

*BBVA “Cédulas Territoriales”
Investor presentation*

July 2007



Disclaimer

This document is only provided for information purposes and does not constitute, nor must it be interpreted as, an offer to sell or exchange or acquire, or an invitation for offers to buy securities issued by any of the aforementioned companies. Any decision to buy or invest in securities in relation to a specific issue must be made solely and exclusively on the basis of the information set out in the pertinent prospectus filed by the company in relation to such specific issue. Nobody who becomes aware of the information contained in this report must regard it as definitive, because it is subject to changes and modifications.

This document contains or may contain forward looking statements (in the usual meaning and within the meaning of the US Private Securities Litigation Act of 1995) regarding intentions, expectations or projections of BBVA or of its management on the date thereof, that refer to miscellaneous aspects, including projections about the future earnings of the business. The statements contained herein are based on our current projections, although the said earnings may be substantially modified in the future by certain risks, uncertainty and others factors relevant that may cause the results or final decisions to differ from such intentions, projections or estimates. These factors include, without limitation, (1) the market situation, macroeconomic factors, regulatory, political or government guidelines, (2) domestic and international stock market movements, exchange rates and interest rates, (3) competitive pressures, (4) technological changes, (5) alterations in the financial situation, creditworthiness or solvency of our customers, debtors or counterparts. These factors could condition and result in actual events differing from the information and intentions stated, projected or forecast in this document and other past or future documents. BBVA does not undertake to publicly revise the contents of this or any other document, either if the events are not exactly as described herein, or if such events lead to changes in the stated strategies and intentions.

The contents of this statement must be taken into account by any persons or entities that may have to make decisions or prepare or disseminate opinions about securities issued by BBVA and, in particular, by the analysts who handle this document. This document may contain summarised information or information that has not been audited, and its recipients are invited to consult the documentation and public information filed by BBVA with stock market supervisory bodies, in particular, the prospectuses and periodical information filed with the Spanish Securities Exchange Commission (CNMV) and the Annual Report on form 20-F and information on form 6-K that are disclosed to the US Securities and Exchange Commission.

Distribution of this document in other jurisdictions may be prohibited, and recipients into whose possession this document comes shall be solely responsible for informing themselves about, and observing any such restrictions. By accepting this document you agree to be bound by the foregoing Restrictions.

Contents

Overview and financial performance

BBVA Public Sector business

BBVA Funding Strategy

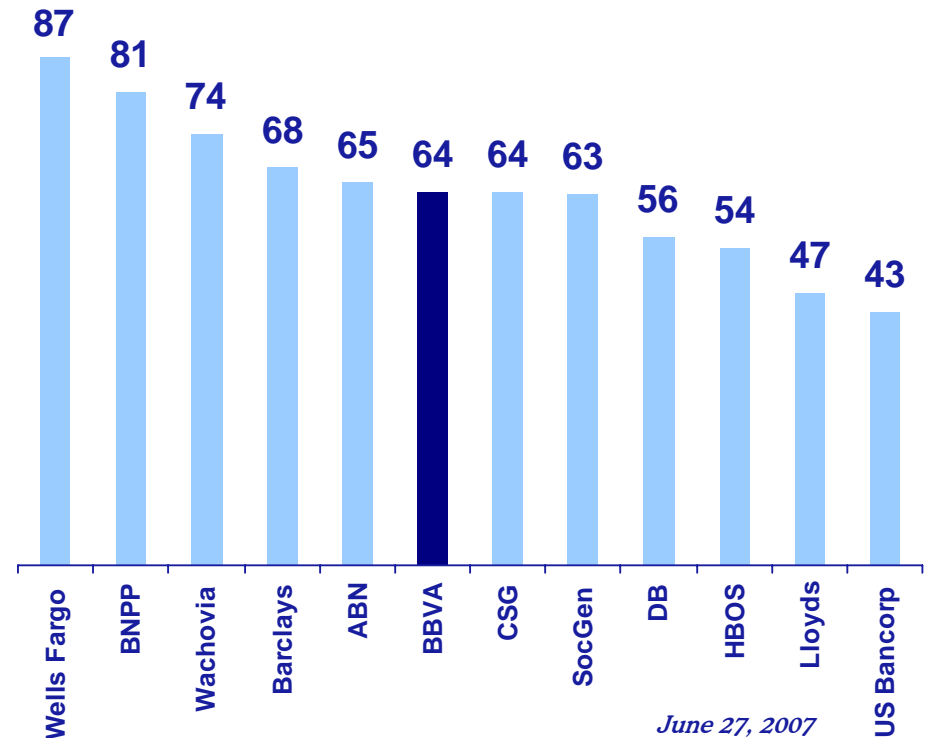
“Cedulas Territoriales”

Appendix

BBVA, an international retail banking group ...



Market capitalisation (€bn)



Total assets	€447 bn
Net Income	€4,736 m
Employees	100,427
Branches	7,508
Countries	33
# Customers	40 m

... offering a full range of products and services

...with strong credit rating

Long term ratings

Moody's

Aa1

S&P

AA- Positive Outlook

Fitch

AA- Positive Outlook

“Cédulas Territoriales” ratings*

Moody's

Aaa

S&P

AAA

* Expected

BBVA enjoys a strong position in attractive growth markets: from the home market, Spain ...

The Spanish economy maintains better prospects than Europe

(%) GDP growth

	2006	2007e	2008e
Spain	3.9	3.8	3.1
Europe	2.8	2.7	2.4

Source: BBVA Economic Research Department

<u>BBVA</u>	<u>Market share</u>	<u>Ranking</u>
Loans	11.7%	1st
Deposits	11.9%	2nd
Mutual Funds	16.6%	2nd
Pension Funds	18.3%	1st
Branches	8.5%	
Number of customers: 11 million		

Source: BBVA estimates

... to Latin America

Sound macroeconomic environment

(%) GDP growth	2006	2007e	2008e
Mexico	4.7	3.6	3.8
South America*	5.3	4.8	4.3

<u>Mexico</u>	<u>Market Share</u>	<u>Ranking</u>
Loans	30.0%	1st
Deposits	26.6%	1st
Pension Funds	17.1%	2nd
Number of Customers: 13.8 m		
<u>South America*</u>		
Loans	10.4%	2nd
Deposits	10.4%	1st
Pension Funds	24.2%	1st
Number of Customers: 8.5 m		

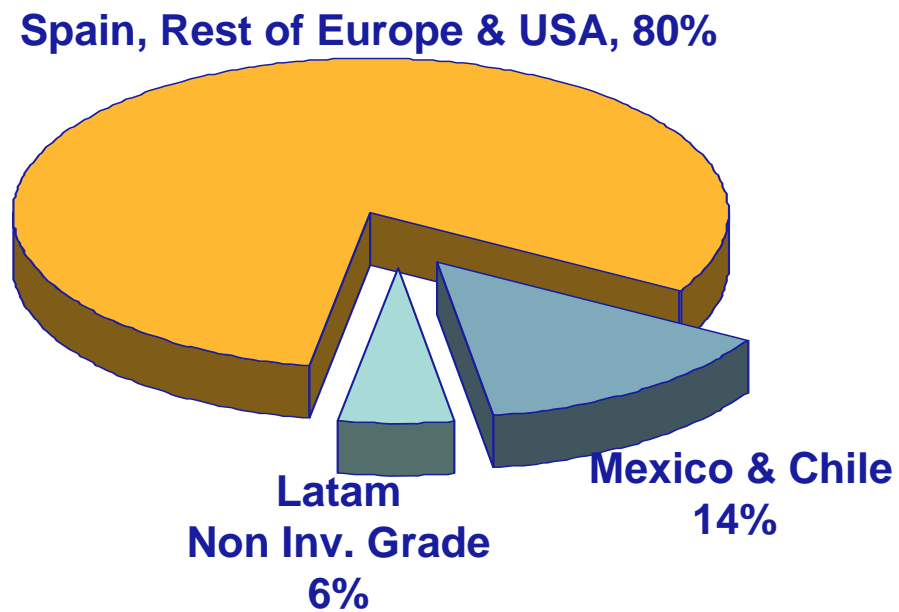
Source: BBVA estimates

* Excluding Brazil

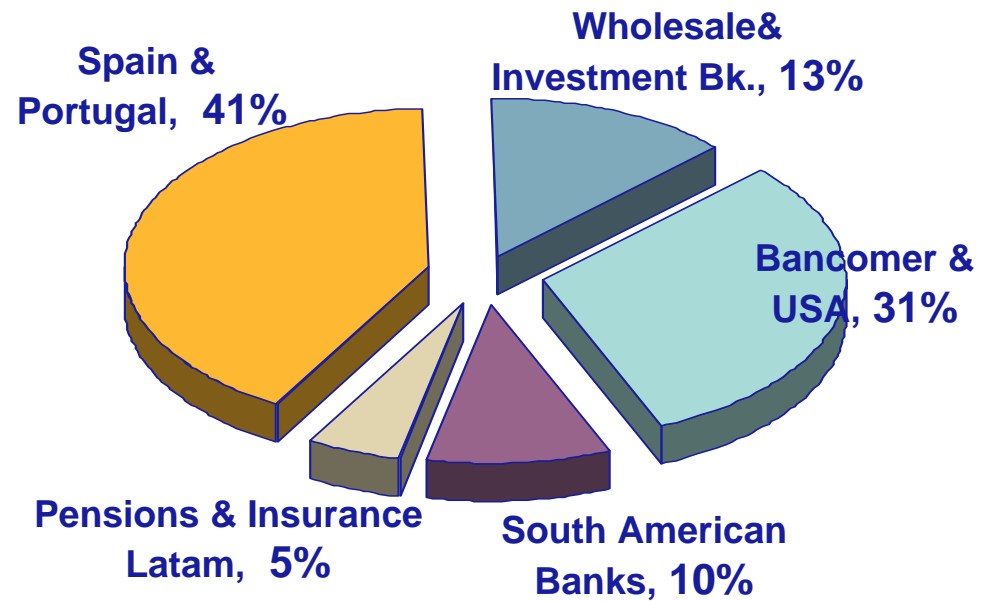
Source: BBVA Economic Research Department

