

BBVA

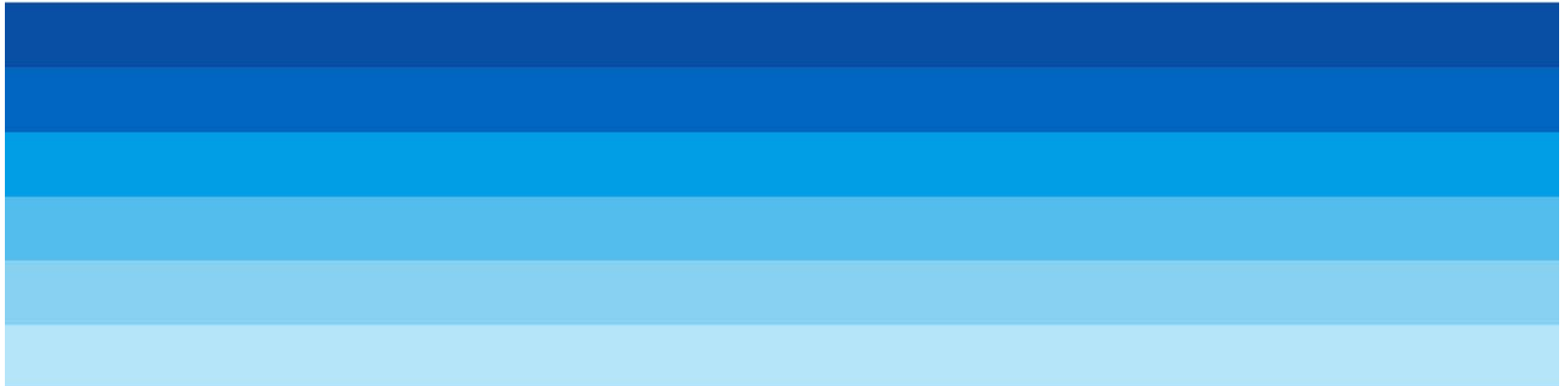
A Unique Value Proposition

Morgan Stanley

European Financials Conference

Manuel Gonzalez Cid, BBVA's CFO

March 30th 2011



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1 High and recurrent profitability

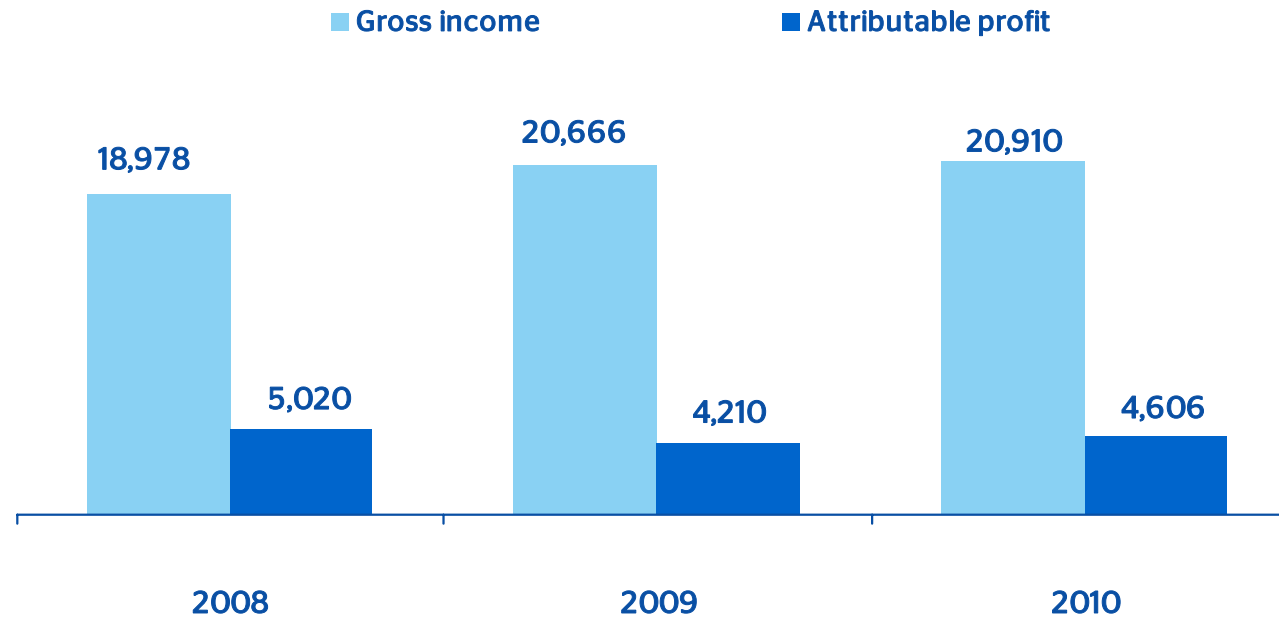
2 Strong balance sheet and capital

3 Rising opportunities

4 Concluding remarks

High and recurrent profitability

Gross income and attributable profit
BBVA Group
(€m)

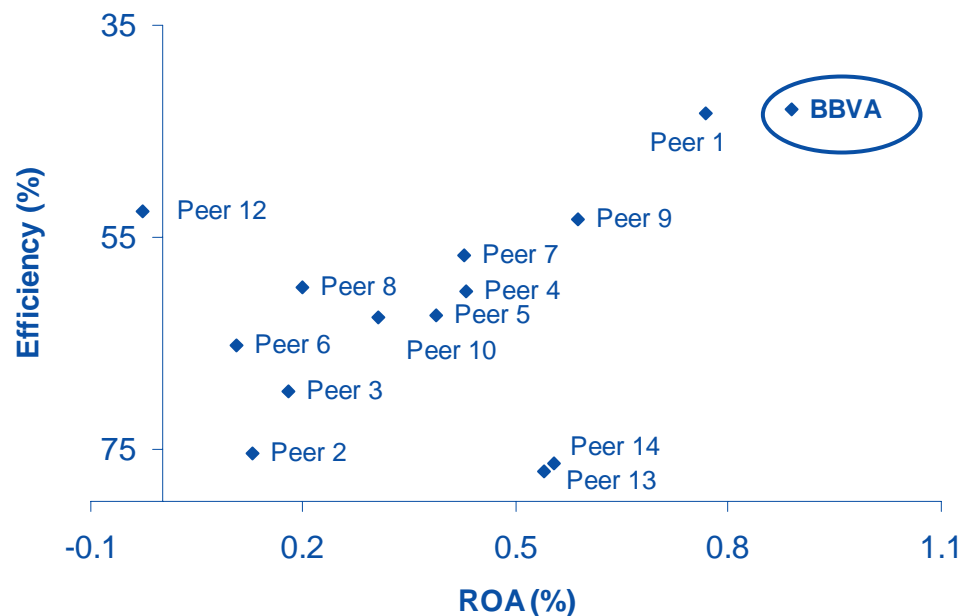


Despite significant headwinds, earnings delivery has been a trademark of BBVA during the crisis

Highly profitable business, attractive business mix and superior growth prospects

