BBVA

Merrill Lynch European Banking & Insurance Conference

"Risk, return and growth: getting the balance right"

José Ignacio Goirigolzarri

London, October 5th 2006

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BBVA a very attractive investment case …

BBVA

… delivering …

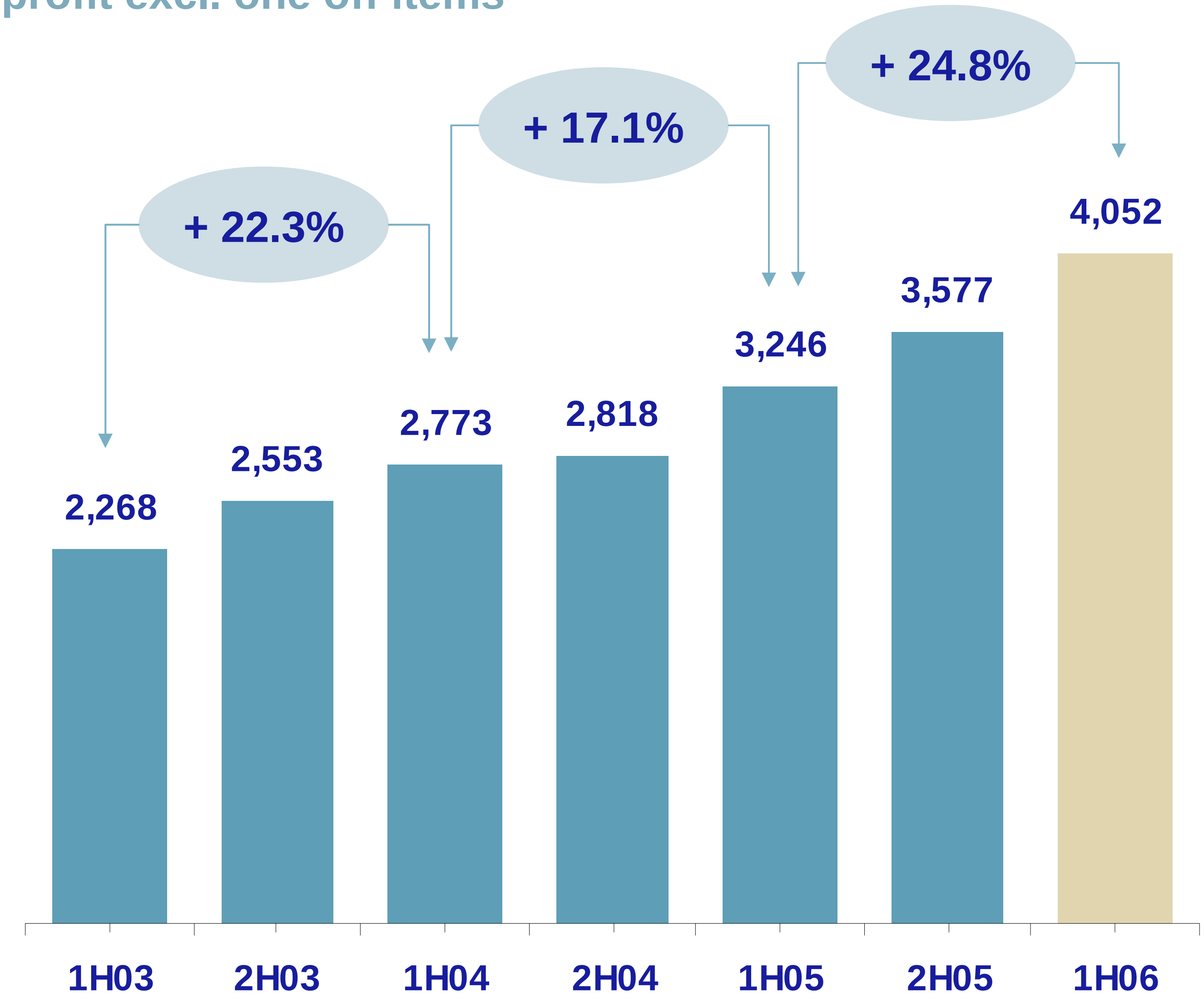
Very solid and growing results

Strong fundamentals

… and creating value

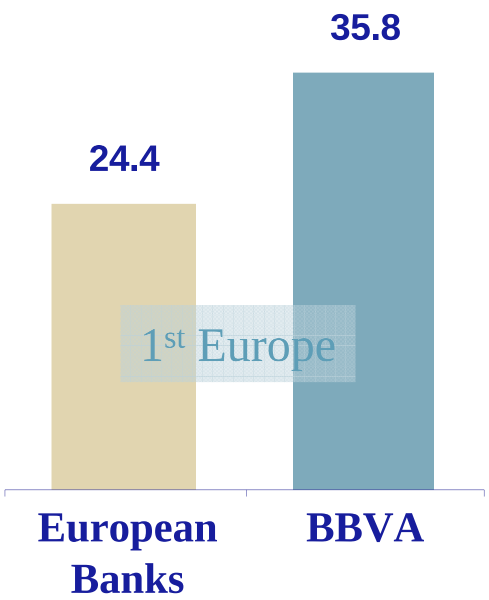
As shown in 1H06 results, we are growing at a high consistent rate

Operating profit excl. one off items
Current €m

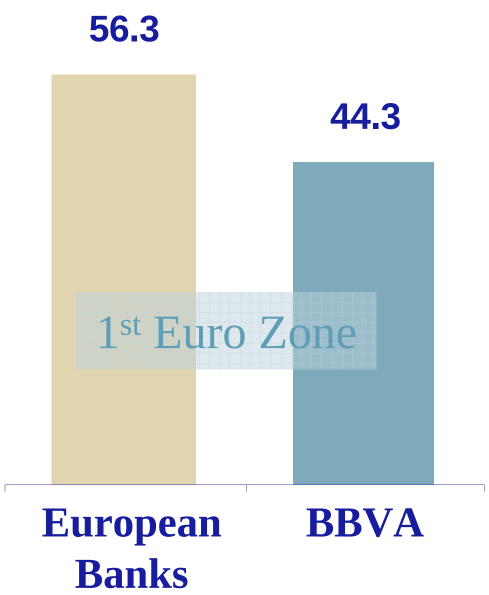


In addition, we have strong fundamentals …

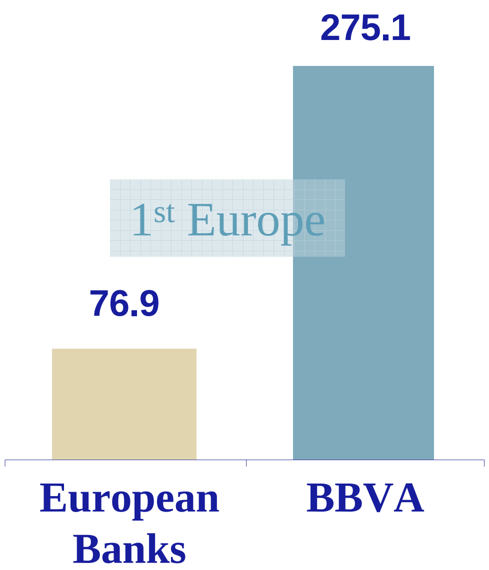
ROE (%)



Efficiency (%)



Asset Quality (Coverage ratio %)

