BBVA

UBS Global Financial Services Conference

BBVA: Recurrent and sustainable earnings

NY, May 13th 2009

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1. Outstanding earnings performance through the crisis
2. Recurrent and high quality operating income
3. Strong profitability and organic capital generation
4. Improving asset quality trends
5. Conclusions

1	**Outstanding earnings performance through the crisis**
2	Recurrent and high quality operating income
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Outstanding earnings performance in 2008

	2007	2008
Net attributable profit ranking	11th	2nd ⇧
Market capitalization ranking	17th	7th ⇧
Total relative shareholder return *	3rd	1st ⇧
S&P rating	AA-	AA ⇧

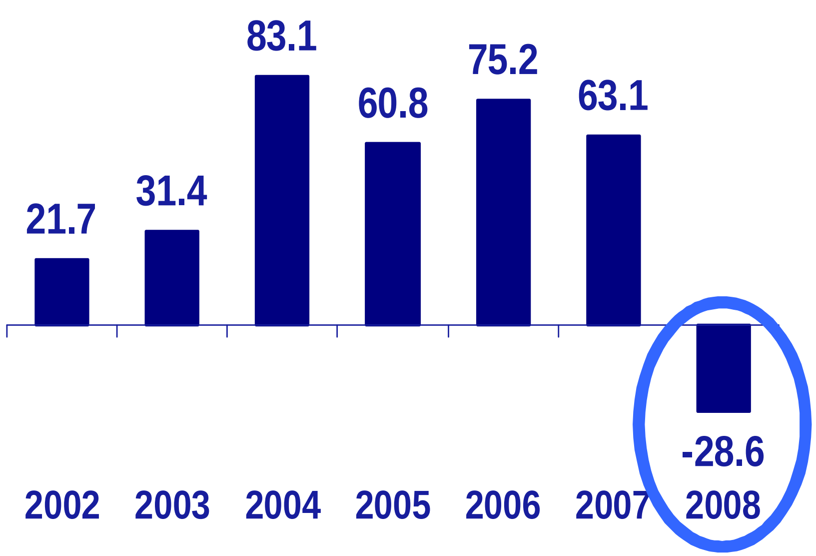
… as a consequence of a prudent management and corporate positioning in retail banking

* Peer Group

Confirming the recurrent nature and sustainability of our business model

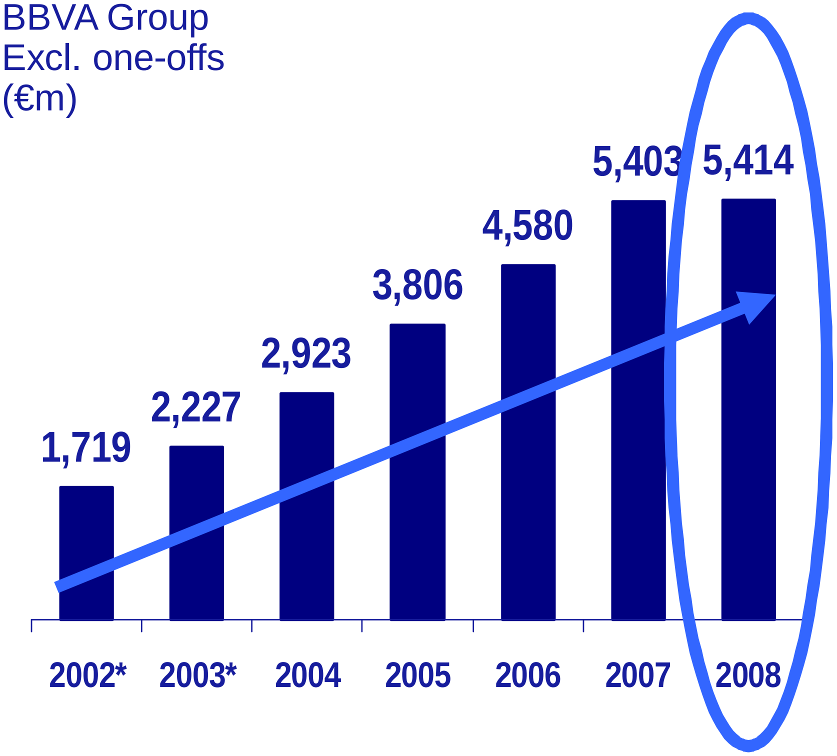
Superior performance + Sustainable profit

Net attributable profit
Peer group aggregate excluding BBVA Group
(€bn)



Peers: Barclays, BNPP, Crédit Agricole S.A., Credit Suisse, Deutsche Bank, HBOS, Intesa Sanpaolo, Lloyds, RBS, Santander, Société Générale, UBS and Unicredit

Net attributable profit
BBVA Group
Excl. one-offs
(€m)



Net attributable profit 2008 including one-offs is €5,020m

2008, a year in which the crisis has clearly taken a toll on the financial industry

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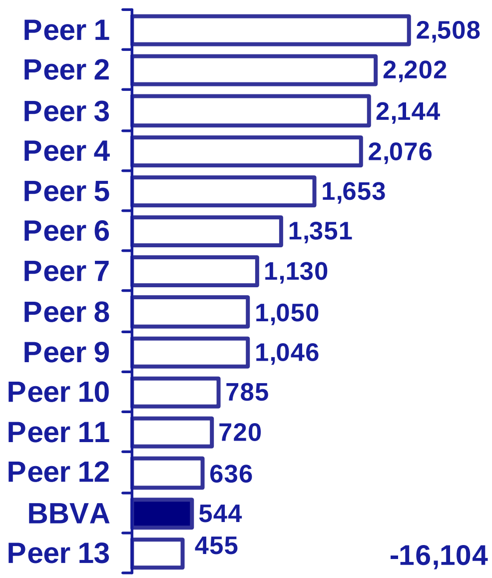
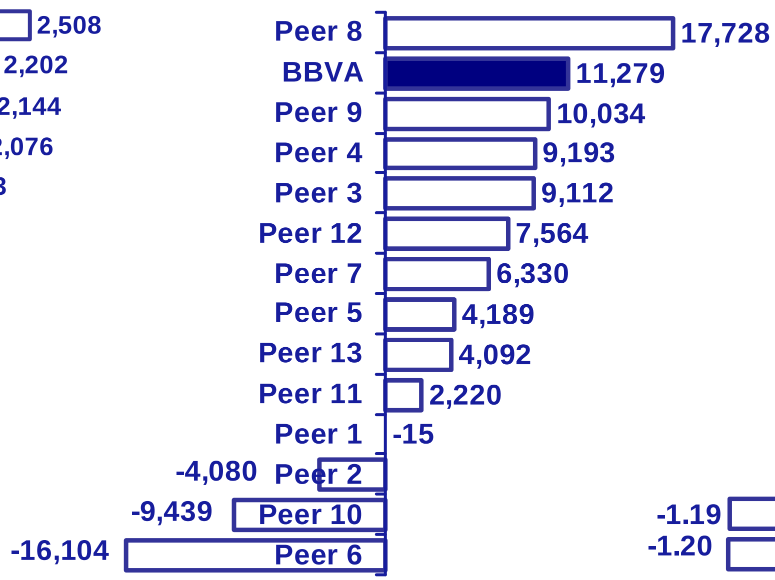
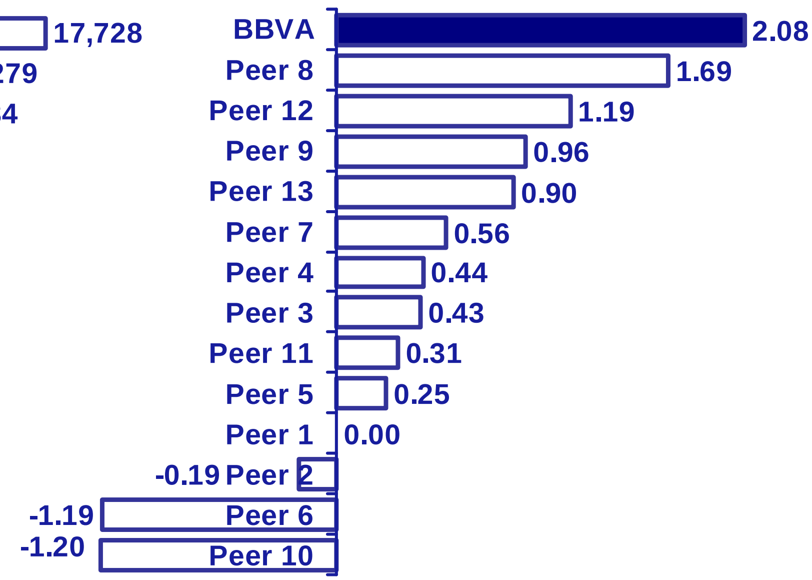
Total assets
Peer Group
(€bn, Dec.08)



Operating Income
Peer Group
(€m, Dec.08)



Operating Income/Total assets
Peer Group
(%, Dec.08)

