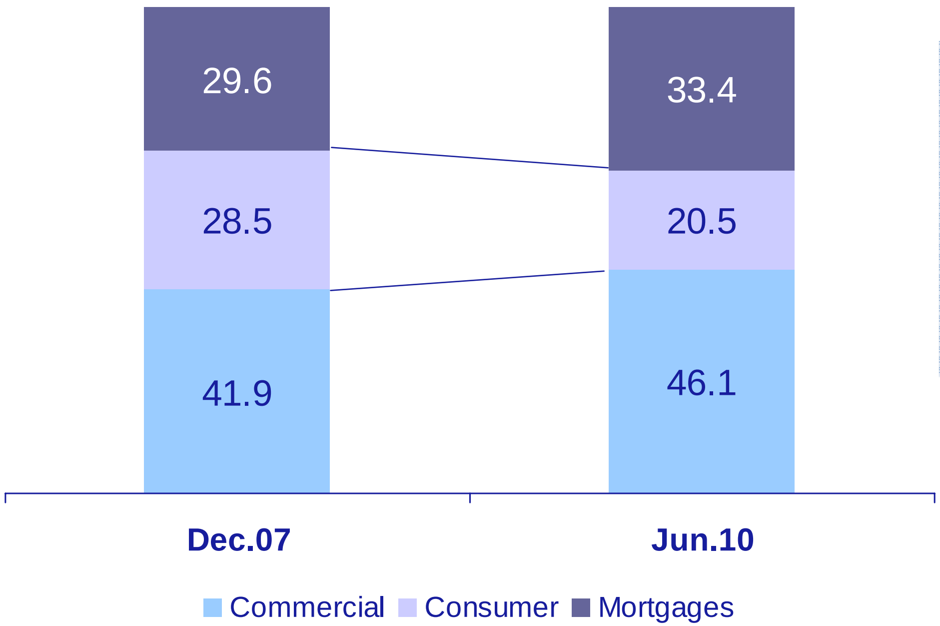
* Recurrent operating income= operating income ex net trading income. Peers: Caixa, Caja Madrid, Popular, Sabadell & Santander

Structural anticipation: Mexico

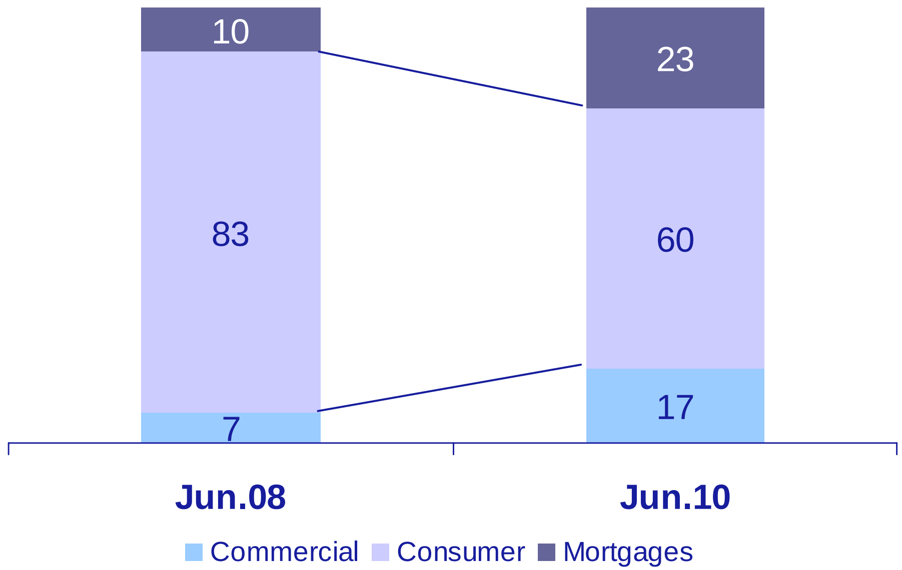
A. Recurrence
B. Structural strength
C. Ability to anticipate

Proactive change of the portfolio mix

Loan portfolio* (Mix, %)



Net interest margin* (loan portfolio) (Mix, %)



… while increasing our share of recurrent operating income share: 37.2 % (+2.6 pp in the last two years)**

* Local data Mexico.

