

**BBVA**

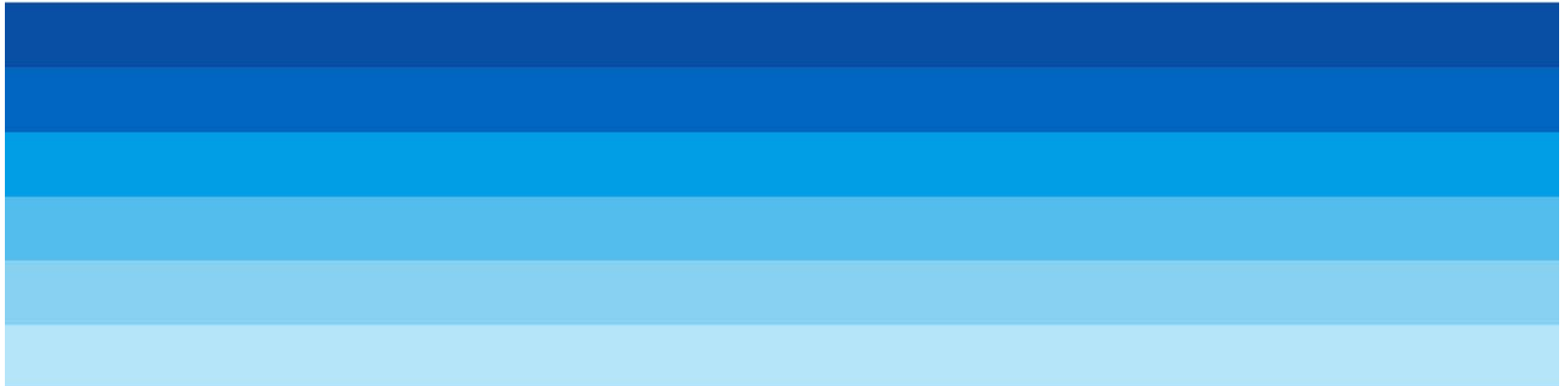
# *A Unique Value Proposition*

**UBS**

**Global Financial Services Conference**

**Manuel Gonzalez Cid, BBVA's CFO**

**May 10<sup>th</sup> 2011**



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# **1 High and recurrent profitability**

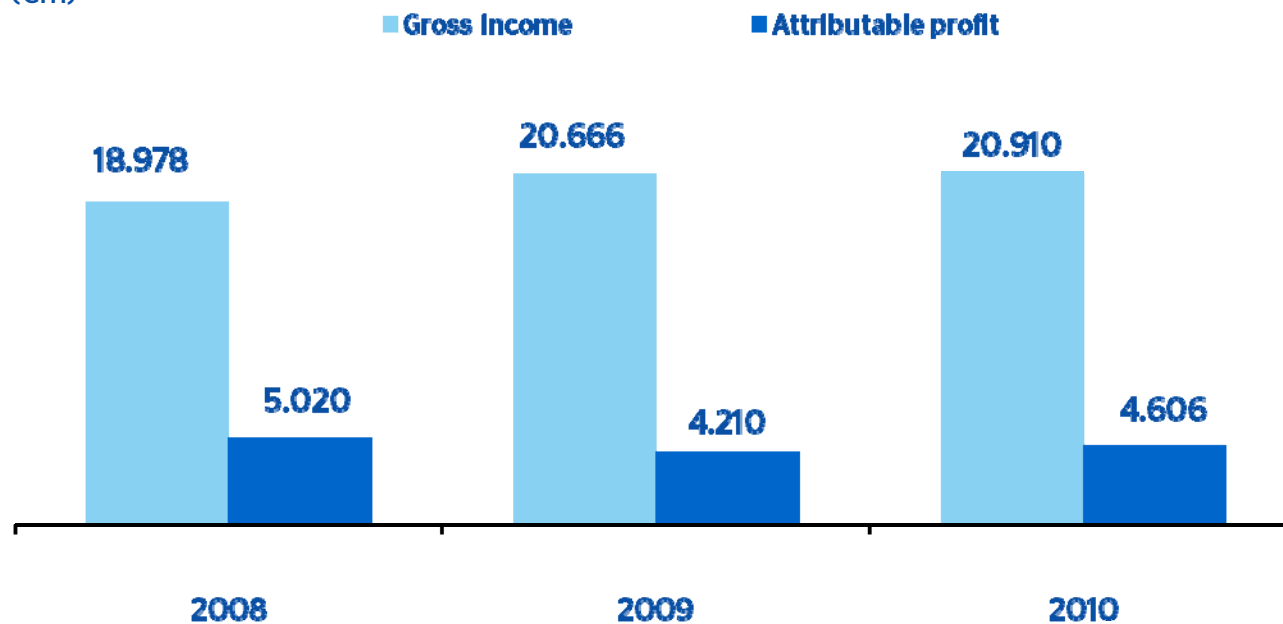
2 Strong balance sheet and capital

3 Rising opportunities

4 Concluding remarks

## High and recurrent profitability

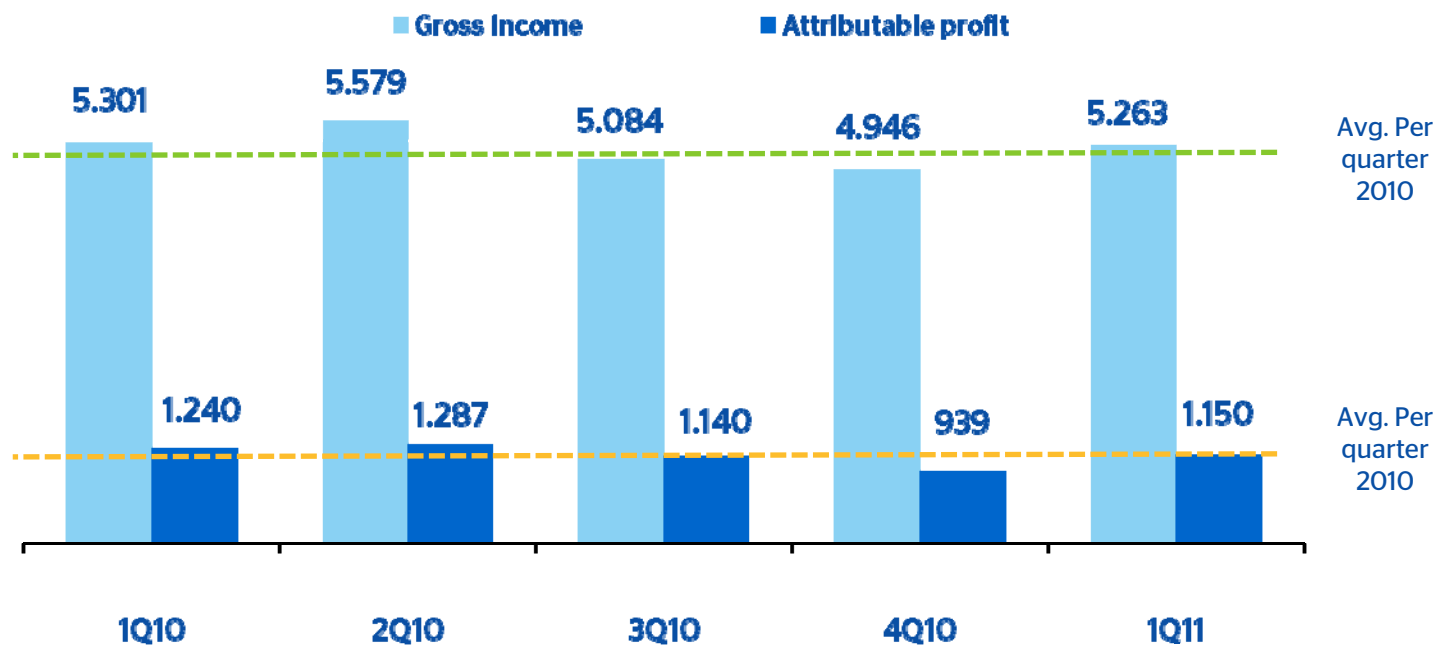
Gross income and attributable profit  
BBVA Group  
(€m)



