

# BBVA

## 1Q10 Results

Madrid, 28th April 2010



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# 1Q10: a good quarter

1

**Strength of  
earnings**

2

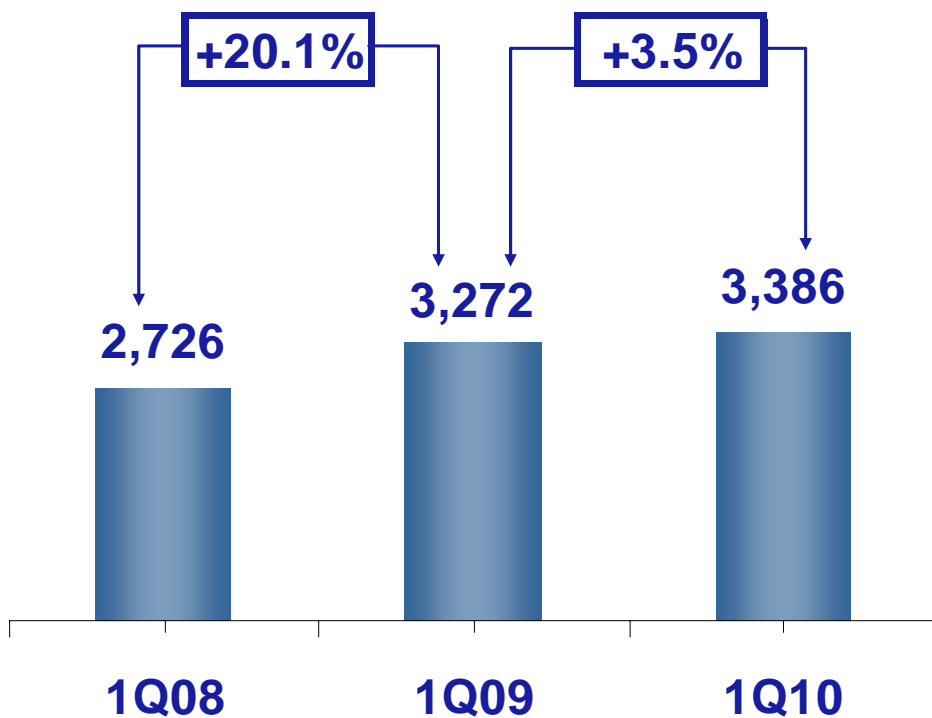
**Risk indicators  
improve**

3

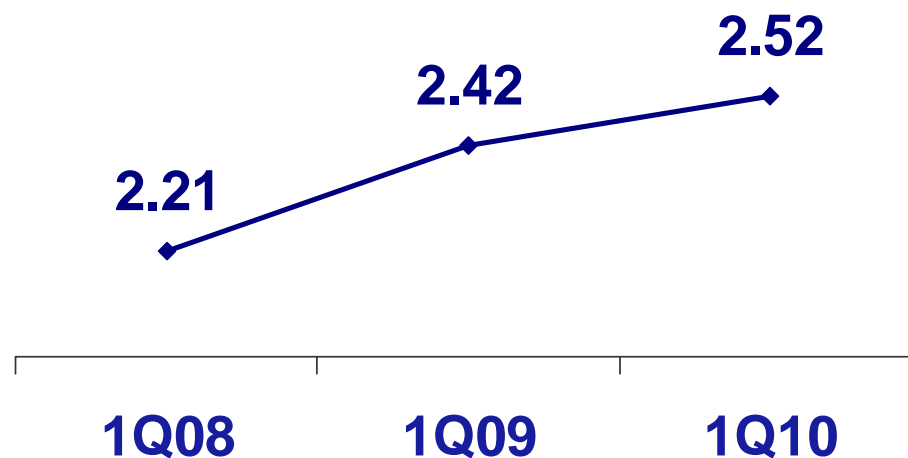
**Balance sheet  
is solid**

# Net interest income is sustained . . .

**Net interest income**  
BBVA Group  
(€m)

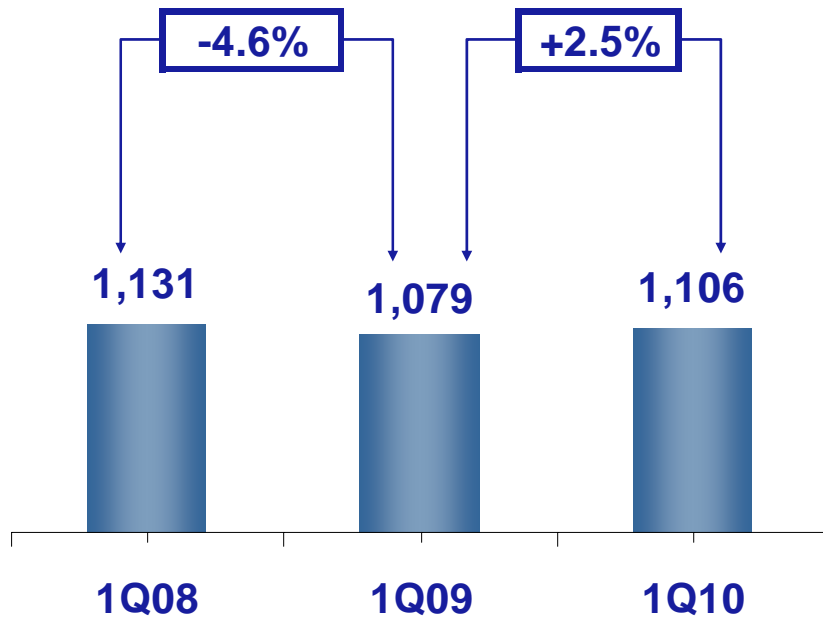


**Net interest income / ATAs**  
BBVA Group  
(%)

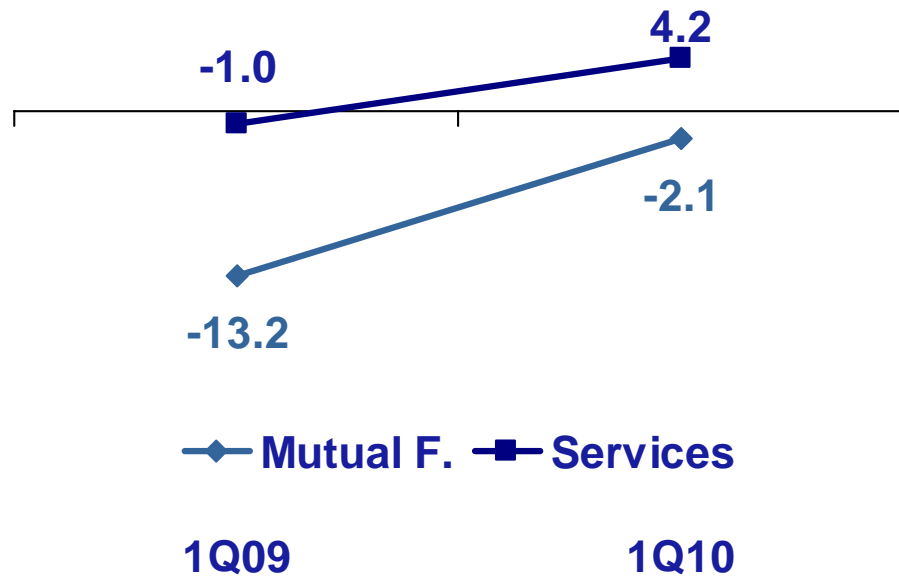


**... good performance by fee income ...**

**Fee income  
BBVA Group  
(€m)**



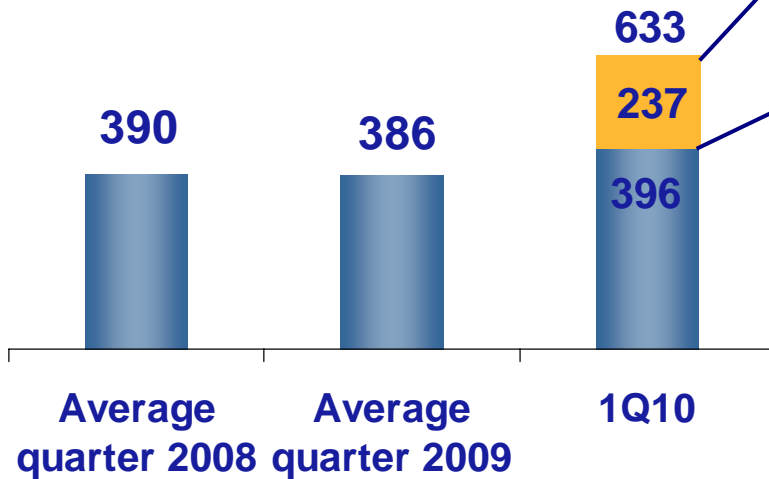
**Fee income  
BBVA Group  
yr-on-yr change  
(%)**