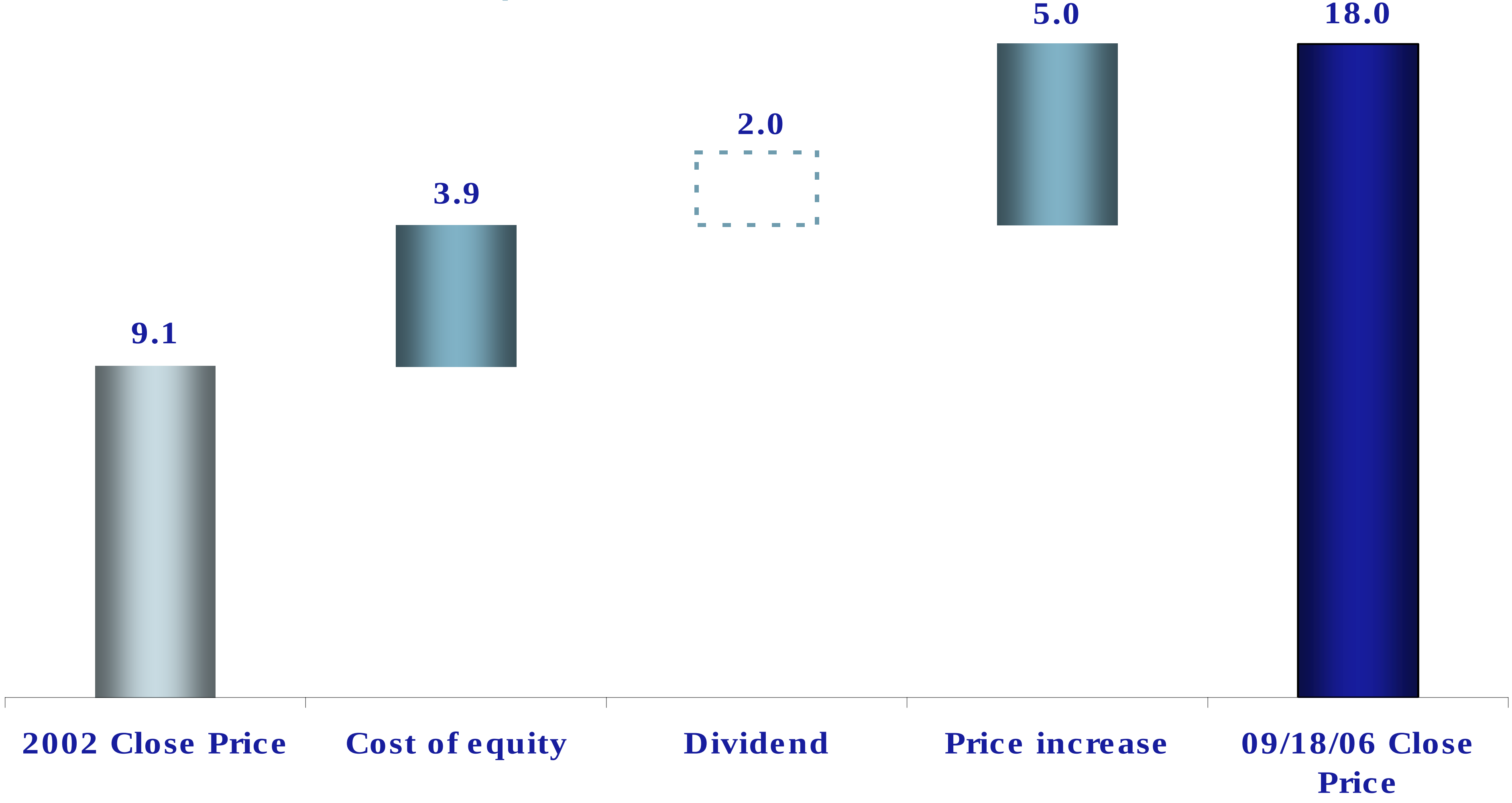


BBVA, an excellent combination of profitability-risk

… and deliver a 121% Total Shareholder Return since 2002

BBVA

BBVA Stock Price De-composition



The above is the result of a sound strategy

BBVA

1 Corporate Positioning	2 Business Model	3 Capital Discipline
g	ROE	K

Value creation

A virtuous circle of top line growth and bottom line profitability

1 Pro-active management of the business portfolio

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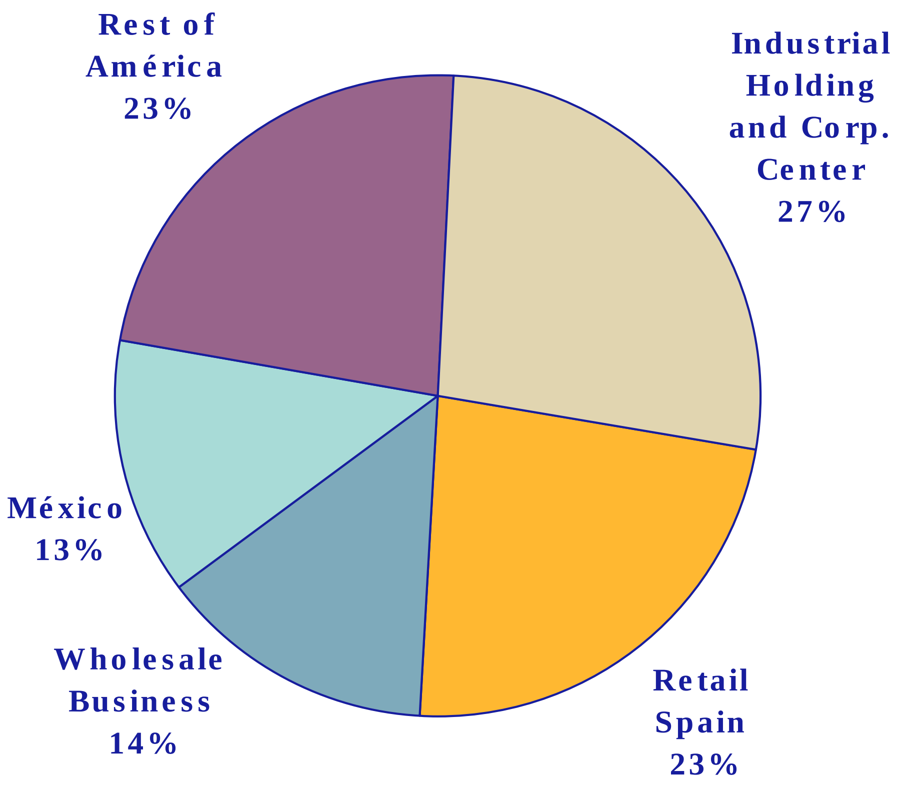
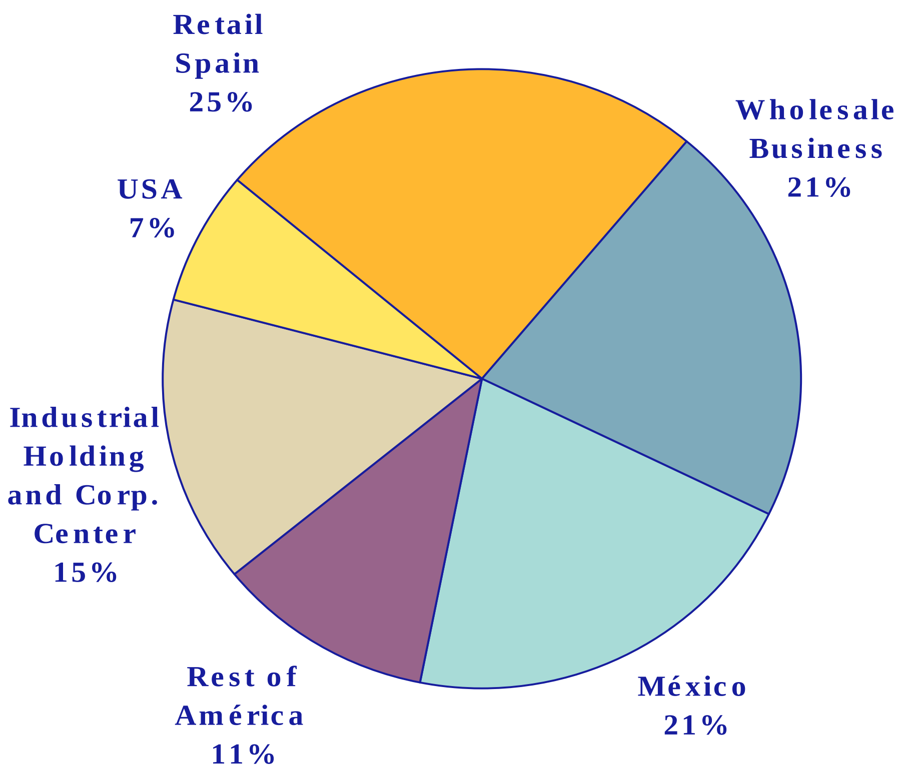
2002 Economic Capital



2006 Economic Capital



Allocating more capital to high-growth businesses

2

BBVA has a solid business model …

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Core management skills

Risk management

Efficiency

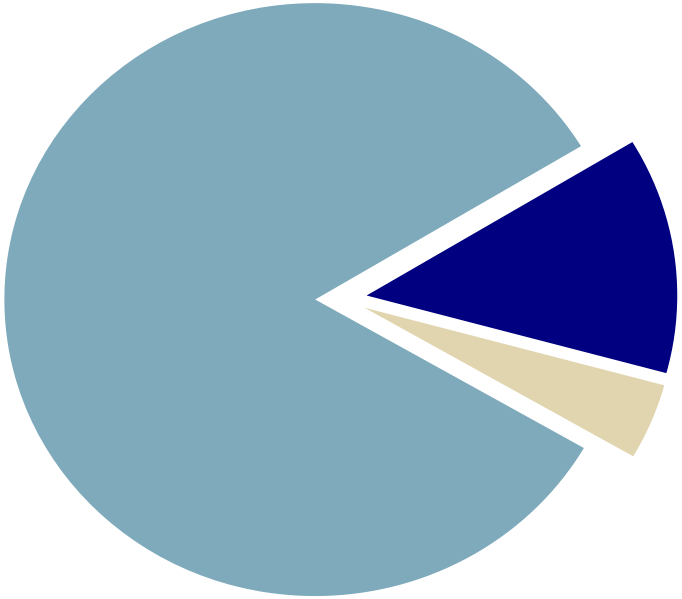
Retail network management

… driving high profitability

Excellent risk management and high asset-quality portfolio

BBVA

Asset distribution



Minimum impact in case of change in global credit-risk cycle

Estimated impact on 2007E group pre-tax profit	Total
BBVA	-1.1%
European Banks Average	-6.7%