** Recurrent operating income= operating income ex net trading income. Peers: Banamex, Banorte, HSBC y Santander.

BBVA Why do we outperform our peers? Why will we continue to do so?

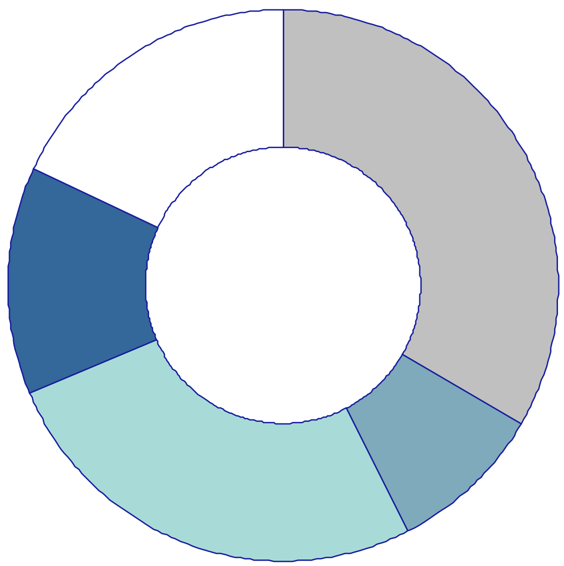
1 Superior business model: source of differentiation

2 Bank transformation focused on superior future growth

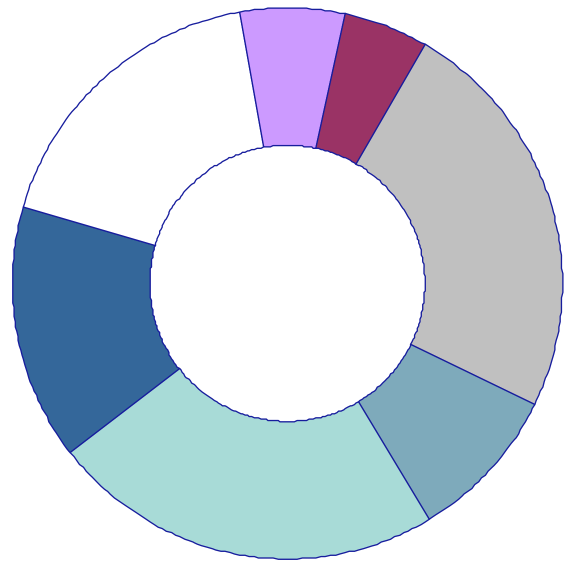
- Diversification
- Growth potential

Better diversification: portfolio mix biased towards high growth economies

Present → **Future**



2010



201?

Potential growth of emerging economies and optimization of franchises in mature markets

Growth plan based on three pillars …

A. Customer	B. Distribution	C. Processes

… with three clear objectives …

Market share growth

Productivity improvement and new relationship model with our customers

- Low cost production
- Superior customer experience

… and with technology as a facilitator

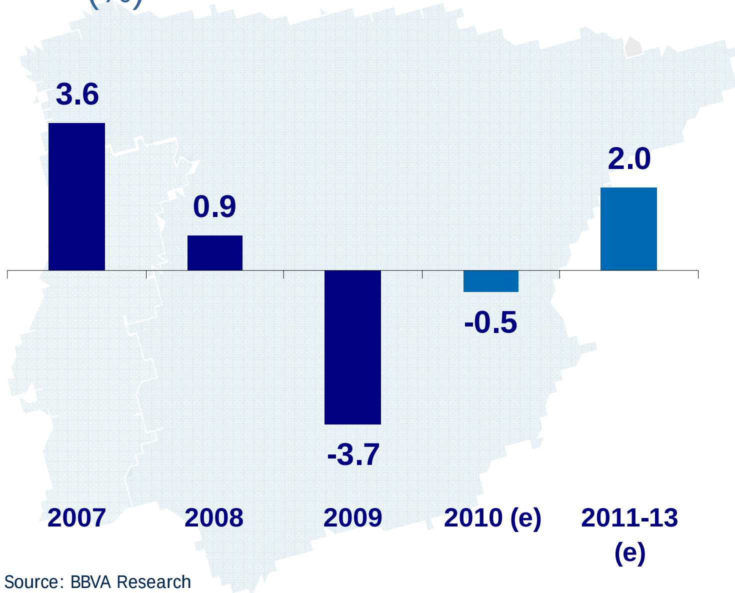
And, what can we expect from each business unit as a result of this plan?

