

Second quarter results 2012

Ángel Cano, BBVA's President & Chief Operating Officer

Madrid, July 31st 2012

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Quarter highlights

1

Recurring revenues are growing

2

Strong operating income: a major factor in absorbing negative impacts

3

Organic generation of capital and EBA compliance

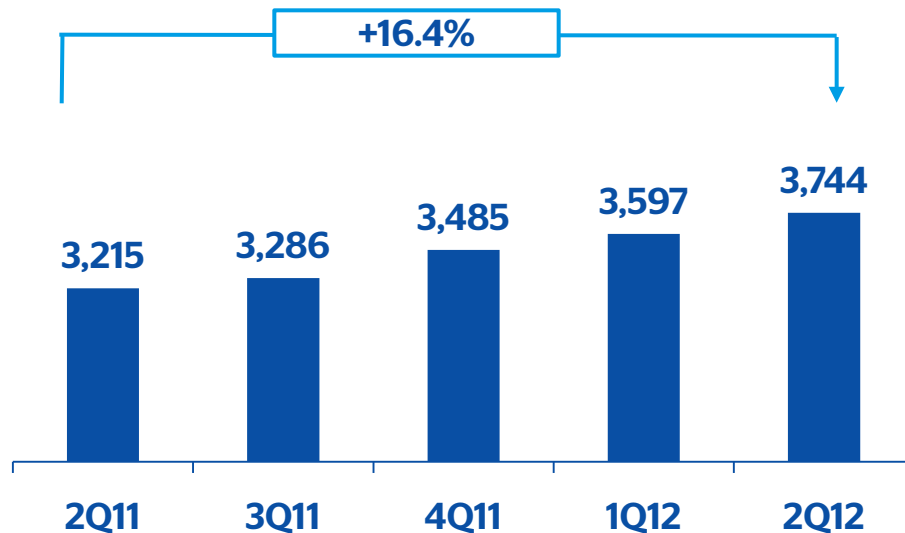
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Risk indicators are stable

Solid fundamentals that shine in the present European banking context

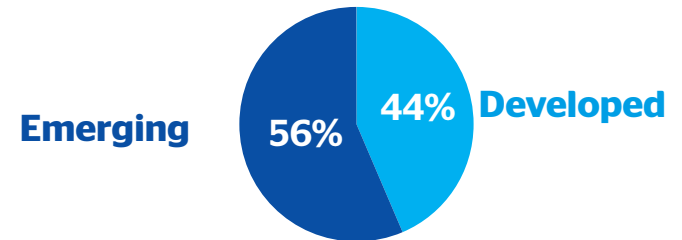
Strong net interest income ...

