

IV Jornada Sectorial Bancos Españoles
Ahorro Corporación Financiera



Barcelona, 29th September 2008

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BBVA: A unique case in the current environment

1. Strength of balance-sheet: Liquidity & Solvency

2. Solid earnings growth

3. Spain: Distinctive management of slowdown

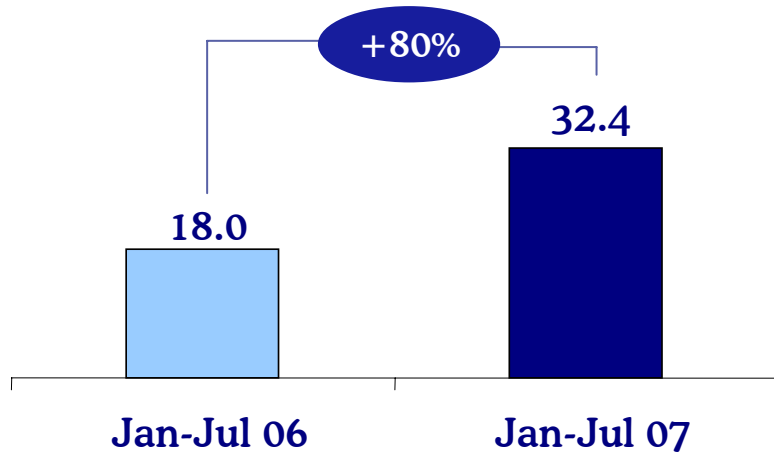
4. Mexico: Consolidating the leadership of our banking franchise

5. USA: Positioning & Synergies

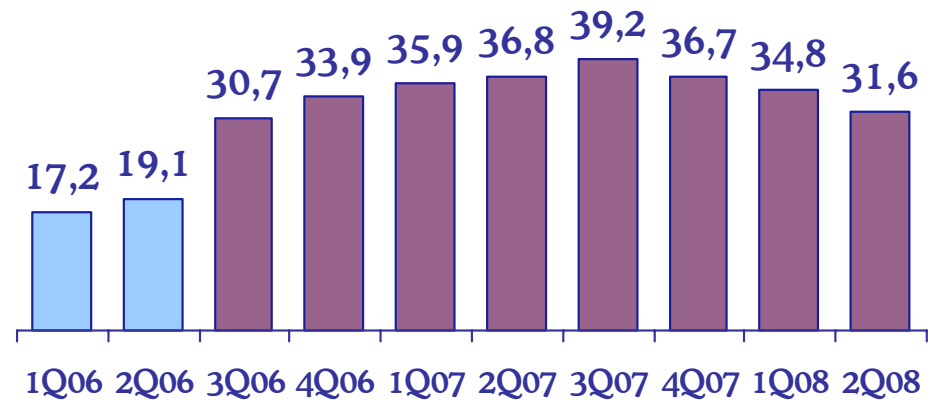
1 BBVA managed liquidity risk ahead of the crisis

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

Wholesale funding (€Bn)



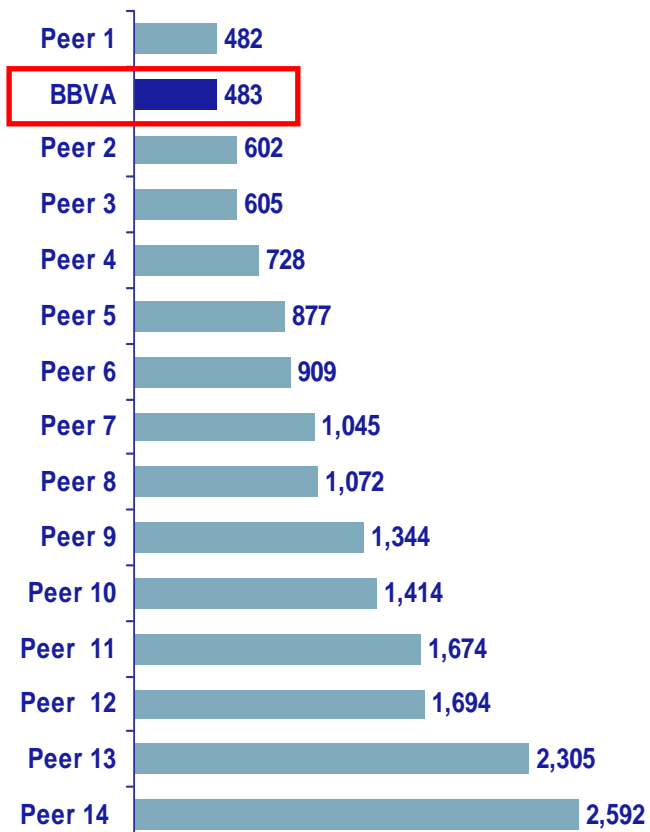
Spain: Retail Term deposits – YoY Growth (%)



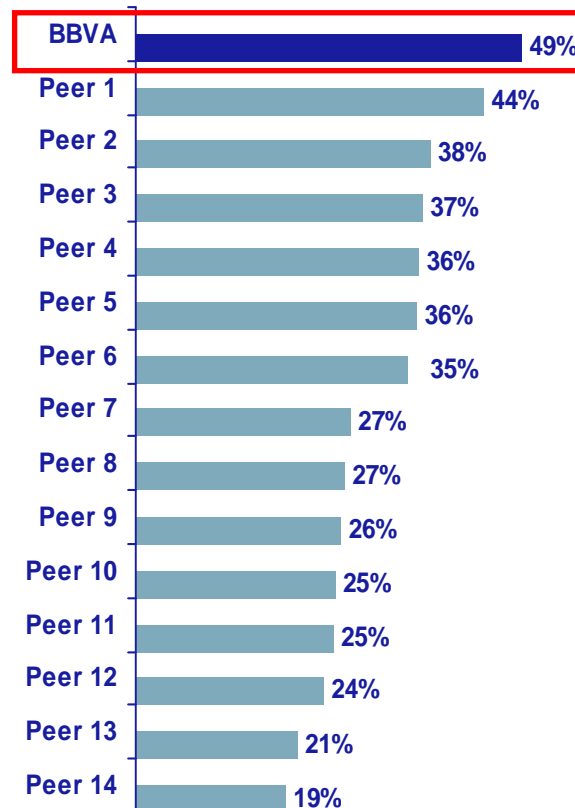
Our retail profile and prudent risk management have kept us out of the write-downs

1 (Small) balance sheet size as an advantage

Assets
European competitors
(€ billion)



Deposits / Total Assets *
European competitors
(%)



**Active management
of balance sheet**

**Maturities in 08/09
will be light**

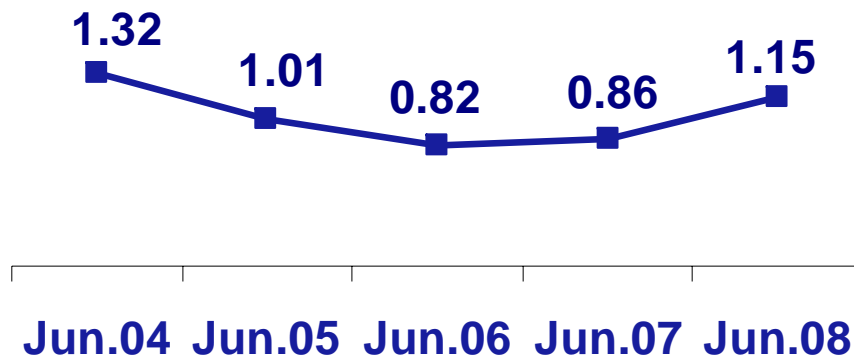
* Figures from 1Q08 except UK and French banks (Dec 07)

1 Active management of asset quality

NPL ratio (%)

Ave. NPL ratio of European peers: 2.7%

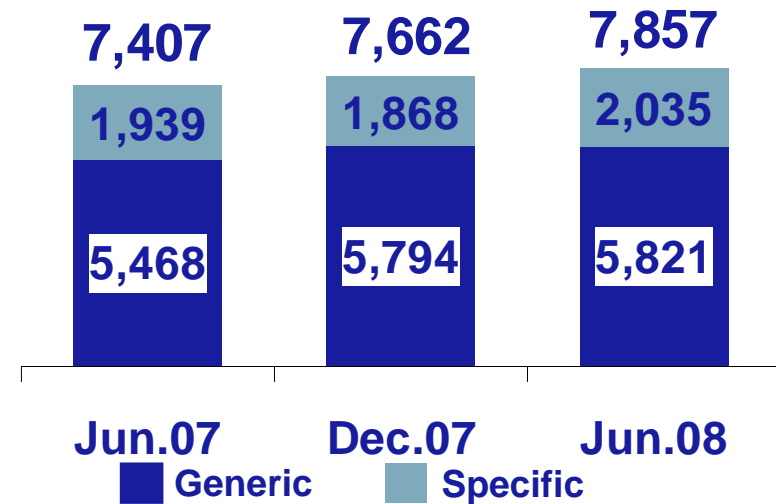
Ave. coverage ratio of European peers: 63%