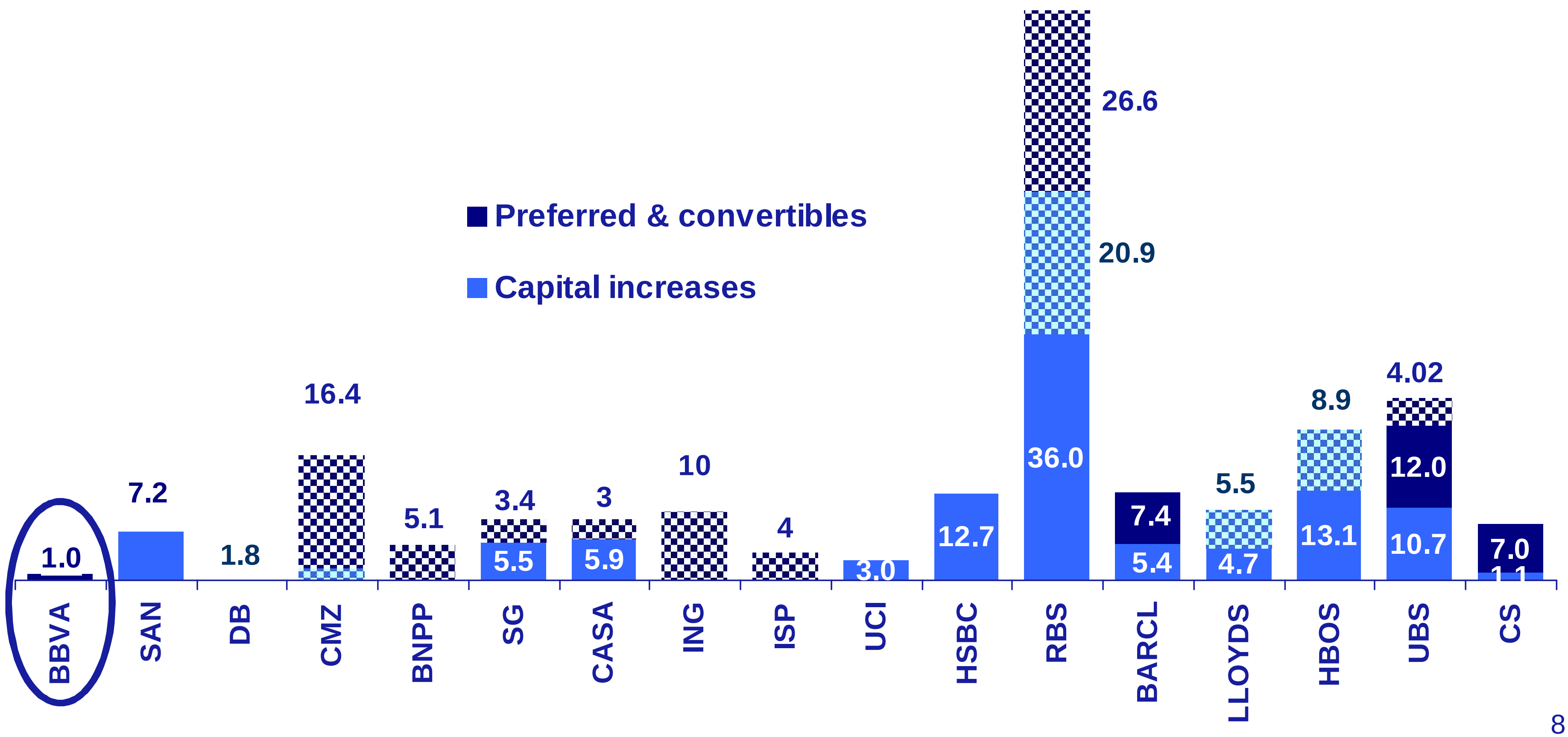


Strong operating income is a distinct feature of the BBVA Group

Peers: Barclays, BNPP, Crédit Agricole S.A., Credit Suisse, Deutsche Bank, HBOS, Intesa Sanpaolo, Lloyds, RBS, Santander, Société Générale, UBS y Unicredit

Capital actions have been diverse in 2008, mirroring the differences in business models and strategies

Capital actions executed or announced since January 2008 (€ Bn)
Excludes M&A driven capital increases
(Checkered = government sponsored)



Organic capital generation in 2008 is also an evidence of such differences

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CORE CAPITAL	31 Dec. 2008	Capital growth ex capital increases
BBVA Group	6.20%	+0.40 p.p.
Peer 1*	6.30%	+0.30 p.p.
Peer 2*	8.57%	-0.11 p.p.
Peer 3*	5.87%	-0.21 p.p.
Peer 4	5.42%	-0.28 p.p.
Peer 5**	7.00%	-0.41 p.p.
Peer 6*	6.39%	-0.41 p.p.
Peer 7	5.80%	-0.50 p.p.
Peer 8*	7.23%	-0.69 p.p.
Peer 9	6.84%	-1.35p.p.
Peer 10**	7.60%	-1.37 p.p.
Peer 11*	8.59%	-3.25 p.p.
Peer 12	5.60%	-4.84 p.p.
Peer 13	4.12%	-5.49 p.p.

*Estimated Core capital Dec.07 calculated as (Core capital BISII/Core capital BISI)
** Core capital according to BIS I

Peers: Barclays, BNPP, Crédit Agricole S.A., Credit Suisse, Deutsche Bank, HBOS, Intesa Sanpaolo, Lloyds, RBS, Santander, Société Générale, UBS y Unicredit

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First quarter 2009: encouraging signs and reassuring 2008 strengths

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BBVA's operating income is based on ...

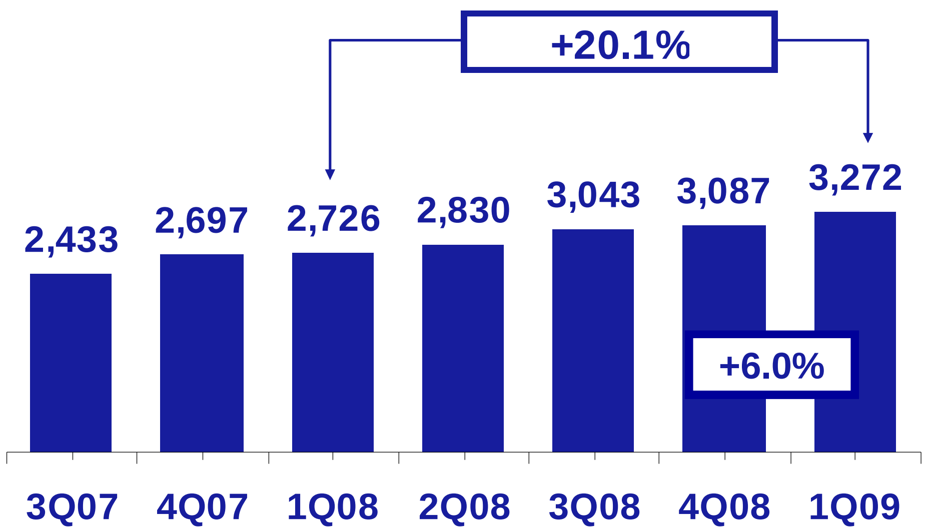
High quality of gross income

Focus on pricing and mix management

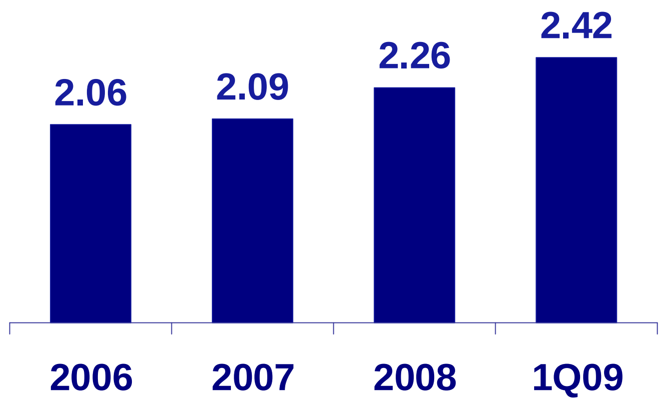
Strict cost control

Strong growth of net interest income

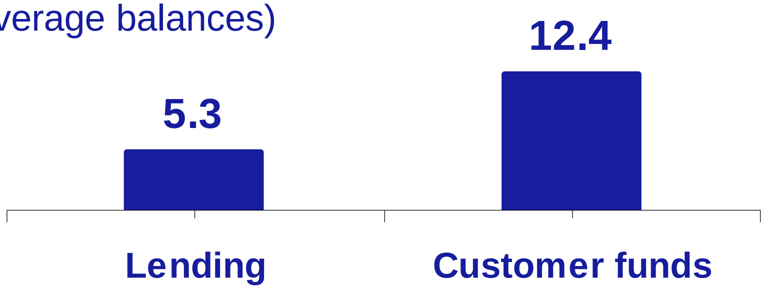
Net interest income
BBVA Group
(€m)



Net interest income / ATAs
BBVA Group
(%)



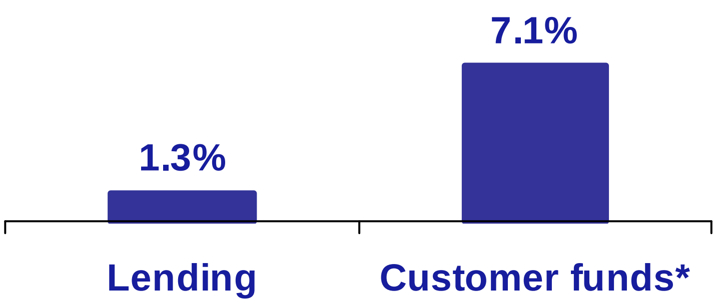
Lending and customer funds
BBVA Group
Year-on-year growth
(Average balances)



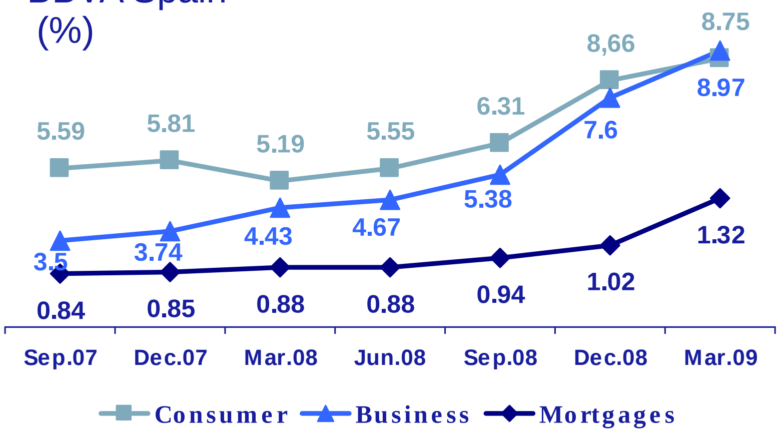
Appropriate management of the slowdown and focus on pricing