Source: Merrill Lynch

96% Investment Grade

46% of lending collateralised

NPLs 0.82%

Coverage 275%

BBVA´s efficiency is also a benchmark in Europe …

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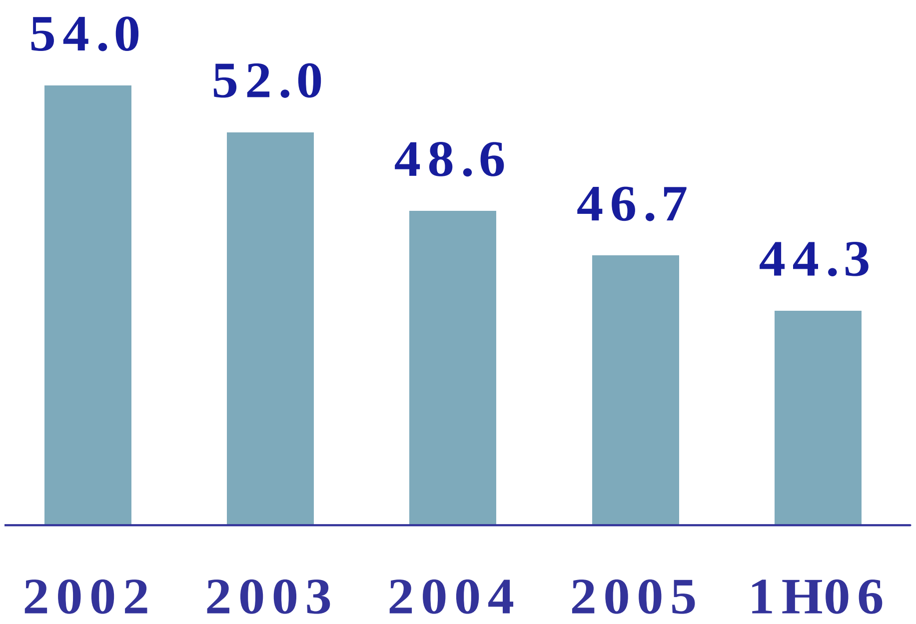
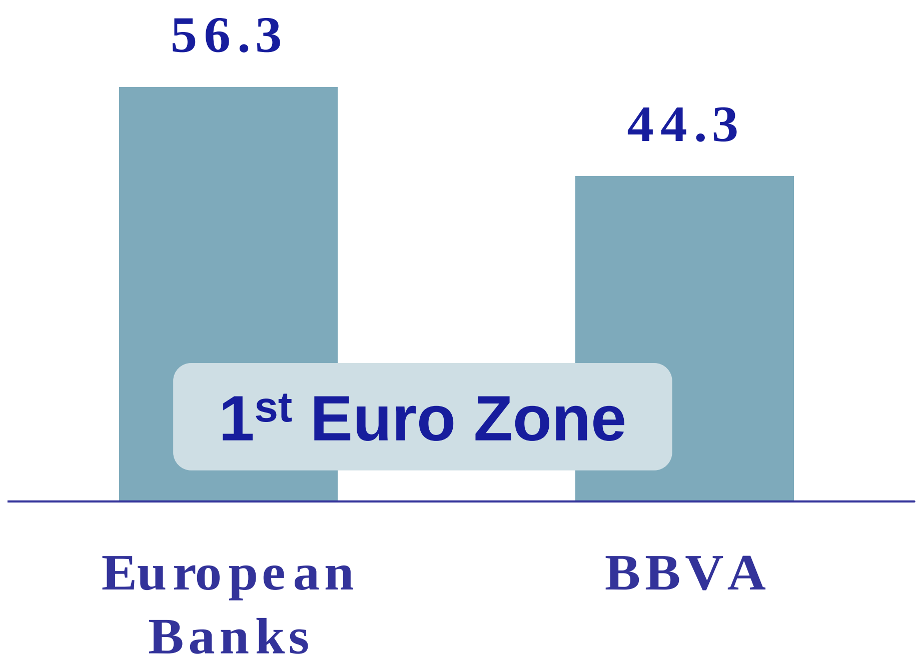
Efficiency (%)





Focus on continuous transformation to keep on improving …

… based on retail management capabilities

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TRANSFORMATION

Increases in network productivity

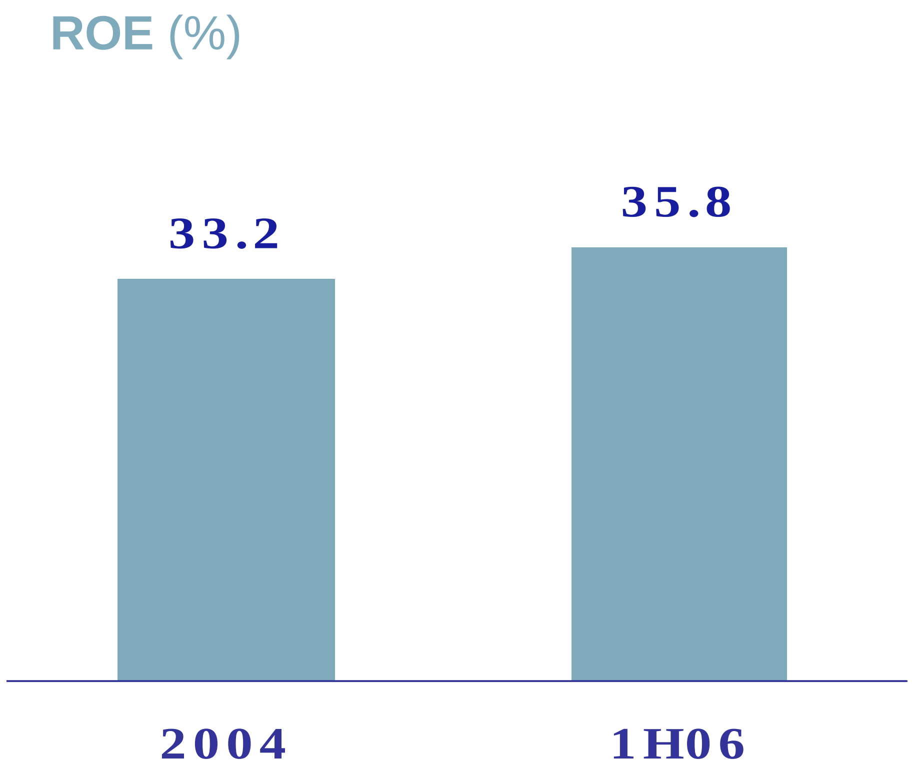
Improvements in processes and organisation

Retail Spain
+ 34%
(2005)

Mexico
+ 42%
(2005)

New distribution network strategy

3 BBVA´s high profitability allows for …



Shareholder remuneration

Self-financing growth

Can we continue growing ?

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Positioned in growth markets …

… with a predictable growth model

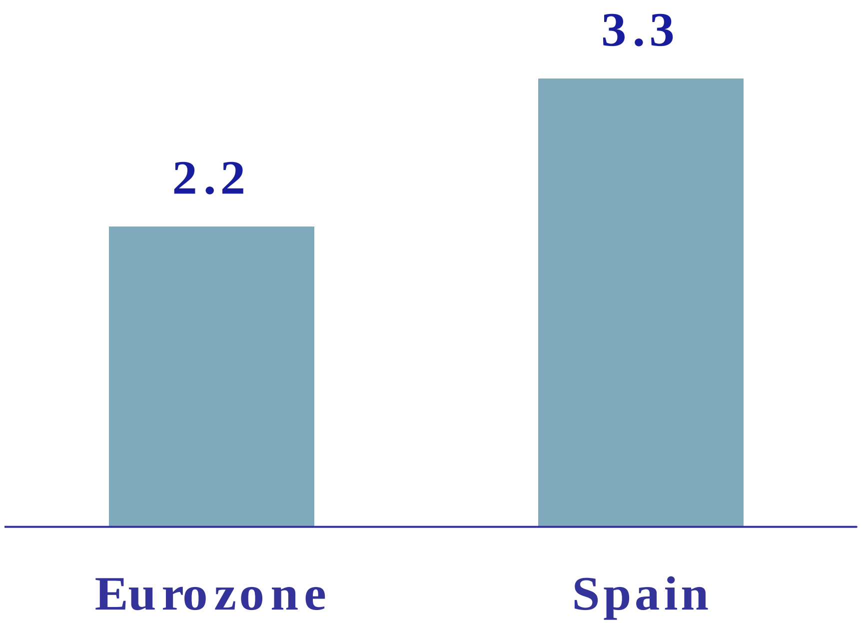
Organic

Non-organic

In Spain, economic and banking prospects continue being good

BBVA

2007E GDP Growth Rate
(%)



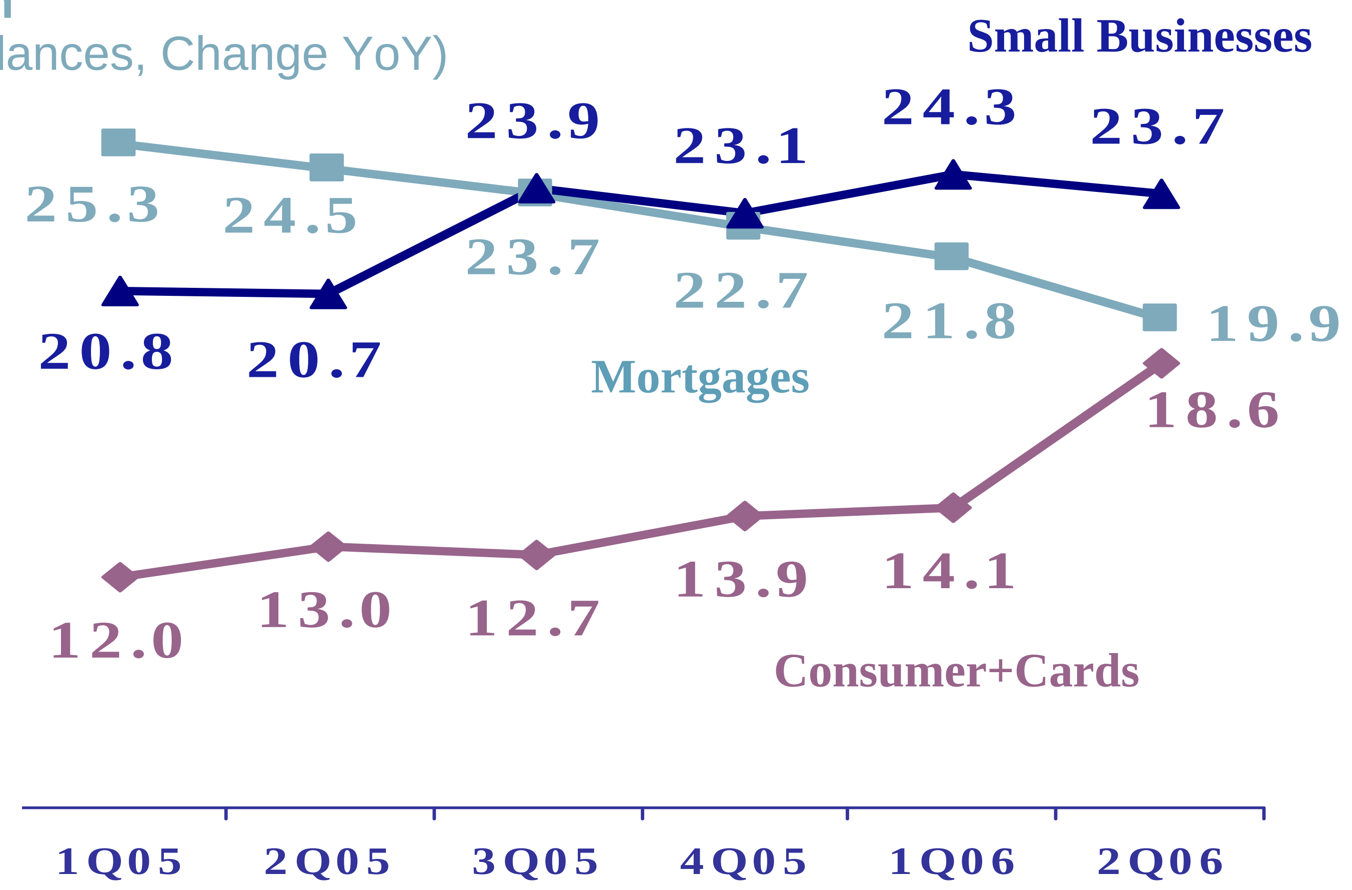
4th highest expected GDP growth rate in EU