Coverage ratio: 166%

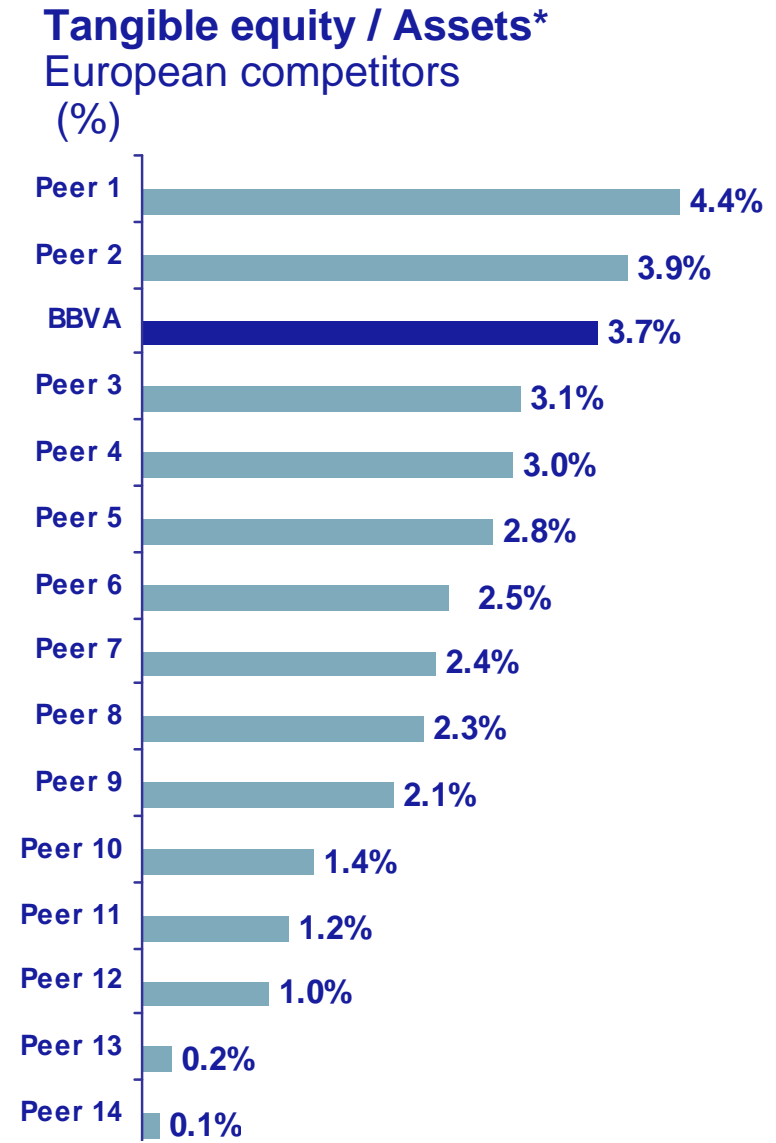
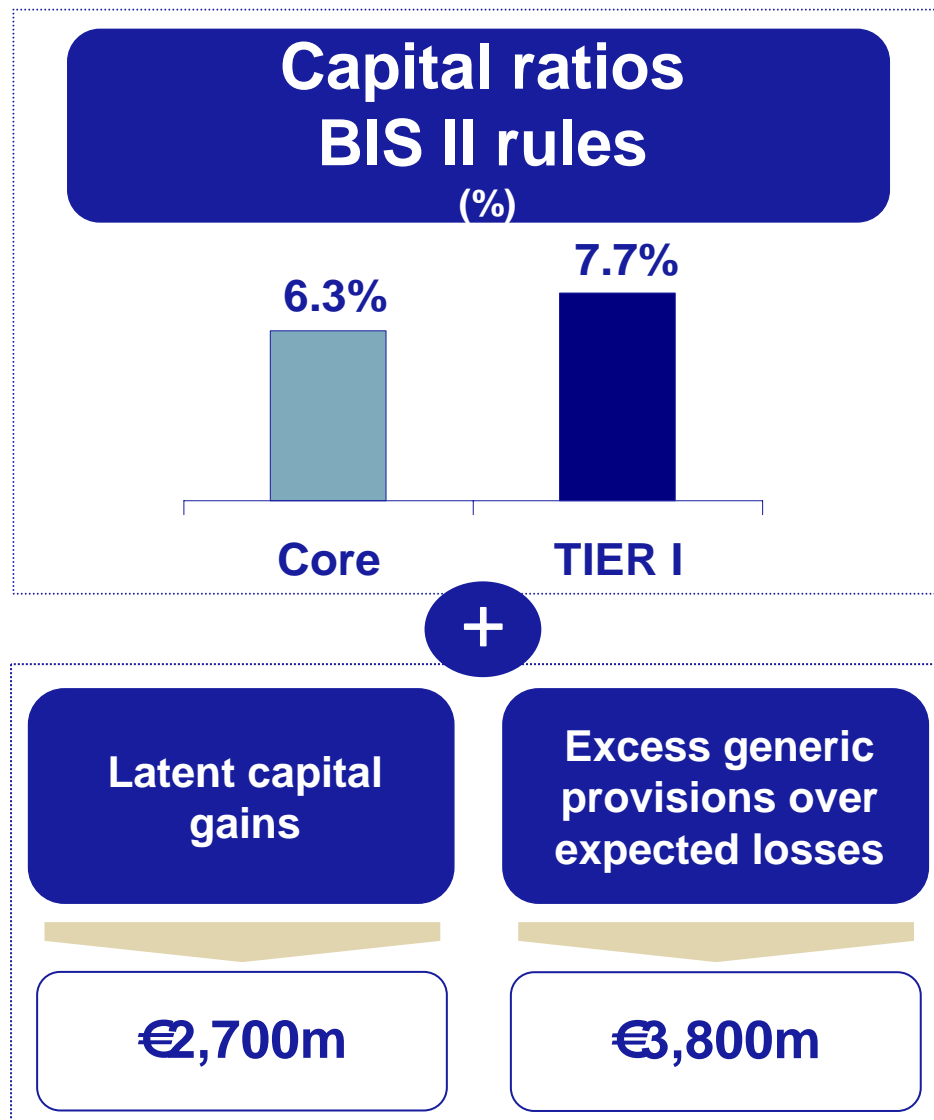
NPL provisions (€m)

74% of provisions are generic (74% in Jun.07)



Generic provisions are 3 times expected losses

1 Strong capital base



* All BIS II, except SAN and RBS
 Book value: figures for 1Q08 except UK banks (Dec 07)
 Assets and intangibles: figures are 1Q08 except UK and French banks (Dec 07)

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1. Strength of balance-sheet: Liquidity & Solvency

2. **Solid earnings growth**

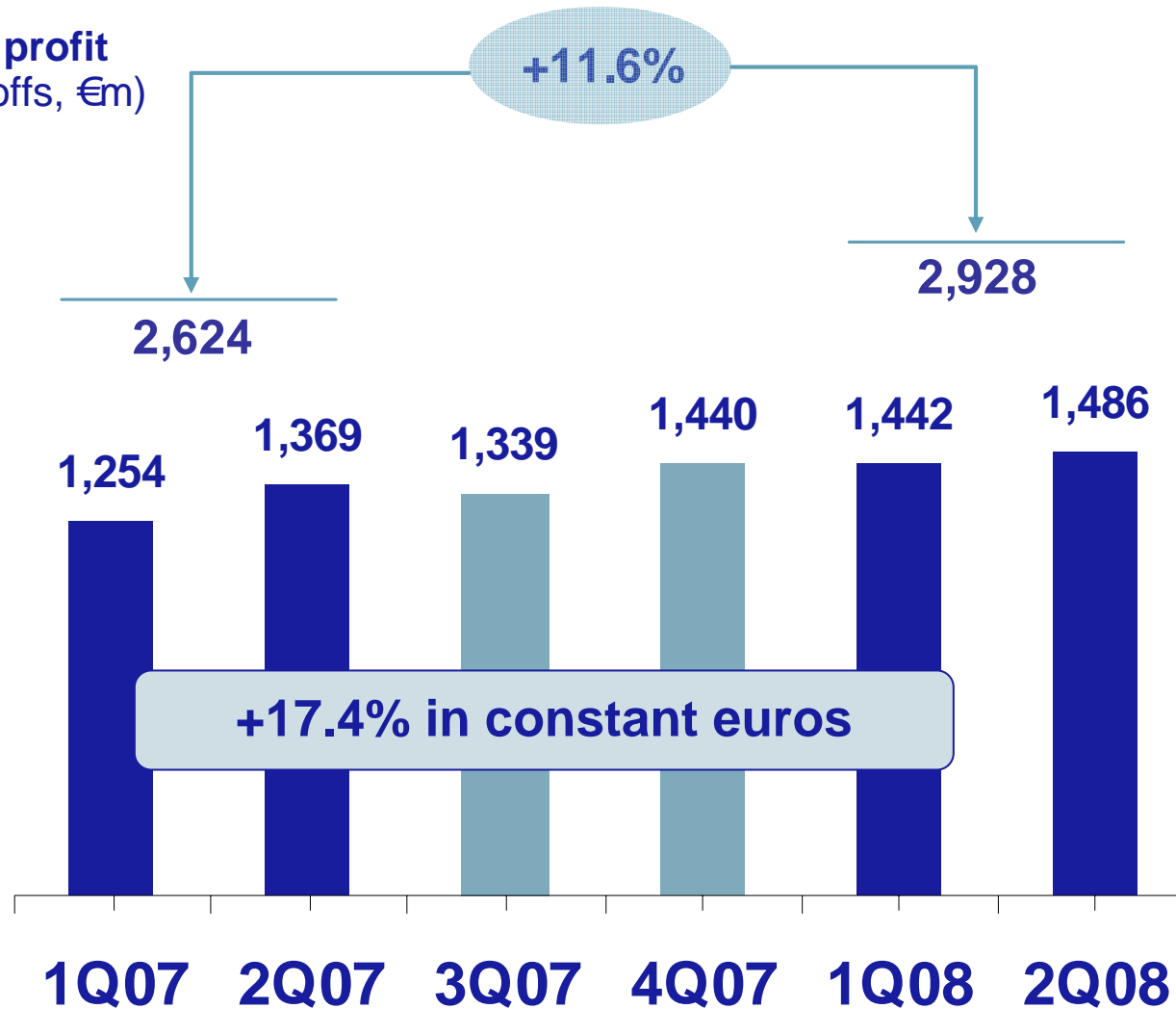
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2 Solid profit growth, quarter by quarter, in an increasingly complex environment