Focus on pricing, a clear management commitment

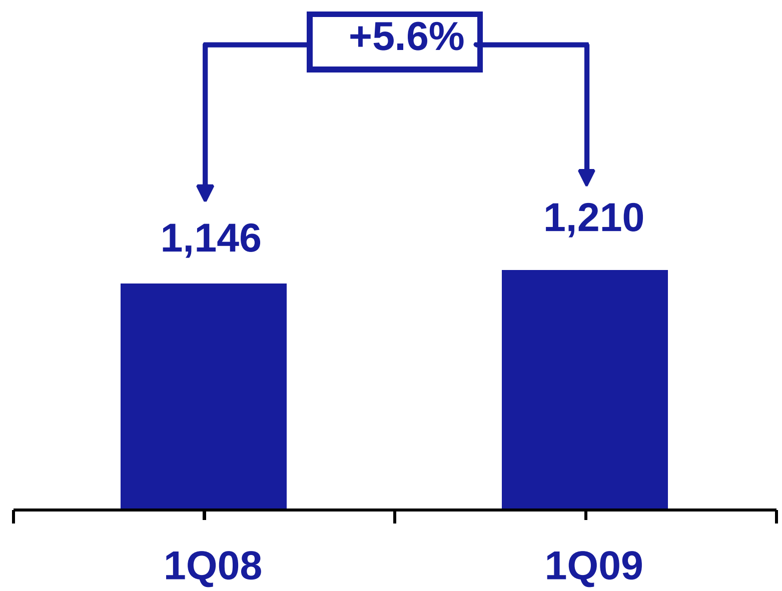
Lending and customer funds
Spain & Portugal
Year-on-year growth
(Average balances)



Front book spreads
BBVA Spain
(%)



Net interest income
Spain & Portugal
(€m)

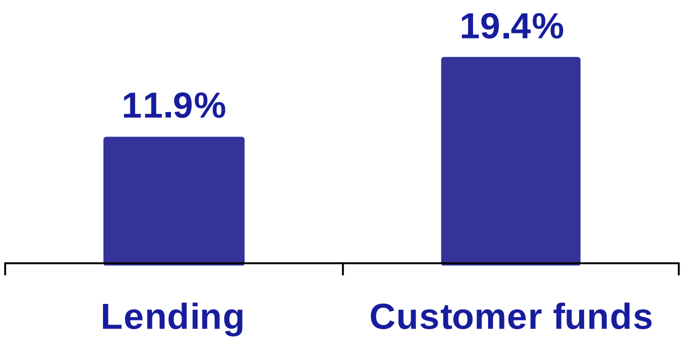


+31.9% on € balance sheet

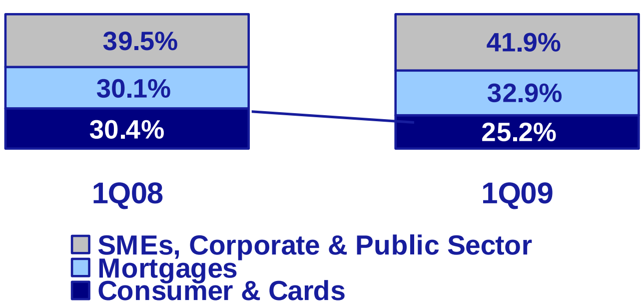
* Liquid funds + time deposits

In Mexico: good levels of business activity and prices maintained with lower-risk mix

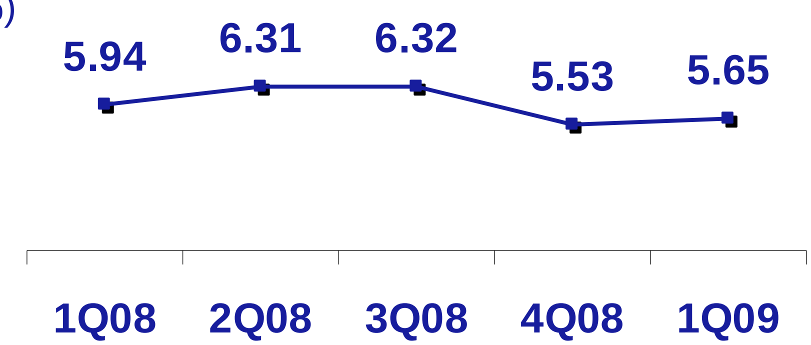
Lending and cust. funds
Year-on-year growth
(Average balances)



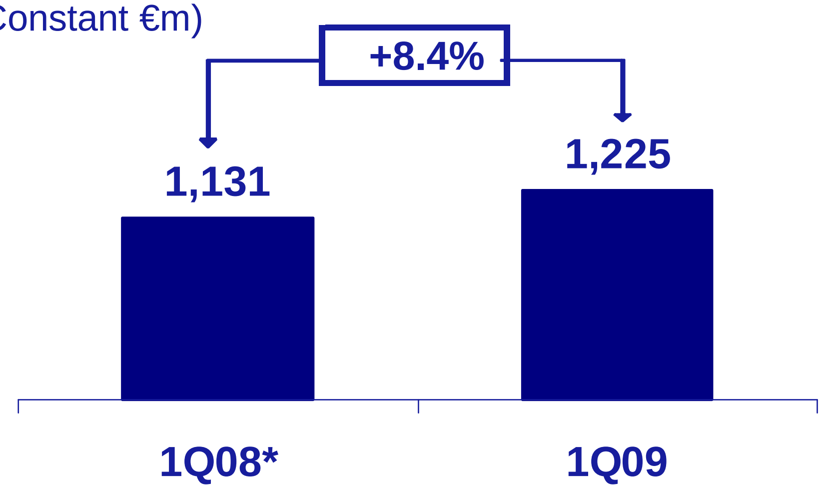
Lending mix
(%)



Net interest income / ATAs
(%)



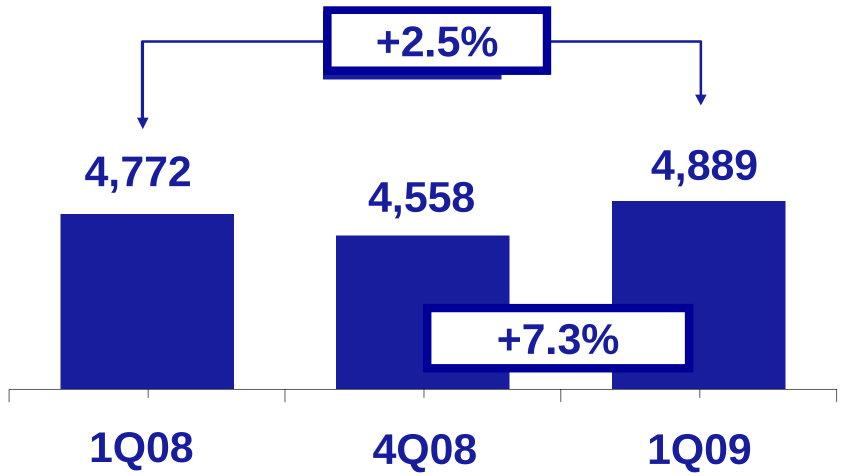
Gross income
(Constant €m)



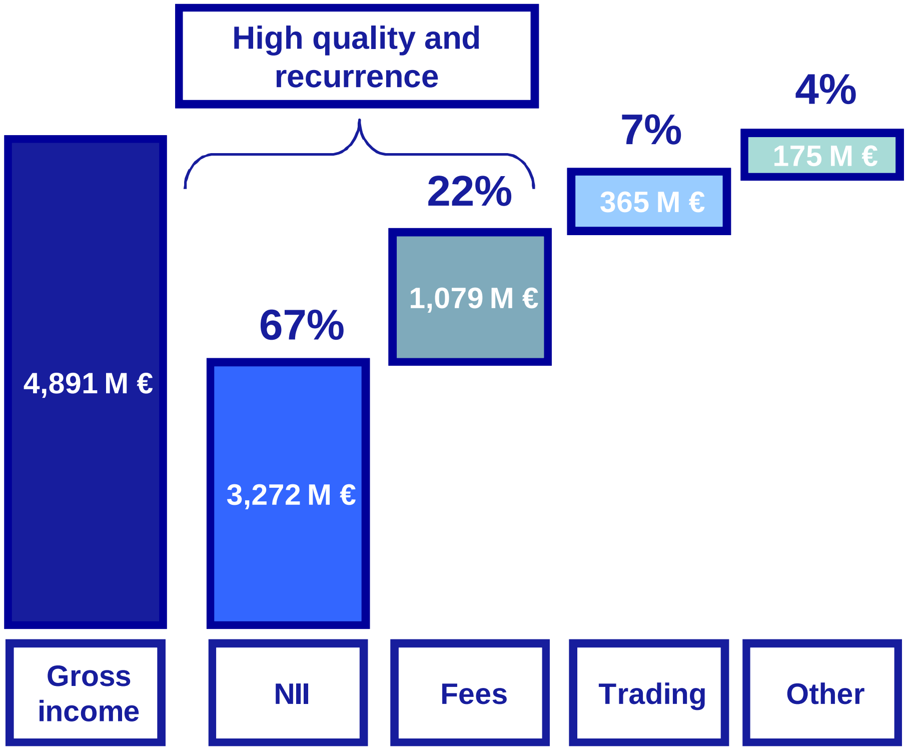
* Ex- Visa IPO (96 M€ one-off)

Delivering high quality gross income, with marginal contribution of trading income

Gross income
BBVA Group
(€m)



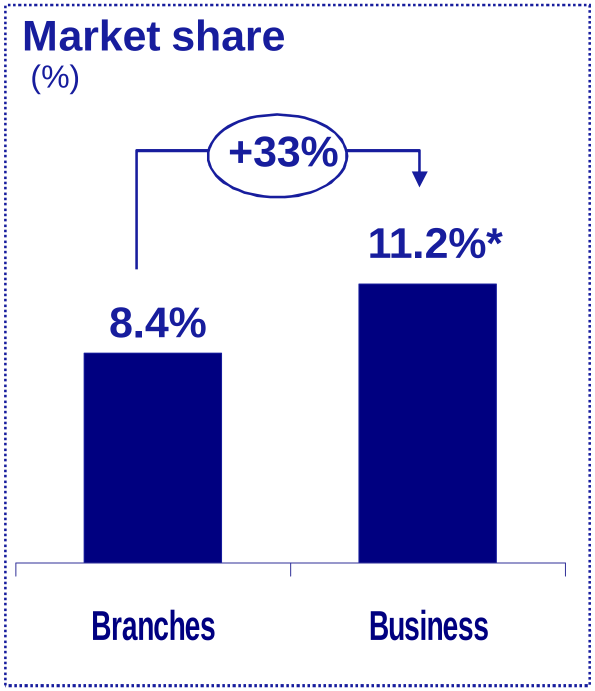
Breakdown of gross income
BBVA Group
(€m)

