



European Financials Conference

The BBVA logo, featuring the letters "BBVA" in a white, bold, sans-serif font on a blue square background.

*Strength in turbulent
times*

Ángel Cano
President & COO

Madrid, June 11th 2010



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Current situation

High risk aversion

Maximum volatility

High cost of risk

CDS at a maximum level

Stock markets drop

At some point, there will be a return to normal, but normal does not mean things will be the same again

A. Macro**B. Regulation****C. Micro**

Europe and Euro

- Fiscal measures
- Structural reforms
- Economic policies coordination
- Preventive regulation
- Communication
- ...

Which are the main drivers to return to normal?

A. Macro

B. Regulation

C. Micro

Regulatory coordination efforts

- Many issues on the agenda: global coordination, systemic risks, regulatory arbitrage, level playing field, moral hazard ...
- Heterogeneous progress.
- BIS III “under calibration”.

Which are the main drivers to return to normal?

A. Macro

B. Regulation

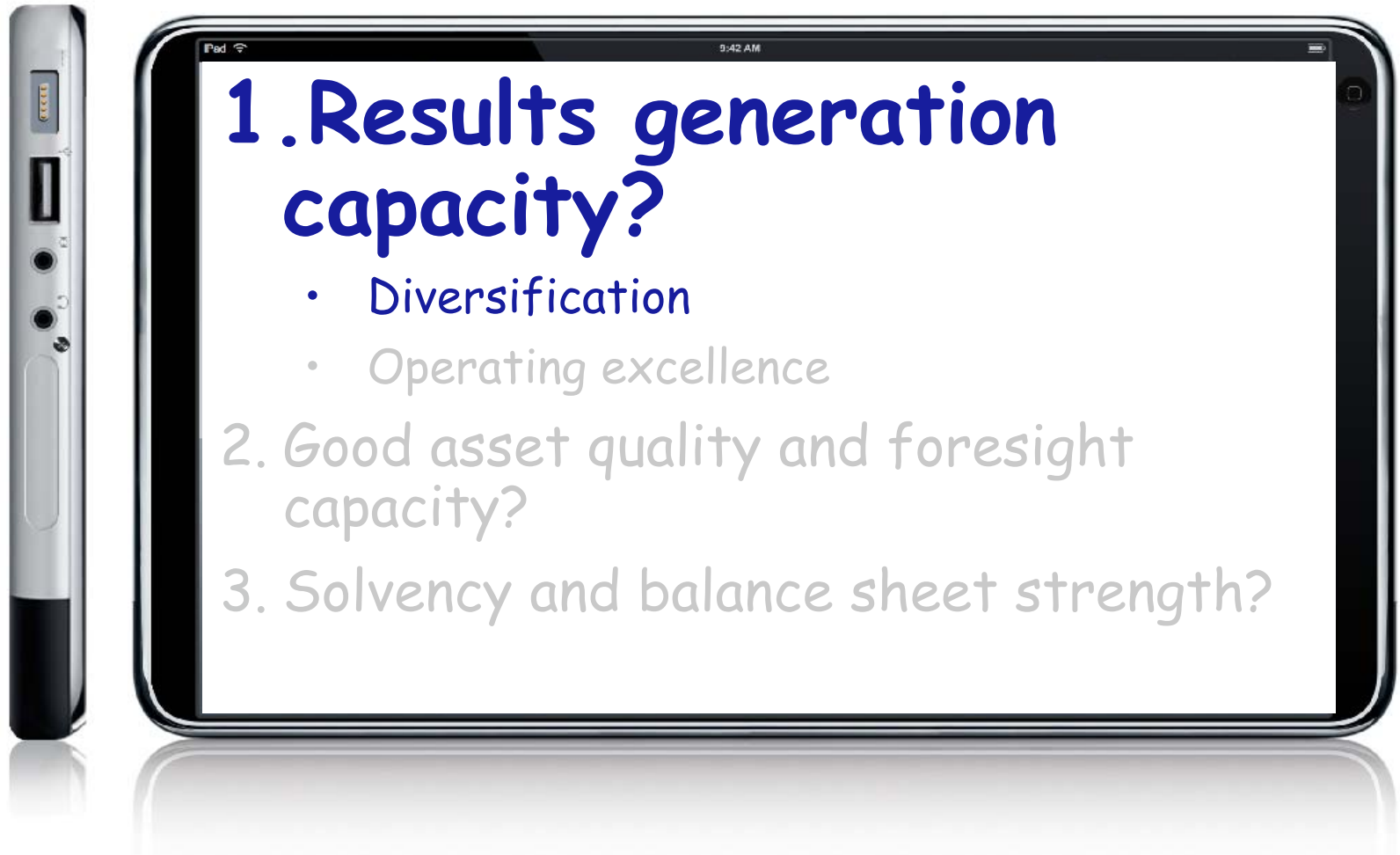
C. Micro

Need for differentiation among entities

- Recurrent results generation capacity
- Good asset quality and foresight capacity
- Solvency and balance sheet strength

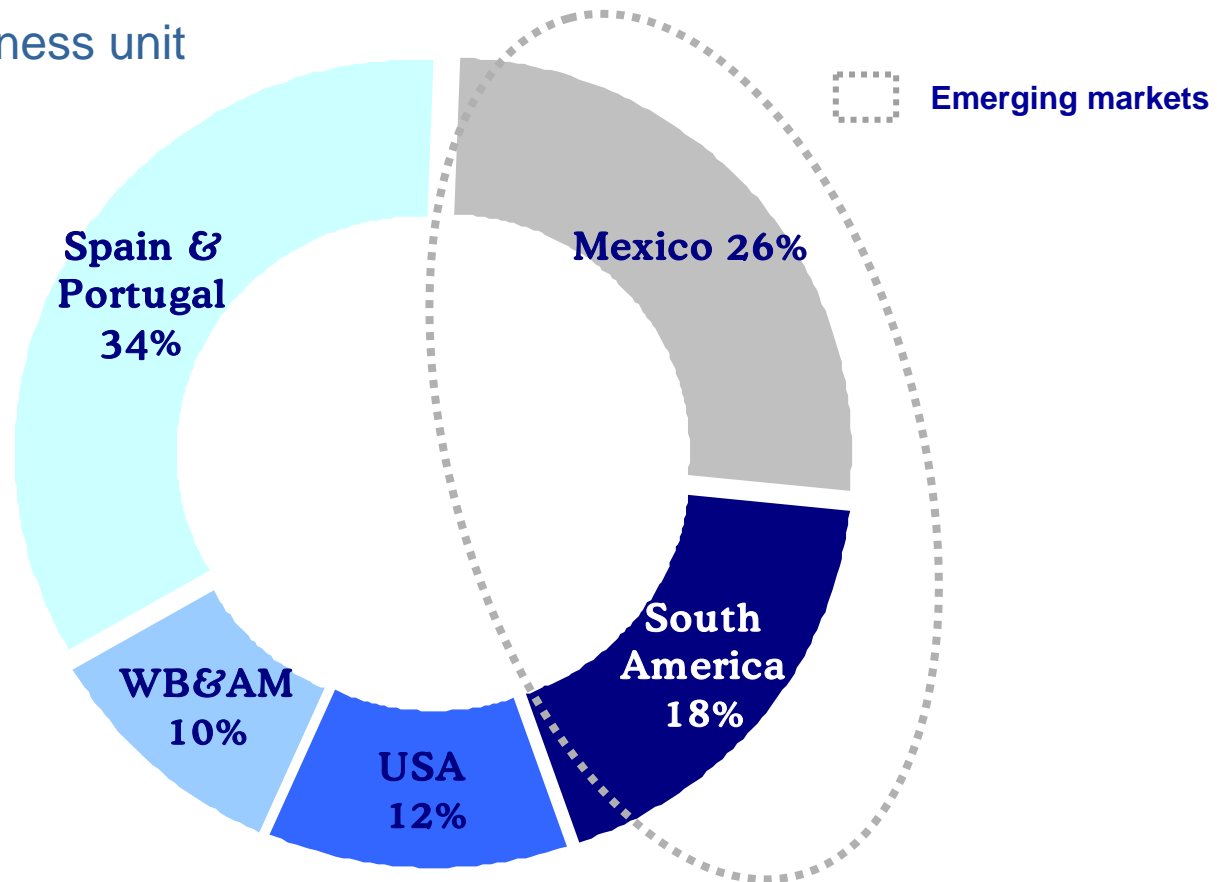


**Three key questions for future
differentiation**



Gross income*

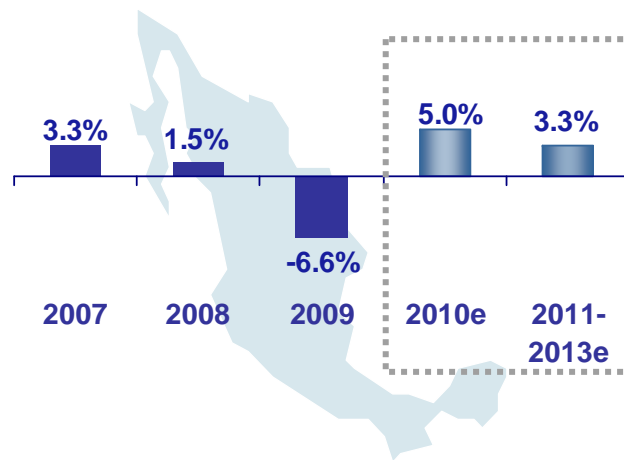
BBVA Group by business unit
(1Q10, %)



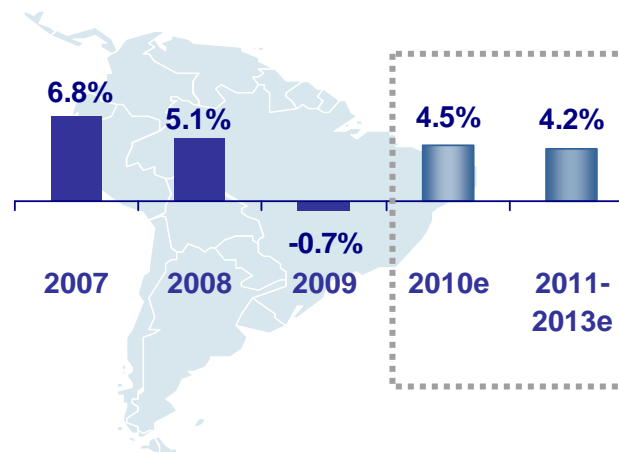
**Roughly, 45% of revenues come from
high growth emerging economies**