ROA vs Efficiency

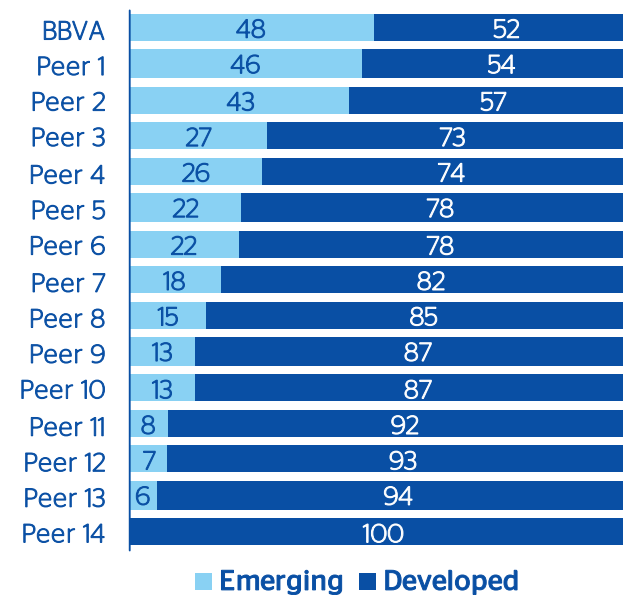
BBVA Group vs Peer Group
(12M10, %)



ROE: 15.8%

Geographic diversification of revenue*

BBVA Group vs Peer Group
(%)



With Garanti > 50%

1 High and recurrent profitability

2 Strong balance sheet and capital

3 Rising opportunities

4 Concluding remarks

Strong balance sheet and capital

Comfortable funding position

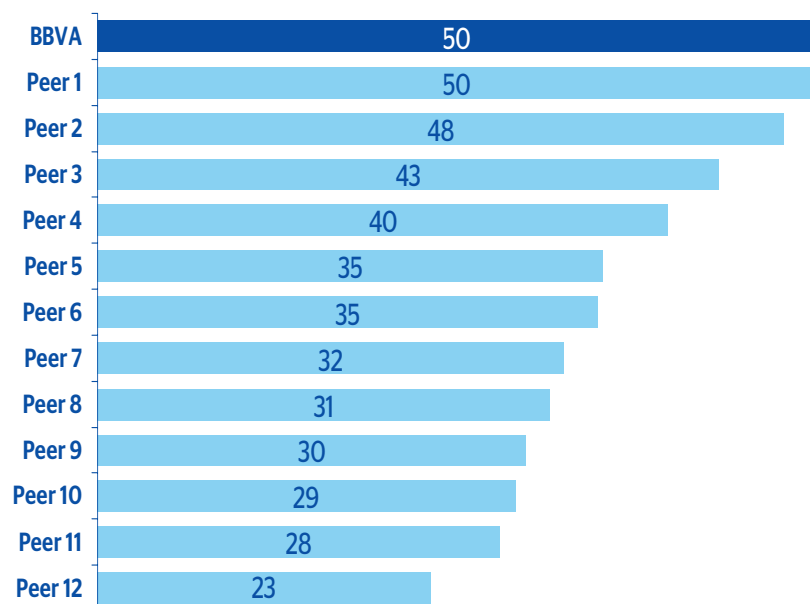
- Large deposit base
- Lowest wholesale funding needs among peers

Strong capital base

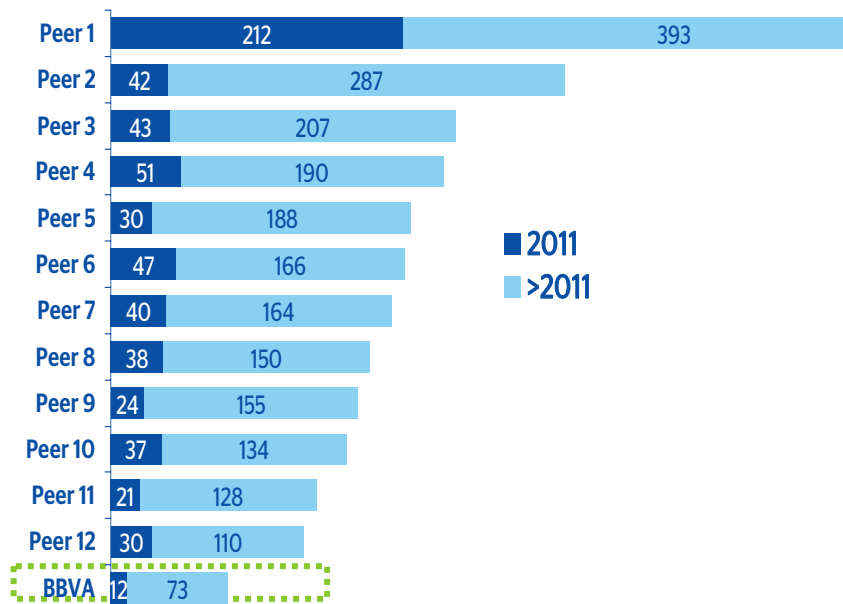
- Strong organic capital generation
- High quality capital
- Lowest leverage among peers

Large deposit base with low wholesale funding needs

Customer deposits / Total Assets
BBVA Group vs. Peers*
(2010, %)