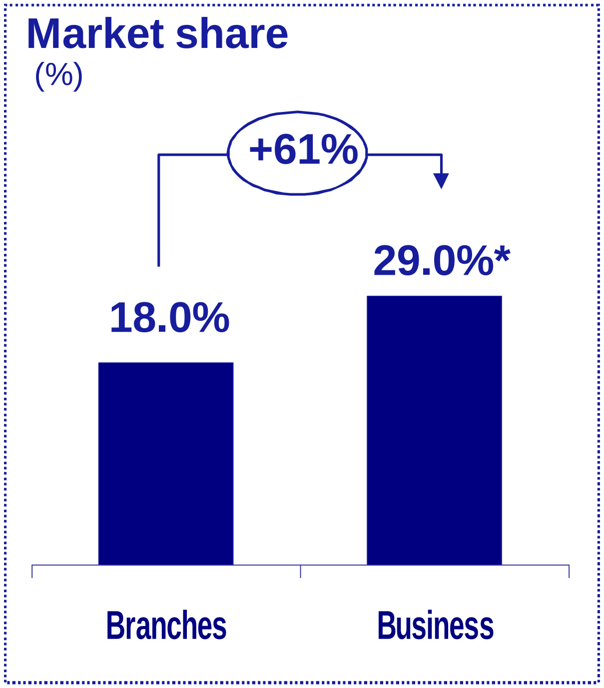


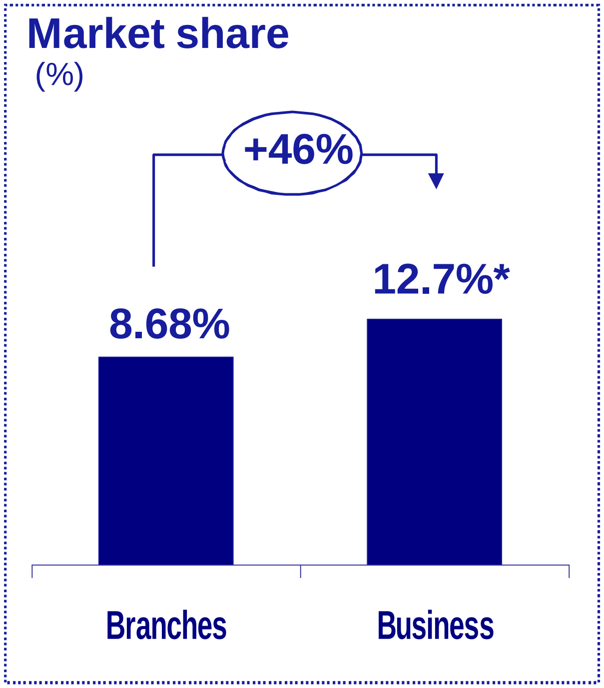
NII and fees = 89%
Retail networks = 84%

Firmly controlling costs, aiming to be the least cost producer in the industry

Spain	Mexico	South America







Operating efficient networks is key given their weight in the Group's cost structure

* Lending + cust. funds; Dec 08 figures

To do so the Group has been working on its Transformation plan for years …

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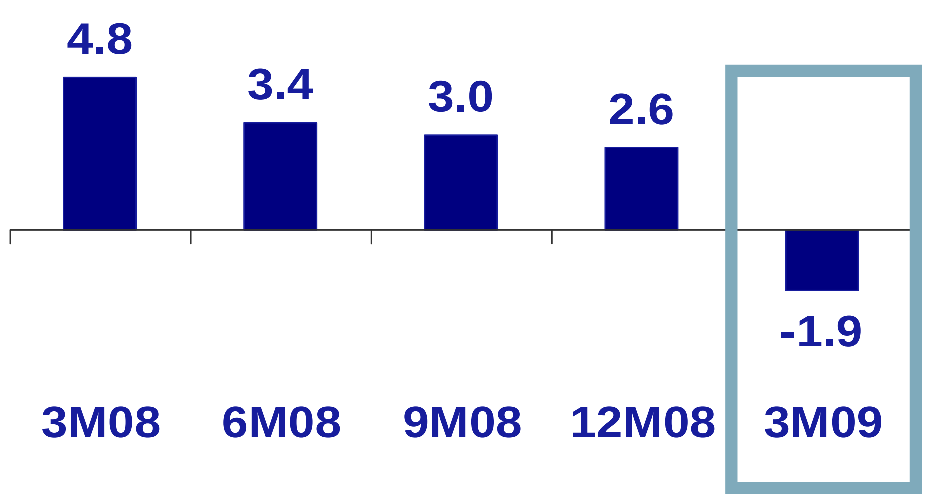
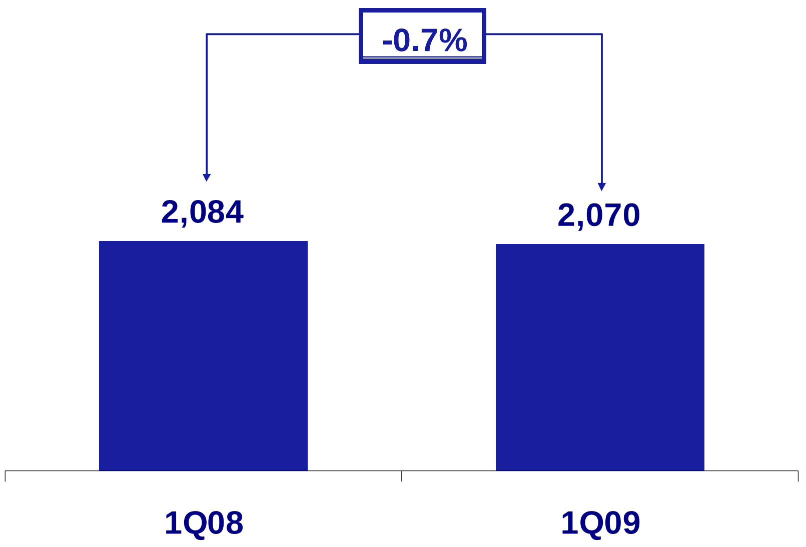
Total expenses
BBVA Group Excl. Compass and one-offs
Year-on-year growth
(%)

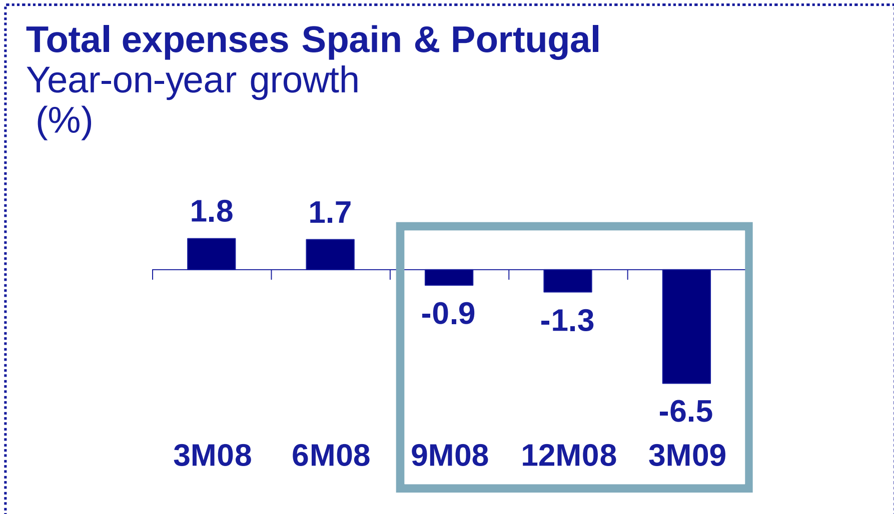


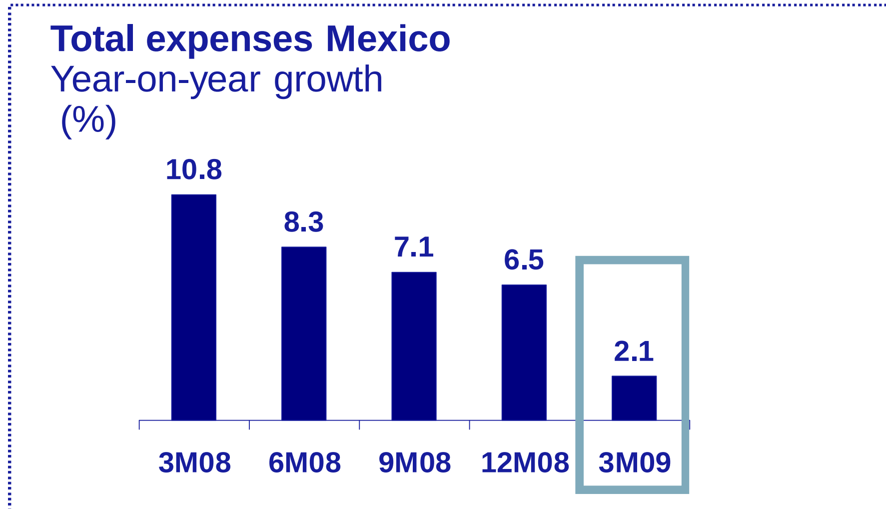
Total expenses
BBVA Group
(€m)