Net interest income
BBVA Group
€m



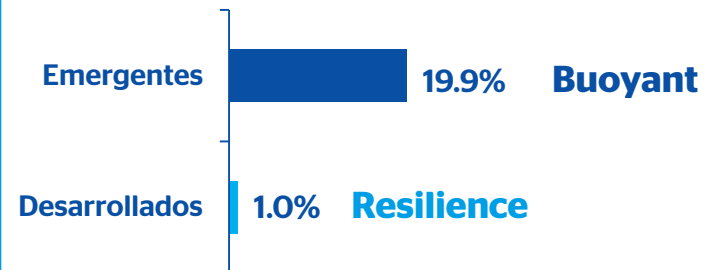
Balanced diversification

Net interest income
BBVA Group
1H12 by market type



Cycle management

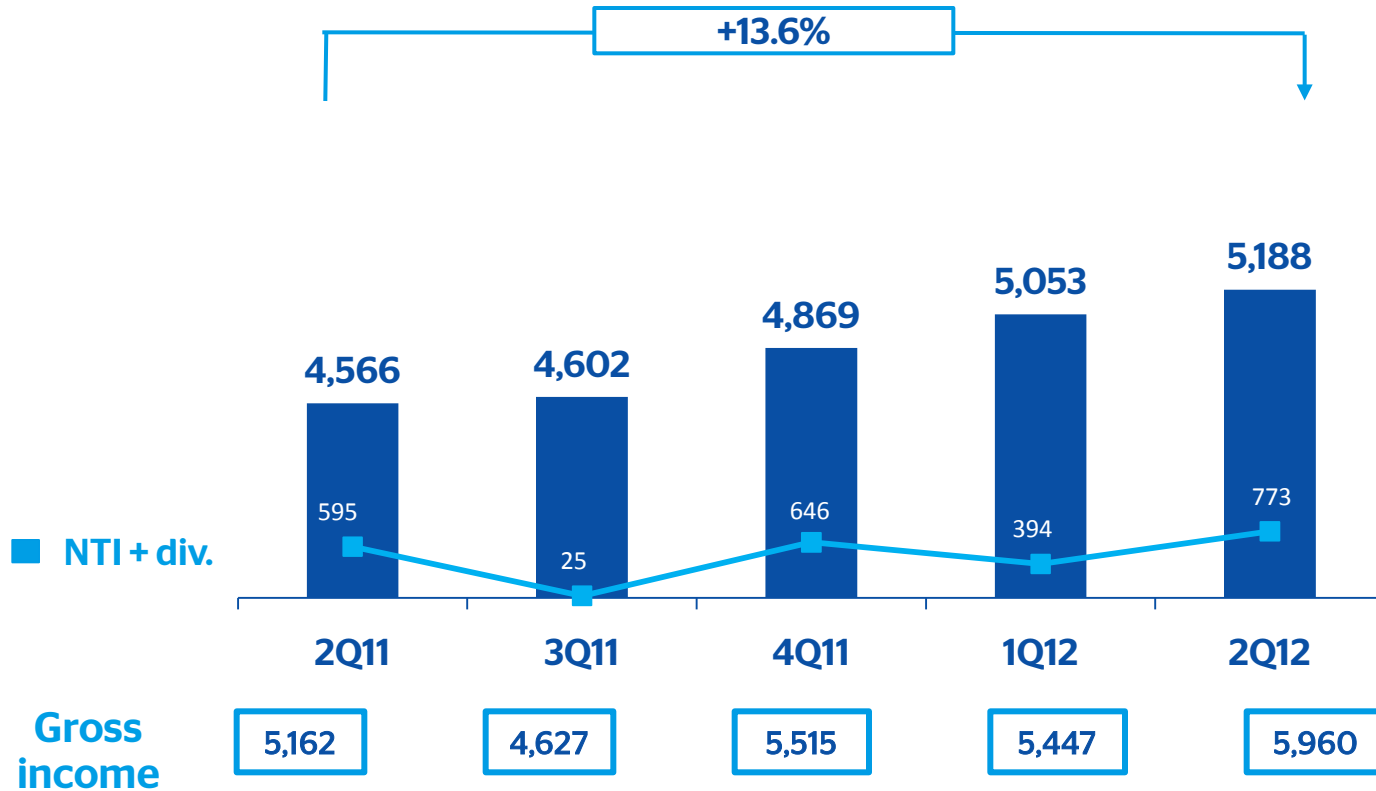
Net interest income
BBVA Group
Yr-on-yr change. Constant €



... and strong recurring gross income ...

Recurring gross income

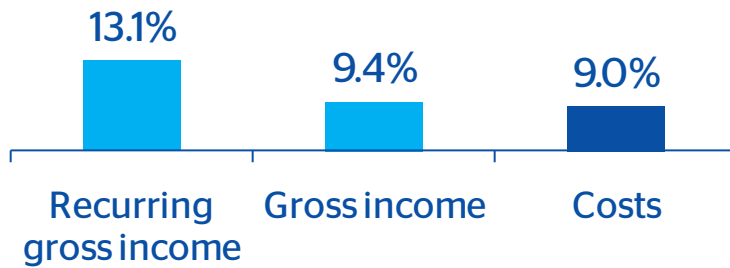
BBVA Group
€m



... growing faster than costs

Gross income vs costs

BBVA Group
Yr-on-yr change



- Efficiency improves - and leadership positions maintained vs. peer group
- Capitalizing on the investment plans of earlier quarters