... and moreover, sustainable growth

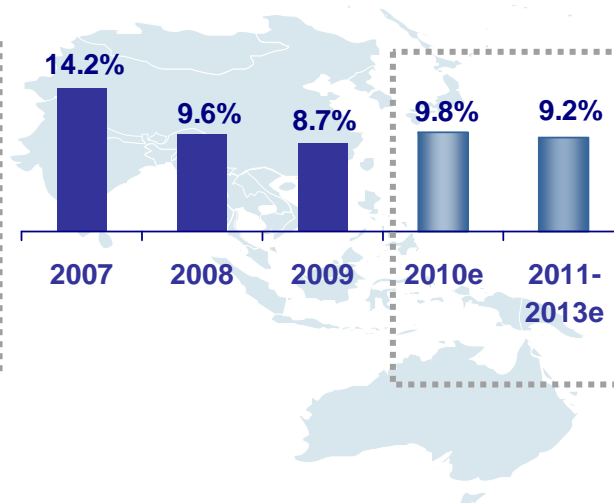
Mexico
GDP growth
(%)



South America*
GDP growth
(%)



China
GDP growth
(%)

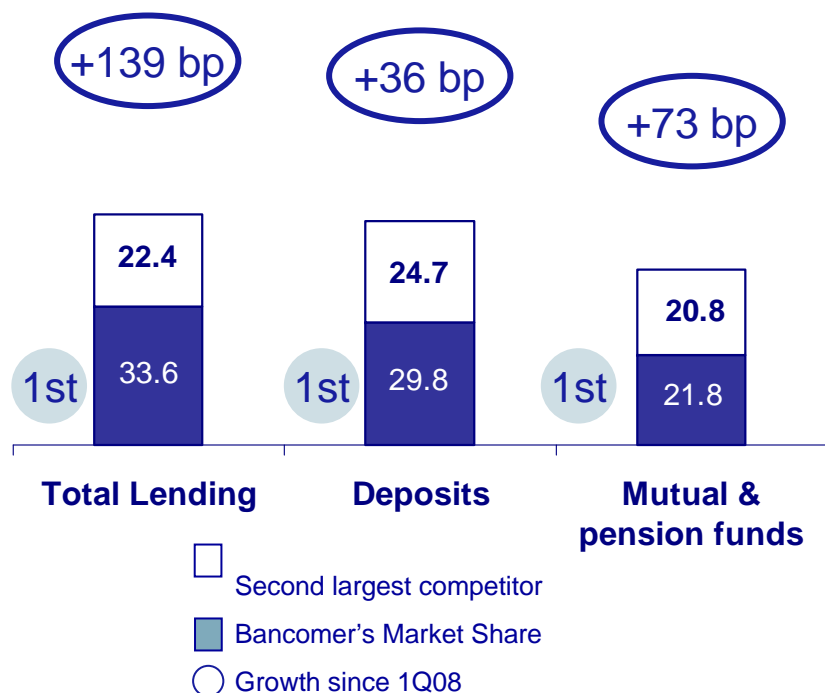
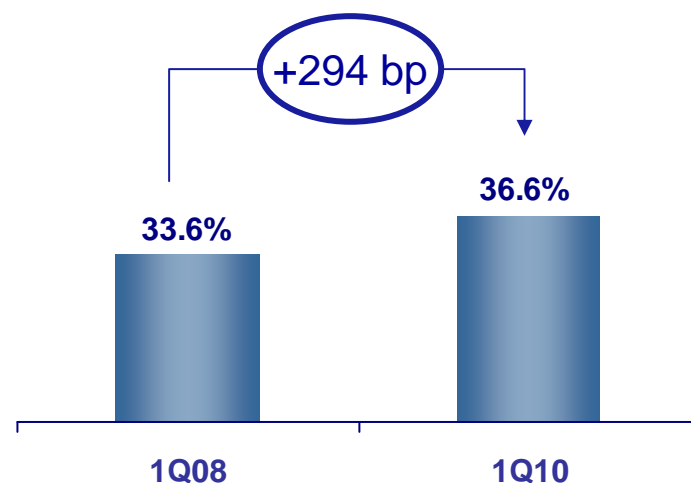


**GDP growth will turn into
higher results for BBVA
Bancomer very soon**

**South America, will
remain as an important
lever for the group**

**Asia, and China in
particular, will keep
a high potential growth**

Mexico

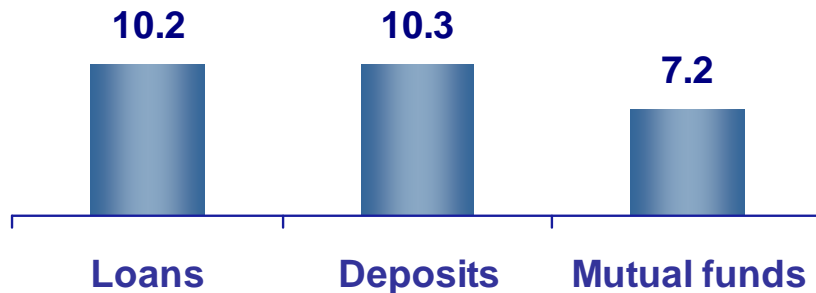
Market share
(1Q10, %)Share of recurrent operating
income
(%)

**+500,000 customers in
the last two years**

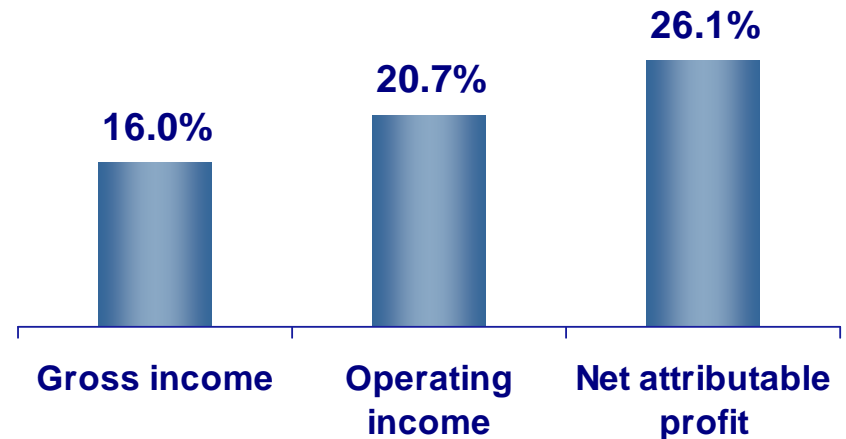
Widening the gap with our competitors during the crisis

Market share South America (1Q10, %)

Leading positions in every
market



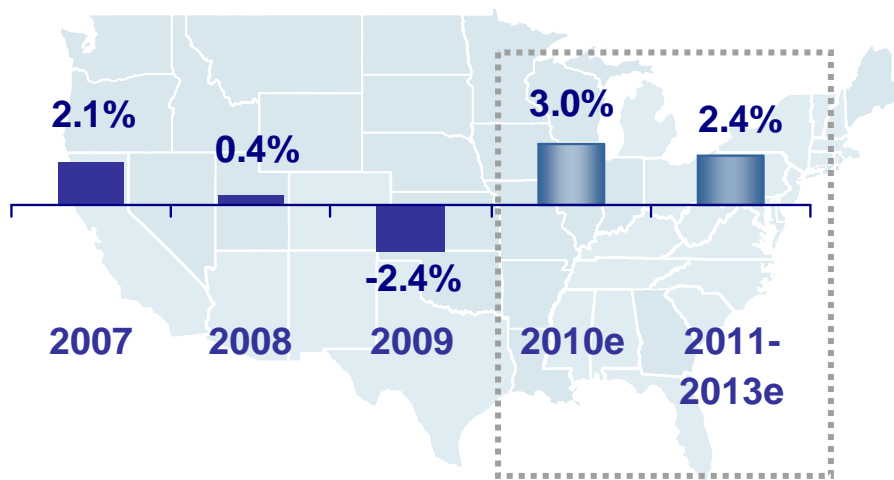
Excellent performance of the top lines of the income statement (YoY growth -1Q10 vs 1Q09, %)



+420,000 customers in the last two years in South America

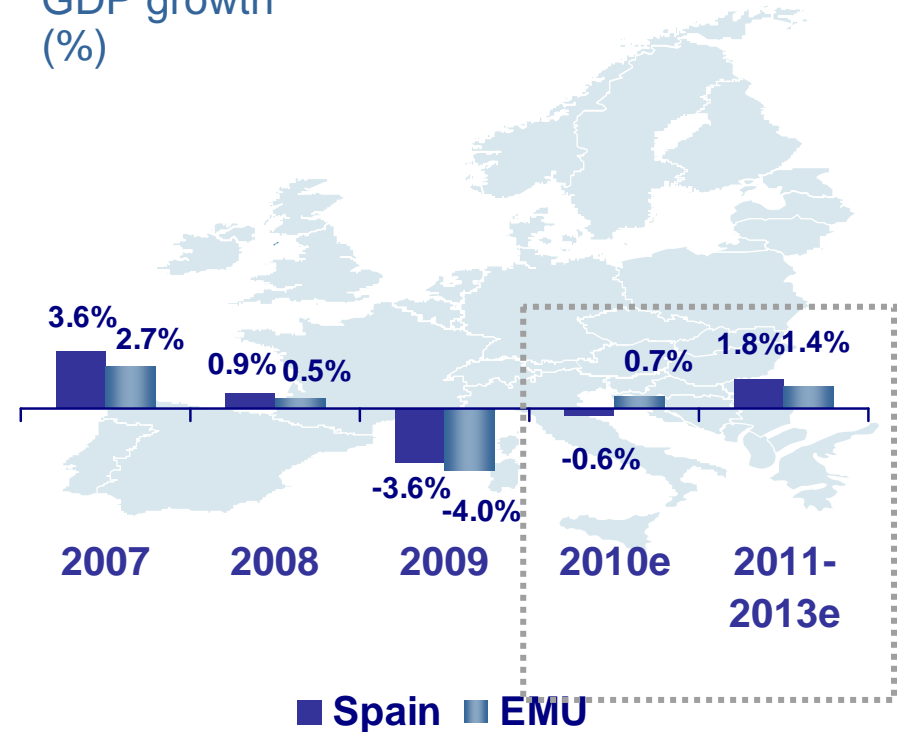
Furthermore, excellent position to take advantage of the increasing commercial trade between Asia and Latam thanks to our position in Asia