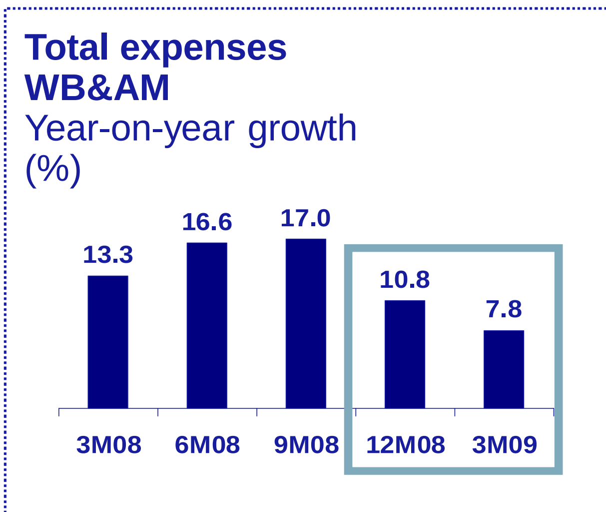


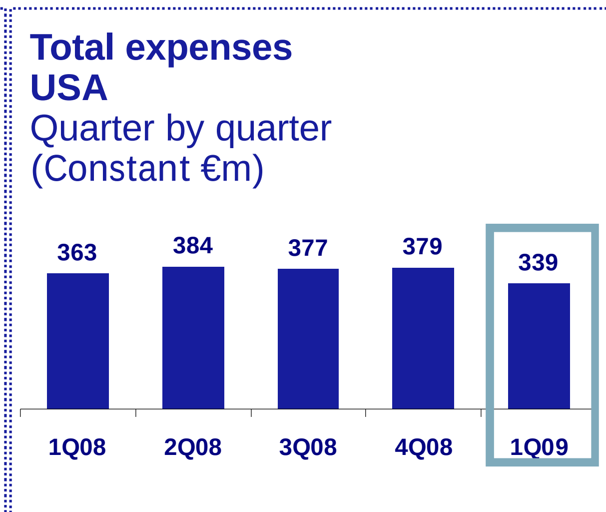
Estimated growth of expenses in 2009: +0%

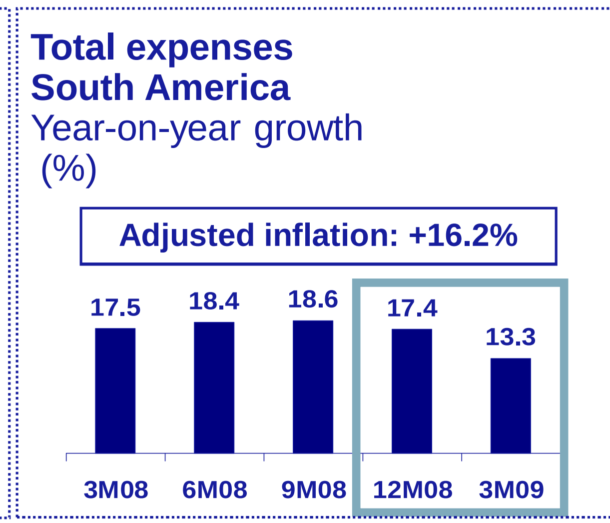
... starting its implementation in Spain & Portugal and soon after in all other units











In summary, recurrent operating income

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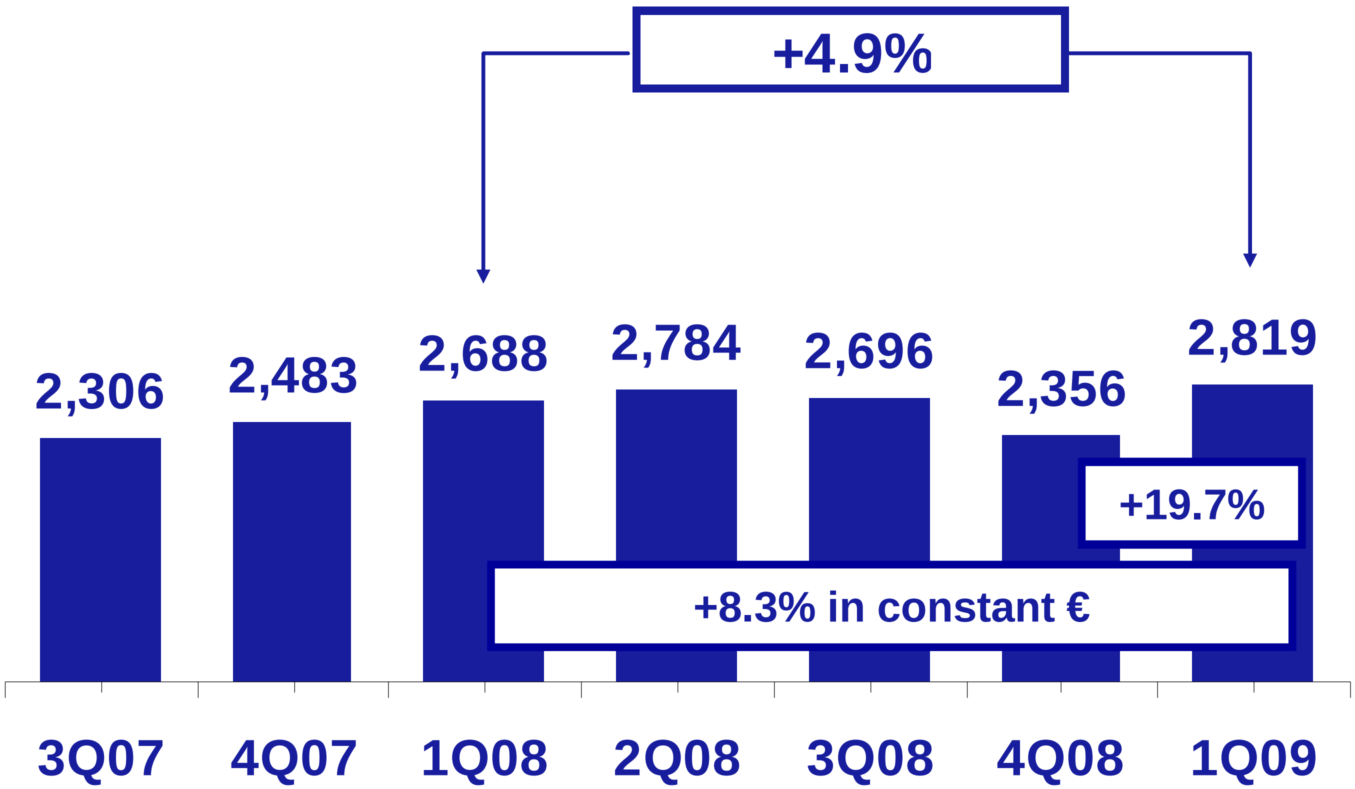
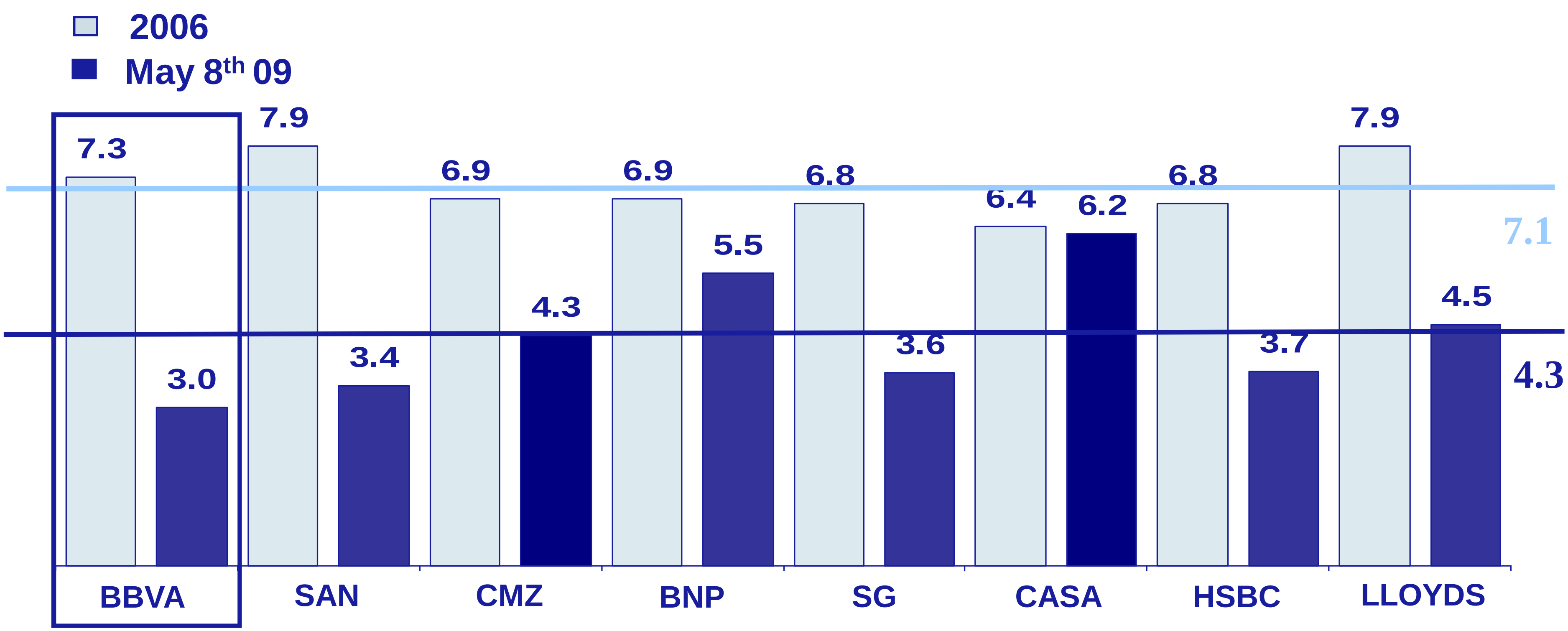
Operating income
BBVA Group
(€m)



BBVA's operating income: Low beta + high alpha

Is the market pricing operating income strength?