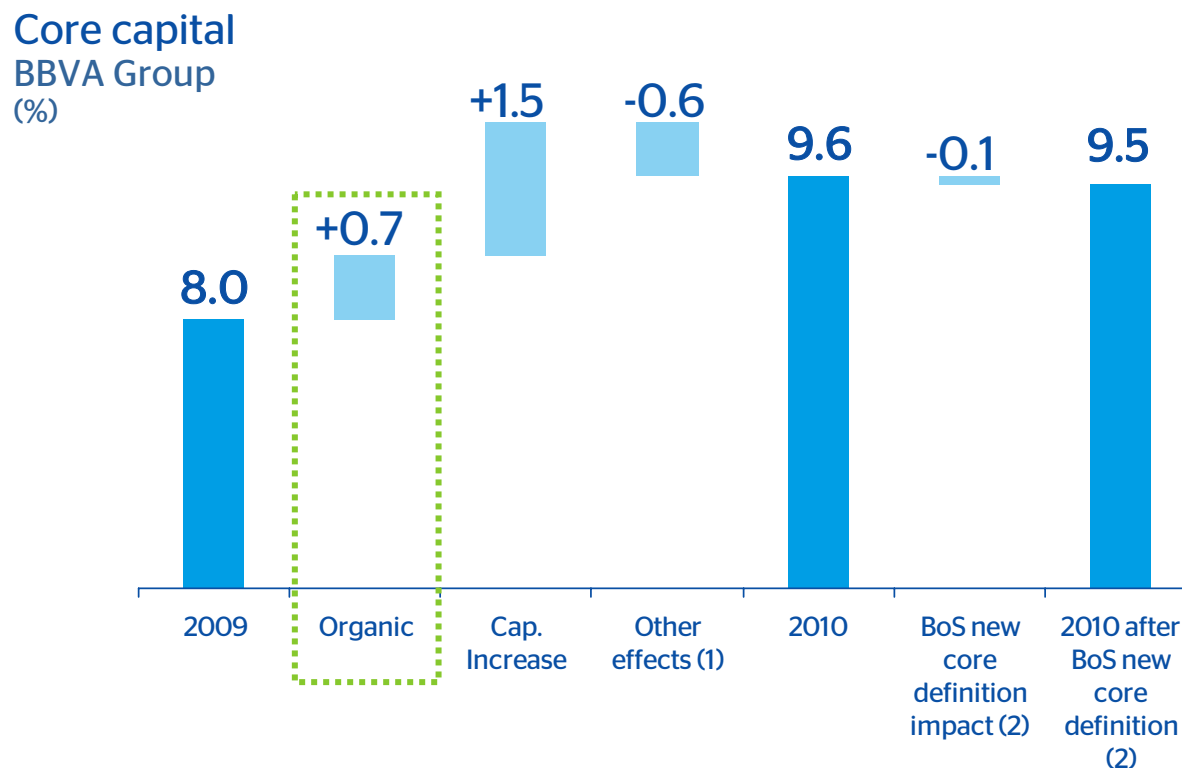


Maturities of wholesale funding
BBVA Group vs. Peers*
(€bn)



*Peers: BARCL, BNPP, CASA, CMZ, DB, HSBC, ISP, LBG, RBS, SAN, SG, & UCI. Source: Bloomberg 21-Feb-2011,

Sound and consistent capital management policy with strong organic generation



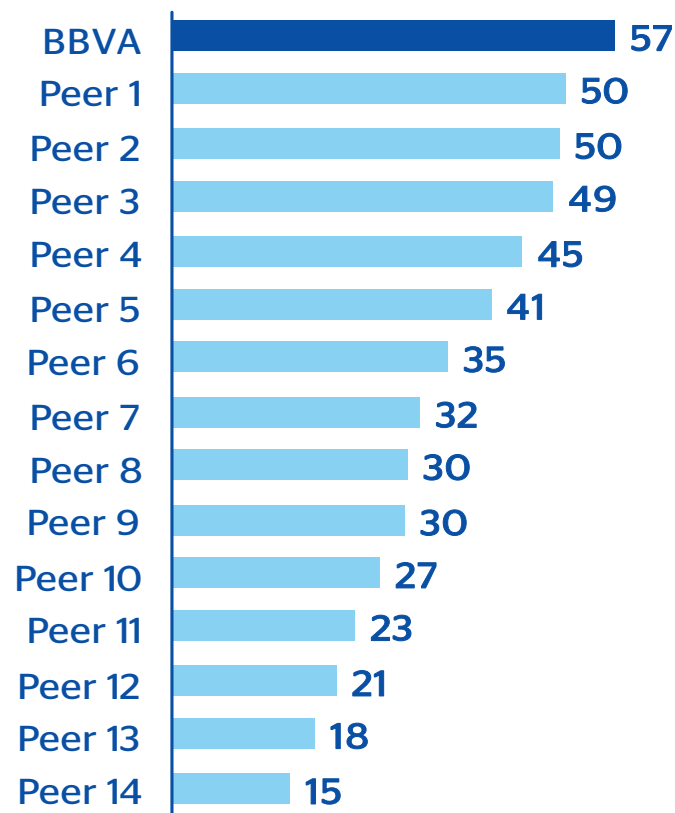
Capital increase for growth not for balance sheet repair

(1) Venezuela+CNCB & others

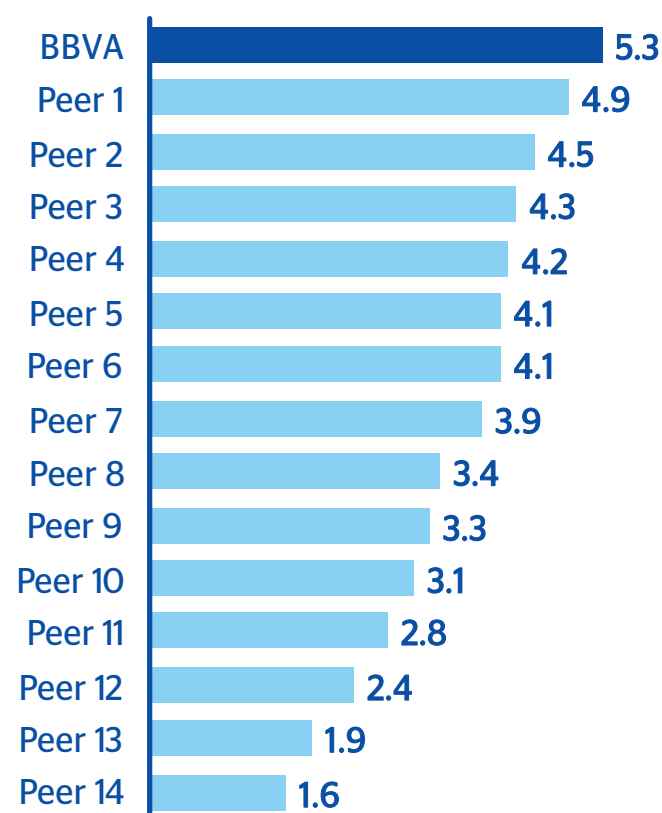
(2) Ratio calculated taking the new core capital published by Bank of Spain and reported RWA as of December 2010

High quality capital with the lowest leverage

RWAs / Total Assets
(%, 2010)



Tangible equity / Tangible Assets
(%, 2010)



