BBVA

And now… it's about earnings

Goldman Sachs European Financial Conference

Panel: Managing through the crisis

Berlin, June 12th 2008

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Current market sentiment on financials

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- Underweight of financials since the second half of 2007 with very little discrimination
- Currently the focus is being placed on damage recognition and capital restoration
- Macro concerns seem to dominate

But after short term drivers are over, what will be the focus?

Earnings

And now… it's about earnings

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1

BBVA: A unique case in the current environment

2

Outperforming peers in each market

BBVA managed liquidity risk ahead of the crisis

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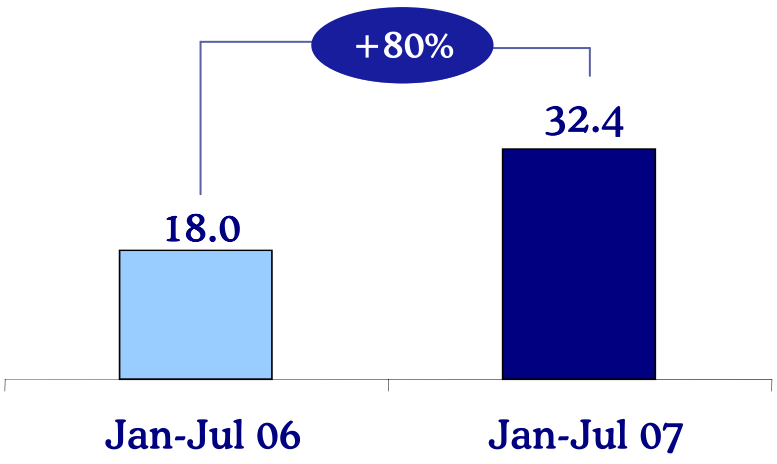
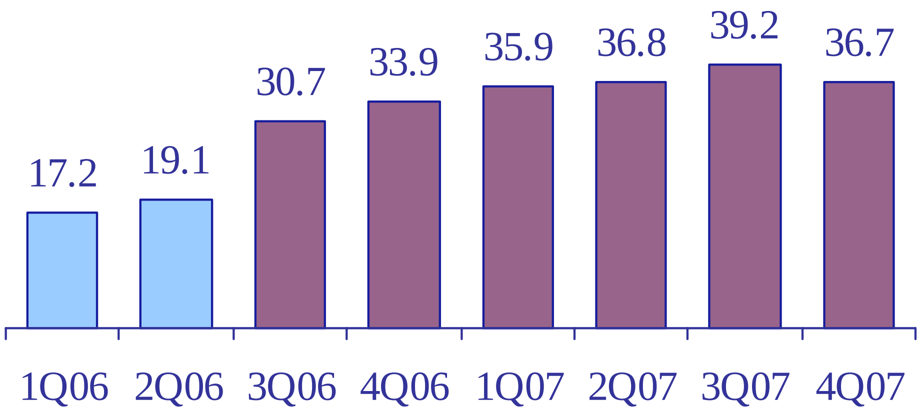
- 32.4 Bn of medium and long term funding from January to July 2007
- Strong deposit gathering in Spain since 2Q06

Wholesale funding (€ Bn)



Spain: Retail Term deposits – YoY Growth (%)



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Our retail profile and prudent risk management have kept us out of the write-downs

BBVA management continues to be focused on liquidity, as tensions are likely to persist

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Active management of liquidity risk

- ❑ Low concentration of future maturities
- ❑ With > €50 bn additional sources of liquidity ready to be used (covered bonds, CP programs and more)
- ❑ Strict management of the liquidity gap
- ❑ Reducing contingent liquidity lines to minimize risk
- ❑ Strict control of loan origination, favoring margins Vs. volume

