

# BBVA

## Strength of earnings and fundamentals

### Third quarter 2009

Madrid, October 27th 2009

[www.bbva.com](http://www.bbva.com)

**BBVA**



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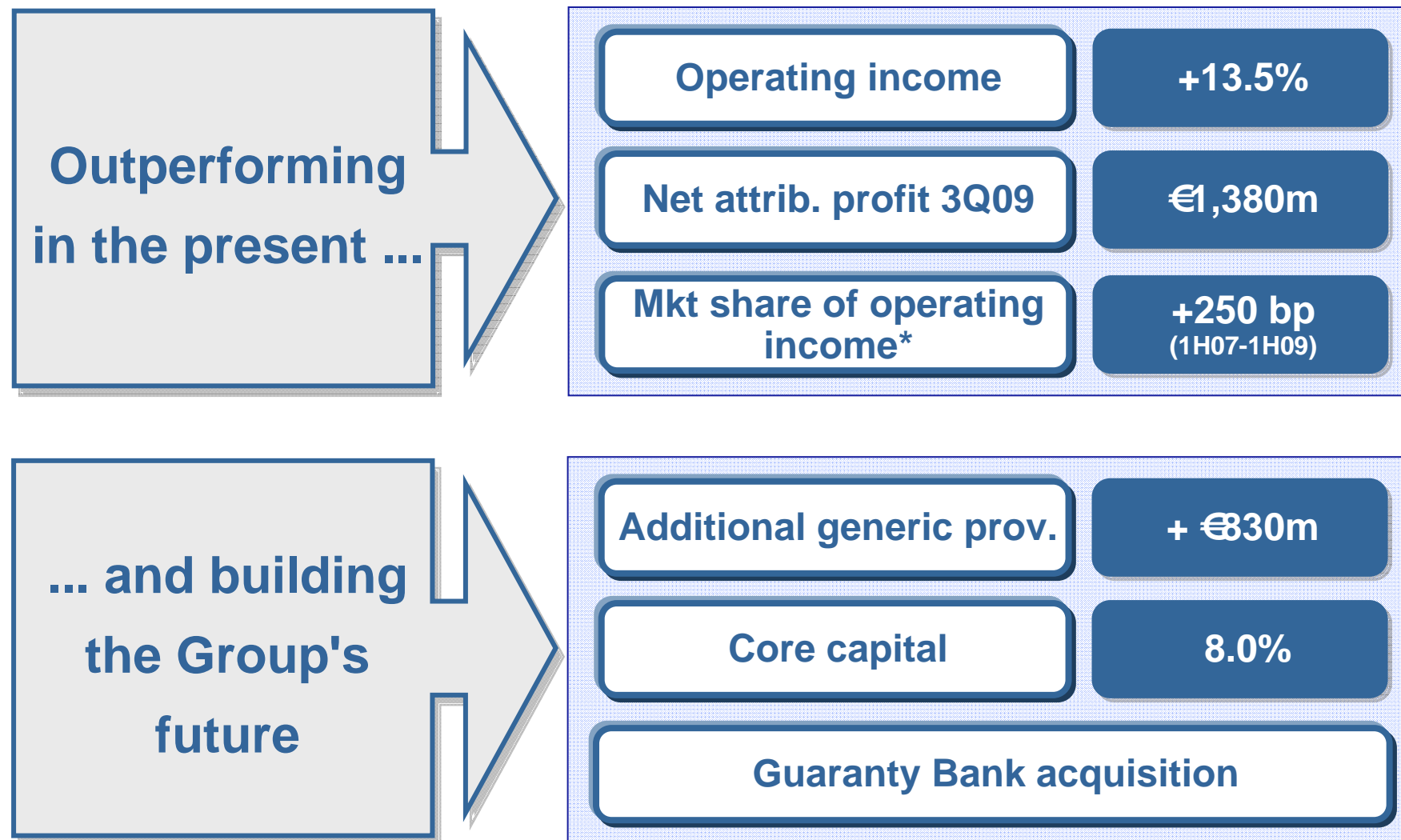
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# Strength to build the future

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\* 1H09 figures. Peers: BARCL, BBVA, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, RBS, SAN, SG, UBS, LBG & UCI. 3

## Highly positive developments in 3Q09 ...

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**1**

**High recurrent earnings**

**2**

**Excellent risk management**

**3**

**Capital strength and superior profitability**

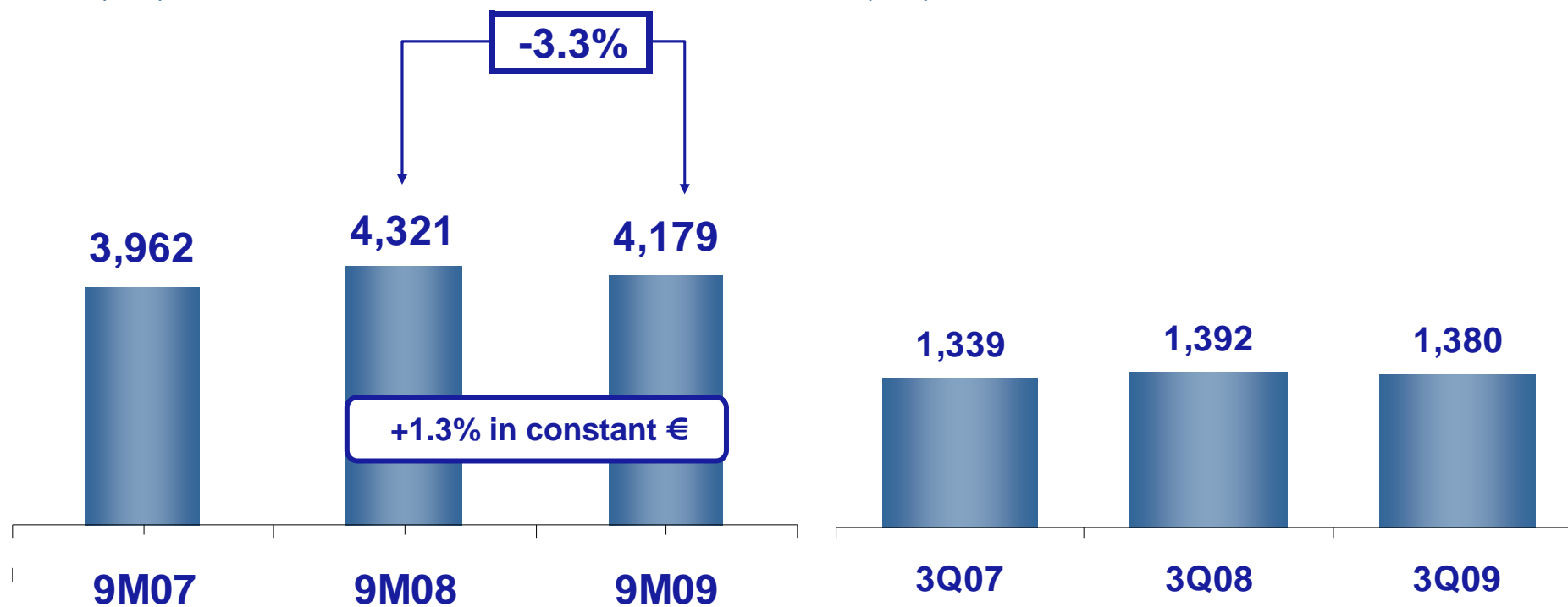
**4**

**Strong franchises – still growing**

# High recurrent earnings despite environment

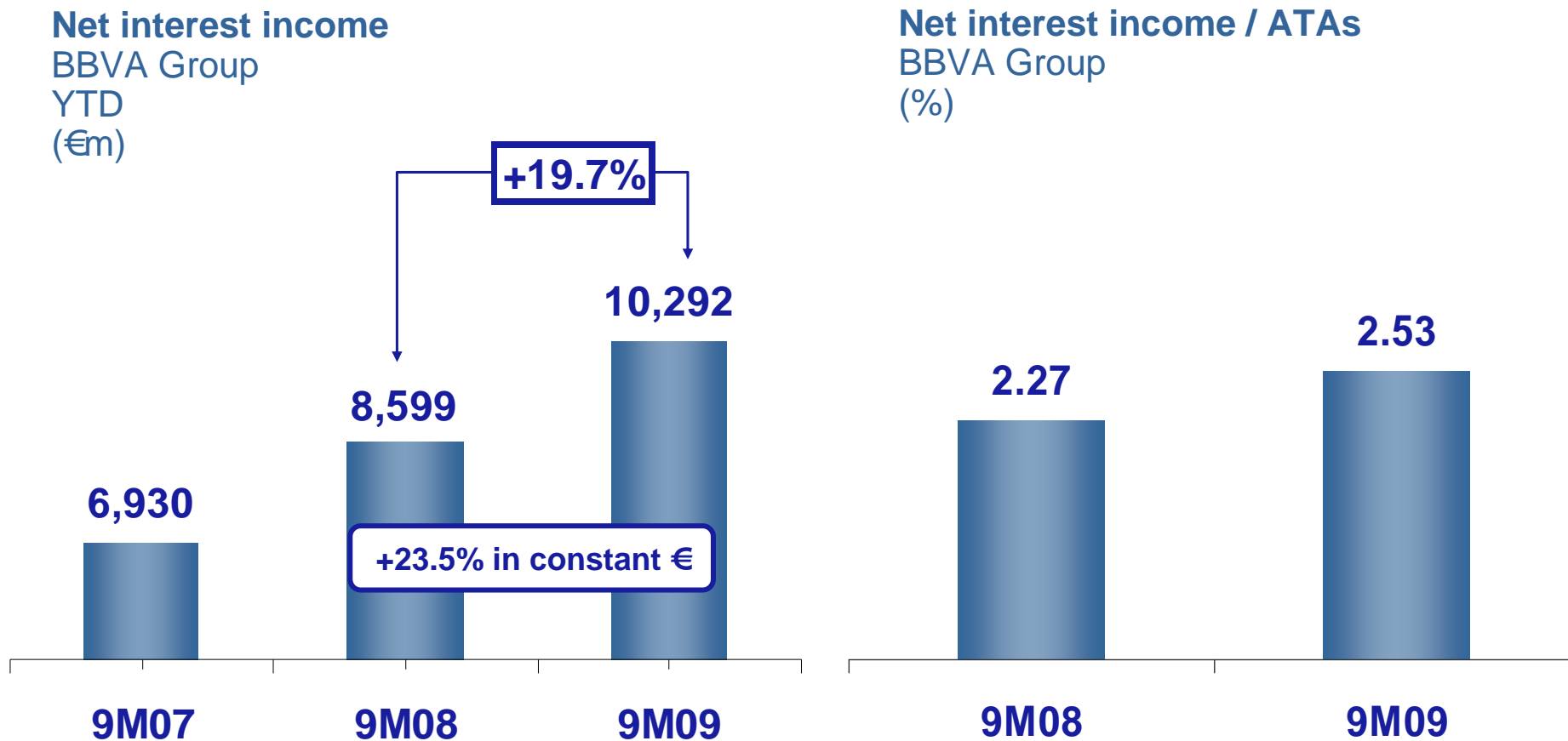
**Net attributable profit**  
BBVA Group excluding one-offs  
YTD  
(€m)

**Net attributable profit**  
BBVA Group excluding one-offs  
Quarter-on-quarter  
(€m)



**Earnings per share: €1.12 (-3.3%)**

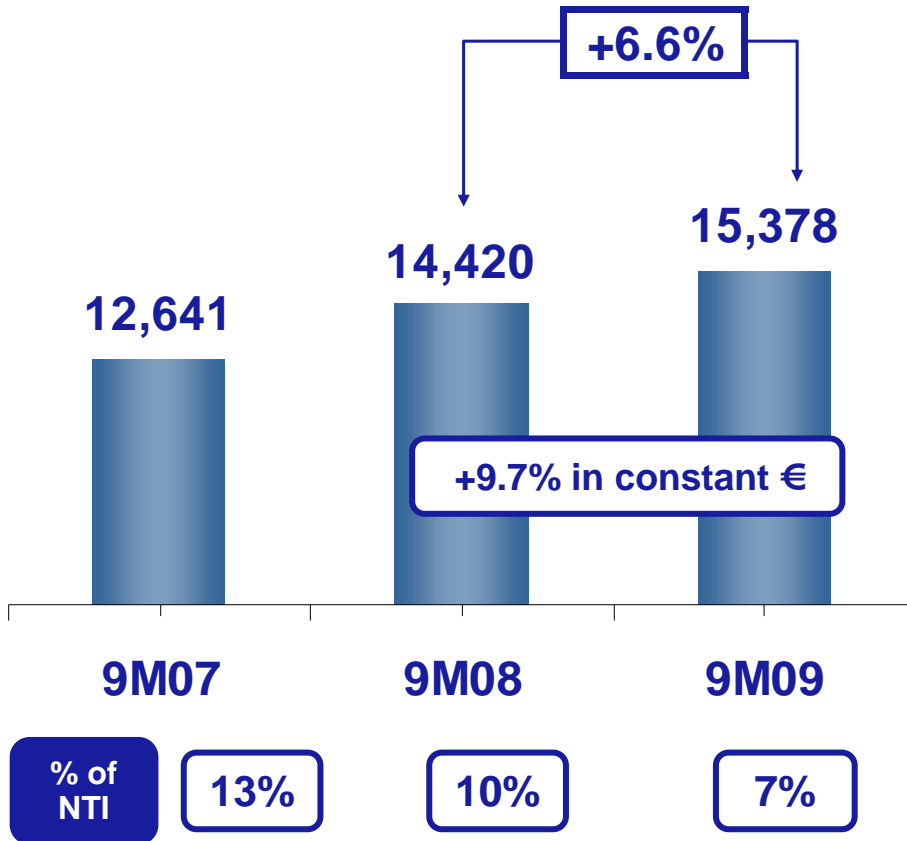
# Buoyant net interest income . . .



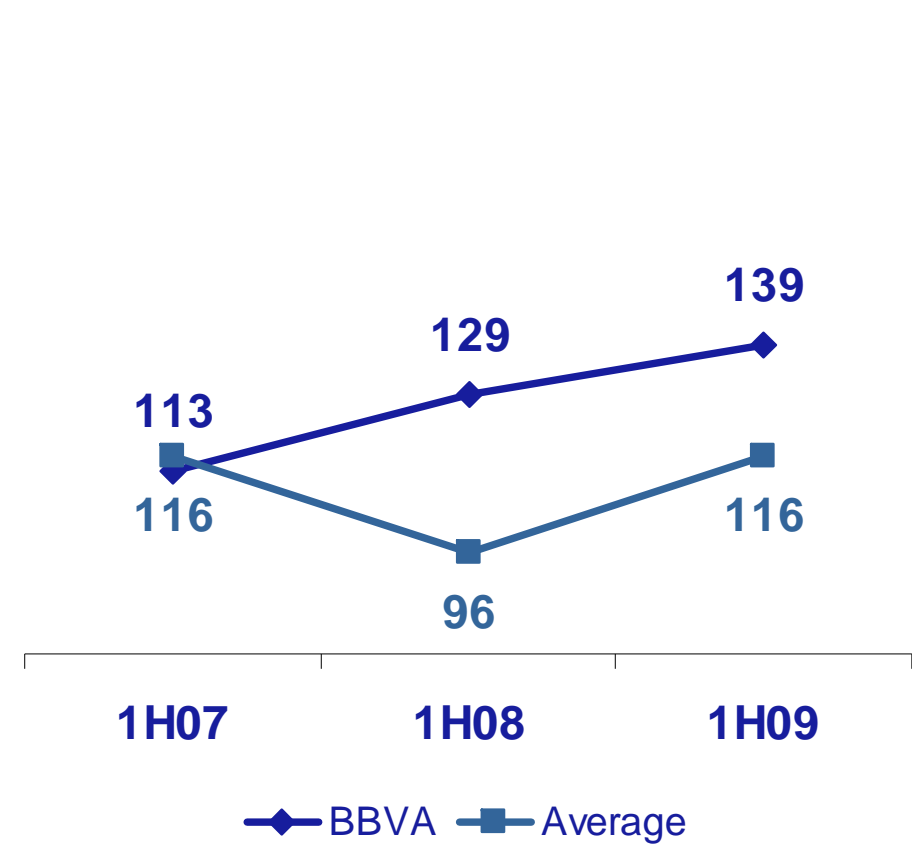
**Sustained year-on-year growth at about 20% in recent quarters**

# ... plus high quality gross income with little volatility

**Gross income**  
BBVA Group  
YTD  
(€m)



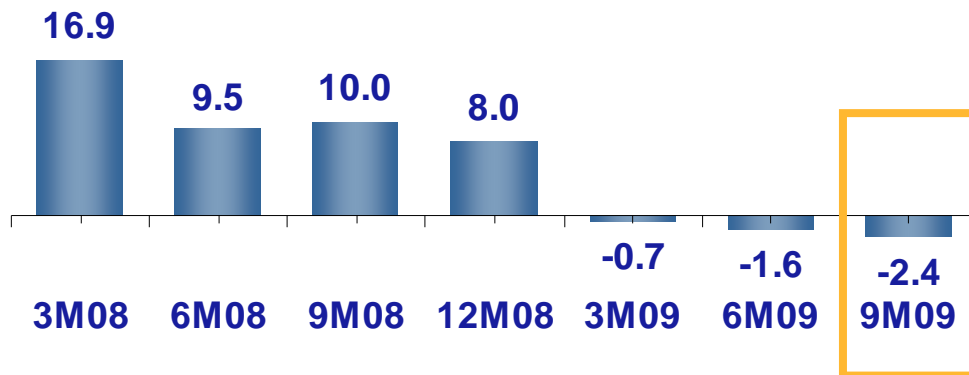
**Gross income**  
Peer Group  
(Base 100: 1H06; %)



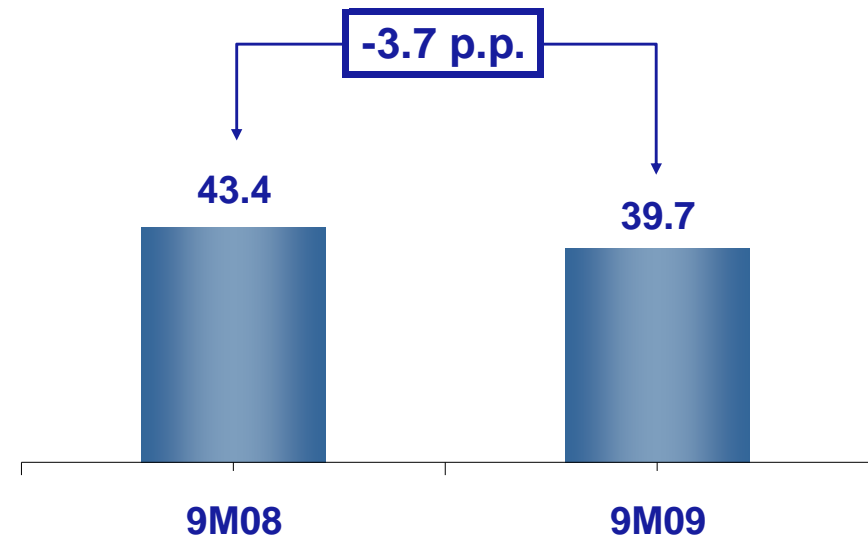
Peers: BARCL, BBVA, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, RBS, SAN, SG, UBS, LBG & UCI.  
For periods prior to 2009: HBOS and LLOYDS instead of LBG.