Drivers

- Consumer / credit and debit cards
- SMEs
- New customer base

Other segments are overtaking past growth in mortgages

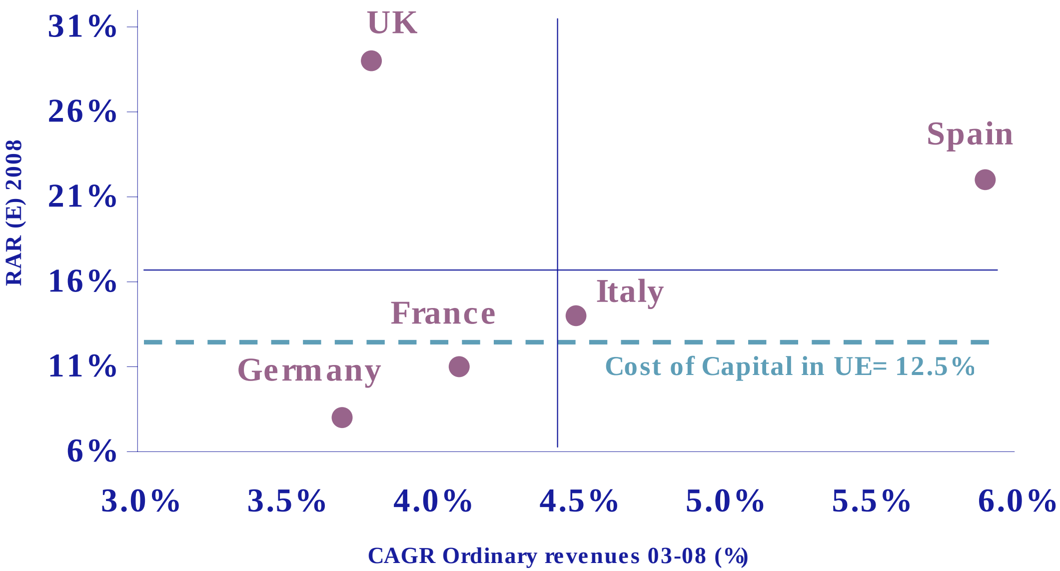
BBVA Spain
(Average balances, Change YoY)



Building a more profitable business mix

There are great opportunities in SMEs …

SME´s Estimated Growth and Profitability



Source: Mercer Oliver Wyman

BBVA Initiatives

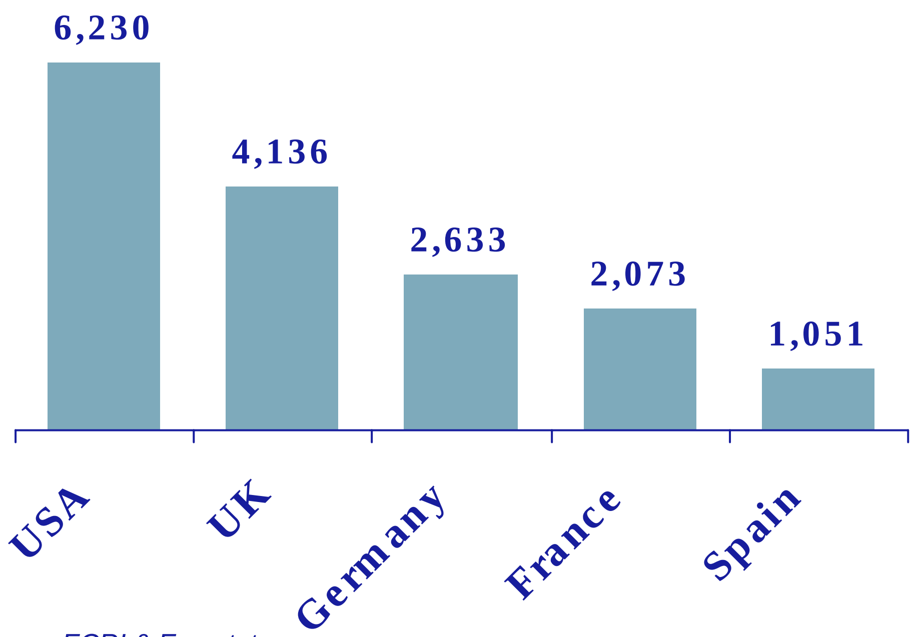
- Credipyme
- Riskpyme
- Renting
- Insurance

…Consumer Finance…

BBVA

Consumer loans per capita still low in Spain …

Consumer loans per capita ($)