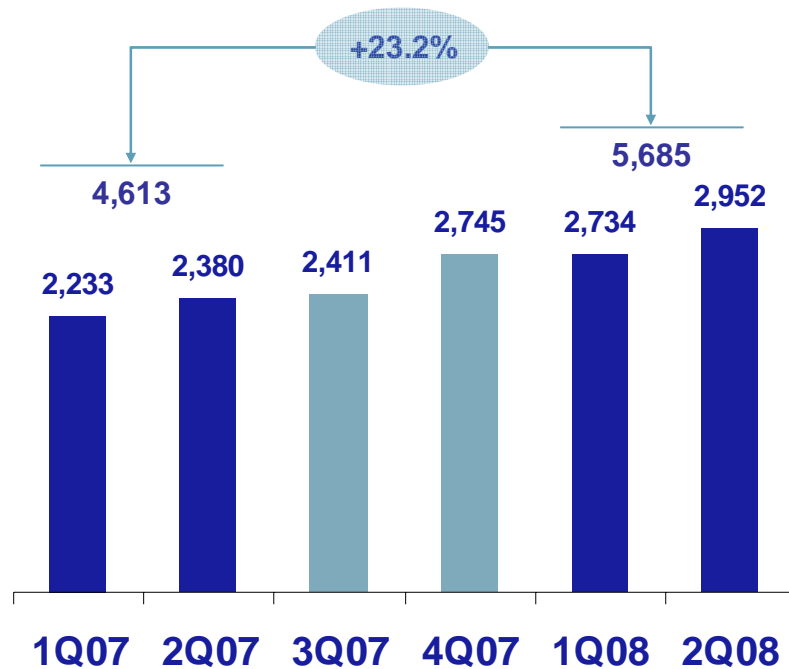
Net attributable profit
(Excluding one-offs, €m)



EPS excl. one-offs: €0.79 (+6.2%)

2 Highly recurrent revenues

Net interest income
Quarter-by-quarter
(Excluding one-offs, €m)



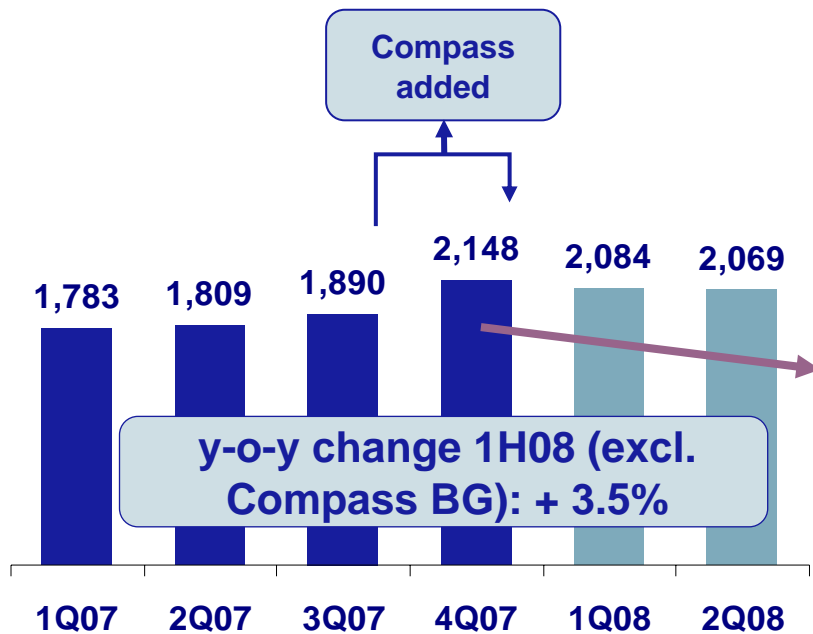
Revenues
Year-on-year growth
(%)

y-o-y change 1H08	Current euros	Constant euros
Net Interest Inc.	+23.2	+30.9
Core Revenues	+17.3	+24.0
Ord. Revenues	+15.2	+21.2

Net interest income is the main driver of revenues

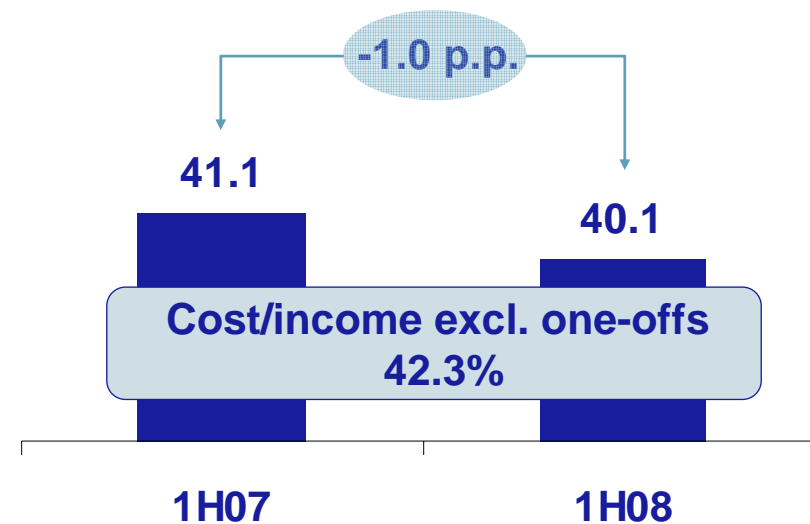
2 And strict cost control

Total Expenses
Quarter-by-quarter
(Excluding one-offs, €m)



Operating profit excl. one-off items: €5,495m (+12.8%)

Cost/income ratio including depreciation
(Excluding one-offs and Compass, €m)



Efficiency continues to improve, heading for 35% in 2010

* General administrative expenses + Depreciation

2

All areas report significant gains

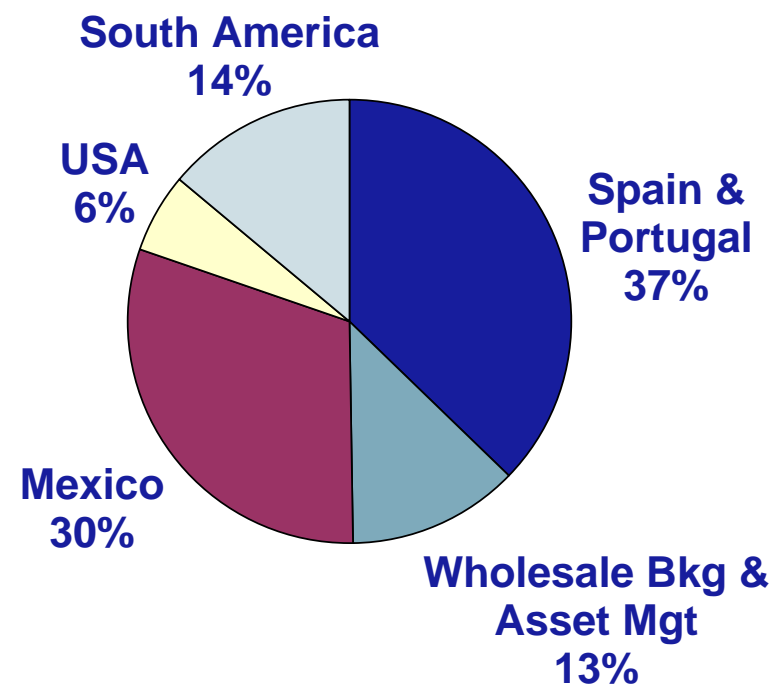
BBVA

Operating profit
(Constant €m)

Operating profit	Acum	Annual Growth	
	1H08	Abs.	%
Spain & Portugal	2.255	+ 260	13,0%
Wholesale Banking & Asset Mgt	770	+ 113	17,3%
Mexico	1.848	+ 362	24,3%
USA	359	+ 252	n.s.
South America	847	+ 204	31,8%

Double-digit growth in all areas

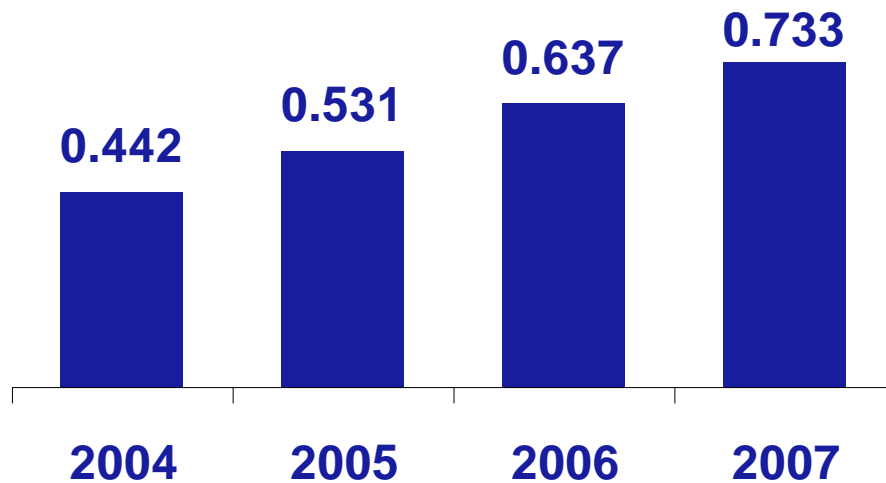
Contribution to operating profit by
business area
(%)