**Net fee income returns to growth**

**Upward trend in fees from mutual funds and services**

**NTI**  
BBVA Group  
(€m)



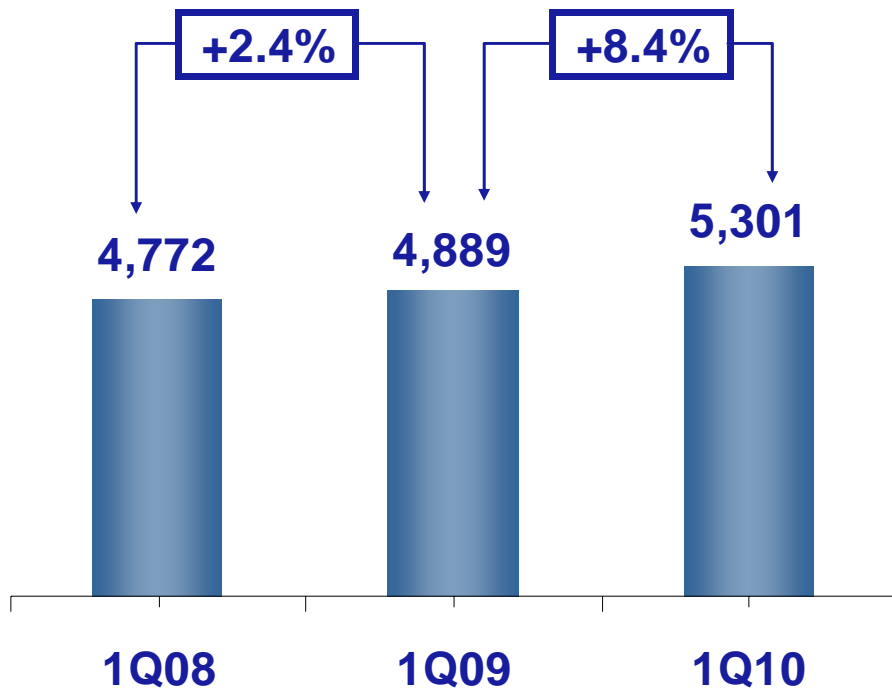
Venezuela: + €87m

Rotation of ALCO portfolios: + €150m

**NTI from rotation is earmarked to reinforce generic provisioning**

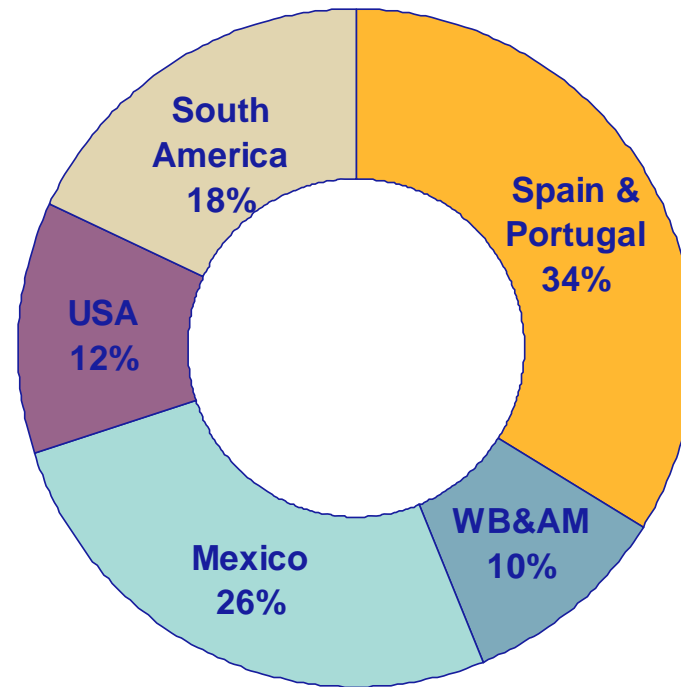
**... leading to solid gross income ...**

**Gross income  
BBVA Group  
(€m)**



**Strong contribution from all  
revenue streams**

**Gross income\*  
Breakdown by business area  
(%)**

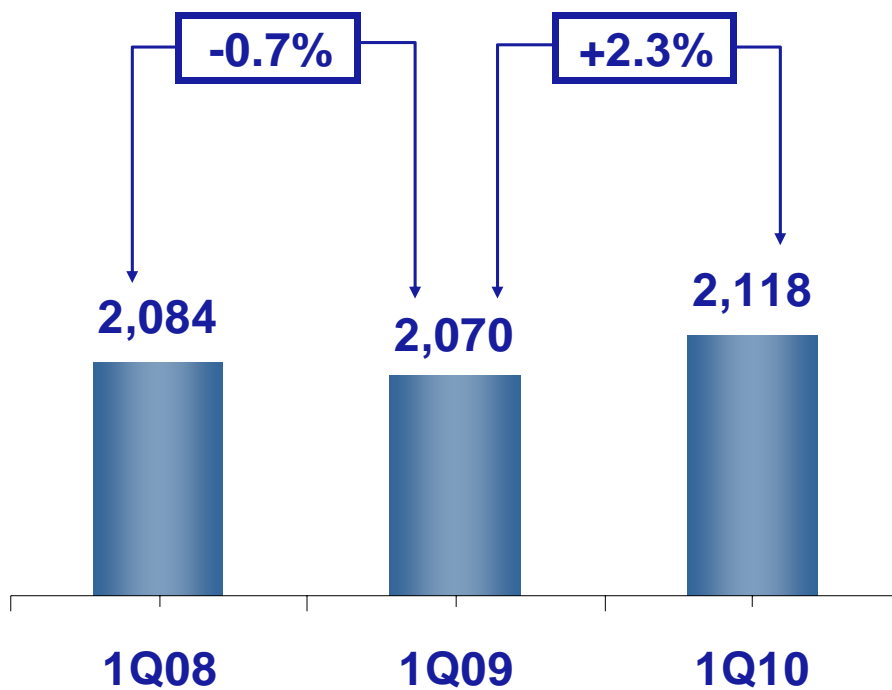


**Gross income is widely  
diversified**

\* Excl. corporate activities

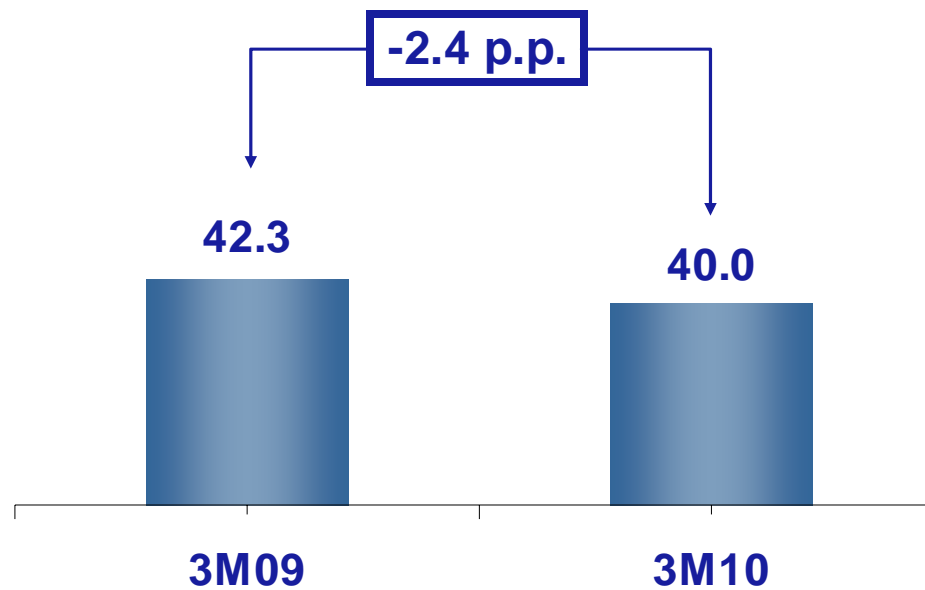
# BBVA Greater efficiency

Operating costs  
BBVA Group  
(€m)



Sustained control of costs . . .

Efficiency  
BBVA Group  
(%)