Spain & Portugal	• Market share gains
Mexico	• Growth through bancarization and increased capillarity
South America	• Key driver of Group growth through efficiency and high value segments
USA	• Increase contribution and relative weight within the Group through implementation of BBVA model
WB&AM	• Growth based on two pillars: product & geography

Spain, ongoing stabilization in macro terms ...

Recovery symptoms …

Spain
GDP growth
(%)



Source: BBVA Research

… and fiscal consolidation in progress

Measures	Reduction of public deficit in 2 years (% of GDP)
Discretionary measures	+2.7 %
Increase in revenues	+1.0 %
Immediate action plan	+0.5 %
Adjustment plan submitted to the EC	+1.5 %
Cyclical impact on deficit	-0.5 %
	5.2 %

Structural reforms on track (labour market, pensions …)

Deficit will fall from 11.2% to 6.0% of GDP in 2 years (to 3.0% by 2013: -7,2 pp)

… and many opportunities we are already exploiting

Opportunity

Competitors' weaknesses

1. Consolidation process
2. Funding constraints

Market share gain*

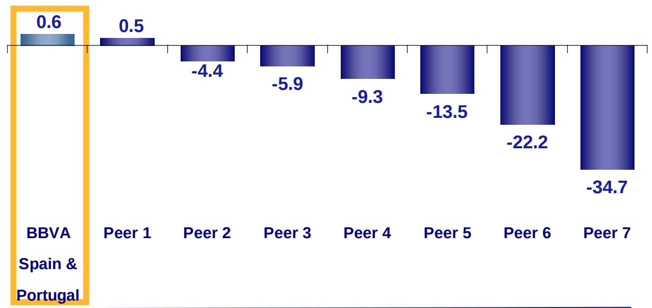
(Jul.10 vs Dec.09)

Domestic deposits: +33 bp

Domestic lending: +103 bp

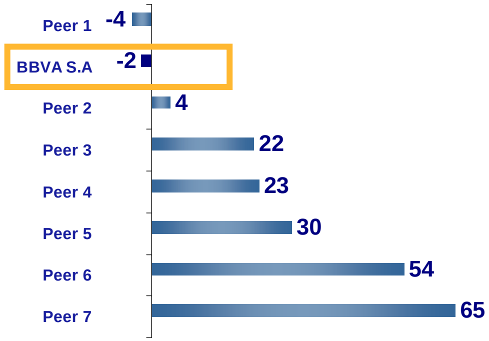
Superior performance of Net interest income

Net interst income
y-o-y growth – 1H10 / 1H09
(%)