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

## Showing resilient results in 1Q11

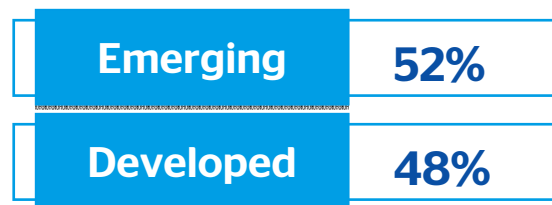
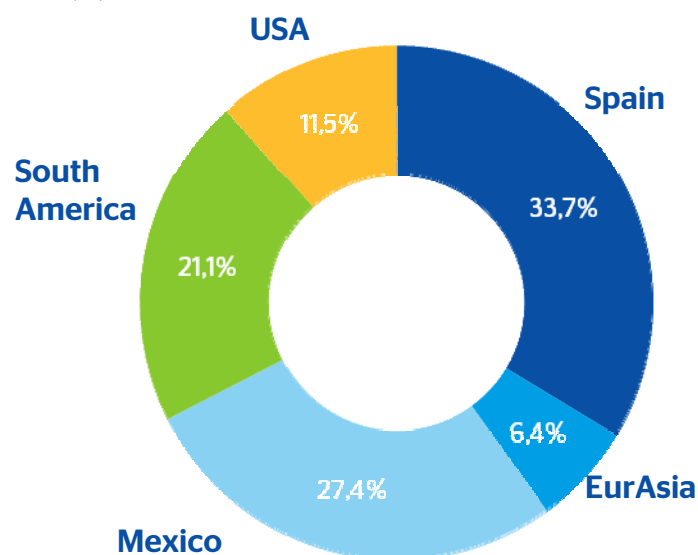
Gross income and attributable profit  
BBVA Group  
(€m)



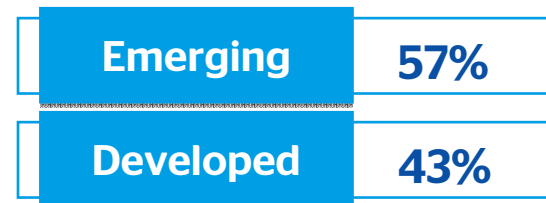
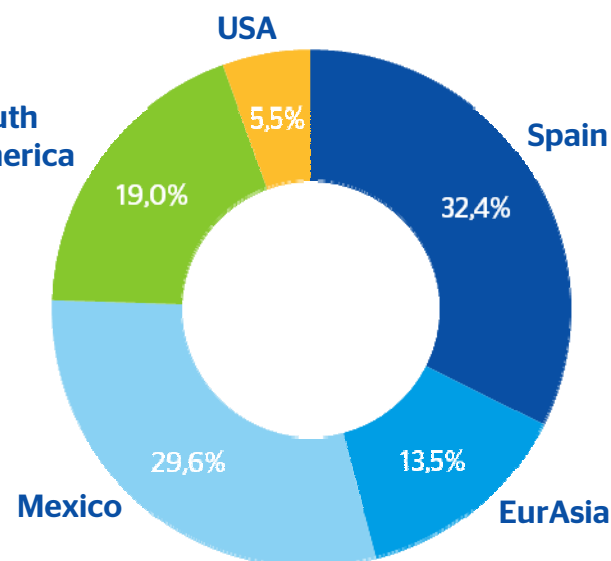
Good performance in emerging economies offsets decline in developed markets

## Well diversified by geography

Gross Income by geography\*  
BBVA Group  
(%)

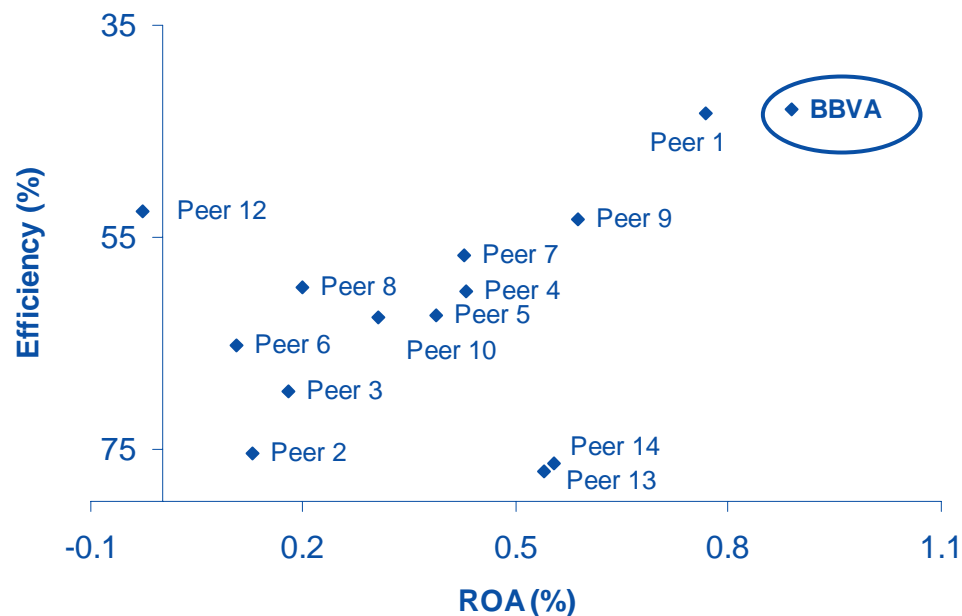


Attributable Profit by geography\*  
BBVA Group  
(%)



# Highly profitable business, attractive business mix and superior growth prospects

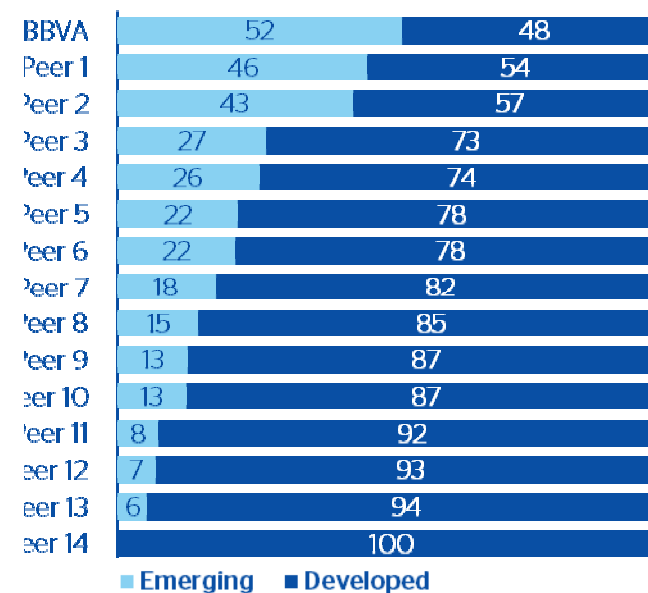
**ROA vs Efficiency**  
BBVA Group vs Peer Group  
(12M10, %)



**ROA: 0.9%**

**ROE: 15.8%**

**Geographic diversification of revenue\***  
BBVA Group vs Peer Group  
(%)



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

\* In-house preparation using 1Q11 data for BBVA and available data as of January 2011 for peers.