USA
GDP growth
(%)



**Leading the recovery, with
higher growth in Texas**

Spain and EMU
GDP growth
(%)



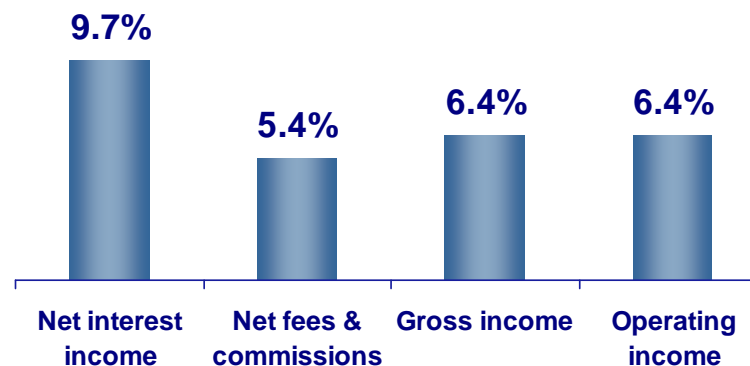
**Spain: impact of the crisis
similar to EMU**

Business indicators

- **Cross-selling to new customers: +25%**
- **Productivity: +7%**
- **Customer spread: +72 bps**
- **New IT platform**

Results generation

Good performance of the top lines of the income statement
(YoY growth -1Q10 vs 1Q09, %)



In a complex macro and regulatory environment, BBVA model implementation on track and delivering results

A. Market opportunities

Reduced competition

Re-intermediation of financial services by banks

Cross-border business and opportunities in corporate banking

B. Business model opportunities

- **Relationship banking**
- **Customer-centric**

Highly efficient and productive model

Usual headlines

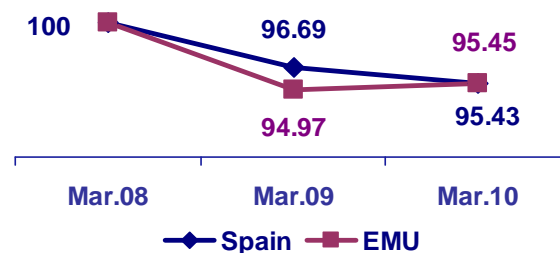
Reality

1. GDP growth

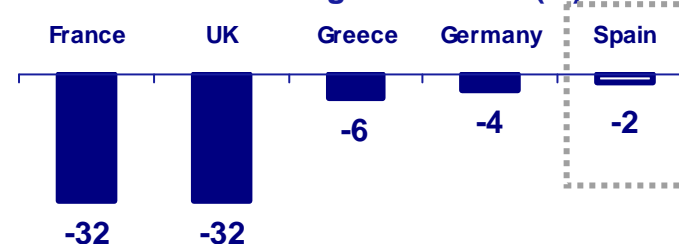
Protracted recession

Similar
adjustment to
EMU

Growth GDP Mar.08=base 100



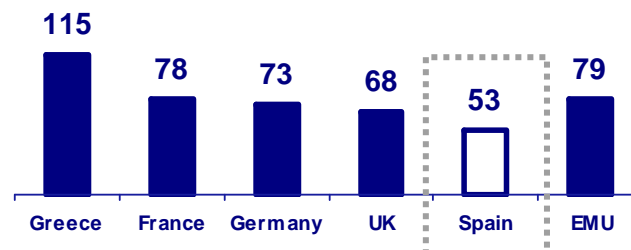
2. External sector

Loss of external
competitivenessNo loss of
exports quota.
Current acc.
balance: -4.7%Share in world total exports.
Rate of change 1999-2009 (%)

3. Public debt sector

Critical government debt
levelsClearly lower
than EMU

Public debt as percentage of GDP (%)

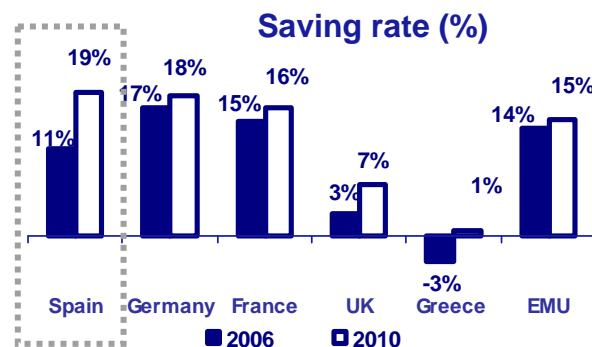


Usual headlines

4. Household leverage

Not sustainable

Higher savings rate and better evolution

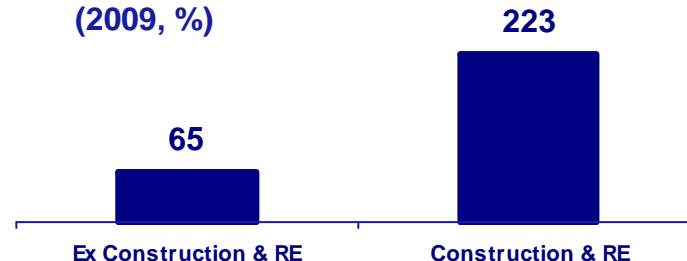


5. Corporates indebtedness

High leverage of corporates

Problem concentrated on RE

Spain, Corporate Credit/GVA in sector (2009, %)



6. Banking sector

Solvency problems

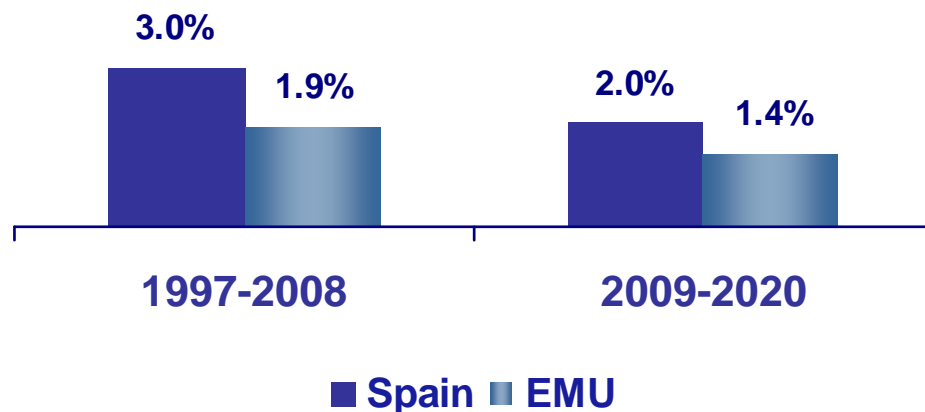
• Problem concentrated on a few entities: 1/4 of the assets of the system

7. Unemployment

Headwinds for Bank's asset quality

- Concentrated on temporary, young and immigrants
- At the peak of the cycle: 8.3% (Spain's frictional unemployment rate); Temporary workers: 35%
- Structural problem

**Potential GDP
Spain and EMU
(YoY % var.)**

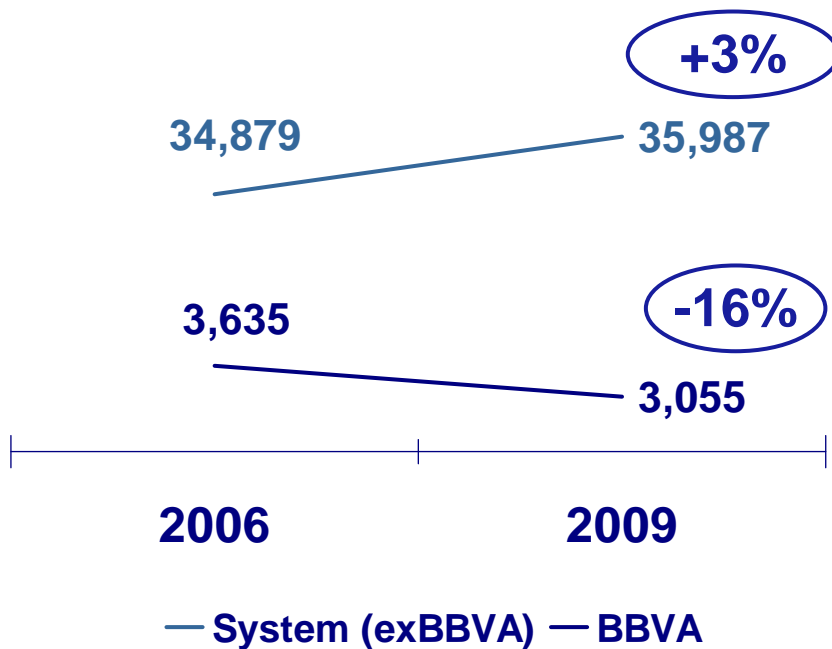
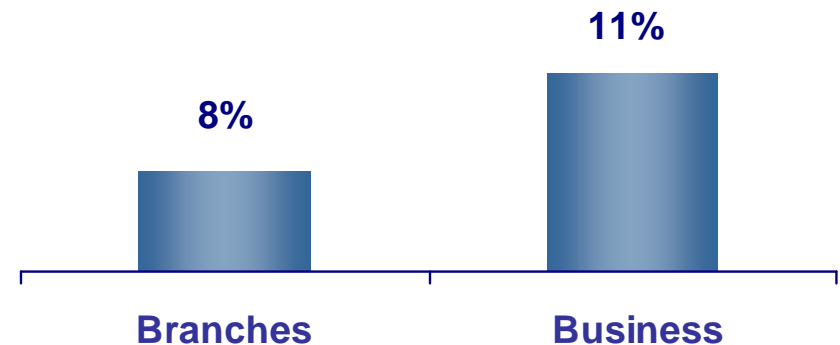