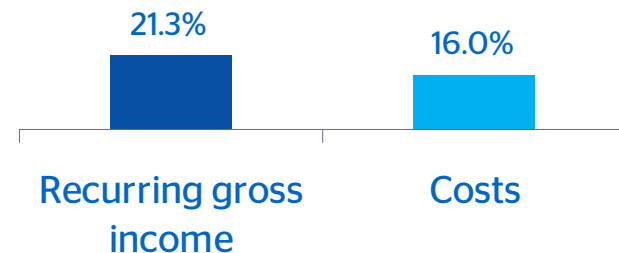
Developed mkts

Yr-on-yr change
Constant €



Emerging mkts

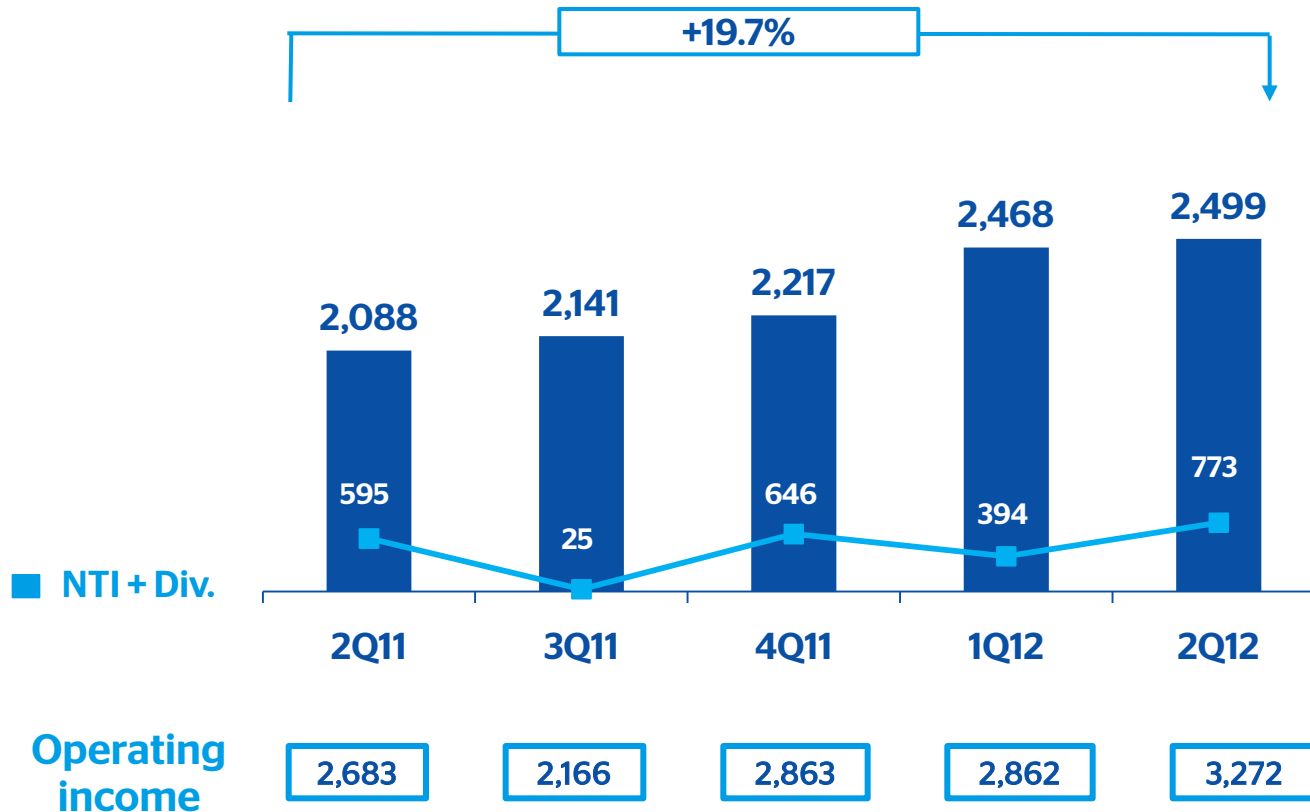
Yr-on-yr change
Constant €



Solid operating income, maintaining a higher level ...

Recurring operating income

BBVA Group
€m



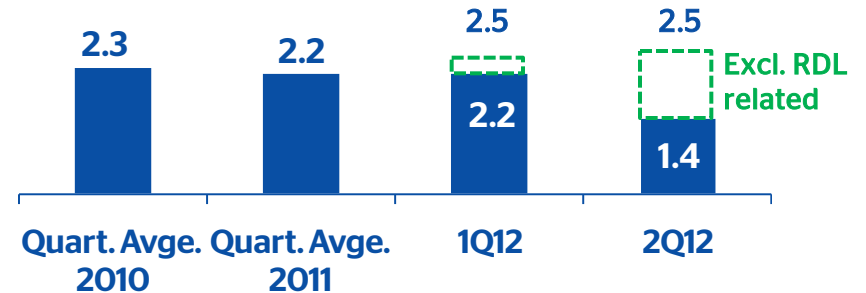
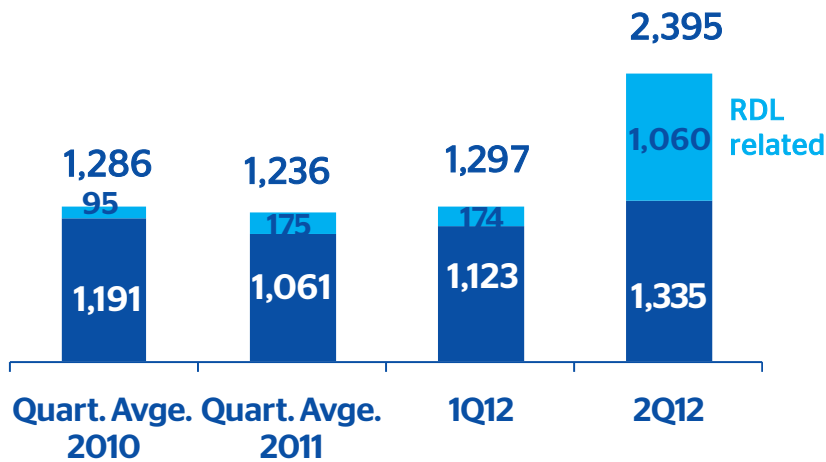
... the key factor to enable a greater provisioning effort ...