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

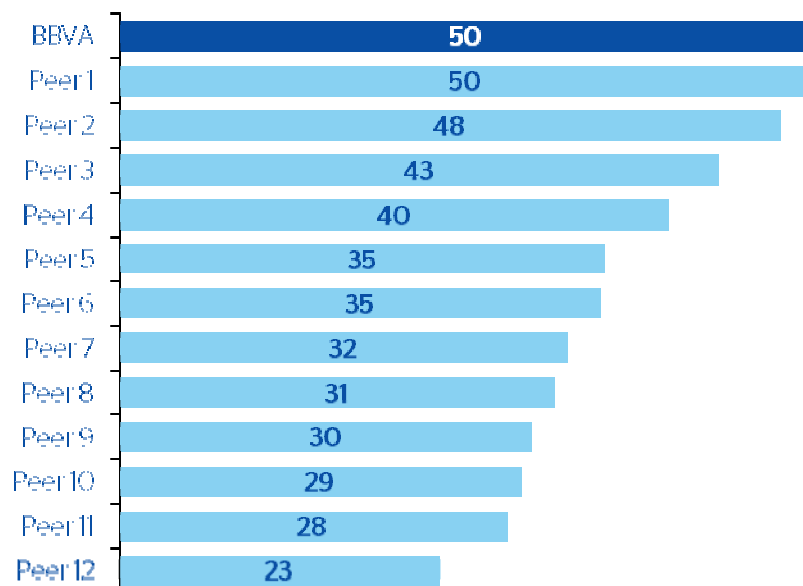
- Large deposit base
- Lowest wholesale funding needs among peers

### Strong capital base

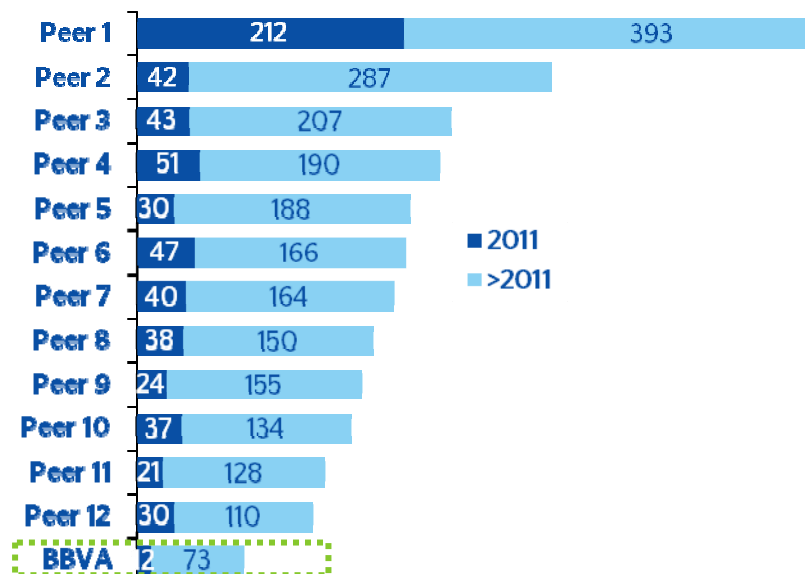
- Strong organic capital generation
- High quality capital
- Lowest leverage among peers

# Large deposit base with low wholesale funding needs

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



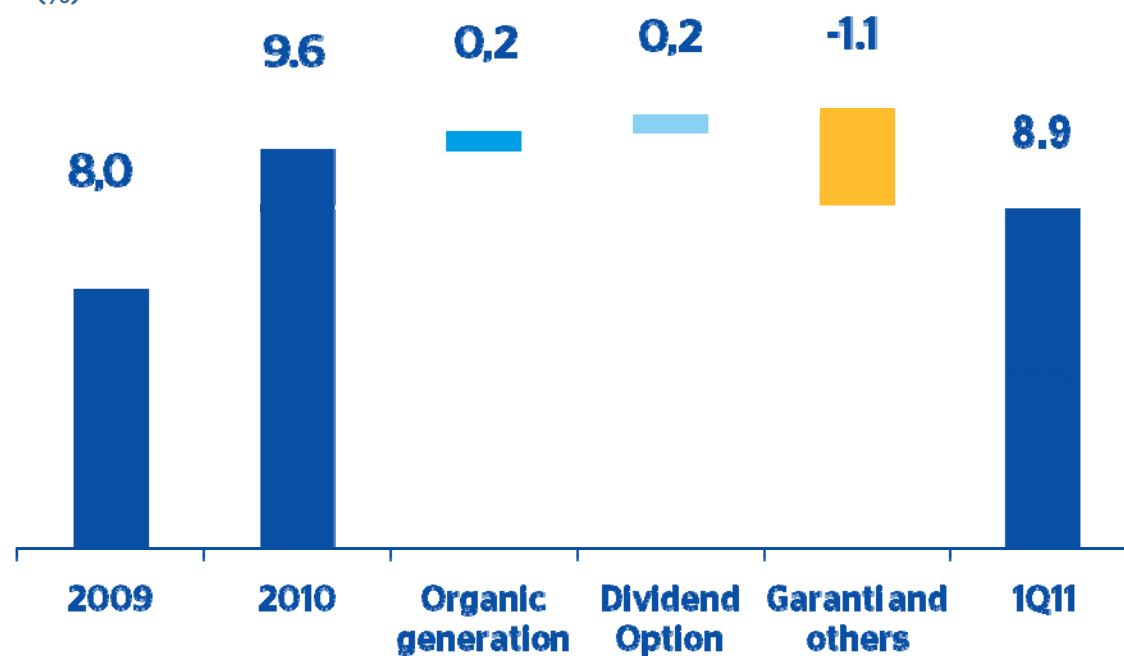
**Maturities of wholesale funding**  
BBVA Group vs. Peers\*  
(€bn)



\*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

Core capital  
BBVA Group  
(%)

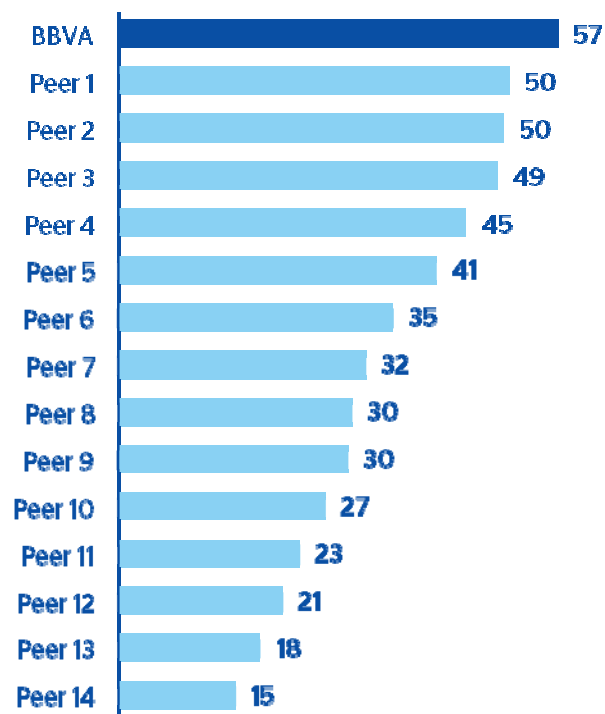


Core Capital	8.9%
Tier 1	9.8 %
BIS Ratio	13.0%

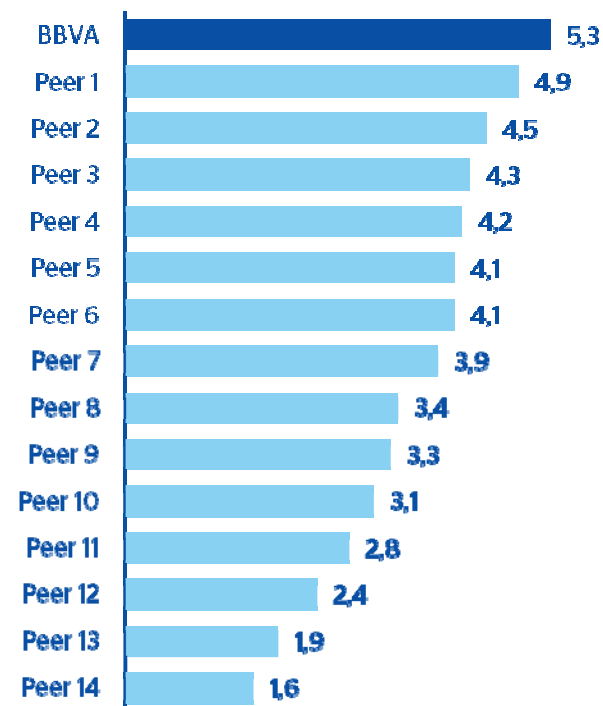
Moody's confirms Aa2 rating

# High quality capital with the lowest leverage

**RWAs / Total Assets**  
(%, 2010)



**Tangible equity / Tangible Assets**  
(%, 2010)



- 1 High and recurrent profitability
- 2 Strong balance sheet and capital

### **3 Rising opportunities**

- 4 Concluding remarks



**BBVA**

Rising opportunities

### **Mature markets**

Improving asset quality

Market share gains

Pricing getting better

### **Growing markets**

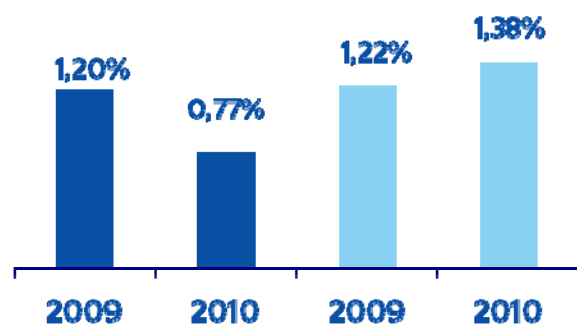
Excellent asset quality

Accelerating business

Favourable mix trends

## Spain: Better asset quality due to anticipation

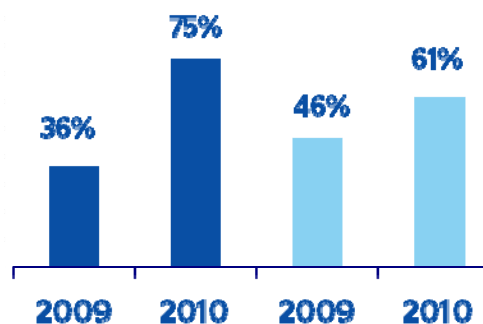
Gross additions to NPA  
over total gross loans