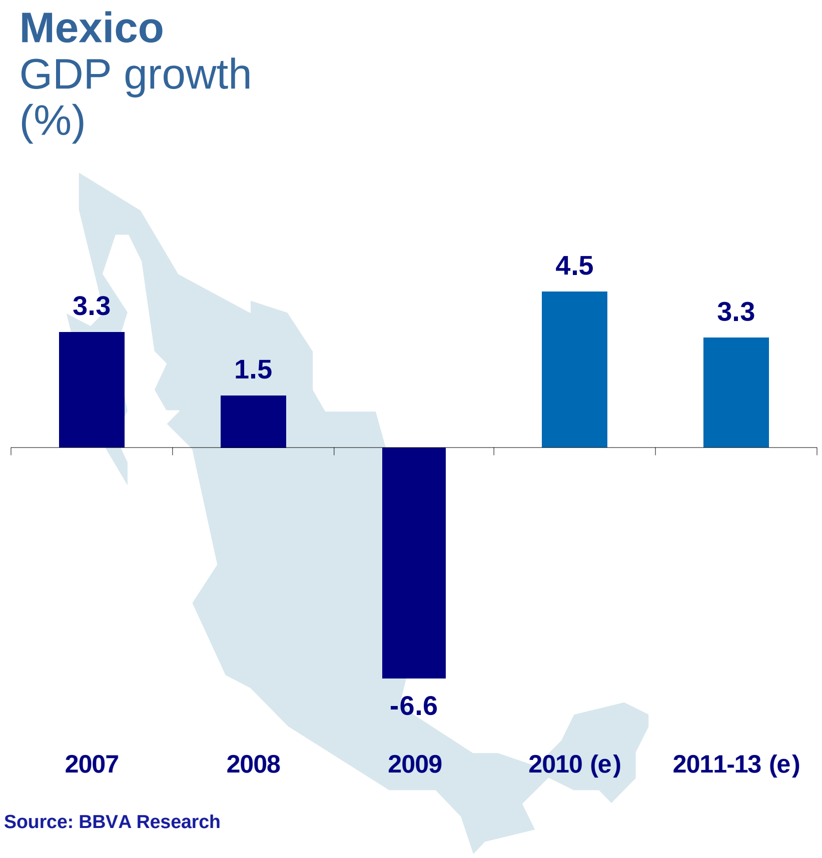
Superior performance of risk indicators

NPA ratio
Local peer group
Variation Jun10 / Dec09
(Basis points)



*Other domestic lending and other domestic deposits

Mexico: positive perspectives from the macro standpoint …



Source: BBVA Research

Growth rates that will soon lead to higher earnings

… and many growth opportunities

Opportunity

High weight of informal workers in occupied labor
Low banking penetration
Low utilization of banking services

22 million potential customers

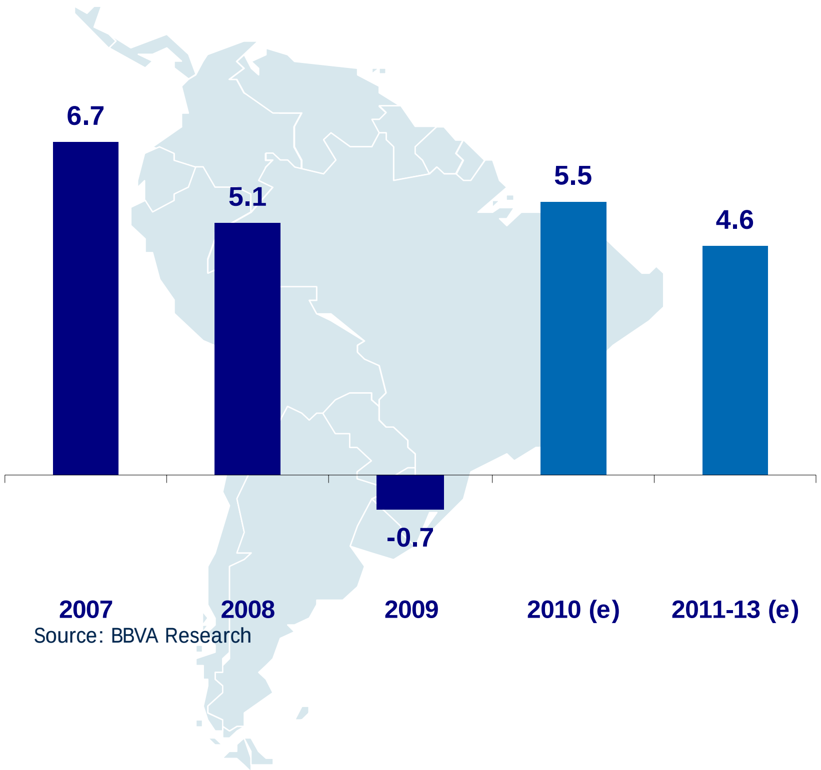
Main lines of action

Bancarization

Increased capillarity

South America: high potential growth …

South America*
GDP growth
(%)



Source: BBVA Research

Dynamism of a region that continues to be an important source of Group growth

*Argentina, Brazil, Chile, Colombia, Peru and Venezuela
Source: BBVA Research

… and opportunities to upgrade the franchise and grow at full potential

Opportunity

Mass affluent and affluent

- Profitability of an average affluent customer is 7.8 times that of the average typical customer
- Unattended affluent and corporates segment