Source: ECRI & Eurostat

… however, with a high propensity to consume

BBVA Initiatives

Préstamo Nacimiento

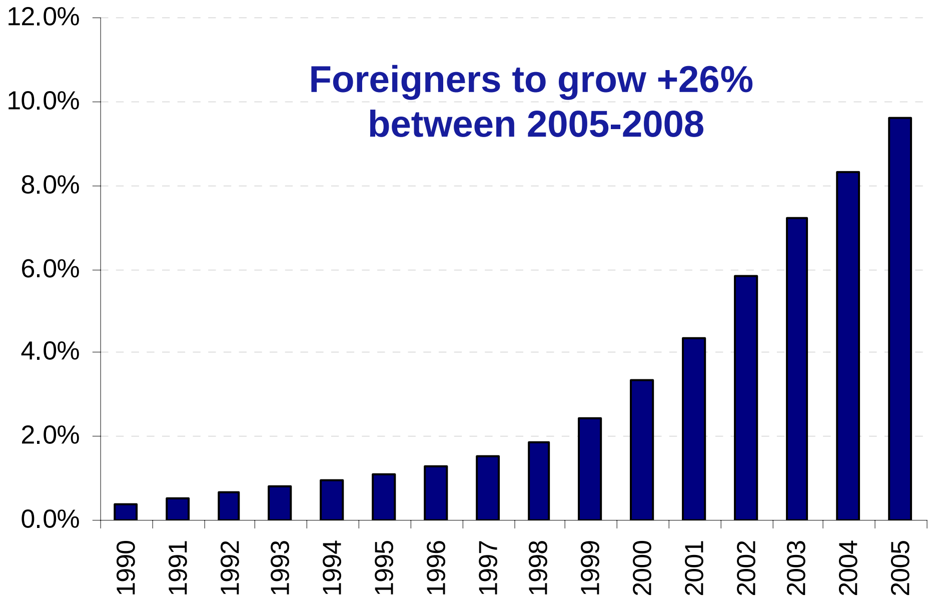
Préstamo Nómina 0%

Crédito Fácil

Préstamo PIDE

…and new customers: immigrants

Foreignersi/Spain´s population



Source: INE

Two complementary approaches

dineroexpress

Basic Banking

BBVA

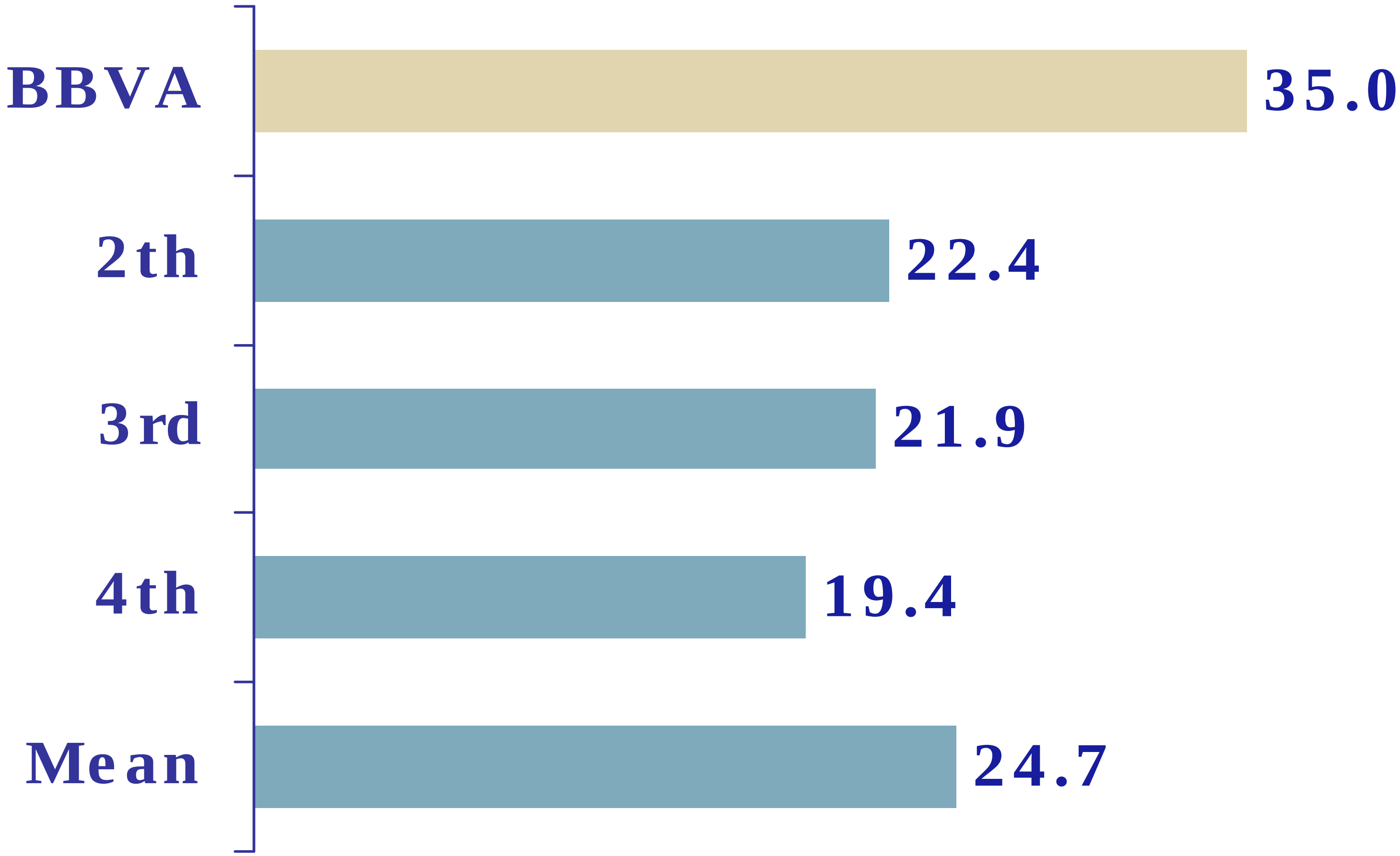
More developed products

More than 400,000 clients

BBVA ranked 1st among banks with 16.5% market share

Our model and strategic aim is profitable growth

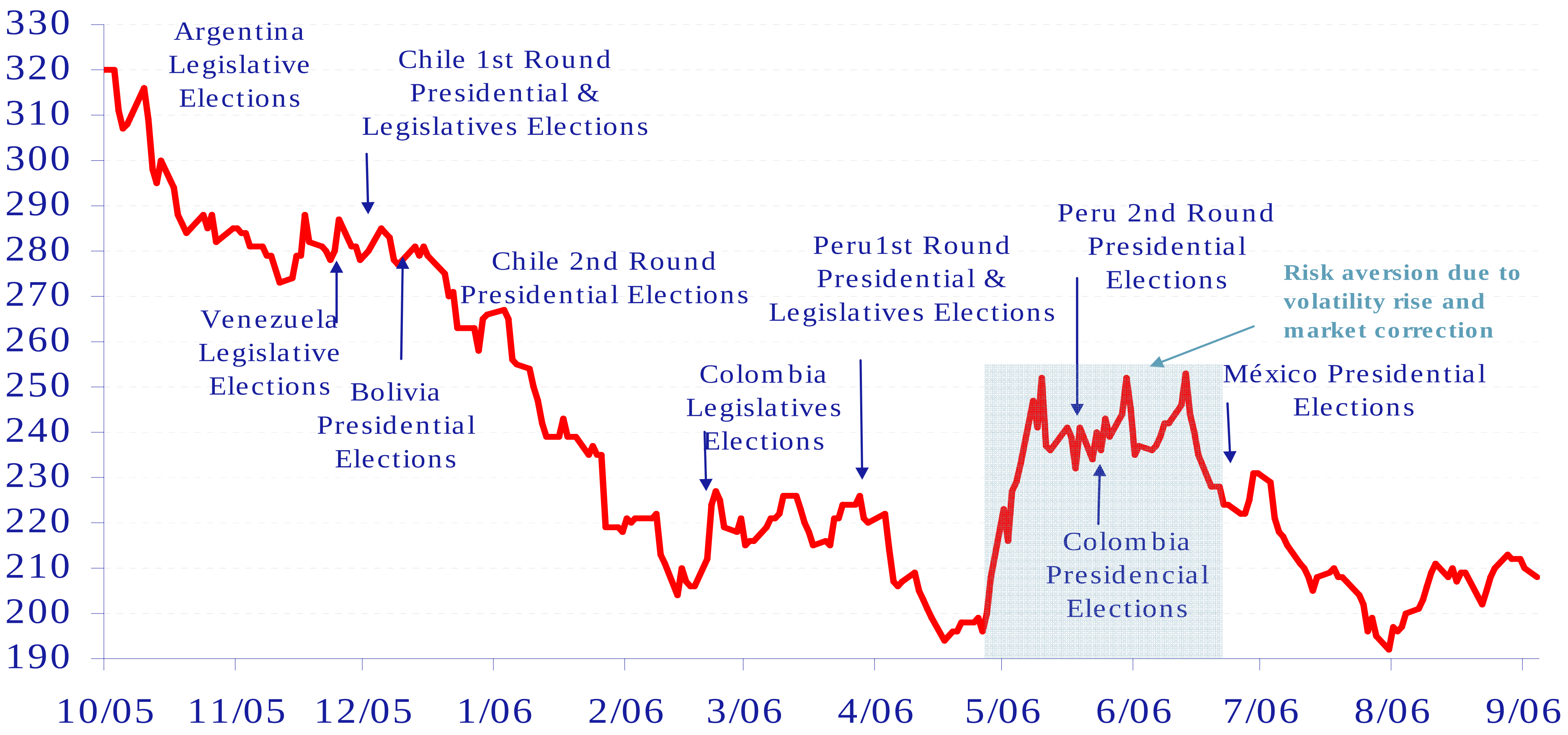
1H06 ROE
(%)



b Latam, an increasingly stable region

BBVA

EMBI+ and Elections in Latam



Source: BBVA & JPMorgan

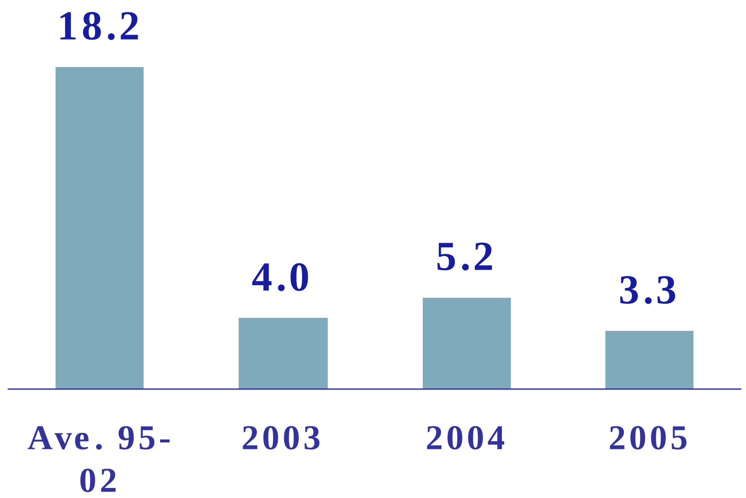
Shift towards economic pragmatism and continuity taking place around the region

In particular, Mexico: from emerging to emerged economy

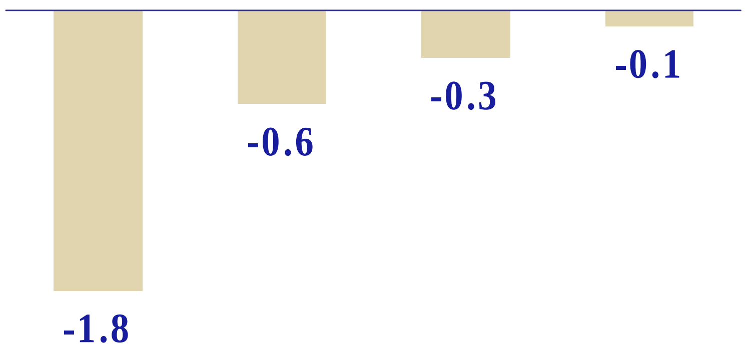
Mexico Risk Premium (b.p.)