Evolution of market Cap. to operating income



The market will eventually return to earnings metrics

1 Outstanding earnings performance through the crisis

2 Recurrent and high quality operating income

3 **Strong profitability and organic capital generation**

4 Improving asset quality trends

5 Conclusions

BBVA has managed to maintain very strong profitability levels, even in downturns

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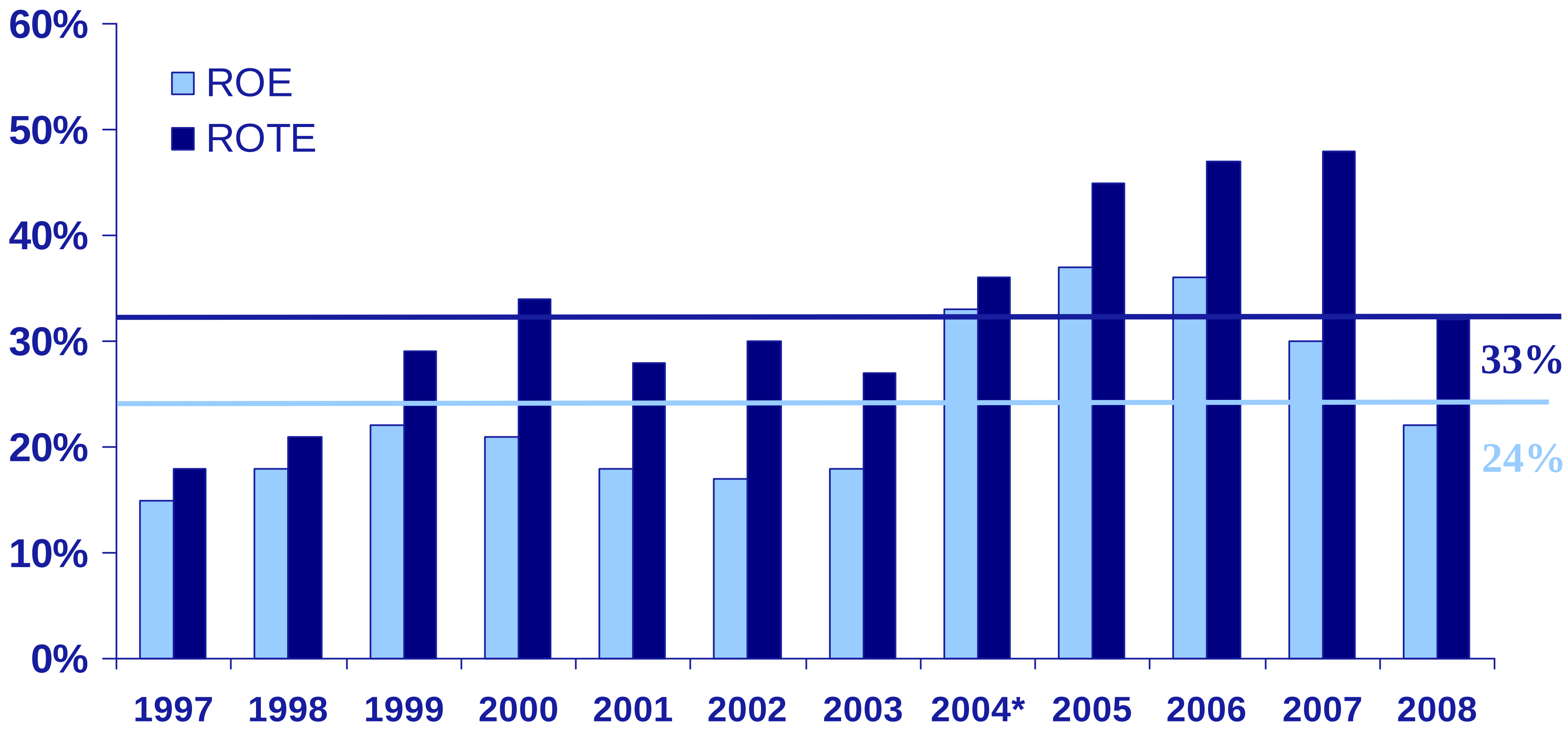
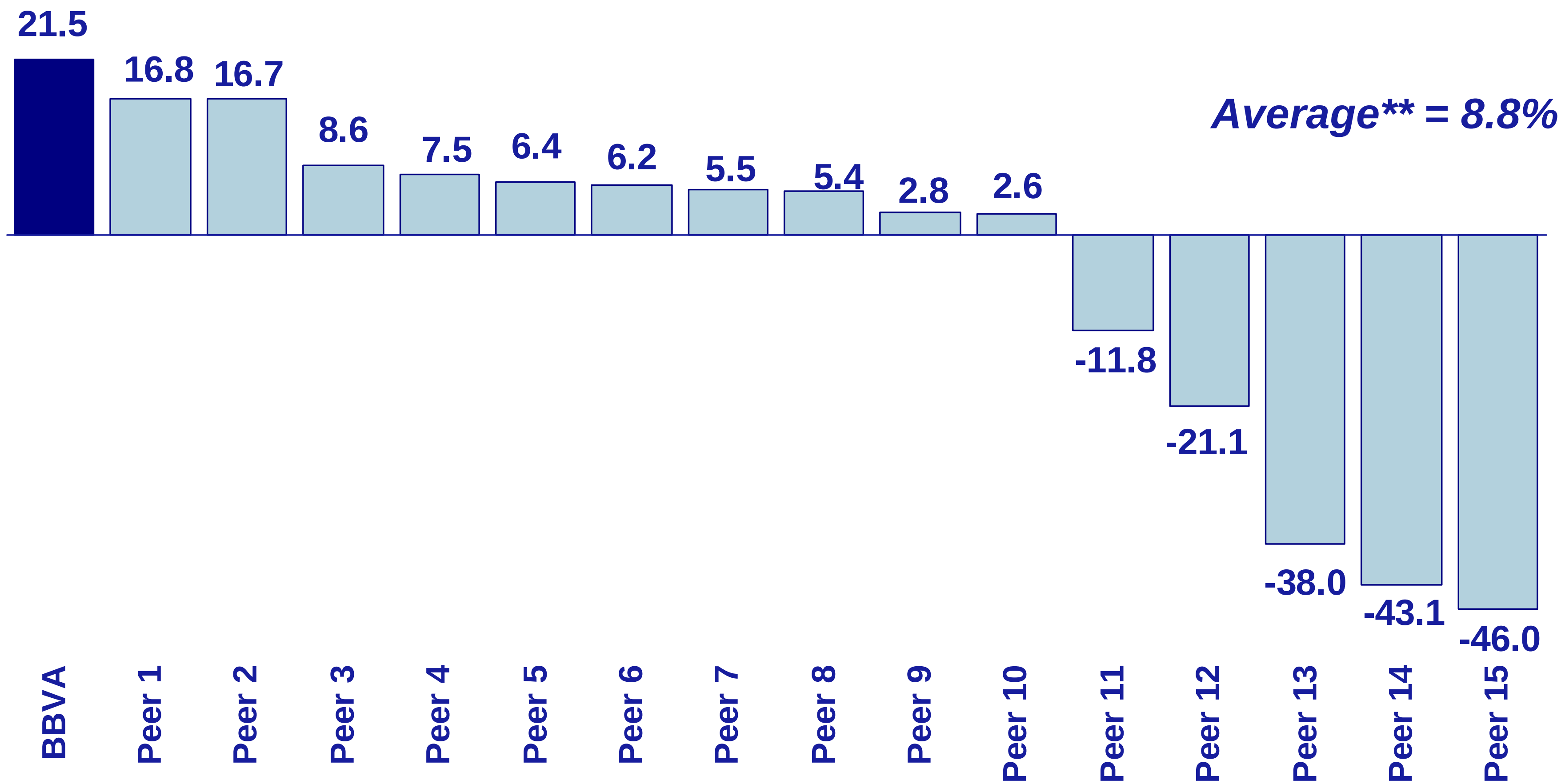


* Implementation of IAS

A feature that stands out in the current context

ROE* 2008 (%)



* Calculated as Reported Net Income / Average Reported Equity

** Excludes DB, RBS, HBOS, UBS y CS, that reported losses in 2008

PEERs: BARC, BNPP, CASA, CMZ, CS, DB, HBOS, HSBC, ISP, LLOY, RBOS, SAN, SG, UBS and UCI

And we continue to do so in 1Q09

1Q09 profitability ratios (%)

ROA: 1.00%	**RoRWA: 1.88%**
ROE: 19.4%	**ROTE: 26.7%**

Which allow us to continue generating capital organically

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Tier I and Capital ratio
BIS II
(%)

Tier I	7.7%
Capital ratio	11.5%

Organic generation of capital: +20 b.p.

1	Outstanding earnings performance through the crisis
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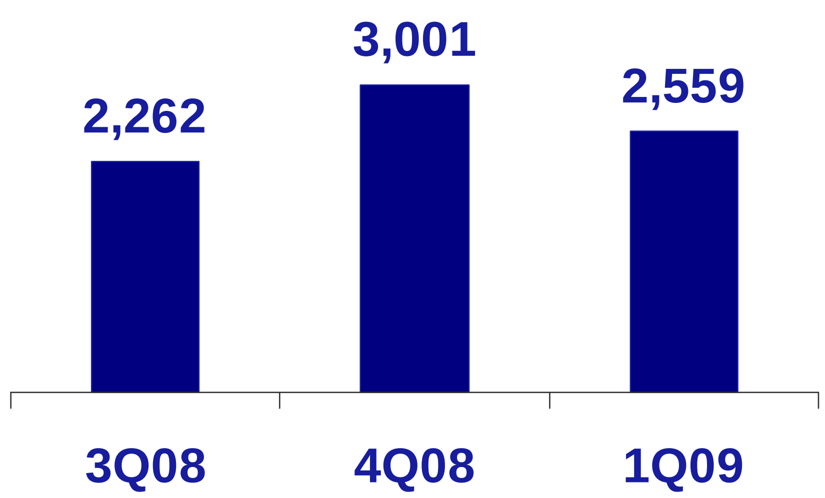
Improving asset quality trends

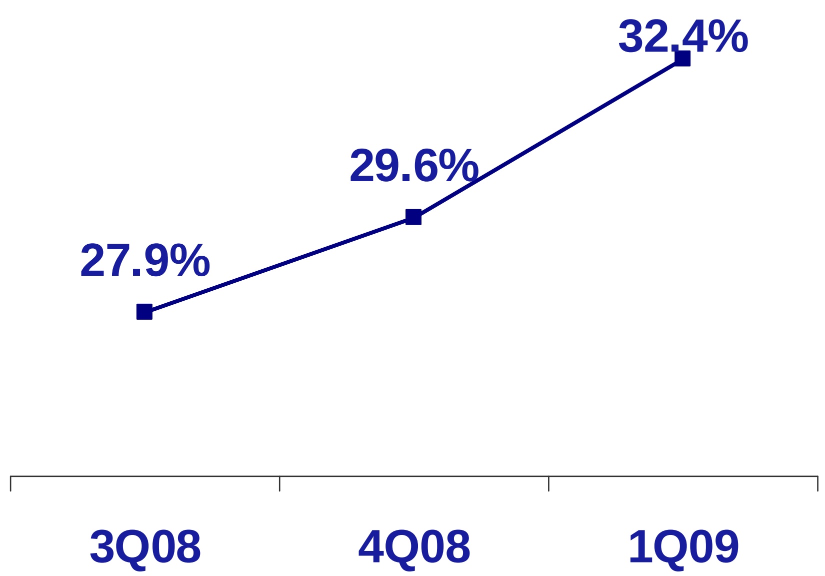
A	Lower entries to NPLs
B	Provisioning in line with 2H08
C	Preservation of generic provisions
D	Ample coverage by provisions and collateral

A Lower entries to NPL and higher success with recoveries...