Balanced distribution of assets and profits

Group assets distribution (%)



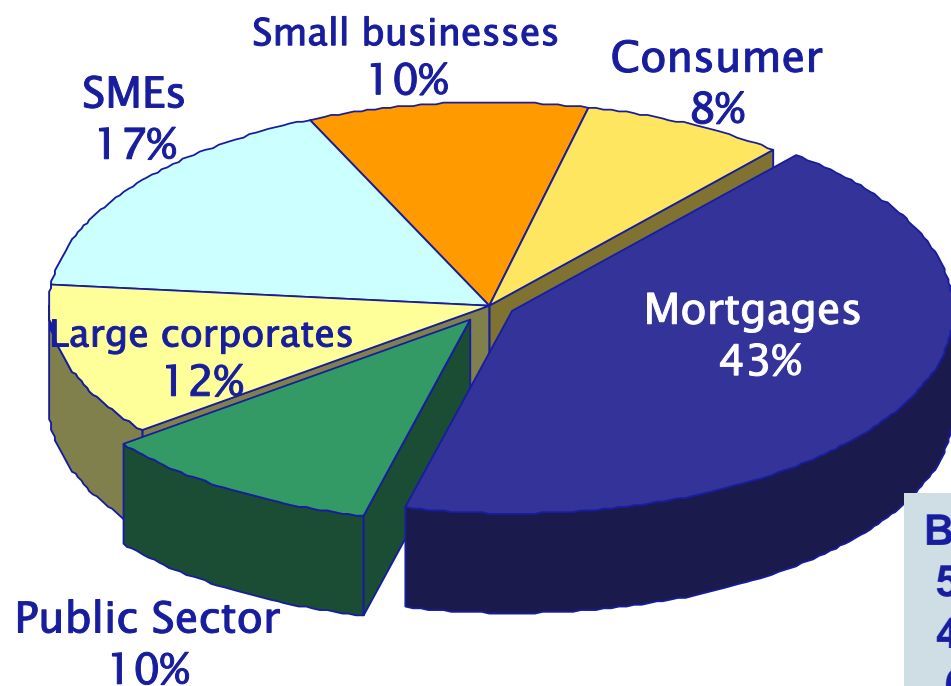
Net attributable profit distribution (%)



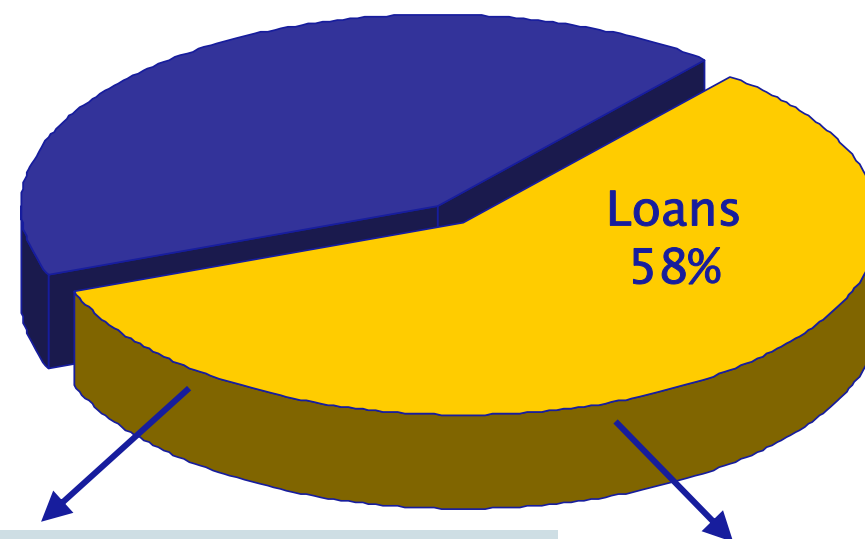
Data as of March 2007

High quality and low risk profile of the loan portfolio in Spain and Latin America

Spain
Loan portfolio distribution



Latin America
Loans/total assets

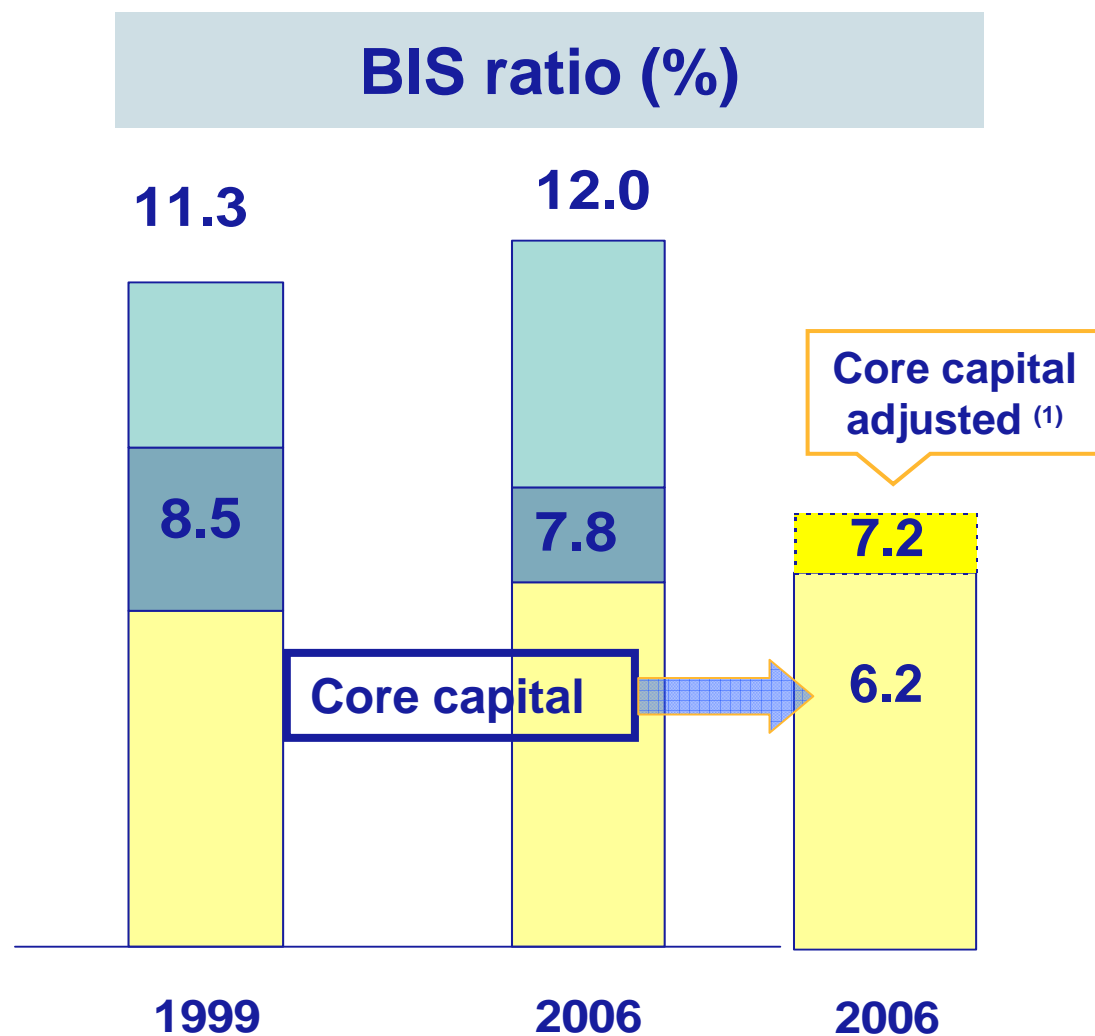


By Segments
50% individuals (23% mortgages)
42% Corporates & SMEs
6% Public Sector

66% in Mexico

50% of loan portfolio in Spain is secured

Strong capital position



Additionally:

- €3.0bn unrealized capital gains
- Full coverage of pension fund liabilities

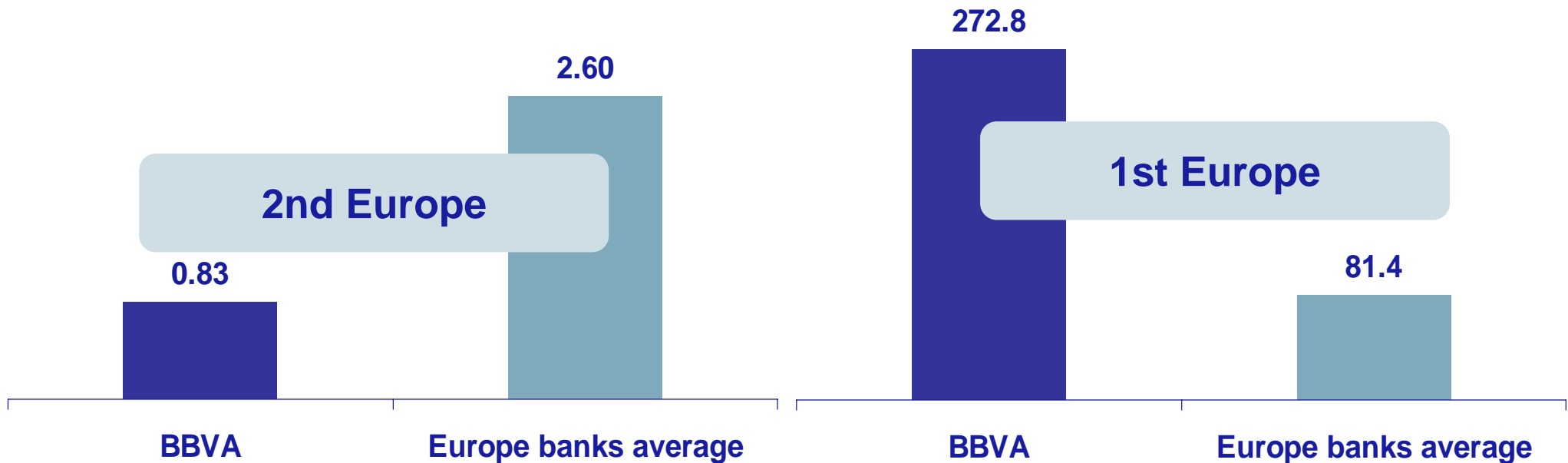
(1) Including generic provisions net of expected losses in core capital.
1999 data Pre-IFRS

Moderate risk profile and superior coverage ratio



NPL ratio
(%)

Coverage ratio
(%)

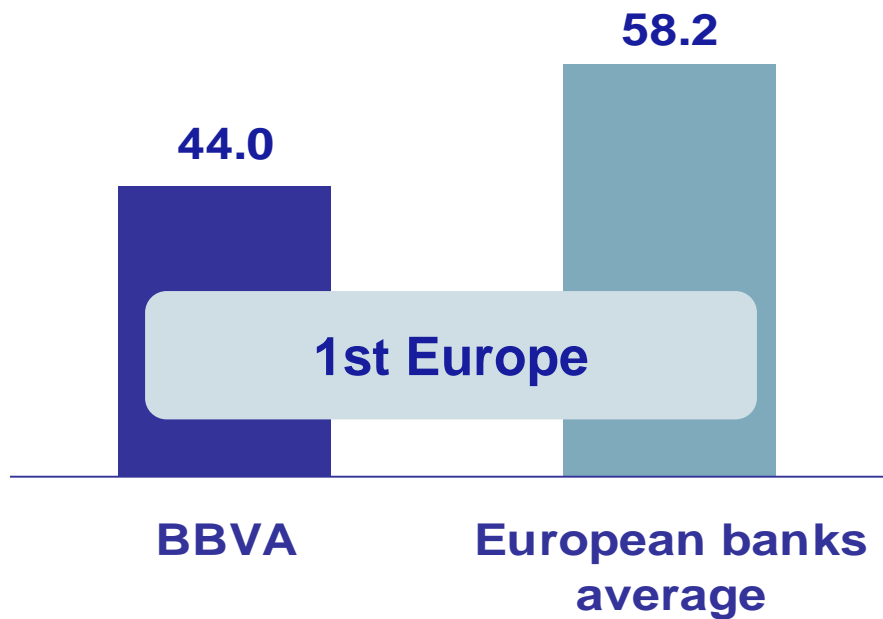


**95% assets
investment grade**

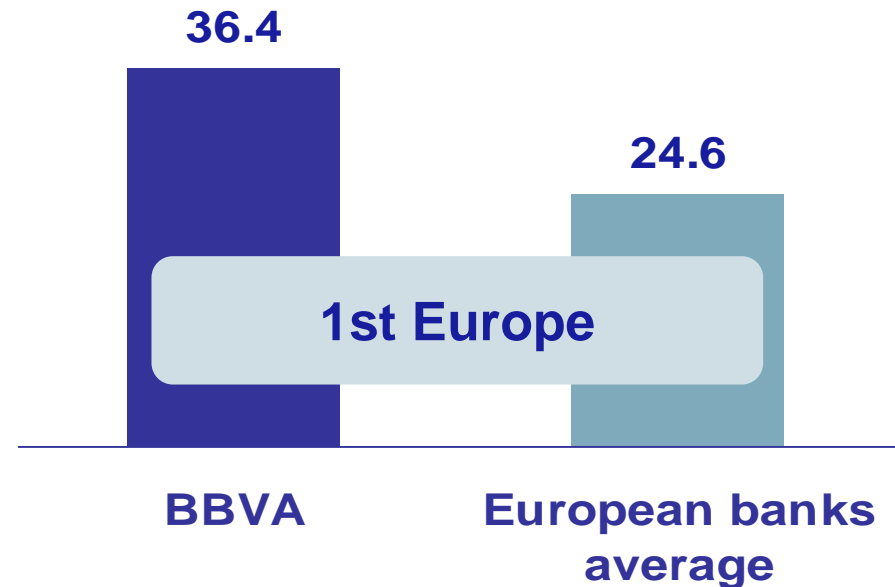
**44% of lending
collateralized**

... and best in class efficiency and profitability

Cost: income ratio (%)

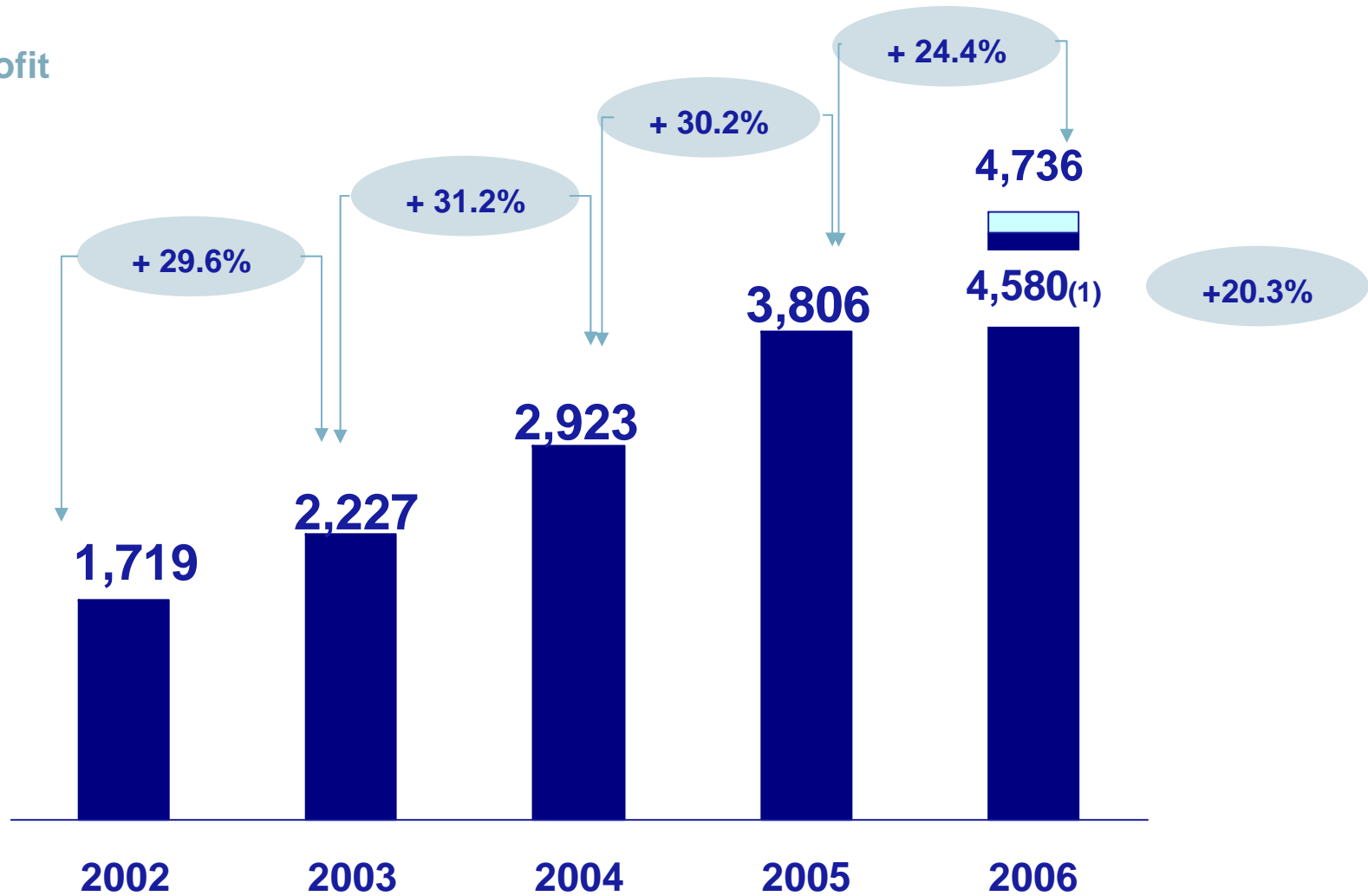


ROE (%)