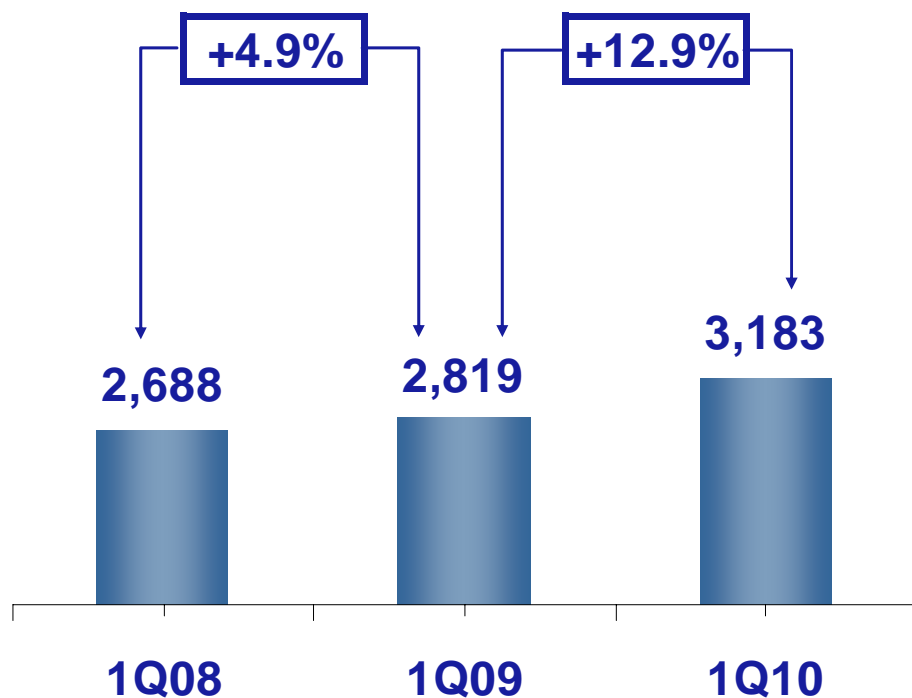


. . . and efficiency continues to improve

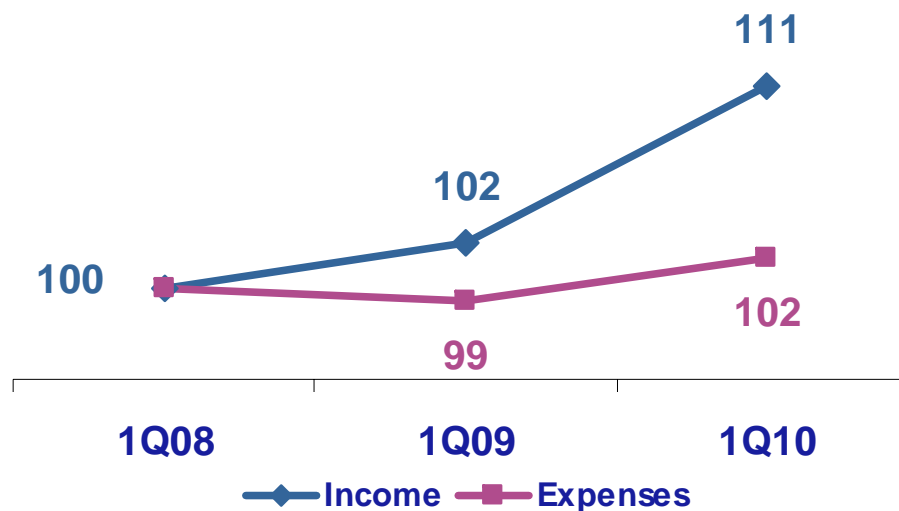


# In summary operating income is very solid . . .

**Operating income**  
BBVA Group  
(€m)



**Income and expenses**  
BBVA Group  
(base 100: 1Q08)



**In terms of revenues and costs**

# 1Q10: a good quarter

1

Strength of  
earnings

2

Risk indicators  
improve

3

Balance sheet  
is solid

## 2. Risk indicators improve

**A**

**Sharp drop in gross additions to NPA and improved recoveries**

**B**

**NPA ratio is stable**

**C**

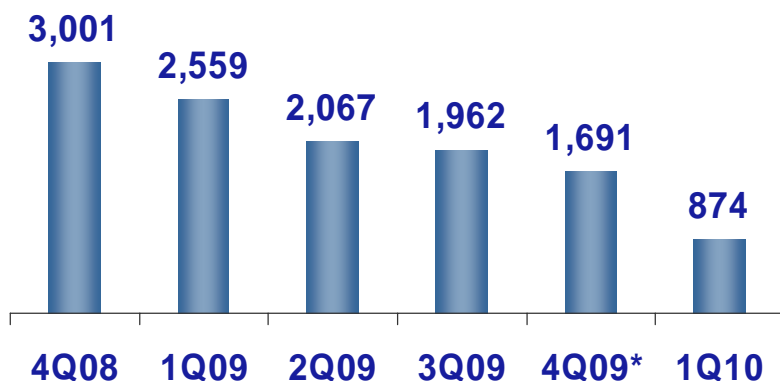
**Improvement in cost of risk**

**D**

**Increased coverage**

# A. Sharp drop in gross additions to NPA and improved recoveries

**Net additions to NPA**  
 BBVA Group  
 Quarter-by-quarter  
 (€m)



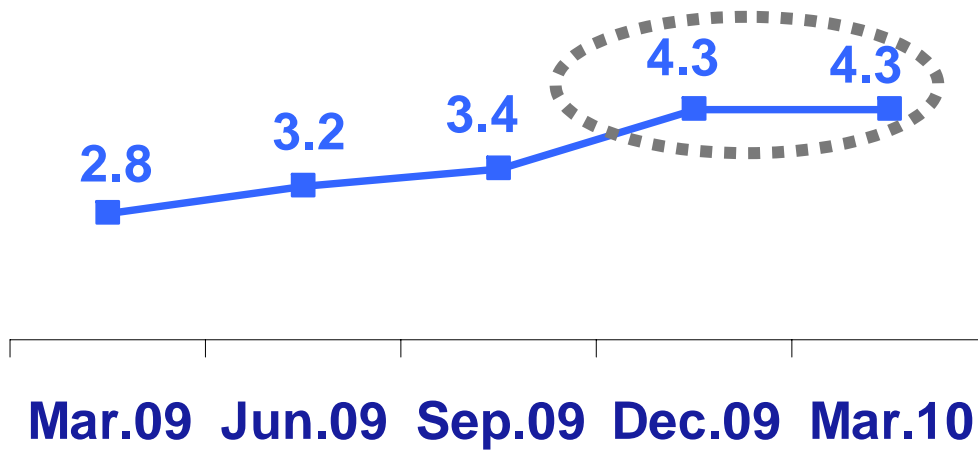
Gross additions to NPA in  
 1Q10 / 2009 average\*  
**-11.9%**

Net NPA in 1Q10 / 4Q09  
**- €40m** constant

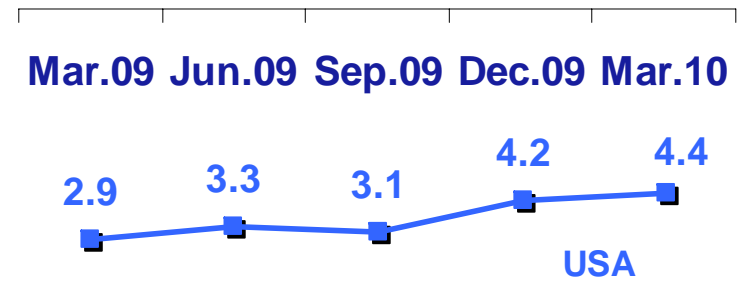
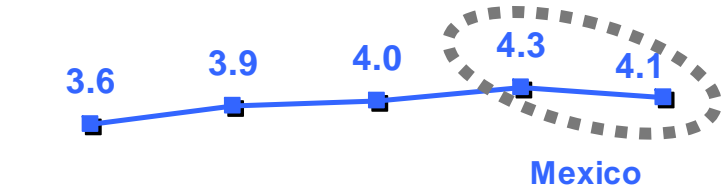
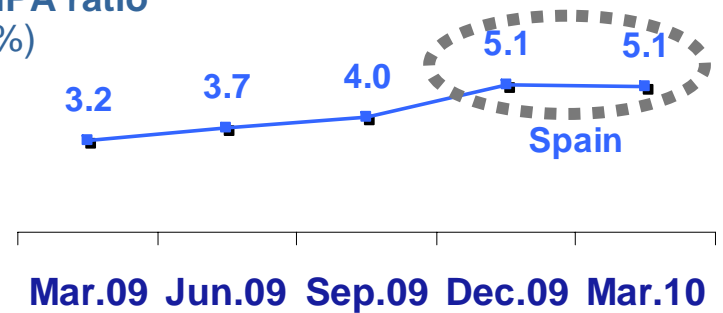
\* Excl. anticipation

# B. NPA ratio is stable

**NPA ratio**  
BBVA Group  
(%)



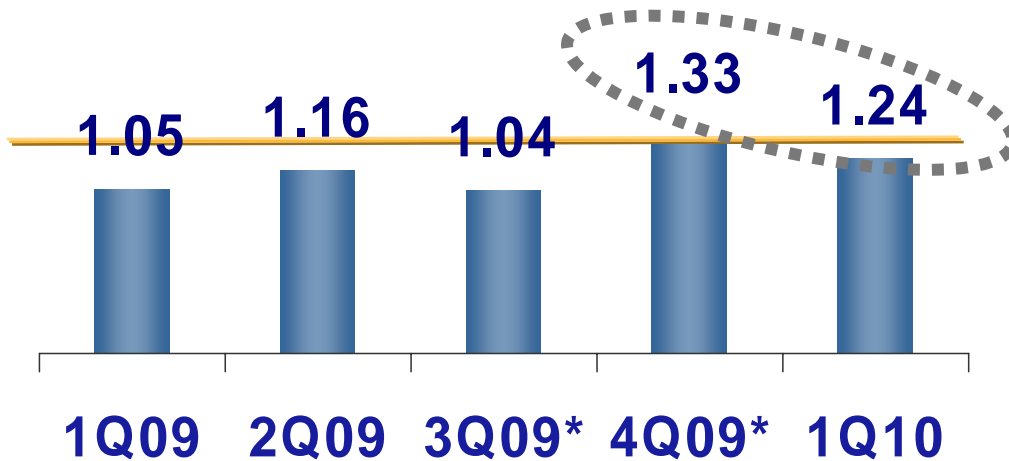
**NPA ratio**  
(%)



