
Managing for growth in a changing environment

Manuel González Cid

New York, May 16th, 2006

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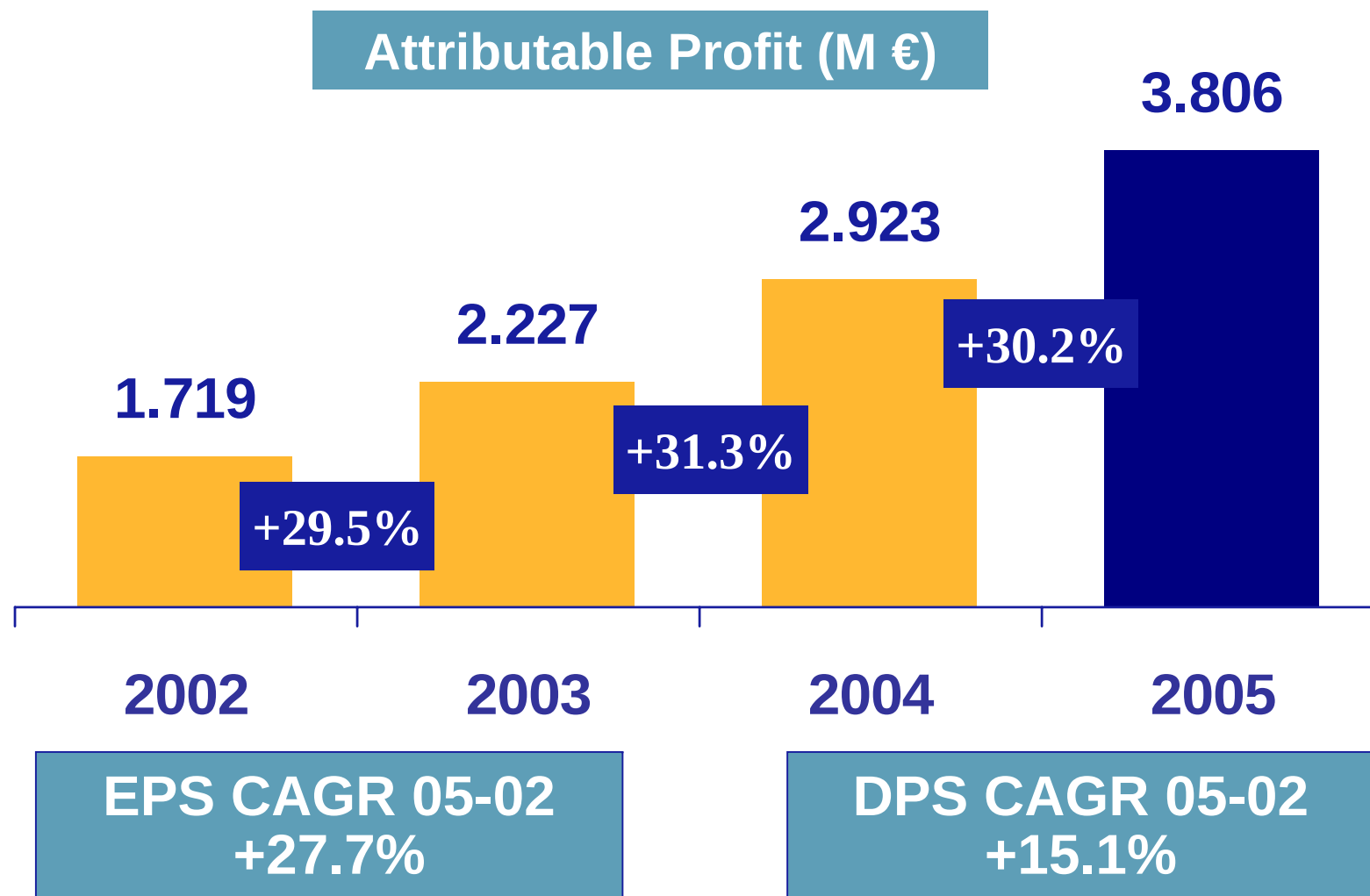
BBVA: strategy and execution to deliver superior growth

Well placed to continue growing in a changing environment

Conclusions

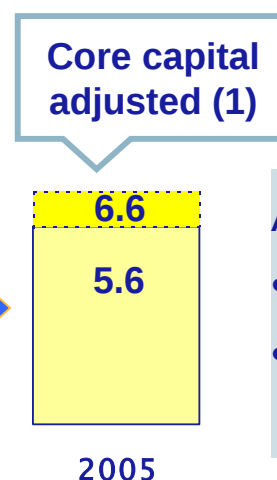
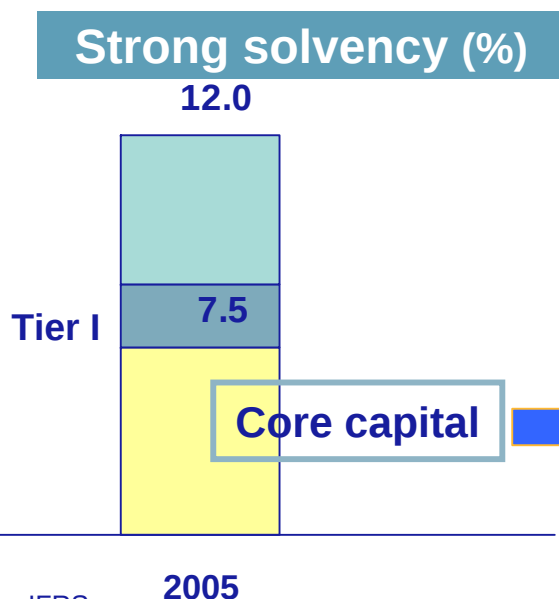
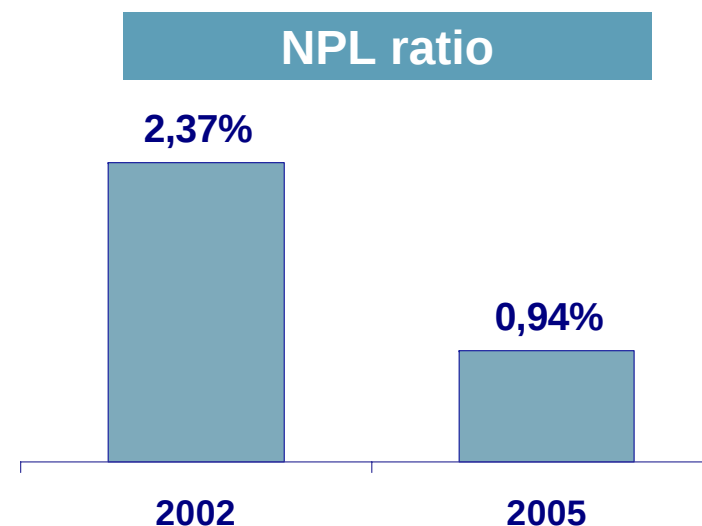
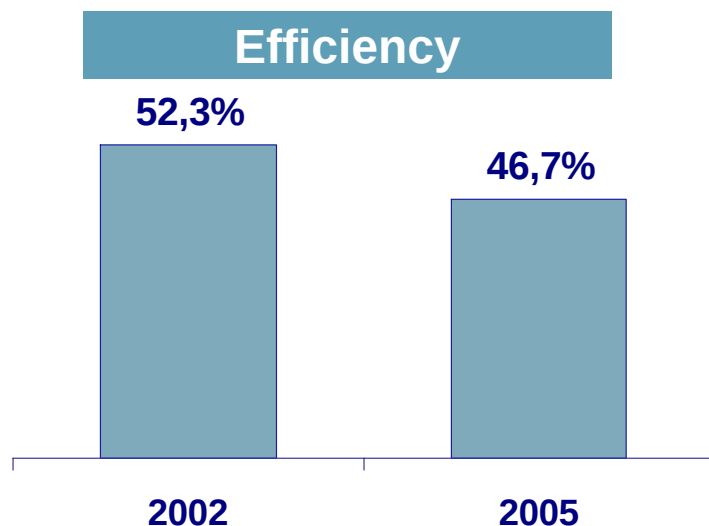
BBVA has delivered an excellent track record of growing results

BBVA



Note: 2002 and 2003 Pre-IFRS

...whilst also strengthening Group's fundamentals



Additionally:

- €4.7bn unrealized capital gains
- Full coverage of pension fund liabilities

2002 data pre-IFRS

- (1) Including generic provisions net of expected losses in core capital

BBVA's capital discipline

Core capital

6% approx.

Pay-out

45%-50% approx.