Competitive advantage in liquidity to be incrementally differential

(Small) balance sheet size as an advantage

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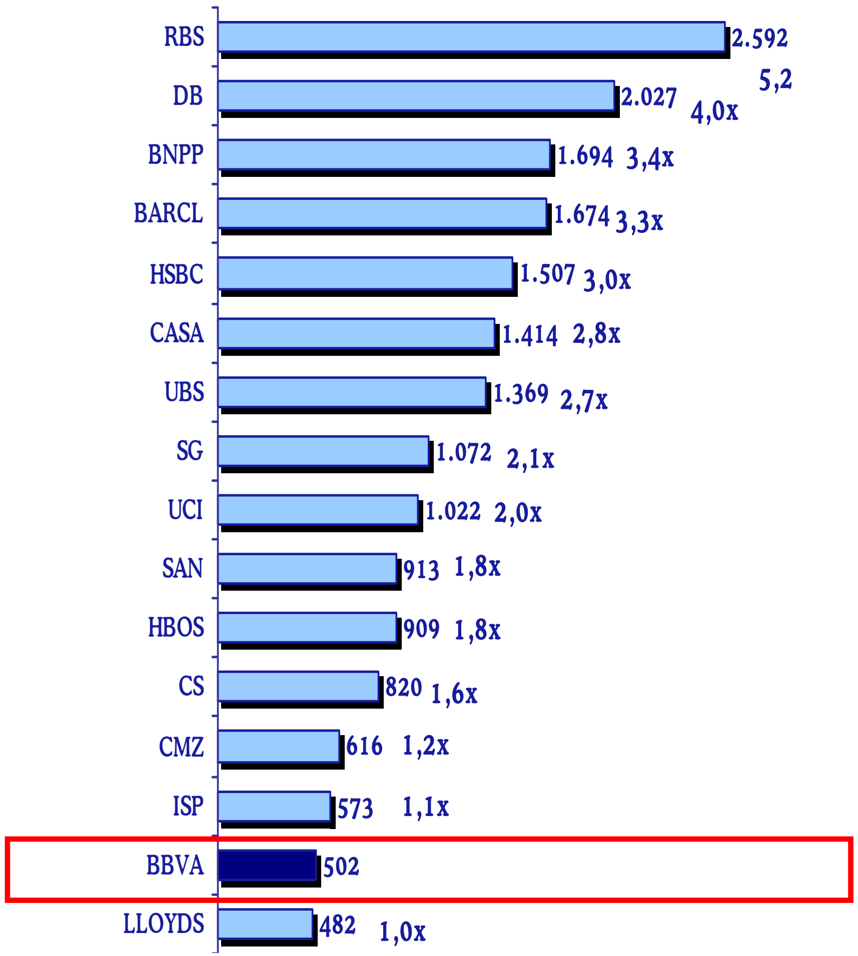
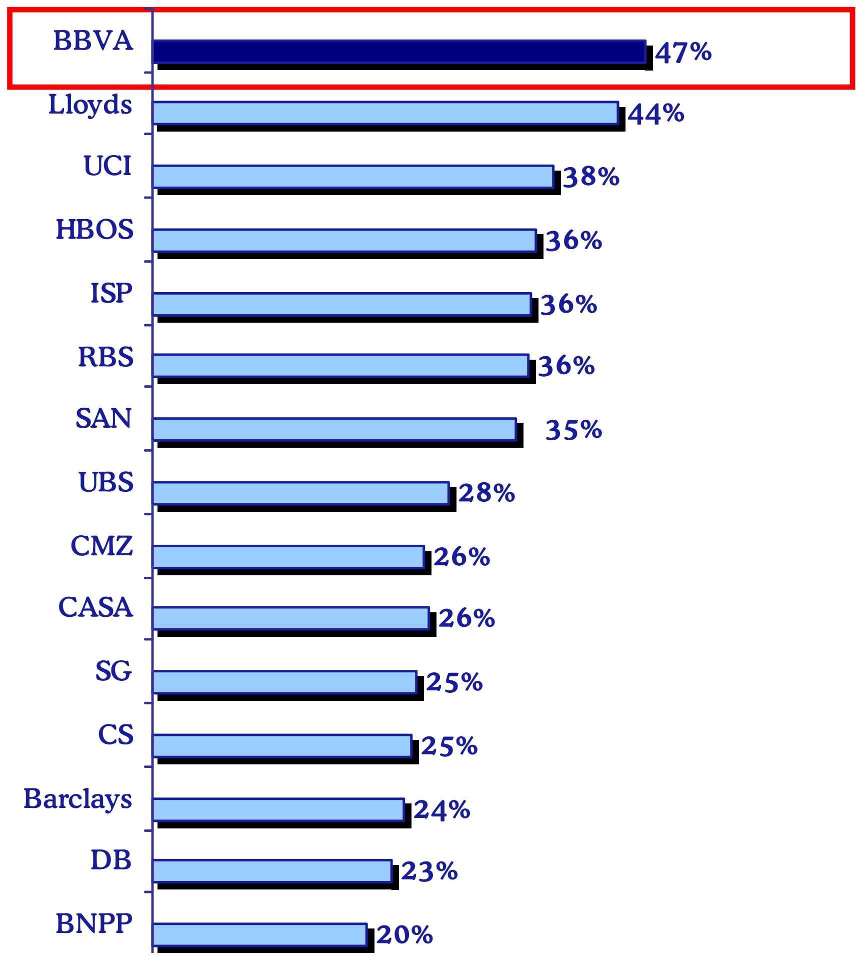
Assets (31/12/07) bn €