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Mature markets

Improving asset quality

Market share gains

Pricing getting better

Growing markets

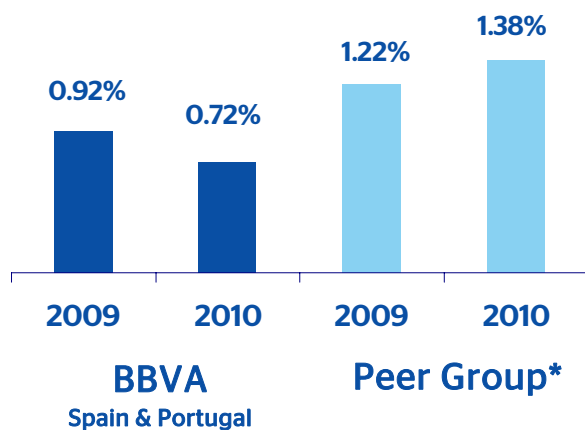
Excellent asset quality

Accelerating business

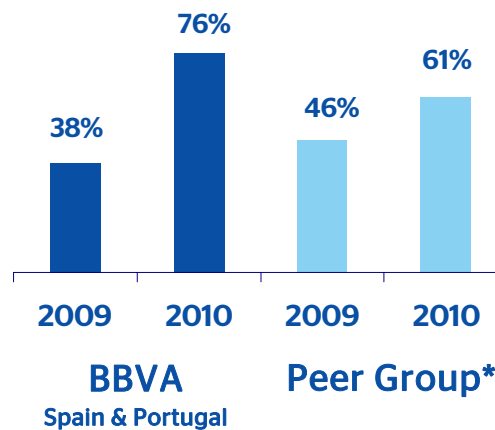
Favourable mix trends

Spain: Better asset quality due to anticipation

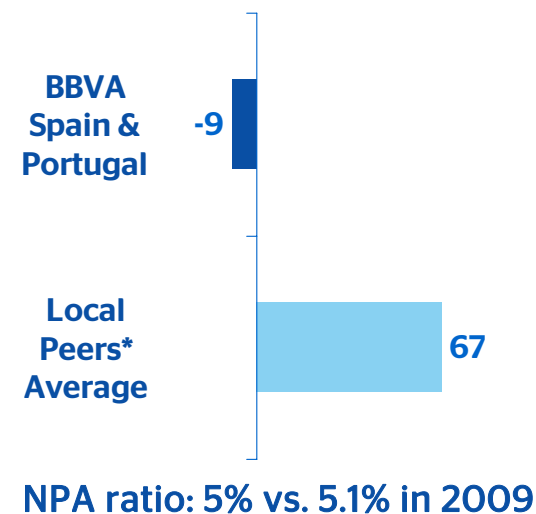
Gross additions to NPA
over total gross loans



Recoveries over gross
additions to NPA



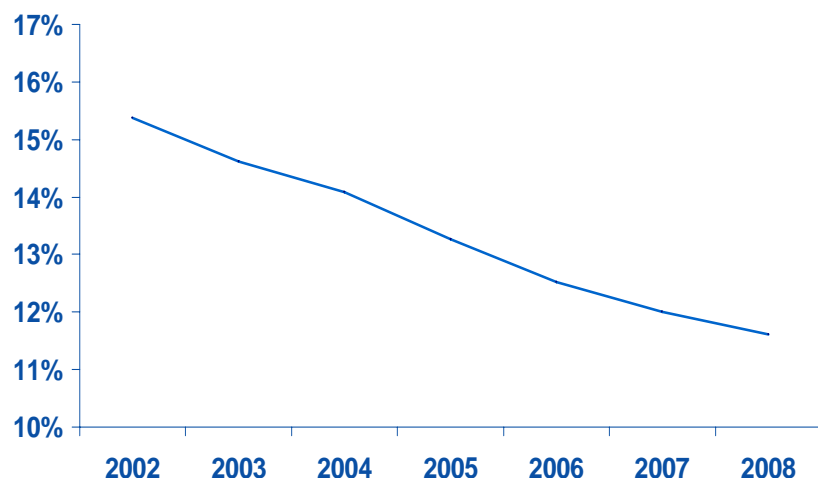
NPA ratio
(2010 YoY change in b.p.)



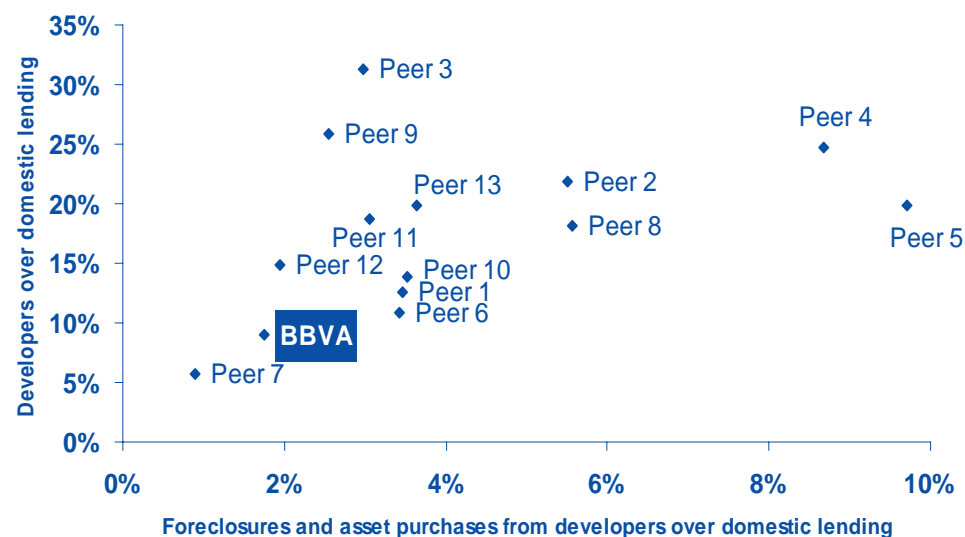
Gross additions continue to decline while recoveries are up

Spain: In asset quality, the worst is behind for BBVA

Domestic lending market share



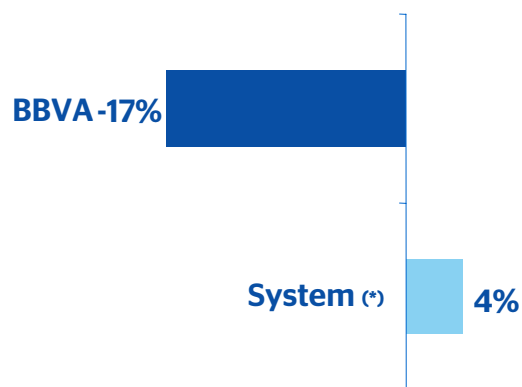
Very limited exposure to developers



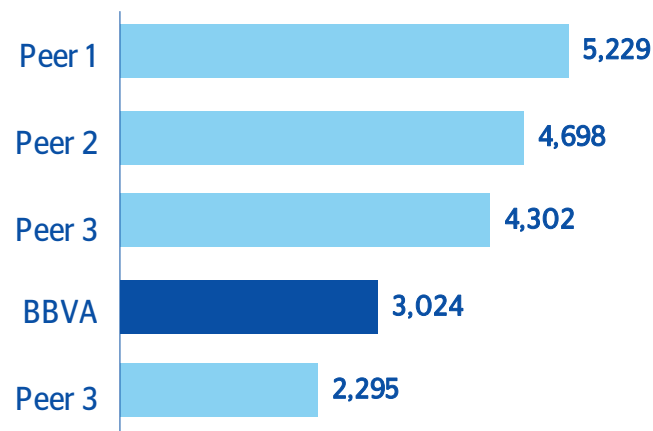
Lower risk appetite during the credit boom years, particularly in RE developers.