... that meets two objectives

Self-financing

Core capital

2004

5.8%

2005

5.6%

**Share-
holder
remun-
eration**

DPS

04/03

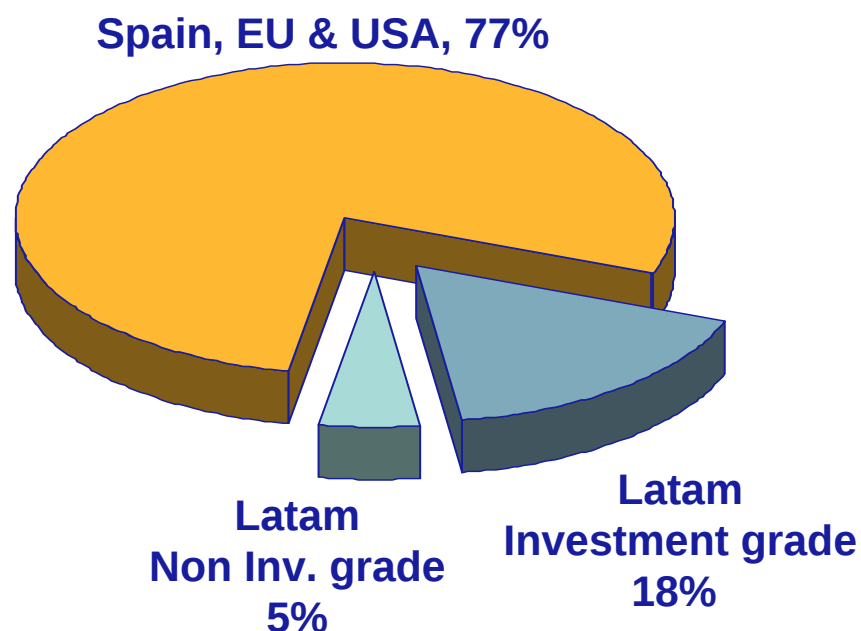
+15.1%

05/04

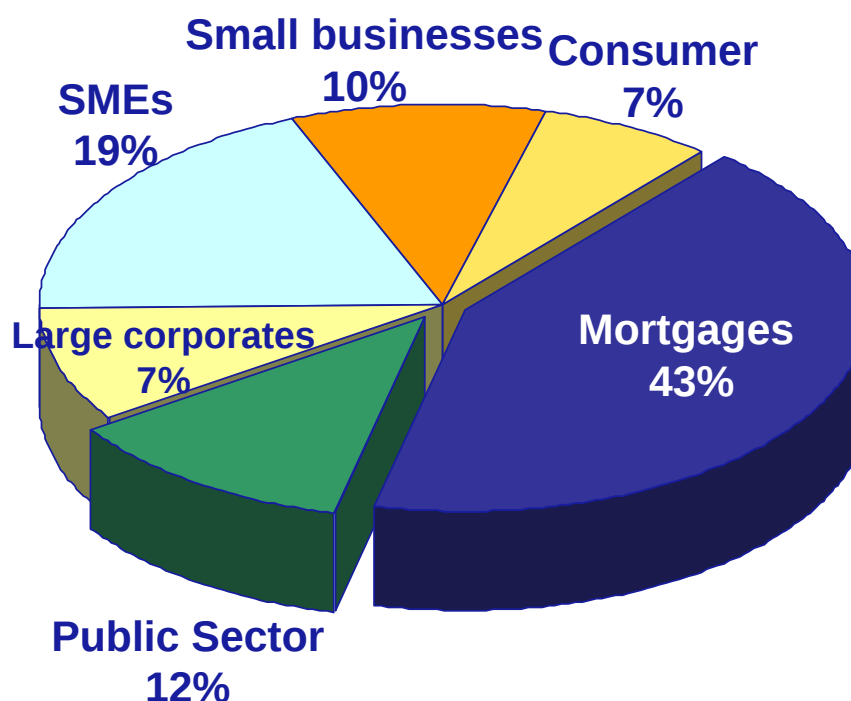
+20.1%

A balanced distribution of assets and a low risk profile

Assets by region



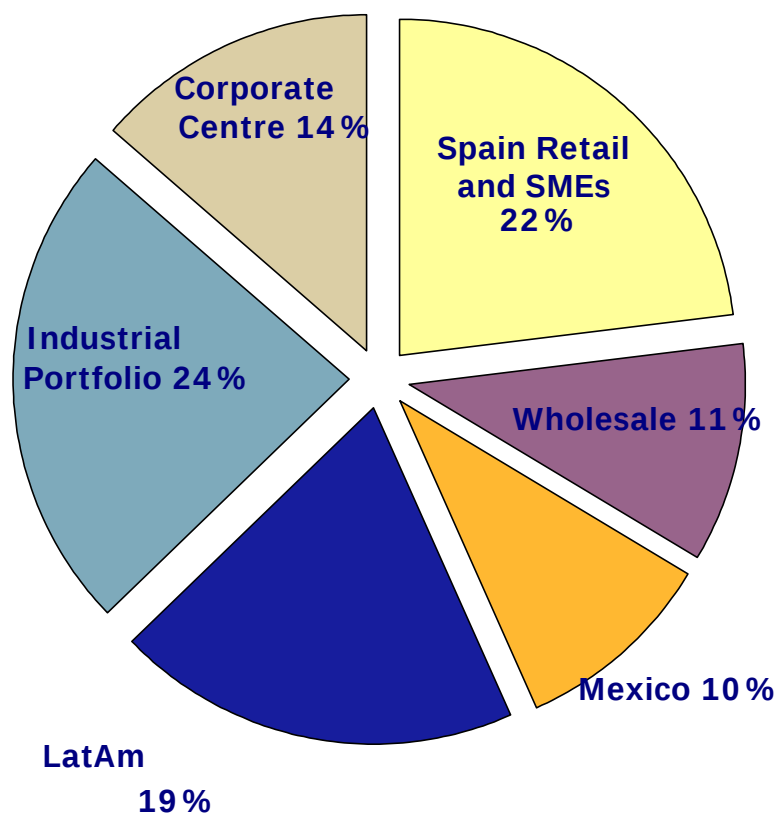
Banking in Spain
Loan portfolio breakdown



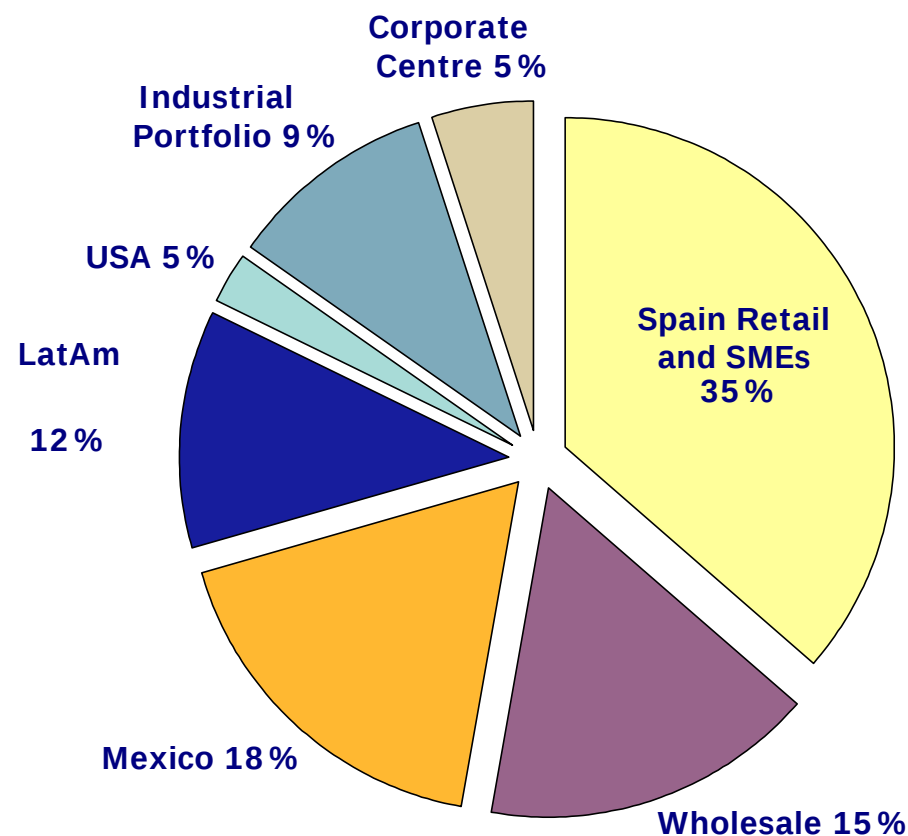
Structural risks actively hedged

The Group has “turned around” its capital allocation over the last three years

Economic Capital 2002



Economic Capital 2005



1Q06 BBVA results: confirming the prospects

Strong growth of net attributable profit

**€1,020m
(+25.1%)**

Record quarter for operating profit

**€1,936m
(+32.9%)**

**High quality of results with strong
revenue generation**

**€3,659m
(+27.1%)**

**Further strengthening of Group
fundamentals**

**Cost/income:
45.9%
ROE: 34.1%**

All divisions show excellent results

(Current €m)

	Ordinary revenues		Operating profit	
	1Q 06	2005	1Q 06	2005
Iberian Retail	+10.9%	+7.3%	+14.3%	+11.0%
Wholesale Business	+24.7%	+17.2%	+27.9%	+24.1%
South America	+56.8%	+20.0%	+87.0	+32.3%
Mexico & USA	+57.7%	+33.0%	+80.8%	+39.7%

BBVA: an attractive investment

Superior combination of
Growth, Profitability
and Risk
among the main European
banks

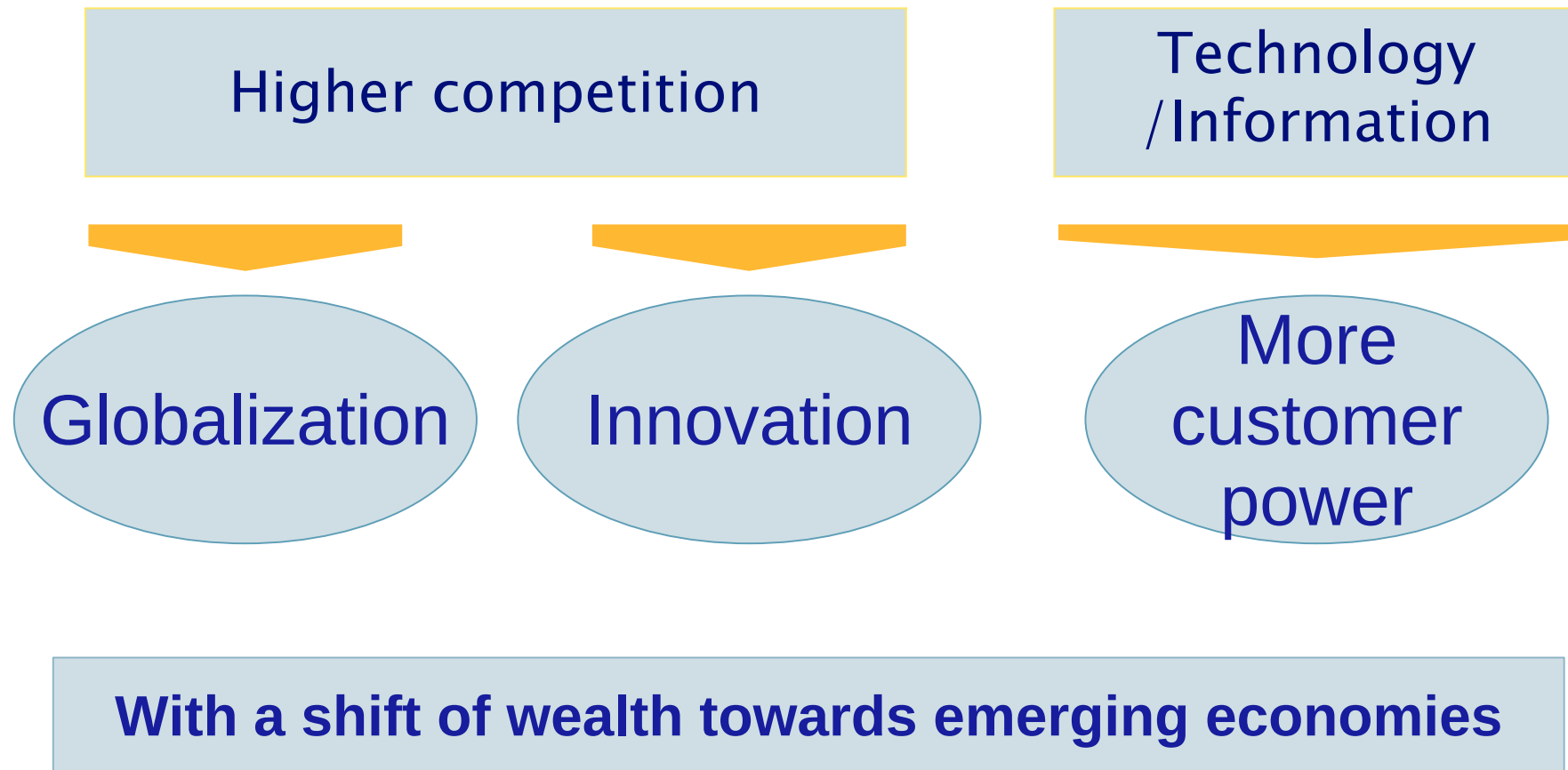
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The world is changing at high speed...