**Especially in markets that suffered most during the crisis**

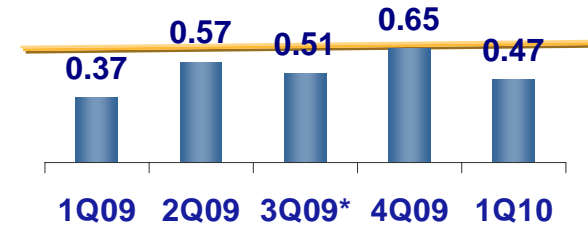
# C. Improvement in cost of risk

Cost of risk  
BBVA Group  
(%)

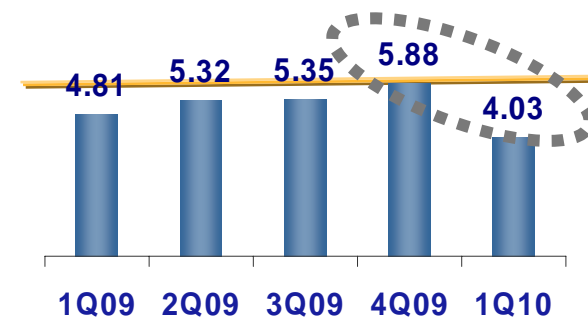


Cost of risk  
(%)

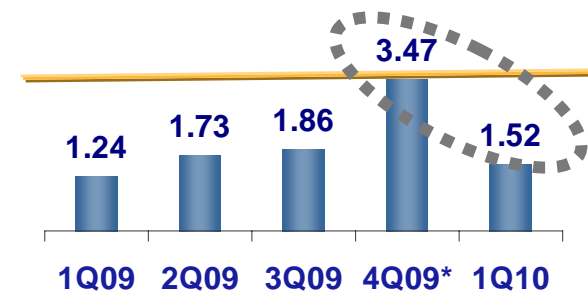
Spain & Portugal



Mexico



USA

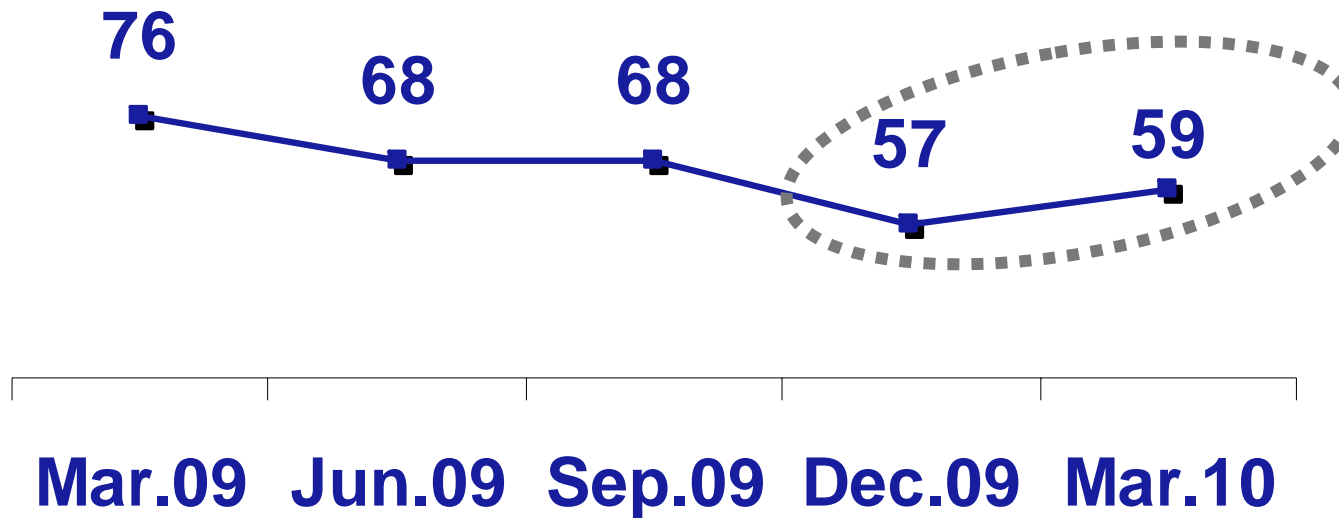


The cost of risk is improving in franchises where it rose most in recent quarters

\* Excl. one-off items

## D. Increased coverage

Coverage ratio  
BBVA Group  
(%)



**Ample coverage and collateral**

# 1Q10: a good quarter

1

Strength of  
earnings

2

Risk indicators  
improve

3

Balance sheet  
is solid



# BBVA Strength of the income statement . . .

Income statement  
BBVA Group  
(€m)

BBVA Group	Accum.	Annual Growth	
	1Q10	Abs.	%
Net Interest Income	3,386	+ 114	3.5%
Gross Income	5,301	+ 413	8.4%
Operating Income	3,183	+ 364	12.9%
Income Before Tax	1,862	+ 28	1.5%
Net Attributable Profit	1,240	+ 2	0.2%

EPS: €0.32 (+0.2%\*)

ROE: 17.7%

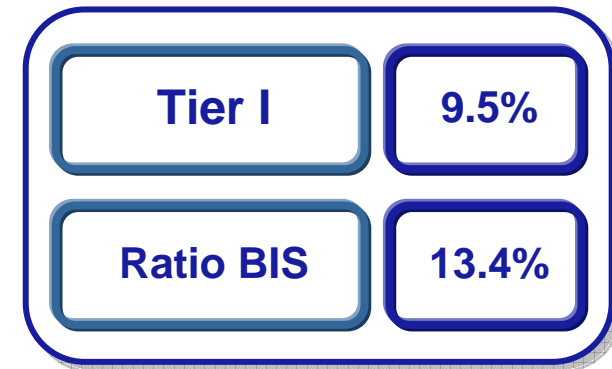
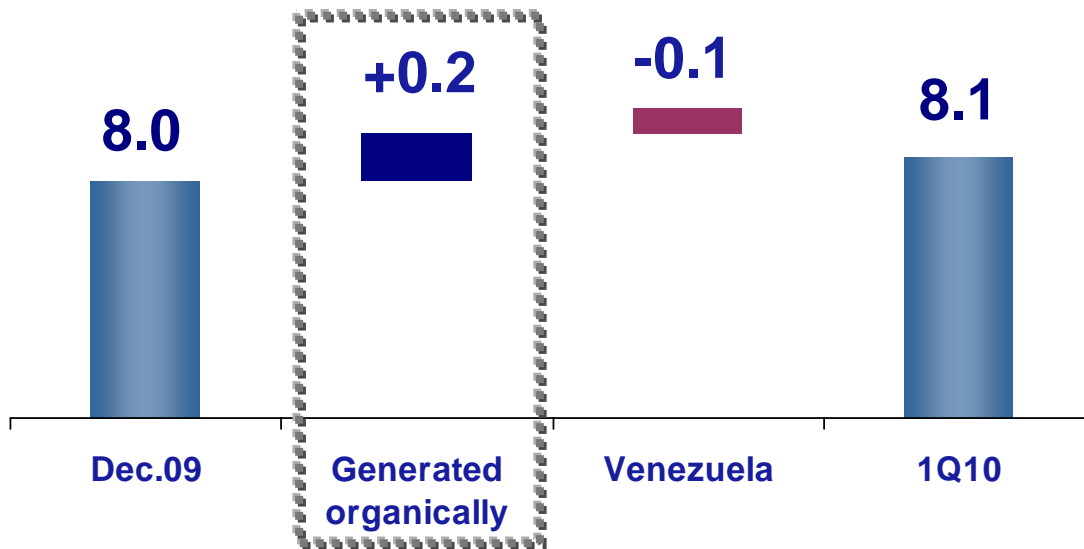
ROA: 1.01%