Spain: Best positioned to take advantage of the restructuring of Spanish financial system

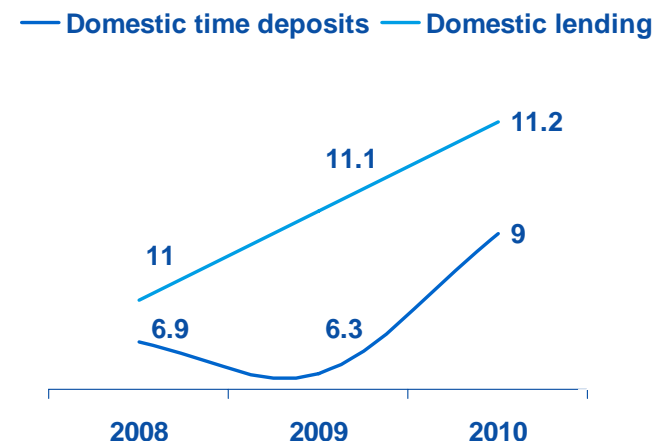
Branch evolution
2006-Sep 2010



Number of branches



BBVA Spain: Market share
evolution in lending and deposits
(%)

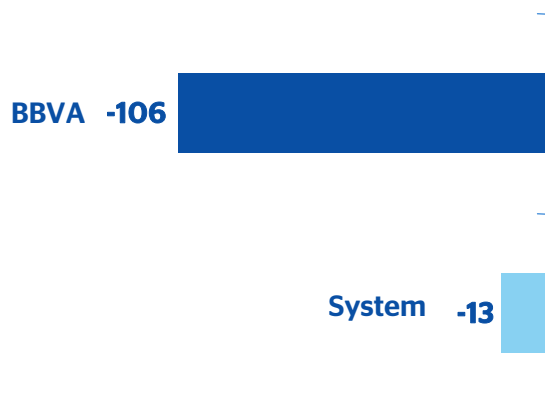


BBVA has a lean and highly productive network, with no pending restructuring needs.

Spain: 2011 will continue to be challenging for NII, although front book dynamics are improving

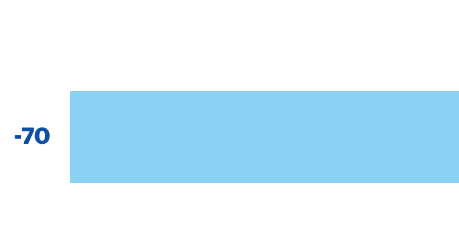
Time deposit pricing improving

(Current levels vs. 2010 max. in b.p.)



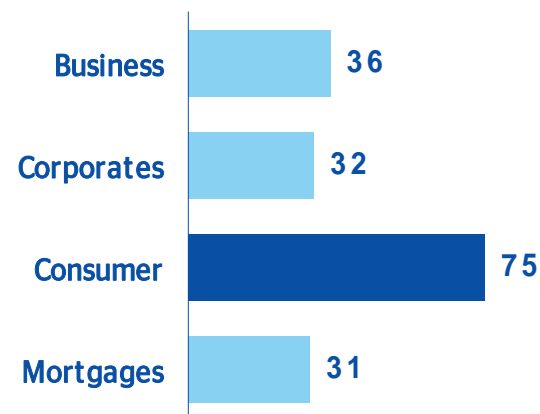
Covered Bonds

Spread difference
(latest issue vs. max. in b.p.)



Front book spreads improving

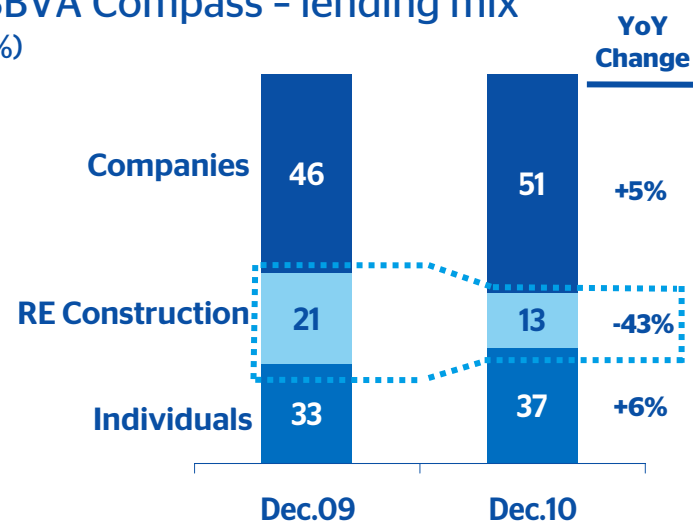
(Current levels vs. 2010 min. in b.p.)



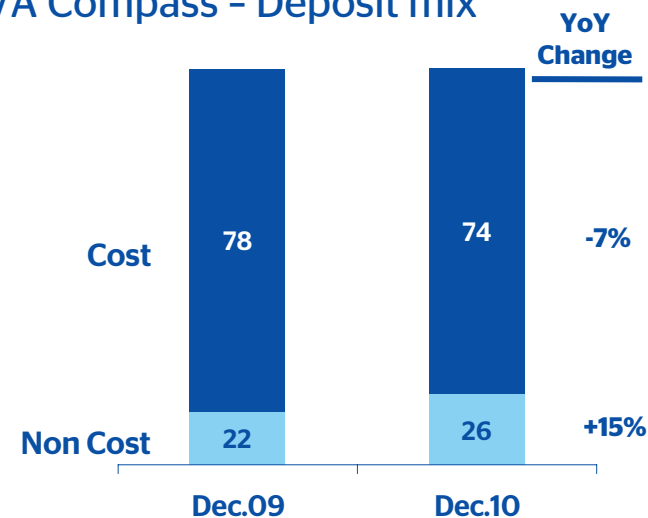
Price normalization represents a significant opportunity

United States: improvement of mix ...

BBVA Compass - lending mix
(%)

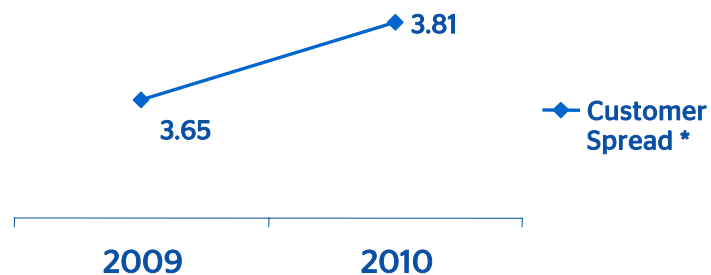


BBVA Compass - Deposit mix
(%)



... and increase in the customer spread

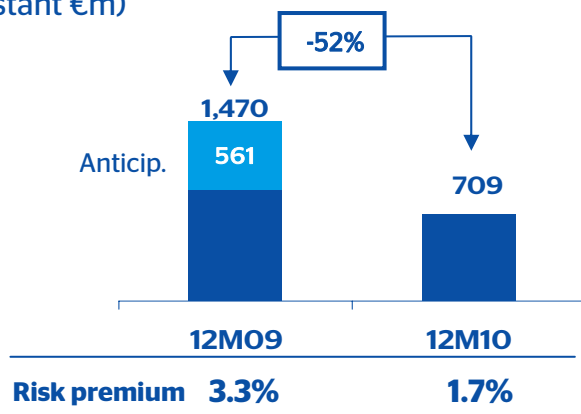
BBVA Compass - Customer spread
(%)



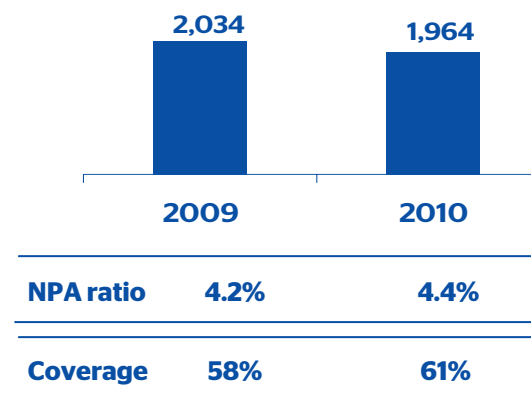
* Excluding Guaranty Loss Sharing Agreement