...triggering new social-demographic factors

The diagram consists of two main columns. The left column is headed by a blue downward-pointing arrow and a light blue oval containing the word 'Individuals'. Below this are three stacked blue rounded rectangles containing the text 'Aging consumer', 'Wealthier and more urban consumer', and 'Wider consumer base'. The right column is headed by a blue downward-pointing arrow and a light blue oval containing the word 'Companies'. Below this are three stacked blue rounded rectangles containing the text 'More global', 'More sophisticated', and 'Larger company base'. At the bottom of the diagram is a wide light blue rectangle containing the text 'Serving customers in a “new way” leads to great opportunities'.

Individuals

Aging consumer

Wealthier and
more urban consumer

Wider consumer base

Companies

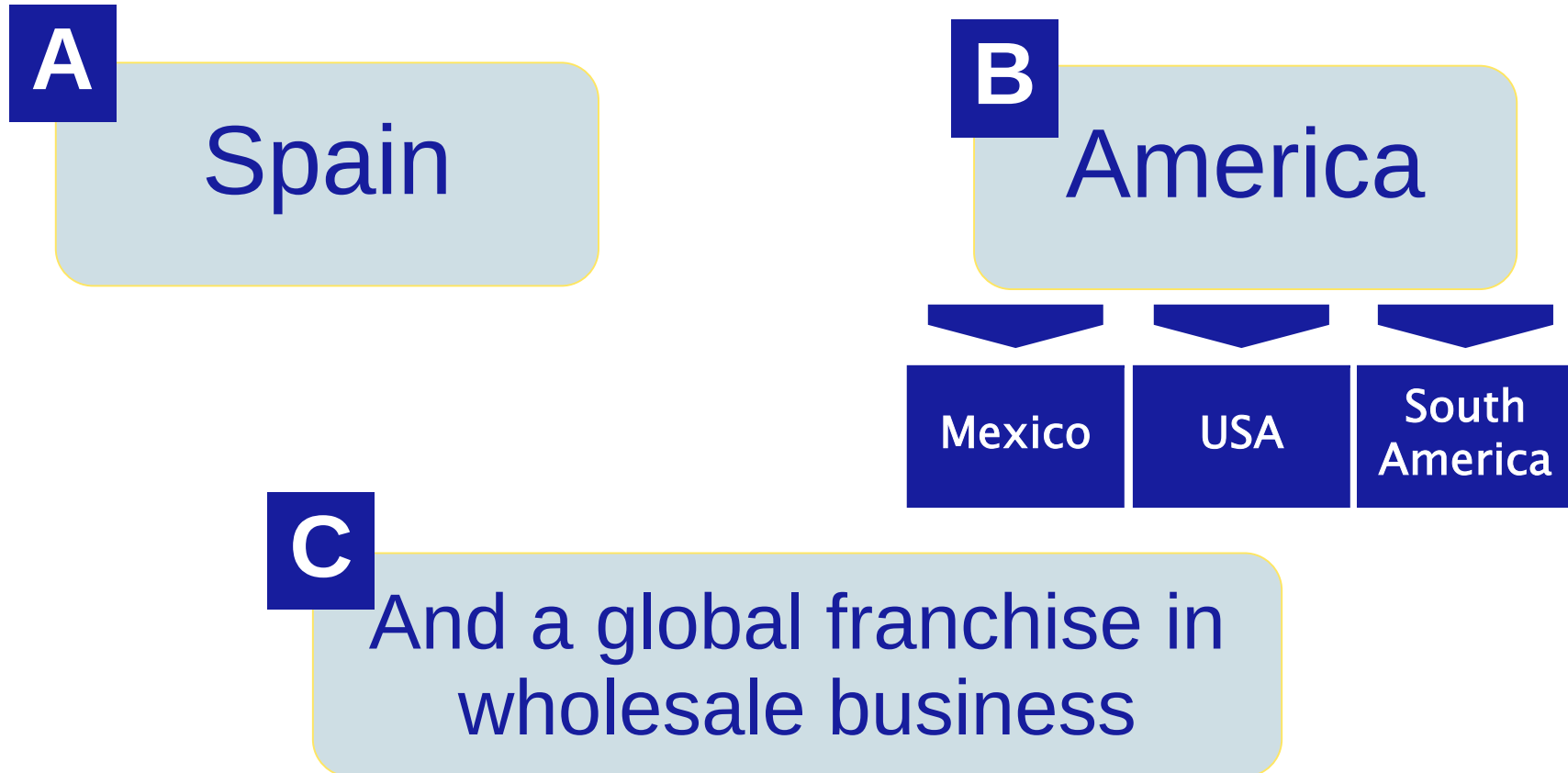
More global

More sophisticated

Larger company base

Serving customers in a “new way” leads to great opportunities

In BBVA, we see this environment as an excellent opportunity in terms of growth

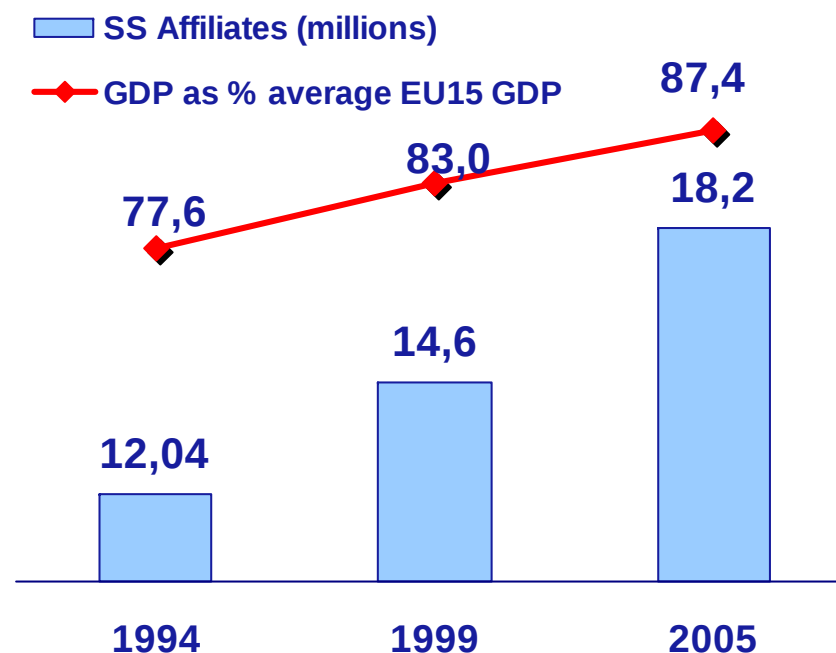


New ways of articulating the relationship with customers

A

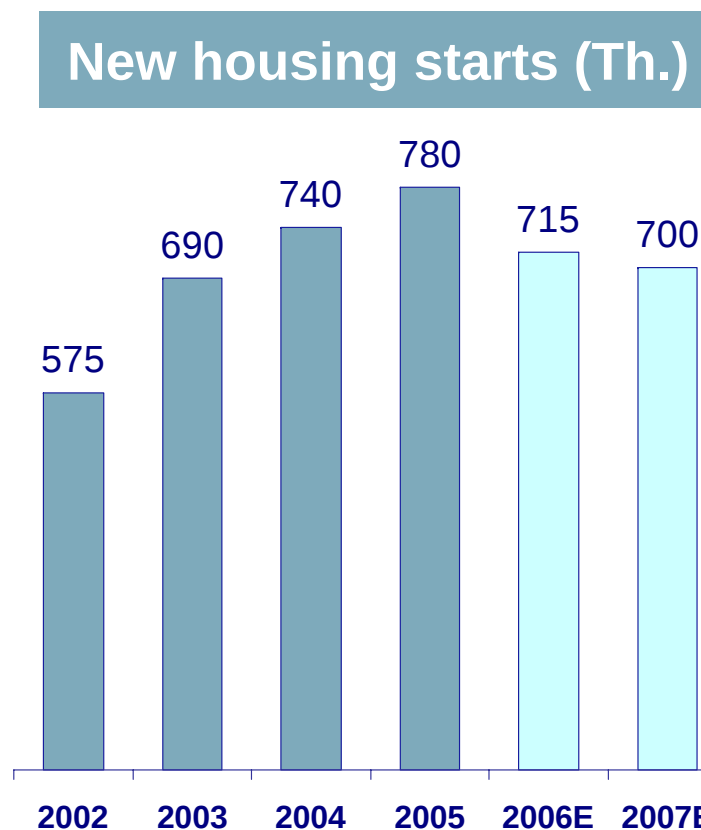
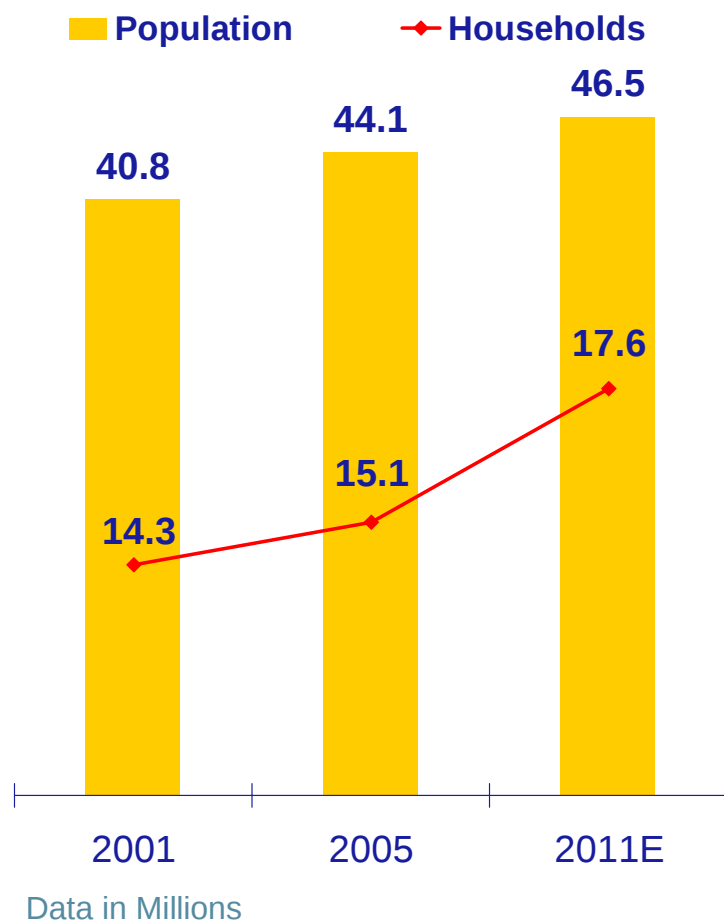
Good performance and prospects for the Spanish economy