\* EPS excluding treasury stock and convertible bond issue

# ... and the strength of our capital structure

**Core capital**  
BIS II regulation  
(%)

**Tier I and Ratio BIS**  
BIS II regulation  
(%)



**Plus Bancomer's Tier I\* issue of \$1 billion in April**

\* TIER II at Group level

## And liquidity is excellent



**Lowest wholesale financing requirements in our peer group**



**Planned issues in 2010 are almost covered**



**Moreover, collateral available is  $\approx$  €66 billion**



**Small balance sheet and retail structure**



**Superior NSFR\*: 102% BBVA vs 87% European peers**

**An advantage compared to peers**

# 1Q10: a good quarter

**1**

**Solid earnings**

**2**

**Risk: NPA ratio  
steady**

**3**

**Strong balance  
sheet**

**Efficiency**  
**40.0%**

**ROE**  
**17.7%**

**NPA ratio**  
**4.3%**

**Coverage**  
**59%**

**Cost of risk**  
**1.24%**

## Business areas

Spain & Portugal

Satisfactory performance of risk indicators

Mexico

Cost of risk improves

South America

High growth

United States

Strong earnings

WB&AM

Recurrent and high quality of earnings

## Greater diversification

**Efficiency**  
**37.1%**

**ROE**  
**30.9%**

**NPA ratio**  
**5.1%**

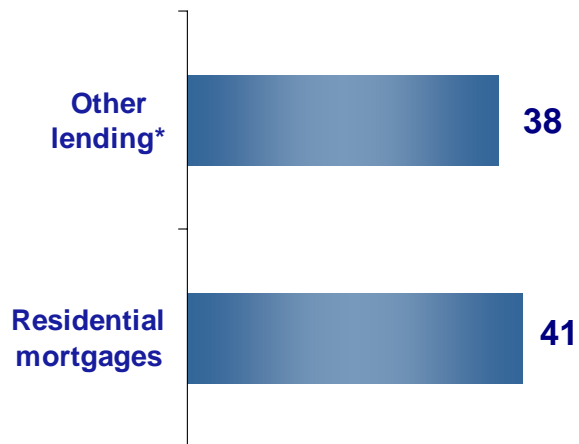
**Coverage**  
**48%**

**Cost of risk**  
**0.47%**

# Spain & Portugal: key features

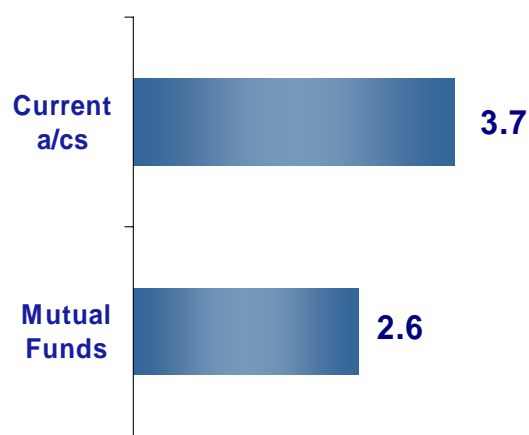
## Market share of lending increases

**Market share**  
Spain  
y-o-y change  
(basis points)



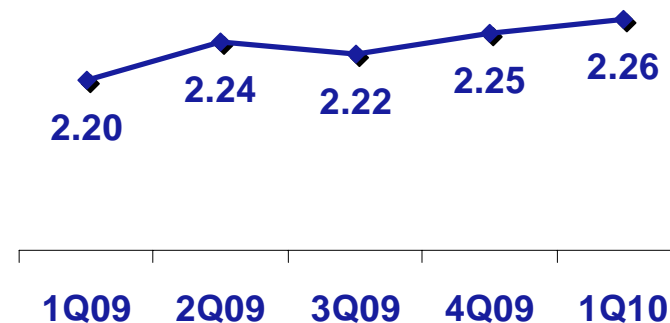
## Focus on low cost customer funds and fee generation

**Average balances**  
Spain & Portugal  
y-o-y change  
(%)



## Spread management

**Net interest income / ATAs**  
Spain & Portugal  
(%)



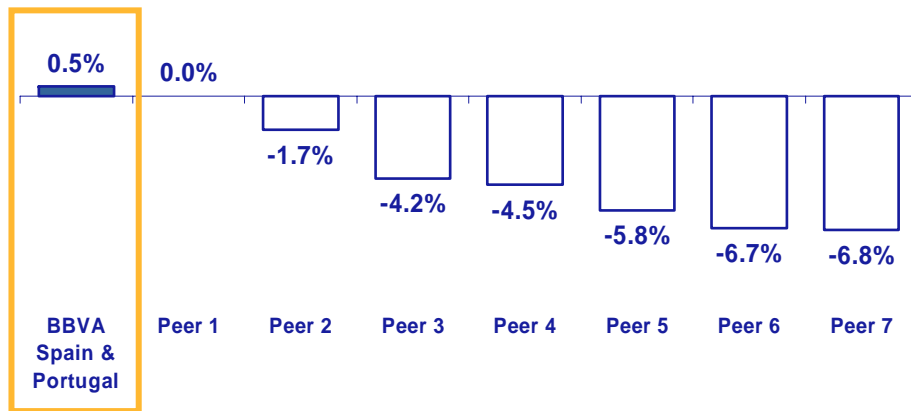
\* Other Domestic Sectors and Public sector



# BBVA Spain & Portugal: key features

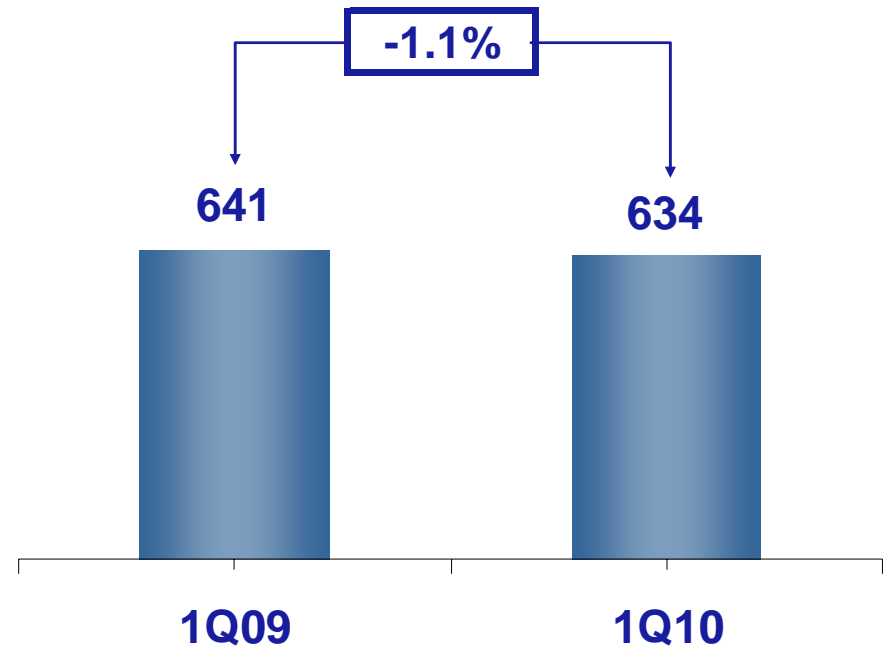
## Net interest income

BBVA S&P vs local peers  
 quarter-on-quarter growth – 4Q09 vs 3Q09  
 (%)



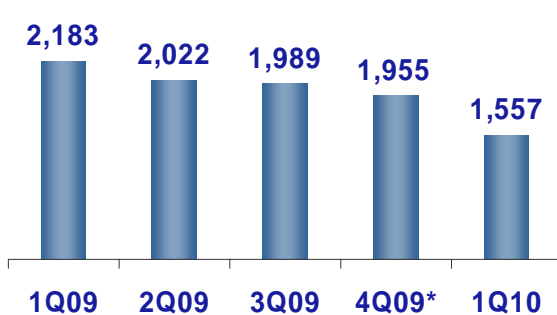
Yr-on-yr chg. 1Q10 / 1Q09: +1.6%  
 Yr-on-yr chg. 1Q10 / 1Q09 in euro balance-sheet: +7.2%

## Operating costs Spain & Portugal (€m)

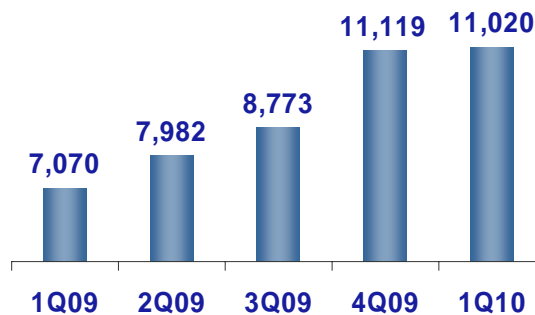


# Spain & Portugal: key features

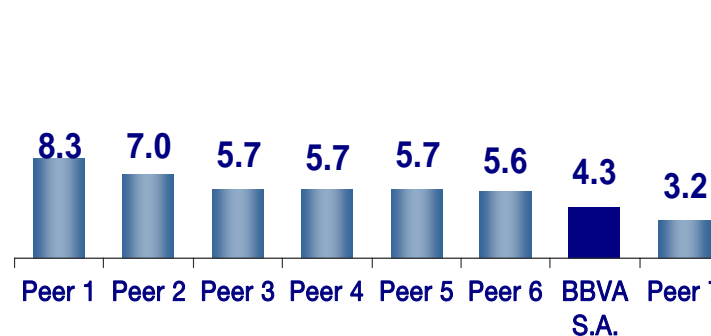
**Gross additions to NPA**  
Spain & Portugal  
Quarter-by-quarter  
(€m)



**Changes in NPA balance**  
Spain & Portugal  
(€m)



**Problematic asset ratio\*\***  
Spain & Portugal  
(%, Dec.09)



**And an excellent performance in recoveries**

\* Excl. anticipation

\*\* NPAs + real estate on like-for-like basis

Peers: Banesto, Bankinter, La Caixa, Caja Madrid, Popular, Sabadell and Santander

## Spain &amp; Portugal: 1Q10 results

(€m)

Spain & Portugal	Accum.	Annual Growth	
	1Q10	Abs.	%
Net Interest Income	1,217	+ 19	1.6%
Gross Income	1,709	- 25	-1.4%
Operating Income	1,076	- 18	-1.6%
Income Before Tax	836	- 69	-7.7%
Net Attributable Profit	587	- 41	-6.5%