Net entries to NPL
BBVA Group
(€m)



Recoveries / NPL entries
BBVA Group
(%)



Net entries to NPLs down 15% in the quarter

... with special relevance in the case of Spain & Portugal ...

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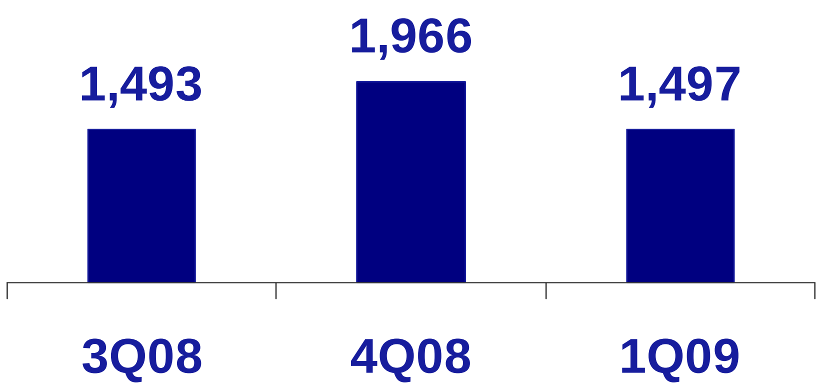
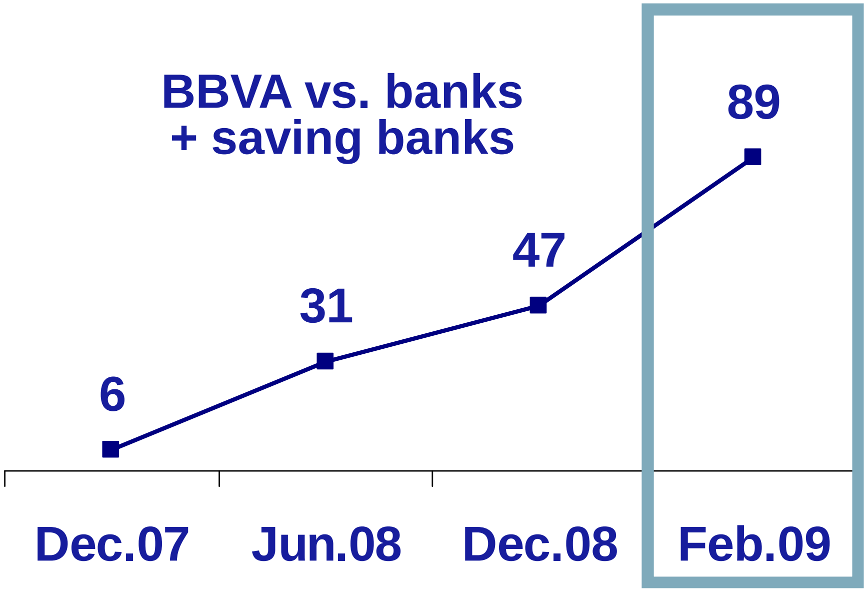
Net entries to NPL
Spain & Portugal
(€m)



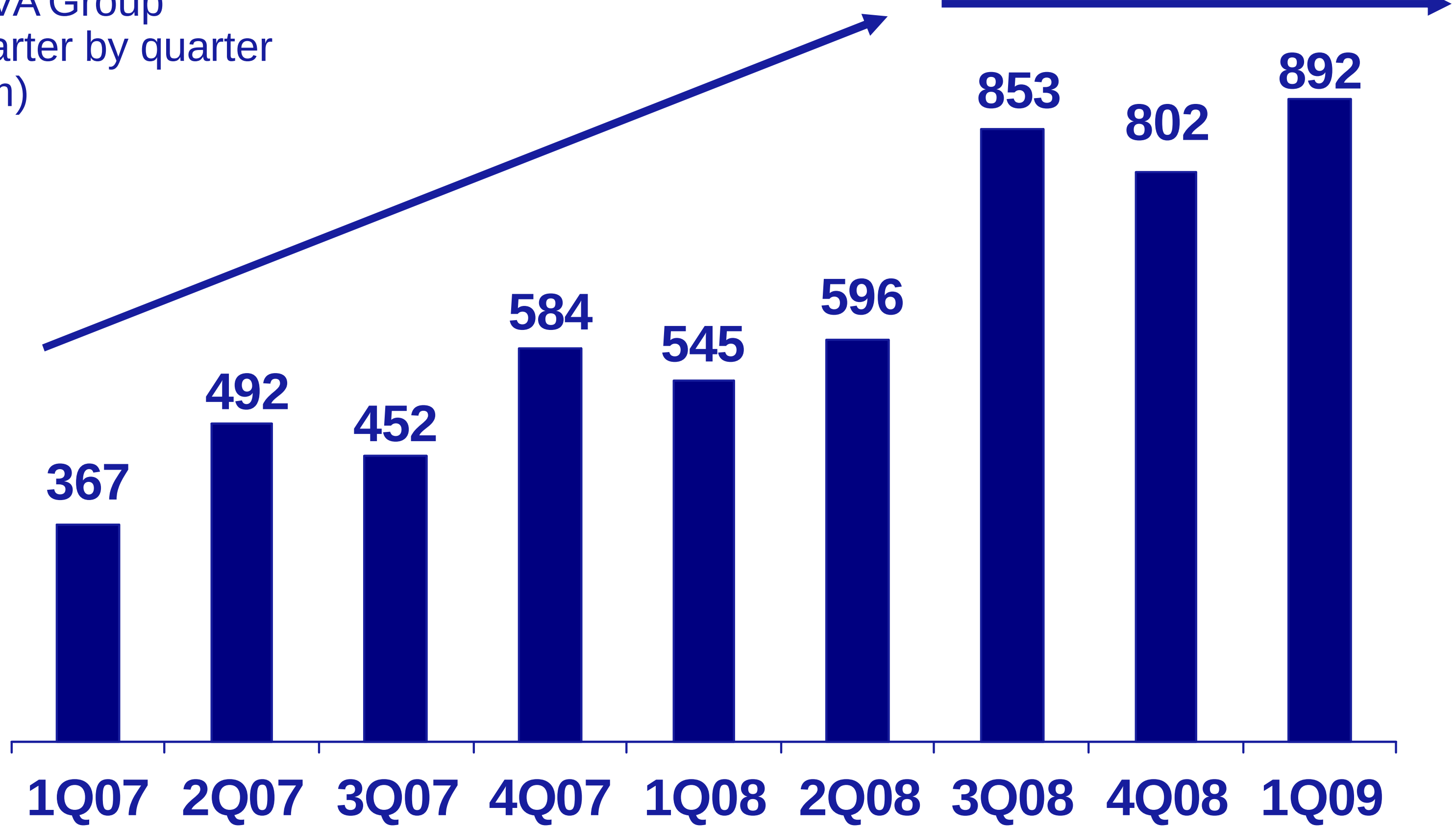
NPA ratio differential vs. the system
BBVA Spain vs. banks and saving banks



... which enables us to continue improving our relative position

B Provisioning starts to stabilise ...

Loan-loss provisioning
BBVA Group
Quarter by quarter
(€m)



Risk premium stabilizing at all units

C Limited release of generic provisions to preserve a balance for future quarters ...

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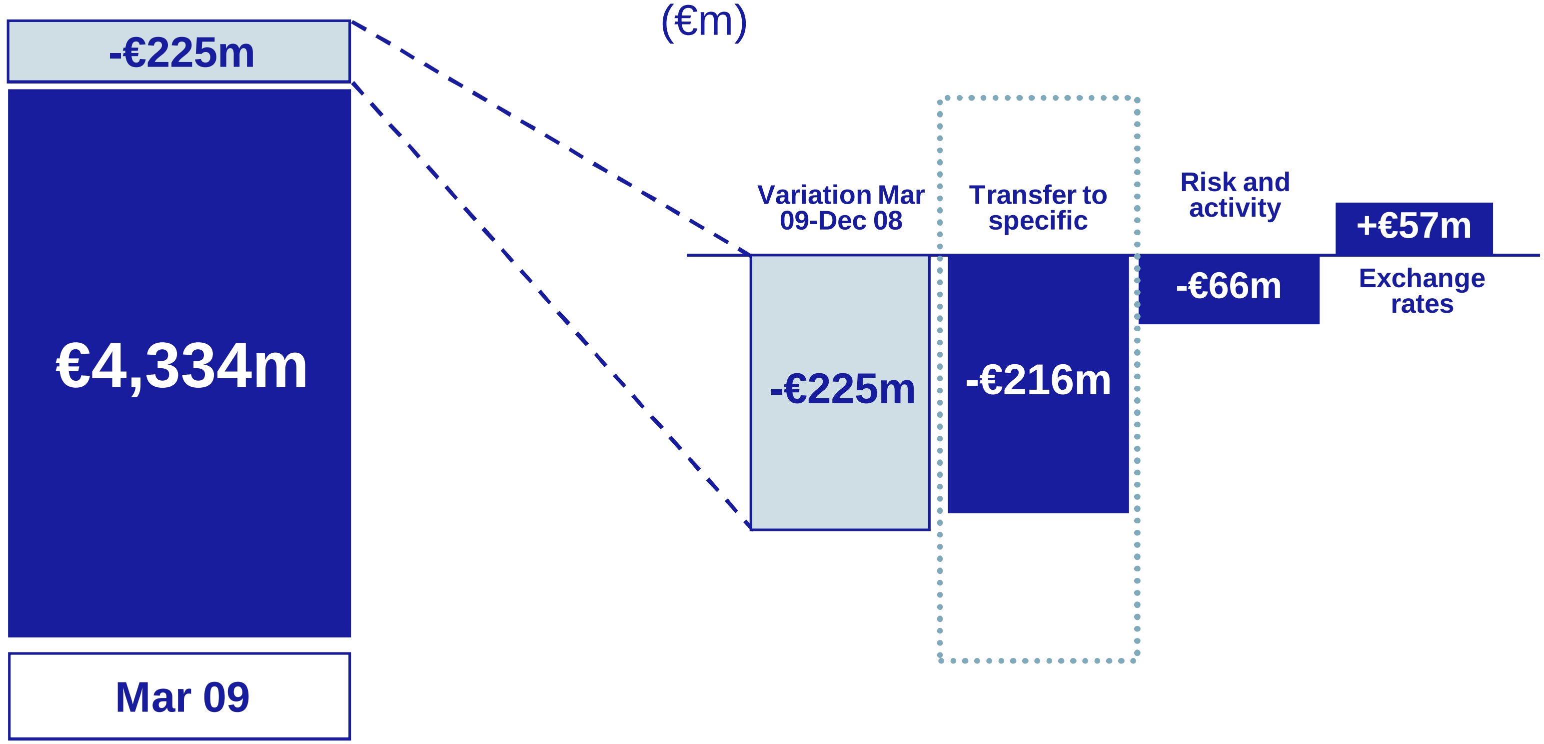
Generic provisions
(€m)