BBVA

Peer Group <sup>(1)</sup>

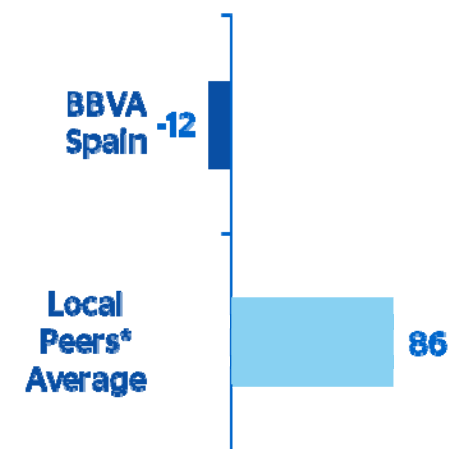
Recoveries over gross  
additions to NPA



BBVA

Peer Group <sup>(1)</sup>

NPA ratio  
(1Q11 YoY change in b.p.)



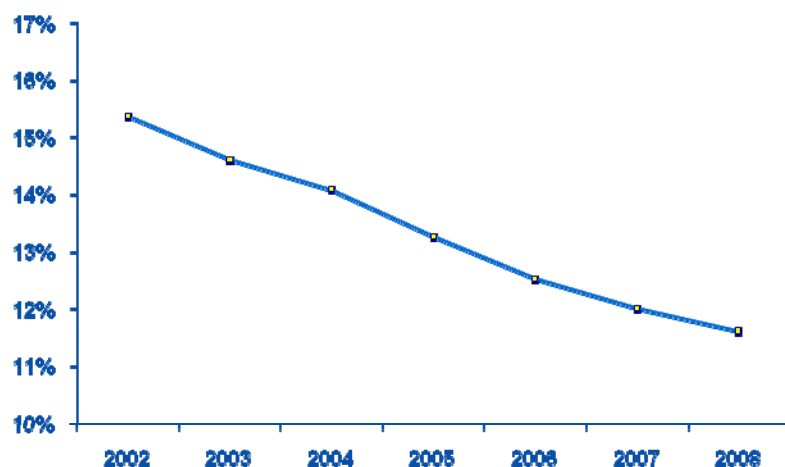
NPA ratio: 4.8% vs. 4.9% in 1Q10

Gross additions continue to decline while recoveries are up

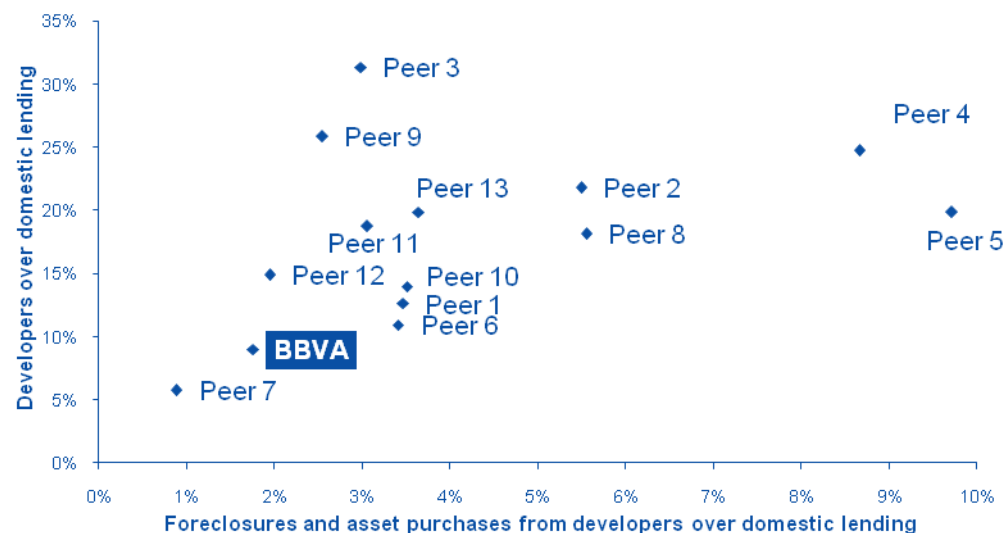
(1) Santander network, Popular, Caixa, Caja Madrid, Sabadell, Banesto, Bankinter and Pastor

# Spain: In asset quality, BBVA has a differential performance

Domestic lending market share



Very limited exposure to developers



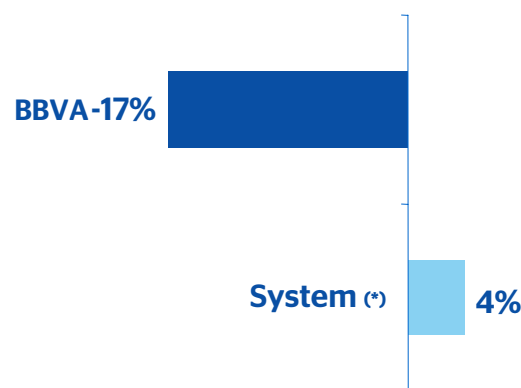
Lower risk appetite during the credit boom years, particularly in RE developers.



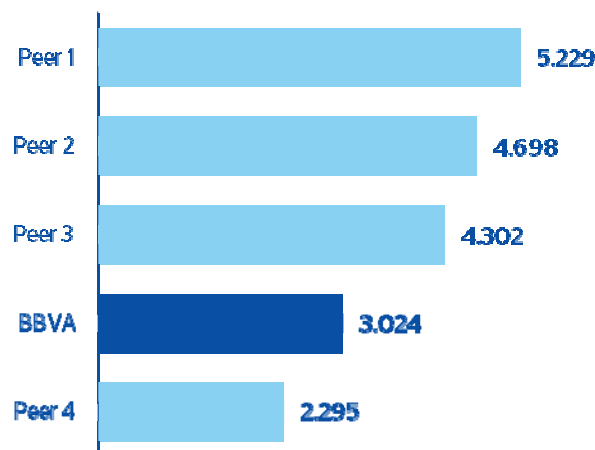
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**Spain:** highly productive network with no pending restructuring needs

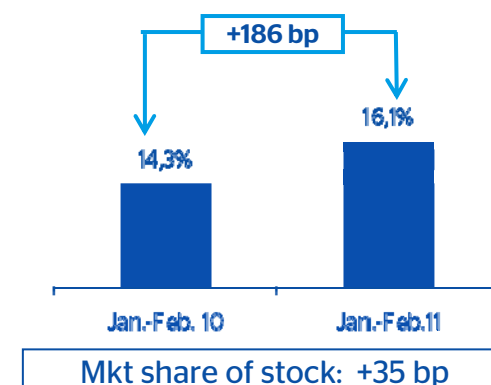
Branch evolution  
2006-Sep 2010



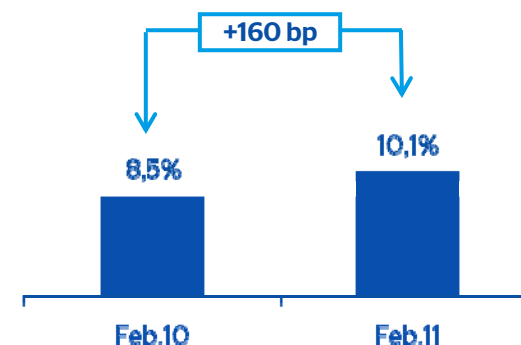
Number of branches



Mkt share of new residential mortgages  
(%)