United States: risk indicators continue to improve

BBVA USA Provisions
(Constant €m)

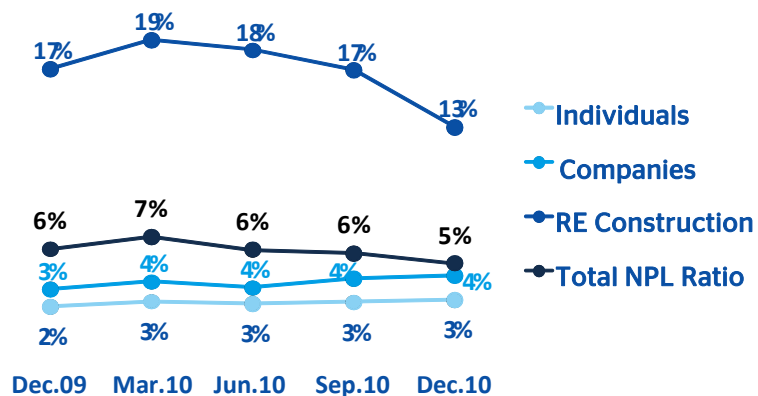


BBVA USA NPAs balance
(Constant €m)



... particularly at BBVA Compass

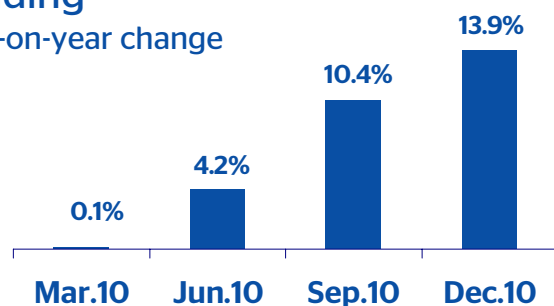
BBVA Compass NPL ratio by segment
(%)



Mexico: recovery of business traction and improvement in mix...

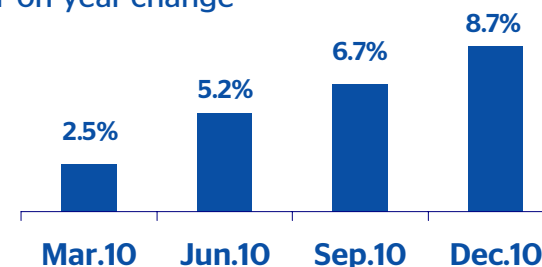
Lending

Year-on-year change (%)



Customer Funds

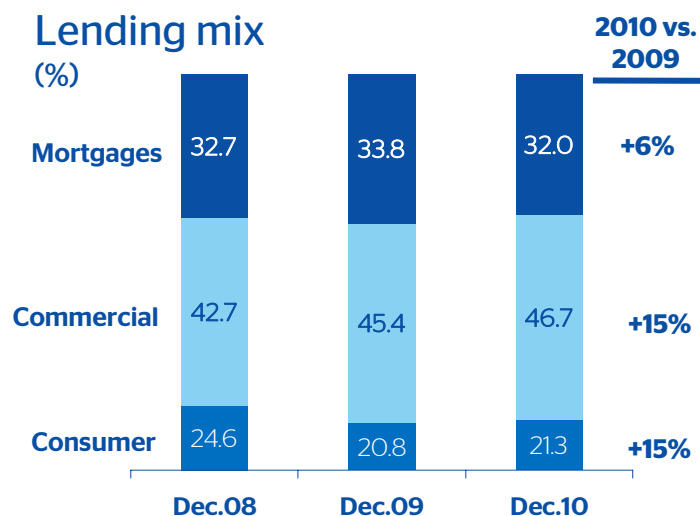
Year-on-year change (%)



...consumer lending starting to improve in 2S10, thanks to internal demand recovery after sharp drop in 2009*.

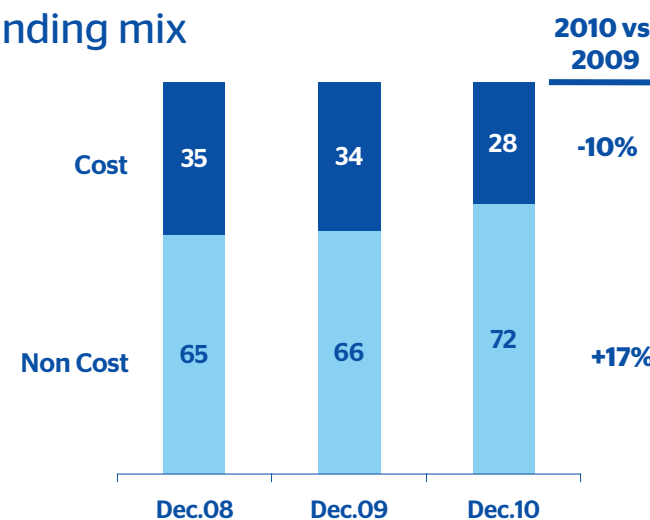
Lending mix

(%)



Funding mix

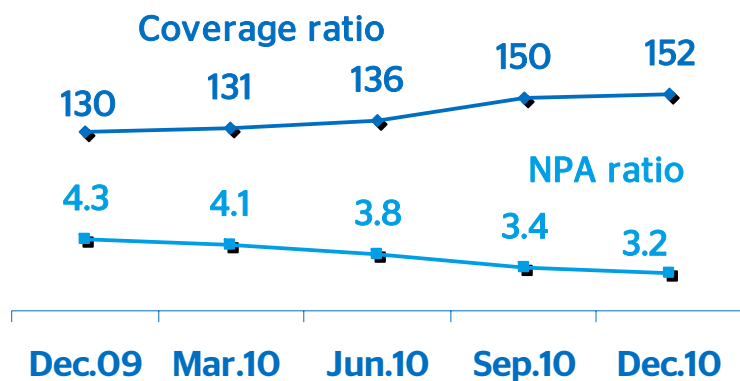
(%)



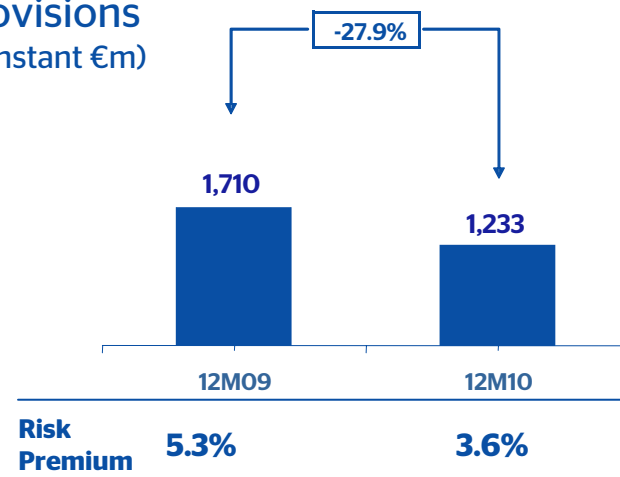
* Growth of Bancomer Consumer Portfolio in 4Q10 was 7,8% vs. 3,9% in total lending. Data excludes UDI trust.