# Business areas

Spain & Portugal

Satisfactory performance of risk indicators

Mexico

Cost of risk improves

South America

High growth

United States

Strong earnings

WB&AM

Recurrent and high quality revenues

## Greater diversification

**Efficiency**  
**34.8%**

**NPA ratio**  
**4.1%**

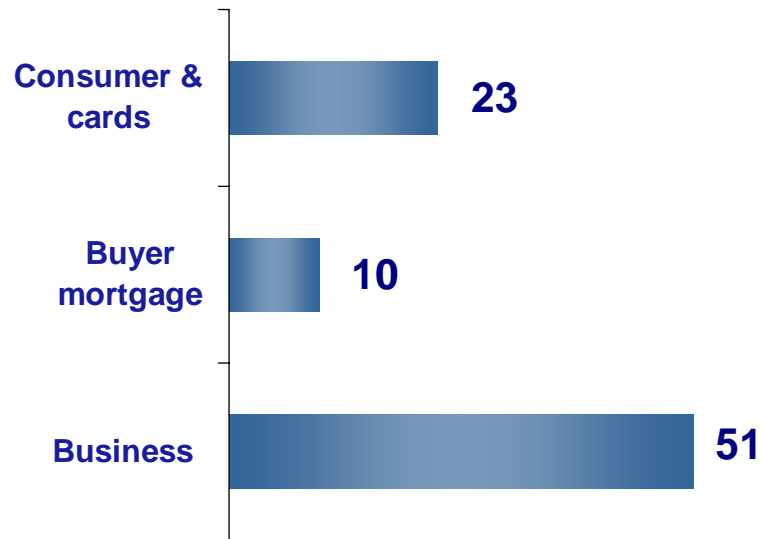
**Coverage**  
**131%**

**Cost of risk**  
**4.03%**

# Mexico: key features

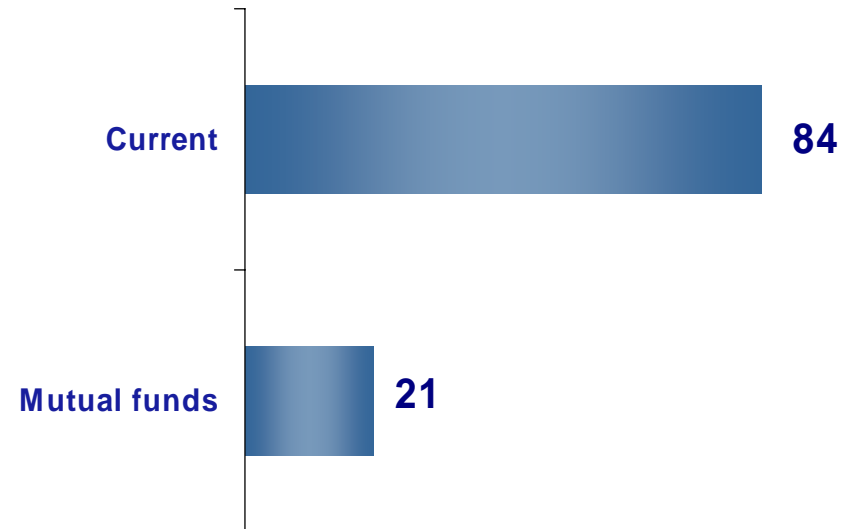
## Mkt share of lending

(1Q10 vs 4Q09, in bp)



## Mkt share of cust. funds

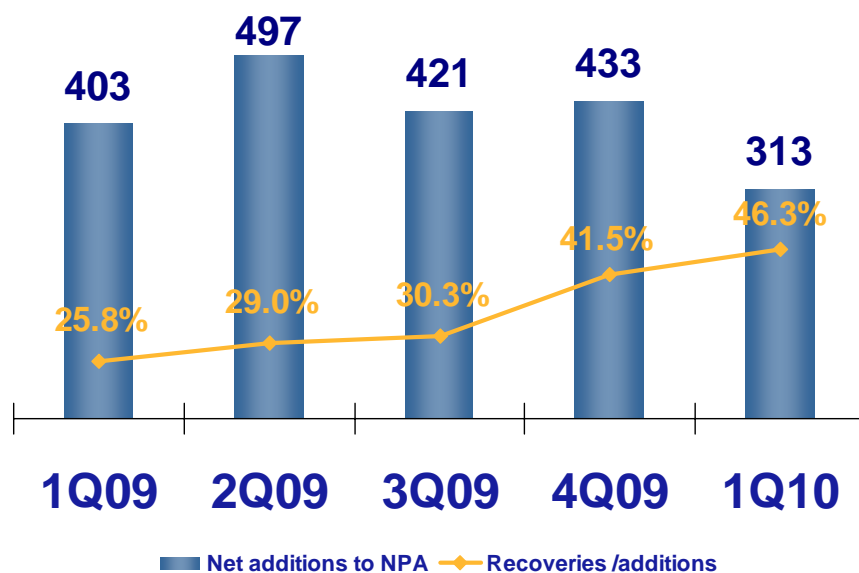
(1Q10 vs 4Q09, in bp)



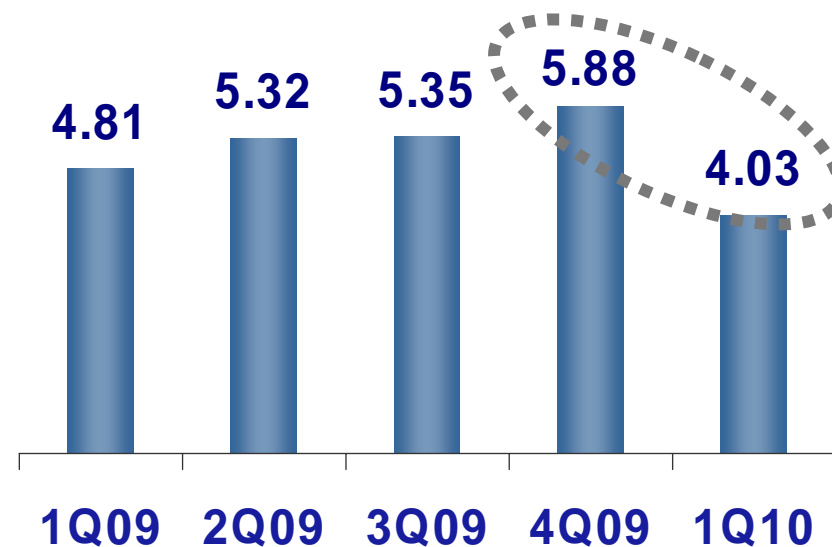
**General gains in market share during the quarter**

# BBVA Mexico: key features

Net additions to NPA and Recoveries / additions to NPA  
Mexico  
Quarter-by-quarter  
(€m and %)



Cost of risk  
Mexico  
(%)



**Improvement in cost of risk during quarter**

# BBVA Mexico: 1Q10 results

(Constant €m)

Mexico	Accum.	Annual Growth	
	1Q10	Abs.	%
Net Interest Income	860	- 5	-0.6%
Gross Income	1,288	- 11	-0.9%
Operating Income	840	- 38	-4.3%
Income Before Tax	485	- 6	-1.3%
Net Attributable Profit	347	- 37	-9.7%