Efficiency

	Spain	South America
% FTEs devoted to sales	61%	44%

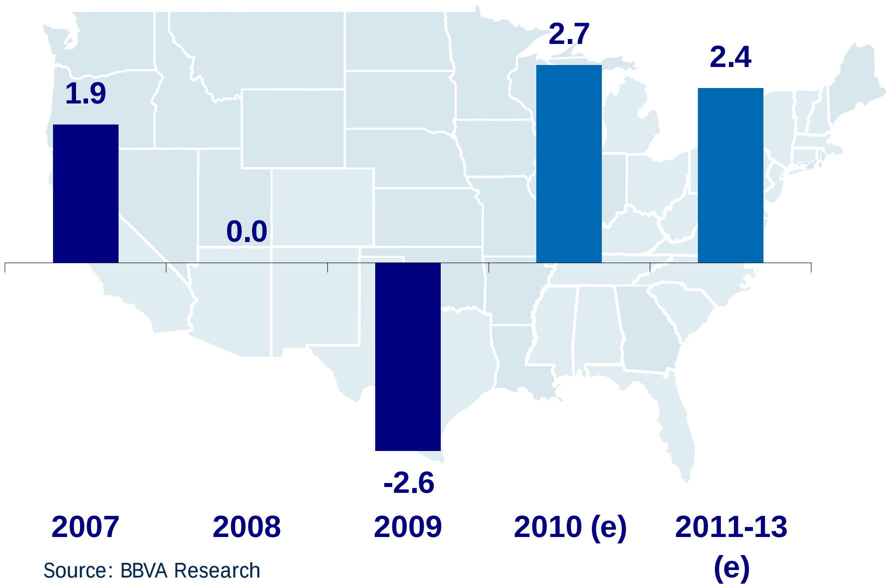
Main lines of action

High value segments

Crucial process optimization

USA: several growth niches for our franchise …

USA
GDP growth
(%)



Source: BBVA Research

Despite uncertainty the USA is leading global recovery

… with a clear goal: to increase its contribution to 15% of BBVA’s net income

Opportunity

- Sector consolidation: reduced competition
- Re-intermediation of financial services by banks
- Cross-border business
- Corporate banking
- High value customers

Main lines of action

- **Customer acquisition and saturation**
- **Distribution restructuring**
- **New IT platform**

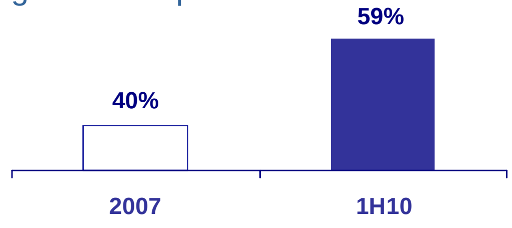
WB&AM: good opportunities and already delivering results

Opportunity

Geographies	Product / segment
• U.S.	• Institutional customers
• Asia	• Global fixed-income
	• FX & transactions

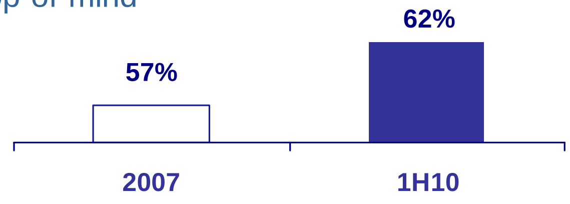
A. More global

Percentage of non-Spanish Income
(%)

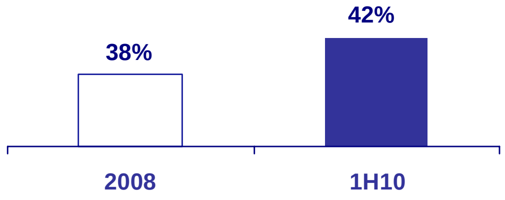


B. Greater customer penetration

First 3 top-of-mind*
(%)



Added value income C&IB
(%)



* Spain and Latam ex Brazil

* * Commissions + Net trading income

BBVA In conclusion: a valuable investment opportunity

1 **Superior business model: source of differentiation**

- Recurrence
- Structural strength
- Ability to anticipate

2 **Bank transformation focused on superior future growth**

- Diversification
- Growth potential

Capacity and determination to lead the future financial system

"Leading the New Financial System"

Banking & Insurance CEO Conference

Ángel Cano
President & COO

London, 28th September 2010