2006: a year of record profit for BBVA

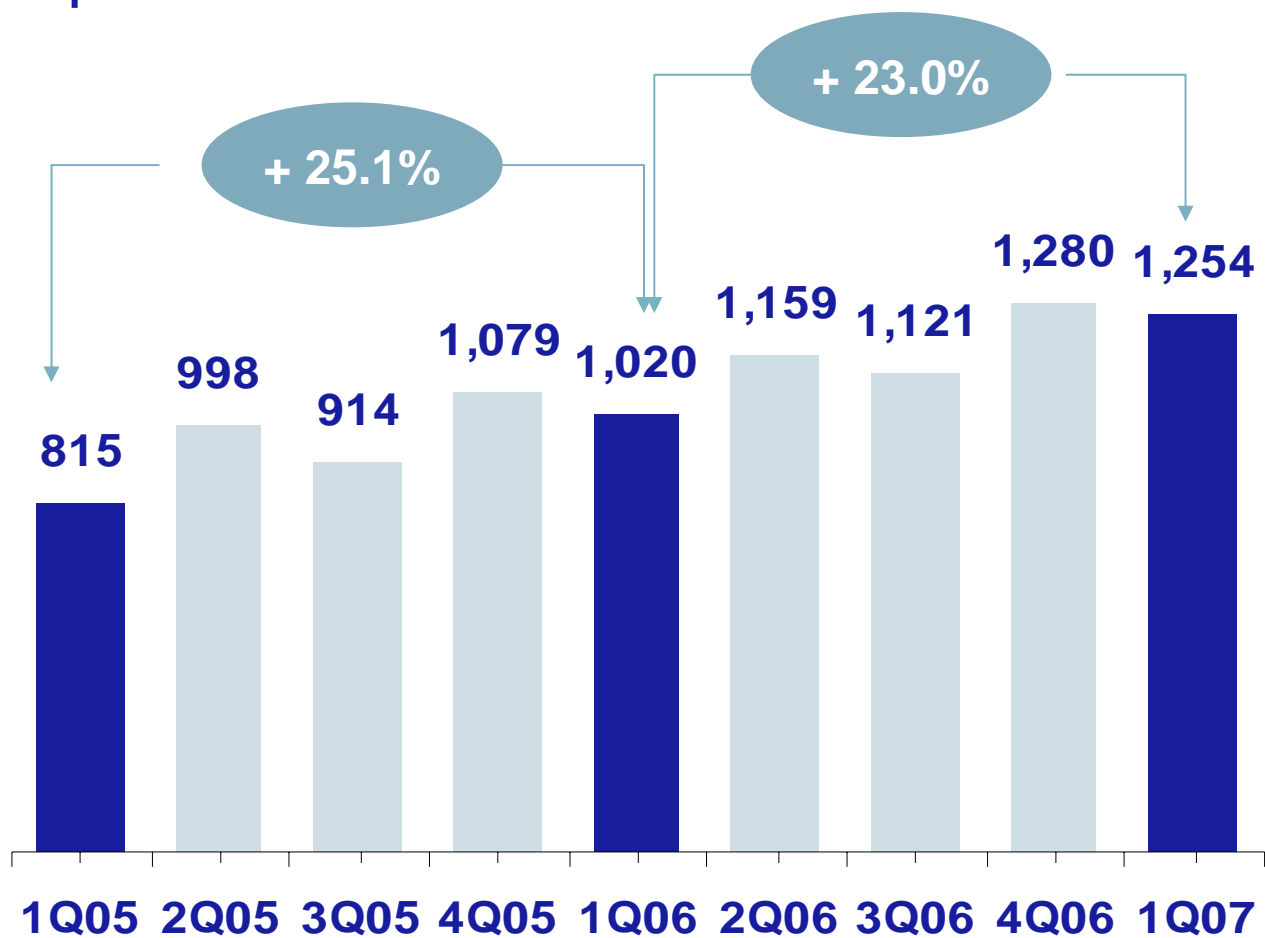
Net attributable profit
(€m)



(1) Excluding one-offs

2007 has started on a strong note

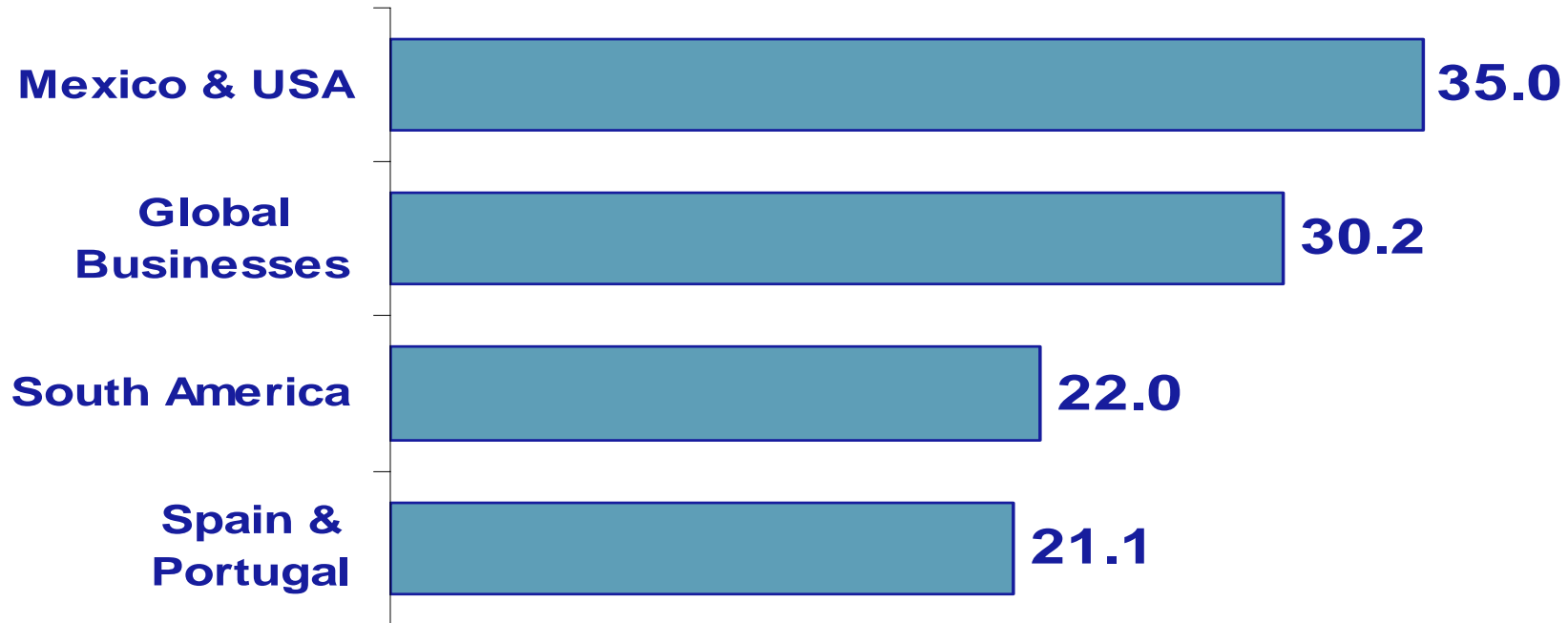
Net attributable profit excl. one-offs
(€m)



+31.1% in constant euros

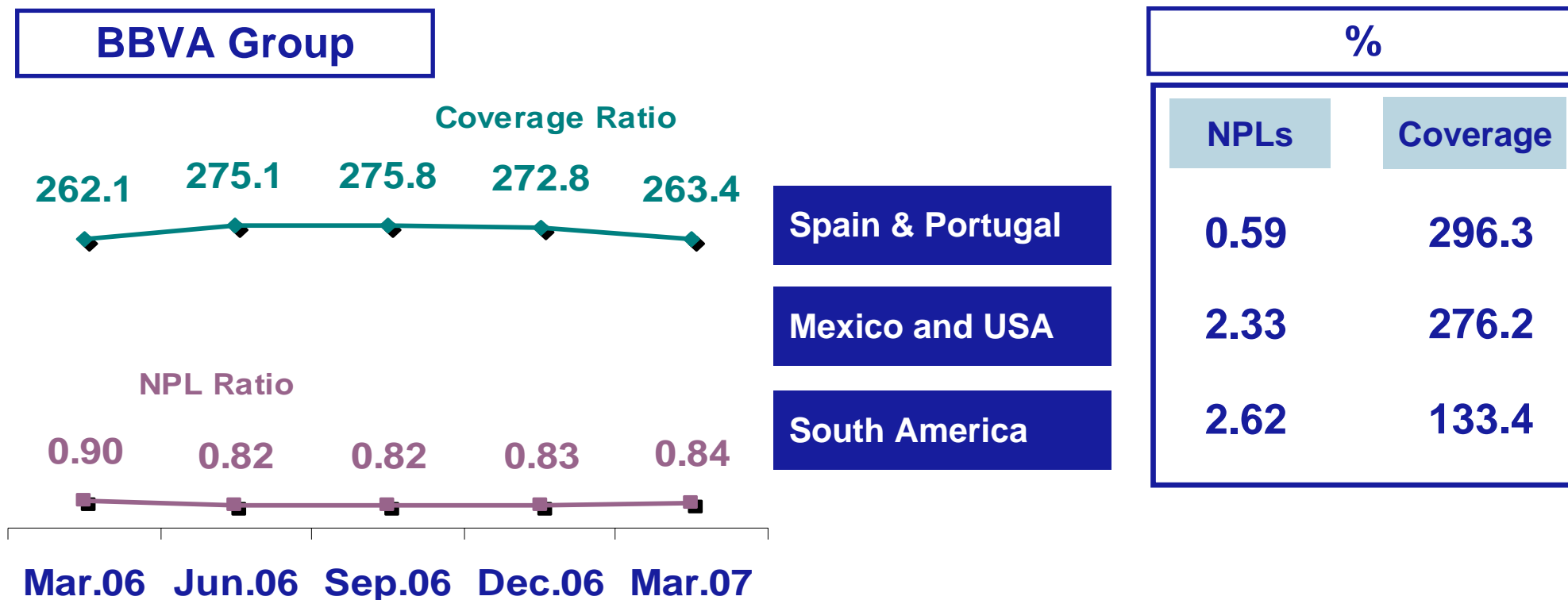
With all business areas contributing

1Q07 Operating profit
Cum. change (% , € constant)