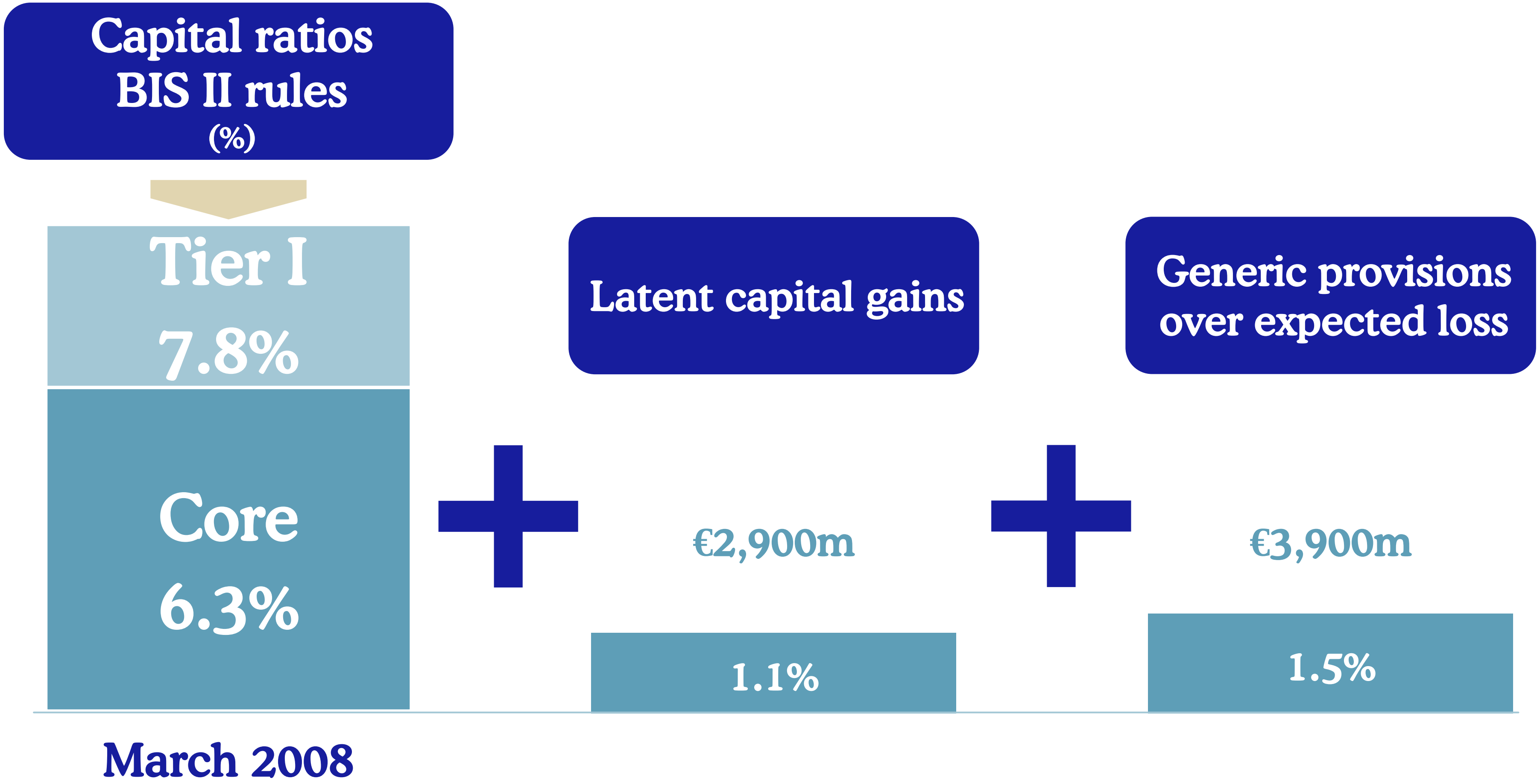


% Deposits/Total assets



In a period of deleveraging and downsizing, a smaller and retail-oriented balance-sheet is going to be a competitive advantage

Strong capital base with organic generation and sizeable capital "cushions"



Ordinary activities added 13 bp to core capital in 1Q08

Asset quality under control, risk premium to remain stable

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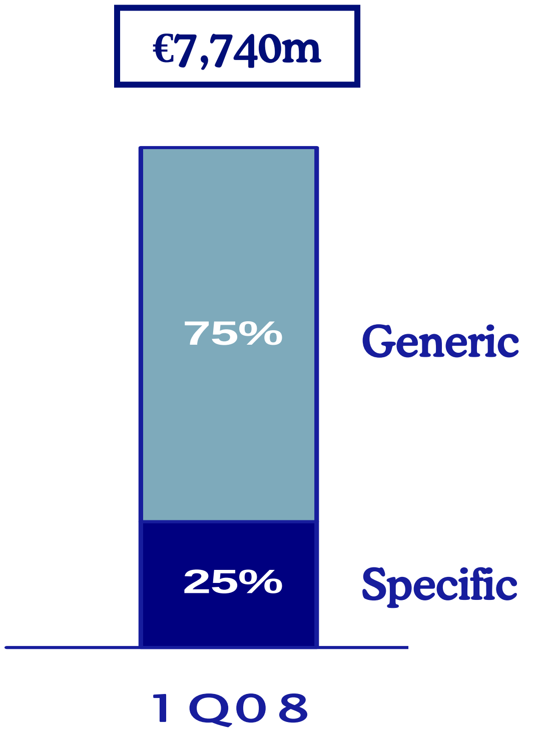
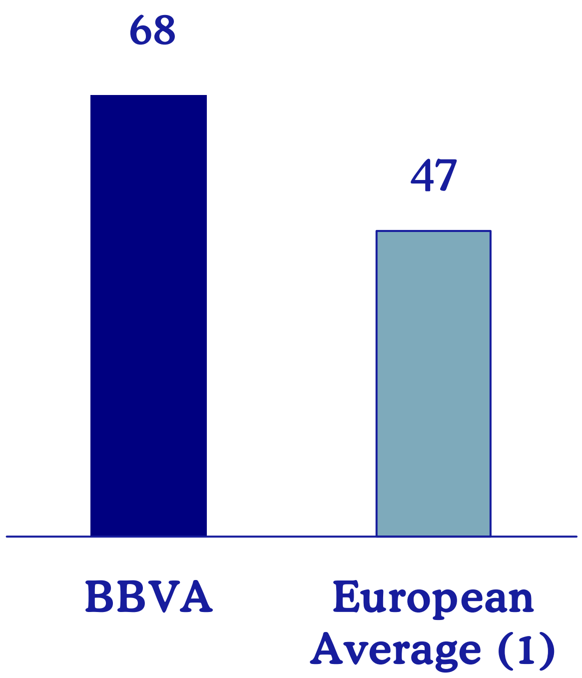
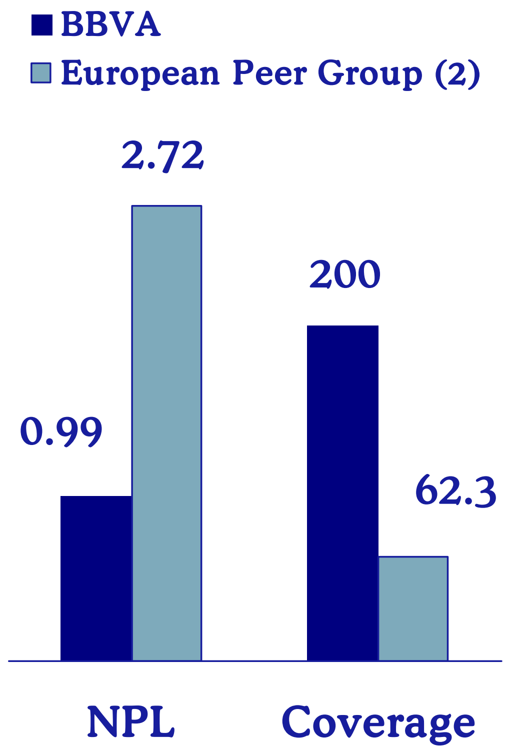
NPL Provisions



Risk premium (bp)



Asset quality (%)



(1) Largest European Banks as at Dec 2007
(2) Average of the following 13 banks: Santander, Deutsche Bank, BNPP, SG, CASA, UCI, ISP, RBS, Barclays, HBOS, Lloyds, CS, UBS. Last available data

BBVA, the only major bank in the world with 2 rating upgrades in the last 12 months