Source: JPMorgan

Inflation (%)



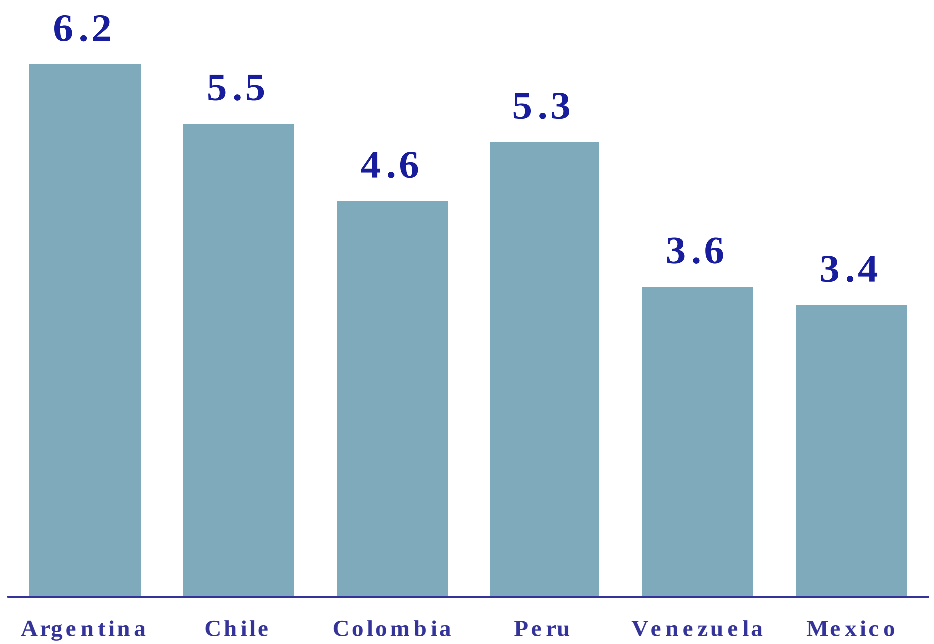
Budget Balance (%)



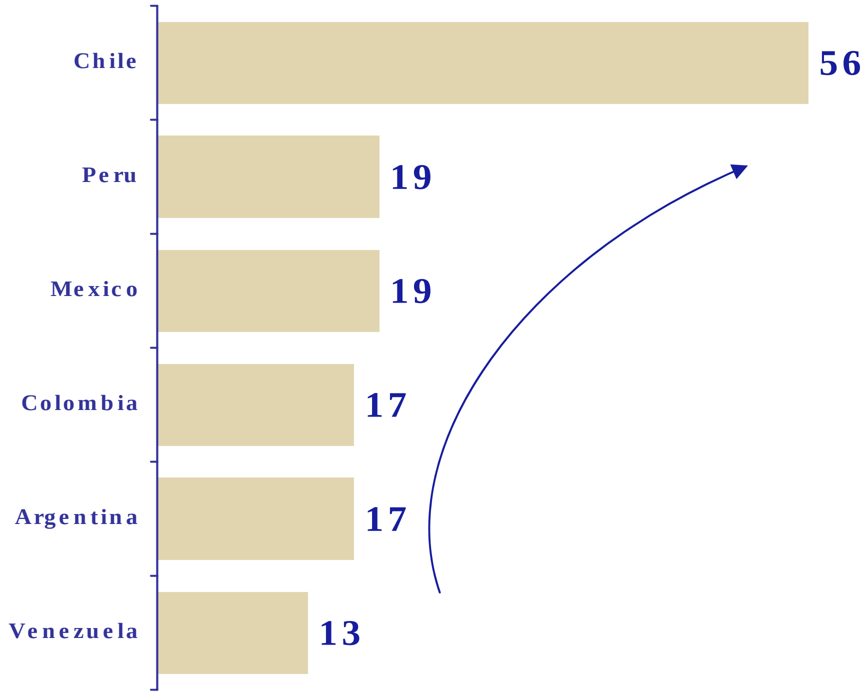
And good economic prospects: 2007E GDP +3.4%

Very good economic prospects for the region

2007E GDP



Bancarisation
(Loans / GDP)



Source: BBVA

And potential for higher bancarisation: Consumer finance and credit cards, mortgages and SMEs

We see opportunities in Consumer Finance ...

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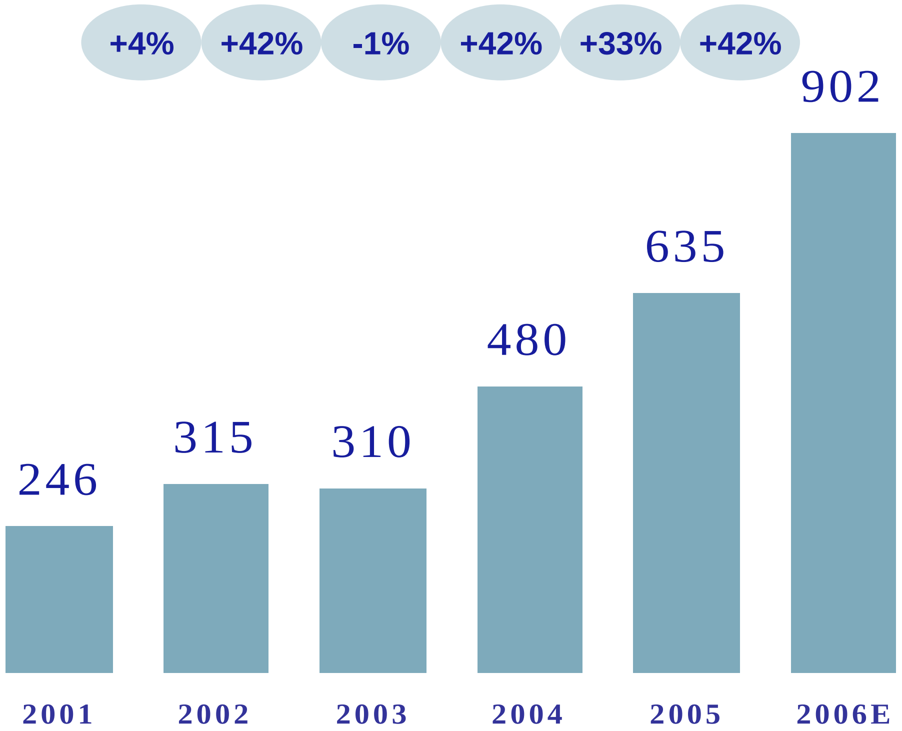
Bancarised	Non-bancarised
Mid-High income segments	Low income segments
28% of population	72% of population
Bancomer´s market share Auto: 33.5% Credit cards: 35.5% Total consumer finance: 33.4%	Alliances with retailers: 5 million credit cards

+ 2.2 m new customers in 2005

…a high potential for mortgage development …

Mortgages in Colombia

($m)

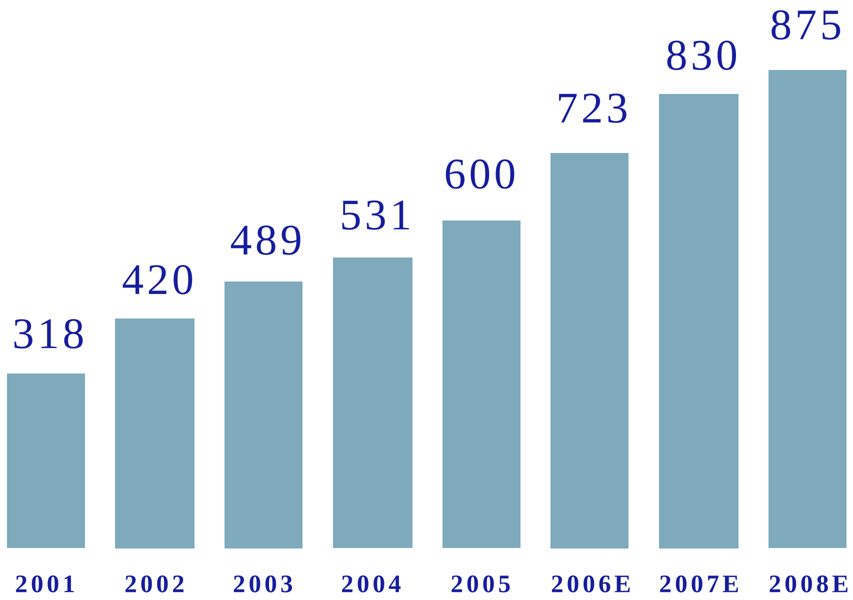


21% Market Share

Source: ICAV

Mortgages in Mexico

(Thousand units)



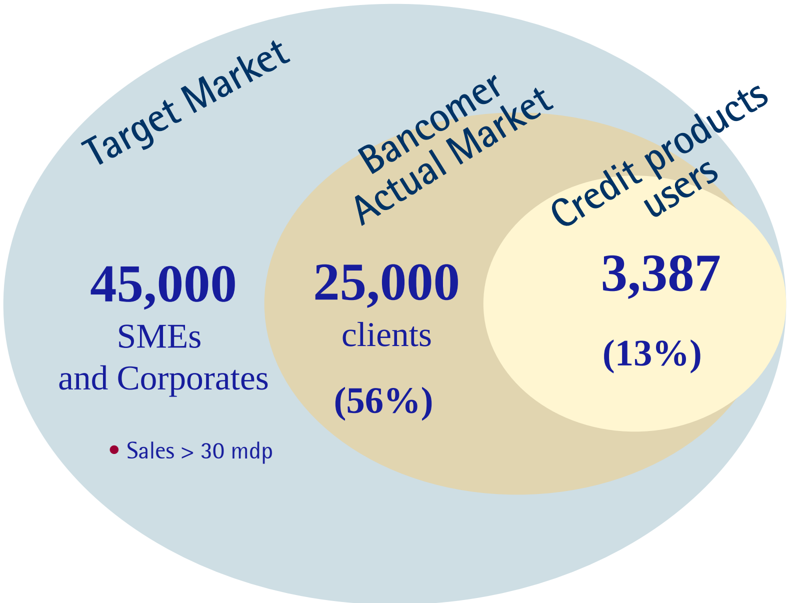
35% Market Share

Source: Infonavit & BVA

…and great prospects in SMEs

BBVA

Bancomer
SMEs and Corporates



Loan Penetration
(€m)

	Spain	Mexico
Customer Funds	10,660	4,239
Lending	30,251	2.839
Lending/ Custumer Funds	284%	70%