All Business Areas grow above 20% at the operating profit level

1Q07: Excellent asset quality and coverage ratio



71% of loan-loss provisions are generic

BBVA Highlights

BBVA

High Profitability	▶	ROE	34.7%
High efficiency	▶	Efficiency	42.4%
Excellent asset quality	▶	NPL Ratio	0.84%
		Coverage	263%
Solvency	▶	BIS Ratio	11.6%
		Ratings	AA- / Aa1

Data as of March 2007

Contents

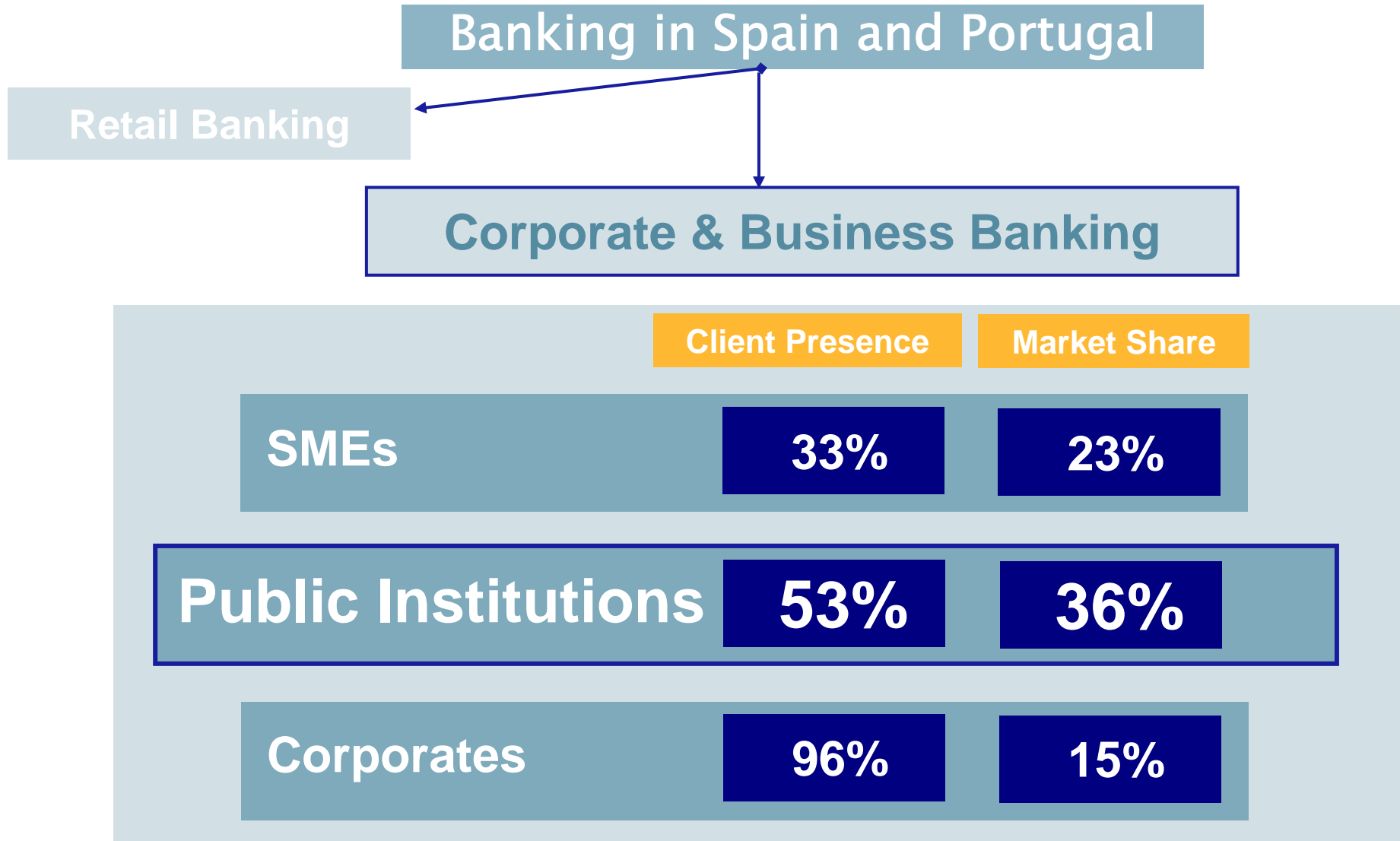
Overview and financial performance

BBVA Public Sector business

BBVA Funding Strategy

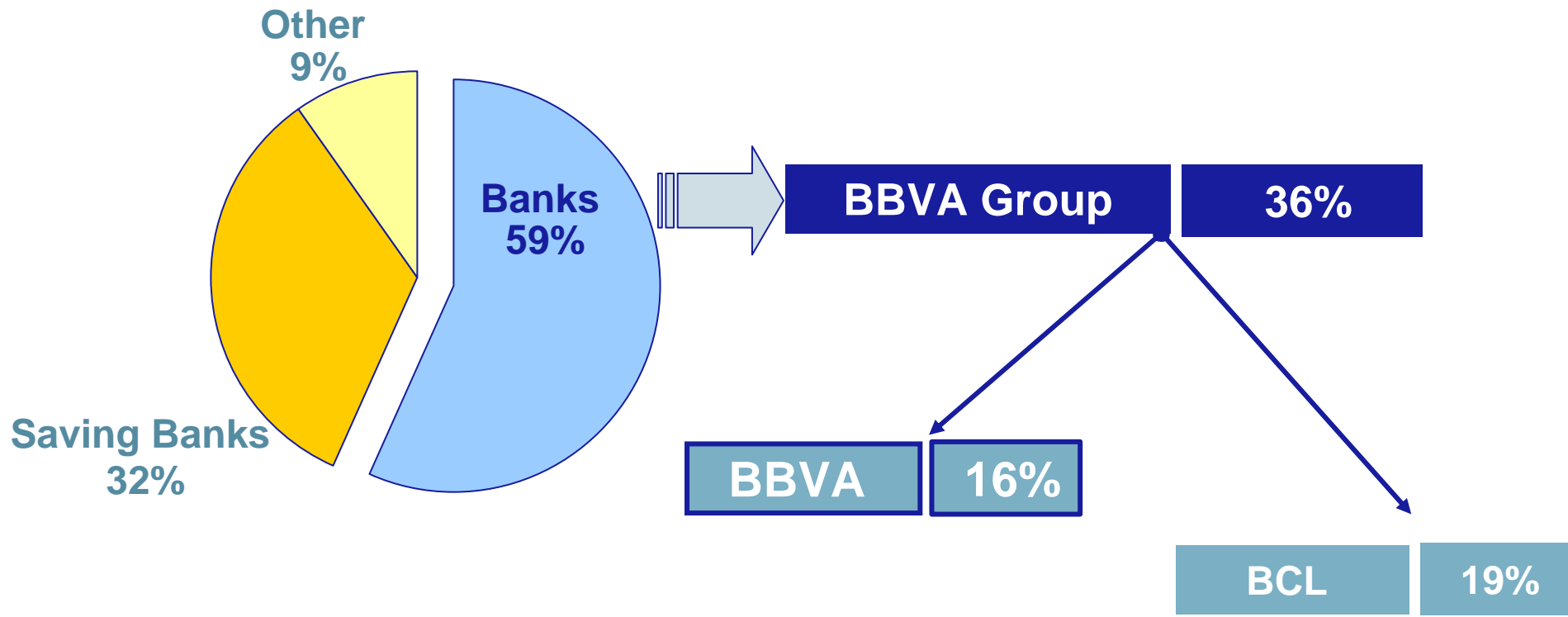
“Cedulas Territoriales”

Appendix



BBVA is the leading player in Spanish Public Sector business

Public Sector loans market share (%)



BBVA is the market leader in lending to the public sector in Spain, based on :

- **Business model of integral relationship banking, offering a full range of financial products and services, including high value added services such as project finance, tax collection services and specialized internet portals**
- **Strong nationwide presence**
- **BBVA Group manages the public sector business through BBVA and its specialist subsidiary Banco de Crédito Local (same management and risk policies but separate portfolios)**

More than 6,000 clients, covering all areas of the Spanish Public Sector

1

Central Administration

- Government Departments, Autonomous Entities
- Public Enterprises

2

Regional Governments

- Regional Governments
- Public Enterprises, Autonomous Entities at regional level

3

Local Administration

- Provincial Administration
- Municipalities
- Public Enterprises, Autonomous Entities at local level

Specialized network

- 52 branches in Spain, nationwide coverage
- 2 branches in Belgium
- 2 branches in Portugal