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- Strong and manageable balance sheet
- Stable emerging economies
  - Multinational retail banking
  - Low deviation of revenues
  - Diversification of earnings
  - Low cost producer
  - Sustainable business model
  - Growing cash dividend

BBVA Group long term ratings	
S&P	AA
Moodys	Aa1
Fitch Ibca	AA- (Positive Outlook)

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Outperforming peers in each market

1 Spain: Effective price management leads to higher Net Interest Income

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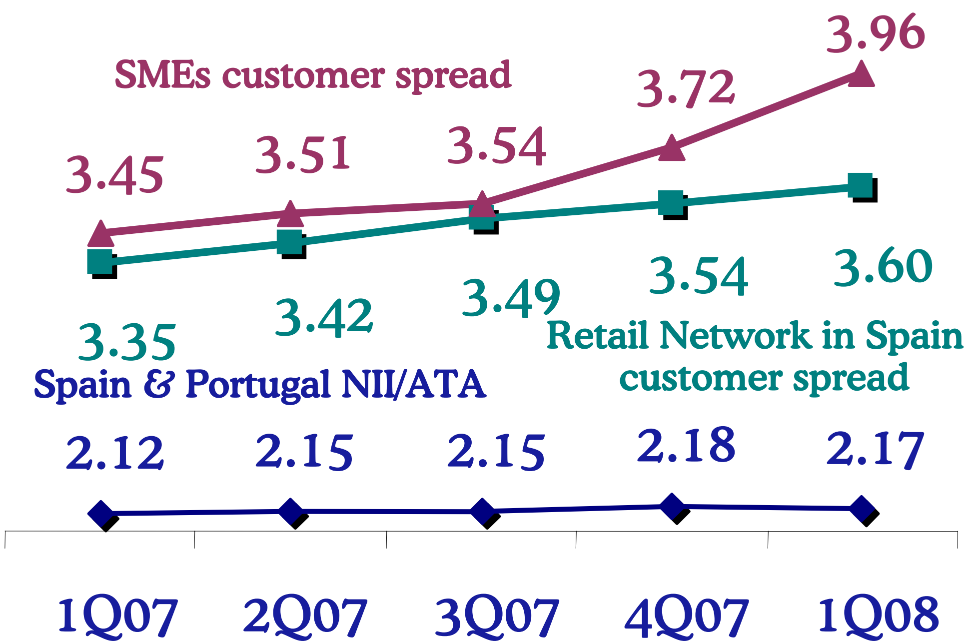
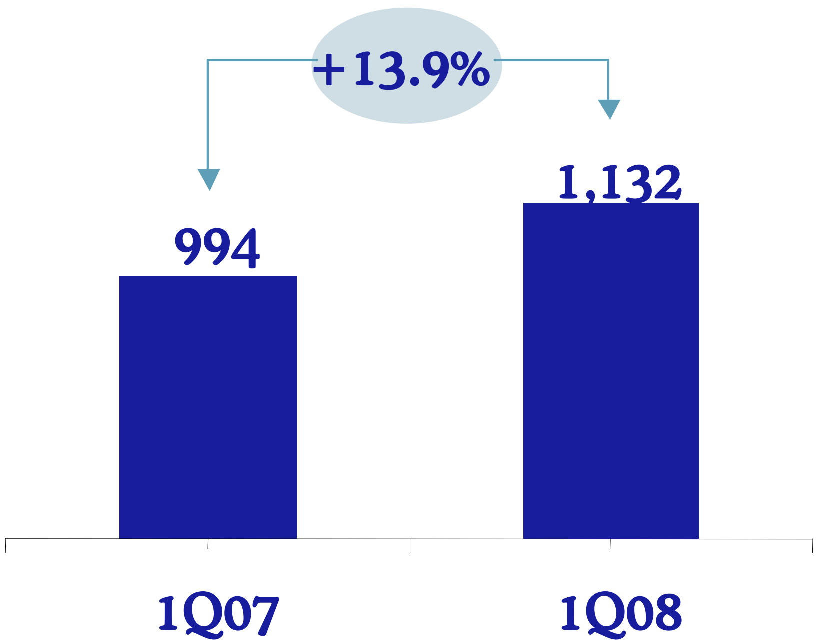
Customer spread and NII/ATA
(%)



Net Interest Income
(€m)



The only bank in Spain that has widened spreads!

Spain: Controlled growth with low risk

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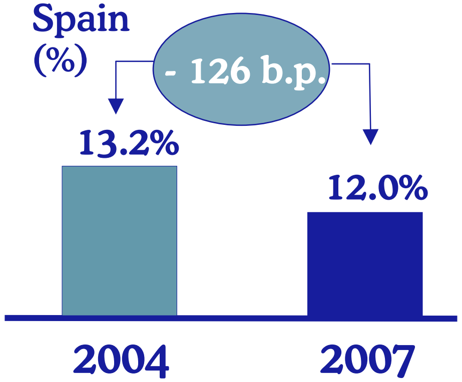
Individuals

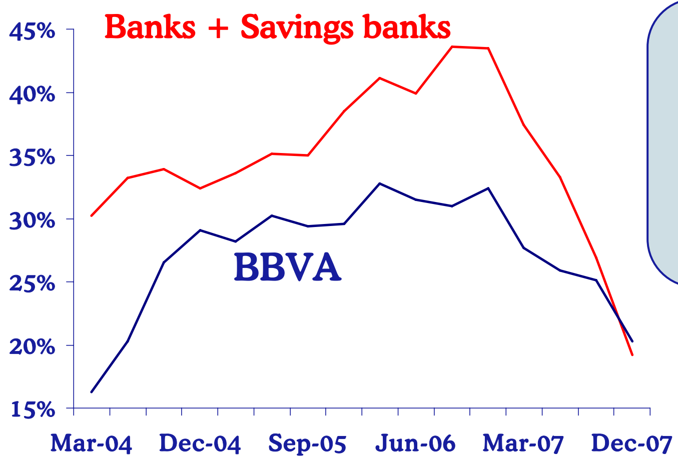
BBVA individual mortgage market share Spain (%)