Mexico: sharp drop in the cost of risk

NPA & coverage ratios
(%)

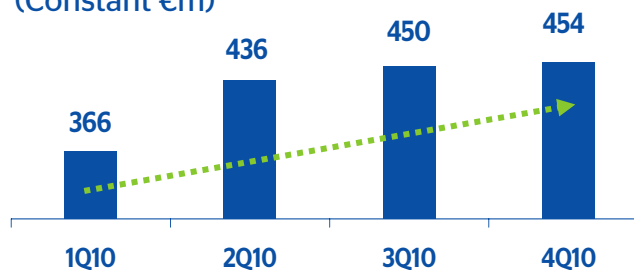


Provisions
(Constant €m)



...altogether leading to an acceleration of earnings growth

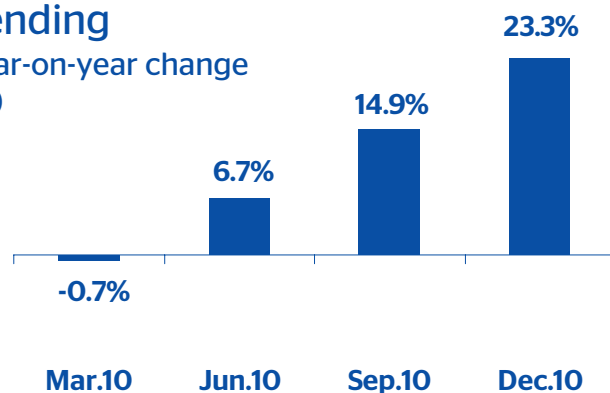
Attributable profit
Quarter-by-quarter
(Constant €m)



South America: high level of business ...

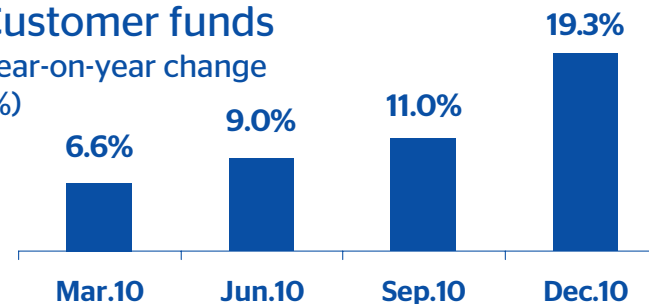
Lending

Year-on-year change
(%)



Customer funds

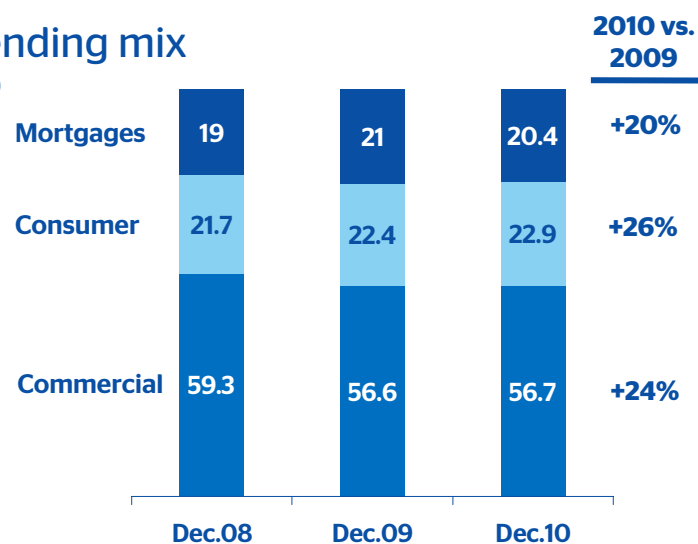
Year-on-year change
(%)



... with an improvement in the mix

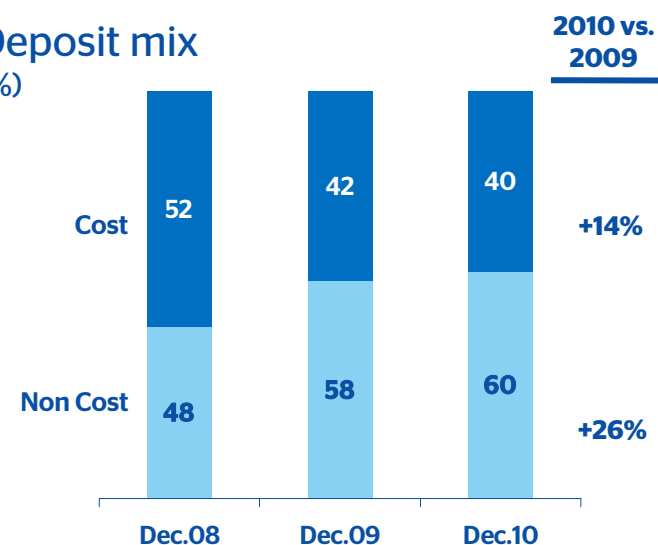
Lending mix

(%)



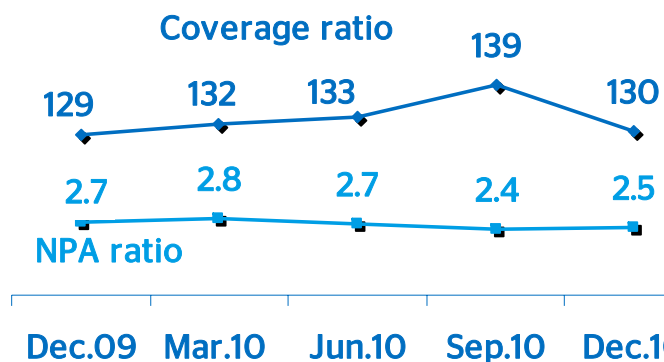
Deposit mix

(%)

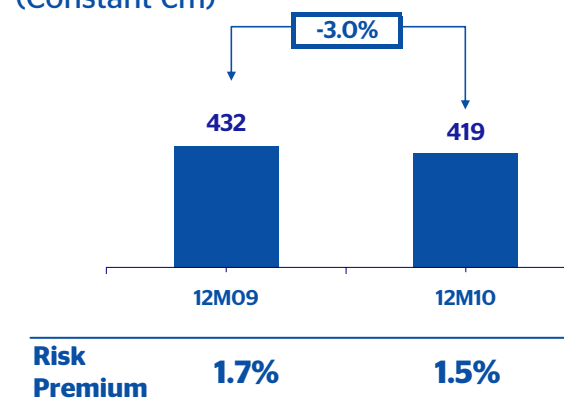


South America: ... with the best risk indicators in the Group

NPA & coverage ratios
(%)