**A favorable combination
of structural reforms
could take the economy
back to growth rates
of around 3%**

**Spain will converge at a 2% growth rate,
higher than EMU (1.4%)**

Leaner**More productive**

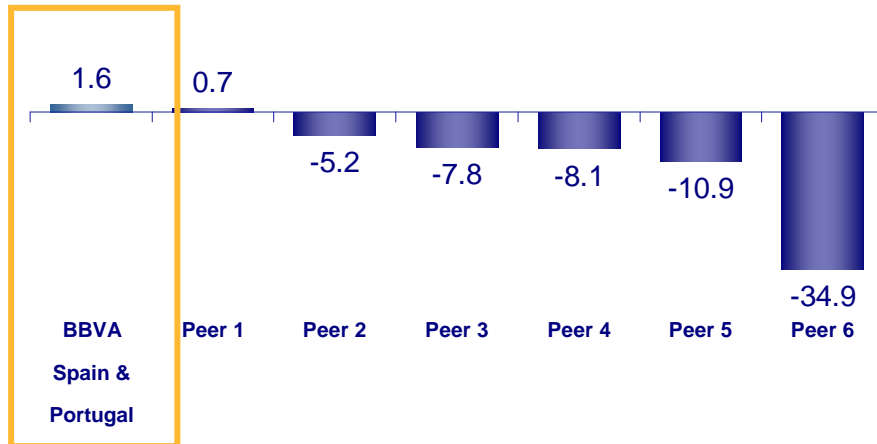
Branch network evolution in Spain

BBVA share ⁽¹⁾
(1Q10, %)**Transformation plan****Efficient distribution network**

(1) Loans + Deposits + Mutual Funds + Pension Funds

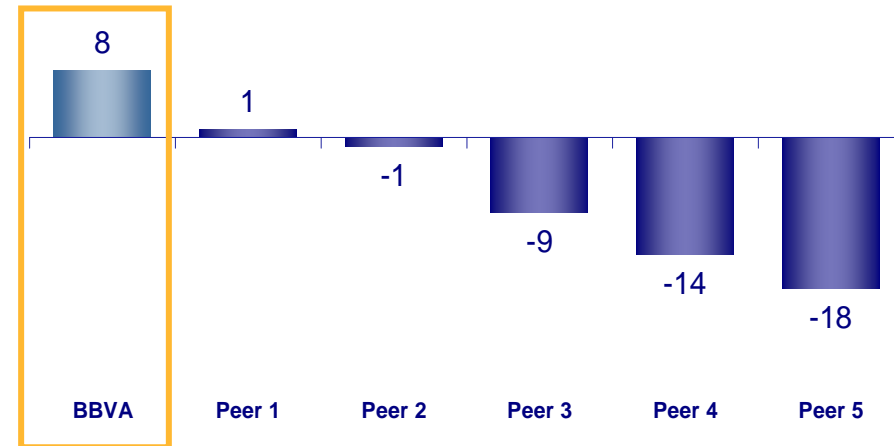
All market shares last available data: Branches as of December 2009, loans and deposits as of February 2010, Pension Funds and Mutual Funds as of March 2010.

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



1Q10 / 1Q09 in € balance sheet: +7.2%

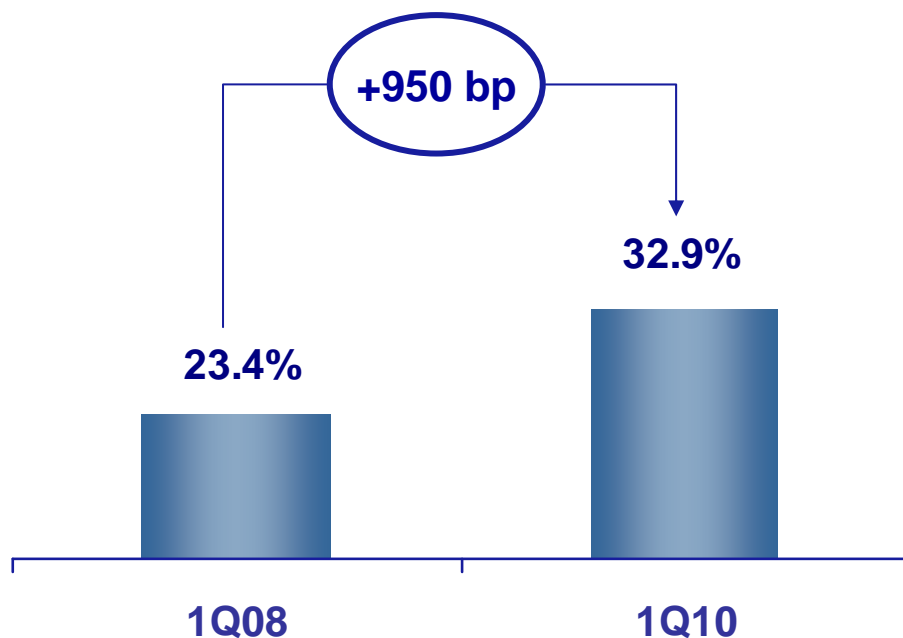
Customer spread* BBVA vs domestic peers (yoy change – 1Q10 / 4Q09, basis points)



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

Better price management

Share of recurrent operating income* (%)



Market share evolution (%)

	Mar.10 (%)	Mar.10/Dec.07
Retail Mortgages	12.9	+49 bp
Retail non-cost deposits	9.7	+20 bp
Mutual Funds	20.7	+228 bp

BBVA has been able to gain share in results and core products among top players

OPPORTUNITIES

80% of Saving Banks
likely to merge

79% 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

BBVA ...

- ✓ Presence in markets with excellent growth prospects
- ✓ Significant earnings contribution from emerging markets
- ✓ Leading franchises and superior positioning in every market
- ✓ Spain:
 1. Challenging macro outlook, but adjustment concentrated on certain sectors
 2. BBVA, better performance than local competitors
 3. Significant opportunities for strong and independent players



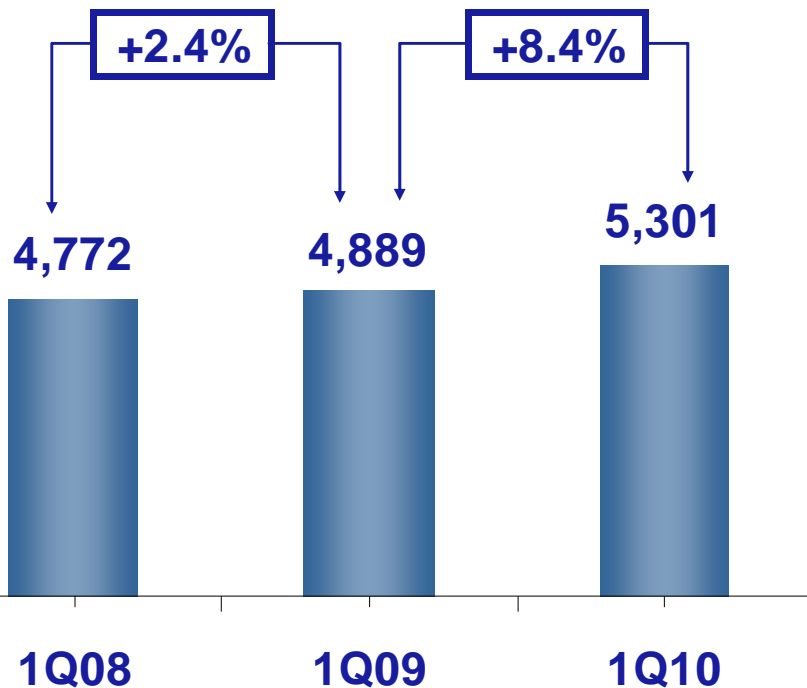
1. Results generation capacity?

- Diversification
- Operating excellence

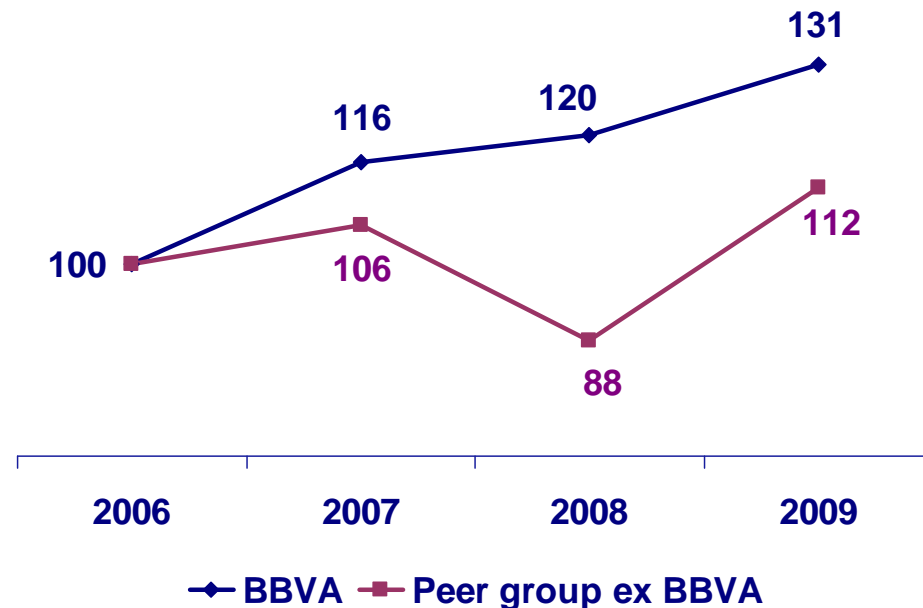
2. Good asset quality and foresight capacity?