NPL = 0.66%

Developers

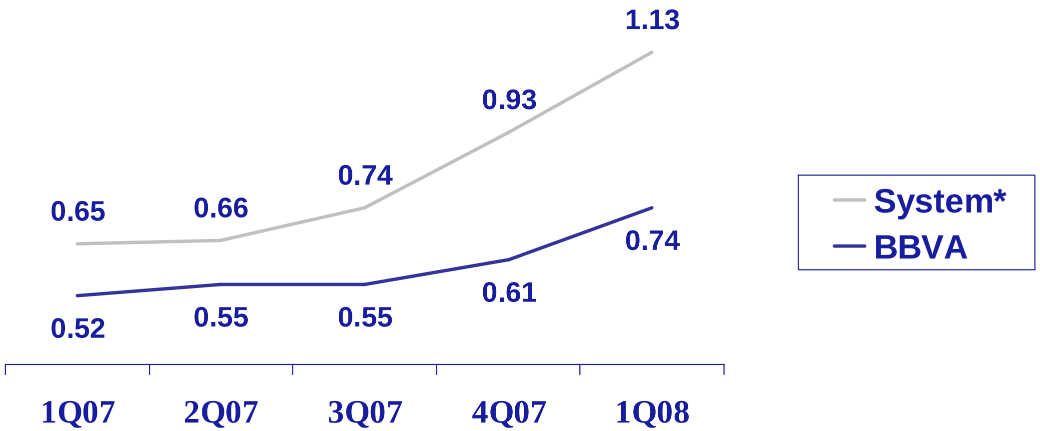
Lending growth (YoY %)



BBVA Developer market share

- 5.6% (-184 b.p. in the last 3 years)
- Selective commercial policy: **95% 1st home residential properties**

BBVA NPL ratio (total Spanish loan book) Vs System NPL (%)



* Last available data as of February, March system NPL estimated

Continuous improvement in efficiency due to Transformation Plan

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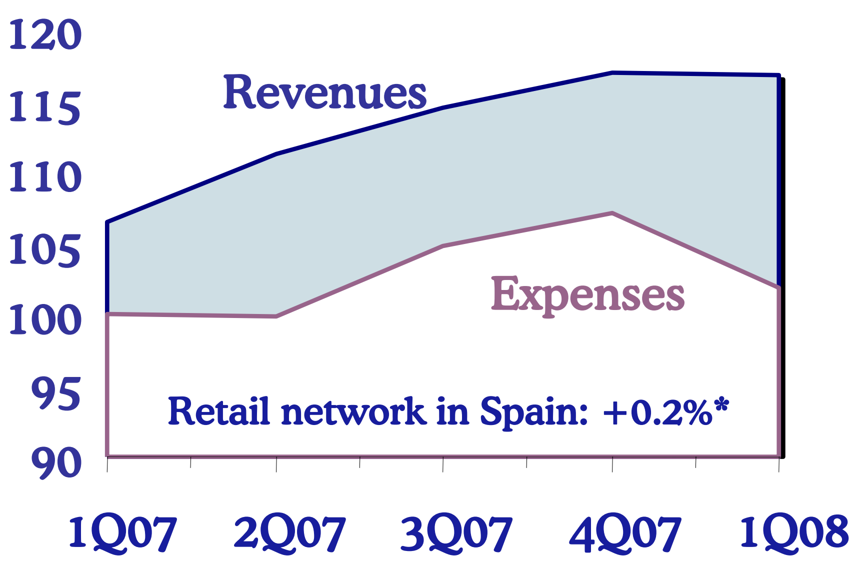
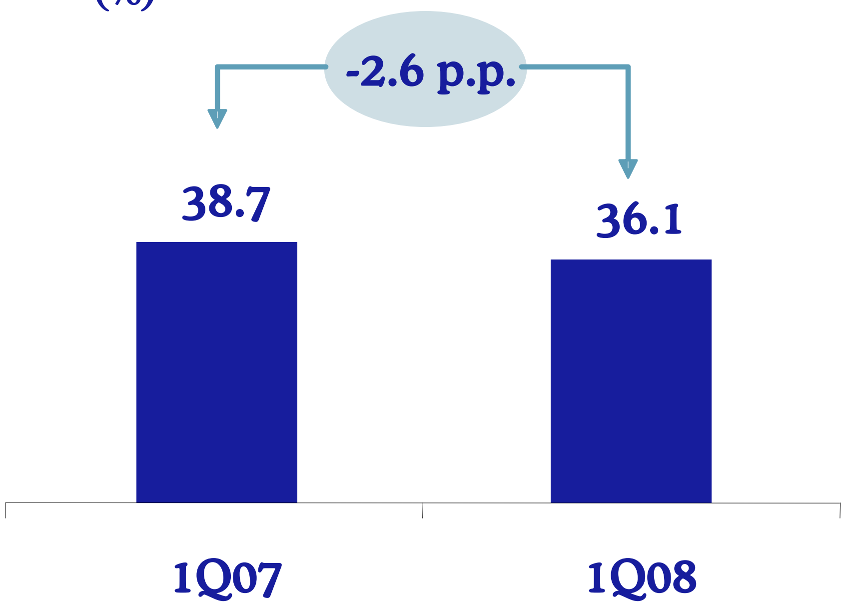
In December 2006 we finalized the branch expansion and launched the first stage of a new distribution network strategy

Revenues and Costs
(%)



Cost/income ratio incl. deprec.
(%)



In 2007 Transformation Plan Objectives 2010

2nd stage of new distribution network strategy

* Excluding depreciation

BBVA is well prepared to cope with macroeconomic headwinds in Spain

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1. Strong liquidity = ability to lend with normality