## Business areas

Spain & Portugal

Satisfactory performance of risk indicators

Mexico

Cost of risk improves

**South America**

**High growth**

United States

Strong earnings

WB&AM

Recurrent and high quality revenues

## Greater diversification

**Efficiency**  
**39.4%**

**ROE**  
**43.4%**

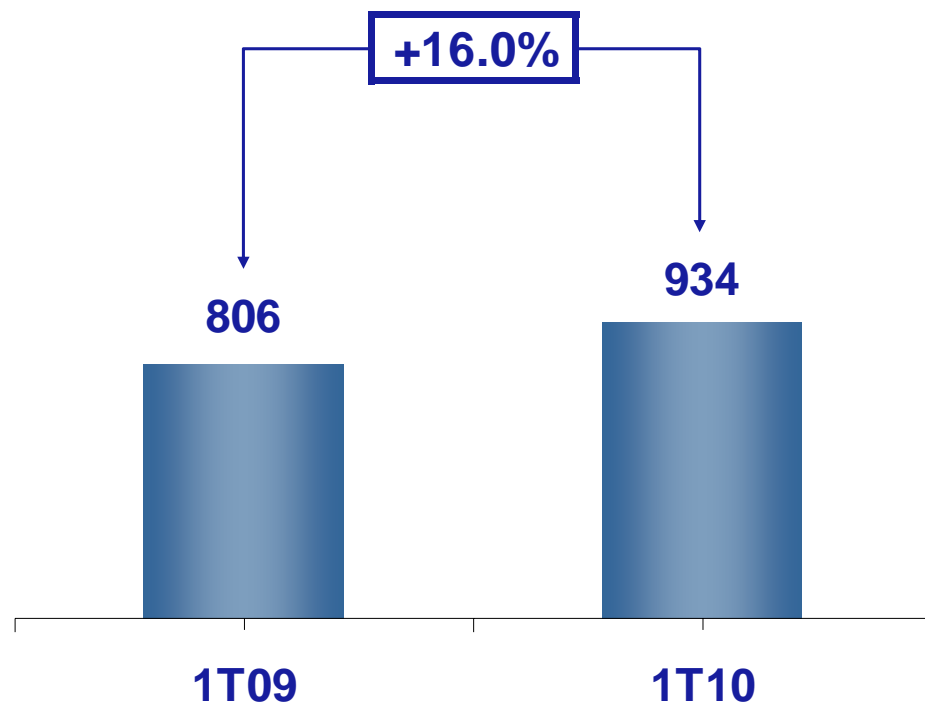
**NPA ratio**  
**2.8%**

**Coverage**  
**132%**

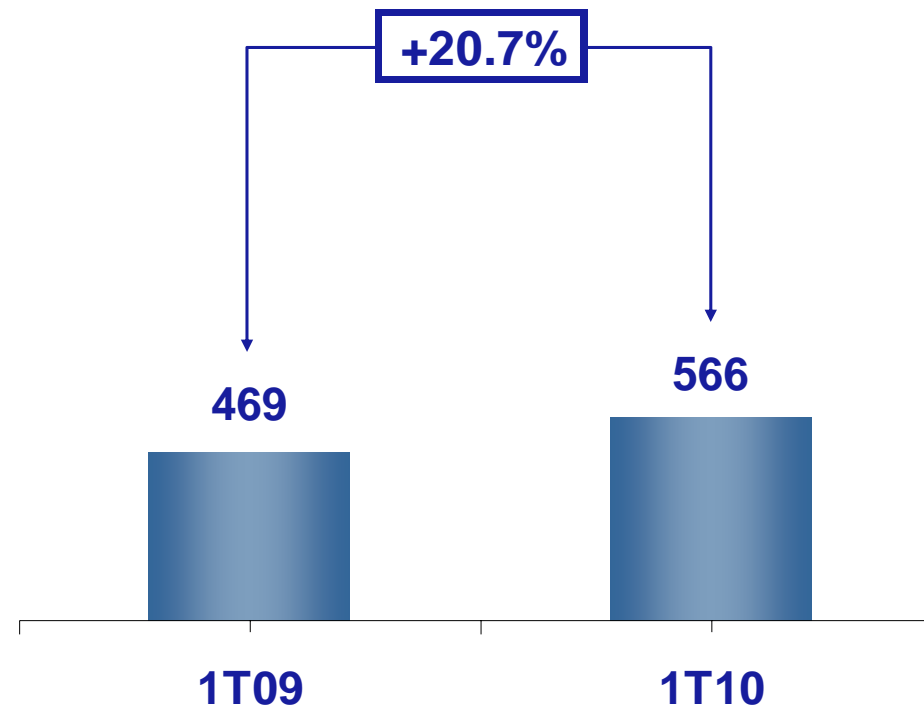
**Cost of risk**  
**1.71%**

# South America: key features

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

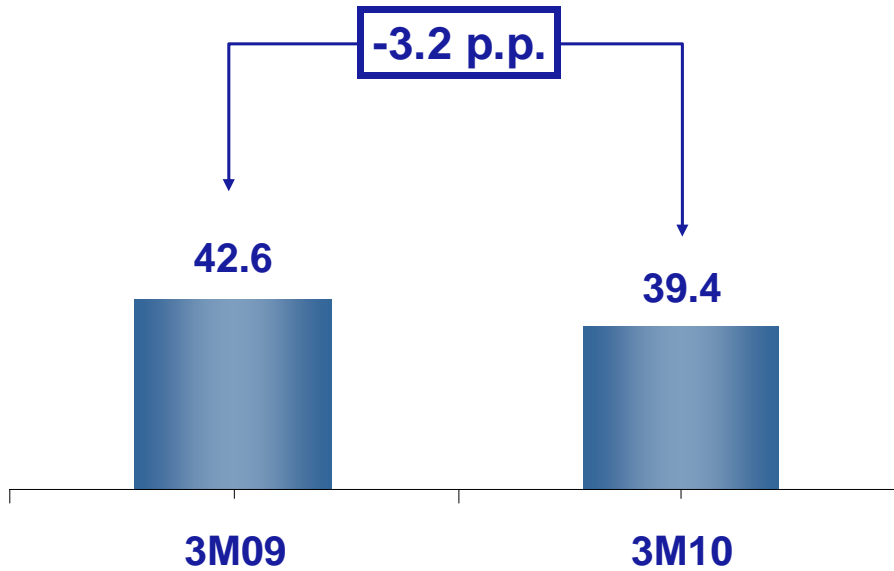


**Operating income**  
South America  
(Constant €m)

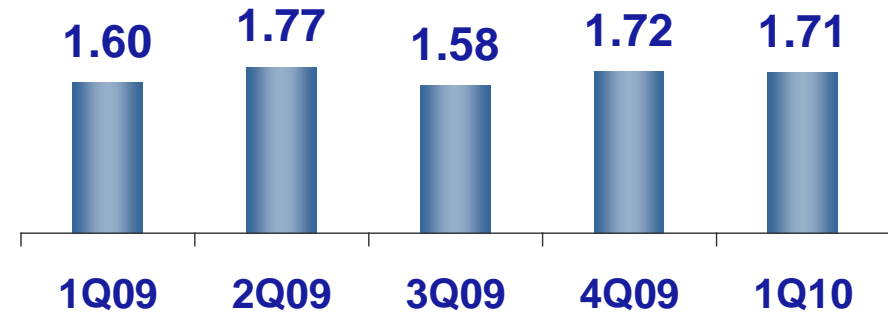


# South America: key features

**Efficiency**  
South America  
(%)



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



**Net attributable profit: €233m (+26.1%)**

# South America: 1Q10 results

(Constant €m)

South America	Accum.	Annual Growth	
	1Q10	Abs.	%
Net Interest Income	556	+ 63	12.7%
Gross Income	934	+ 129	16.0%
Operating Income	566	+ 97	20.7%
Income Before Tax	446	+ 85	23.6%
Net Income	348	+ 79	29.3%
Net Attributable Profit	233	+ 48	26.1%

## Business areas

Spain & Portugal

Satisfactory performance of risk indicators

Mexico

Cost of risk improves

South America

High growth

United States

Strong earnings

WB&AM

Recurrent and high quality revenues

## Greater diversification

**Efficiency**  
**58.7%**

**ROE**  
**7.5%**

**NPA ratio**  
**4.4%**

**Coverage**  
**56%**

**Cost of risk**  
**1.52%**

# United States: the BBVA model is on track



## Integration of Guaranty

- In only six months
- 714,000 customers and 164 branches
- Strengthening our position in growth segments



## BBVA Model

- Cross-selling to new customers 1Q10/1Q09: +25%
- Marketing productivity 1Q10/1Q09: +7%
- Customer spread 1Q10 vs 1Q09: +72 bp
- Compass incorporated in BBVA's WB&AM model

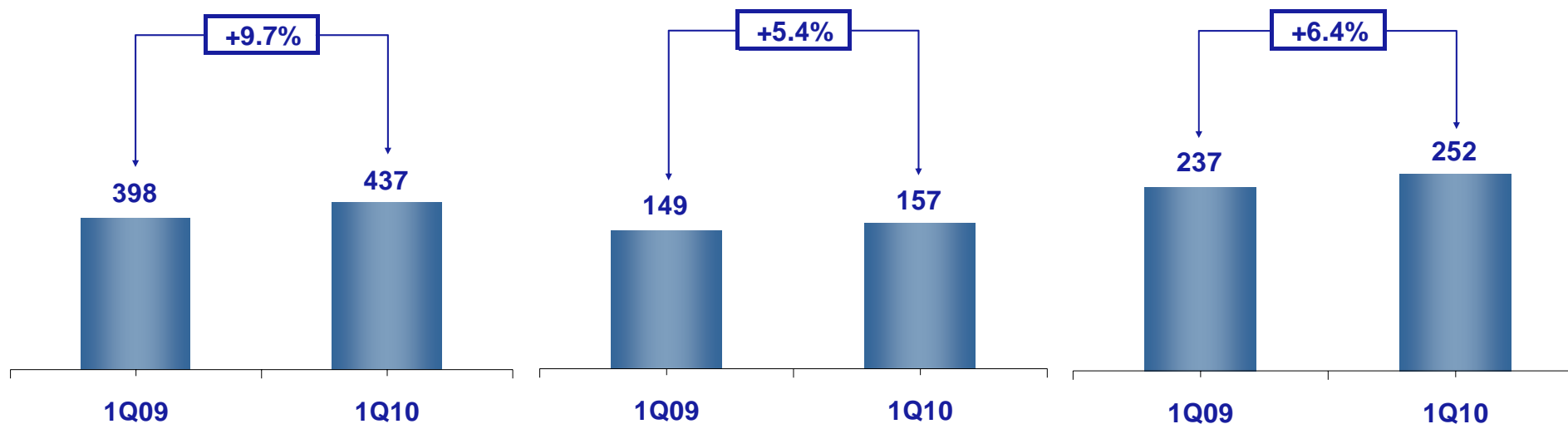


# United States: key features

**Net interest income**  
United States  
(Constant €m)

**Fee income**  
United States  
(Constant €m)

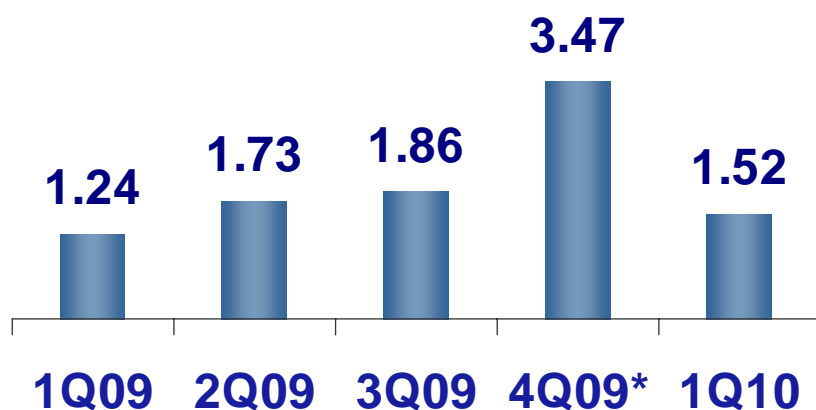
**Operating income**  
United States  
(Constant €m)