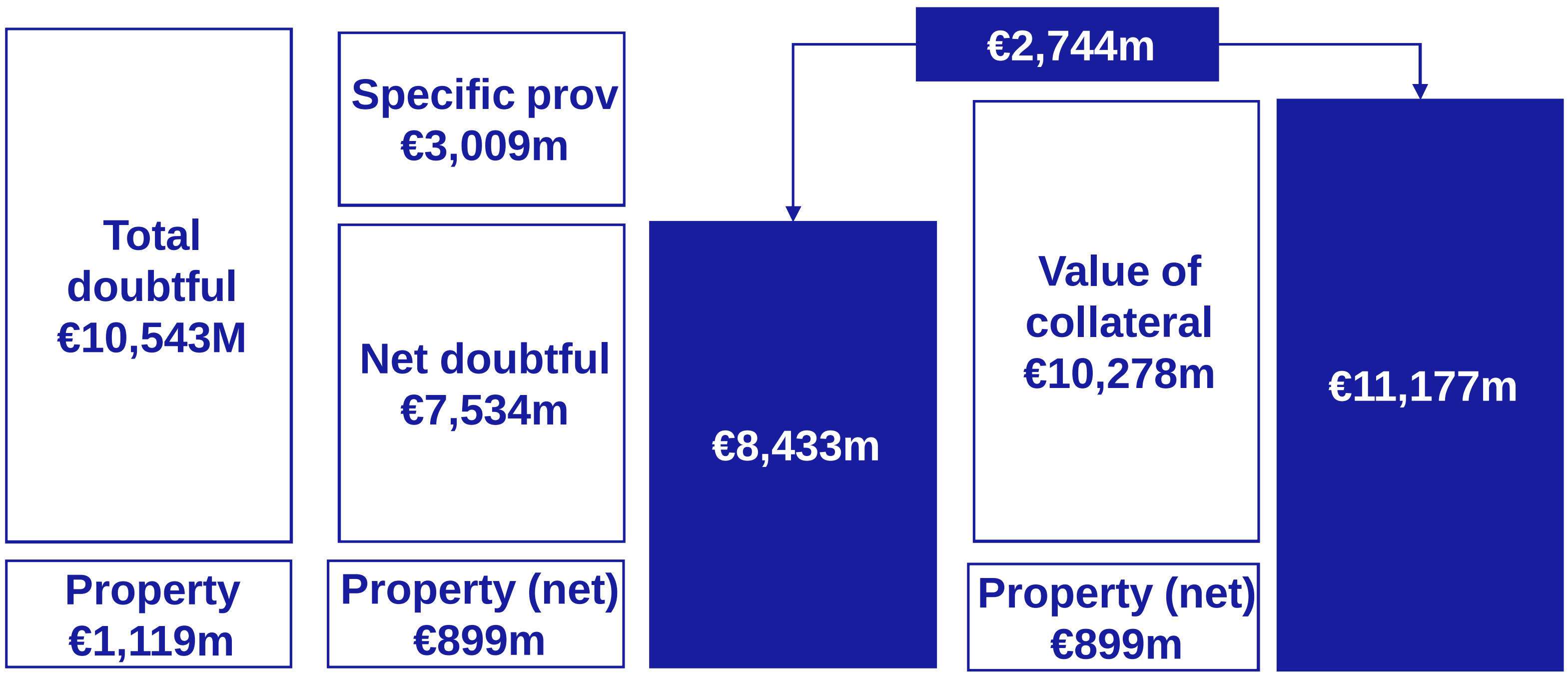
Breakdown of variations in generic provisions Mar 09 vs. Dec 08
(€m)



Release of €216m in 1Q09 (vs. €300m in 4Q08) to offset the charge for specific provisions

D Ample coverage by provisions and collateral

Doubtful assets and property acquired
(€m)



Collateral exceeds net value of doubtful assets by €2,744m
In addition, about €4,991m of generic and substandard provisions

1 Outstanding earnings performance through the crisis

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5 **Conclusions**

Sizeable and recurrent operating profit, a key buffer for asset quality deterioration

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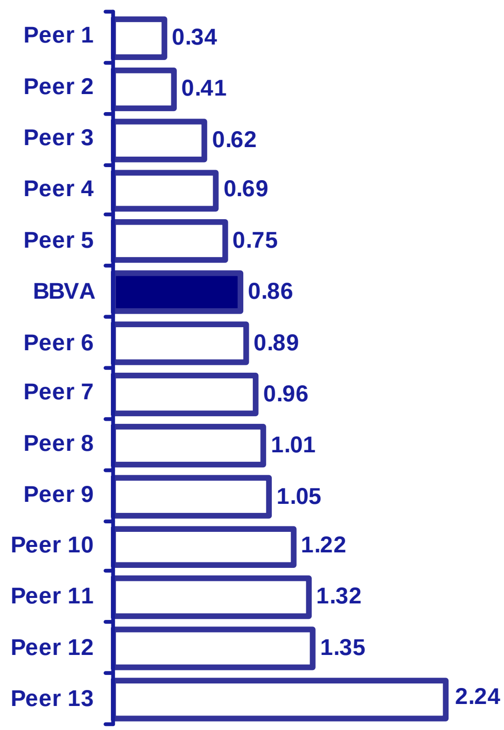
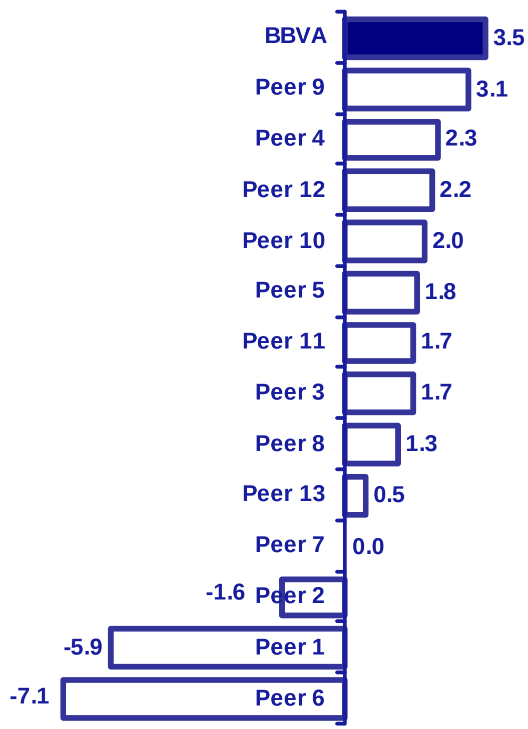
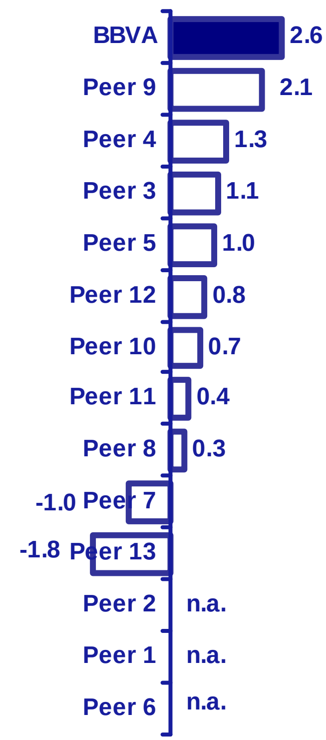
Cost of risk
Peer Group
(%, Dec 08)



Operating profit[1] as maximum cost of risk [2]
Peer Group
(%, Dec 08)



Additional cost of risk supported by operating profit [3]
Peer Group
(%, Dec 08)



1. Operating profit as old account
2. Maximum cost of risk supported by operating profit without generating losses
3. Maximum cost of risk – Current cost of risk

Peers: Barclays, BNPP, Crédit Agricole S.A., Credit Suisse, Deutsche Bank, HBOS, Intesa Sanpaolo, Lloyds, RBS, Santander, Société Générale, UBS and Unicredit

BBVA's management is committed to maintain this outstanding performance

Management priorities

Price management

Cost control

Proactive management of asset quality

Widen relative advantage Vs Peers

Preserving the attractiveness of our investment case

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High quality operating income

- **A** Quality of gross income
- **B** Focus on pricing & mix management
- **C** Strict cost control

Resilient bottom line

- **D** Stable risk premium

Low ß

top α levers

Strong profitability advantage

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