# New benefits from the Transformation Plan . . .

**Operating costs**  
BBVA Group  
Year-on-year growth  
(%)



**Cost-income ratio**  
BBVA Group  
(%)

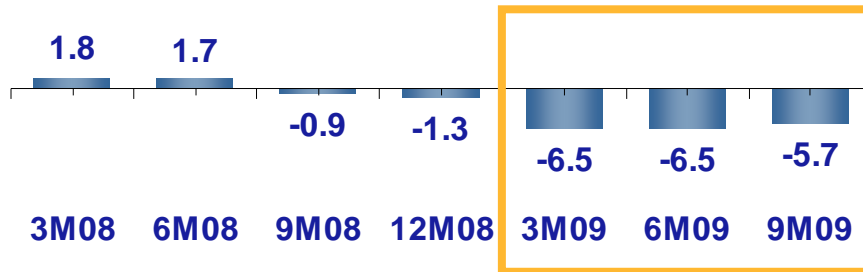




# ... especially in Spain, Mexico and United States

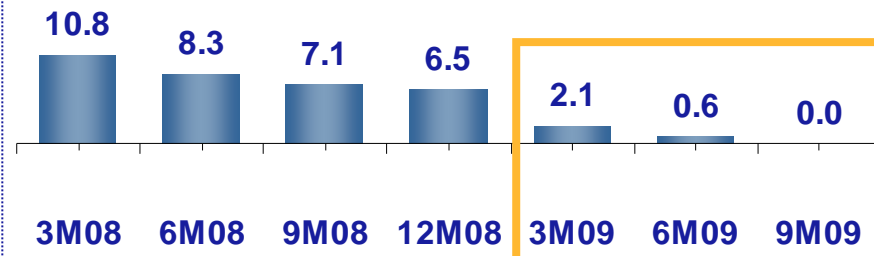
## Operating costs: Spain & Portugal

Year-on-year growth (%)



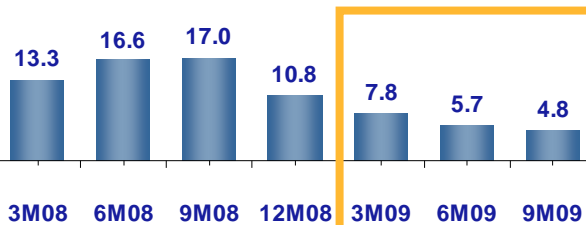
## Operating costs: Mexico

Year-on-year growth (%)



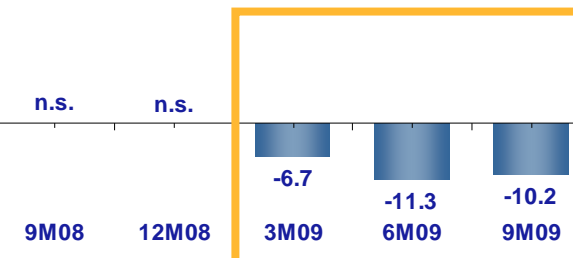
## Operating costs WB&AM

Year-on-year growth (%)



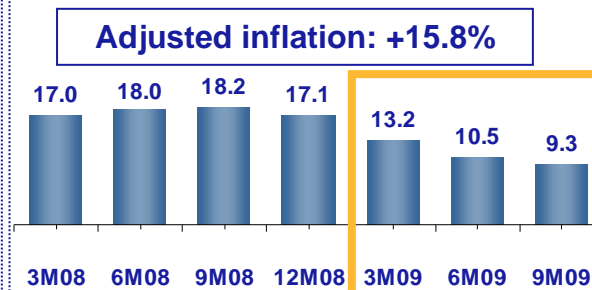
## Operating costs United States

Year-on-year growth (%)



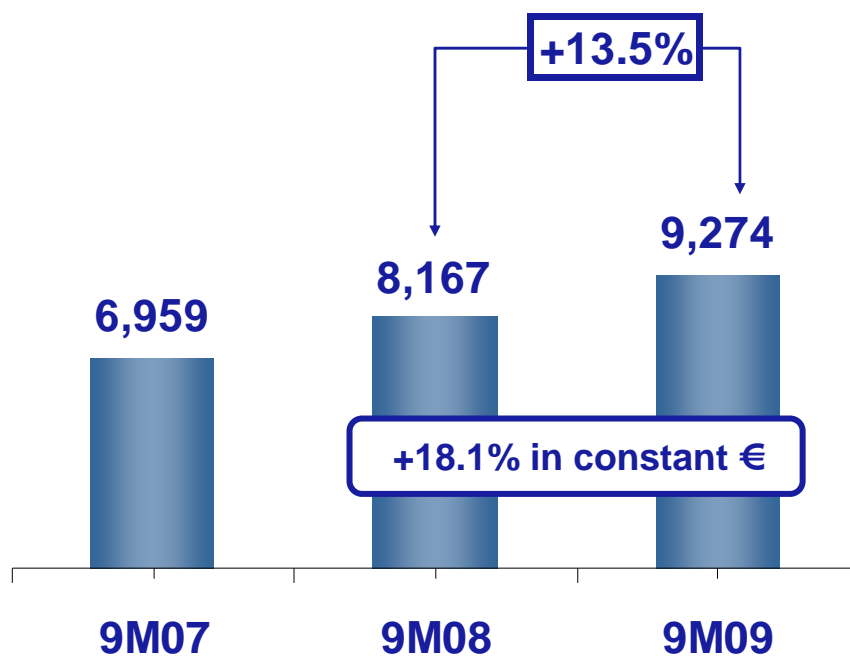
## Operating costs South America

Year-on-year growth (%)

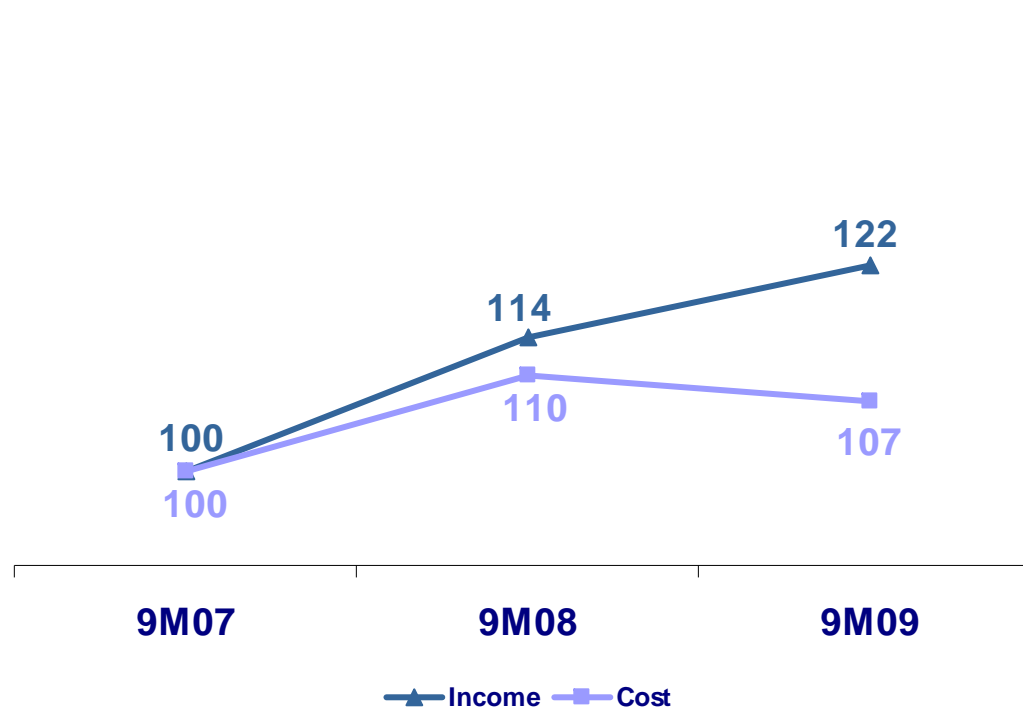


# Strong growth of operating income, a critical management variable ...

Operating income  
BBVA Group  
YTD  
(€m)



Total income and cost  
BBVA Group  
YTD  
(Base 100 in 9M07, %)

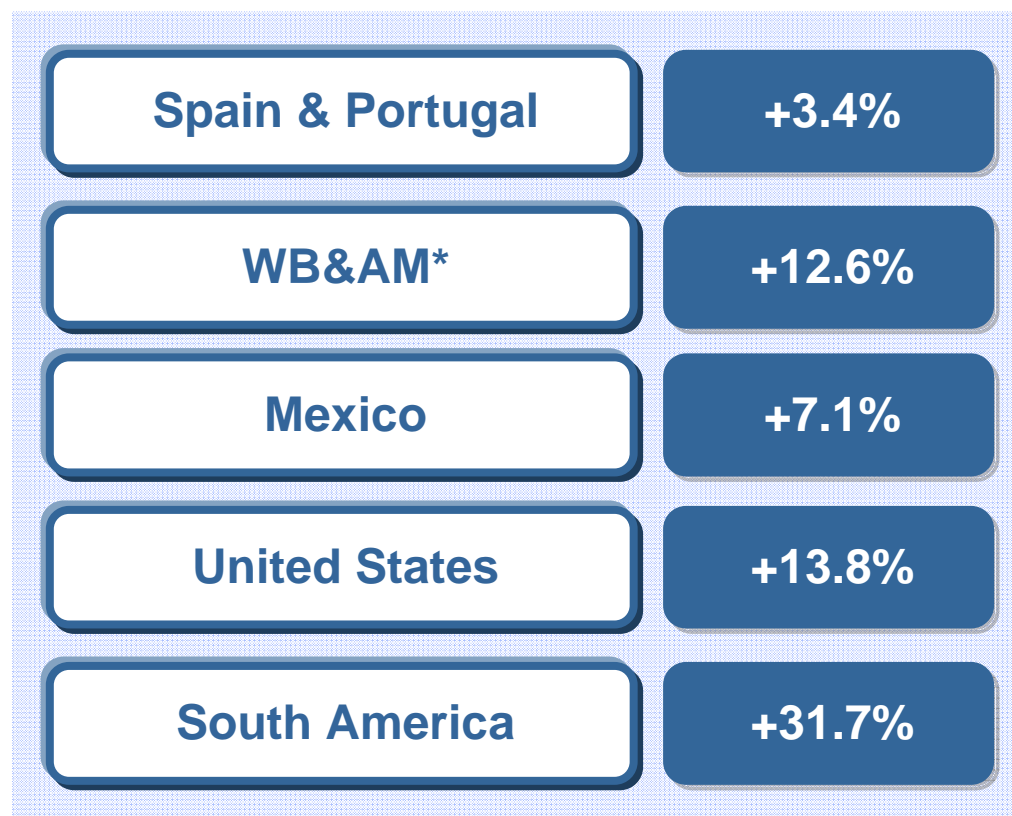


**both in terms of revenues and costs**

## ... in all business areas ...

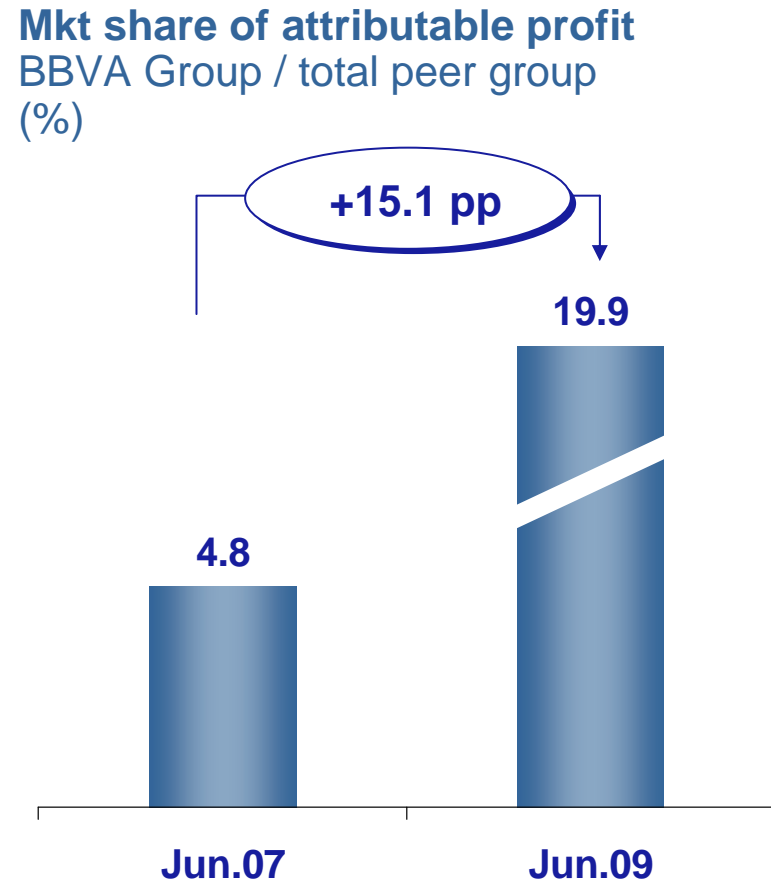
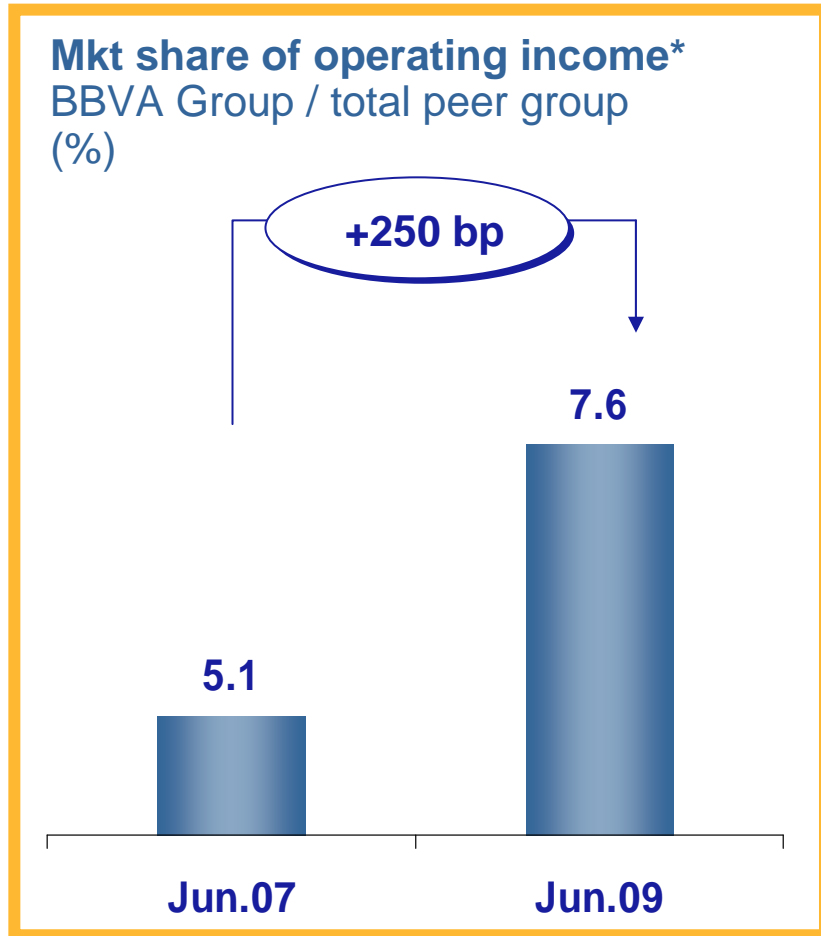
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**Operating income by business area**  
Year-on-year growth  
Constant €  
(%)



\* WB & AM excludes Industrial & Real Estate Holdings

# ... confirming BBVA's relative strength ...



**Gap widens during the crisis**

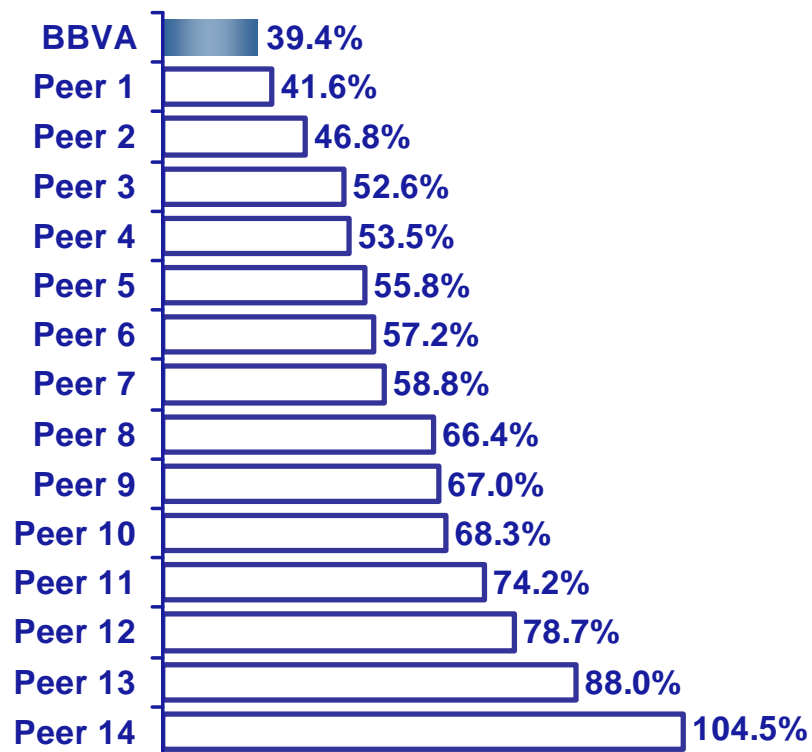
Peers: BARCL, BBVA, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, RBS, SAN, SG, UBS, LBG & UCI.

For periods prior to 2009: HBOS and LLOYDS instead of LBG.