3. Solvency and balance sheet strength?

Gross income
BBVA Group
(€m)



Gross income
BBVA Group & peer group ex BBVA
(Base 100: 2006)



Thanks to a solid customer based franchise

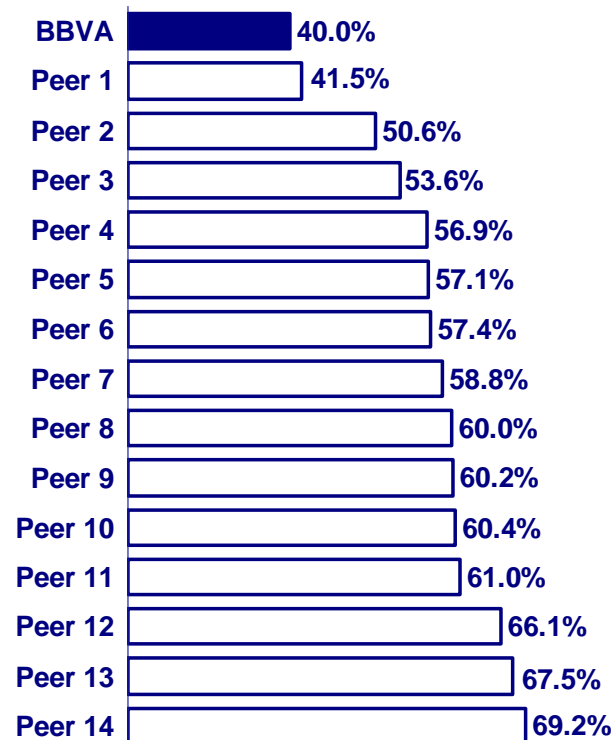
Income and expenses

BBVA Group
(Base 100: 1Q08)



Efficiency

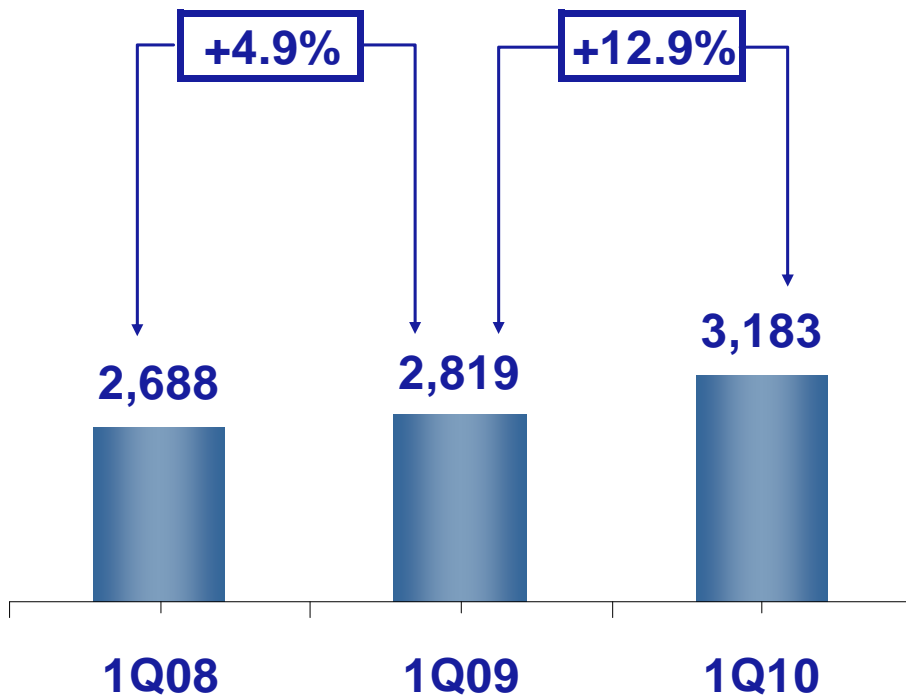
BBVA Group & peers
(1Q10,%)



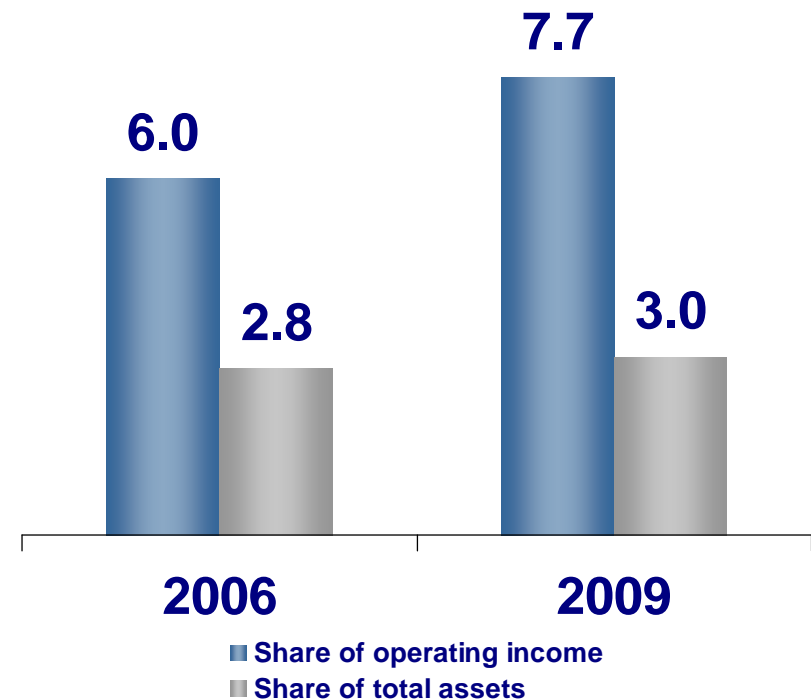
BBVA Group, leader in efficiency

As a consequence, recurrent operating income

Operating income
BBVA Group
(€m)



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



**Improvement of operating income share, while
keeping the share of total assets stable**

BBVA ...

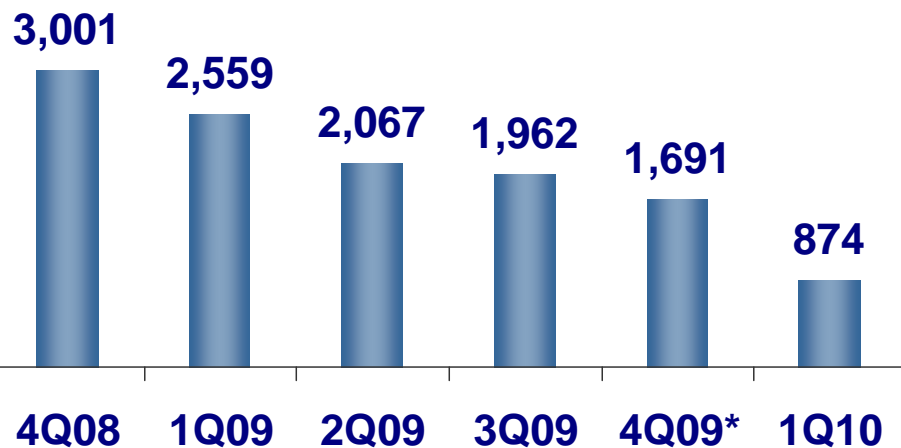
- ✓ Demonstrated capacity to deal with the current environment: high growth throughout the crisis
- ✓ 1Q10, record revenues
- ✓ Outstanding cost control and cost to income leadership
- ✓ High and stable operating profit
- ✓ Recurrence and sustainability



Sharp drop in net additions to NPA and positive trend of recoveries

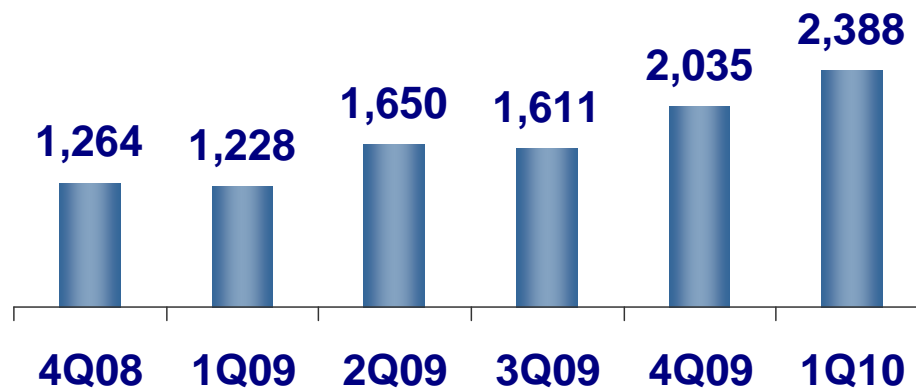
Net additions to NPA

BBVA Group
Quarter-by-quarter
(€m)

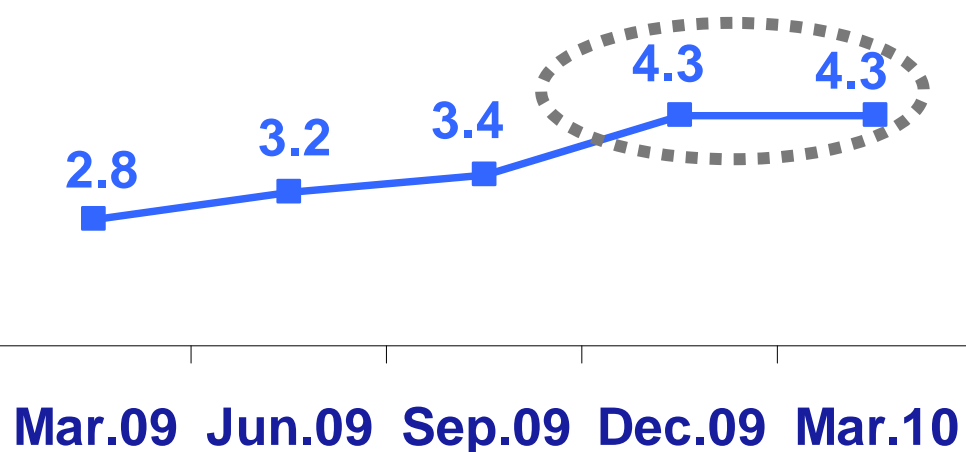


Recoveries

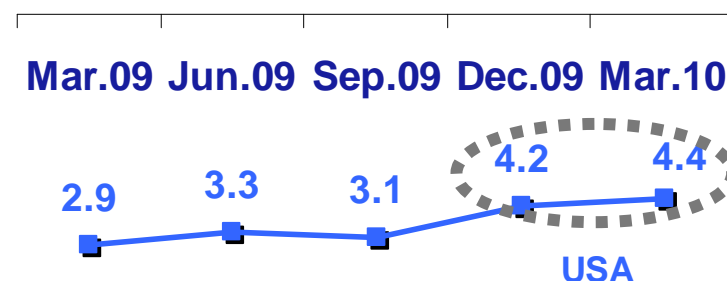
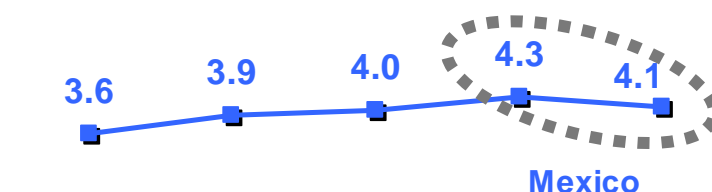
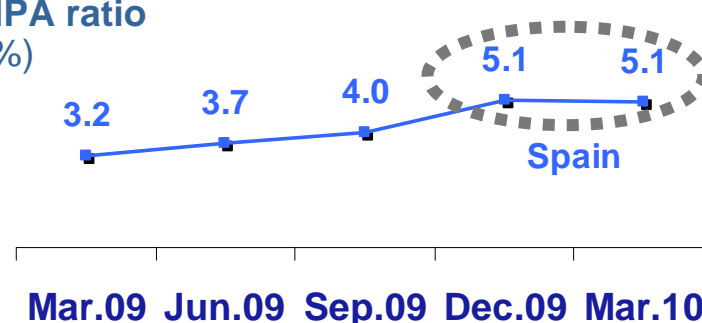
BBVA Group
Quarter-by-quarter
(€m)