Loan-loss and real-estate provisioning

BBVA Group
€m

Operating income / loan-loss and real-estate provisioning

BBVA Group
no. of times



Risk premium



... mainly in regard to royal decrees

	Impact	
RDL 2/12	€2,869m	} Total €4,637m
RDL 18/12	€1,768m	
<hr/>		
Provided	€1,434m	
Pending	€3,203m	

In summary: a solid income statement

€m

BBVA Group	Accum.	Growth	
		1H12 / 1H11	
	1H12	Abs.	%
Net interest income	7,340	+ 951	14.9
Gross income	11,407	+ 982	9.4
Operating income	6,134	+ 547	9.8
Provisions RDL related	-1,234	-1,003	433.5
Rest of provisions	-2,796	-583	26.4
Income before tax	2,104	-1,039	-33.1
Net attributable profit	1,510	-829	-35.4

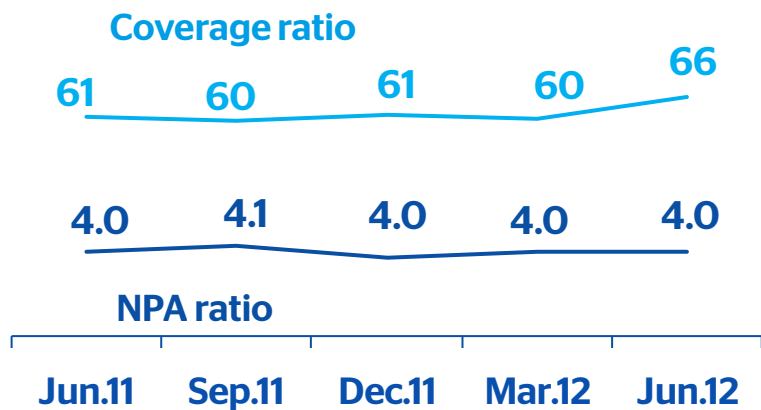
Net attributable profit excluding effect of RDLs

€2,374m (-5.1%)

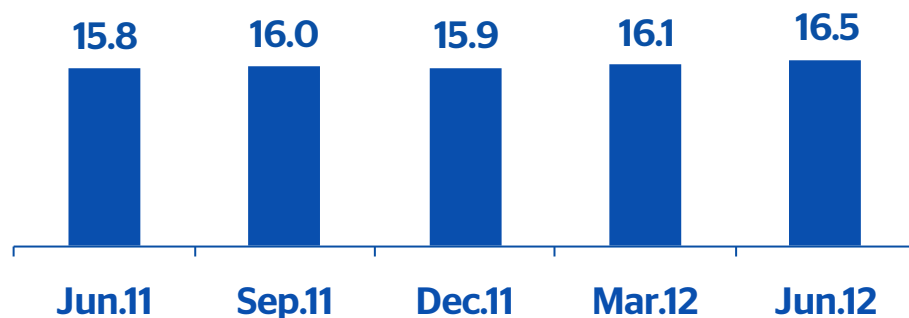
Impact in 2012 of provisioning required by royal decrees is manageable

Good risk performance

NPA & coverage ratios
BBVA Group
%

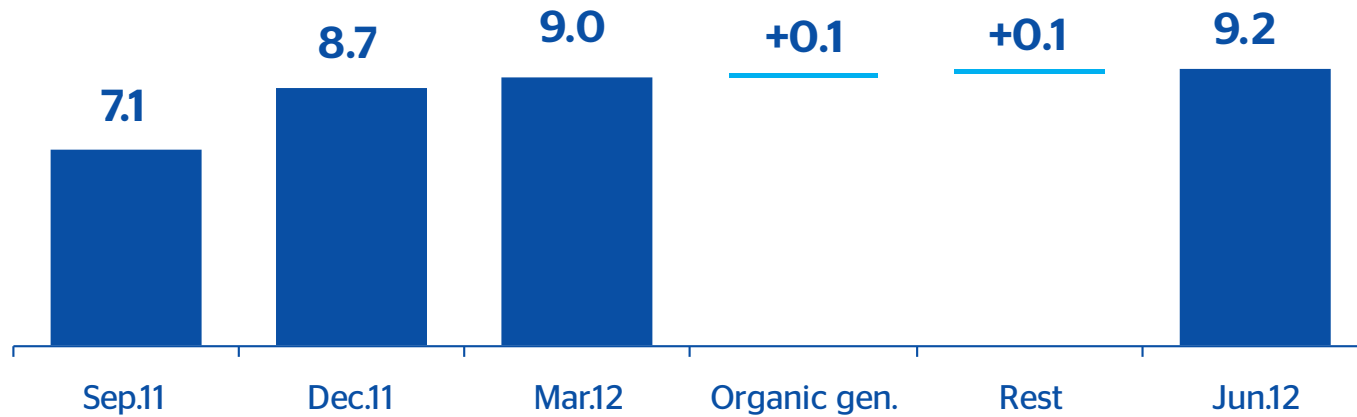


NPAs - net balance
BBVA Group
€Bn



Organic generation of capital and compliance with EBA requirements

Core capital ratio (EBA)
BBVA Group
%



Deficit / surplus

-€6.3bn



+€0.6bn

Based on Basel 2.5 the core capital ratio is 10.8% after a 50bp increase in the first half

Sound liquidity position

Euro balance sheet

- 1 Debt redemptions in 2012/13 already covered**
- 2 Internal liquidity ratios improve**
- 3 Ample collateral available to absorb liquidity shocks**

Non-euro regions

- 1 Financially independent subsidiaries: no transfers of liquidity**
- 2 No wholesale structural finance needs**
- 3 Market access**

Summary: solid fundamentals ...