Mkt share private sector deposits  
(%)



Best positioned to take advantage of the restructuring of financial sector

(\*) Excluding BBVA

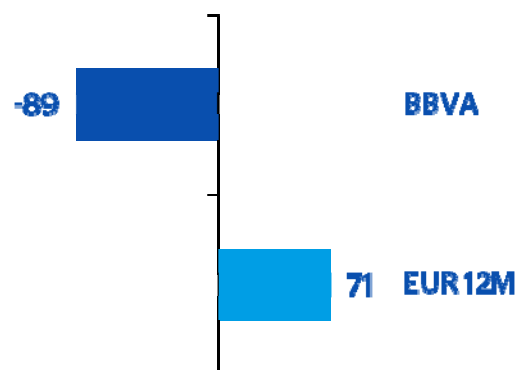
Source: Bank of Spain. Branch data as of September 2010

Peers: Caixa, Santander (including Banesto), Bankia and Popular

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

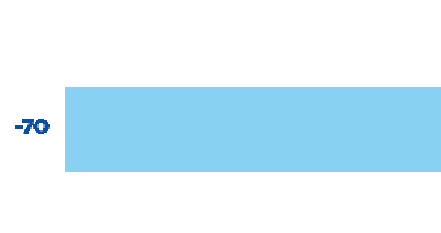
### Time deposit pricing improving

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



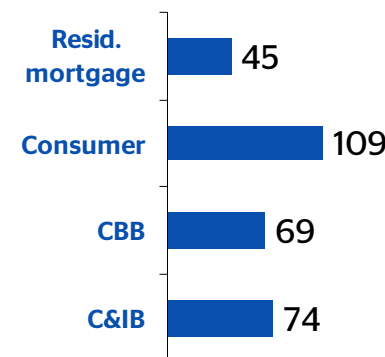
### Covered Bonds

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



### Front book spreads improving

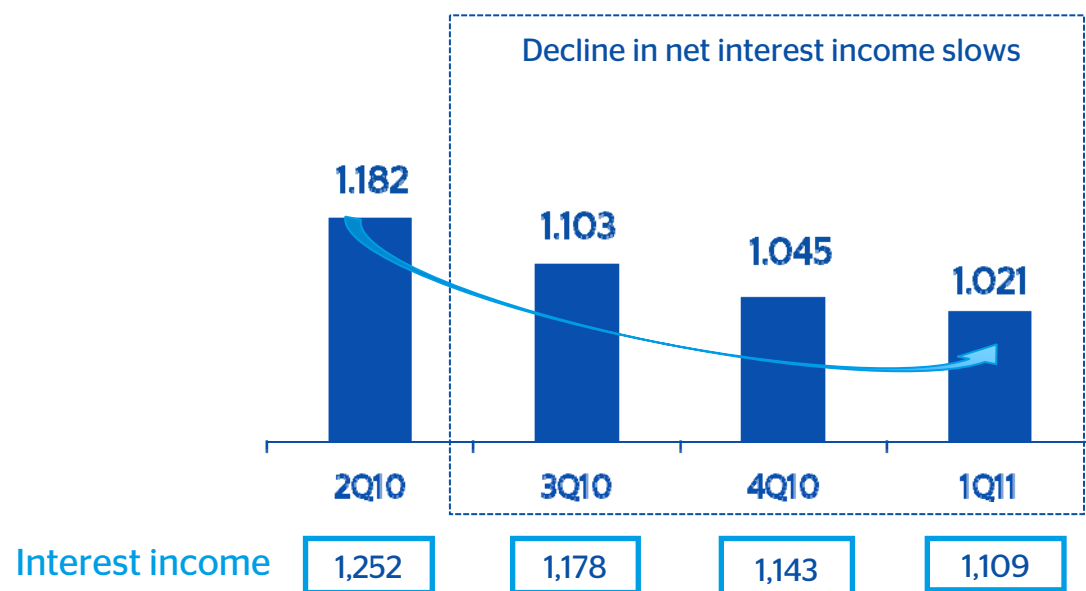
(Current levels vs. 2010 min. in b.p.)



Price normalization represents a significant opportunity

## Spain: Slower decline in NII in 1Q11

Net interest income excluding Markets  
Quarter-by-quarter  
(€m)

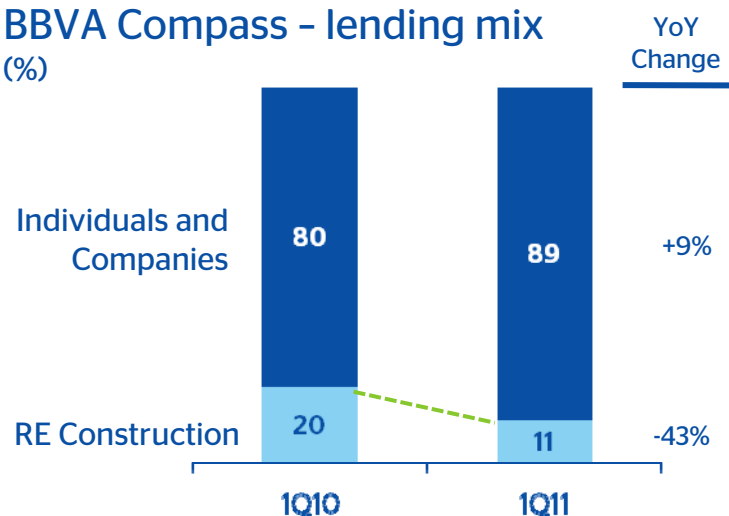


Customer spread:  
+14bp in the quarter

## United States: improvement of mix ...

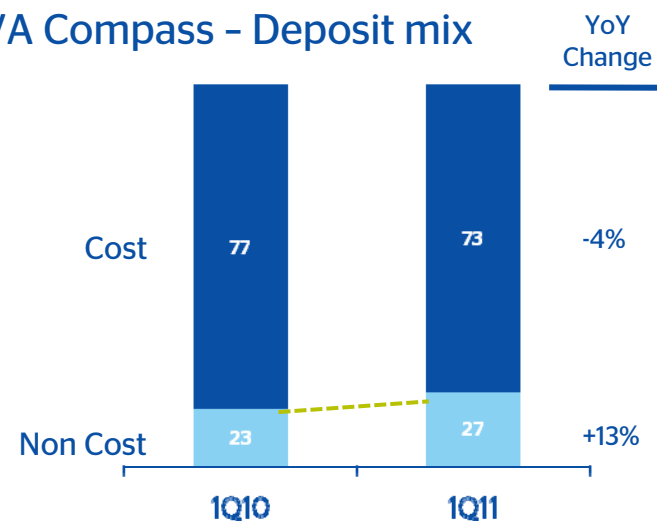
BBVA Compass - lending mix

(%)



BBVA Compass - Deposit mix

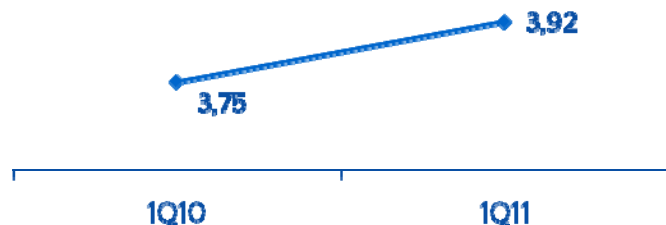
(%)



... and increase in the customer spread leading to strong rebound in bottom line

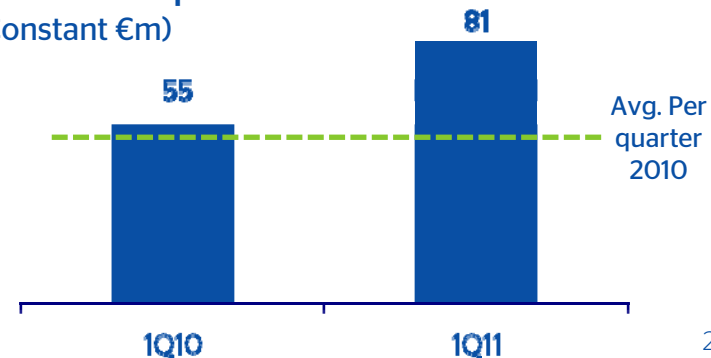
BBVA Compass - Customer spread

(%)