   Not paying marginal rates to capture deposits + prioritizing margins Vs. volume = better spreads

2. Transformation Plan = flat cost growth

3. Distinctive asset quality

   €3 Bn generic provisions in Spain & Portugal = stable risk premium

High alpha bottom line performance
1Q08 Spain & Portugal +18%

2 The Mexican economy is surprising on the upside

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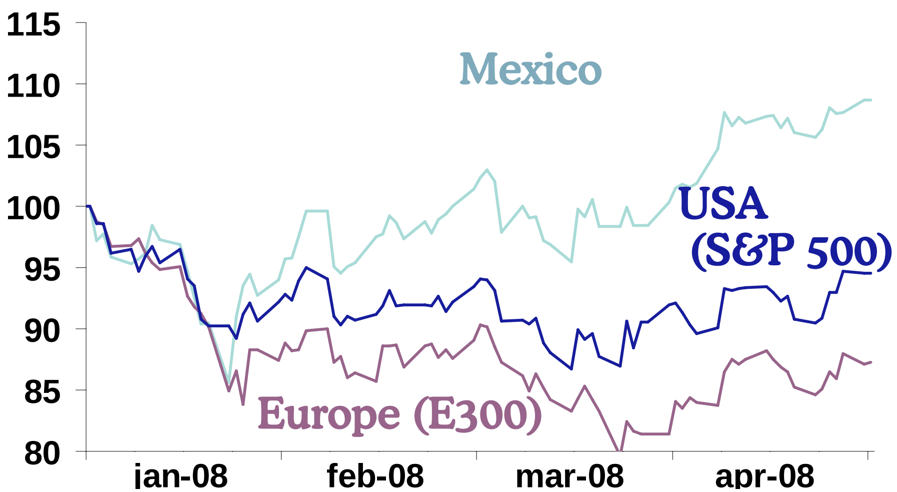
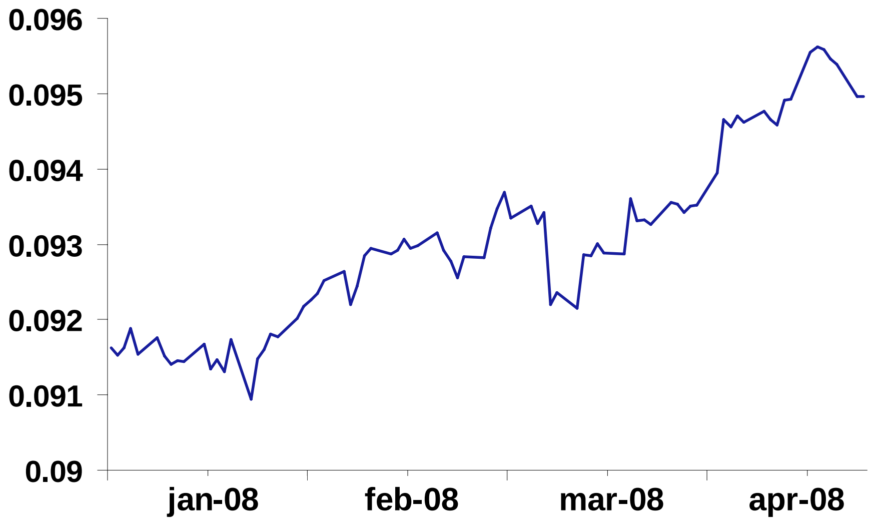
Stock markets
(Base is 100)



Mexican peso / USD
(YTD)



Good start to the year: economy growing 4.2% (IGAE index) with solid service sector and industry rising

Which is clearly reflected on Bancomer's strong growth in 1Q08

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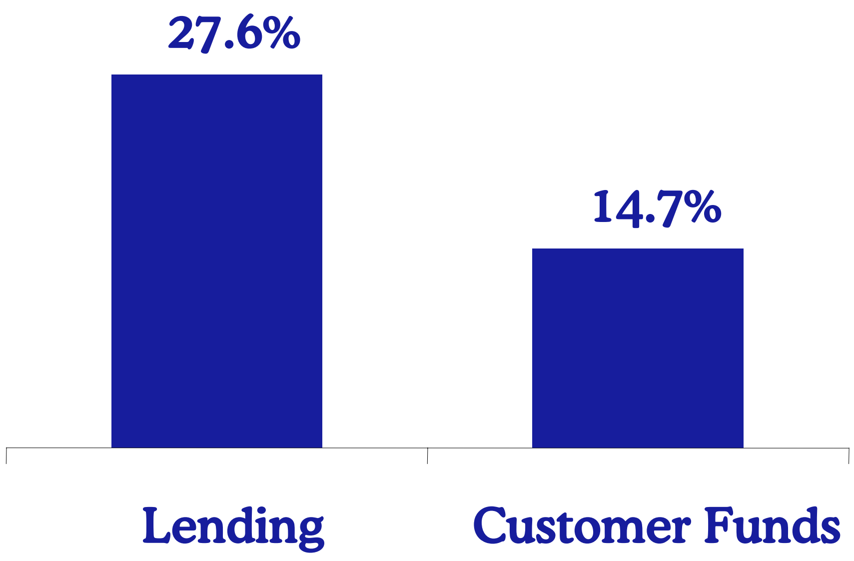
Lending and Customer Funds
(%)



Lending
Year-on-year growth
(Average balances)

SMEs	+36.6%
Mortgages	+33.6%
Consumer + cards:	+21.4%
Current accounts	+15.1%
Term+M.Funds+ Repos+Money mkt	+14.3%

Bancomer is ahead of the competition, actively promoting a more balanced asset mix…