Account manager approach for client management

Segment specific expertise

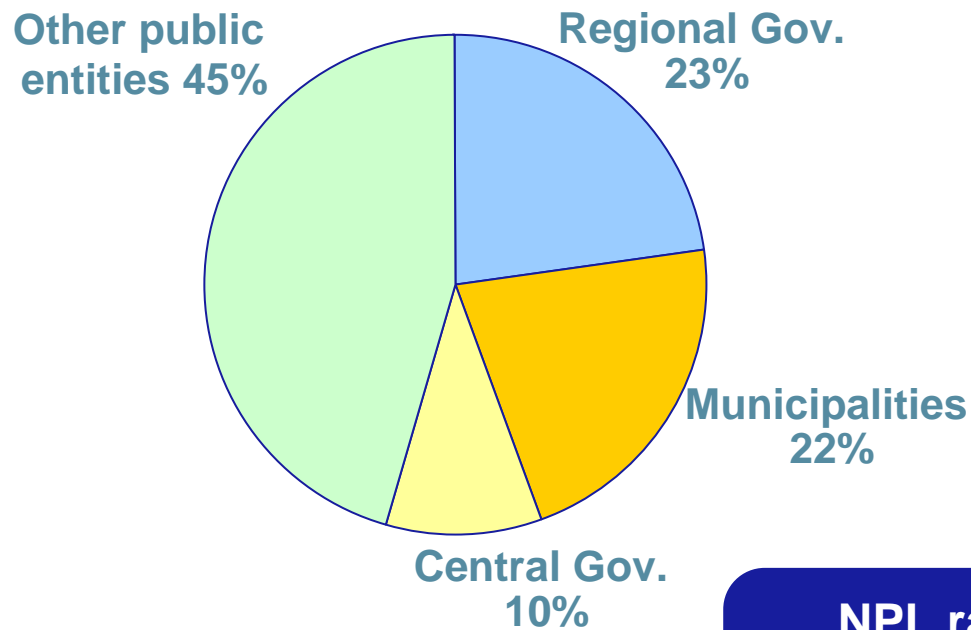
Highly trained and experienced staff

High cross-sell ratios

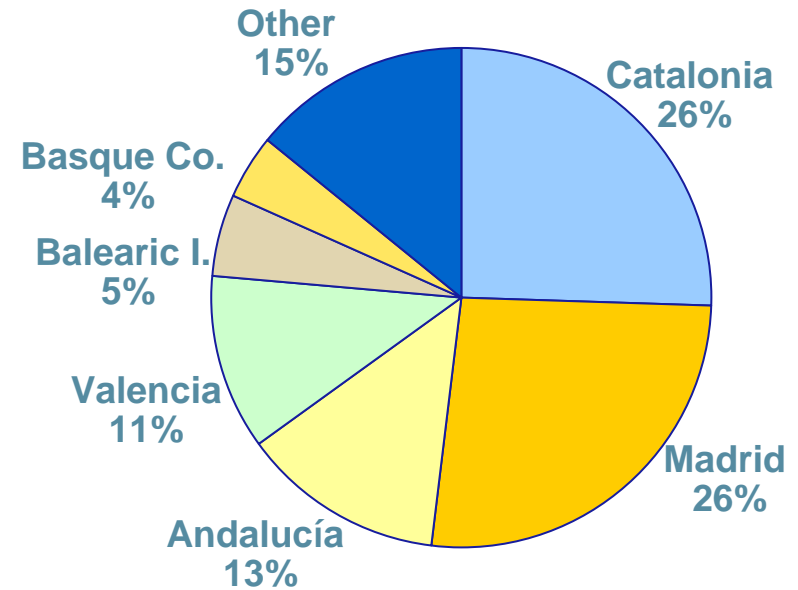
A diversified and good quality portfolio

BBVA Public Sector business Loan structure (%)

By type of borrower



By region



NPL ratio	0.08%
NPLs Coverage	154%

Data as of March 2007

Contents

Overview and financial performance

BBVA Public Sector Business

BBVA Funding Strategy

“Cedulas Territoriales”

Appendix

BBVA's wholesale funding approach

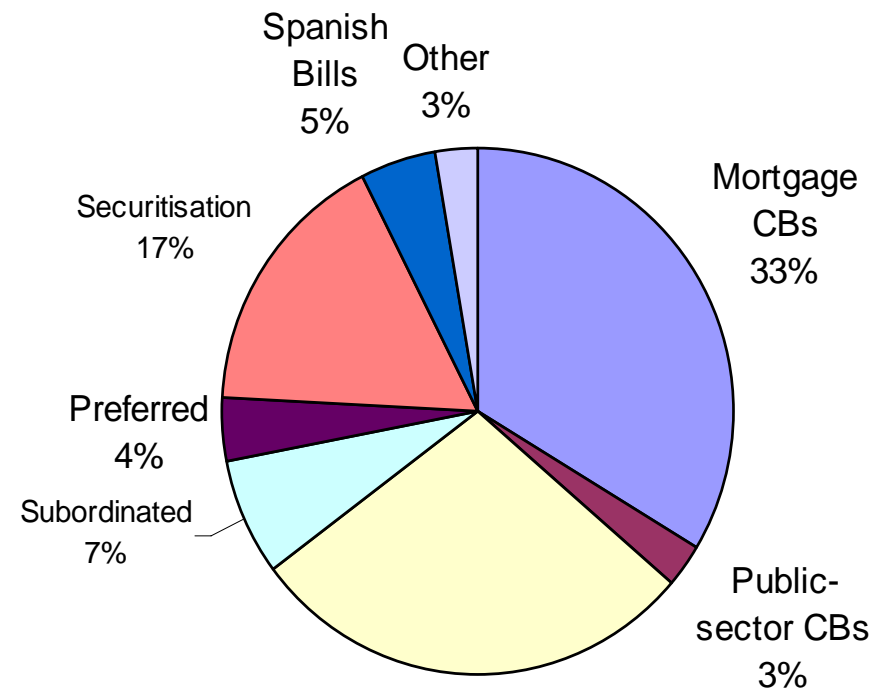
- Diversification by tenor, instruments and market:
 - ✓ Short term: Spanish bills (“pagarés”), CP
 - ✓ Medium term: Euromarket, GMTN, private placements
 - ✓ Long term: “Cedulas hipotecarias” (Covered bonds), senior debt, capital instruments
- Liquid benchmarks are established by maturities
- Smooth maturity profile
- A policy of independence and coordination of funding needs. Group subsidiaries fund themselves independently, without support from the parent
- Transparency and communication with market participants. High quality of disclosed information

BBVA: a diversified funding structure

Total stock (30/06/07 €Bn)

Mortgage CBs	39.0
Public Sector CBs	3.4
Senior debt (MTN)	33.1
Subordinated debt	8.3
Preferred shares	4.5
Spanish bills	5.9
Securitisations	19.5
Other (1)	3.2
Total	116.4

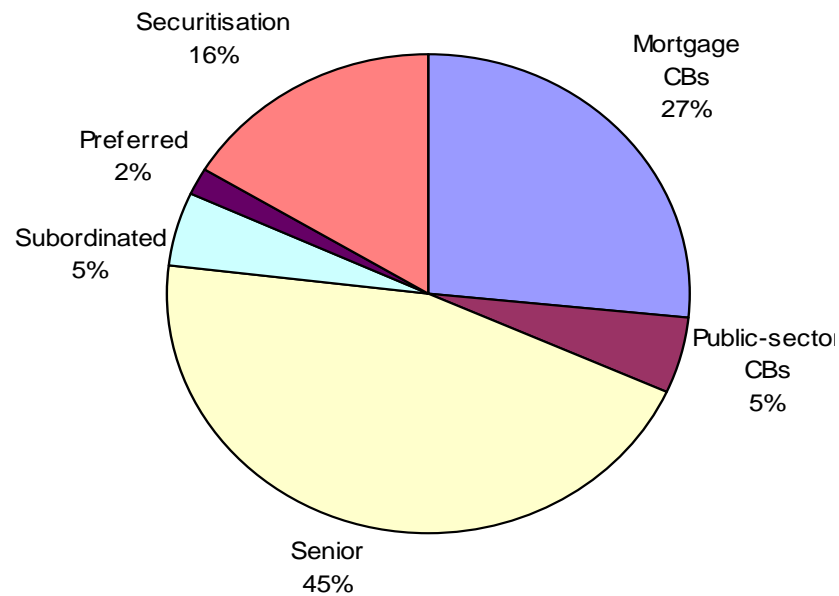
Total Stock Distribution (30/06/07)



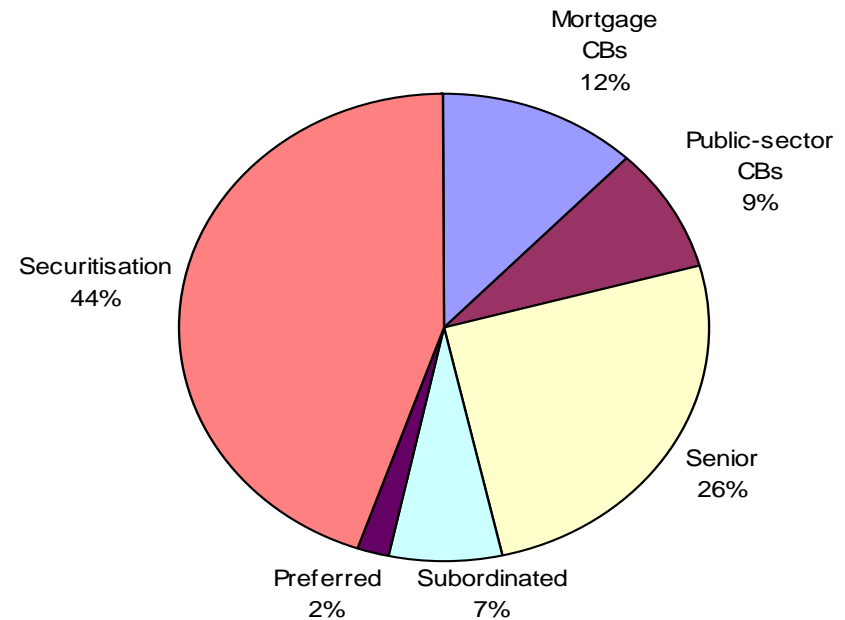
(1) USCDs, ECDs Eurodeposits and Private Placements