BBVA Compass - Attributable Profit

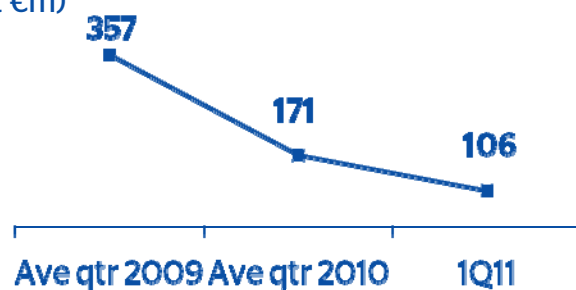
(Constant €m)



\* Excluding Guaranty Loss Sharing Agreement

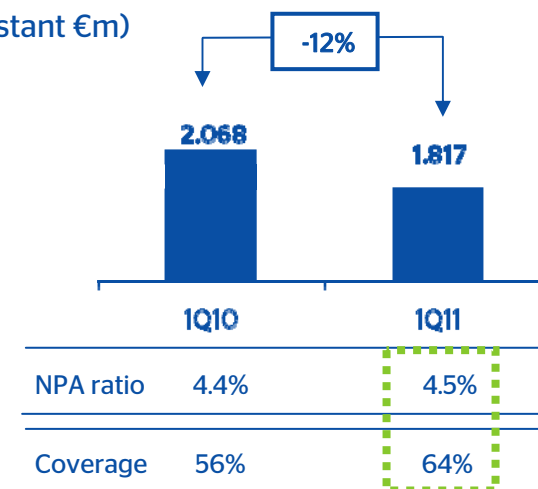
## United States: risk indicators continue to improve

**BBVA USA Provisions**  
(Constant €m)



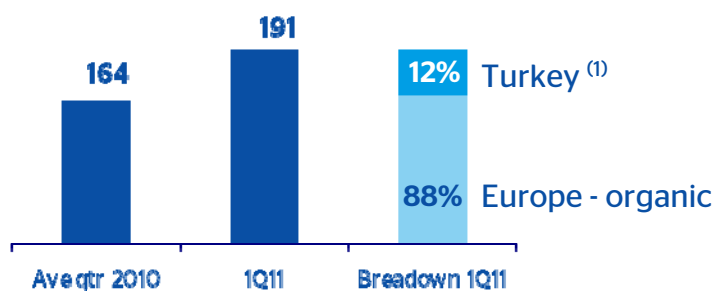
Cum. risk premium	3.3%	1.7%	1.1%
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**BBVA USA NPAs balance**  
(Constant €m)

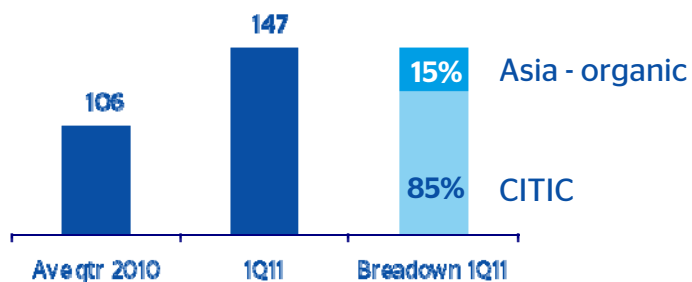


## EurAsia: buoyant business in both areas

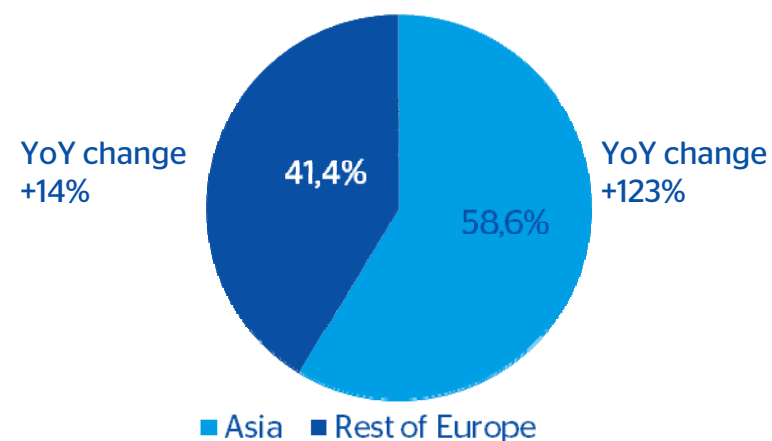
### Rest of Europe - Gross Income (€m)



### Asia - Gross Income (€m)



### EurAsia - breakdown of net attrib. profit (%)

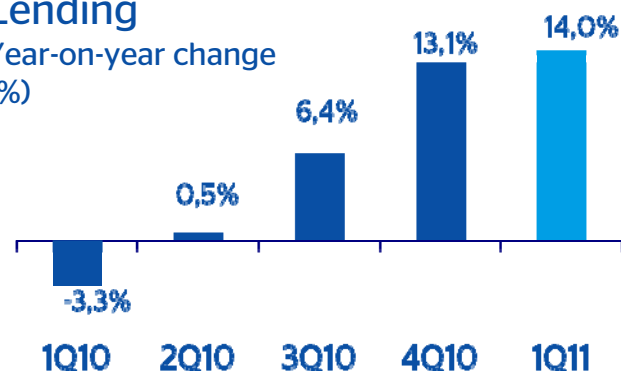


(1) Only €24m from Garanti in 1Q11

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

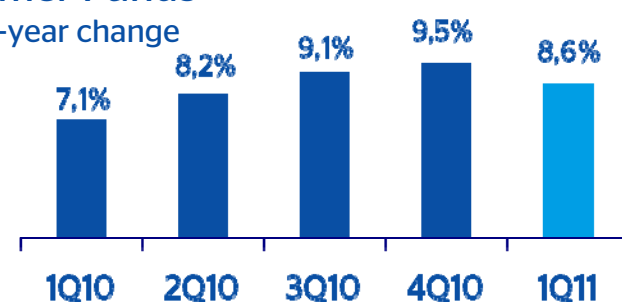
### Lending

Year-on-year change (%)



### Customer Funds

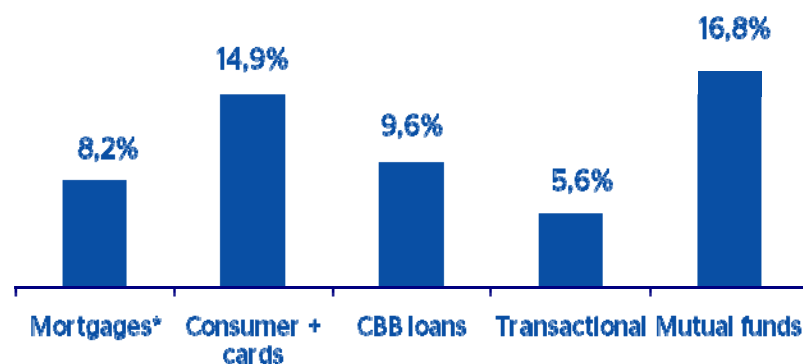
Year-on-year change (%)



...consumer lending starting to improve in 2H10, thanks to internal demand recovery after sharp drop in 2009.