% y-o-y growth	2005	2006E	2007E
Private consumption	4.4	3.6	3.2
Cap.ex.	9.5	7.1	5.9
Construction	6.1	5.5	2.0
External demand	-1.9	-1.7	-1.2
GDP	3.4	3.1	2.8



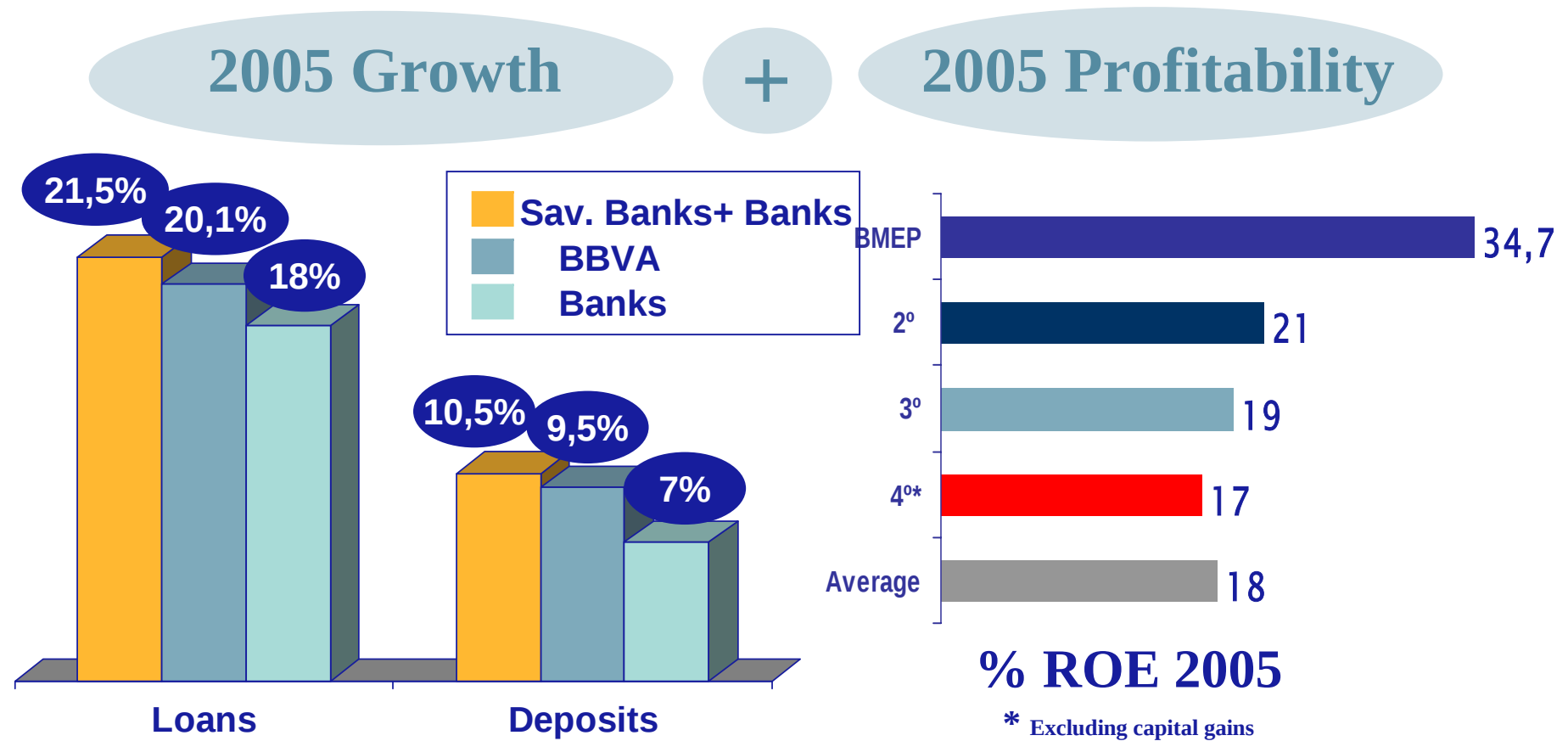
**6 million jobs created
in the period 1994-2005**

Strong growth of population and household formation



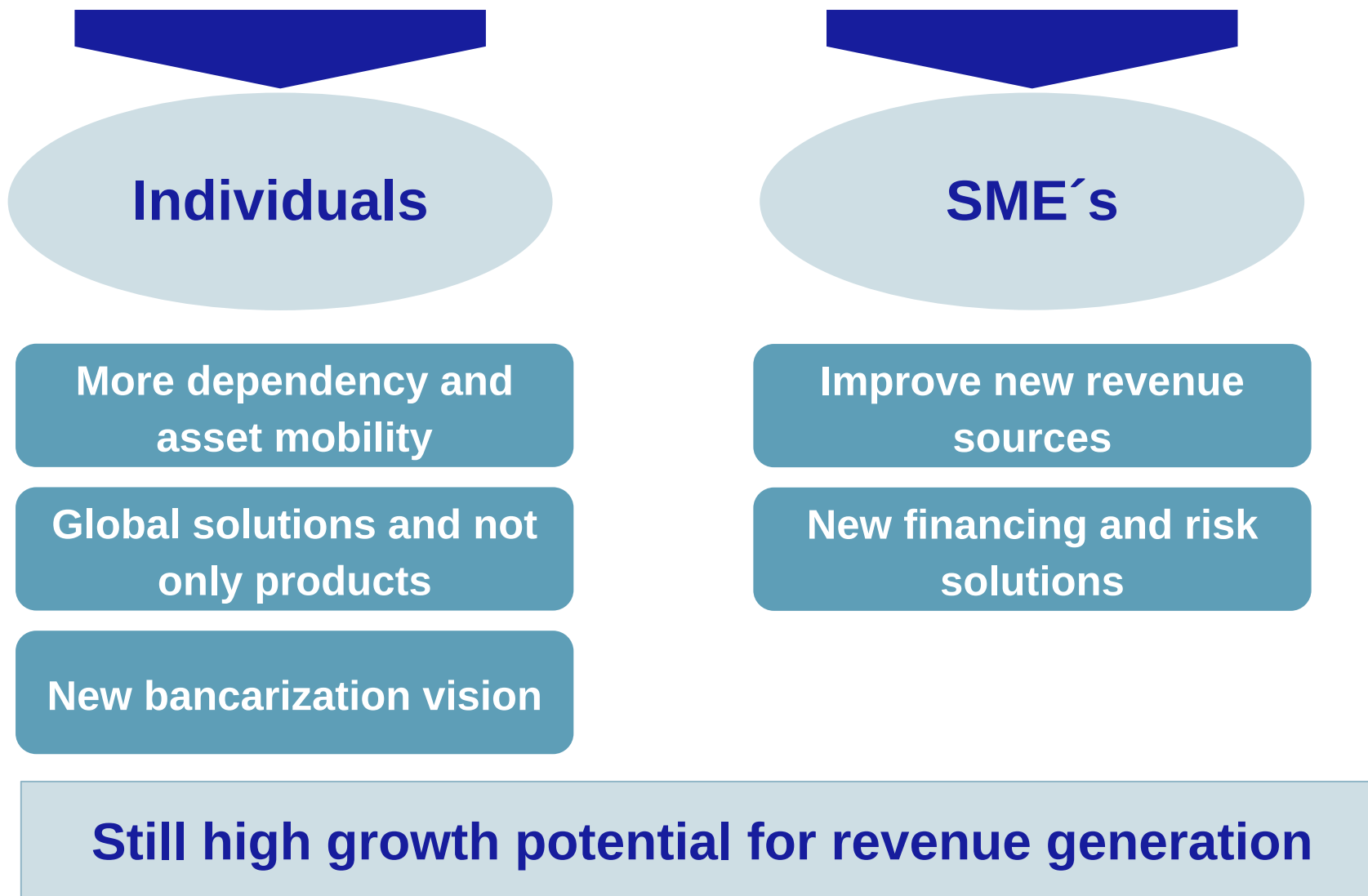
BBVA has a strong and profitable retail franchise

BBVA



Growing in line with the system, with significantly higher profitability

We have identified future growth opportunities...

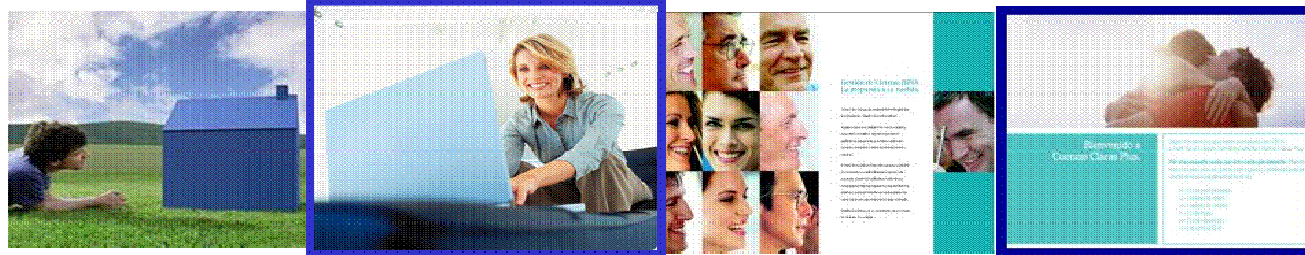


... and are beginning to exploit them

2005

Personalización BBVA Net

Cuentas Claras



Hipoteca Fácil

Gestión de Carteras

2006



Santa Rita, Rita, Rita...
lo que se da, no se quita.