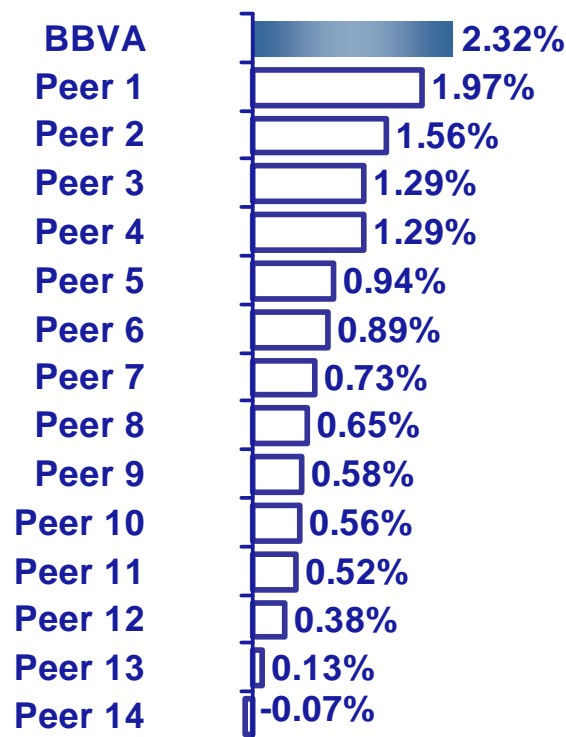
\* Operating income = gross income – operating costs

# ... and confirming us as the leader in efficiency and profitability

**Efficiency**  
Peer Group  
(% at Jun.09)



**Operating income / total assets**  
Peer Group  
(% at Jun.09)



## Highly positive developments in 3Q09 ...

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1

**High recurrent earnings**

2

**Excellent risk management**

3

**Capital strength and superior profitability**

4

**Strong franchises – still growing**

# Appropriate risk management in each phase of cycle

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**A**

Steady reduction in net entries to NPA

**B**

Stronger generic and ample coverage by provisions and collateral

**C**

Stable cost of risk and slower growth of NPAs

**D**

Property purchases in-line with plans

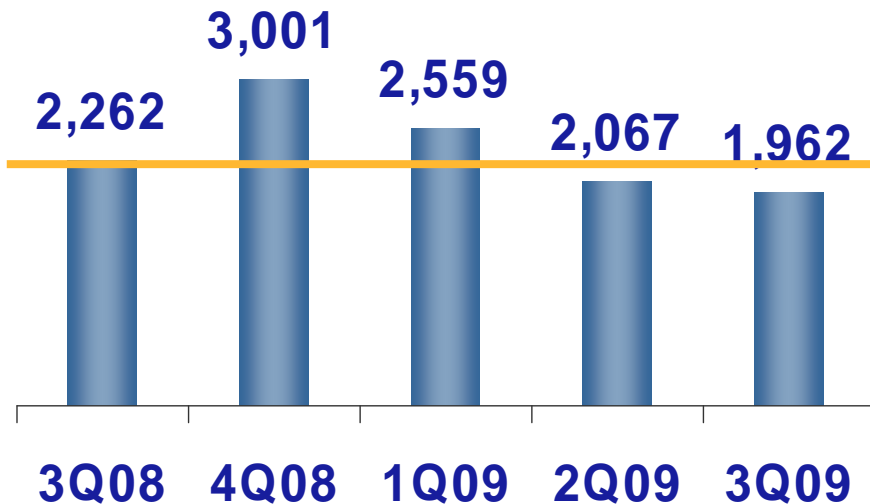
**E**

Leader in return/risk ratio

# A

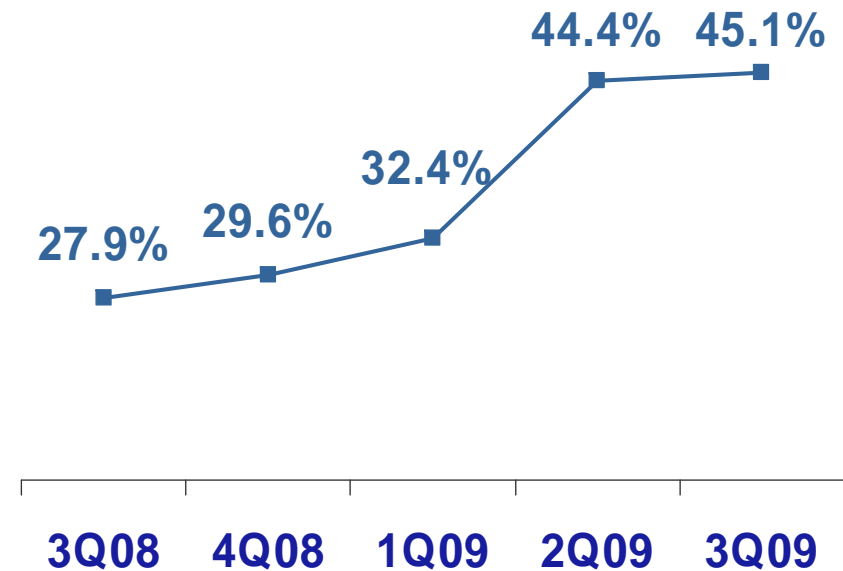
## Steady reduction in net entries to NPA

Net entries to NPA  
BBVA Group  
Quarter-on-quarter  
(€m)



Lower net entries to NPA

Recoveries / entries to NPA  
BBVA Group  
Quarter-by-quarter  
(%)

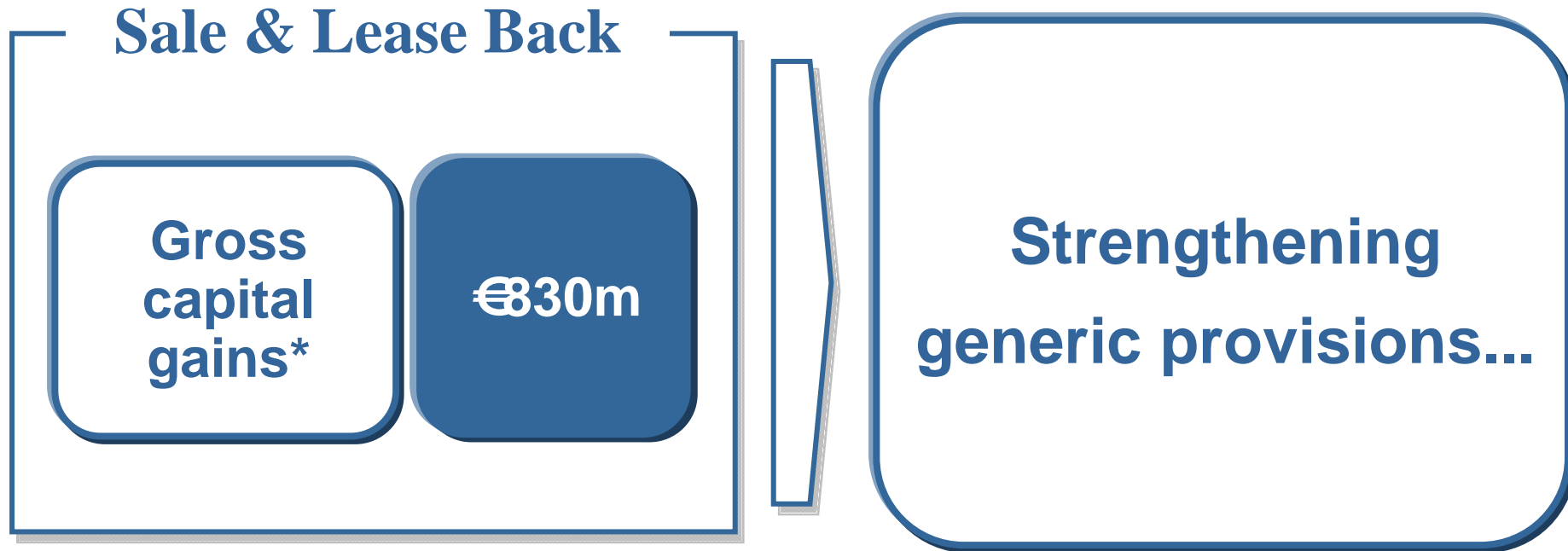


Efficiency of debt recovery improves despite seasonal factor



## **B** Stronger generic provisions . . .

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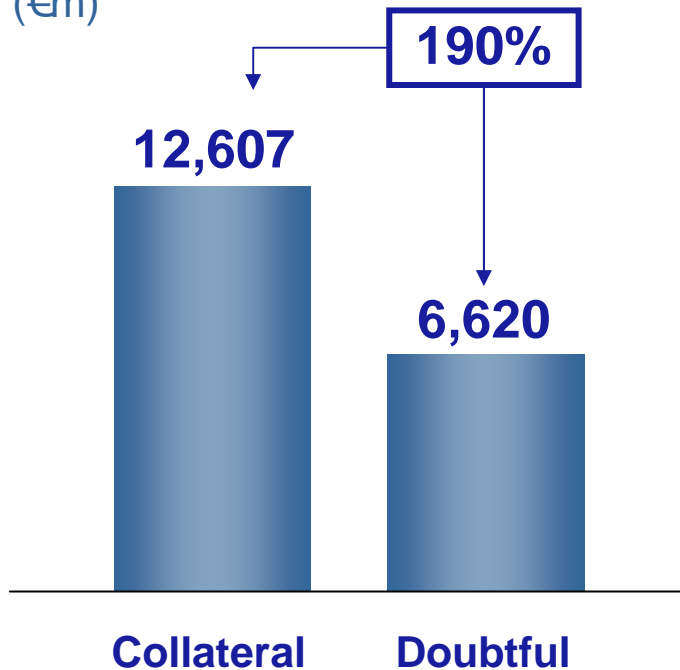


**Total generic and substandard provisions: €4,655m**

# ... and ample coverage by provisions and collateral

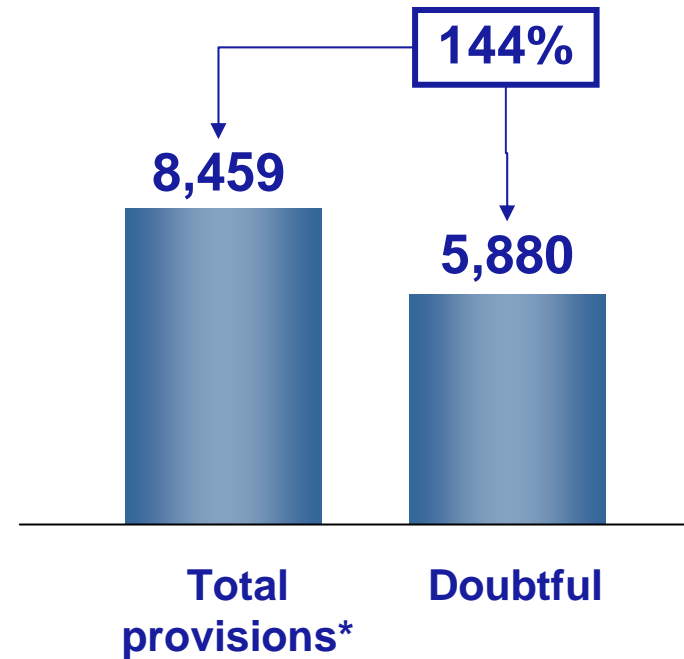
## Secured loans

BBVA Group  
(€m)



## Unsecured loans

BBVA Group  
(€m)



**BBVA Group coverage: 68%**

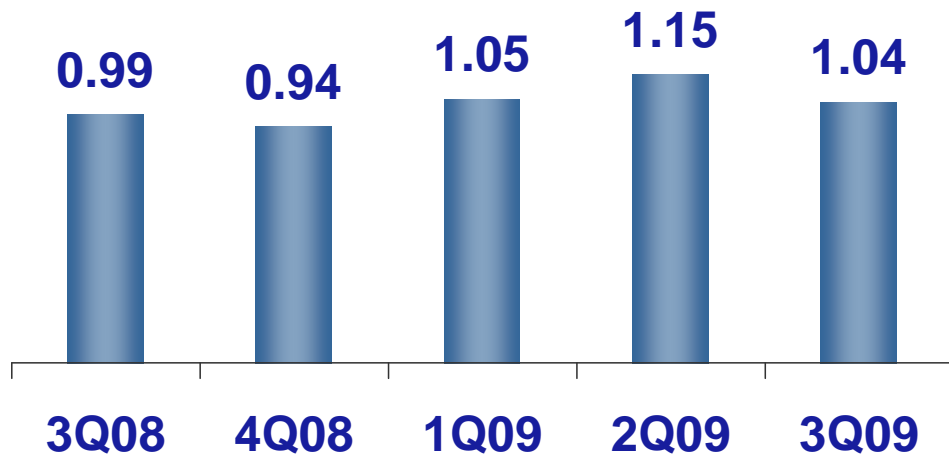
\* Specific+Generic+Substandard



# Stable cost of risk and slower growth of NPAs

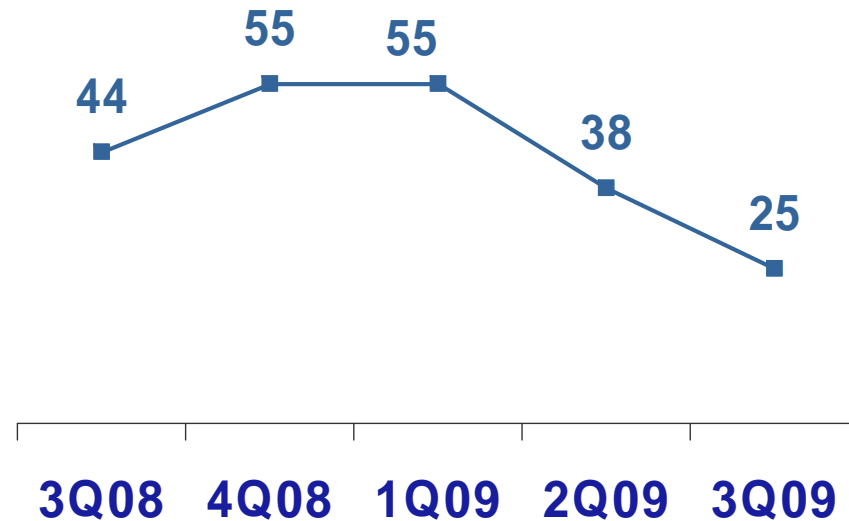
## Cost of risk

BBVA excl. additional generic provision  
Quarter-by-quarter  
(%)



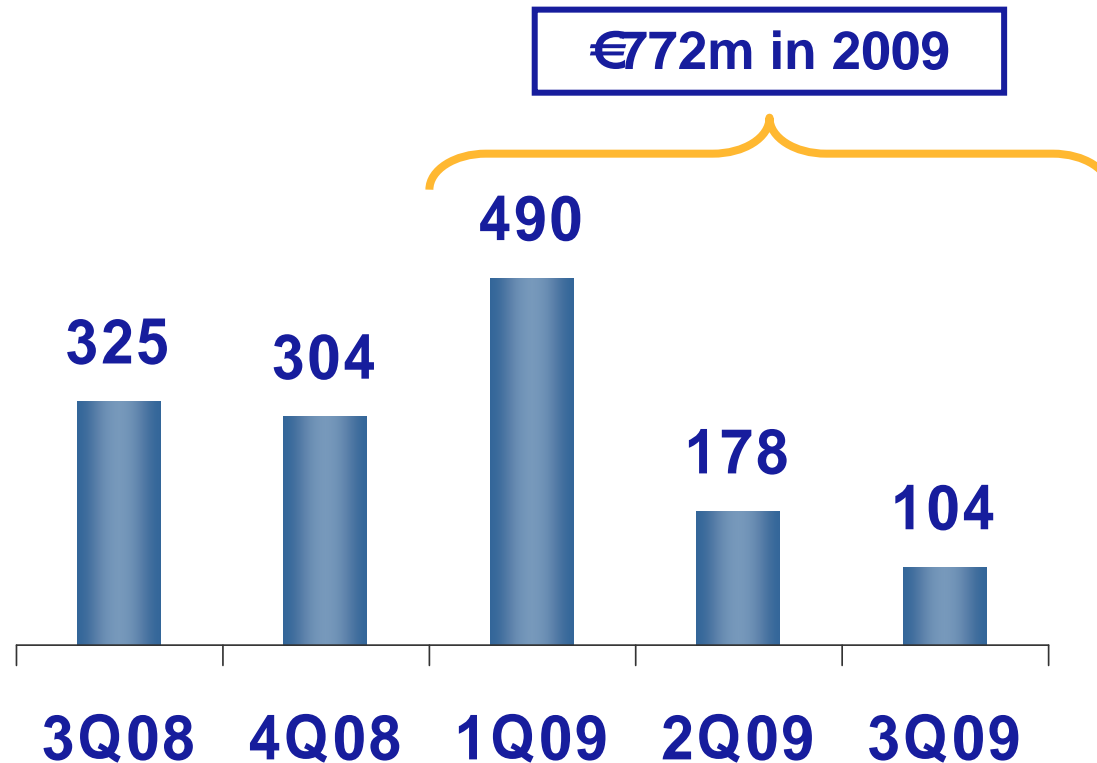
## NPA ratio

BBVA Group  
Quarter-by-quarter growth  
(Basis points)



## **D** Property purchases in-line with plans

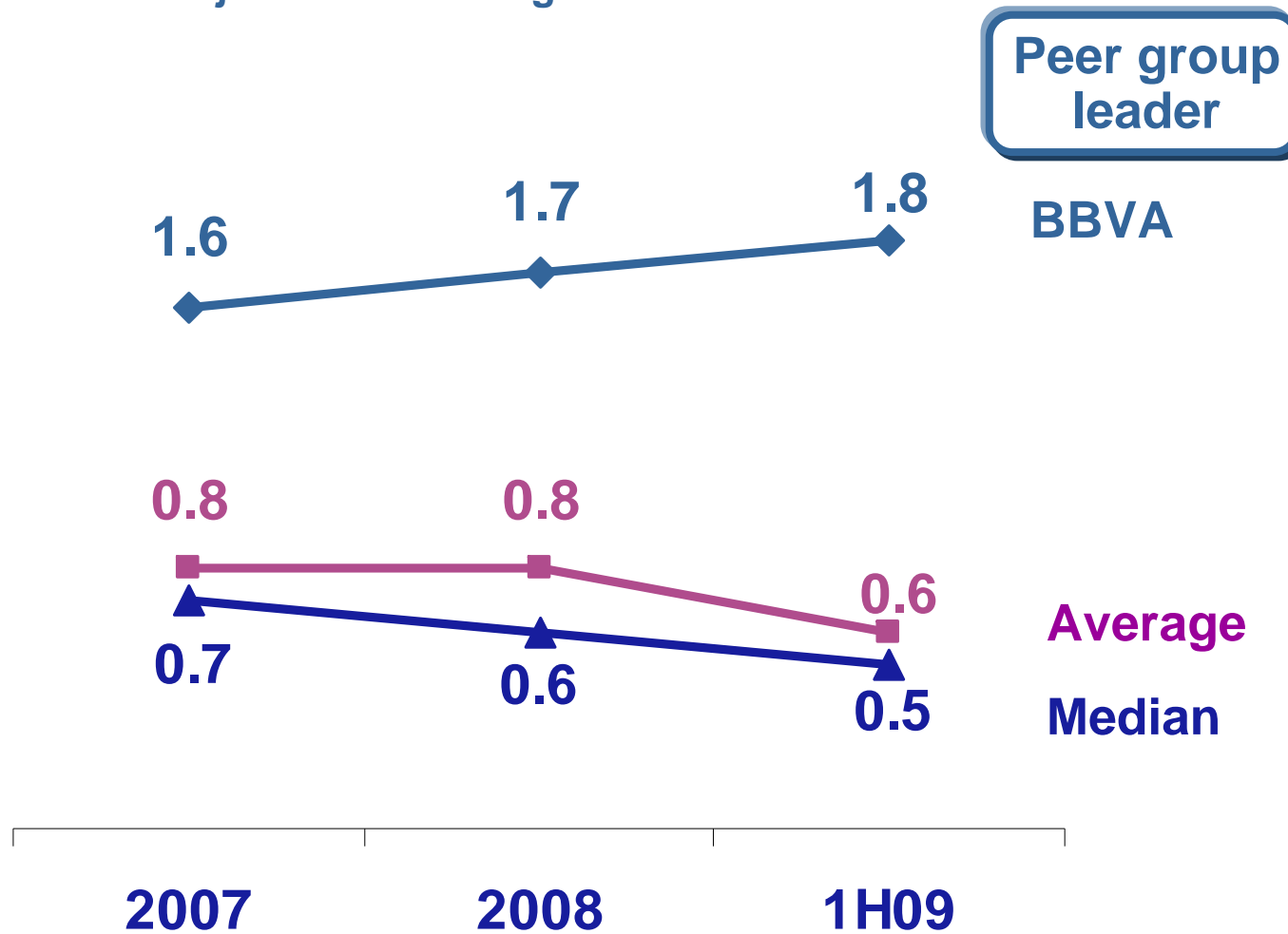
Property purchases  
BBVA Group  
(€m)



**Total stock of properties (net): €1,094m**  
**23% of coverage**

# E Leader in return/risk ratio

Net interest income adjusted for lending risk\*  
Peer Group  
(%)



\* [NII – provisions] / ATA  
Peers: BARCL, BBVA, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, RBS, SAN, SG, UBS, LBG & UCI.  
For periods prior to 2009: HBOS and LLOYDS instead of LBG.