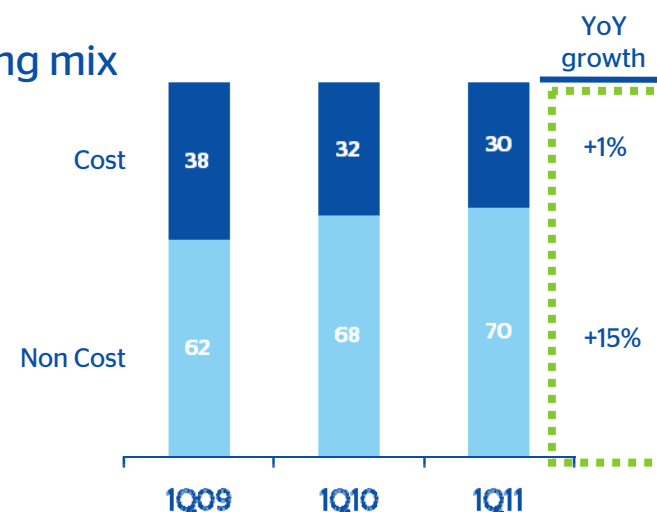
### New business by product/segment

(Year-on-year change.%)



### Funding mix

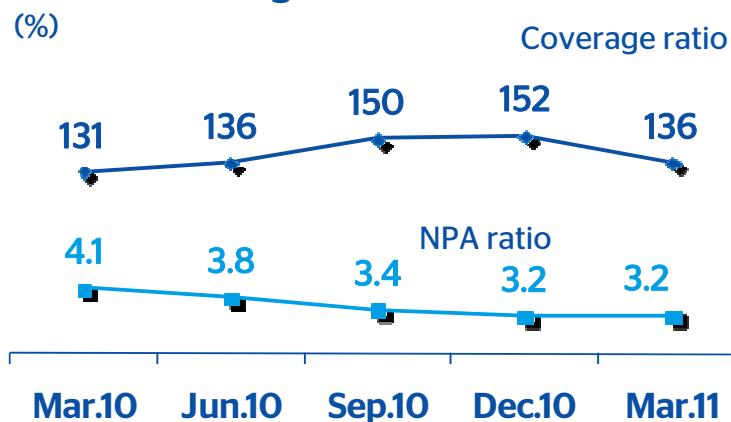
(%)



\*Excluding old residential

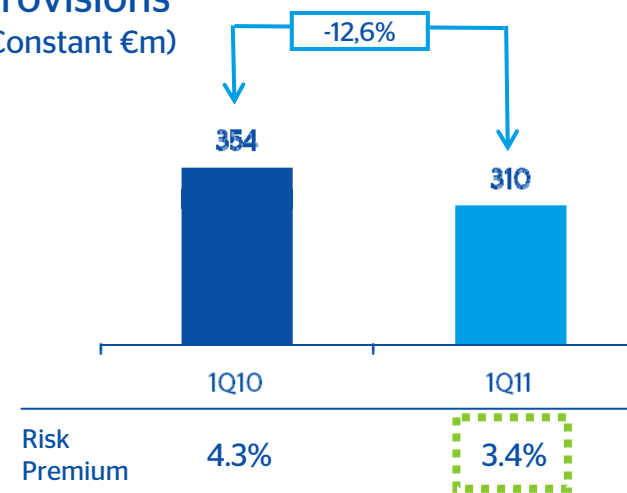
## Mexico: sharp drop in the cost of risk ...

### NPA & coverage ratios



### Provisions

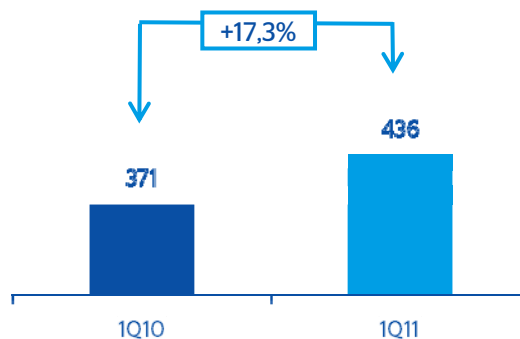
(Constant €m)



... altogether leading to an acceleration of earnings growth

### Attributable profit

(Constant €m)

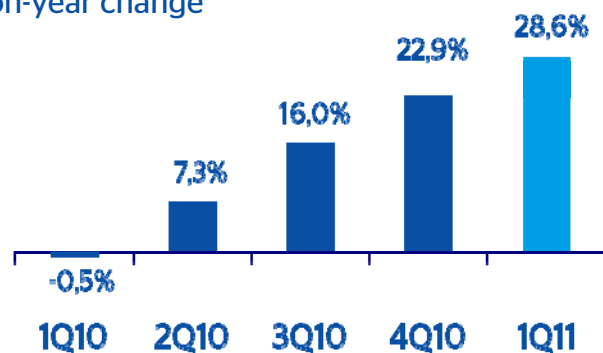




# South America: high level of business ...

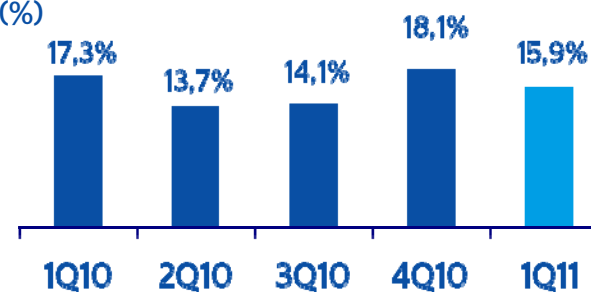
## Lending

Year-on-year change  
(%)



## Customer funds

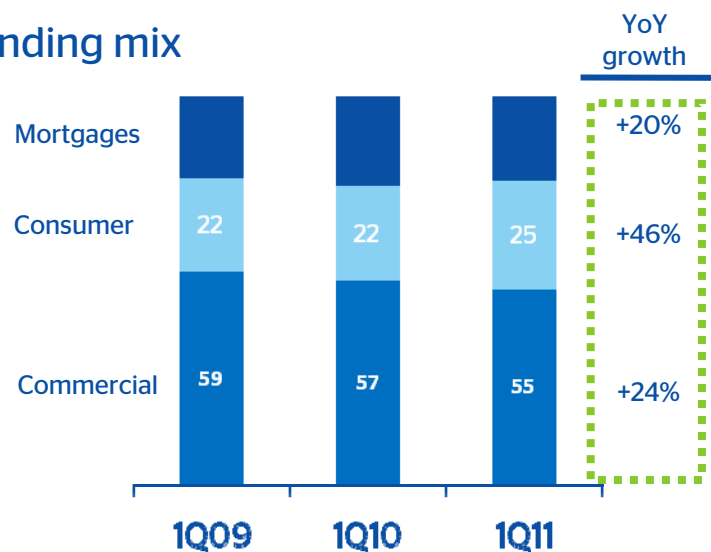
Year-on-year change  
(%)



... with an improvement in the mix

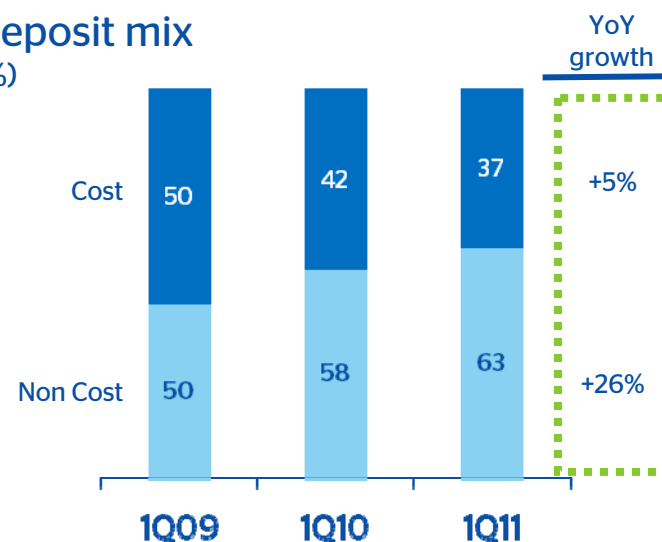
## Lending mix

(%)



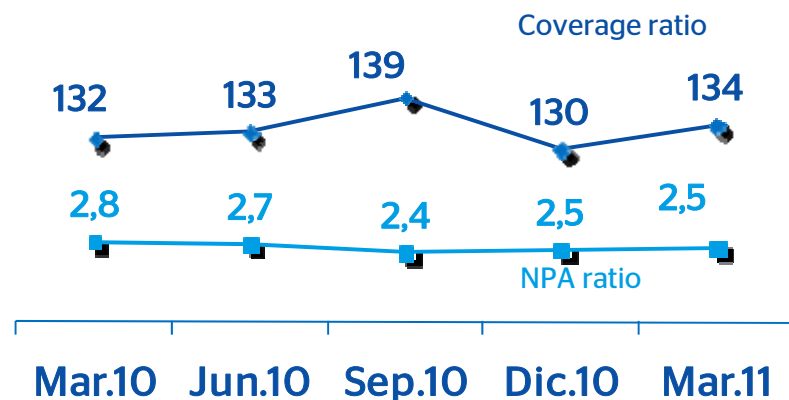
## Deposit mix

(%)