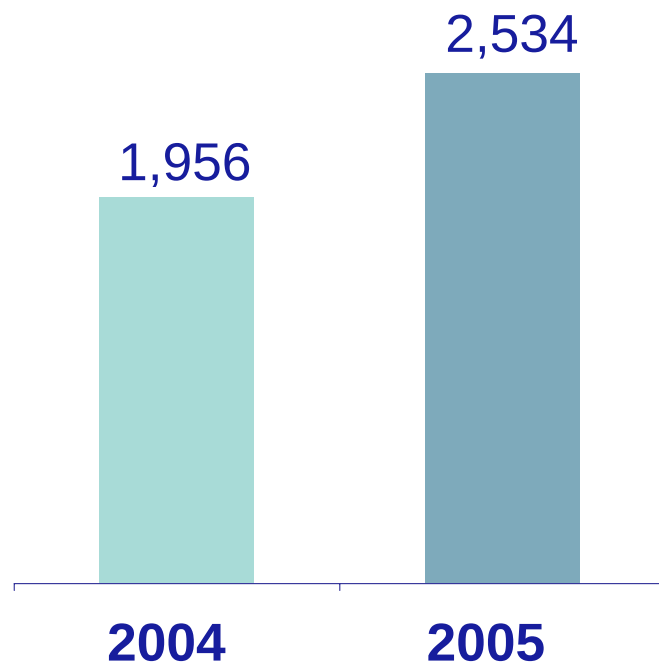
Crédito nómina SIN

Fondo BBVA consolida

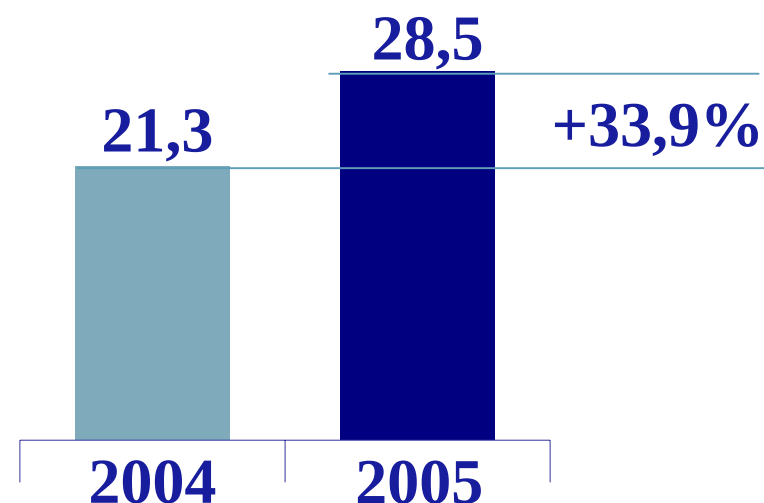
Answering and anticipating customer needs
through a wide and innovative range of products

Focus on advisory and client solutions

Account managers with EFA certification (European Financial Adviser)

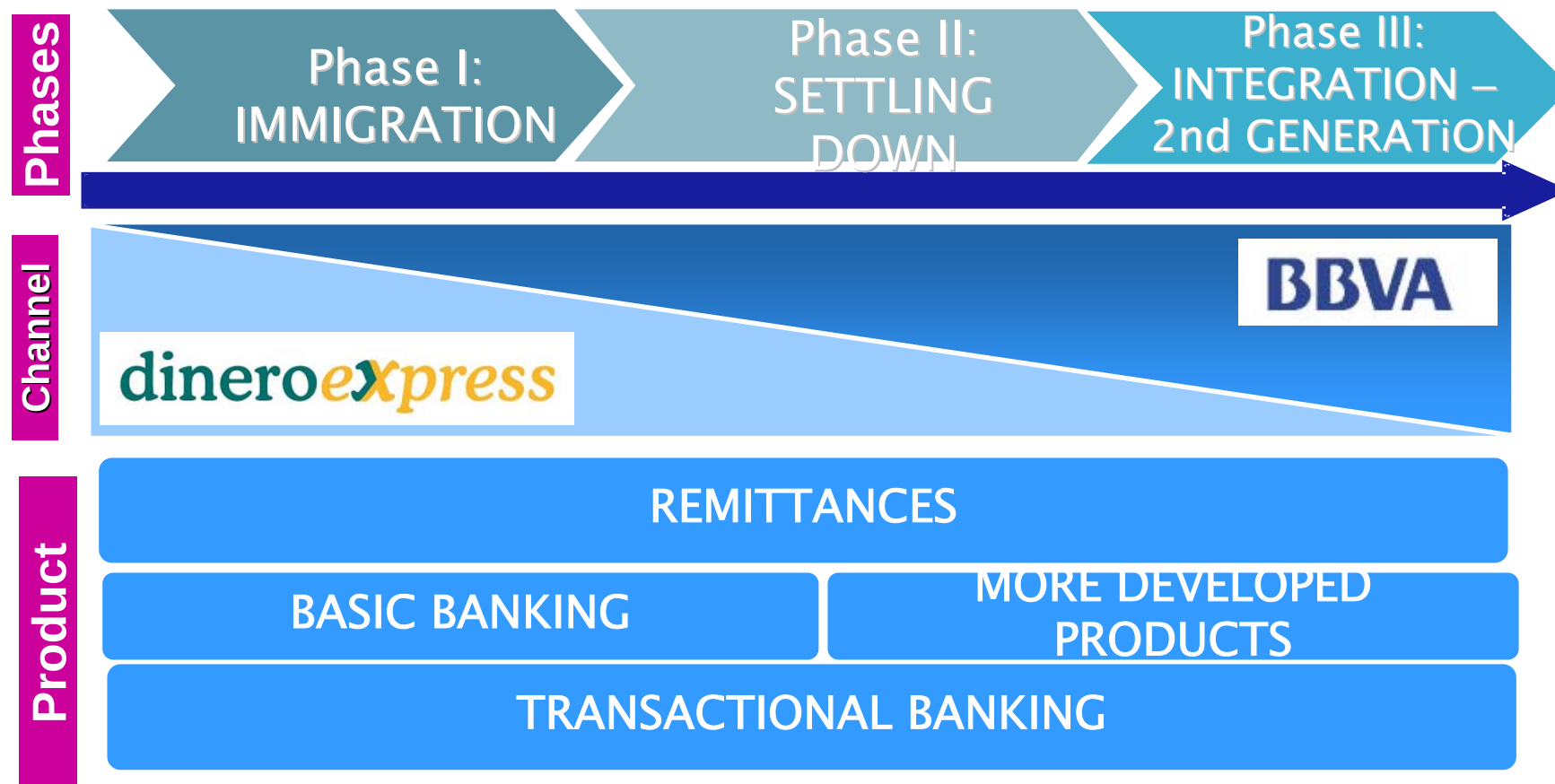


Products per sales staff



A well-trained network to deliver better customer service

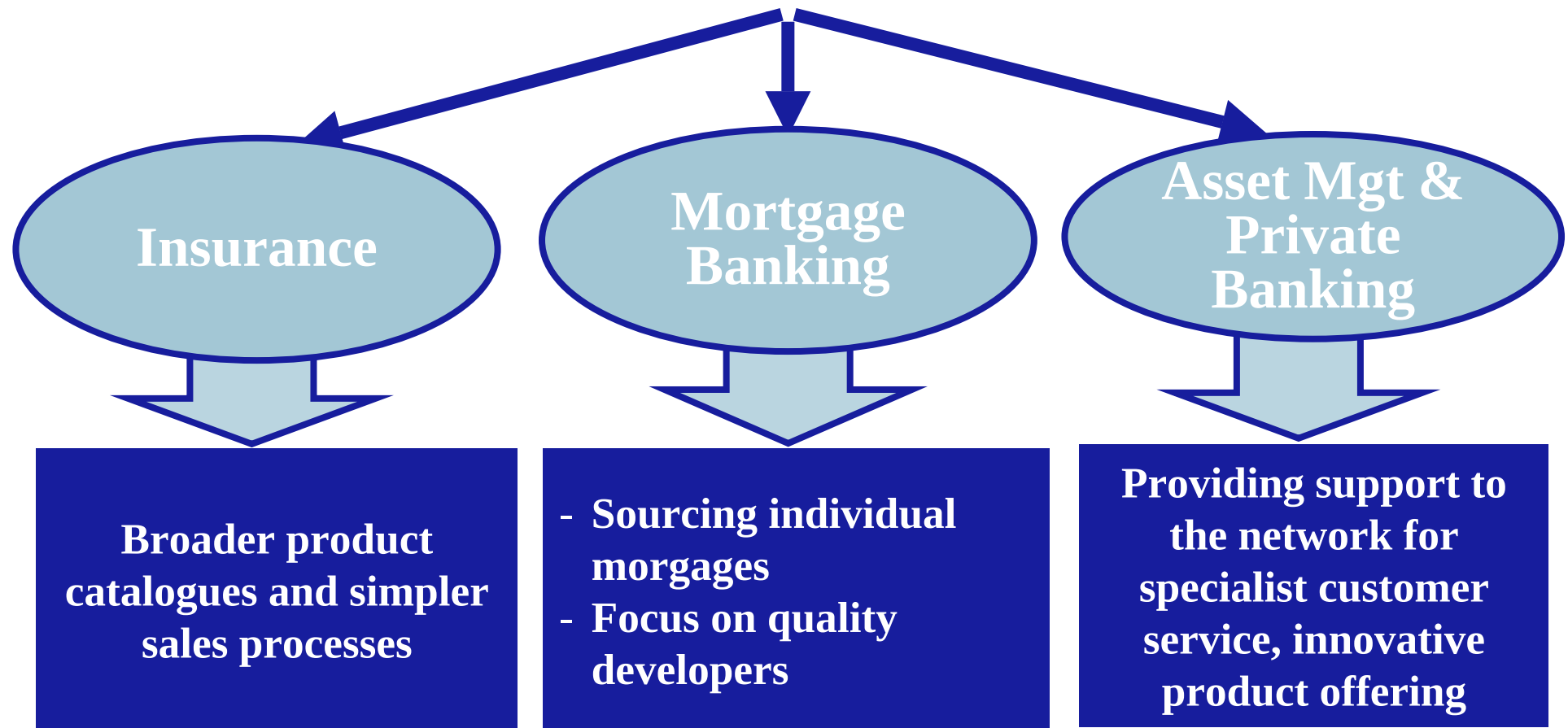
A new growing segment: immigrants



Adapting to the needs of the customer

Improving the links between product factories and the distribution network

BBVA

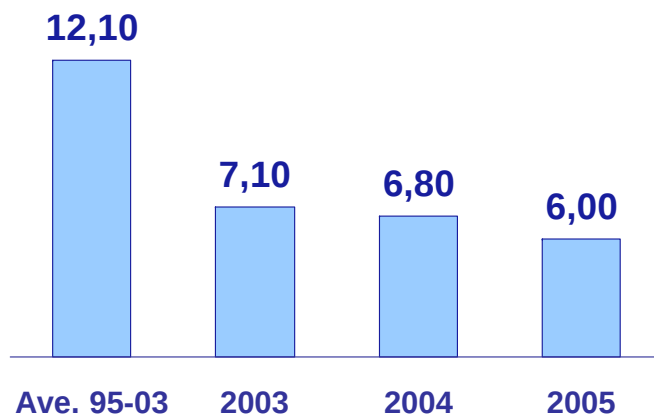




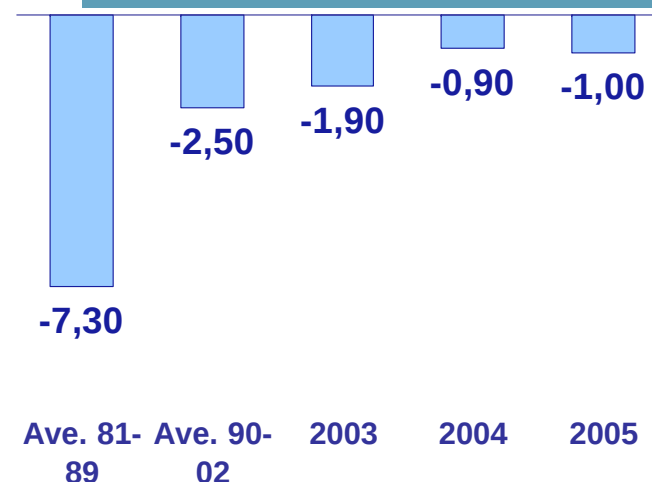
Sound macroeconomic environment in Latinamerica