Issuance structure

Issued 2006



Issued 2007 YTD

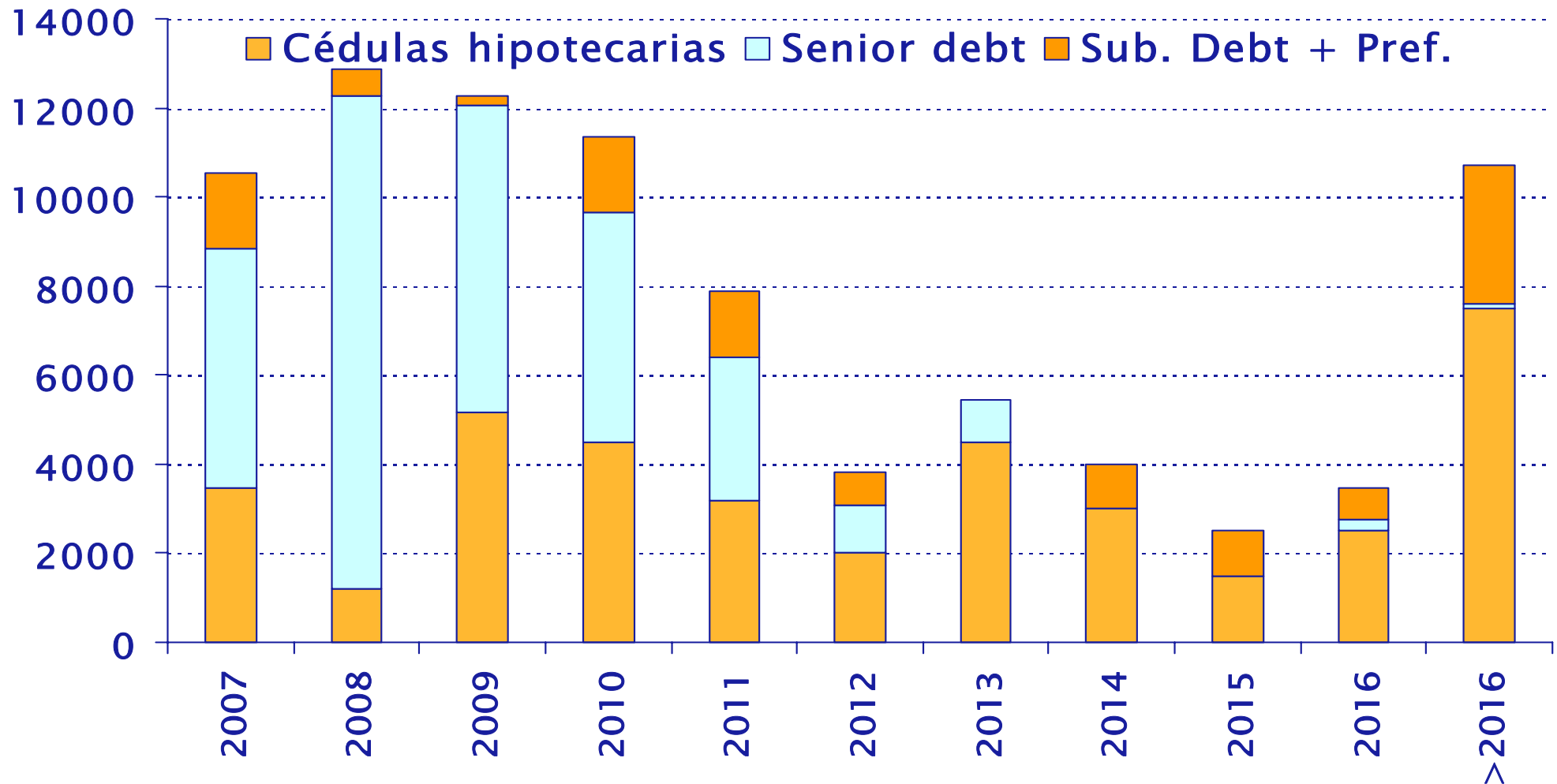


New initiatives:

- Securitisations playing a more important role
- Increasing presence in the US bond market
- Broader investor base for capital instruments
- New ECP programme

Maturity profile

BBVA funding maturity matrix



BBVA US issuance



Date	Issuer	Structure	Rating	Size	Maturity	Launch	
						Price	Current Spread
abr-06	BBVA	Senior	Aa2/AA-	\$1.25bn	2Years	3m\$L + 2bps	3m\$L - 1bps
abr-06	BBVA	Senior	Aa2/AA-	\$4bn	3Years	3m\$L + 7bps	3m\$L + 2bps
mar-07	BBVA	Tier 1	Aa3/A	\$600m	Perpetual NC5	T+134bps	T+134bps
mar-07	BBVA	Senior	Aa2/AA-	\$1bn	2Years	3m\$L + 1bps	3m\$L + 2bps
mar-07	BBVA	Senior	Aa2/AA-	\$2bn	3Years	3m\$L + 5bps	3m\$L + 6bps

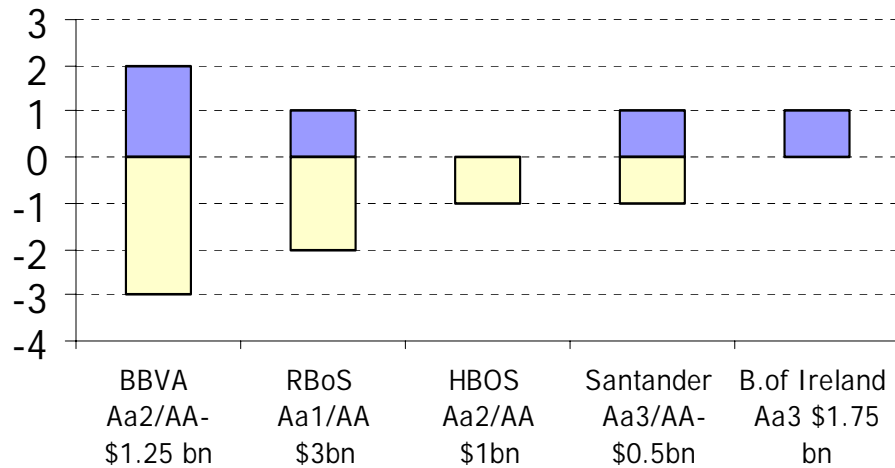
- BBVA has accessed the USD market for senior and Tier 1 in the past 3 years, totalling US\$8.8 bn
- Transactions have been well structured and well received by investors

BBVA's secondary performance vs peers

BBVA senior FRN \$1.25 bn 2yrs (April 2006)

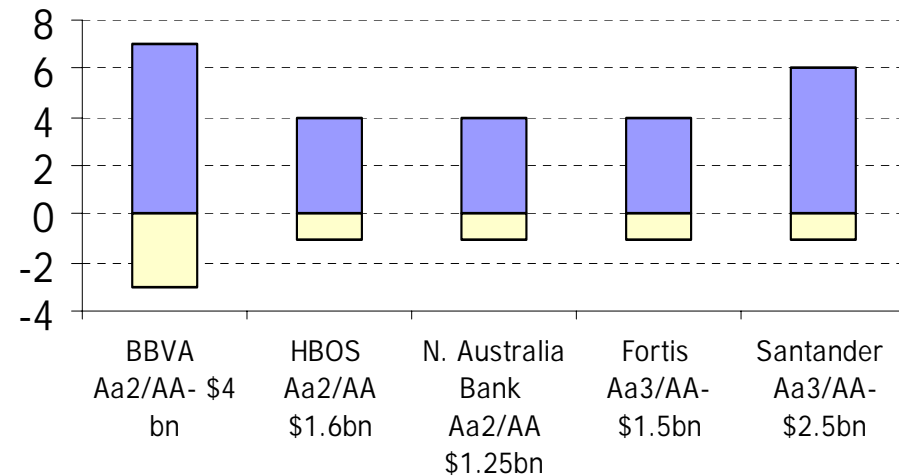
BBVA senior FRN \$4bn 3yrs (April 2006)

Spread performance (pbs)



■ Original reoffer ■ spread tightening

Spread performance (pbs)



■ Original reoffer ■ spread tightening

Contents

Overview and financial performance

BBVA Public Sector business

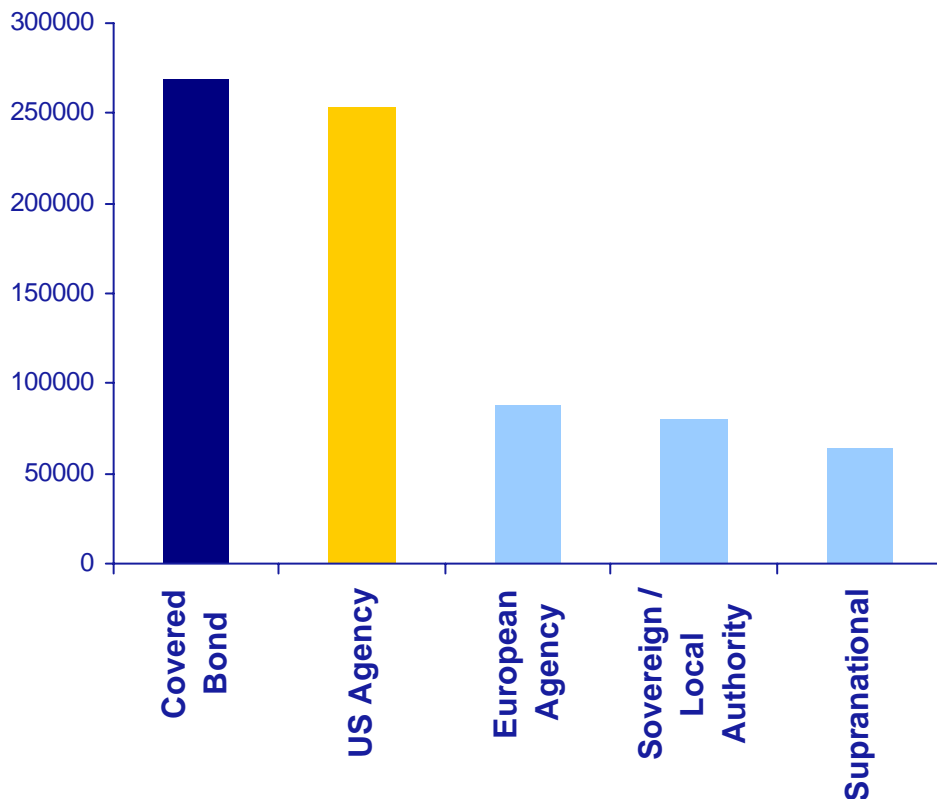
BBVA Funding Strategy

“Cedulas Territoriales”