## Highly positive developments in 3Q09 . . .

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**Capital strength and superior profitability**

**4**

**Strong franchises – still growing**

## Recurrency of earnings . . .

**Net attributable profit**  
BBVA Group excluding one-offs  
(€m)

BBVA Group	Accum.	Annual Growth 9M09/9M08		Annual Growth 1H09/1H08
	9M09	Abs.	%	%
Net Interest Income	10,292	+ 1,694	19.7%	23.5%
Gross Income	15,378	+ 959	6.6%	7.8%
Operating Income	9,274	+ 1,106	13.5%	15.0%
Income Before Tax	5,950	- 91	-1.5%	-5.5%
Net Income	4,532	- 57	-1.2%	-1.8%
Net Attributable Profit	4,179	- 142	-3.3%	-4.4%

**One-offs in 9M08 after tax: +€180m**  
**(Bradesco +€509m and early retirements -€329m)**

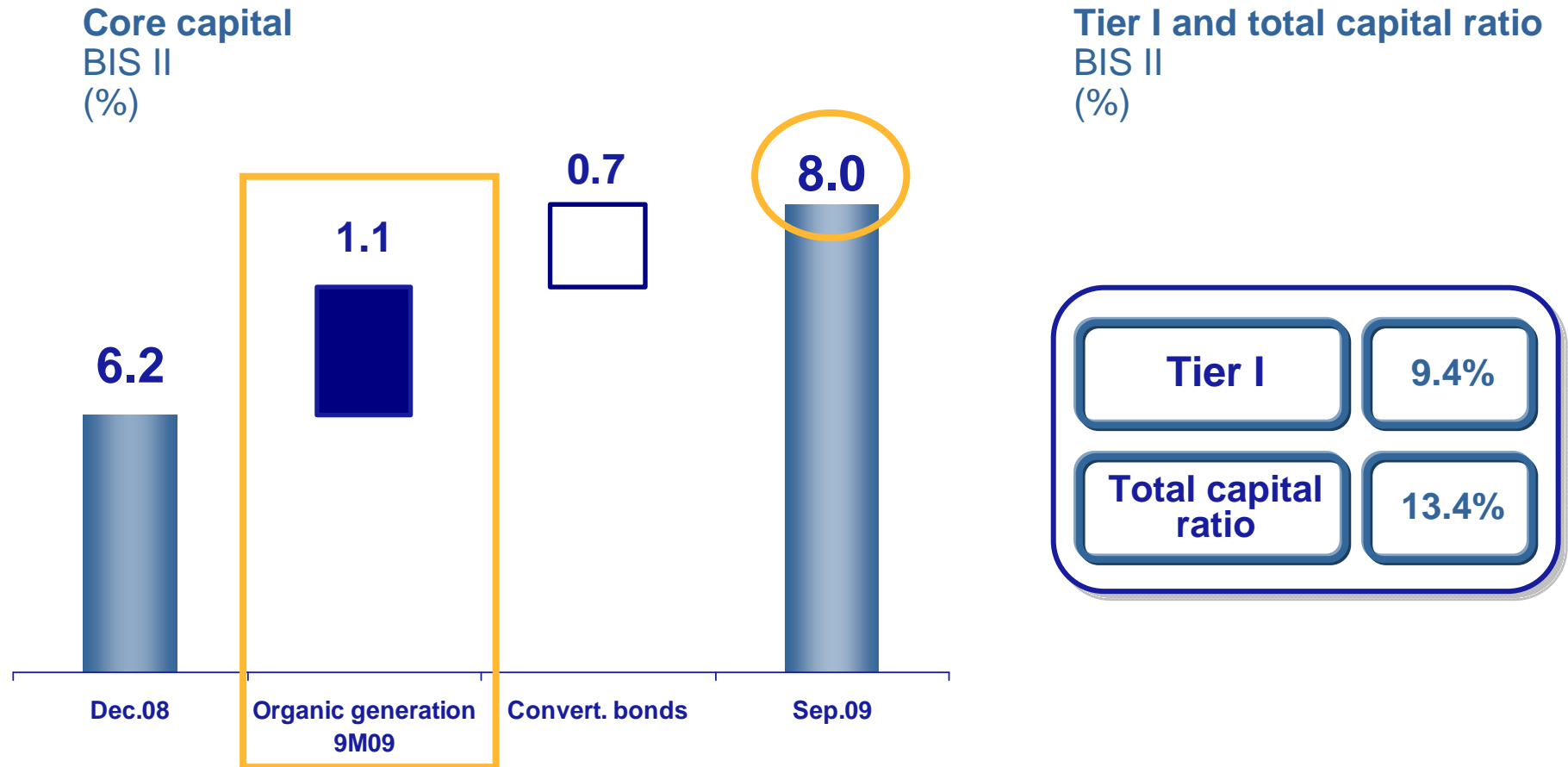
# Recurrency of earnings . . .

Net attributable profit  
BBVA Group  
(€m)

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Gross Income	15,378	+ 959	6.6%	7.8%
Operating Income	9,274	+ 1,106	13.5%	15.0%
Income Before Tax	5,950	- 348	-5.5%	-10.9%
Net Income	4,532	- 236	-5.0%	-7.2%
Net Attributable Profit	4,179	- 322	-7.2%	-10.0%



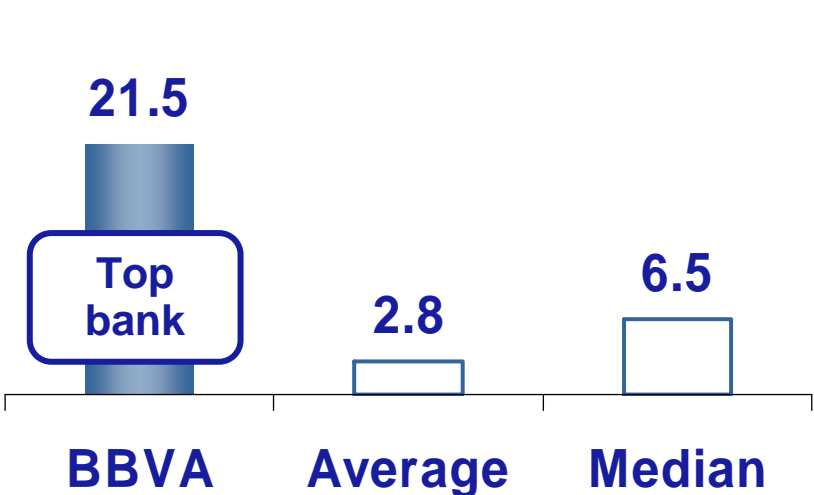
# ... and a sharp increase in core capital



**Organic capital generated in the third quarter of the year 2009: about €1,000m**

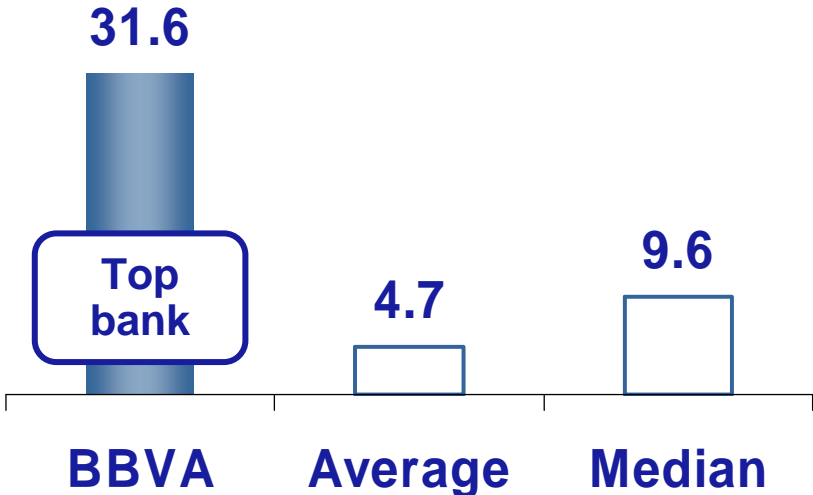
# Exceptionally high levels of profitability . . .

**ROE**  
Peer Group 1H09  
(%)



**ROE 9M09:  
21.2%**

**ROTE**  
Peer Group 1H09  
(%)



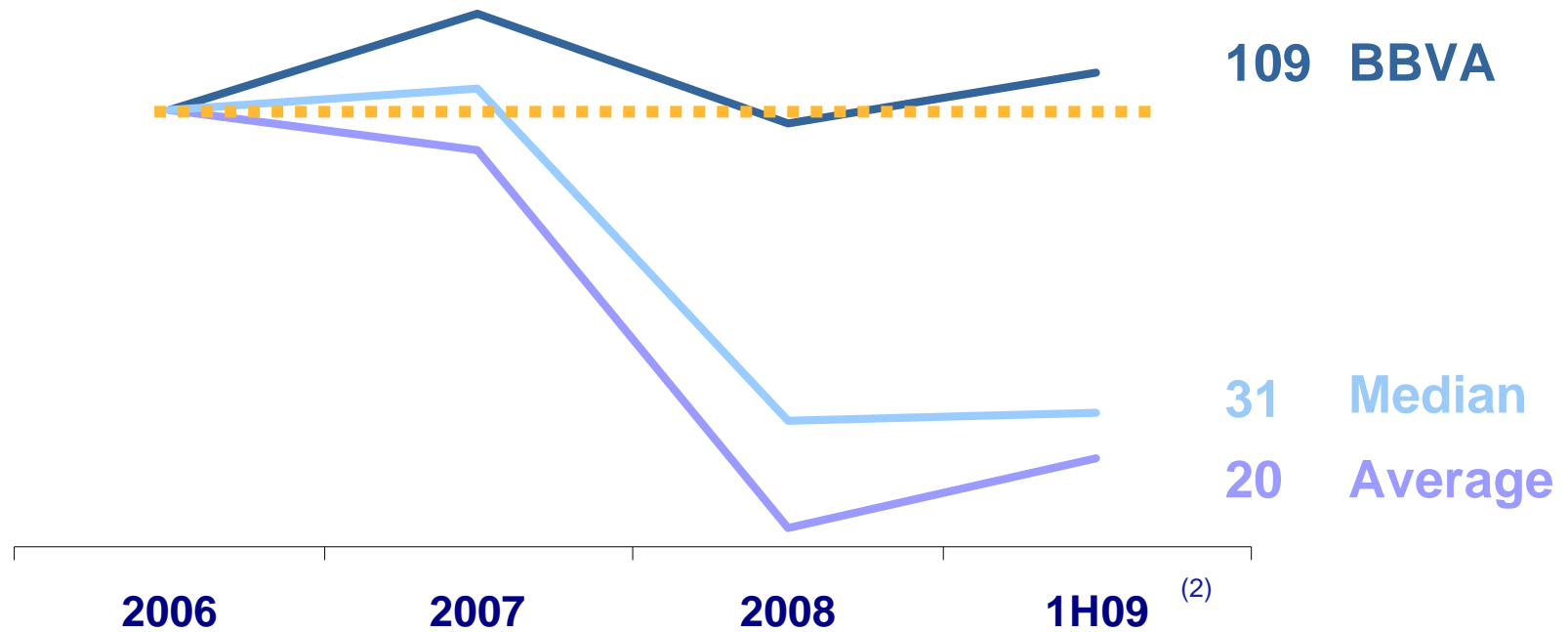
**ROTE 9M09:  
29.8%**

Peers: BARCL, BBVA, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, RBS, SAN, SG, UBS, LBG proforma & UCI.



# ... which results in superior earnings per share

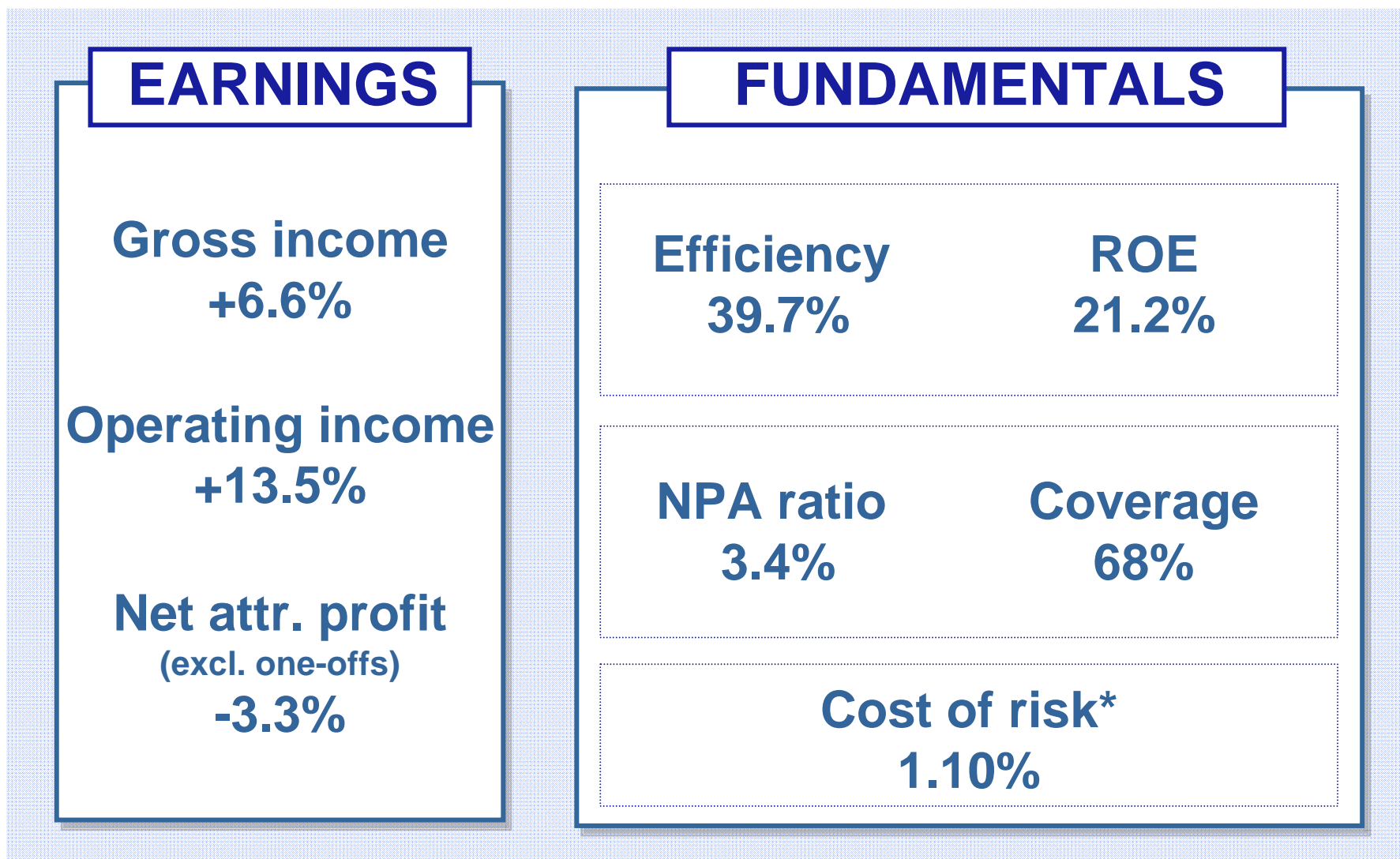
Earnings per share  
Peer Group <sup>1</sup>  
(Base 100 in 2006)



(1) Peers: BARCL, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, LBG, RBS, SAN, SG, UCI, ISP & UBS.  
(2) Annualised linearly.