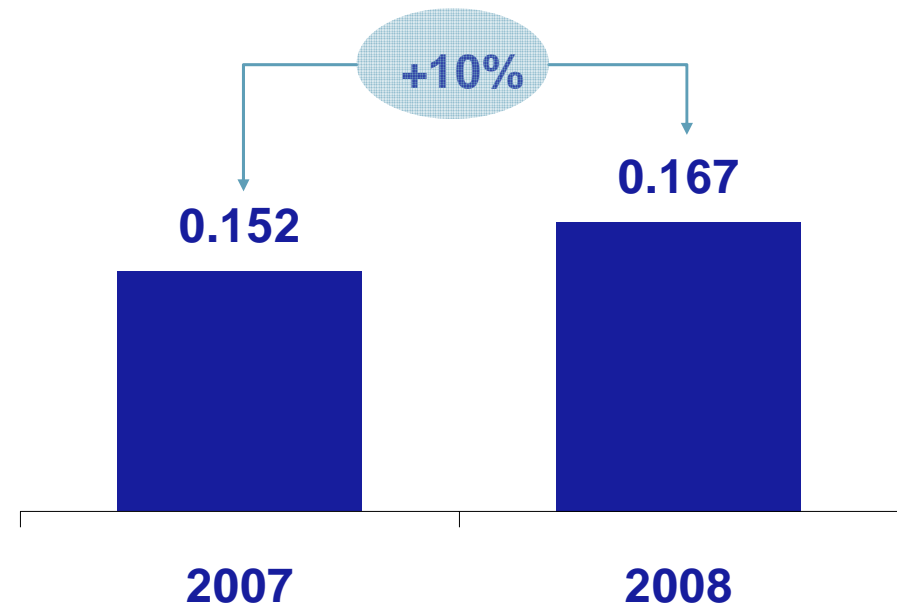
Diversified contributions to Group earnings

2 Strong dividend growth is maintained in the **BBVA** current environment

Dividends
(€/share)



First interim dividend
(€/share)



Ability to generate recurrent value for shareholders

2 Strategic agreement with Citic broadens . . . **BBVA**

We are strengthening our presence in strategic markets with high potential . . .

. . . creating shareholder value from day one

Holding (%)	Phase 1	Phase 2
CIFH	15%	30%
CNBC	5%	10%

2-year option to acquire additional 5%

Financial impact	2008 (e)	2009 (e)
Impact on BBVA's EPS	+1.21%	1.73%
ROI (Phase 2)	17.9%	22.1%

Return on investment > cost of capital

Synergies on the important volume of Asia-Latam trade

* Completion of the agreement is subject to authority approvals and de-listing of CIFH on HK stock exchange.

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3

Spain & Portugal: 1H08 highlights

BBVA

A. Active management of slowdown

Orderly and structured slowdown

Priority on price management

B. Improving efficiency

Strict cost control

Continuous transformation

C. Solid asset quality

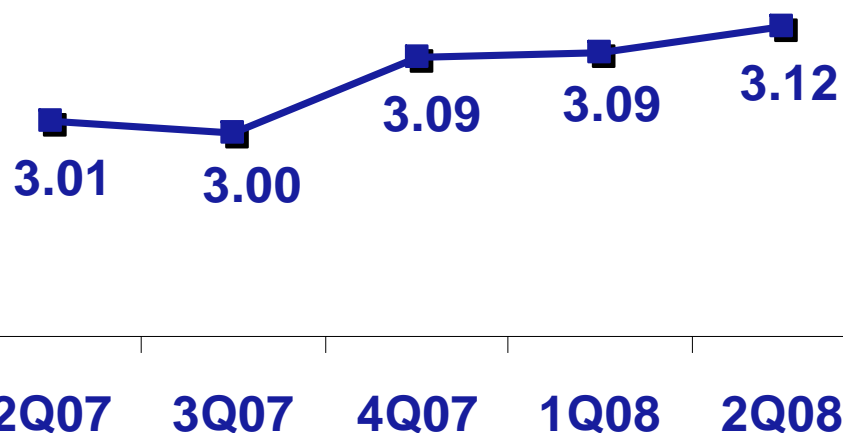
Tighter risk control

Comfortable coverage of expected losses

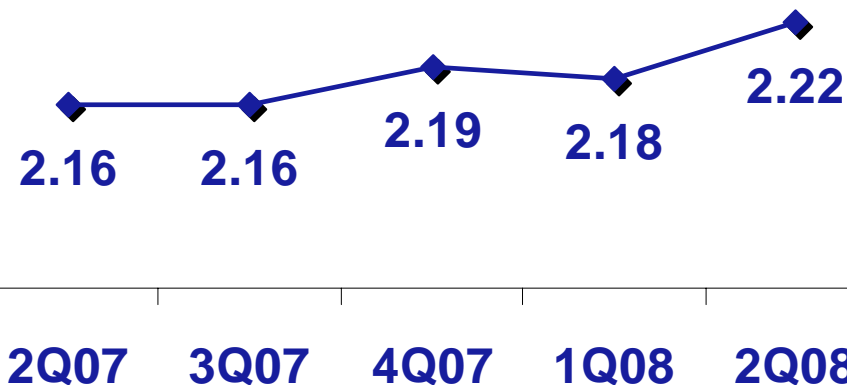
Forward-looking approach helps us to manage the slowdown better

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

Customer spreads (%)



NII / ATA (%)



**+ 11 bp year-on-year
+ 3 bp in quarter**

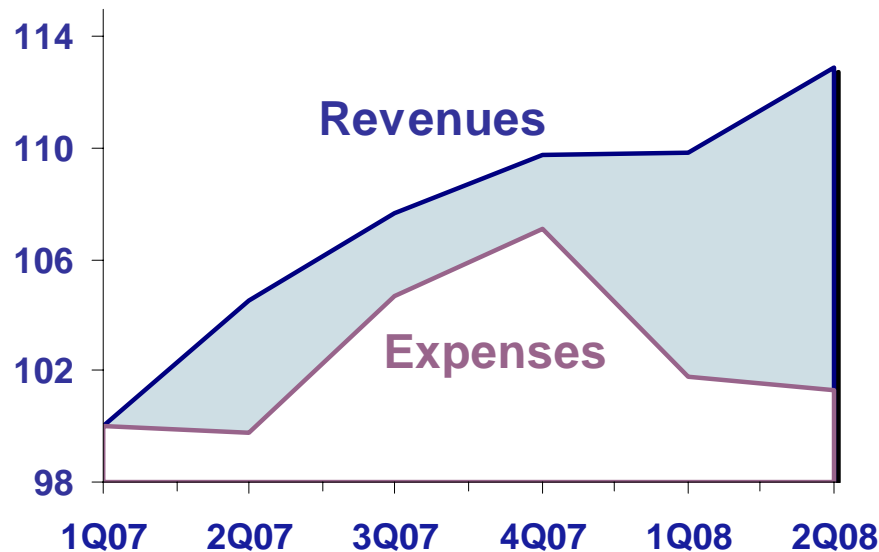
**+ 6 bp year-on-year
+ 4 bp in quarter**

Net interest income: €2,295m (+12.7%)

3

Recurrent revenues and strict cost control

Revenues and Expenses
(%)

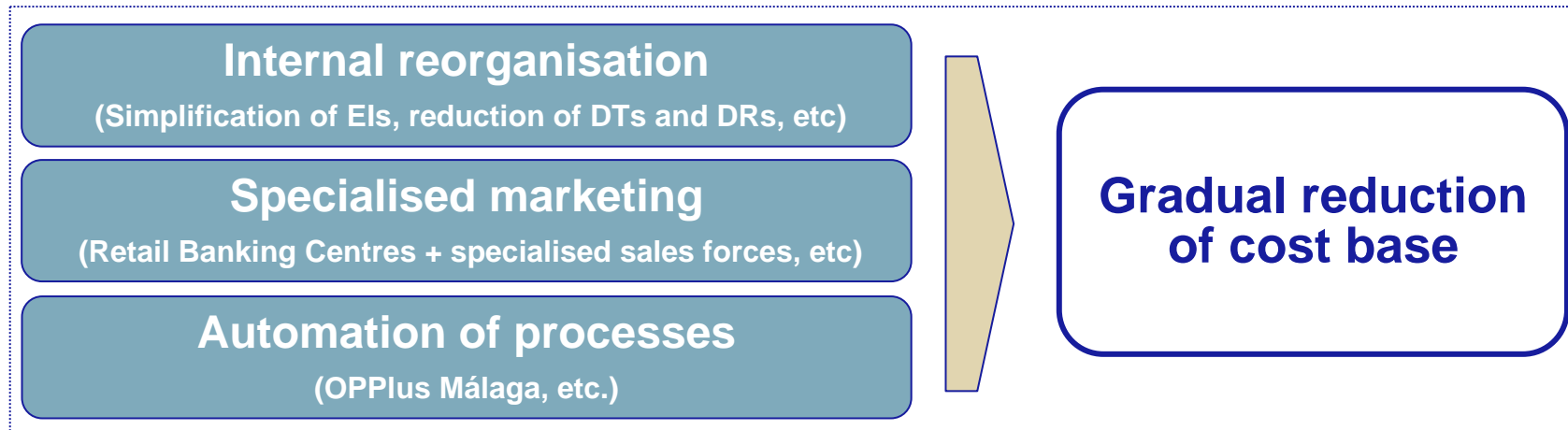


Ordinary Revenues	+ 8.9 %
Gen. admin expense	+ 1.4 %
Retail networks in Spain	+ 0.4%