NPA ratio
BBVA Group
(%)

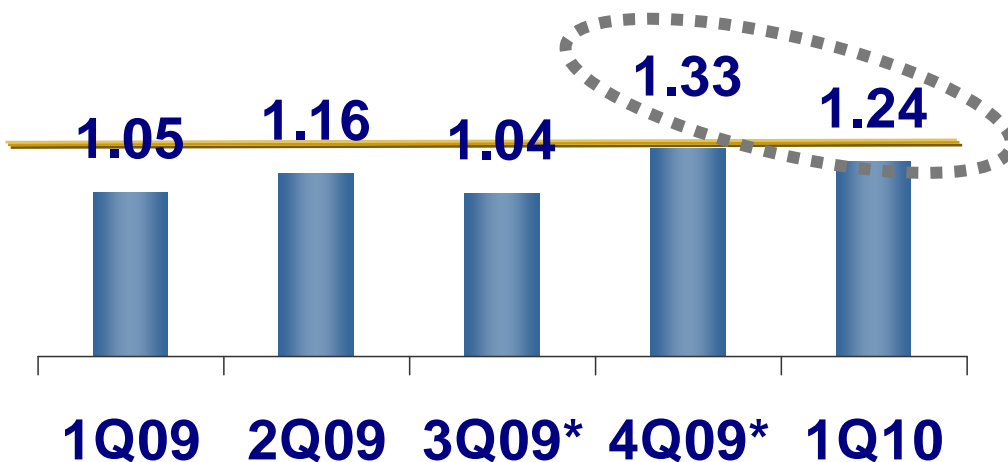


NPA ratio
(%)

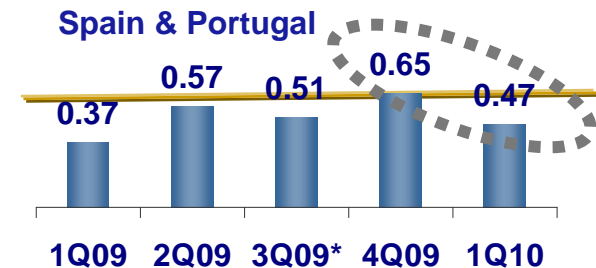


... specially in markets that suffered most during the crisis

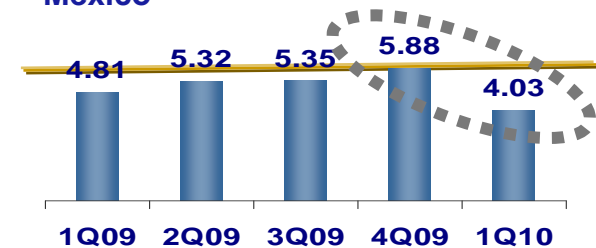
Cost of risk
BBVA Group
(%)



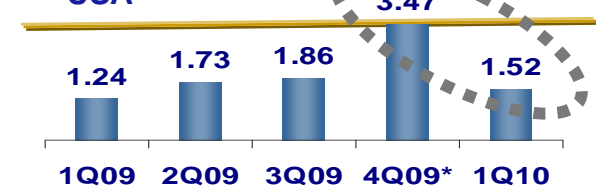
Cost of risk
(%)



Mexico



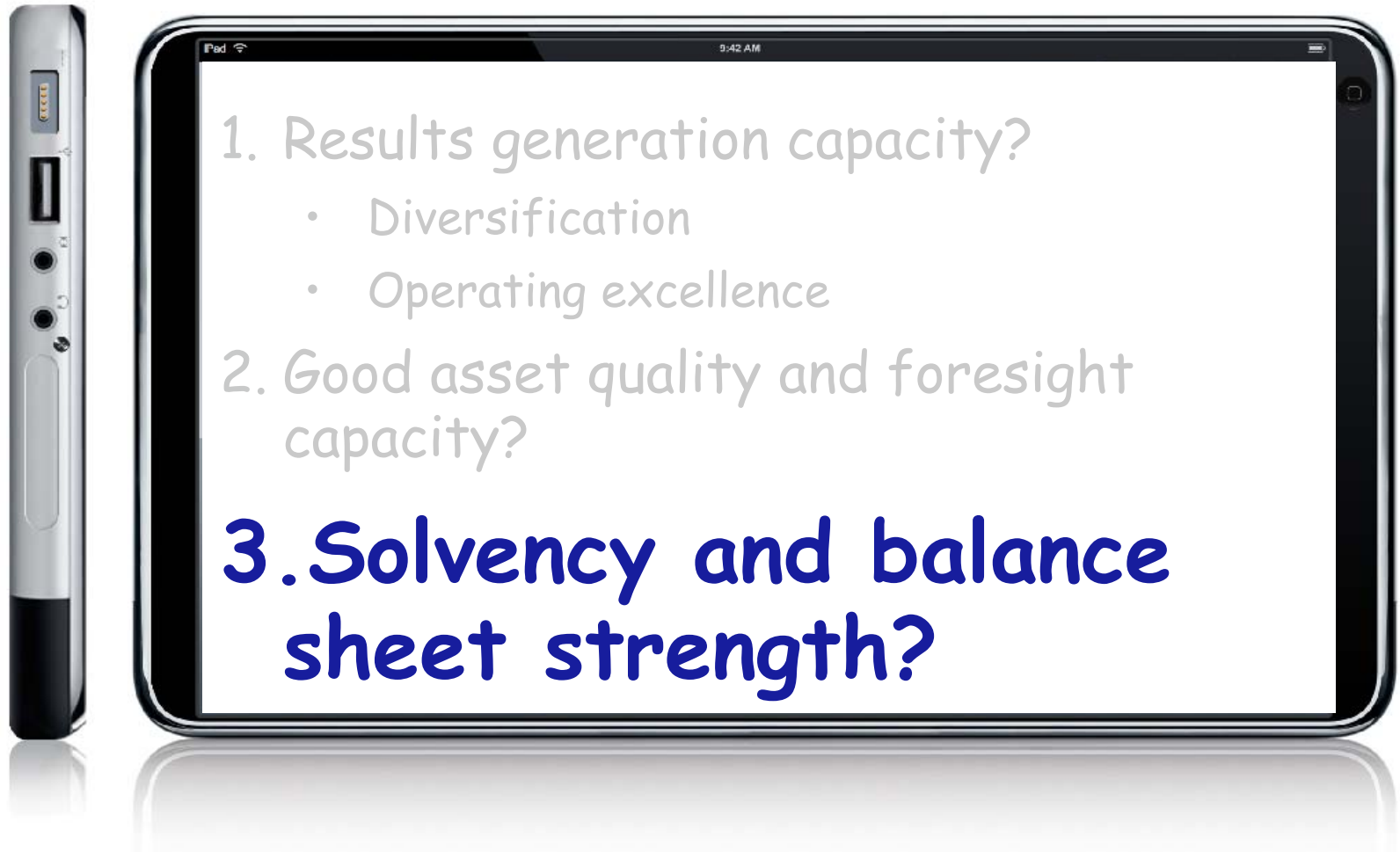
USA



... in franchises where it rose most in recent quarters

BBVA ...

- ✓ Additions to NPA coming down and recoveries coming up
- ✓ Risk premium gradually coming down
- ✓ Stabilization of asset quality deterioration



**1. Small balance sheet and
high customer deposit base**

**2. Lowest wholesale debt
maturities among peers**

3. Additional sources of liquidity

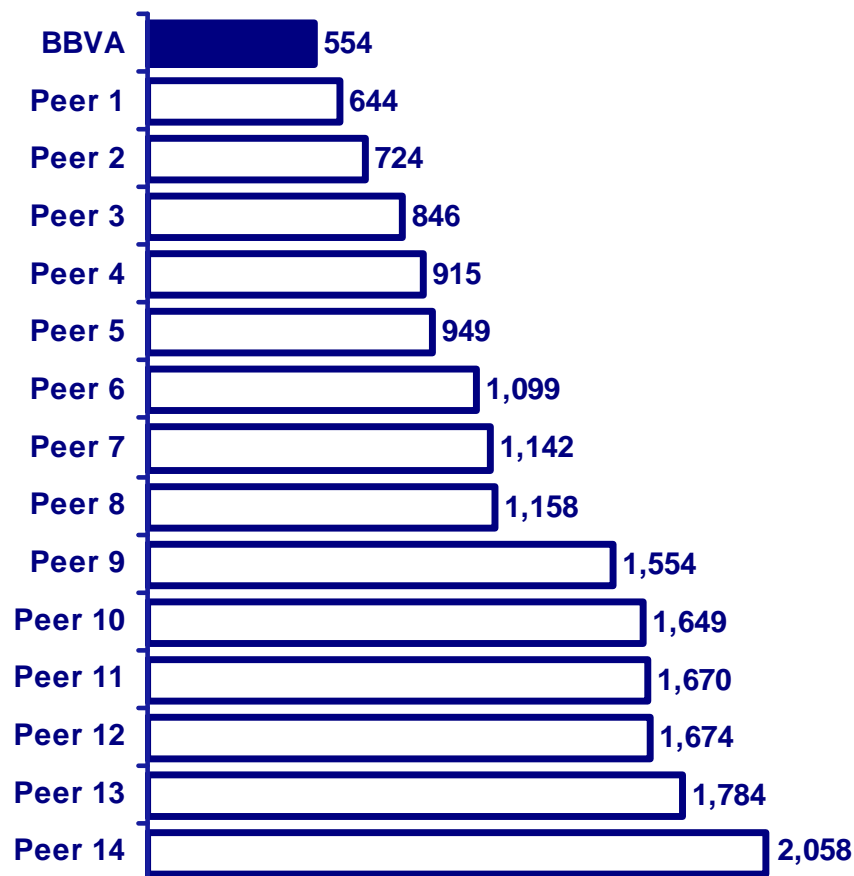
**4. Well positioned
regarding BIS III**