# BBVA Group: key figures for 9M09

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\* Cost of risk 9M09 excluding additional generic provisioning

## Highly positive developments in 3Q09 ...

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**1**

**High recurrent earnings**

**2**

**Excellent risk management**

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**Capital strength and superior profitability**

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**Strong franchises – still growing**

# Gains in all business areas

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## Spain & Portugal

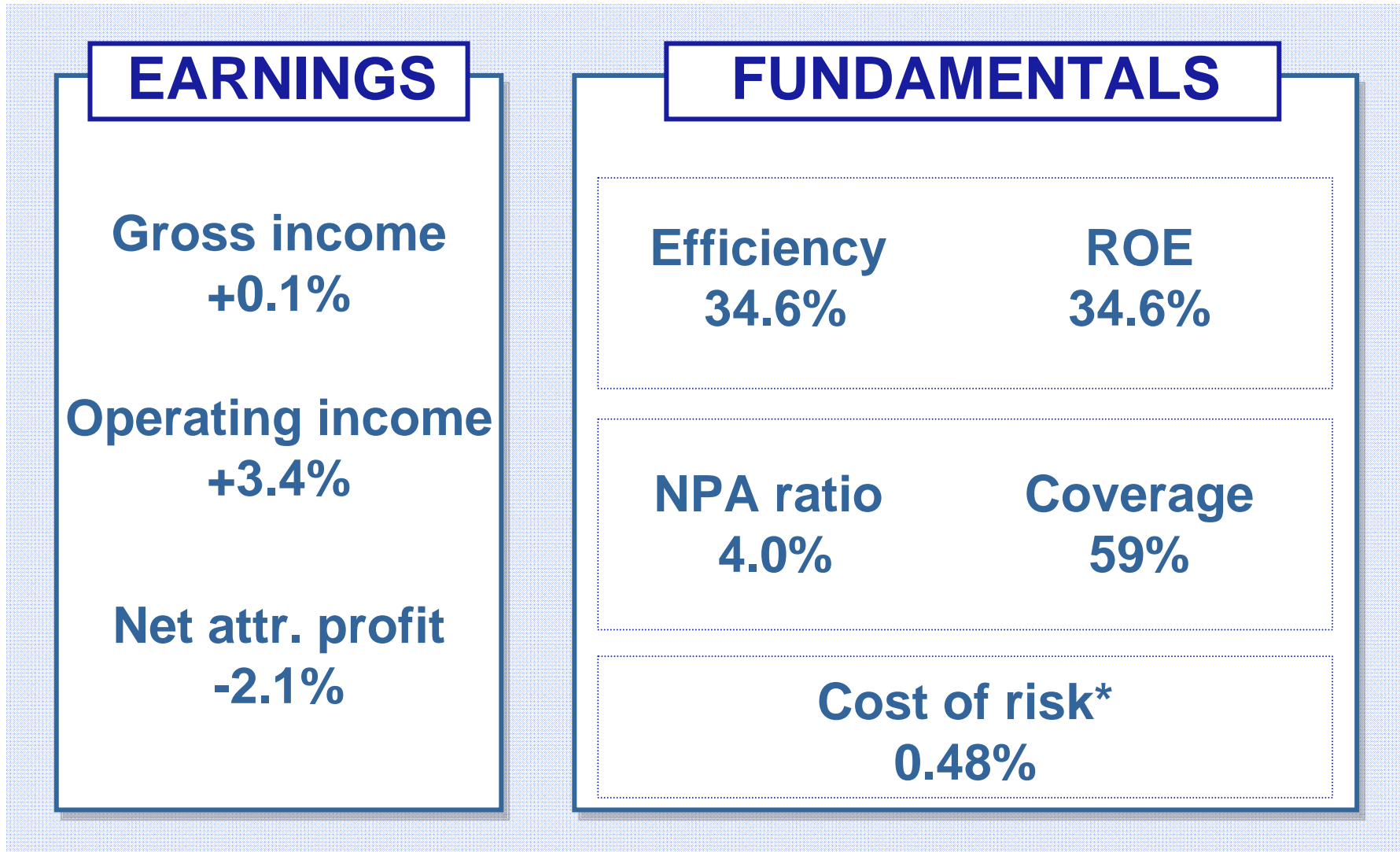
Wholesale Banking & Asset Management

Mexico

United States

South America

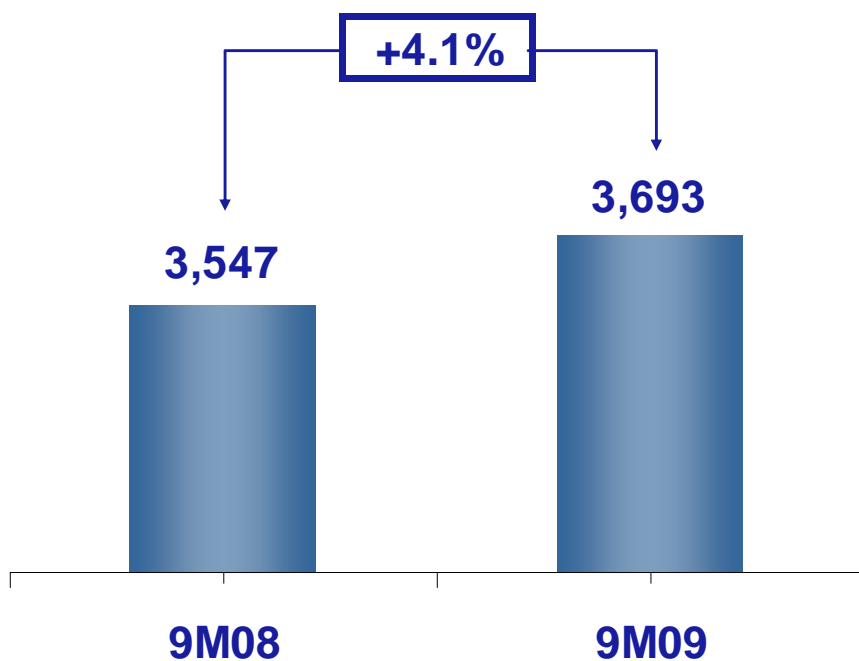
# Spain & Portugal: key figures for 9M09



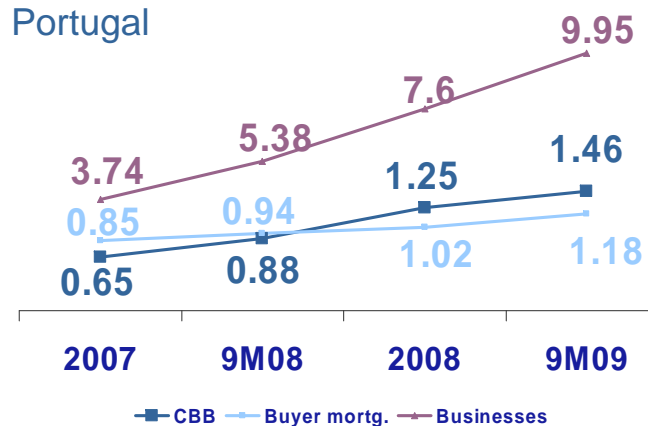
\* Cost of risk 9M09 excluding additional generic provisioning

# Spain & Portugal: highlights in 9M09

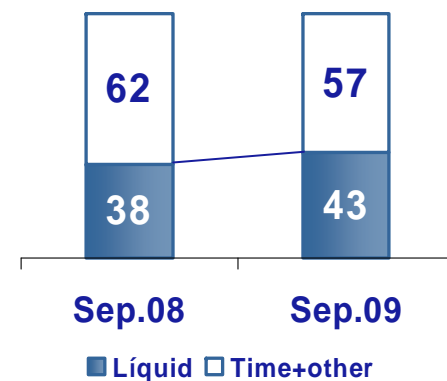
**Net interest income**  
Spain & Portugal  
YTD  
(€m)



**Spreads on new loans**  
Spain & Portugal  
(%)



**Customer funds on balance sheet**  
Spain & Portugal  
(%)

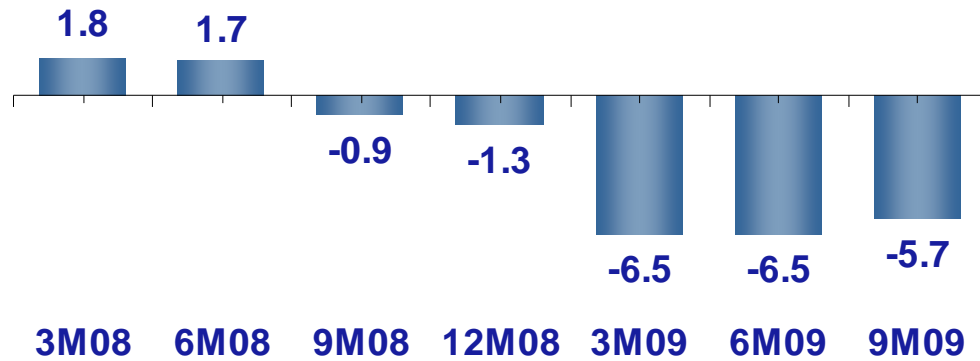


**Appropriate pricing and anticipation of environment**

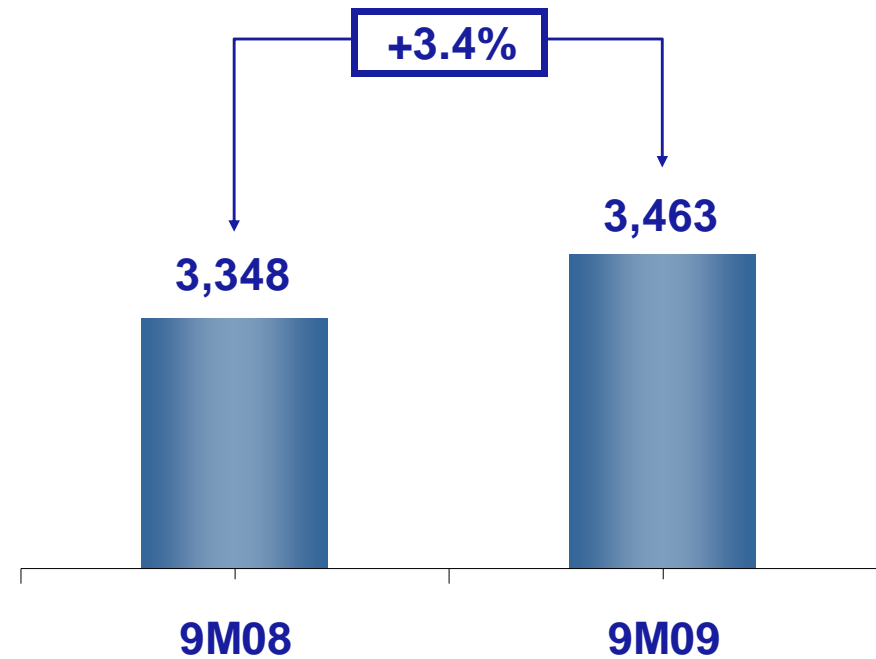


# Spain & Portugal: highlights in 9M09

**Operating costs**  
Spain & Portugal  
Year-on-year growth  
(%)

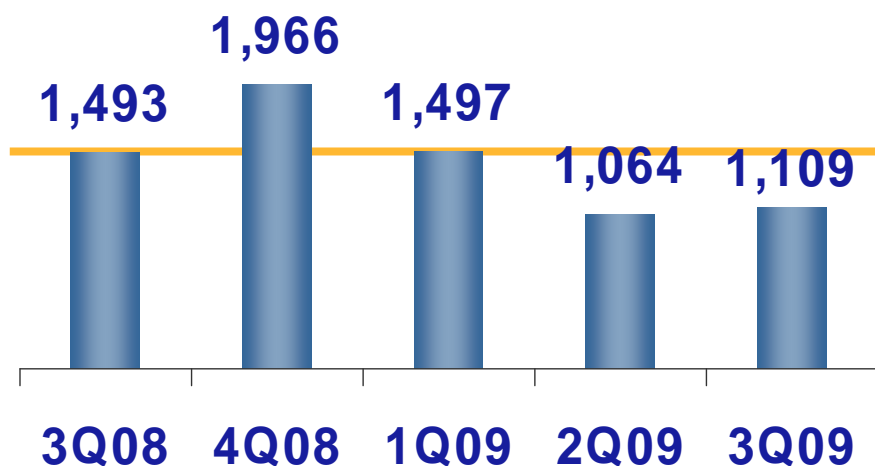


**Operating income**  
Spain & Portugal  
YTD  
(€m)

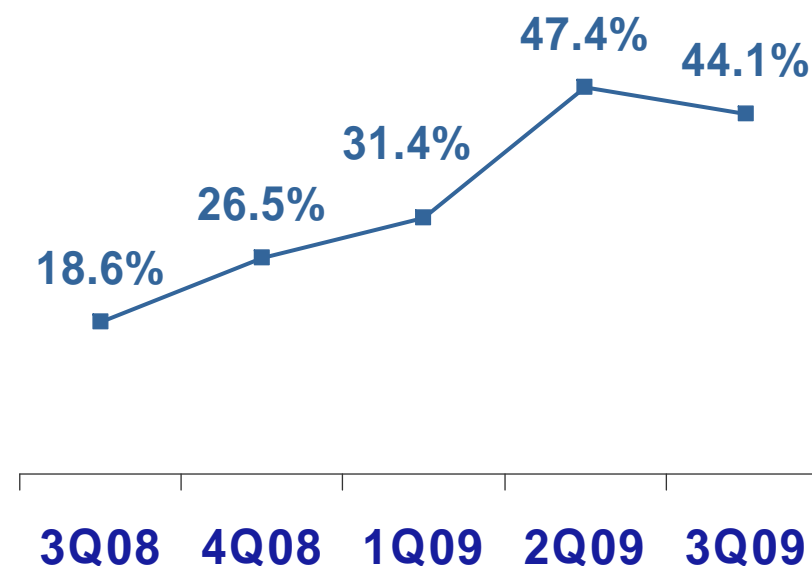


# Spain & Portugal: net entries to NPA

**Net entries to NPA**  
Spain & Portugal  
Quarter-by-quarter  
(€m)



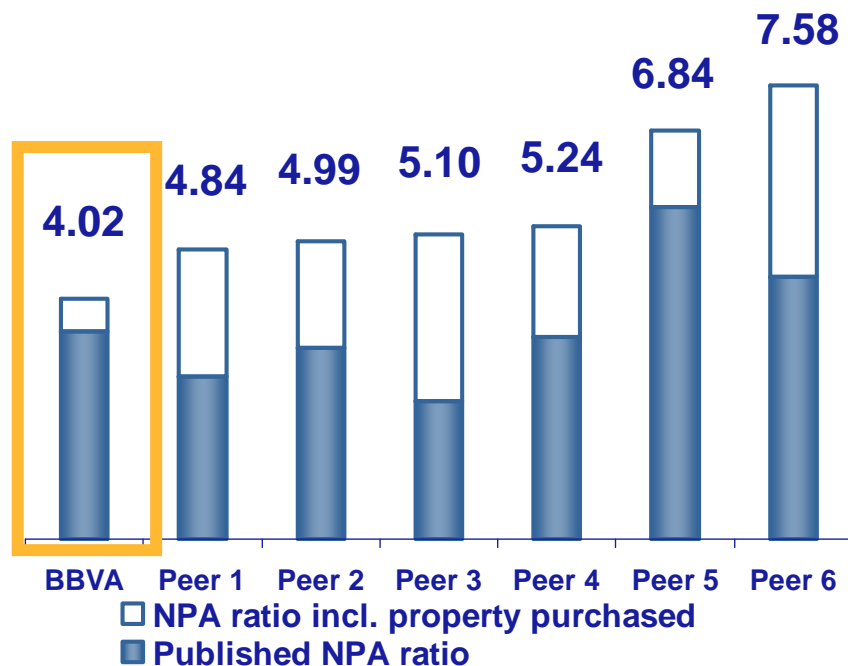
**Recoveries / entries to NPA**  
Spain & Portugal  
Quarter-by-quarter  
(%)



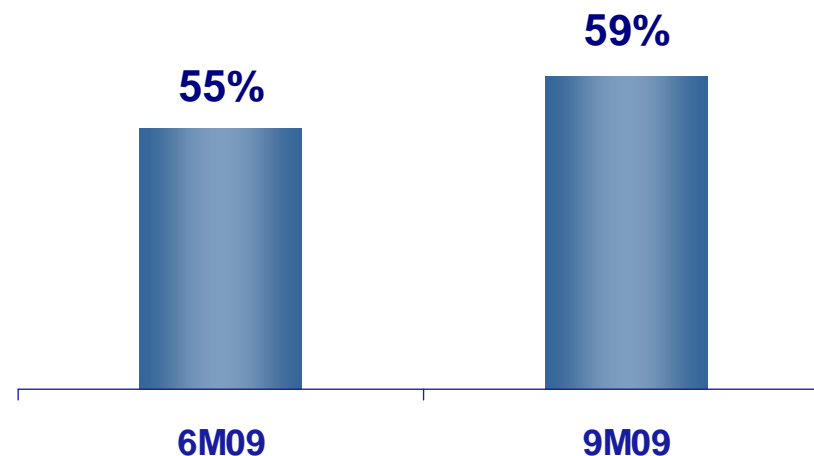
**Gross entries to NPA down 2% in quarter  
but recovery decline in August (seasonal effect)**

# Spain & Portugal: superior risk management

**NPA ratio**  
Local Peer Group  
(%, June 2009)



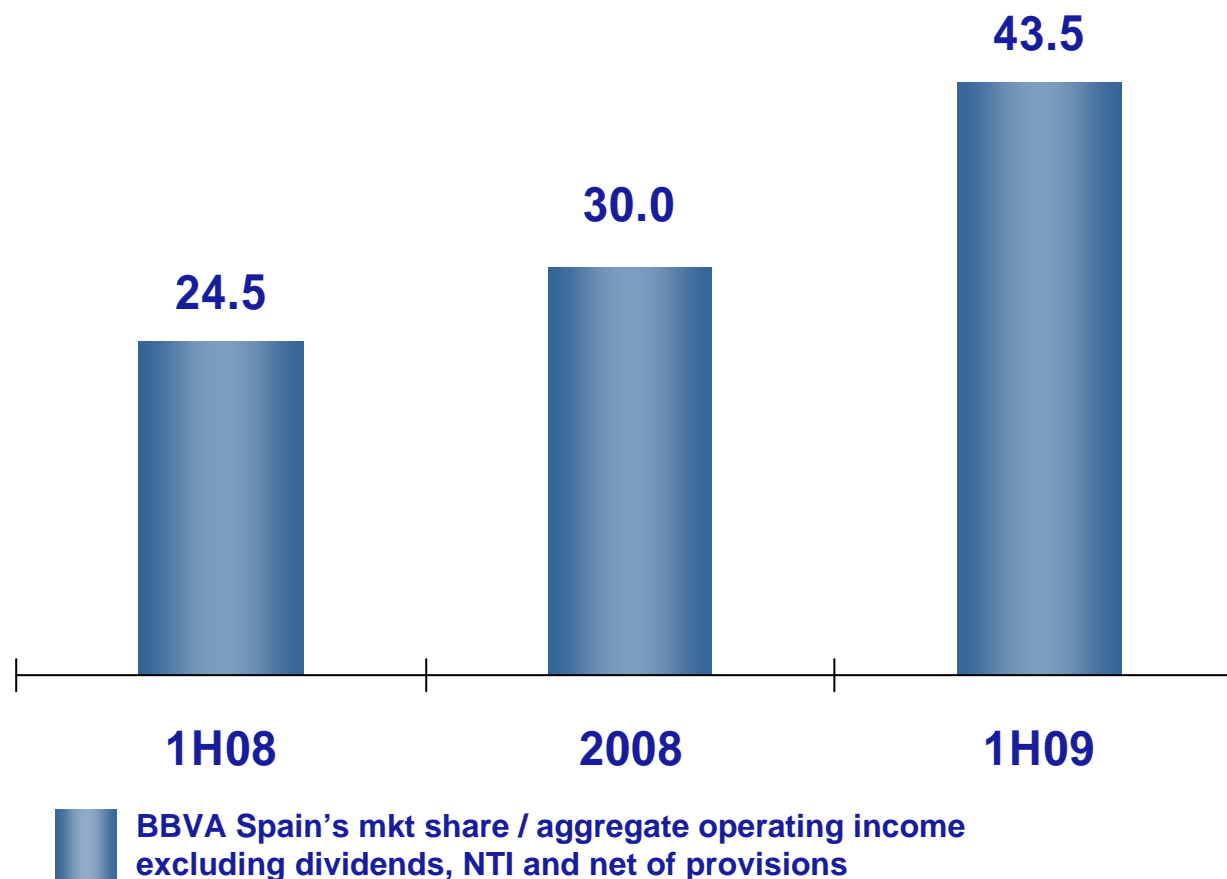
**Coverage ratio**  
Spain & Portugal  
(%)



# Spain & Portugal: we continue to strengthen our franchise

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BBVA Spain's mkt share of recurrent operating income after provisioning\* (%)



\* Aggregate: BBVA Spain, SAN Spain (SAN + Banesto network), Popular, Sabadell, Caixa and Caja Madrid; includes Corporate Activities and WB&AM of BBVA Spain and SAN Spain.  
BBVA Spain excludes Portugal and consumer finance.