We have leading franchises in Latam and Mexico …

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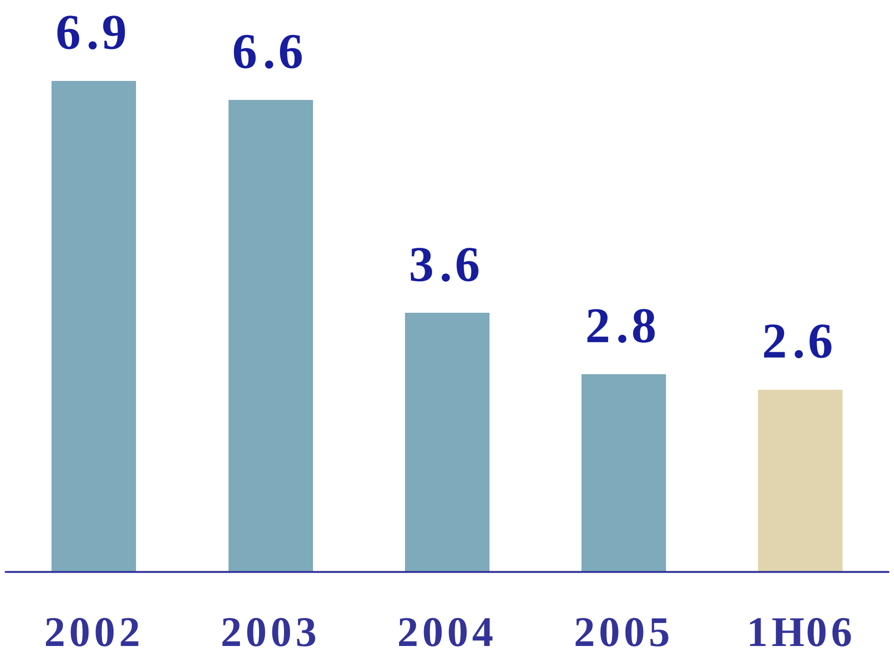
	Customer funds		Loans	
	Market share (%)	Ranking	Market share (%)	Ranking
Mexico	26.2	1st	29.5	1st
Argentina	10.6	1st	7.1	3rd
Chile	8.0	4th	7.8	4th
Colombia	11.5	3rd	11.3	3rd
Peru	26.8	2nd	24.5	2nd
Venezuela	11.7	4th	12.1	4th
South America	10.7	2nd	10.0	2nd

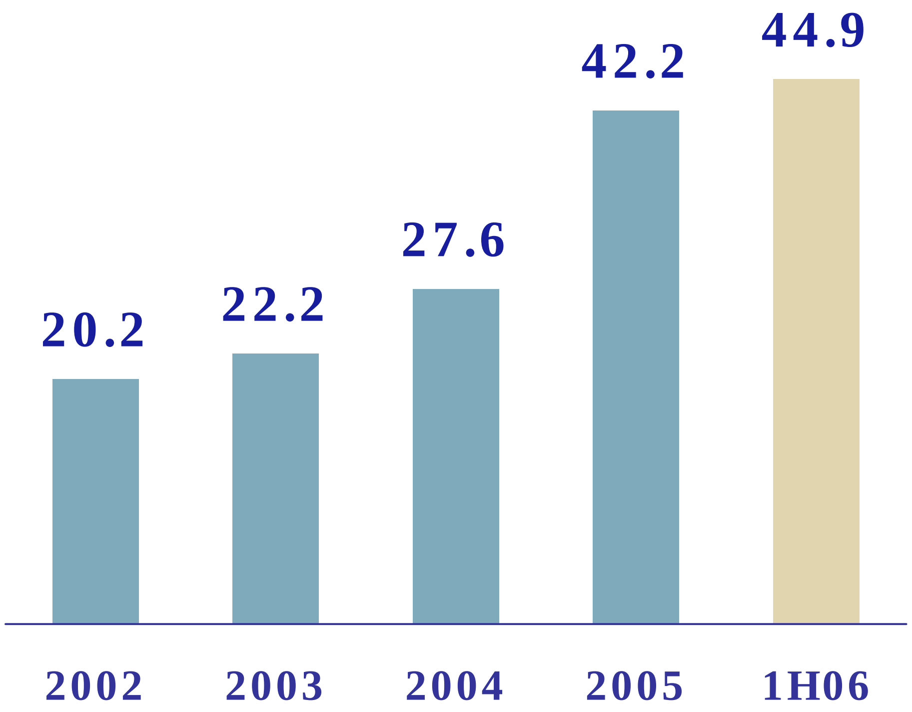
Total number of customers: 23 million

… also very profitable

Latam & Mexico NPL ratio
(%)



Latam & Mexico ROE
(%)



Mexico, a stepping stone to enter the US market

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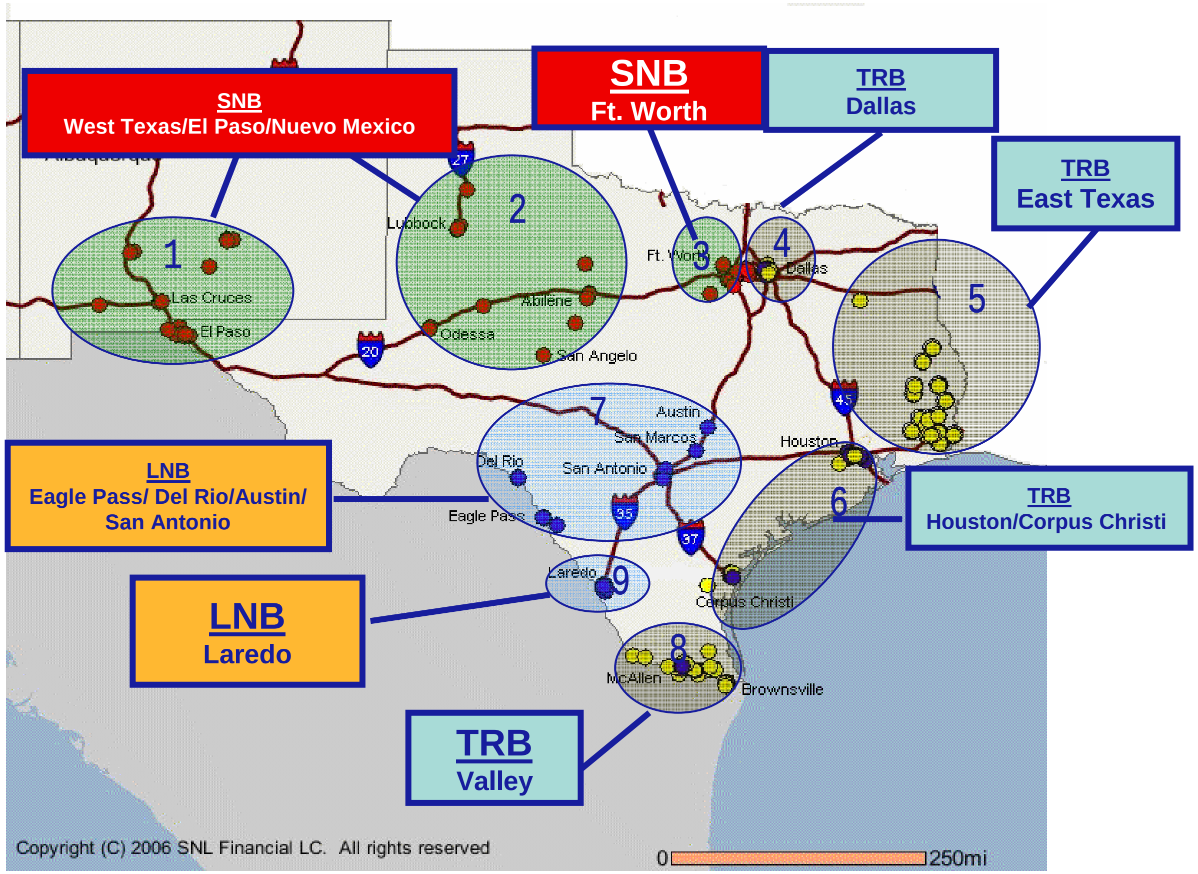
In 2005 Mexico received 38% of Texas´exports



($m)

Main figures	
Assets	12.583
Loans	7.252
Deposits	10.134
Employees	3.814

Texas´ economy is 8th largest in the world

c

A solid Wholesale Banking business model

BBVA

Corporate and Business Banking → Comprehensive relationship model → Ranked 1st in Spain; Ranked 1st in America

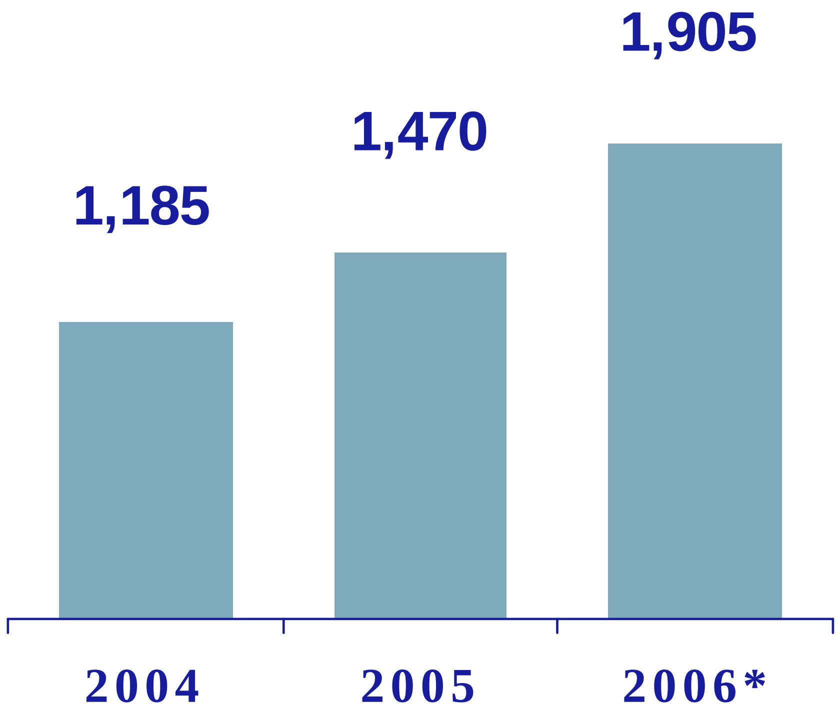
Global Markets → Franchise model → 70% of volume comes from customer transactions