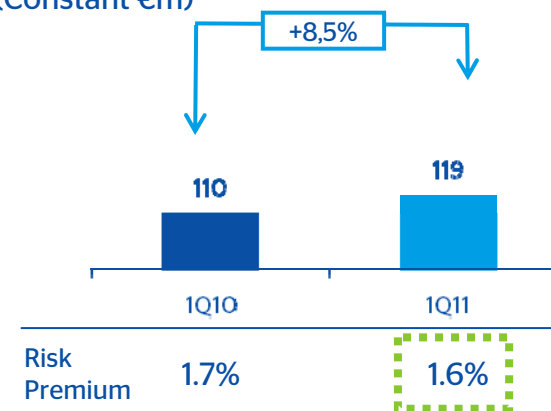


## South America: ... with the best risk indicators in the Group

NPA & coverage ratios  
(%)

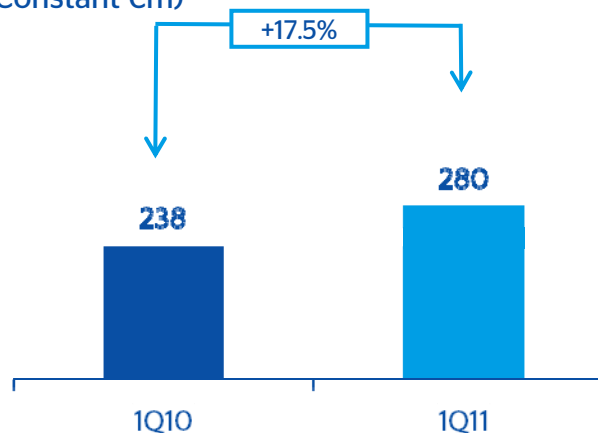


Provisions  
(Constant €m)



... altogether leading to buoyant earnings

Attributable profit  
(Constant €m)



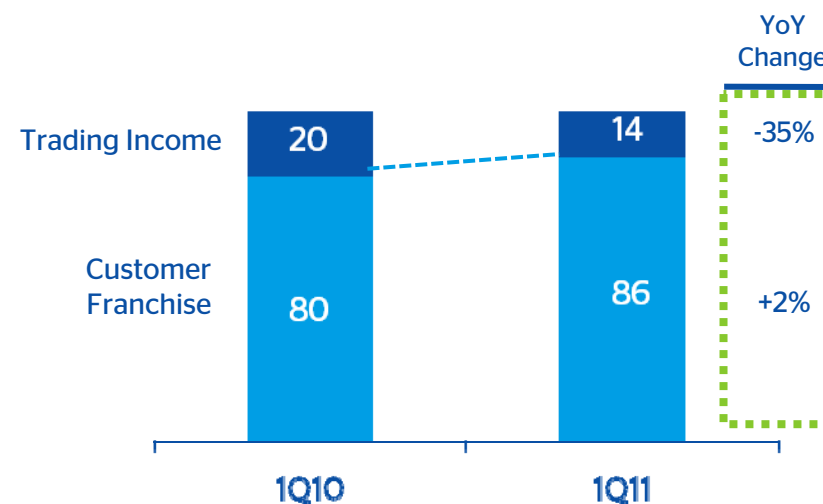
**BBVA**

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

BBVA WB&AM vs. Peers <sup>(1)</sup> - Operating Income  
(€m constant)  
(Index 100=Q1'07)

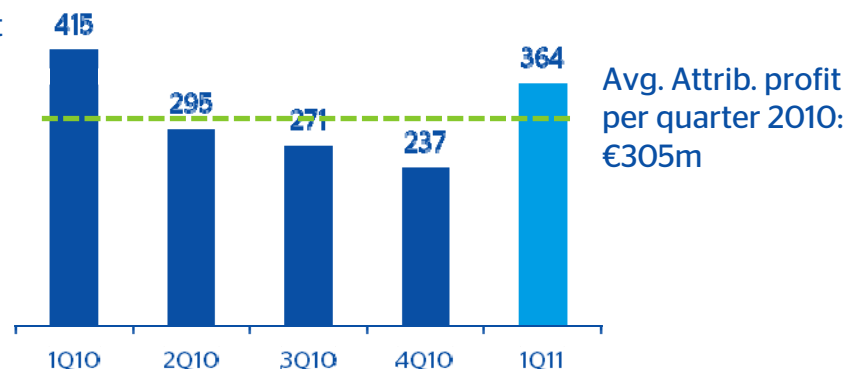


Split and evolution of Revenues (%)



... 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

## **Business Areas:** key aspects

### **Spain**

Slower rate of decline in net interest income, market share gains and superior risk indicators

### **United States**

Positive signs of business activity with a better mix and a jump in attributable profit

### **EurAsia**

Growing contributions from strategic investments in China and Turkey, and from wholesale business in Europe

### **Mexico**

Strong business activity results in record revenues and risk stabilises

### **South America**

Dynamic activity, main margins at record levels and the best risk indicators in the Group

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### **WB&AM**

Recurrent and more diversified revenues, reflecting a stronger customer franchise

- 1 High and recurrent profitability
- 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

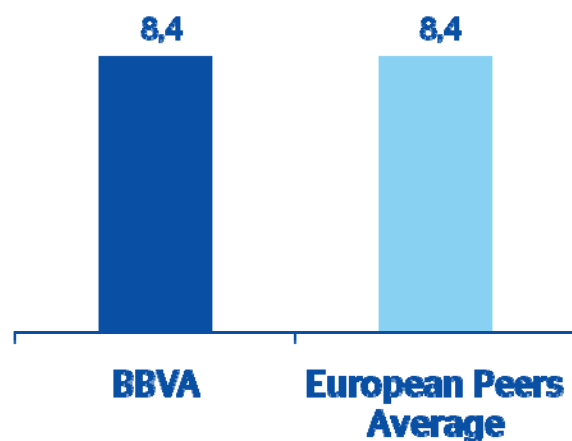
In mature markets

In high growth markets

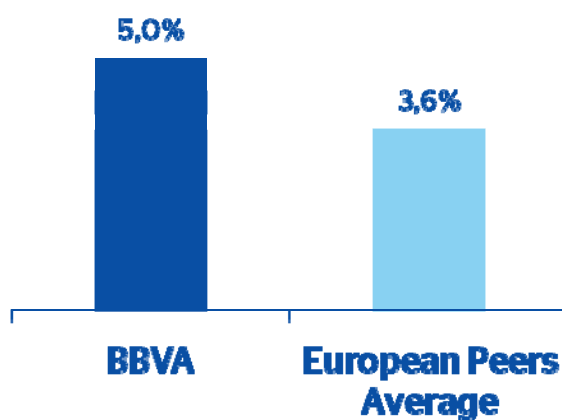


## BBVA: a unique value proposition

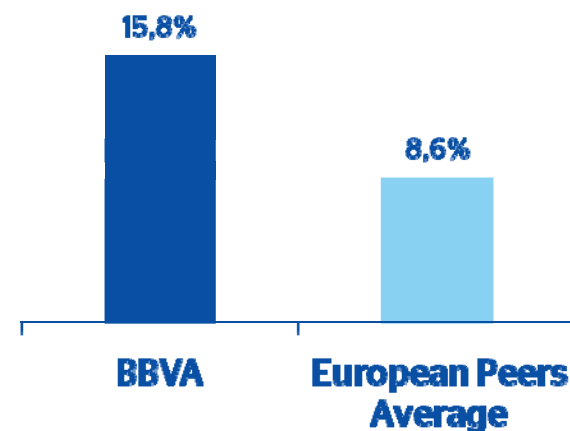
PE 2011  
BBVA vs Peer Group  
(Consensus estimates)



Dividend yield 2011  
BBVA vs Peer Group  
(Consensus estimates)



ROE 2010  
BBVA vs Peer Group



Stable dividend policy: € 0.42 per share remains floor

**BBVA**

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**May 10th 2011**