BBVA

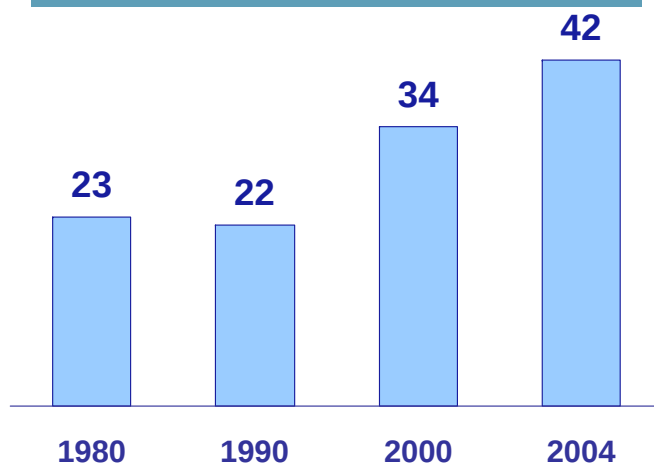
Inflation (%)



Budget balance (in % GDP)



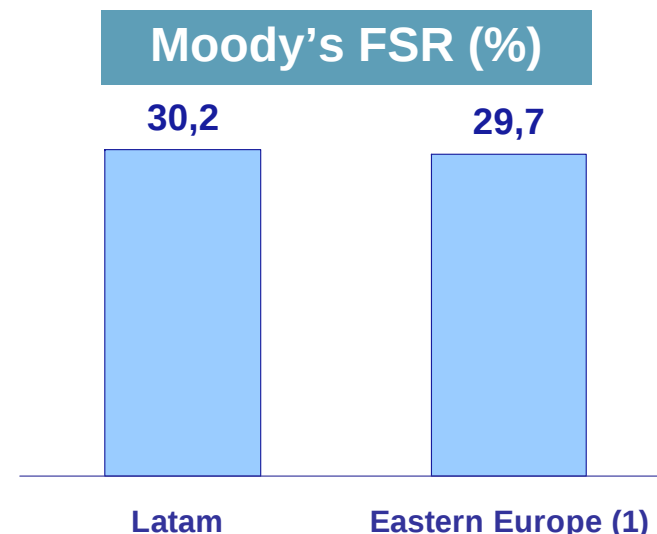
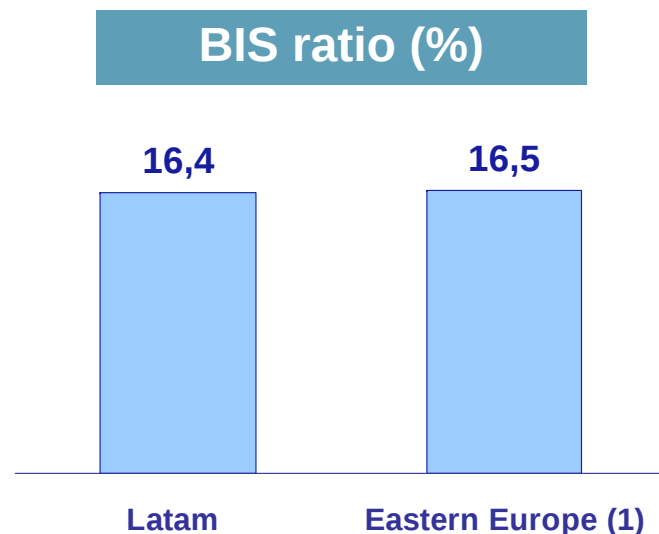
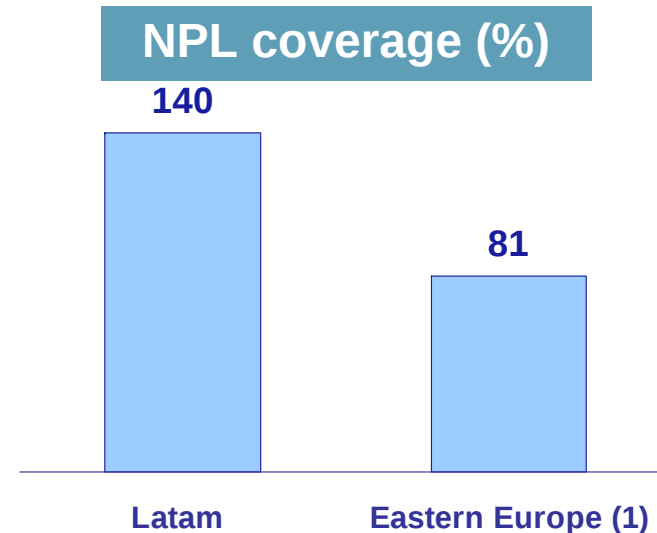
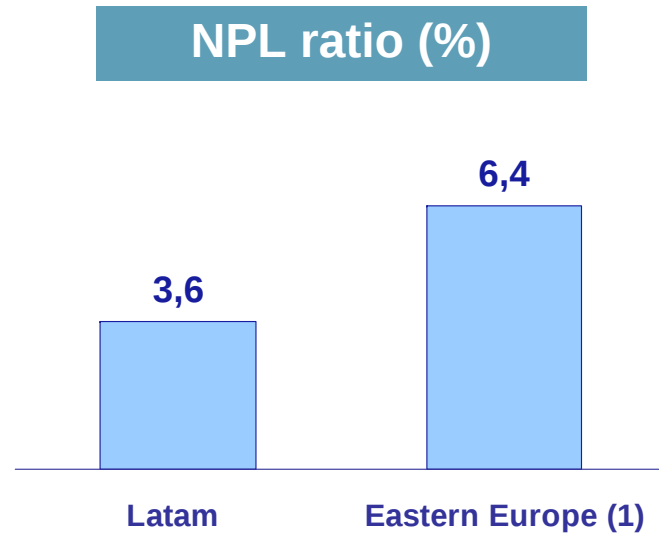
Trade flows over GDP, %



Forecasts (%)

	2006E	2007E
GDP (%)	4.3	3.7
Inflation (%)	6.0	5.5
Fiscal balance (%GDP)	-1.7	-1.5

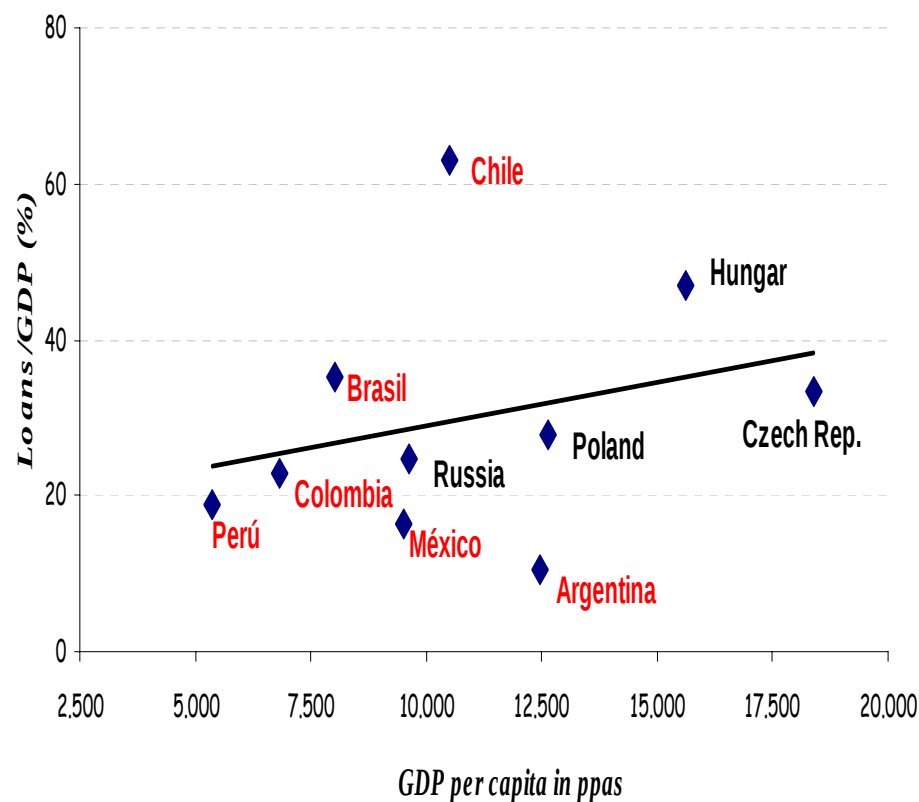
The banking systems in the region today are healthy ...