## Spain & Portugal: 9M09 earnings

(€m)

Spain & Portugal	Accum.	Annual Growth 9M09/9M08		Annual Growth 1H09/1H08
	9M09	Abs.	%	%
Net Interest Income	3,693	+ 146	4.1%	5.4%
Gross Income	5,293	+ 3	0.1%	1.3%
Operating Income	3,463	+ 114	3.4%	5.9%
Income Before Tax	2,672	- 79	-2.9%	-2.9%
Net Attributable Profit	1,877	- 40	-2.1%	-1.7%

# Gains in all business areas

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Spain & Portugal

**Wholesale Banking & Asset  
Management**

Mexico

United States

South America

# WB&AM: key figures for 9M09

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## REVENUES

**Gross income**

**-5.6%**

(excl. IHP: +10.7%)

**Operating income**

**-9.1%**

(excl. IHP: +12.6%)

**Net attr. profit**

**+3.7%**

(excl. IHP: +54.1%)

## FUNDAMENTALS

**Efficiency**

**27.7%**

**ROE**

**25.9%**

**NPA ratio**

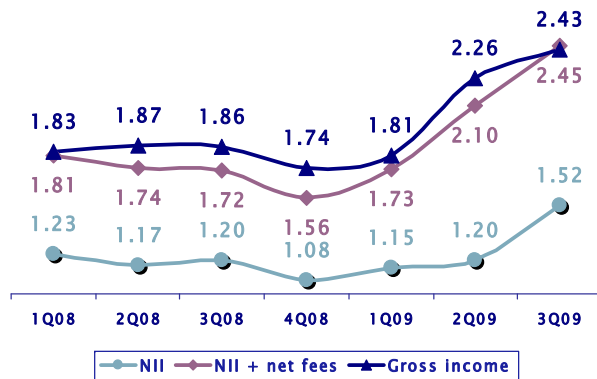
**0.8%**

**Coverage**

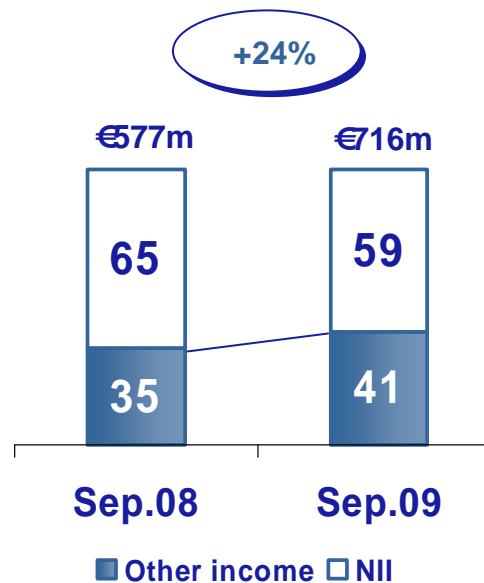
**118%**

# WB&AM: high quality revenues in C&IB

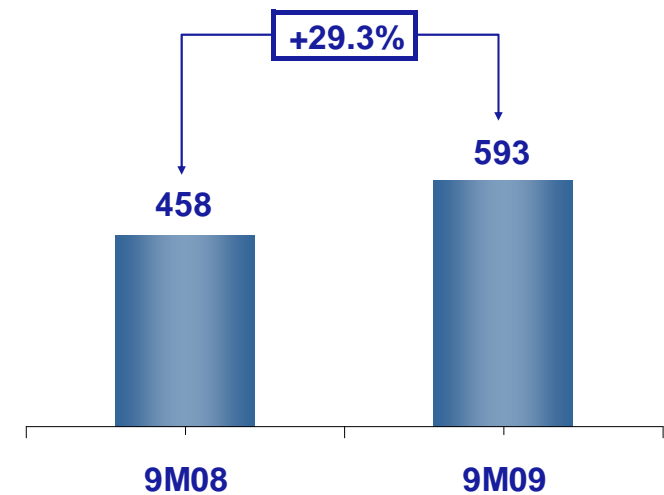
**C&IB**  
Margins on gross lending  
(%)



**C&IB**  
Breakdown of gross income  
(%)



**C&IB**  
Operating income  
YTD  
(€m)

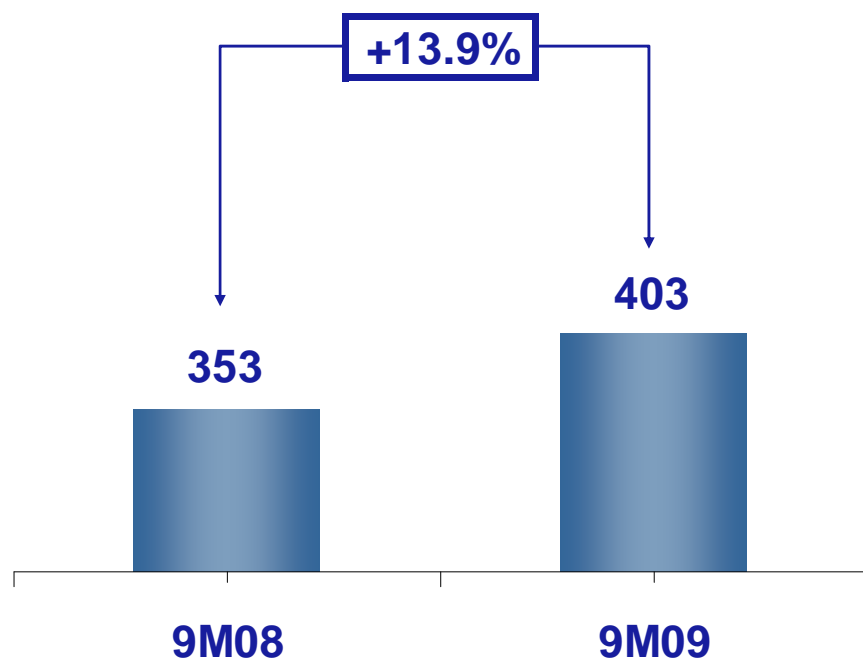


**Net fee income in C&IB: +53%**

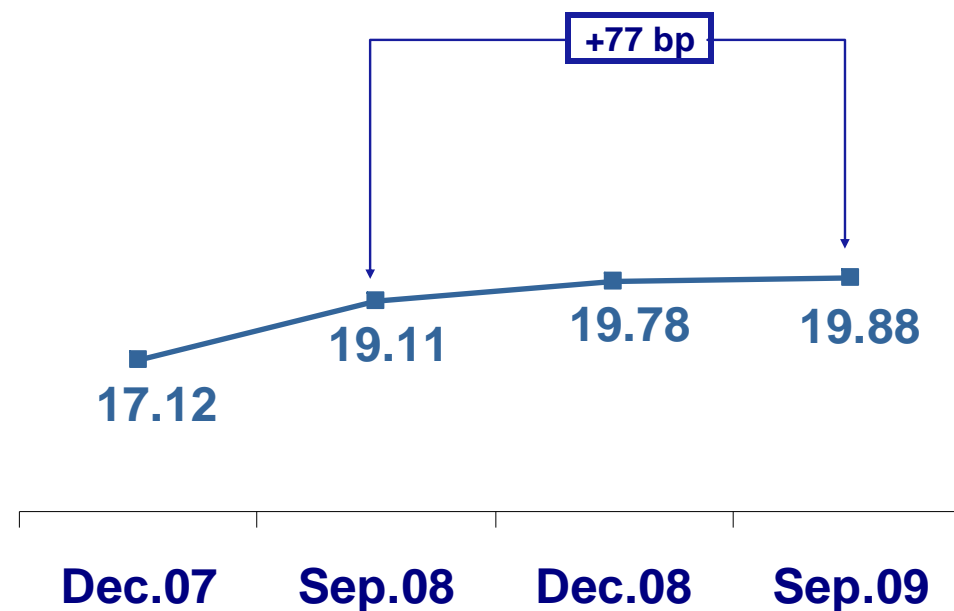


# WB&AM: recurrent operating income in Markets

**Global Markets**  
Operating income  
YTD  
(€m)



**Asset Management**  
Mkt share of mutual funds  
(%)



**Growth of customer revenues in Global Markets**  
**Europe (excl. Spain) +70%**

## WB&AM: 9M09 earnings

(€m)

Wholesale Banking & Asset Management	Accum.	Annual Growth 9M09/9M08		Annual Growth 1H09/1H08
	9M09	Abs.	%	%
Gross Income	1,403	- 83	-5.6%	0.2%
Operating Income	1,015	- 101	-9.1%	-1.6%
Income Before Tax	1,066	+ 147	16.0%	6.7%
Net Attributable Profit	770	+ 27	3.7%	-3.3%

**Operating income excl. IHP: €952m (+12.6%)**  
**Net attrib. profit excl. IHP: €718m (+54.1%)**

# Gains in all business areas

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Spain & Portugal

Wholesale Banking & Asset Management

**Mexico**

United States

South America

# Mexico: key figures for 9M09

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## REVENUES

**Gross income**  
**+4.8%**

**Operating income**  
**+7.1%**

**Net attr. profit**  
**-16.2%**  
**(excl. VISA: -12.3%)**

## FUNDAMENTALS

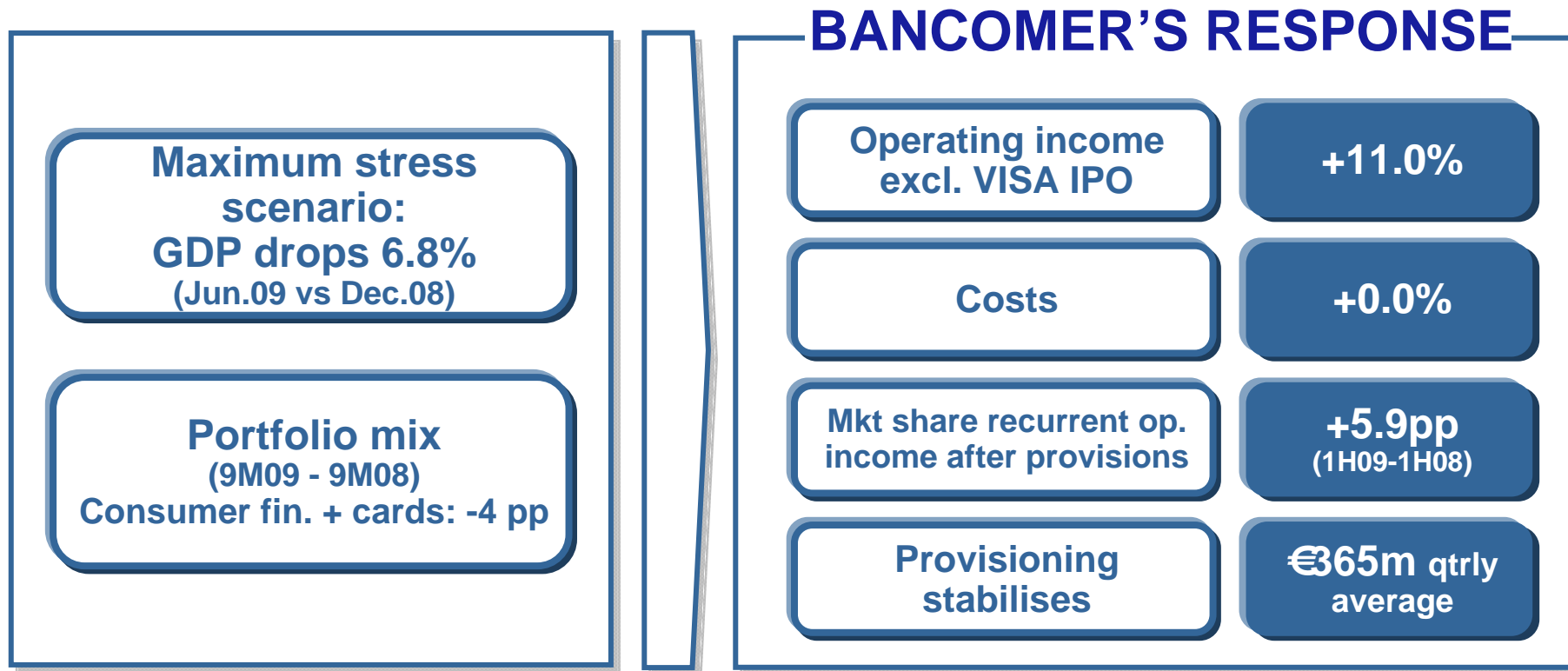
**Efficiency**  
**31.1%**

**NPA ratio**  
**4.0%**

**Coverage**  
**135%**

**Cost of risk\***  
**5.48%**

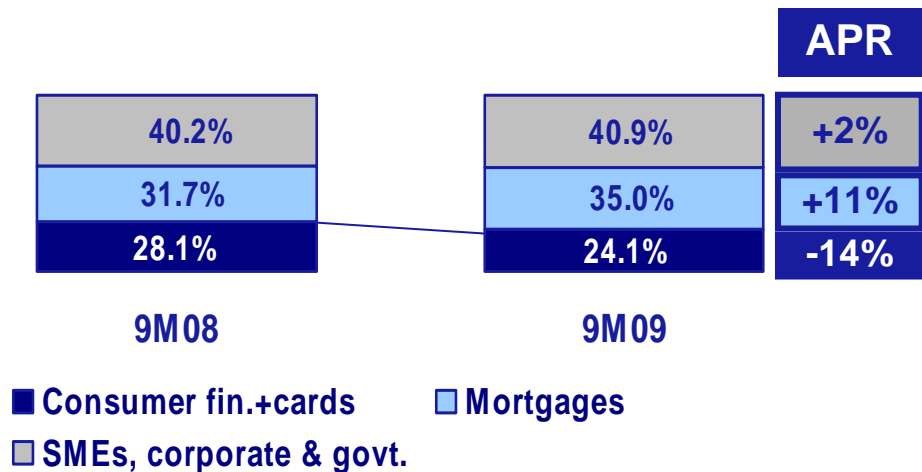
# Mexico: highlights in 9M09



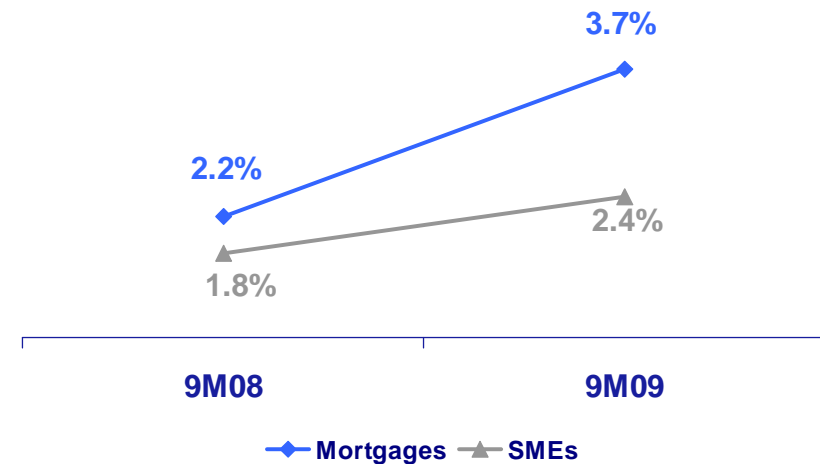
**Recurrent generation of earnings despite pressure on revenues and high provisions**

# Mexico: highlights in 9M09

**Lending mix**  
Mexico  
(%)



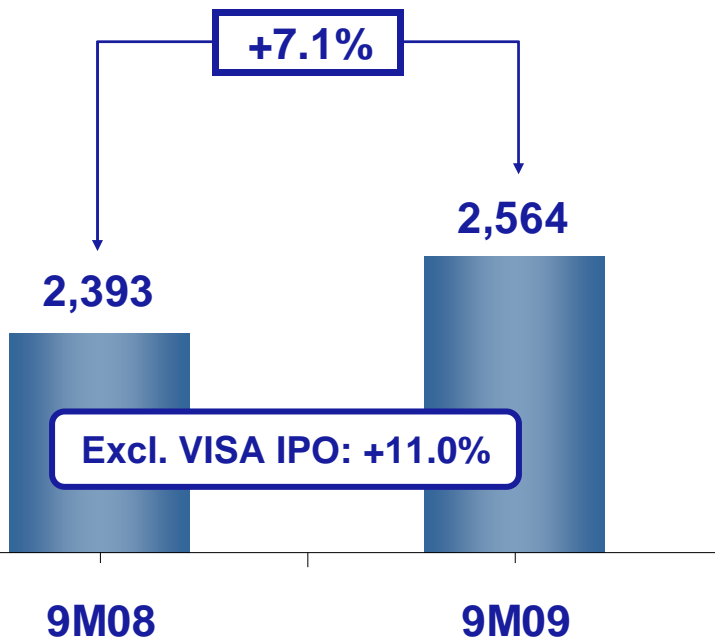
**Average spreads on new business**  
Mexico  
(%)



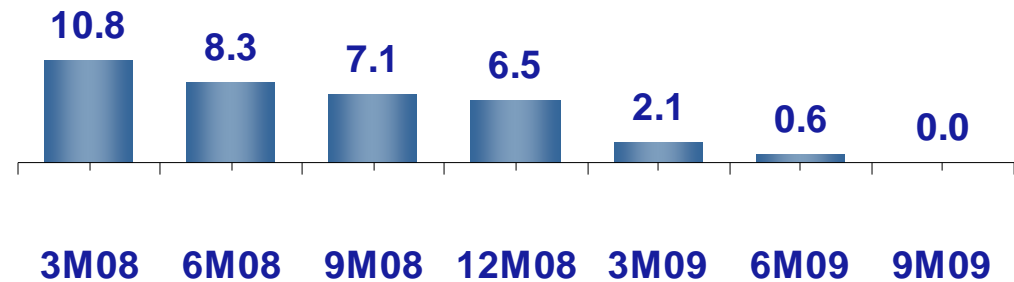
**Plus strong mkt share gains in liquid funds in last 12 months (+158bp) and growth of other funds (current & savings: +18.4%; time deposits: +9.4%)**