Resilient earnings

Recurring gross income

+13.1%
Year-on-year

Recurring operating income

+17.8%
Year-on-year

Operating income / provisioning

1.4
Times (2Q12)

Diversified revenues

56%
Emerging mkts

Solid foundations

Capital

EBA ratio	EBA since Sep.11	△ Capital 1H12
9.2%	+€6.9bn	+50 bp

Liquidity

Internal ratios improve

Risk (%)

NPA ratio	Coverage ratio improves
Stable	+ 5 pts

1 Highlights

2 Business areas

Spain: progress is made ...

Correction of structural imbalances

- Household debt
- Residential construction
- Current account balance
- Labour productivity



New measures

- Deficit reduction efforts
- EMU extends deficit calendar
- Structural reforms
- Financial system restructuring

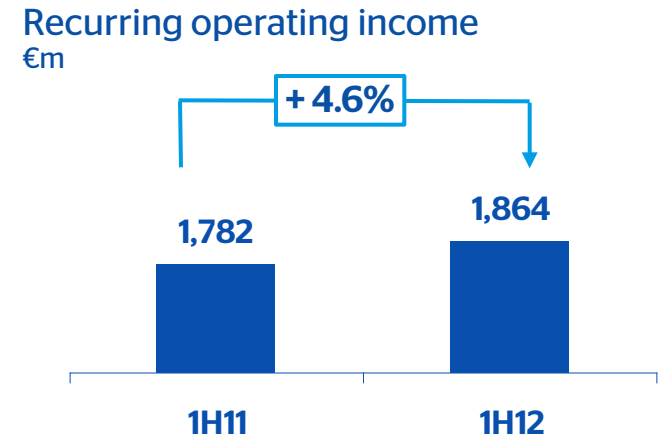
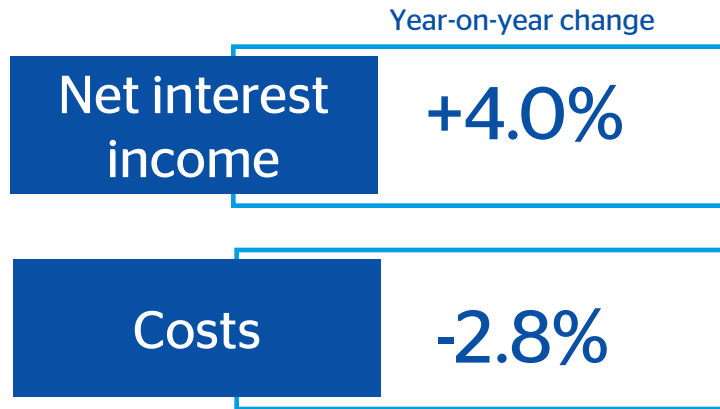
... but uncertainty persists

Record risk premium

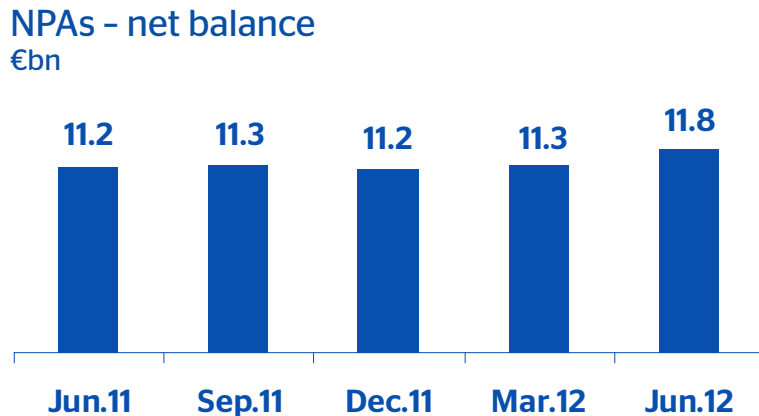
IBEX at 2003 levels

Rating downgrades

Spain: strength of revenues plus cost control ...