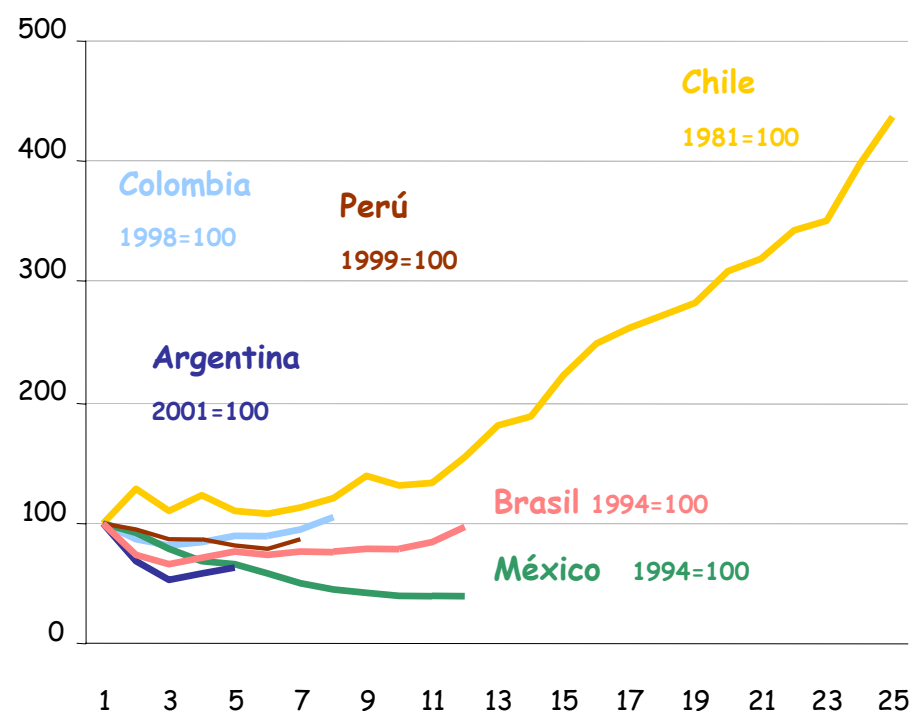
(1) Russia, Turkey, Hungary, Poland and Czech Republic / Source: BBVA Research and Global Financial Stability Report

... while the region offers significant room for higher bancarisation

Loans/GDP and GDP per capita



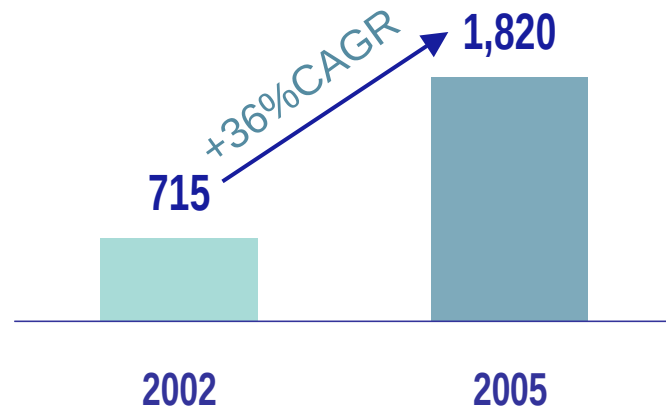
Relative development of lending markets



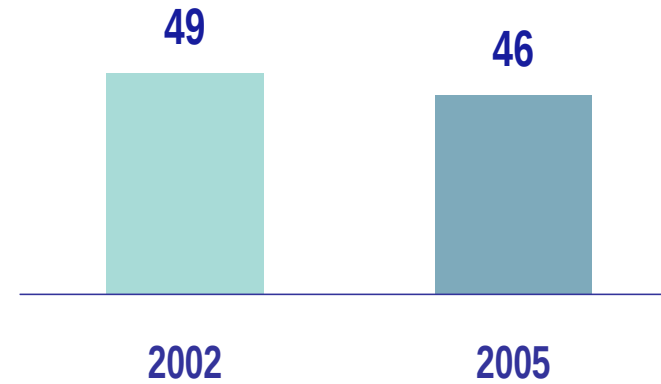
BBV has an excellent franchise in Latinamerica which is delivering great results

BBVA

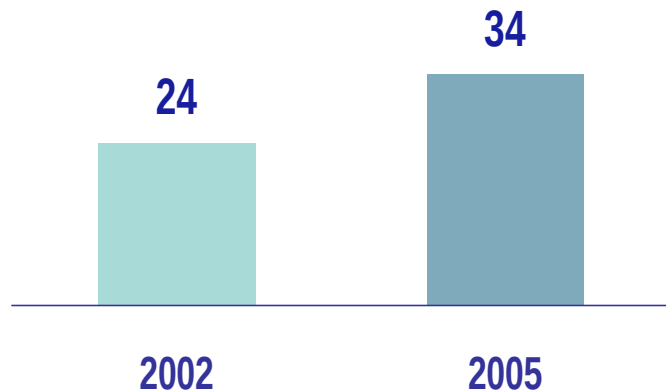
Net profit (€m)



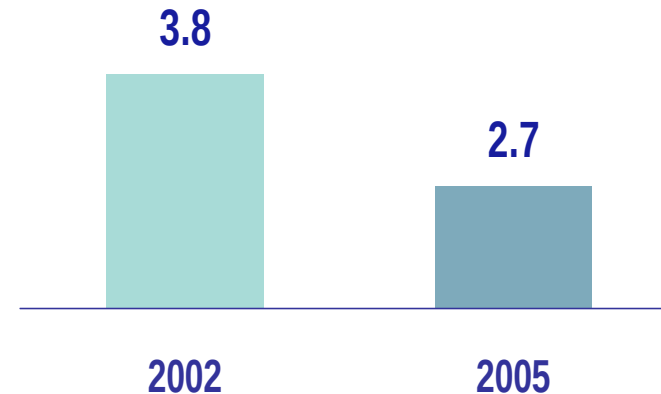
Efficiency (%)



ROE (%)

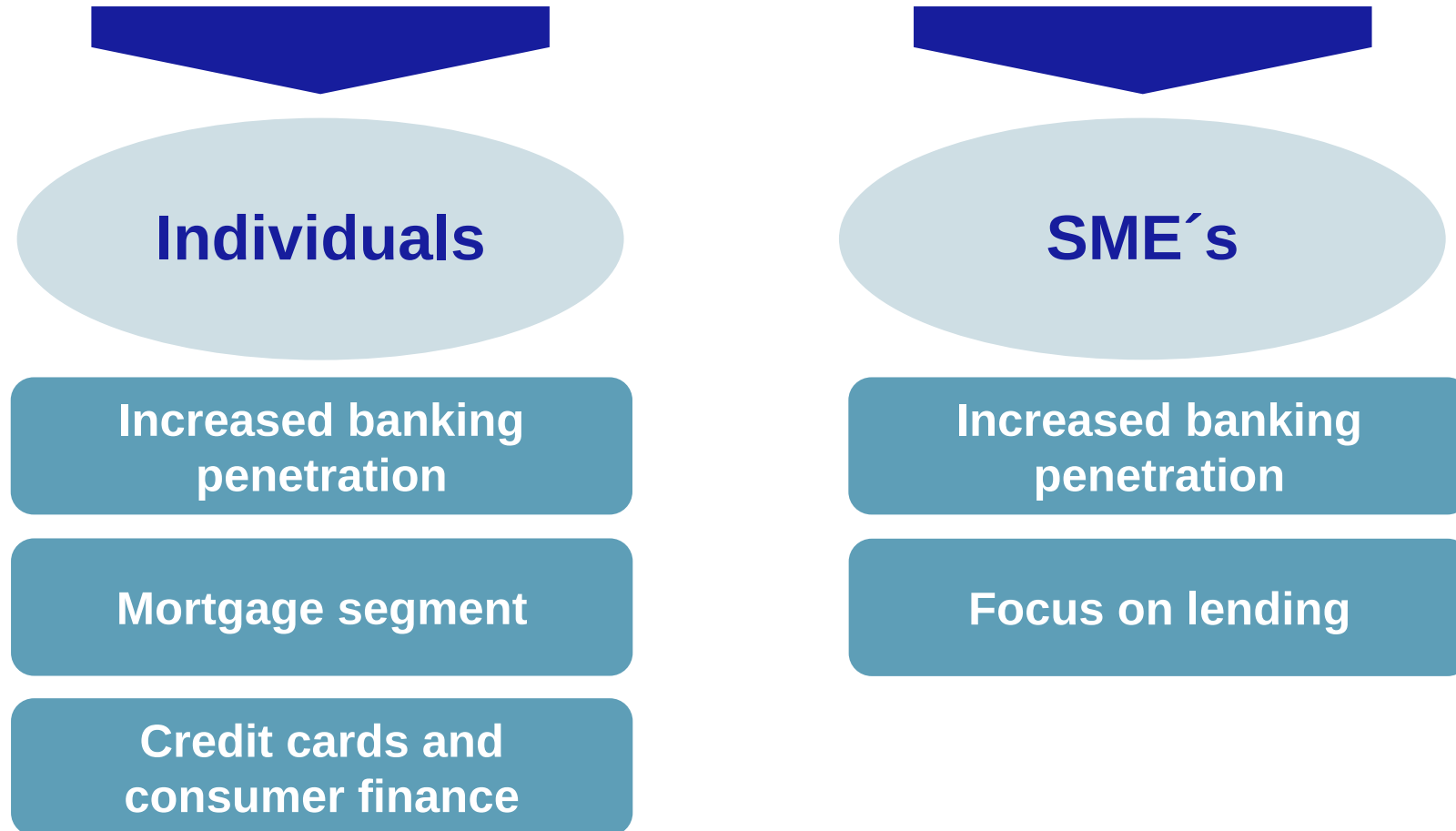


NPL ratio (%)



Where do we see growth opportunities in Latin America?