# Mexico: highlights in 9M09

**Operating income**  
Mexico  
YTD  
(Constant €m)



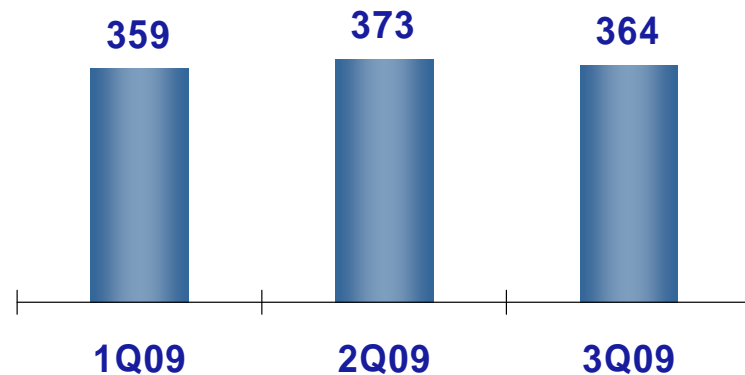
**Operating costs**  
Mexico  
Year-on-year growth  
(%)



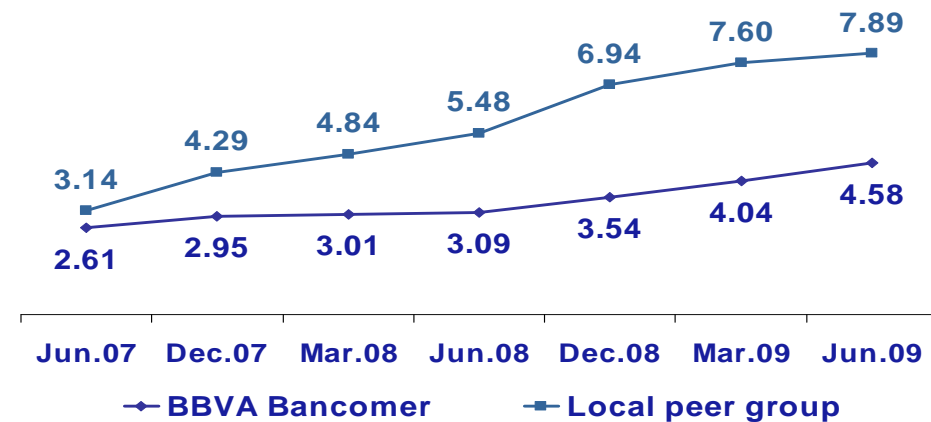
**Nominal growth of costs: 0%**  
(real growth: -4.7%)

# Mexico: superior performance of the cost of risk

**Loan-loss provisions**  
Mexico  
Quarter-by-quarter  
(Constant €m)



**Cost of risk**  
Local peer group  
(%)



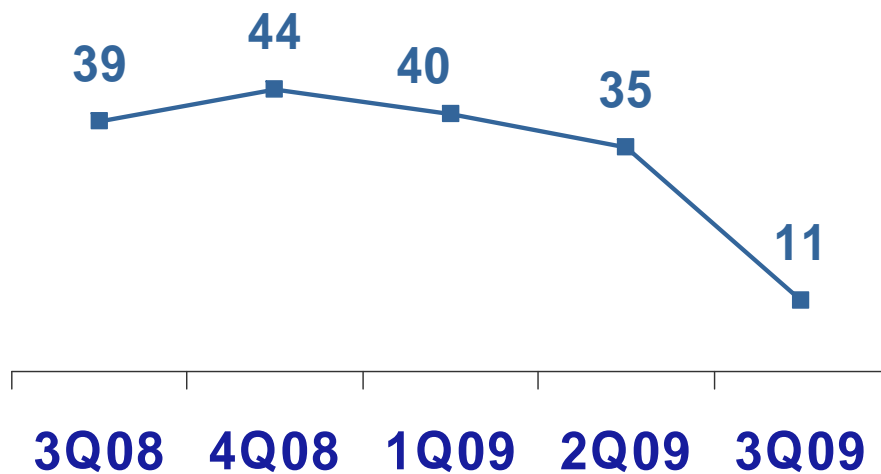
**NPA ratio: 4.0%**

Bancomer calculates cost of risk based on information from Banamex Consolidado, using criteria aligned with local peers.  
Peers: Banamex, Santander, HSBC and Banorte in accordance with local information and accounting rules.

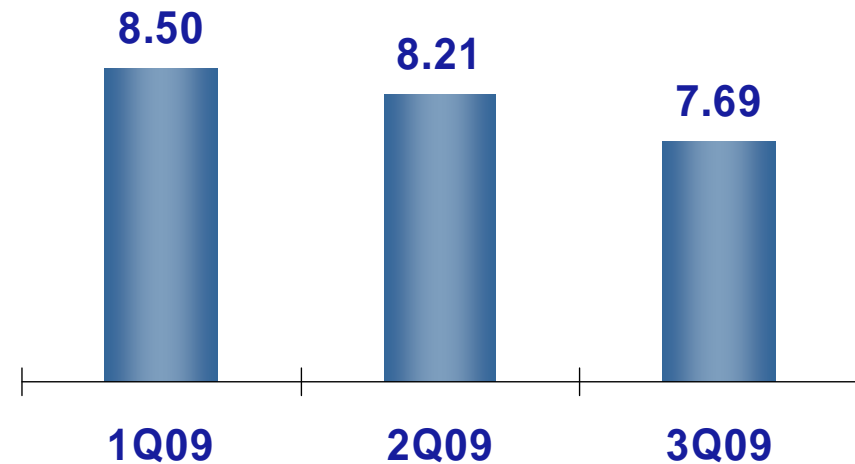


# Mexico: NPA ratio improves . . .

**NPA ratio**  
Mexico  
Quarter-by-quarter growth  
(Basis points)



**NPA ratio**  
Mexico – consumer fin. & cards  
(%)

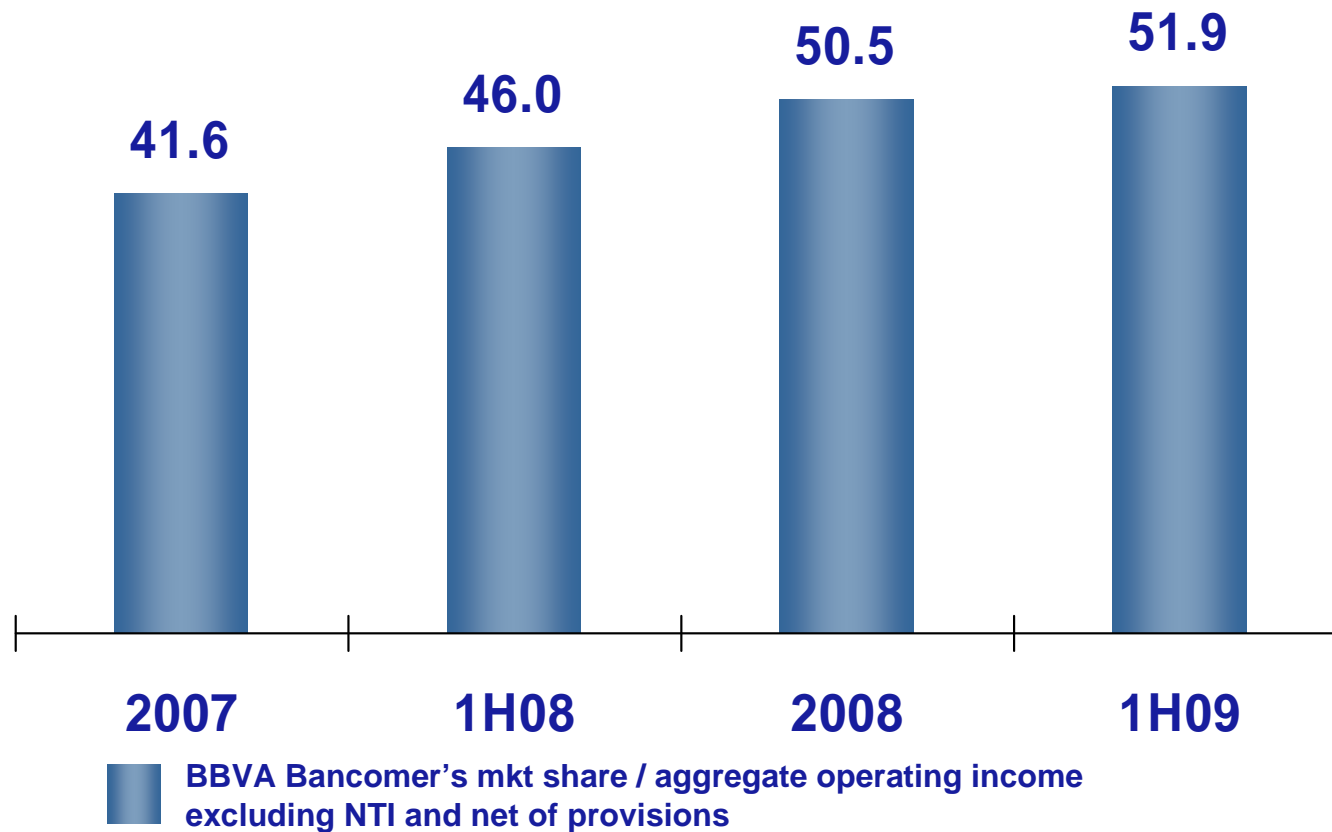


. . . especially in consumer finance

# Mexico: we continue to strengthen our franchise

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**BBVA Bancomer's mkt share of recurrent operating income after provisioning (%)**



\* Aggregate: Bancomer, Banamex, Santander, Banorte, HSBC. In Mexican pesos. Local criteria and accounting rules.

# Mexico: 9M09 earnings

(Constant €m)

Mexico	Accum.	Annual Growth 9M09/9M08		Annual Growth 1H09/1H08
	9M09	Abs.	%	%
Net Interest Income	2,505	+ 93	3.9%	5.2%
Gross Income	3,722	+ 170	4.8%	4.5%
Operating Income	2,564	+ 170	7.1%	6.4%
Income Before Tax	1,443	- 281	-16.3%	-17.4%
Net Attributable Profit	1,101	- 214	-16.2%	-13.3%

# Gains in all business areas

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**Spain & Portugal**

**Wholesale Banking & Asset Management**

**Mexico**

**United States**

**South America**

# United States: key figures in 9M09

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## REVENUES

**Gross income**  
-1.8%

**Operating income**  
+13.8%

**Net attr. profit**  
-49.8%

## FUNDAMENTALS

**Efficiency**  
59.4%

**ROE**  
5.5%

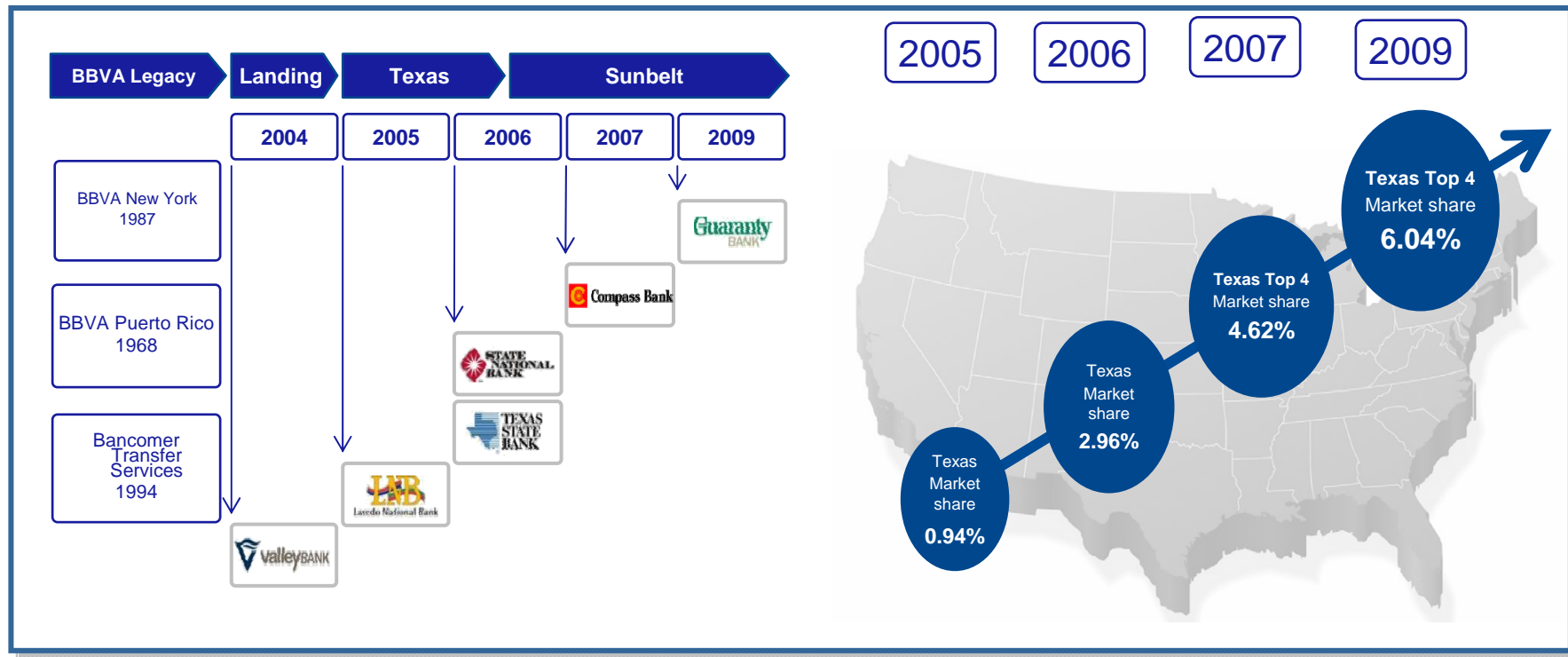
**NPA ratio**  
3.9%

**Coverage**  
43%

**Cost of risk\***  
1.88%

# United States: capitalising on opportunities

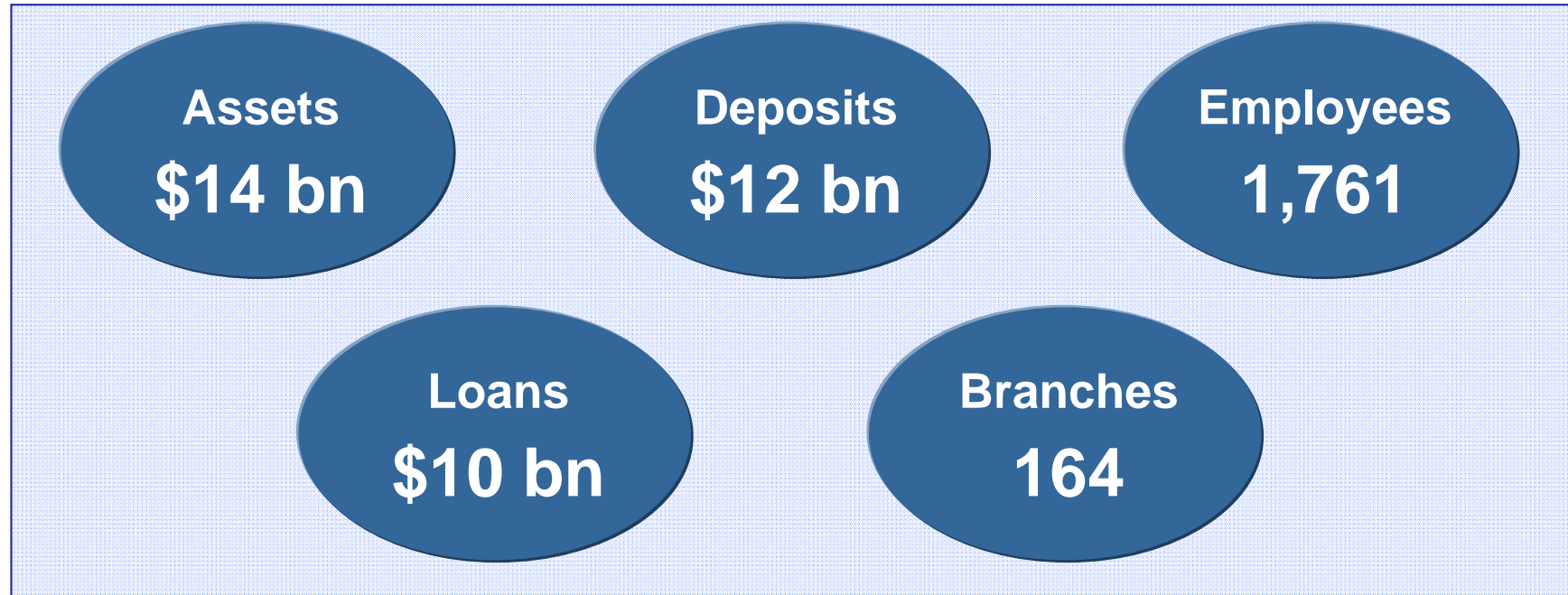
**Proven ability to recognise opportunities in periods of both expansion and recession**



**Coherent strategy, able to generate value in the long term**

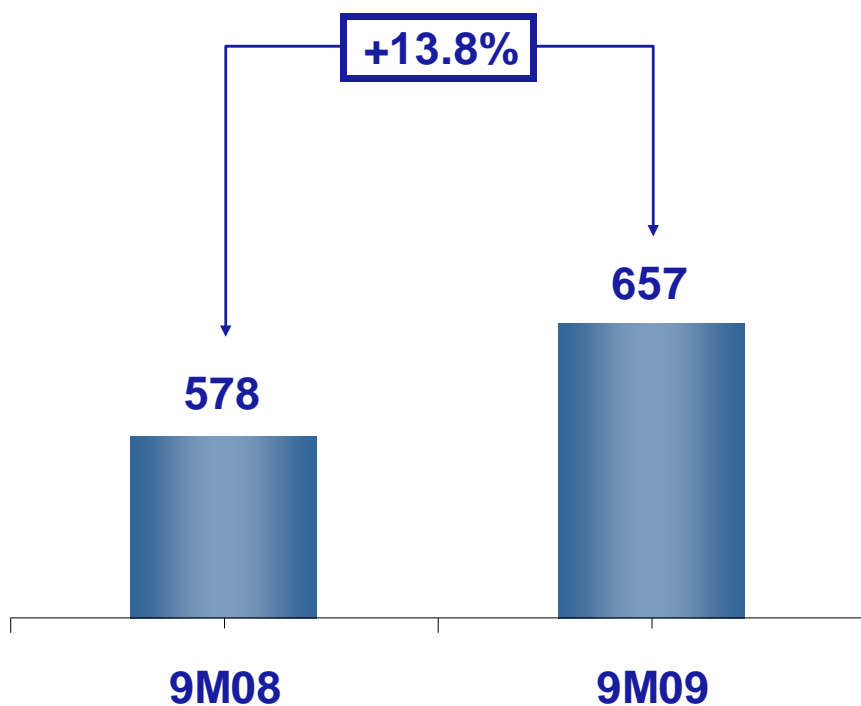
# United States: absorption of Guaranty Bank