... and slight uptick in non-performing assets



Private individuals	Stable
Developer	Covered by RDs
SMEs	Limited impact

Spain: income statement

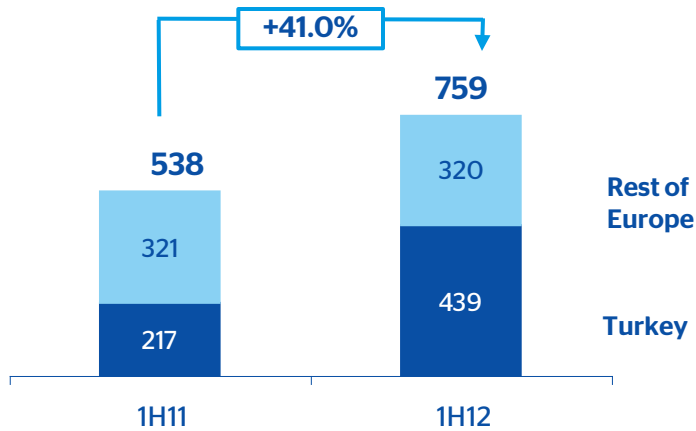
€m

Spain	Accum.	Growth	
		1H12 / 1H11	
	1H12	Abs.	%
Net interest income	2,300	+ 89	4.0
Gross income	3,316	- 118	-3.4
Operating income	1,964	- 79	-3.9
Income before tax ex provisions RDL related	765	- 539	-40.0
Net attributable profit ex provisions RDL related	537	- 382	-40.2
Net attributable profit includ. provisions RDL related	-221	- 1,116	n.s.

EurAsia: revenue is balanced and growing

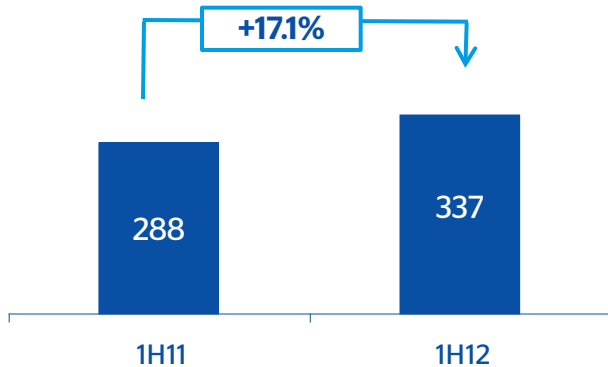
Gross income - rest of Europe

€m

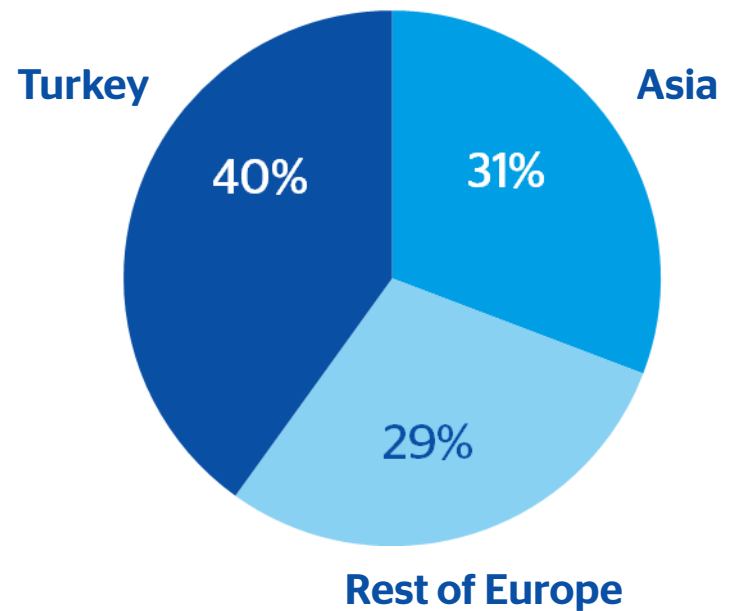


Gross income - Asia

€m



Breakdown of gross income - EurAsia (%)



EurAsia: income statement

€m

EurAsia	Accum.	Growth	
		1H12 / 1H11	
	1H12	Abs.	%
Net interest income	382	+ 77	25.3
Gross income	1,096	+ 270	32.7
Operating income	727	+ 165	29.2
Income before tax	630	+ 116	22.6
Net attributable profit	576	+ 129	28.9

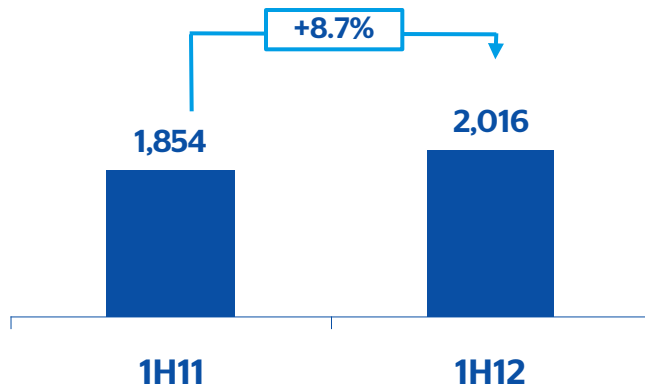
Mexico: buoyant business activity ...