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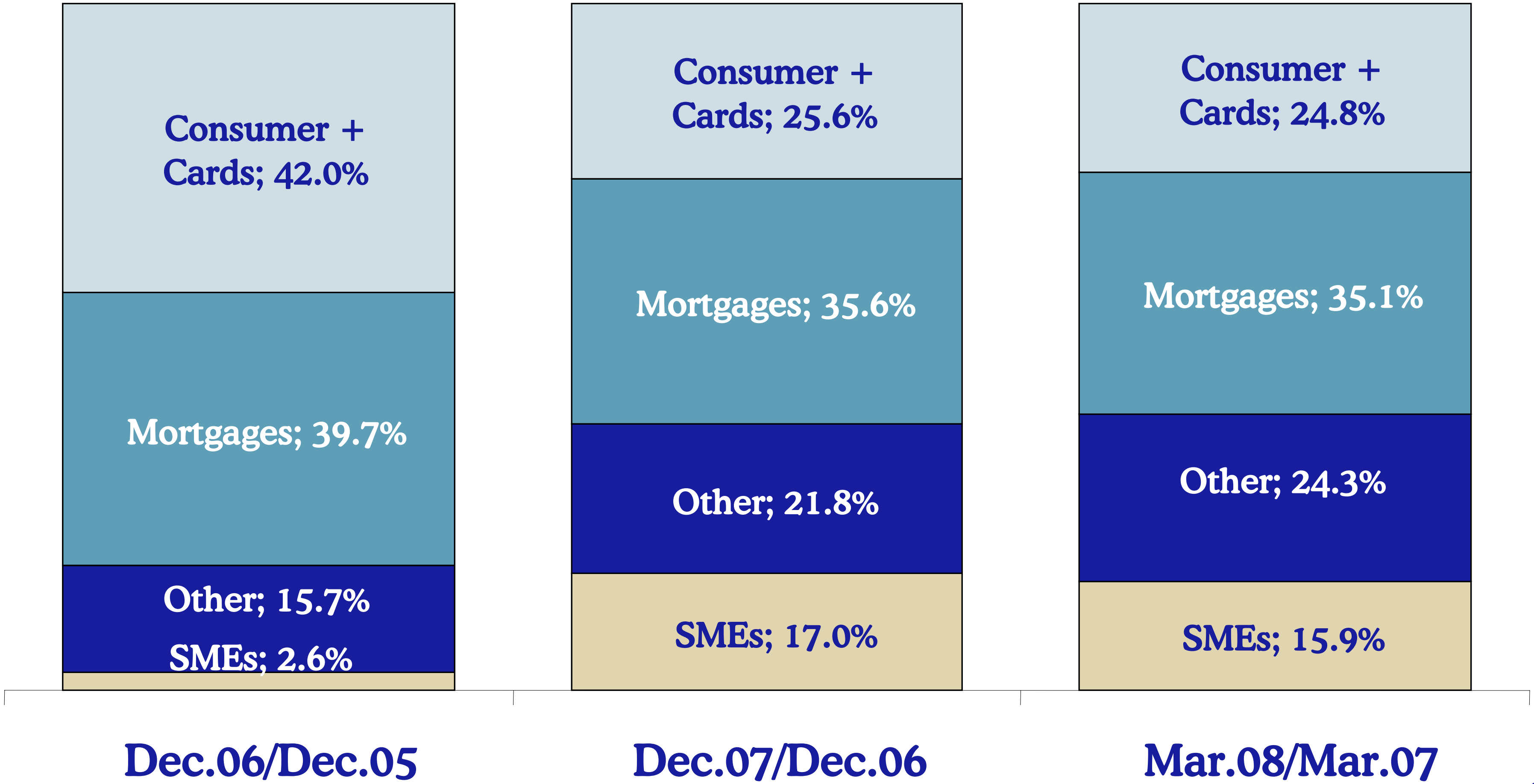
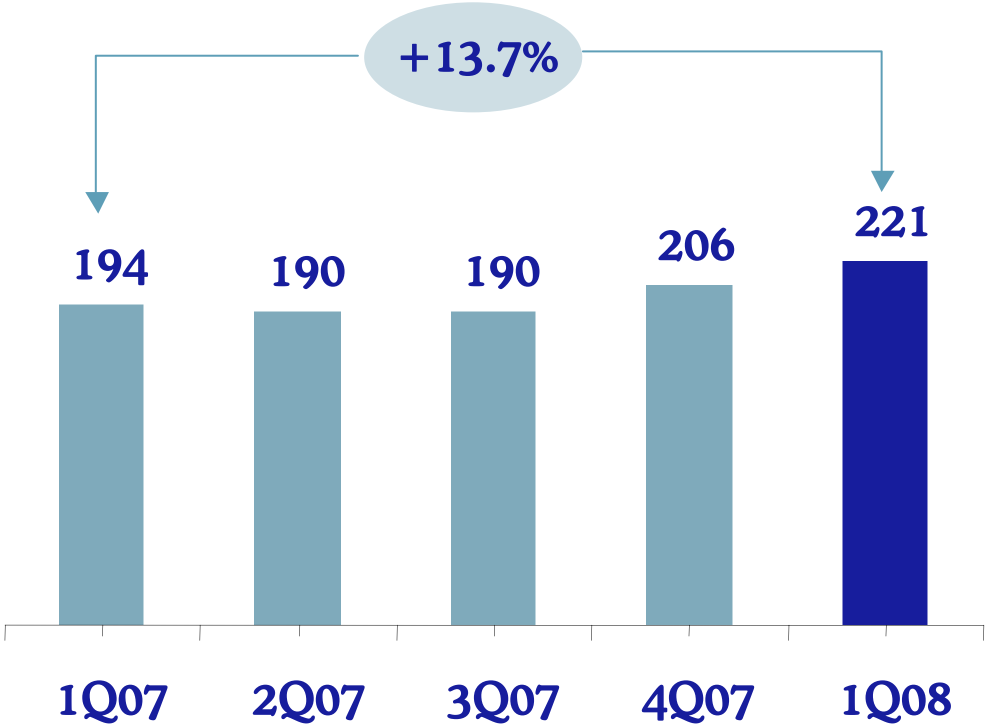
Loan Portfolio (flow)
Contributions by product
Average balances
(%)