**A highly profitable retail business model with
attractive diversification**

1. Small balance sheet and high customer deposit base

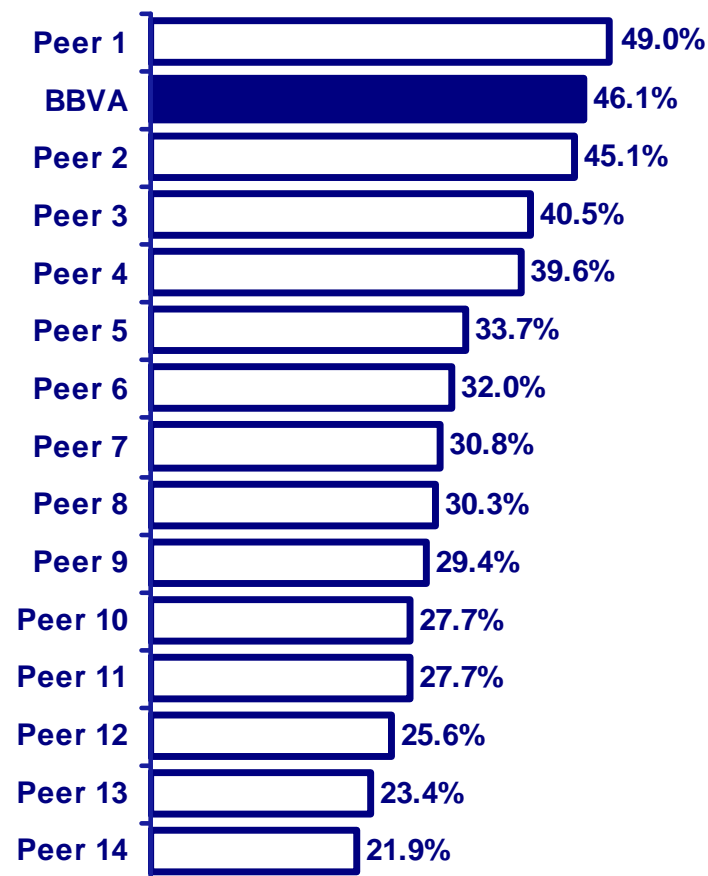
Total assets

Peer Group
(1Q10, €bn)



Deposits to total assets

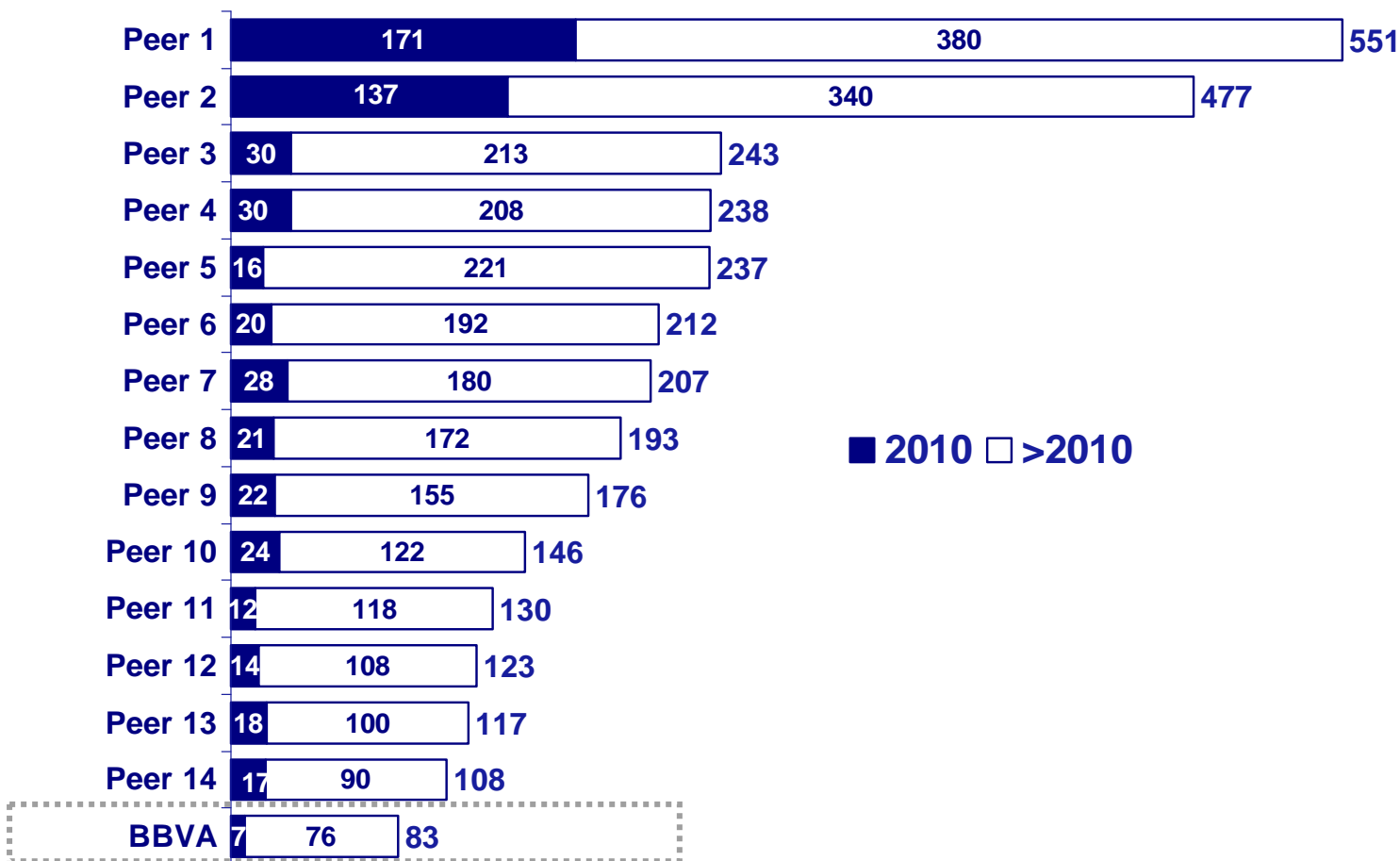
Peer Group
(1Q10, %)



2. Lowest wholesale debt maturities among peers

Wholesale maturities

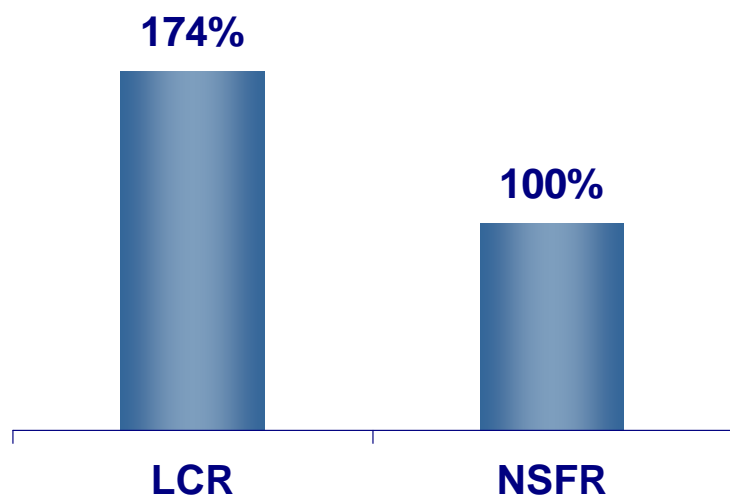
(€bn)



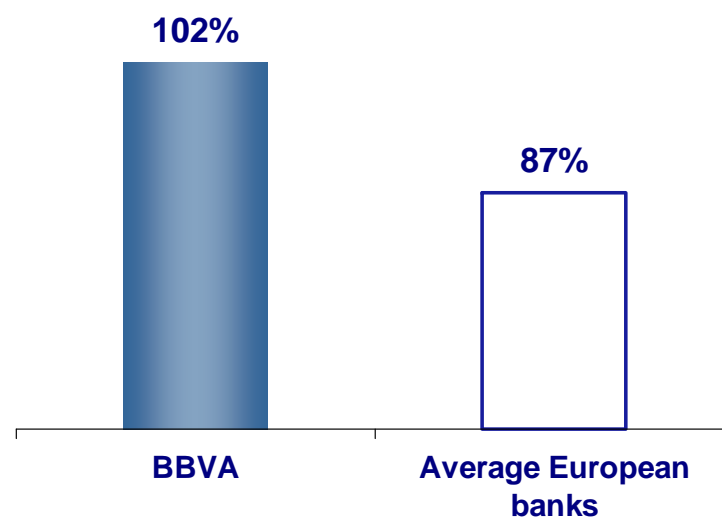
3. Ample base of collaterals: €66bn

4. Well positioned regarding BIS III

**LCR (Liquidity Coverage Ratio) and
NSFR (Net stable funding ratio)**
(%, Dec.09)



NSFR* (Net Stable Funding Ratio)
BBVA vs. European banks
(%)