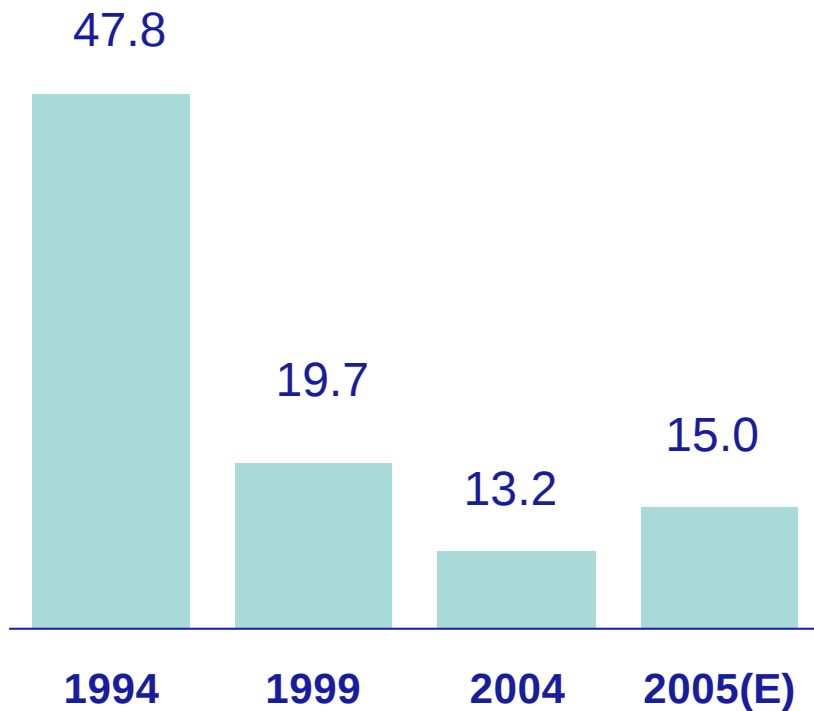
BBVA



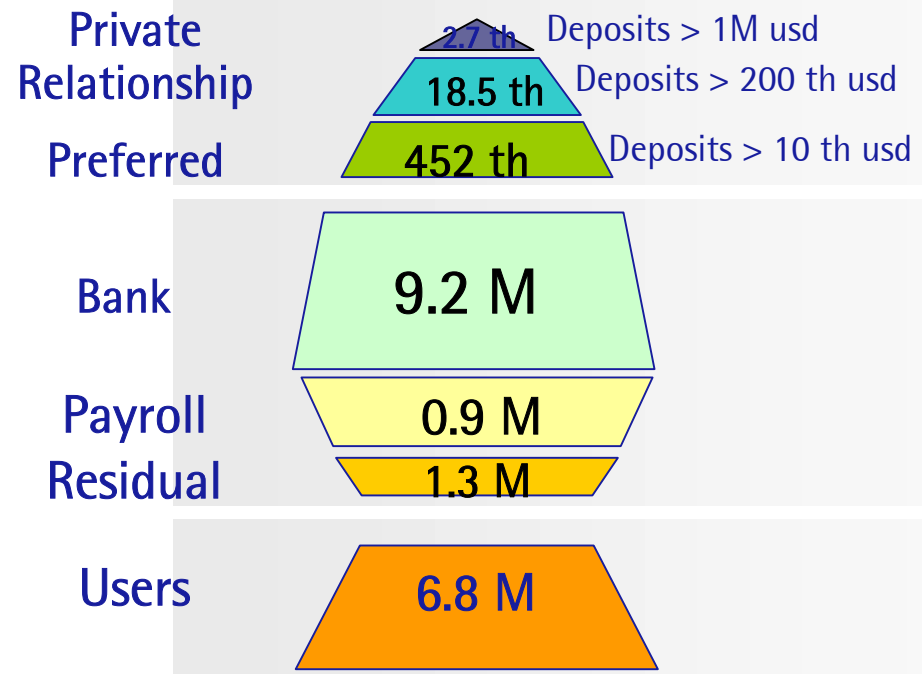
In Mexico we have a broad, growing and segmented customer base with high potential

BBVA

Total lending as % of GDP

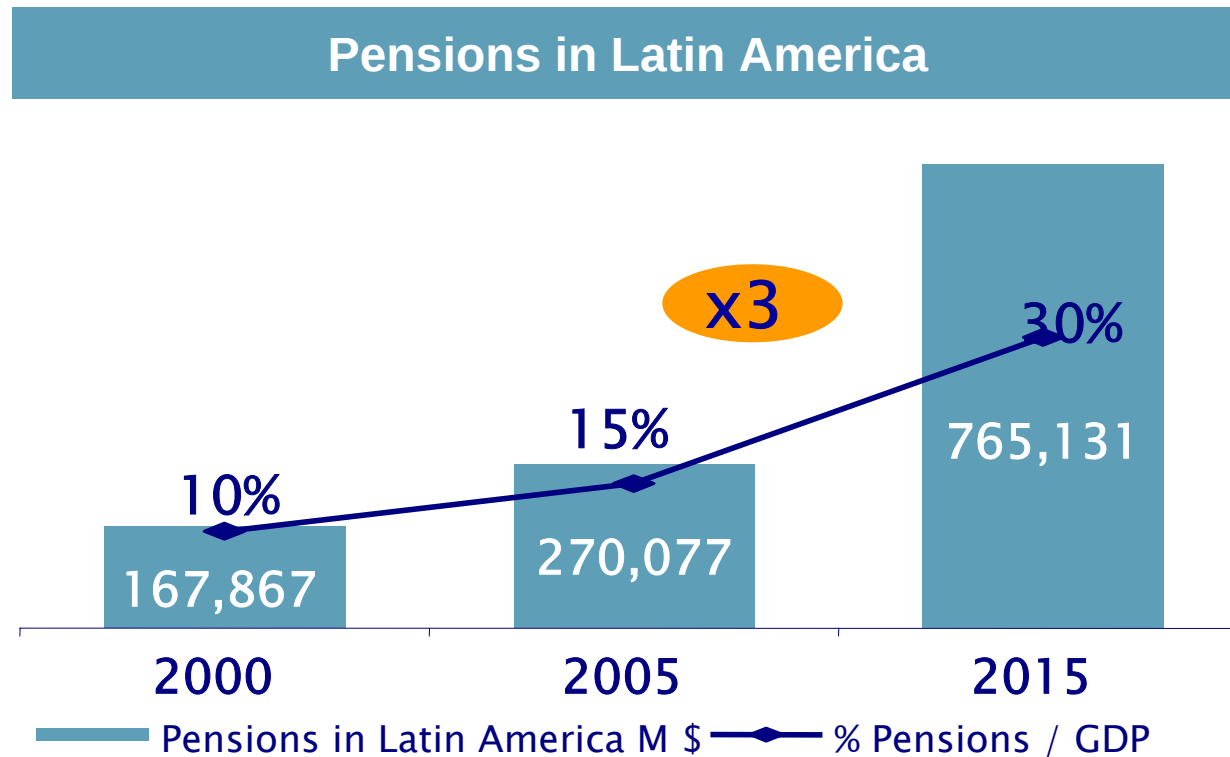


Customers '05 - 12.2 M



2.2m new customers in 2005

Growing contribution from pensions & insurance **BBVA**



Source: Analyst report

Leading in “savings” in Latin America means leading in pensions and insurance segments

In the US we are building our platform

BTS

- Reinforcing leadership in Mexico & Latam
- Opening new pathways from USA to China, India, Philippines...

BBVA Bancomer USA

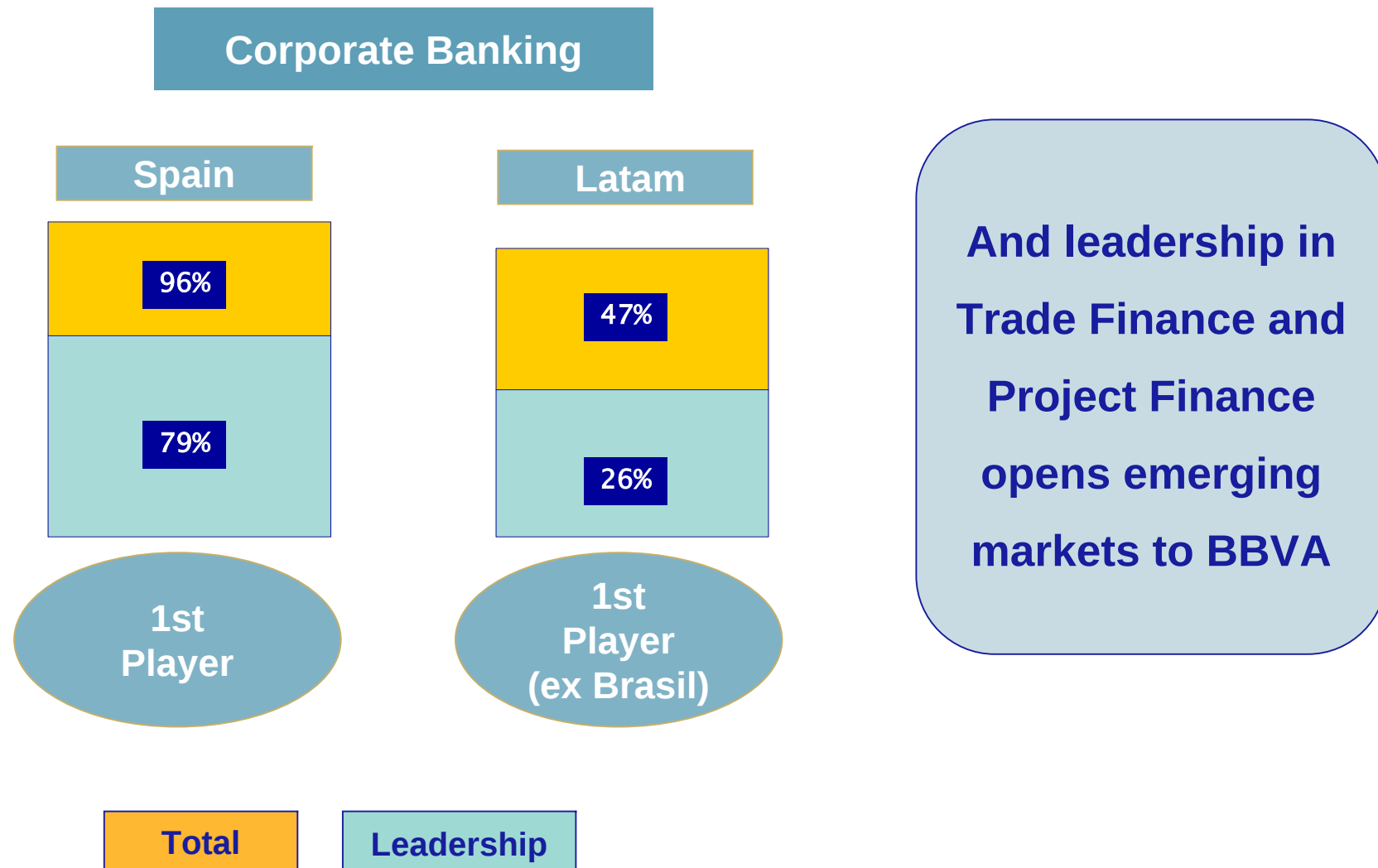
- First phase of branch openings completed
- Initiating pilot phase

Laredo National Bancshares

- BBVA organization in place
- First marketing initiatives taken
- Branch expansion plan approved

C BBVA's wholesale business model based on its customer franchise...

BBVA



...aiming to expand into other areas

Corporate Banking

Growth Plan in Asia

Currently in Beijing, Shanghai,
Tokio, Hong Kong

Future openings: Korea, Taiwan,
Mumbai, Singapore, Sydney

Global Markets and Distribution

Benchmark in Spain



Extension to Latam

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BBVA is committed to value creation

We are aiming to take full advantage of the great changes happening in the world

BBVA is positioned with leading franchises in the most important high growth markets

With a solid business model in terms of risk management, efficiency and profitability

BBVA a very attractive investment...

BBVA

Excellent combination Profitability – Risk

ROE: 34.0%

- 95% of assets in “investment grade” countries
- Rating: AA-

With strong growth

**EPS CAGR 05-02
+27.7%**

**DPS CAGR 05-02
+15.1%**

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