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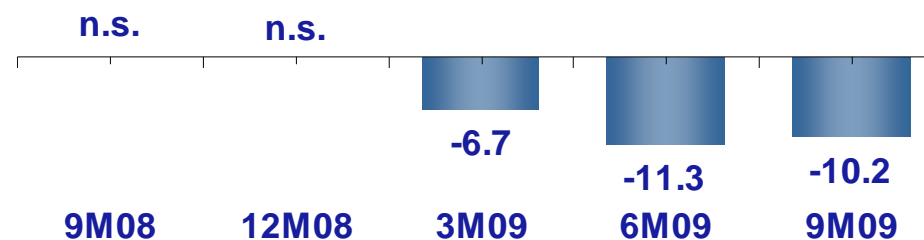


# United States: highlights in 9M09

**Operating income**  
United States  
YTD  
(Constant €m)



**Operating costs**  
United States  
Year-on-year growth  
(%)

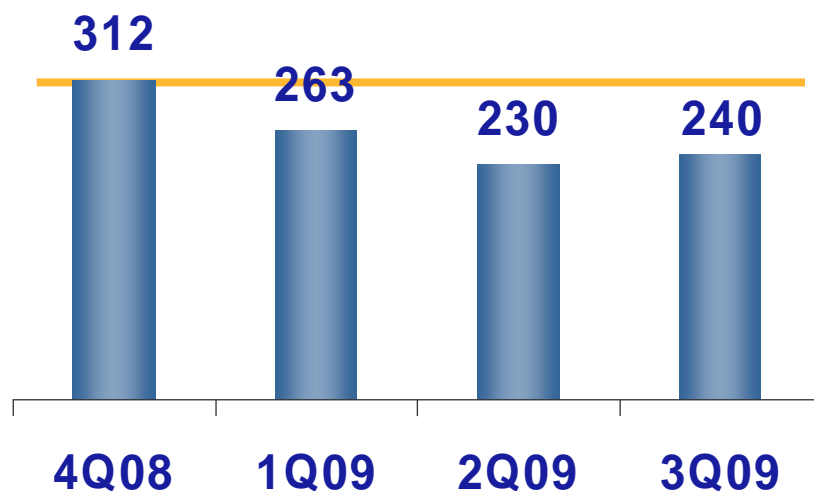


**Guaranty Bank's September earnings incorporated:  
€7m operating income**

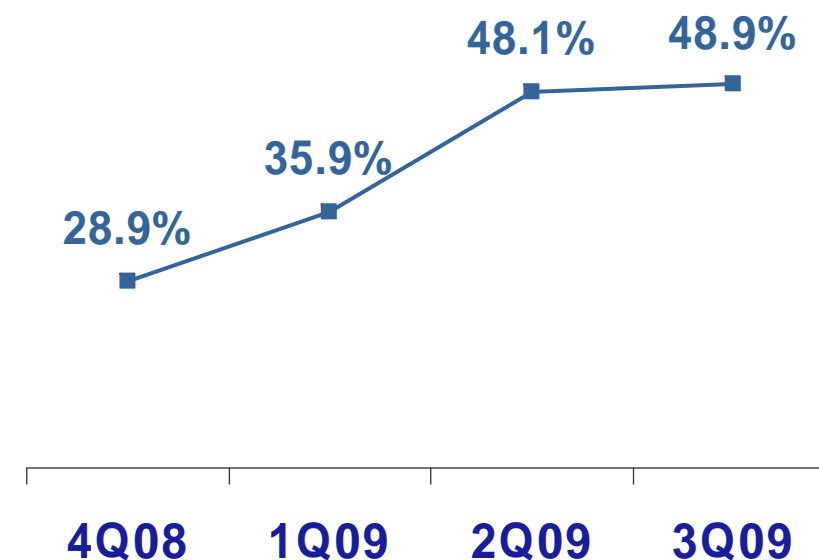


# United States: net entries to NPA stabilise

**Entries to NPA, net of recoveries**  
BBVA Compass  
Quarter-by-quarter  
(€m)



**Recoveries / entries to NPA**  
BBVA Compass  
Quarter-by-quarter  
(%)



**Recoveries improving**

# United States: superior performance

**Net interest margin <sup>1</sup>**  
BBVA Compass 3Q09  
(%)

**3.68%**



**BBVA Compass**

**3.21%**



**Ave. peers (2)**

**Efficiency <sup>1</sup>**  
BBVA Compass 3Q09  
(%)

**58.9%**



**BBVA Compass**

**60.4%**



**Ave. peers (2)**

**Operating income <sup>1</sup>**  
BBVA Compass  
Growth: 3Q09 / 3Q08  
(%)

**22.0%**



**BBVA Compass**

**-1.0%**

**Ave. peers (2)**

1. Local criteria

2. Peer Group: Suntrust, Regions, BB&T, Associated, Comerica, First Horizon, Huntington, M&T, M&I, Zions, Synovus, Cullen/ Frost. Figures for Q209.

## United States: 9M09 earnings

(Constant €m)

USA	Accum.	Annual Growth 9M09/9M08		Annual Growth 1H09/1H08
	9M09	Abs.	%	%
Net Interest Income	1,100	+ 28	2.6%	2.1%
Gross Income	1,620	- 30	-1.8%	-6.4%
Operating Income	657	+ 80	13.8%	2.3%
Income Before Tax	150	- 152	-50.3%	-54.7%
Net Attributable Profit	103	- 102	-49.8%	-54.8%

# Gains in all business areas

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**Spain & Portugal**

**Wholesale Banking & Asset Management**

**Mexico**

**United States**

**South America**

# South America: key figures in 9M09

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## REVENUES

**Gross income**  
**+21.8%**

**Operating income**  
**+31.7%**

**Net attr. profit**  
**+27.5%**

## FUNDAMENTALS

**Efficiency**  
**39.9%**

**ROE**  
**42.4%**

**NPA ratio**  
**2.8%**

**Coverage**  
**127%**

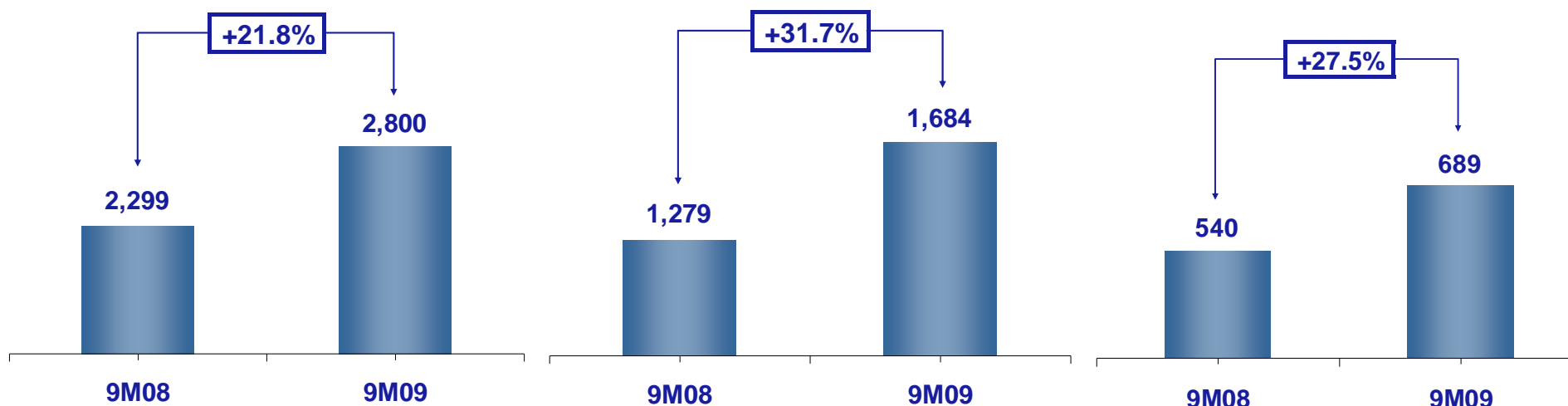
**Cost of risk\***  
**1.65%**

# South America: highlights in 9M09

**Gross income**  
South America  
YTD  
(Constant €m)

**Operating income**  
South America  
YTD  
(Constant €m)

**Net attributable profit**  
South America  
YTD  
(Constant €m)

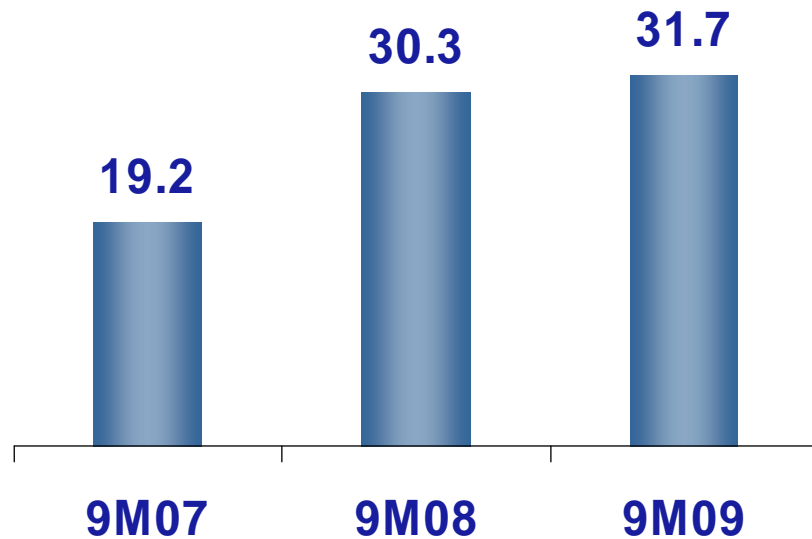


**Superior performance despite crisis**

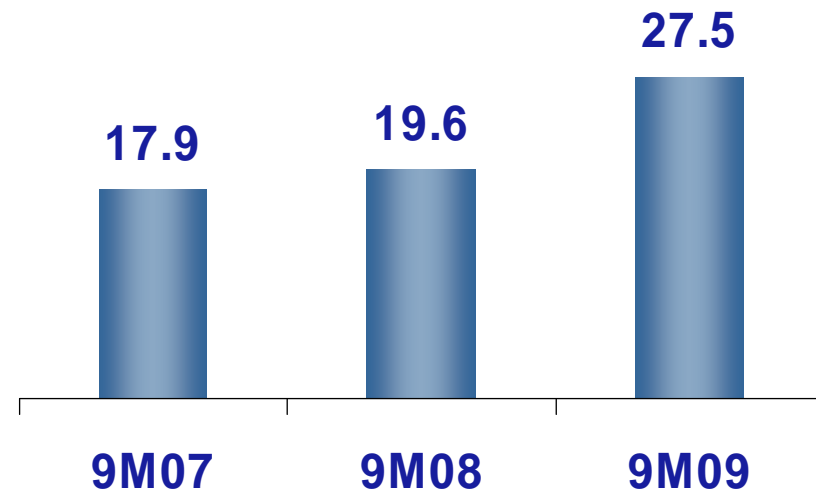
# South America: highlights in 9M09

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**Operating income**  
South America  
Year-on-year growth  
(%)



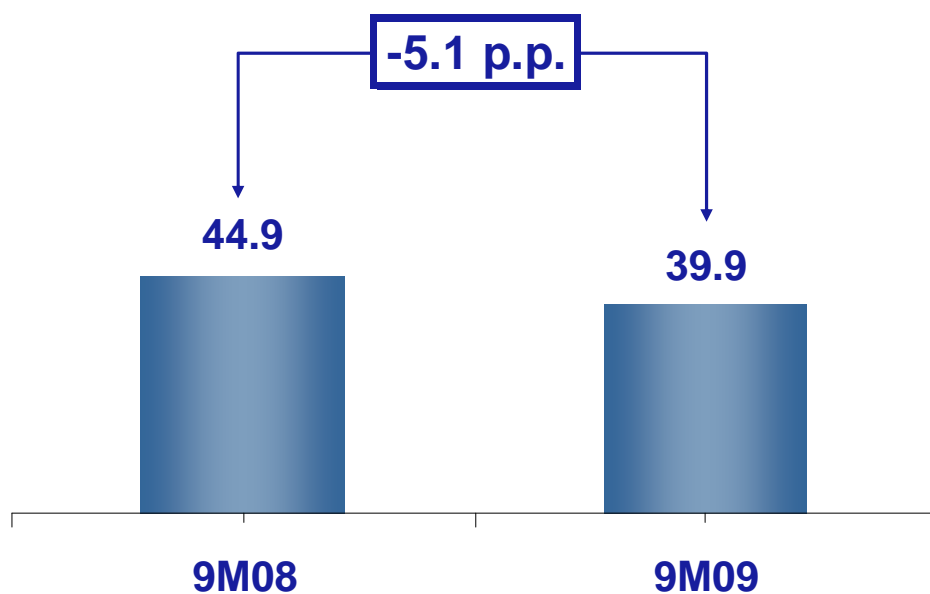
**Net attributable profit**  
South America  
Year-on-year growth  
(%)



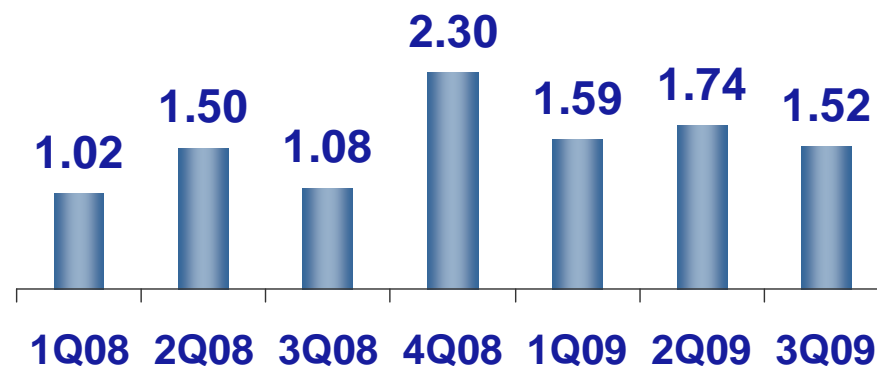
**Growth nearing record levels**

# South America: important improvement in efficiency . . .

Efficiency  
South America  
(%)



Cost of risk  
South America  
Quarter-by-quarter  
(%)

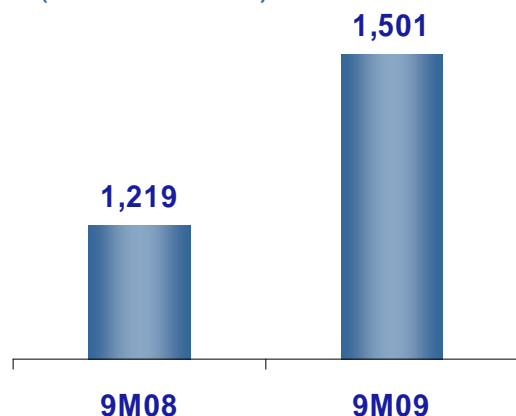


. . . and cost of risk stabilises

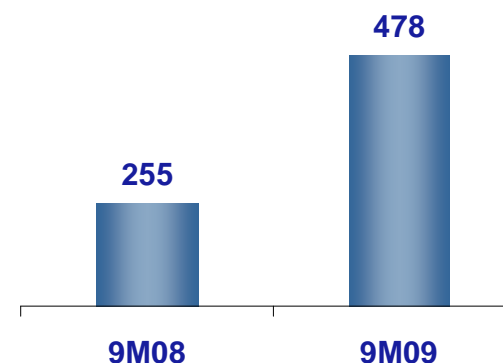


# South America: excellent earnings by banks, pensions and insurance

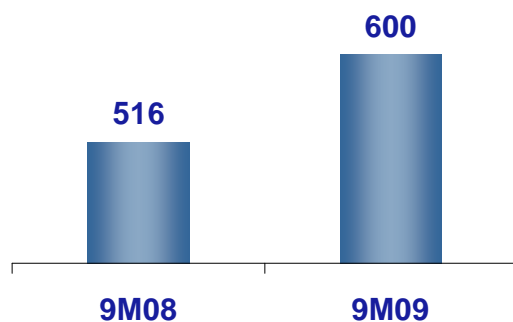
**Operating income**  
South-American banks  
YTD  
(Constant €m)



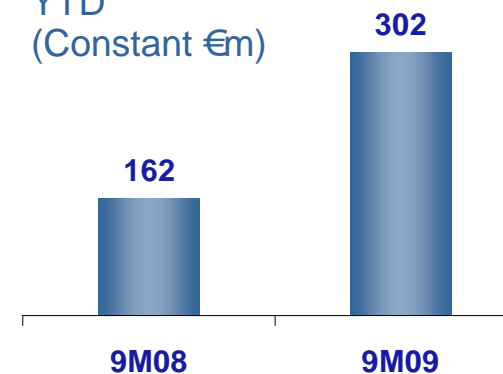
**Operating income**  
Pensions and insurance  
America\*  
YTD  
(Constant €m)



**Net attributable profit**  
South-American banks  
YTD  
(Constant €m)



**Net attributable profit**  
Pensions and insurance  
America\*  
YTD  
(Constant €m)



\* Including pensions and insurance in Mexico and USA.

# South America: another Bancomer

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(€bn and €m)	BBVA Mexico	BBVA South America
<b>Assets</b>	<b>60.2</b>	<b>42.0</b>
<b>Customer loans (gross)</b>	<b>26.6</b>	<b>24.5</b>
<b>Deposits</b>	<b>27.8</b>	<b>29.9</b>
<b>Profit before minorities</b>	<b>1,103</b>	<b>1,049</b>

## South America: 9M09 earnings

(Constant €m)

South America	Accum.	Annual Growth 9M09/9M08		Annual Growth 1H09/1H08
	9M09	Abs.	%	%
Net Interest Income	1,822	+ 246	15.6%	17.8%
Gross Income	2,800	+ 500	21.8%	22.2%
Operating Income	1,684	+ 405	31.7%	31.3%
Income Before Tax	1,365	+ 304	28.6%	26.7%
Net Income	1,049	+ 241	29.8%	30.6%
Net Attributable Profit	689	+ 149	27.5%	29.4%

**South America, another Bancomer**

# Conclusions

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**Strength of earnings**

- Net attrib. profit: €4,179m
- Sustained EPS at 2008 levels
- Operating income is solid and growing
- Stable cost of risk
- Superior performance in all franchises

**Strength of fundamentals**

- Core capital: 8.0%  
(110bp generated organically in last nine months)
- Strengthening generic provisions with capital gains
- Leader in efficiency and profitability

# BBVA

## Strength of earnings and fundamentals

### Third quarter 2009

Madrid, October 27th 2009

[www.bbva.com](http://www.bbva.com)

**BBVA**