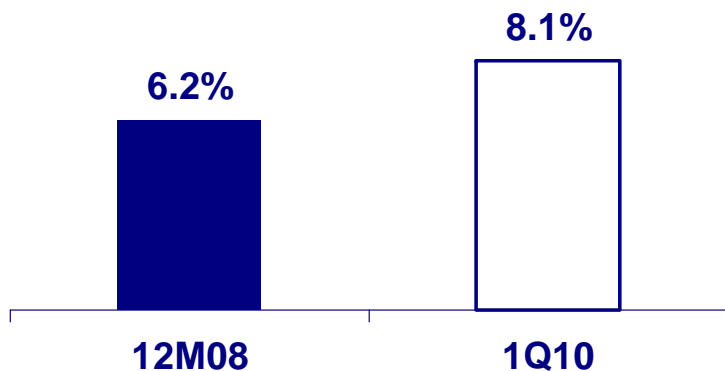
1. Significant organic capital generation track record

2. High quality and low leverage

3. Analysts agree that BBVA is among the least impacted regarding BIS III

1. Significant organic capital generation track record

Core capital
(%)

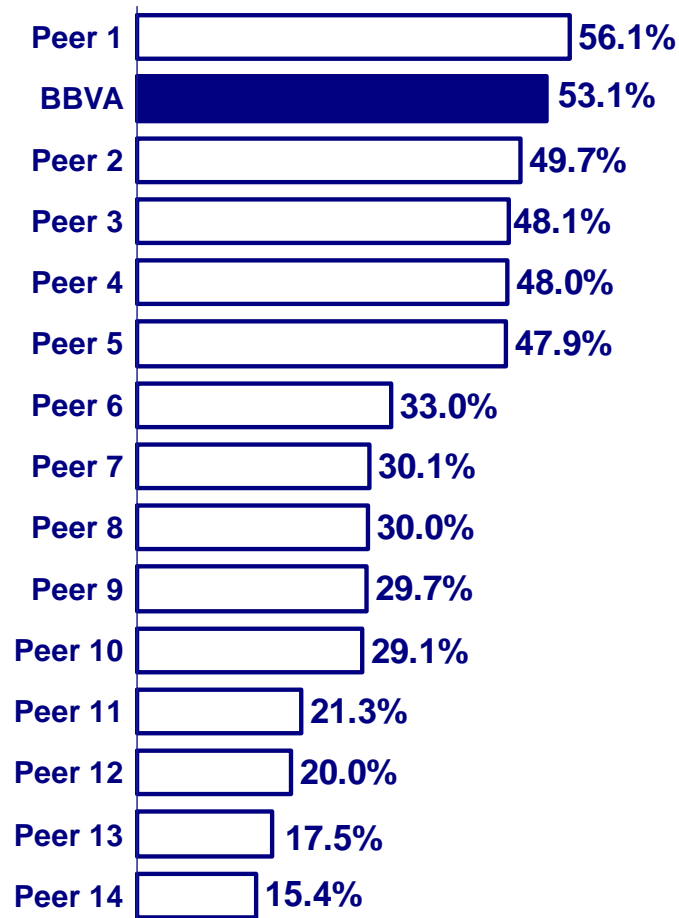


15-20 bps of capital generated organically every quarter

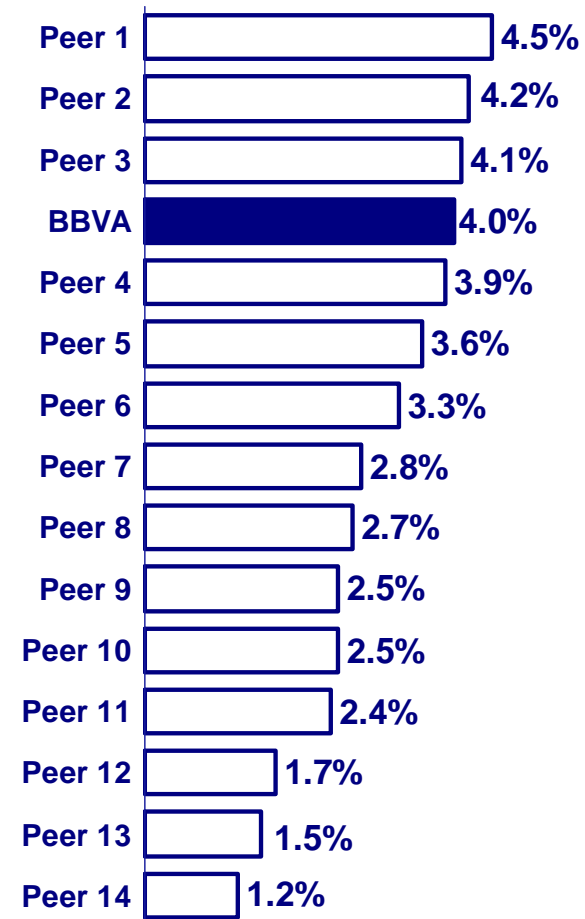
No capital increase or any type of public support throughout the crisis

2. High quality and low leverage

RWAs/ Assets
(Mar.10, %)



Tangible Equity/Tangible assets
(Mar.10, %)

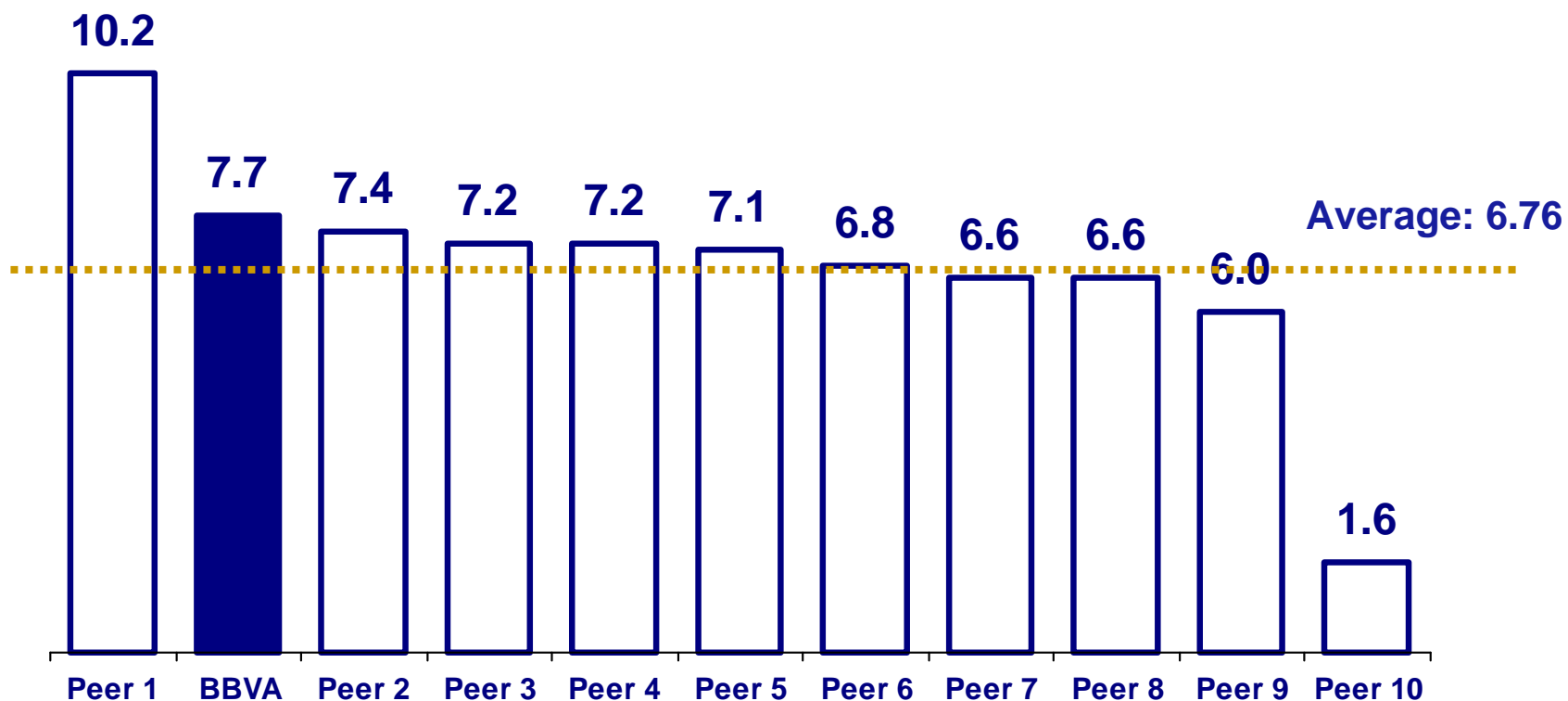


3. Analysts agree that BBVA is among the least impacted regarding BIS III

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

Still, the new regulation is under review

Core Tier I (e) 2012
BIS III* (%)



*Credit Suisse, Deutsche Bank, Keefe, B&W & Merrill Lynch estimates (T1 level 1Q2010: 9.5%)

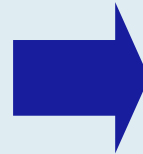
Peer group: BARCL, BBVA, BNPP, CASA, CS, DB, HSBC, ISP, SAN, SG & UCI.

BBVA ...

- ✓ **Balance sheet strength in a very complex environment**
- ✓ **One of the strongest entities in terms of capital and liquidity**
- ✓ **One of the least impacted by regulatory changes**

Unstable financial markets that do not differentiate enough

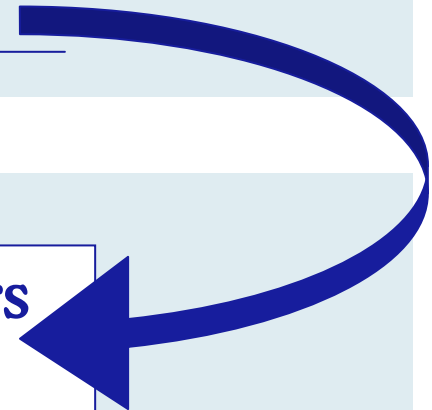
Main drivers
to return to
normal



- Macro
- Regulation
- Micro

BBVA outstands in the key factors
for future differentiation

- Recurrent results generation capacity
- Good asset quality and foresight capacity
- Solvency and balance sheet strength





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Strength in turbulent times

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President & COO

Madrid, June 11th 2010