Continuous transformation aimed at keeping costs stable

* Ordinary revenues + Sales of non-financial services

** General admin expense + Depreciation

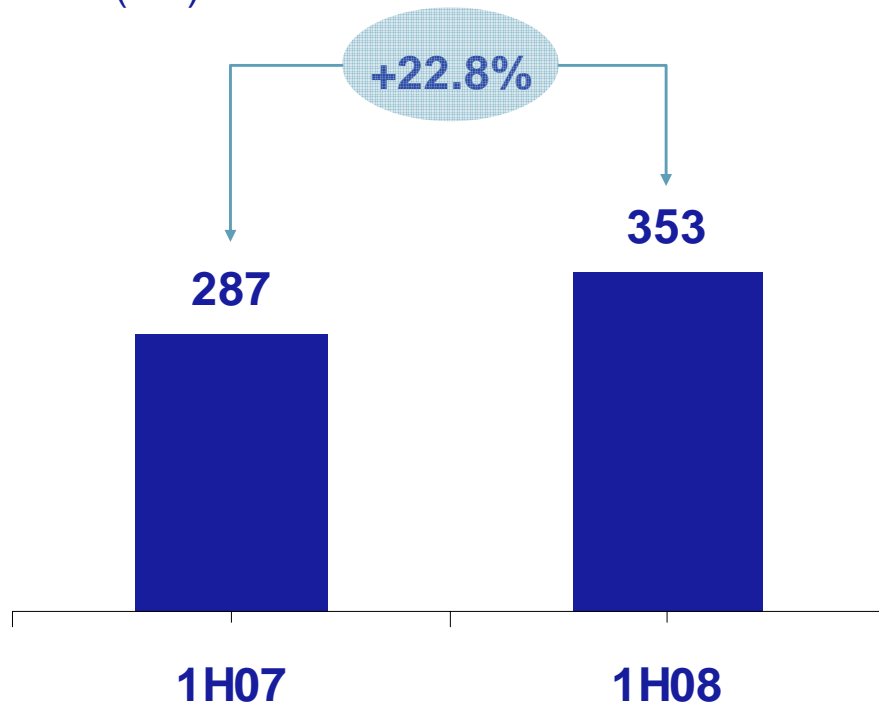


This process meant additional costs for early retirements

Net cost	€329m
Annualised net savings in 2008	€43m
Net present value	€372m

3 Risk control and comfortable coverage

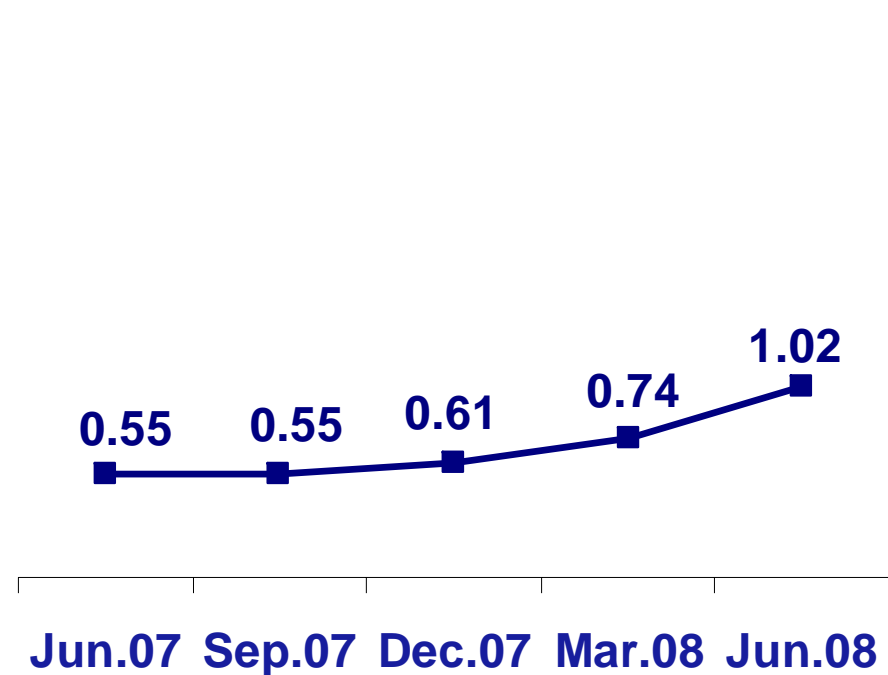
**Impairment losses
(€m)**



**Generic funds: €3,078m = 80.6%
of total**

4.3 x expected losses

**NPL ratio on domestic business
(%)**

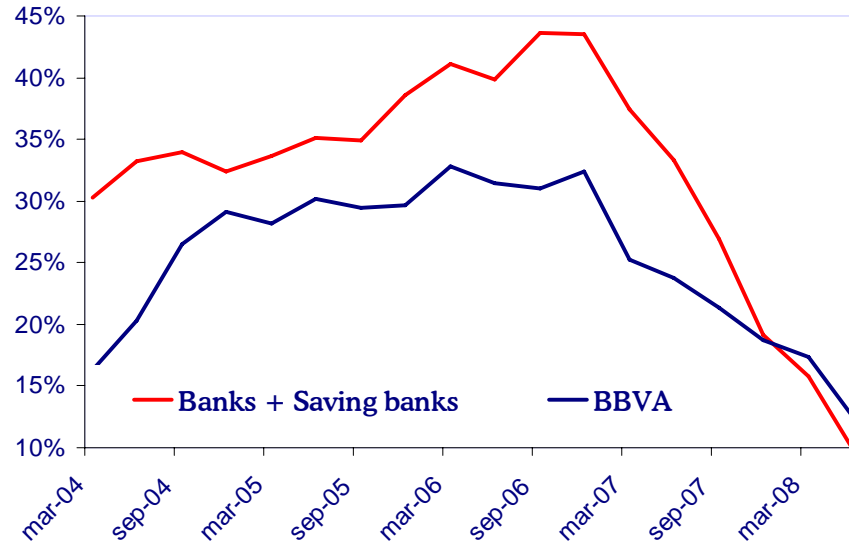


**NPL ratio in Spain & Portugal:
1.22%**

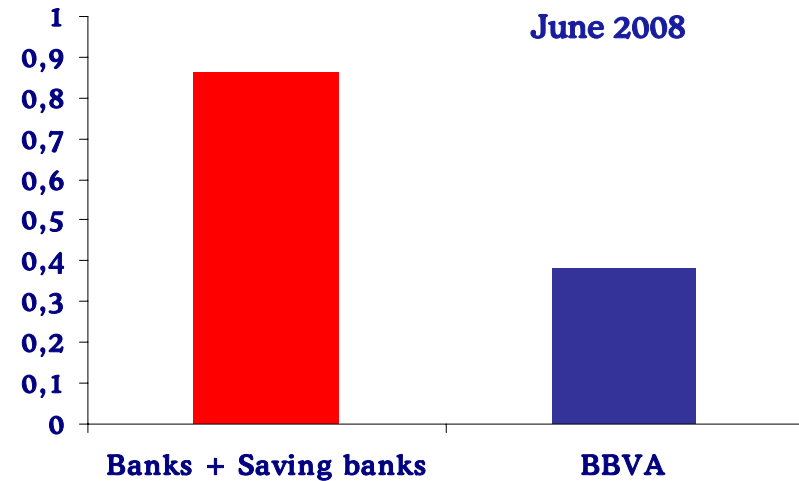
**Coverage in Spain & Portugal:
142%**

3 Controlled growth with low risk in developers **BBVA**

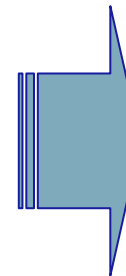
Developers: Lending growth (YOY%)



Developers: NPL ratio (%)



- Selective commercial policy: market share in the developing business (5.6%) below BBVA's "natural" market share
- Granular portfolio: 4.282 active clients
Top 100= 27.6% of the book



- Smoother and stable growth vs. competitors
- Better credit quality

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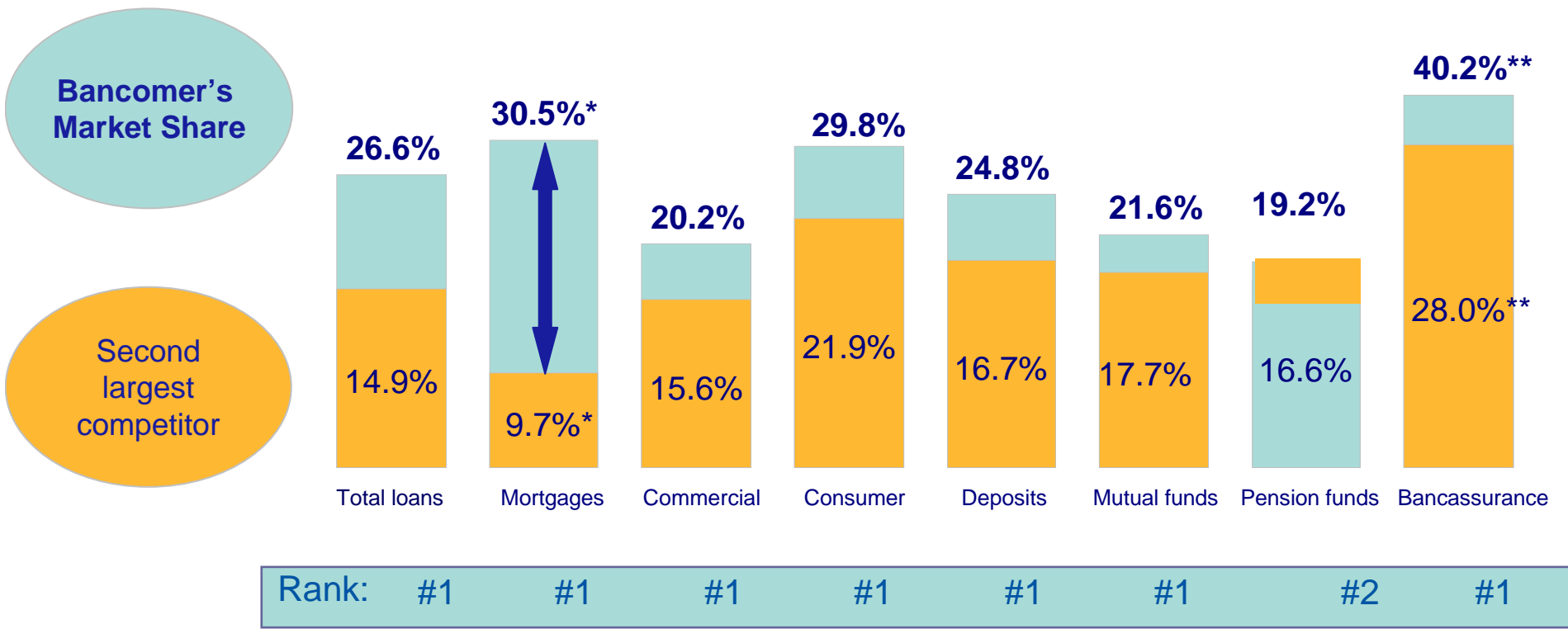
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4 Bancomer has maintained the leading position in almost all business lines...