Leadership in customer relations and products

… with an excellent track record

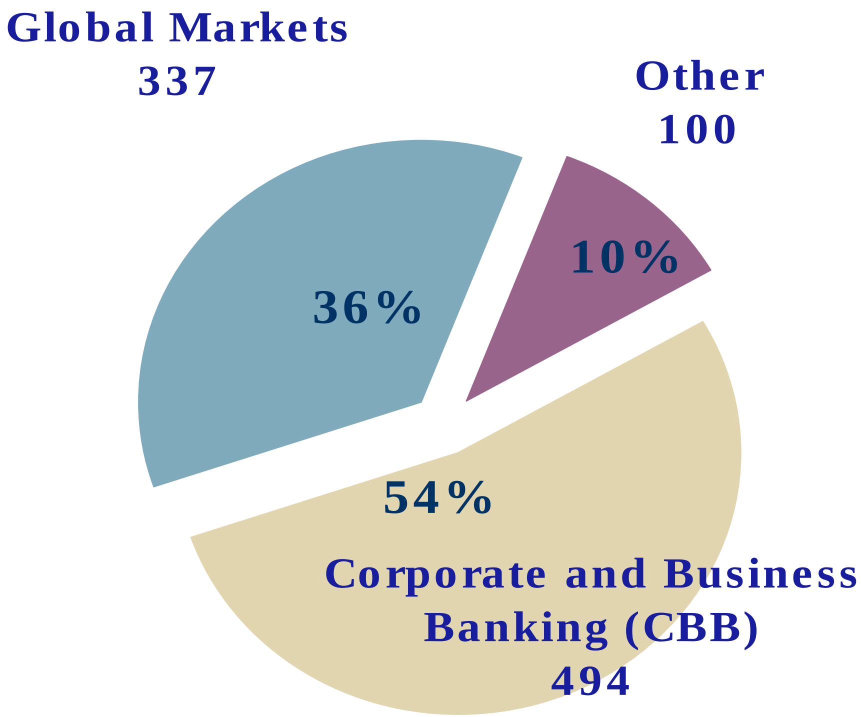
BBVA

Operating profit
(€m)



ChgYoY **+24%** **+30%**

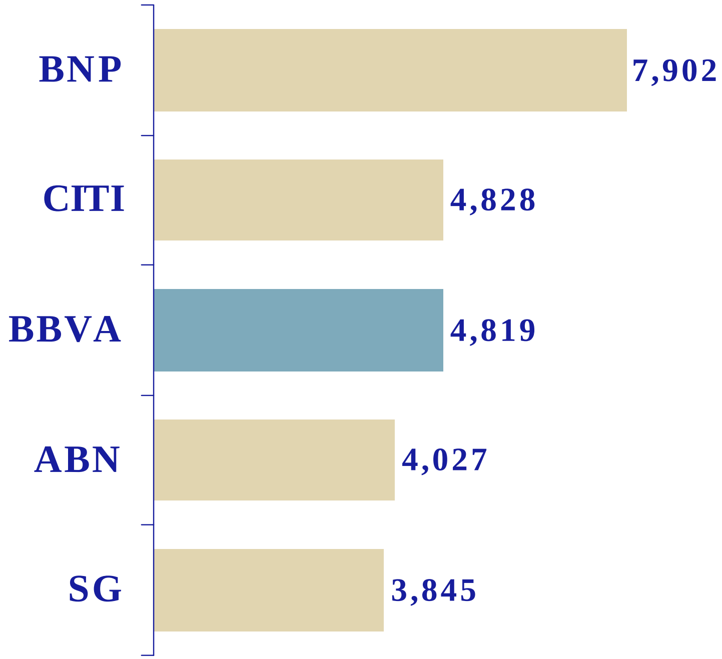
Operating profit 1H06
(€m)



** Annualized at 1H06 growth rate*

Our strong position in Latam …

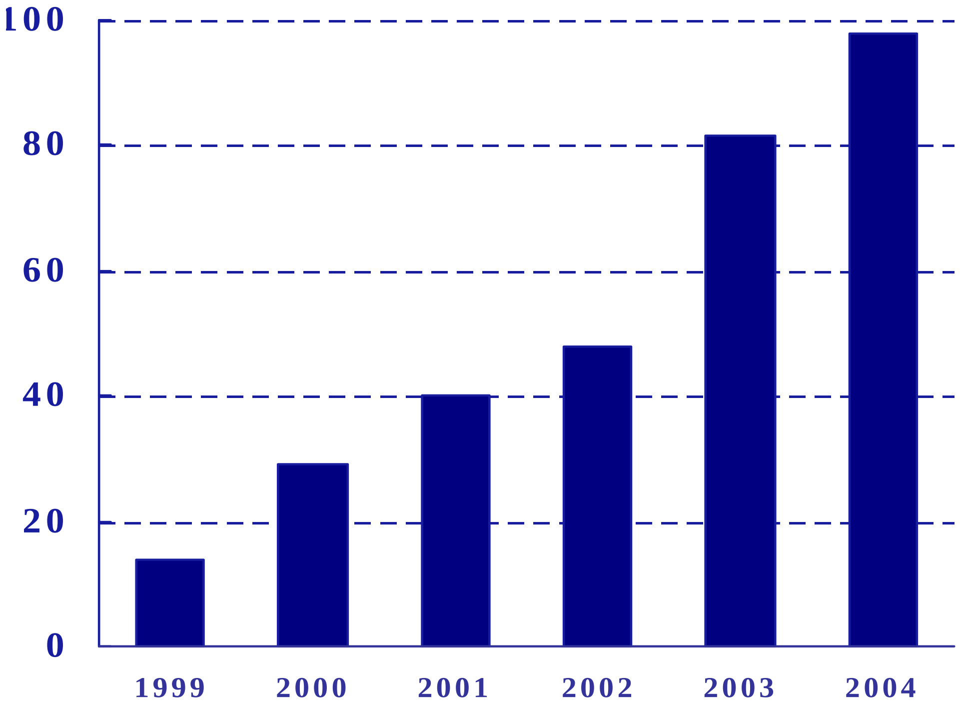
Trade Finance
Volume ($m) at global level



Source: Dealogic, 2005

"World´s Best Trade Finance Bank for Latin America"

Latam Exports to China
Constant US$



Source: BBVA

… becomes a competitive advantage to approach the Asian market

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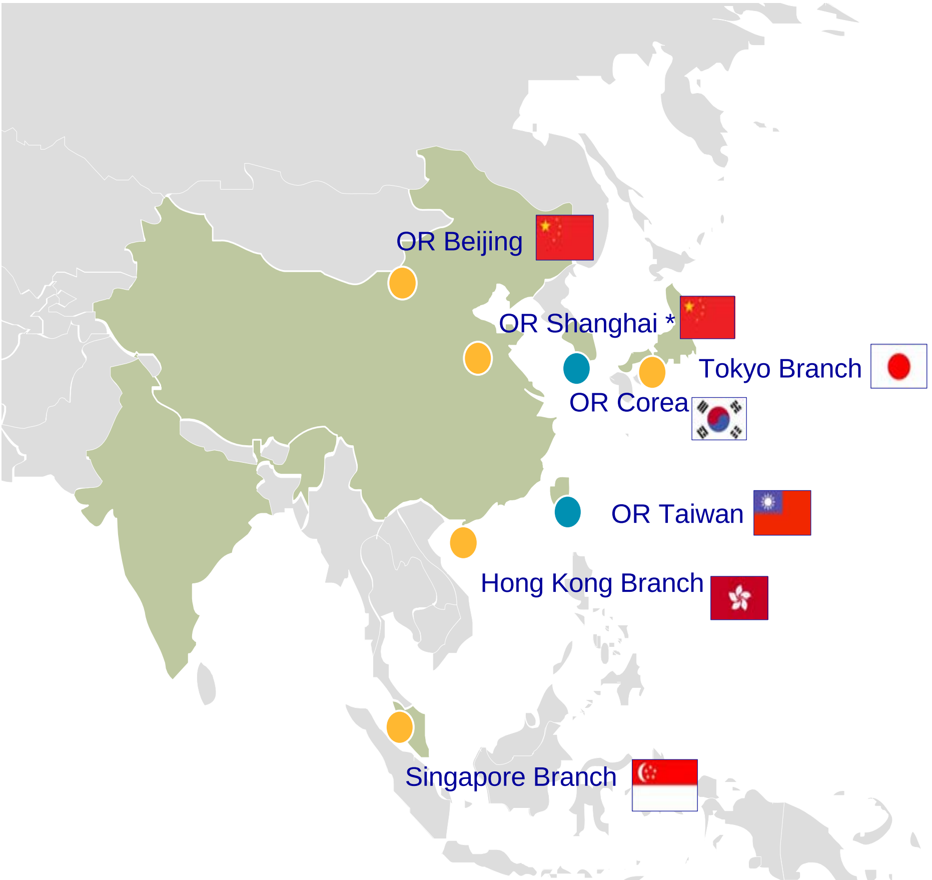
BBVA´s presence in Asia



Important expansion 05/06: Tokio, Shangai, Singapore, Taipei, Seoul

Coming openings: Mumbai and Sydney

Can we continue growing ?

Positioned in growth markets …

… with a predictable growth model

Organic

Non-organic

Predictable growth, also non-organic

BBVA

Latest acquisitions

2006	Texas Regional Bank / State National Bank / Forum
2005	Laredo / Granahorrar
2004	Hipotecaria Nacional / Valley Bank / Bancomer

Total invested: € 7,000 m

"BBVA is one of only seven banks in our sample that has created value over the past six years through acquisitions"

Deutsche Bank

Conclusions

BBVA´s expected growth is superior to the sector´s …

… with a predictable and profitable business model …

… moderate risk profile …

… and a management committed to value creation

BBVA

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