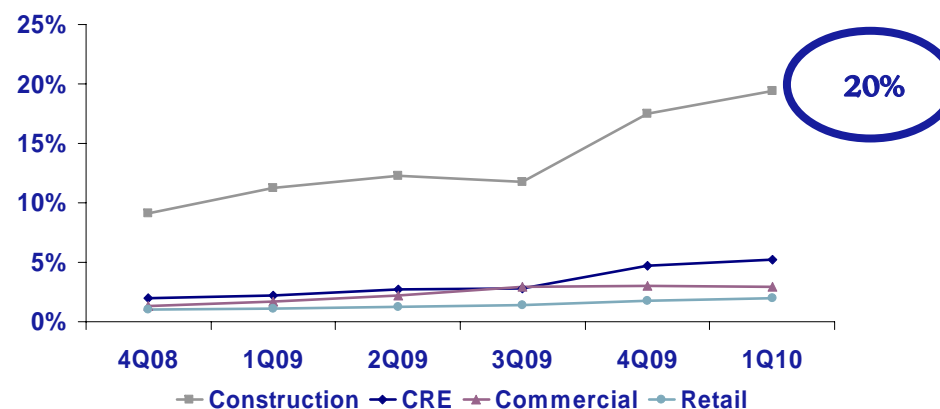
**Efficiency: 58.7% (-20 bp)**

# United States: key features

**Cost of risk**  
BBVA Compass  
(%)



**NPA ratio**  
BBVA Compass  
(%)



**67% of the original construction NPAs has been provided for or charged-off**

\*Excluding one-offs

# United States: 1Q10 results

(Constant €m)

USA	Accum.	Annual Growth	
	1Q10	Abs.	%
Net Interest Income	437	+ 39	9.7%
Gross Income	609	+ 37	6.4%
Operating Income	252	+ 15	6.4%
Income Before Tax	79	- 17	-17.7%
Net Attributable Profit	54	- 13	-19.0%

## Business areas

Spain & Portugal

Satisfactory performance of risk indicators

Mexico

Cost of risk improves

South America

High growth

United States

Strong earnings

WB&AM

Recurrent and high quality revenues

## Greater diversification

**Efficiency**  
**24.3%**

**ROE**  
**30.8%**

**NPA ratio**  
**1.3%**

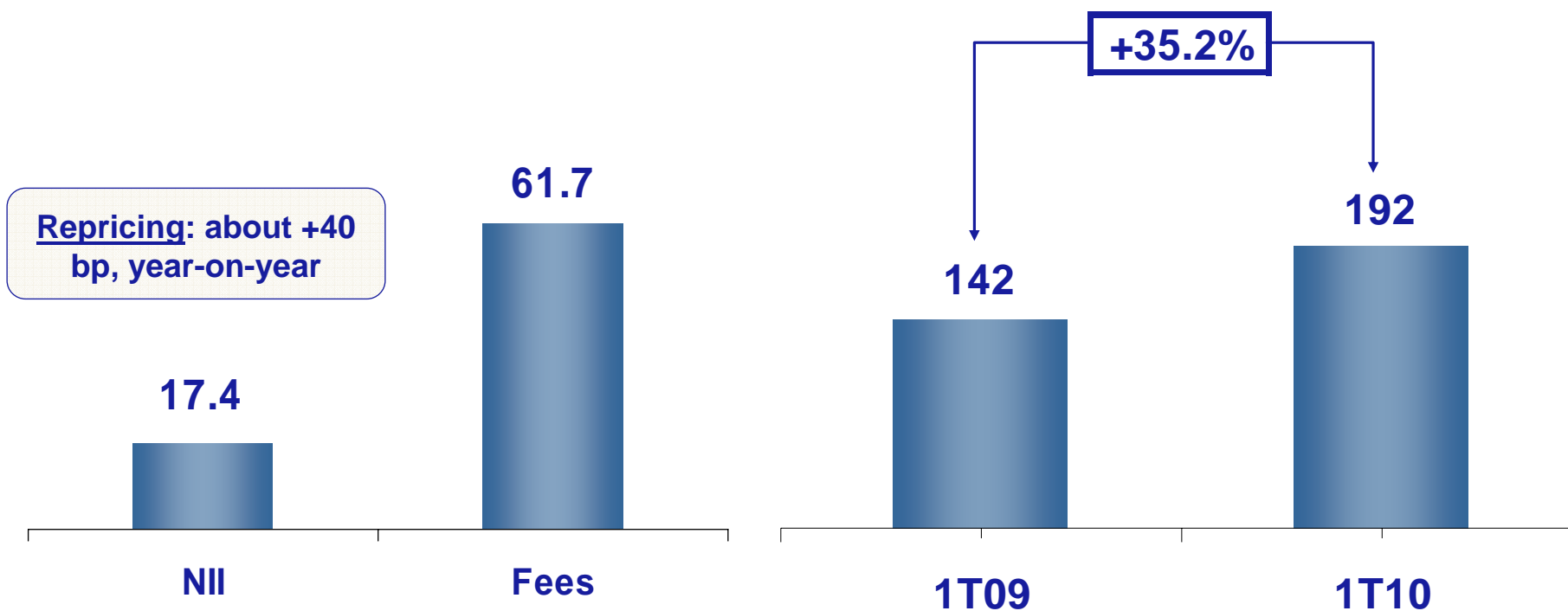
**Coverage**  
**68%**

**Cost of risk**  
**0.12%**

# BBVA WB&AM: key features

Net interest income + fee income  
Corporate & Investment Banking  
Year-on-year growth  
(%)

Operating income  
Corporate & Investment Banking  
(€m)

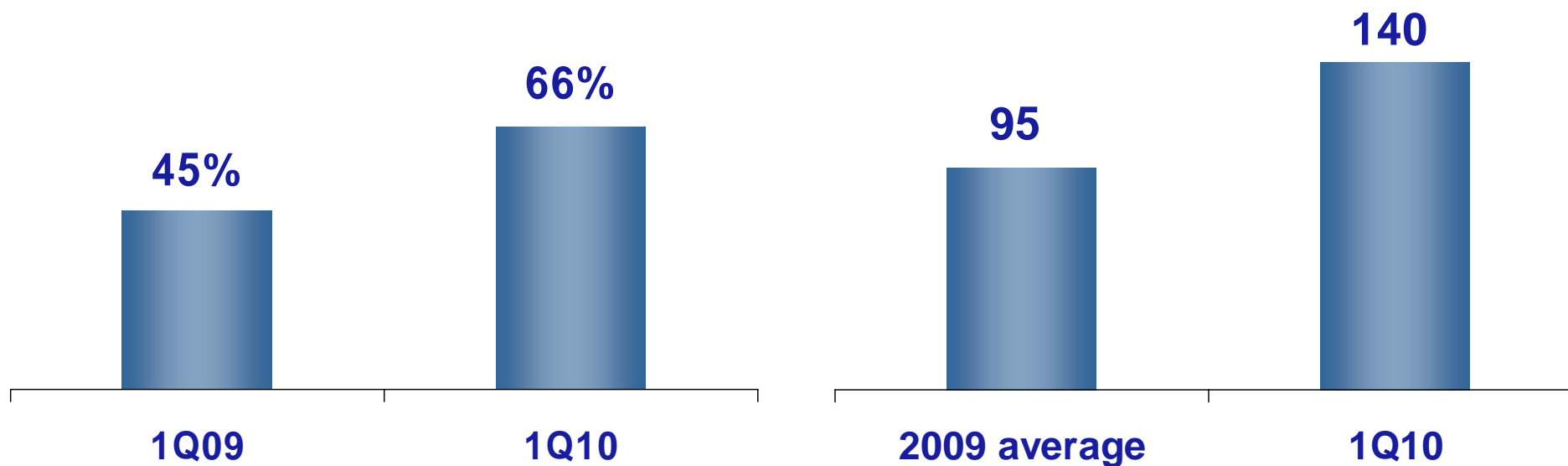


Fees / gross income: 41% (vs 33% in 1Q09)

# BBVA WB&AM: key features

Revenue  
Global Markets  
Customer franchise  
(%)

Operating income  
Global Markets  
(€m)



**A franchise focused on the customer**

# BBVA WB&AM: 1Q10 results

(€m)

Wholesale Banking & Asset Management	Accum.	Annual Growth	
	1Q10	Abs.	%
Gross Income	497	+ 37	8.0%
Operating Income	376	+ 31	9.1%
Income Before Tax	367	+ 42	12.8%
Net Attributable Profit	284	+ 48	20.3%



**2009: a prudent and responsible financial year**

**1Q10: confirms the strength of operating income  
and the improvement in cost of risk**

**Future: optimism and prudence**

# BBVA

## 1Q10 results

Madrid, 28th April 2010