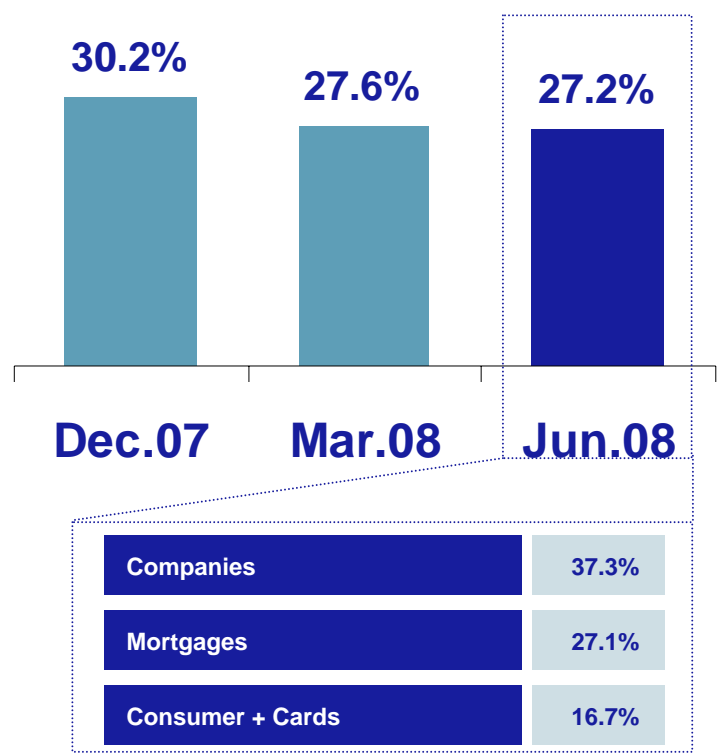


Source: Comision Nacional Bancaria y de Valores. As of June 2008 * Including Sofoles and Old Mortgage Portfolio
 ** As of March 2008

4

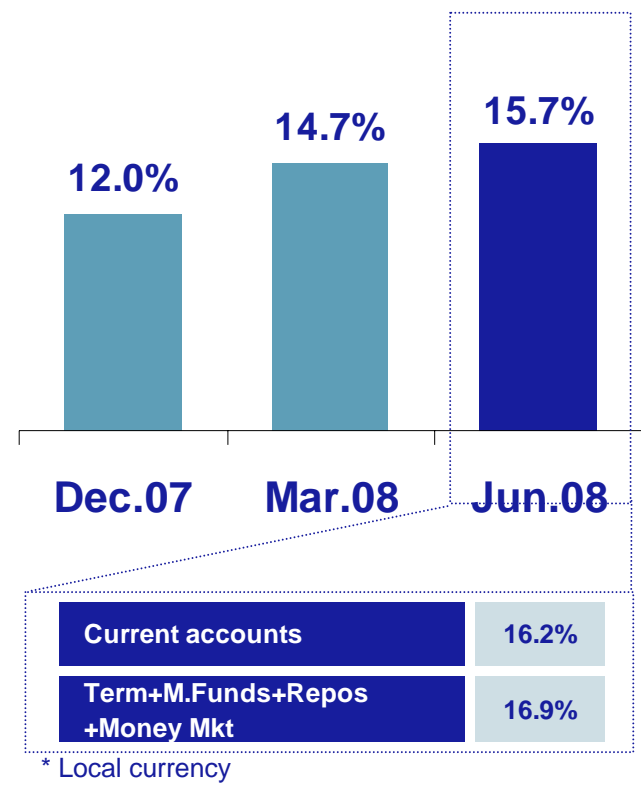
Bancomer's strong growth in 2008

Lending
Bancomer BG
Year-on-year growth
(Average balances)



We will continue with the change of the lending mix

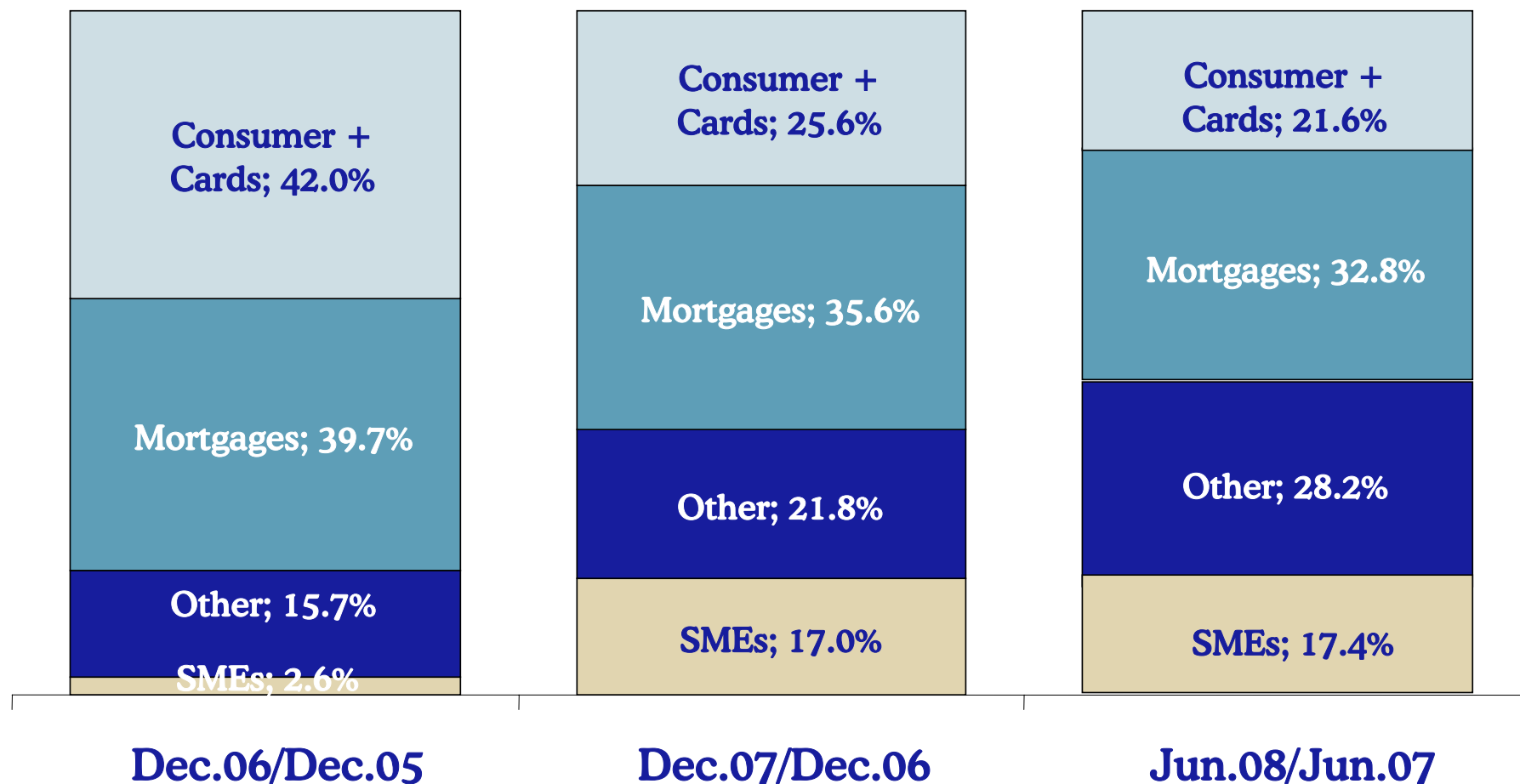
Customer Funds
Bancomer BG
Year-on-year growth
(Average balances)