Year-on-year change. Average balances

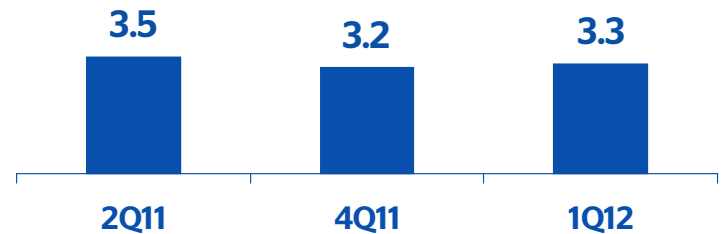


... record quarterly revenue and stable risk premium

Net interest income
Constant €m



Risk premium
Quarter by quarter (%)



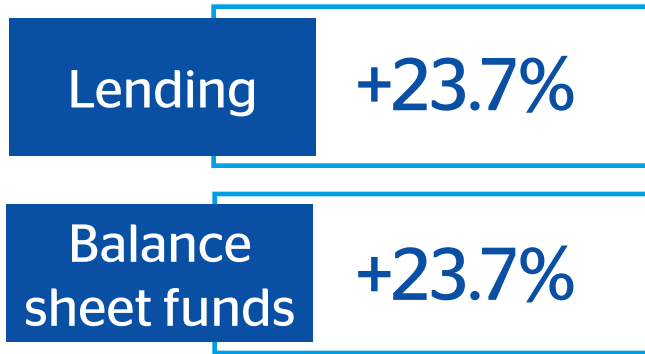
Mexico: income statement

Constant €m

Mexico	Accum.	Growth	
		1H12 / 1H11	
	1H12	Abs.	%
Net interest income	2,016	+ 162	8.7
Gross income	2,877	+ 120	4.3
Operating income	1,786	+ 24	1.4
Income before tax	1,144	+ 5	0.4
Net attributable profit	865	+ 20	2.4

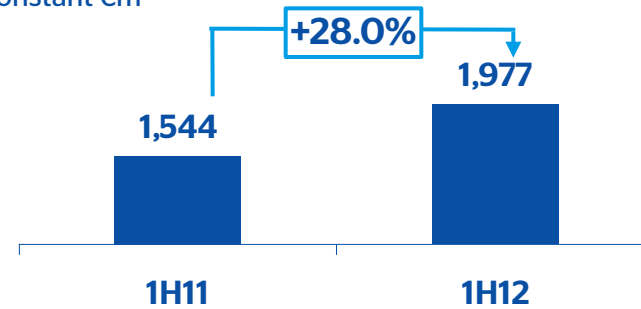
Net profit excluding NTI: +15.3%

South America: vigorous activity reflected by revenues ...



Year-on-year change. Average balances

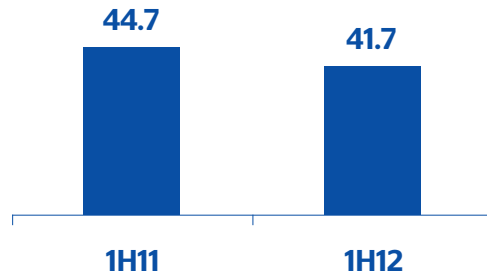
Net interest income
First half
Constant €m



New record for quarterly gross income

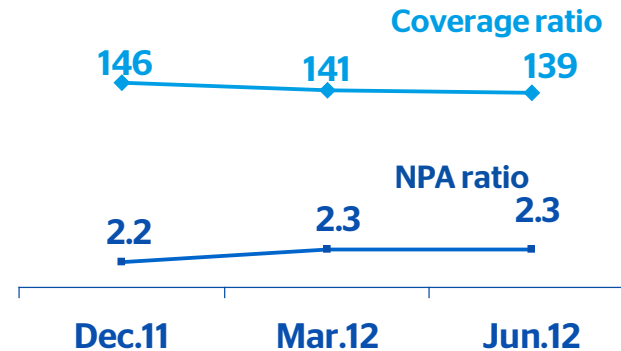
... efficiency improves and best risk levels in Group

Cost / income
%



Op. income +27.8%

NPA & coverage ratios
%



South America: income statement

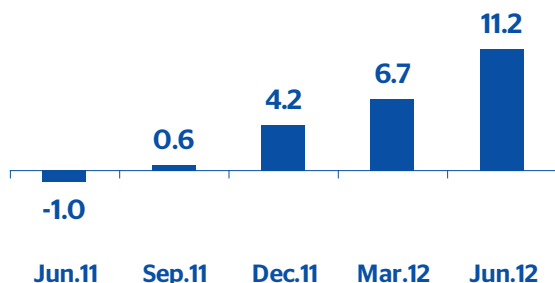
Constant €m

South America	Accum.	Growth	
		1H12 / 1H11	
	1H12	Abs.	%
Net interest income	1,977	+ 433	28.0
Gross income	2,779	+ 499	21.9
Operating income	1,622	+ 353	27.8
Income before tax	1,312	+ 295	29.0
Net attributable profit	703	+ 140	24.8

United States: lending extends upward trend and improvement in funding mix ...