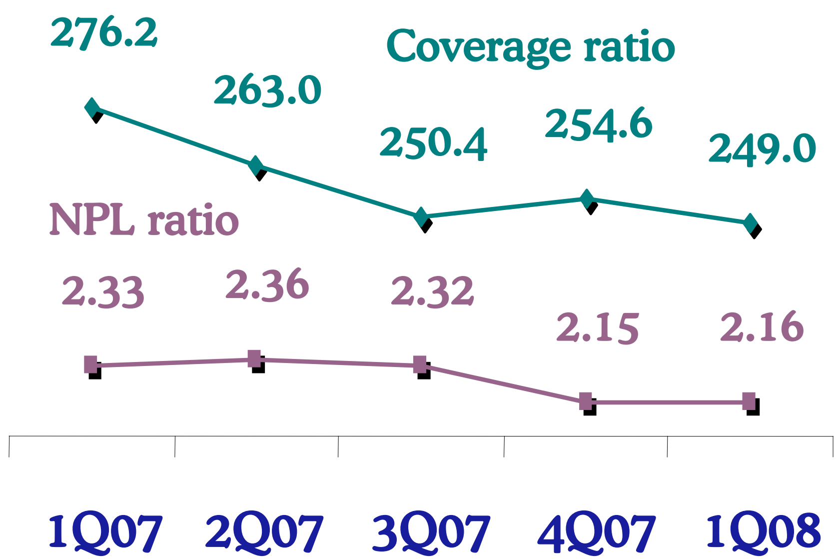


NPL levels flat - thanks to high asset quality

Impairment losses
Mexico
(Constant €m)



NPL and Coverage Ratios
Mexico
(%)



Provisions and NPL´s have stabilized as a result of strict risk management and expected loss provisioning

3

BBVA has a distinctive position in the USA

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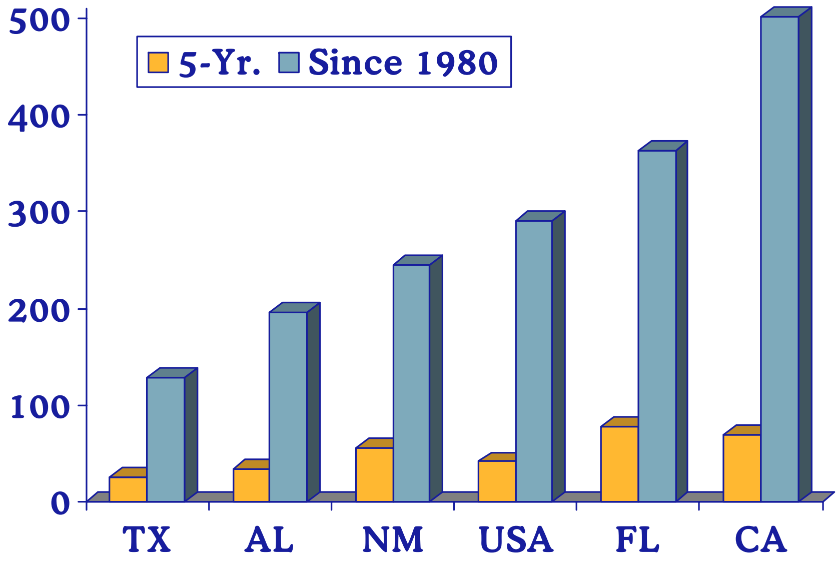
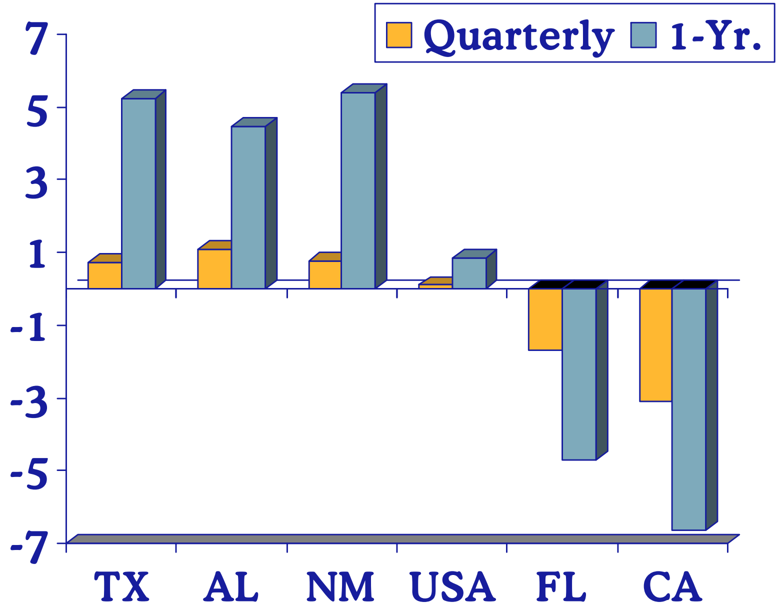
Texas (65%) and Alabama (15%) represent 80% of exposure: thus limited impact from real estate slowdown

U.S. percent change in house prices (OFHEO)





Business growing despite complex economic environment
Compass BG 1Q08*: Cust. funds + 8.6%, Lending +9%

* Annualized rates of growth

…while integration plans progress well

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Excluding amortisation of intangibles
(€m constant)

USA	Acum 1Q08	Acum 4Q07	Annual Growth Acum	Annual Growth %
Ordinary Revenues	497	487	10	2.1%
Total expenses	-276	-282	7	-2.4%
Operating Profit	222	206	17	8.1%
Loan-loss provisions	-47	-47	0	-0.1%
Net Attributable Profit	110	104	6	5.8%

In short:

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It is and it will be about earnings

Key drivers to deliver earnings cannot be improvised

1. Portfolio mix and business model
2. Balance-sheet size and strength
3. Capability and track record of efficiency management
4. Superior asset quality

BBVA, an earnings play

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