Balanced growth of customer funds

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

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

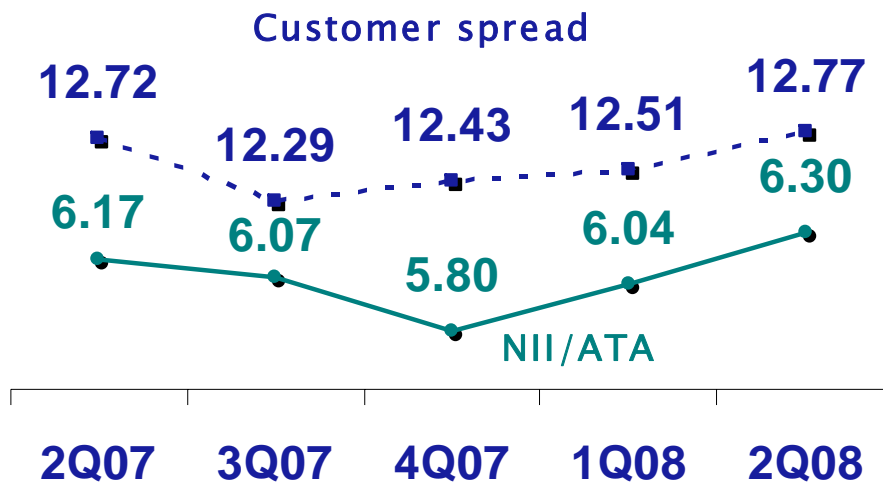


4

Positive development of prices and deceleration in expenses

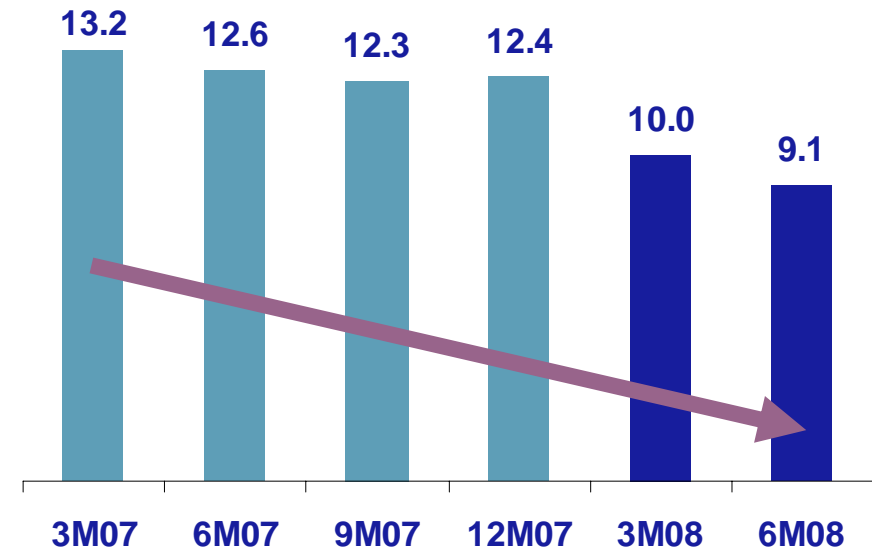
BBVA

Customer spreads and NII / ATA
Bancomer BG
(%)



Consolidation of upward trend
in margins...

General administrative expenses
Mexico
Cumulative year-on-year growth
(%)

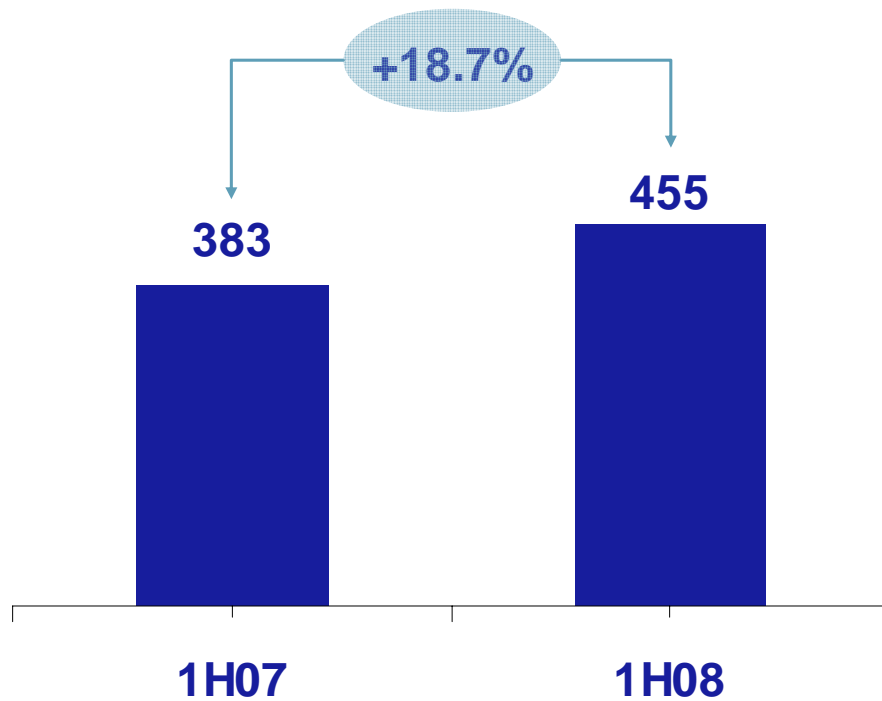


... and sharp slowdown of cost
growth

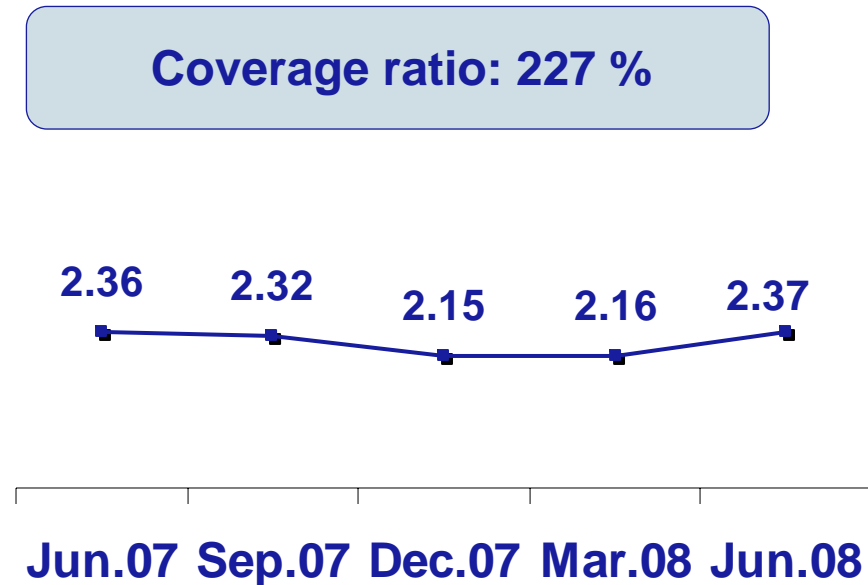
Significant improvements in operating profit (+24.3% y/y) and
efficiency (cost/income ratio = 31.7%)

4 Better risk management

Impairment losses
Mexico
(Constant €m)



NPL ratio
Mexico
(%)



Competitive edge in risk premiums thanks to model based on expected loss

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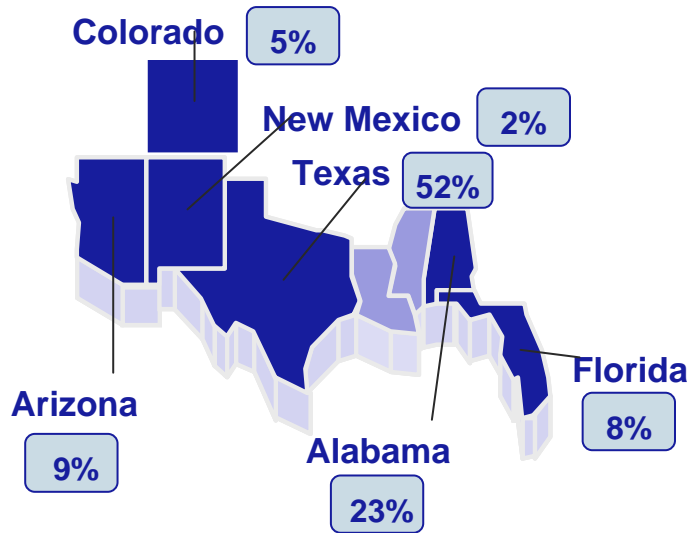
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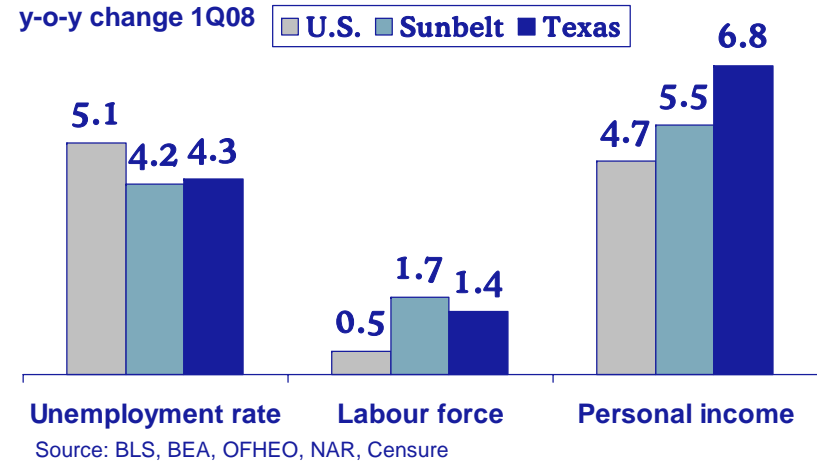
5 BBVA has a distinctive position in the USA

Distribution of business in USA

(based on lending)



Outperforming in the last year...