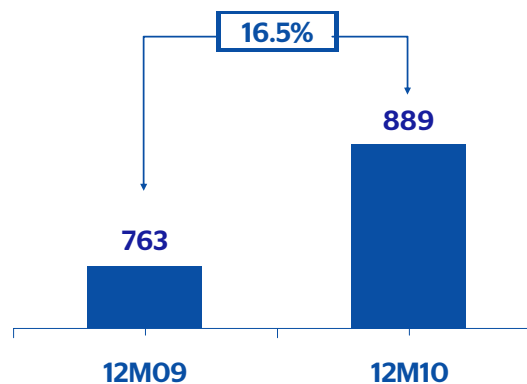


Provisions
(Constant €m)



... altogether leading to buoyant earnings

Attributable profit
(Constant €m)



Garanti: Adding growth to our business portfolio

Transaction update

Closing of the transaction: March 22nd

A growth market for retail banking

High growth economy
Large and young population
Low banking penetration

The best banking franchise

Solid funding position
Stable and high profitability
Leading position in key segments
Top quality management
Sharing BBVA's technological vision

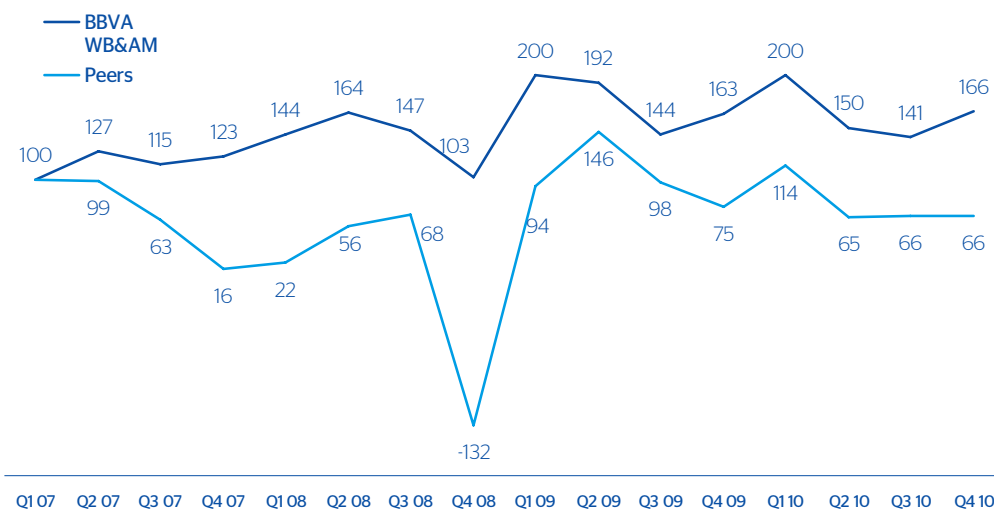
BBVA

WB&AM: a customer franchise with a resilient business model

BBVA WB&AM vs. Peers ⁽¹⁾ – Operating Income

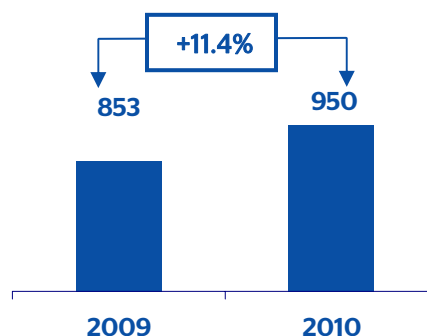
(€ mn constant)

(Index 100=Q1'07)



... leading to a growing contribution to Group's profits

Attributable profit
(Constant €m)



(1) Synthetic index created out of public information of the following peers: BNP, Citi, CMZ, CS, GS, ISP, JPM, MS, NOM, SAN, SG, UCI

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- 2 Strong balance sheet and capital
- 3 Rising opportunities

4 Concluding remarks

Conclusions

High and recurrent profitability

Highly profitable business model

Attractive business mix with superior growth prospects

Strong balance sheet and capital

Comfortable funding position

Strong and high quality capital

Rising opportunities

In mature markets

In high growth markets

Business Areas: key aspects

Spain & Portugal

Progressive market share gains & margin normalization
Although 2011 will continue to be challenging for NII

United States

Improvements in business activity, spreads and asset quality

Mexico

Loan growth accelerating, in higher margin segments
Provisioning continues to decrease

South America

High business growth with improvement in the mix
Excellent earnings and risk performance

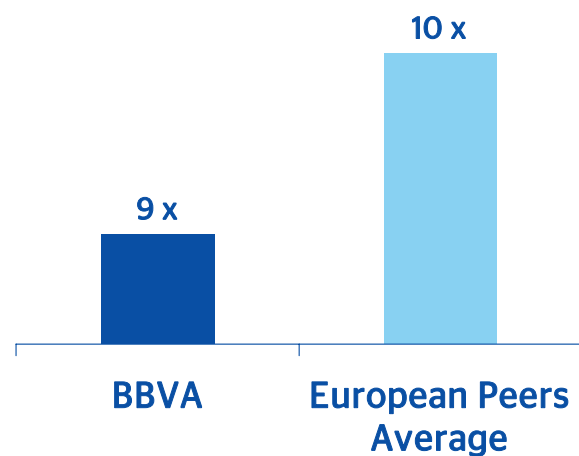
WB&AM

High quality of revenues - customer franchise
Increasing contribution from Asia

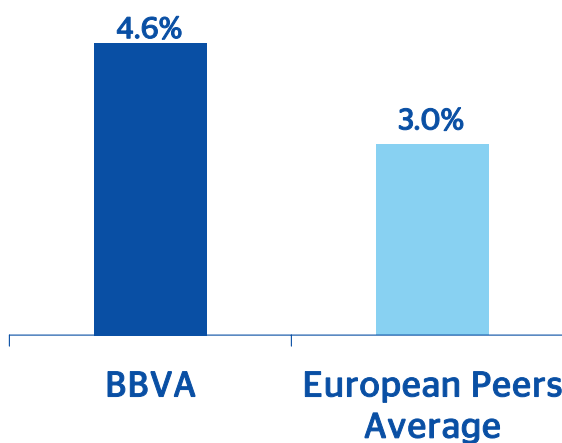
A business portfolio that delivers high profitability even in challenging times. Garanti enhances BBVA's growth profile

BBVA: a unique value proposition

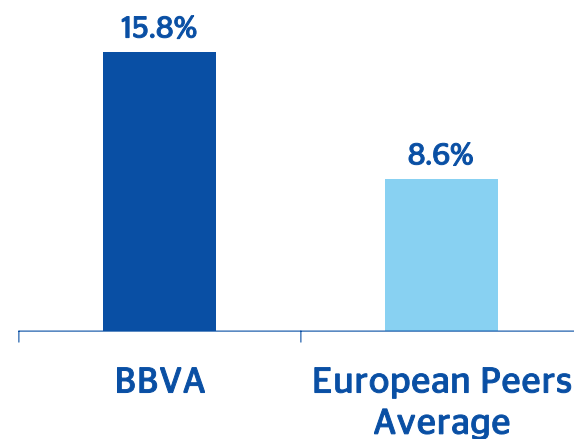
PE 2011
BBVA vs Peer Group
(Consensus estimates)



Dividend yield 2011
BBVA vs Peer Group
(Consensus estimates)



ROE 2010
BBVA vs Peer Group



Stable dividend policy: € 0.42 per share remains floor

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