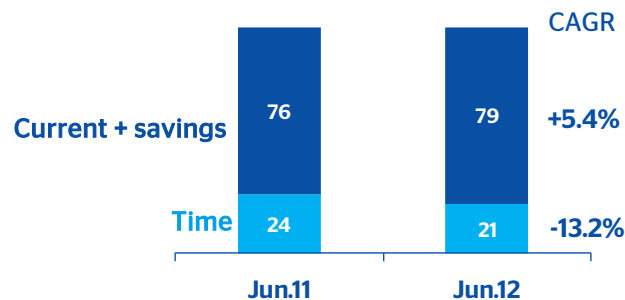
Lending (BBVA Compass)

Year-on-year change
(% average balances)



Balance sheet customer deposit mix (BBVA Compass)

Base 100.0%



... and buoyant revenues with improved risk

Year-on-year change.
Constant € .%

NII on local business	+6.4%
Op. income excl. one-offs*	+8.7%
Net attrib. profit	+24.2%

	2H12	Year-on-year change
Provisions	€53m	-75%
NPA ratio	2.8%	-1.2 pts
Coverage ratio	82%	+15 pts

* Regulatory impact and Guaranty loan portfolio attrition

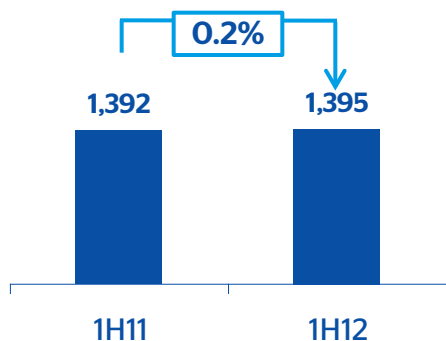
United States: income statement

Constant €m

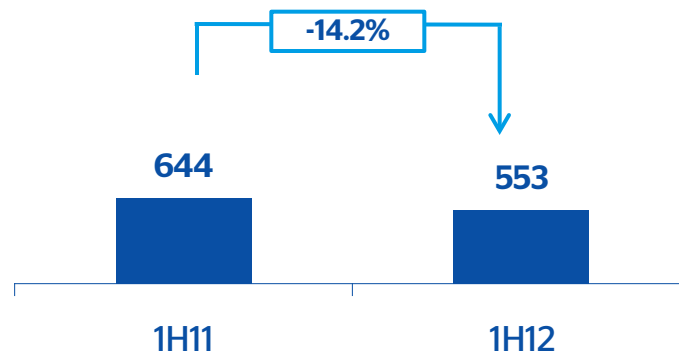
U.S.A.	Accum.	Growth	
		1H12 / 1H11	
	1H12	Abs.	%
Net interest income	849	- 30	-3.4
Gross income	1,226	- 63	-4.9
Operating income	443	- 46	-9.4
Income before tax	358	+ 85	31.2
Net attributable profit	245	+ 48	24.2

CIB: high resilience of wholesale banking business ...

Gross income
Constant €m

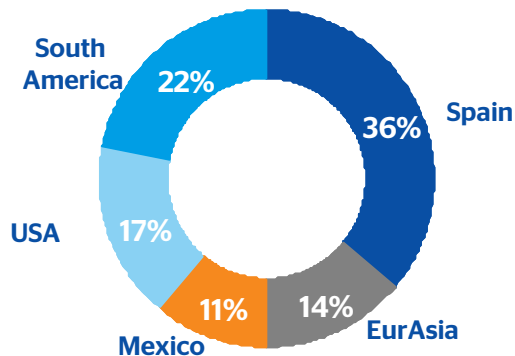


Net attributable profit
Constant €m

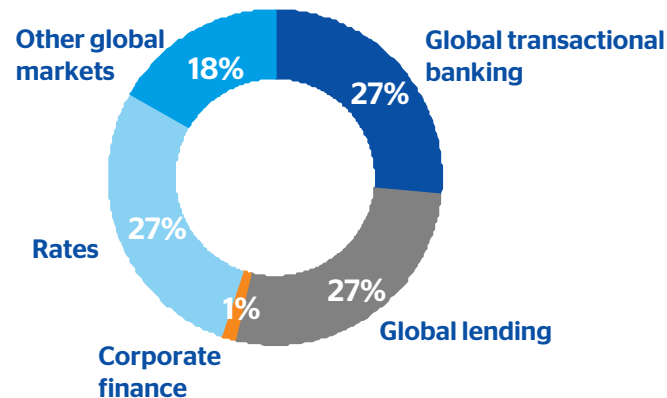


... leveraging revenue diversification

Gross income by region
1H12 (%)



Gross income by product
1H12 (%)



Note: other global markets includes credit, FX and equities

Social impact of specific social initiatives



BBVA MICROCREDIT FOUNDATION

Launched in 2007

More than one million
customers (60% women)

€777m in microcredits



MOMENTUM PROJECT

Launched in 2011

20 projects
(200+ requests)

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4

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European banking context**

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