... and less affected by real estate problems
(House prices in Texas: +4.7%)

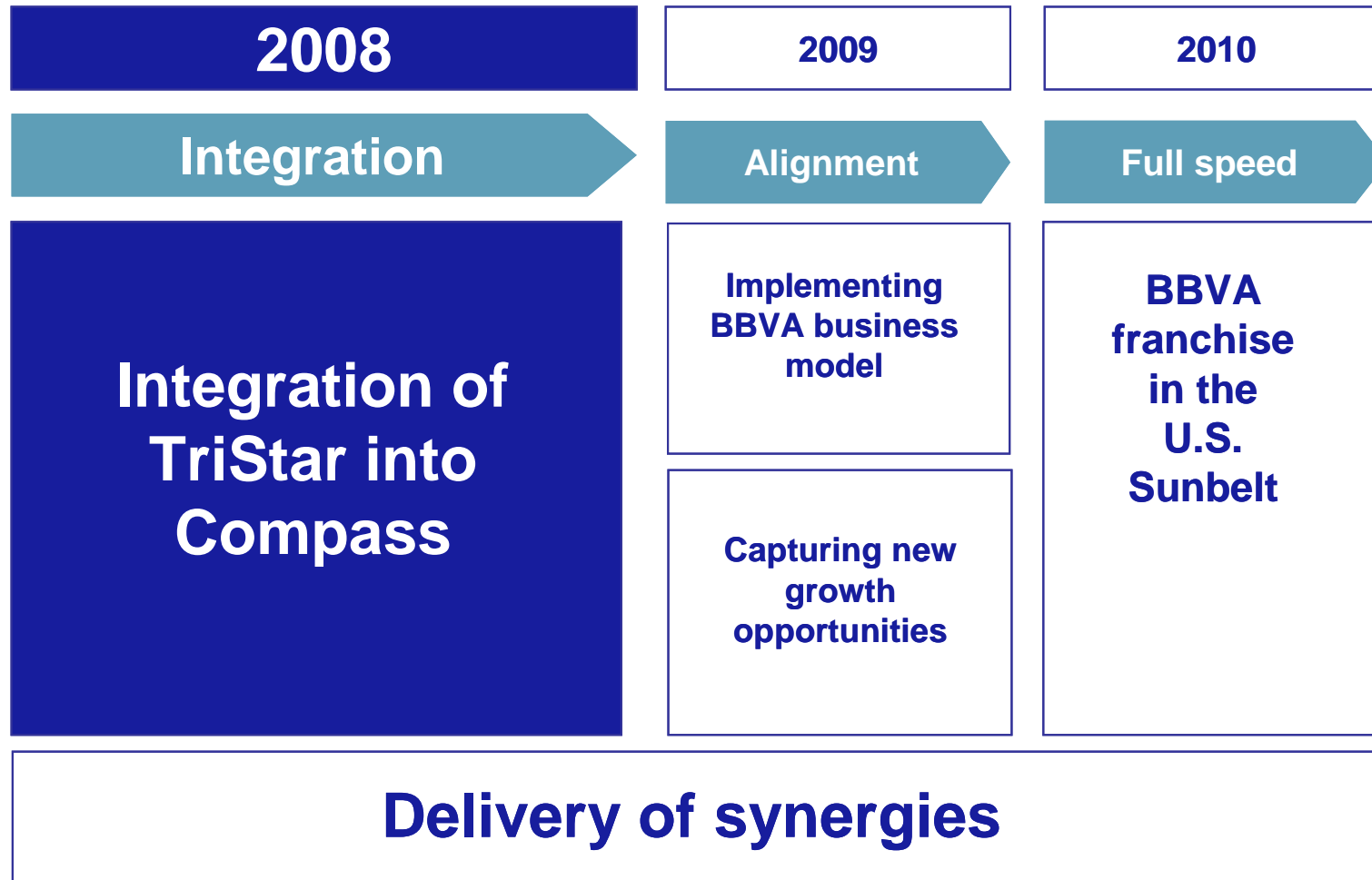
Confirmed by markets

Texas banks vs US banking index (since Jan 07)
+41%

Texas index vs S&P (since Jan 07)
+16%

Source: Bloomberg. Figures for 31/Dec/06 to 25/Jul/08
Variation in market cap of Texas banks: CFR, FFIN, TCBI, SBSI, SBIB, PRSP
Texas index: BTXX

5 Integration plan

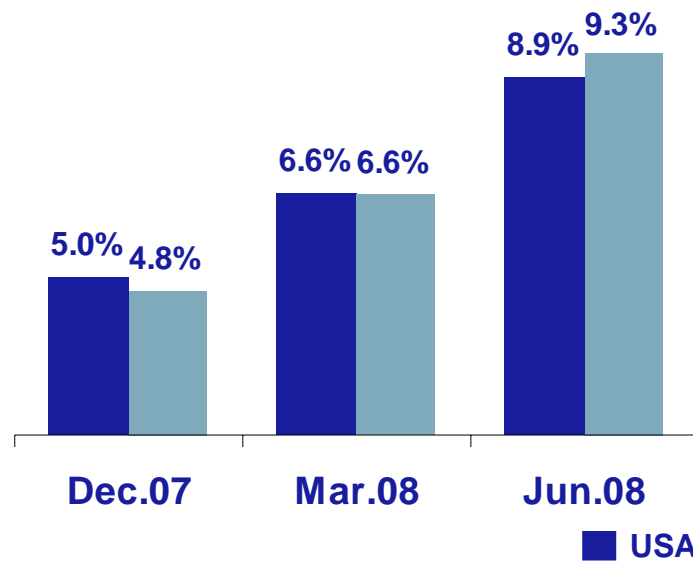


Establishment of the *BBVA Compass* brand

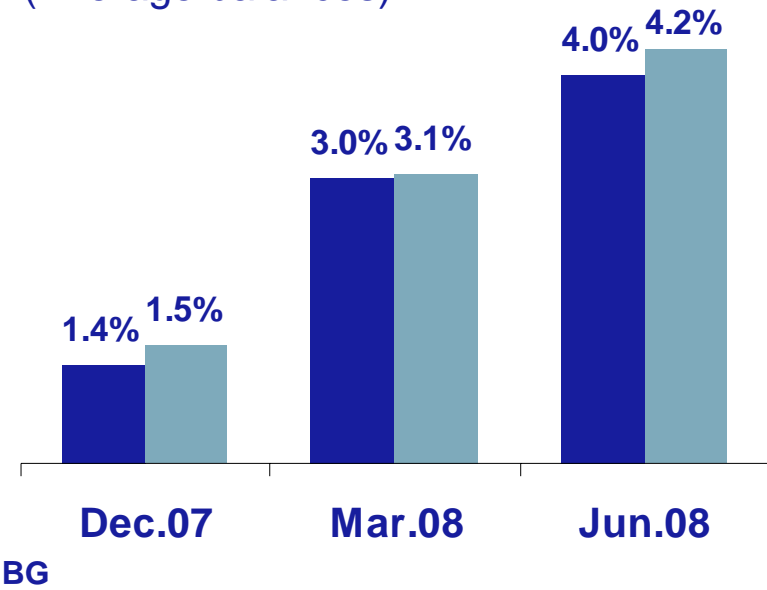
5 Dynamic business in a complex environment

No exposure to subprime or toxic assets

Lending*
Year-on-year growth
(Average balances)



Customer Funds*
Year-on-year growth
(Average balances)



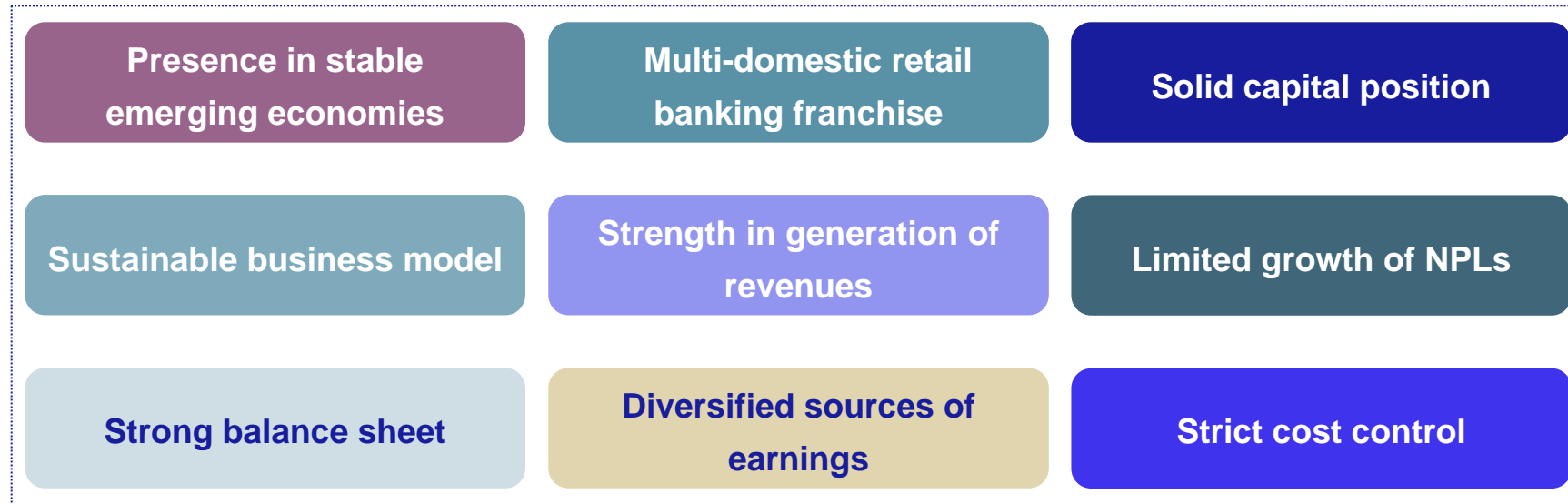
Improvement in quality of loans written during first half of 2008

FICO SCORE: 738 (vs 712 in Dec.07)

Risk grade: 5.2 (vs 6.2 in Dec.07)

* Includes Compass BG in continuity

In short:



Growth of highly recurrent earnings with low volatility

Generation of value



First interim dividend for 2008: +10%

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