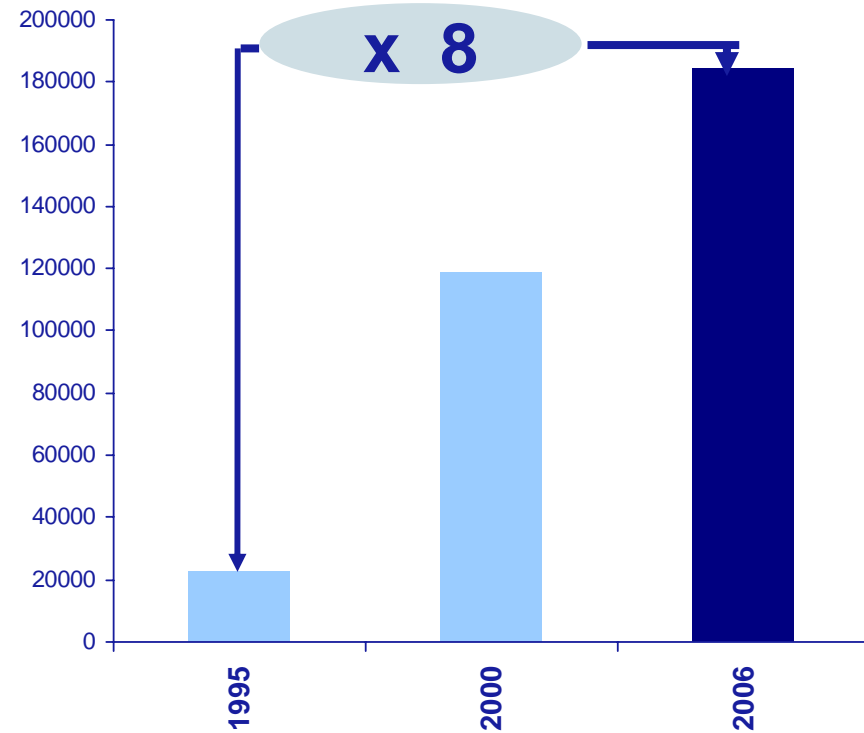
Appendix

Covered bonds are today the most active AAA instrument

AAA Asset Classes by public new issue volume in 2006



Jumbo Covered Bonds Issuance

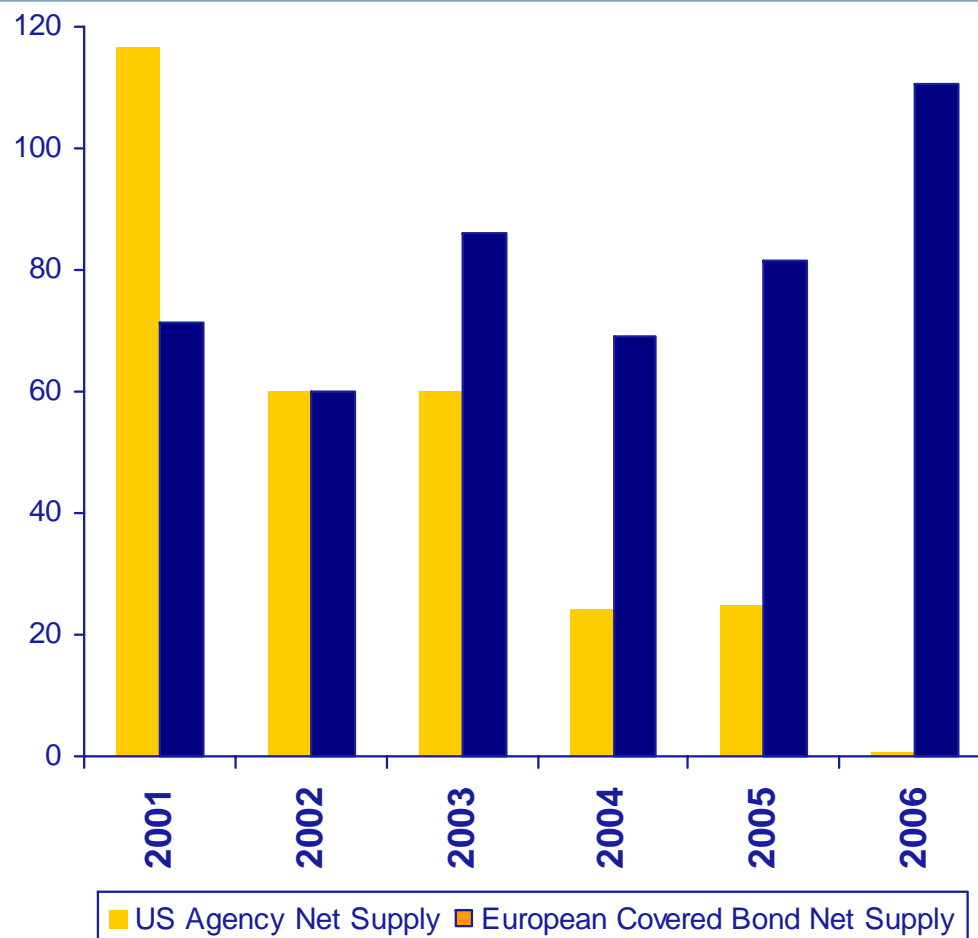


Source: Barclays Capital

Source: Citigroup/DealogicBondware, 2006 Public Issuance

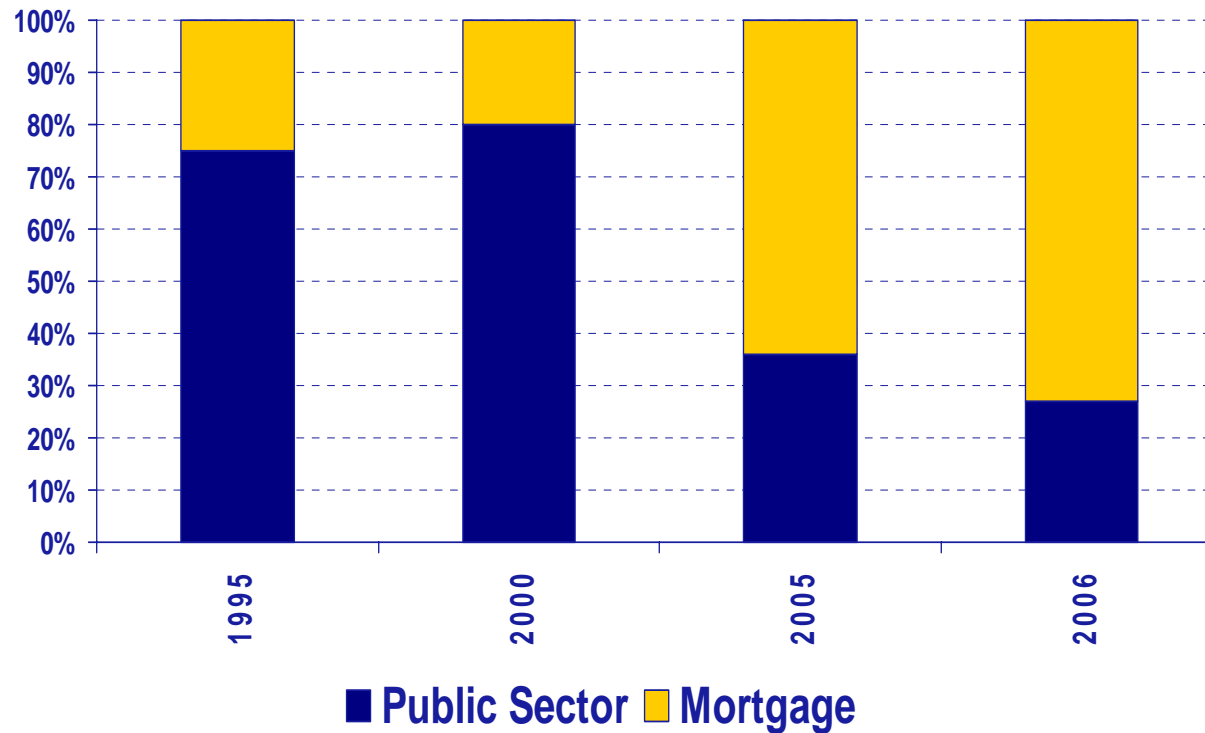
In terms of net issuance, covered bonds outstrip US agencies

Net supply of US Agency paper vs. Net Supply of European Covered Bonds



Public sector covered bonds represent just 27% of new issuance

Breakdown of Benchmark Issuance by Collateral type



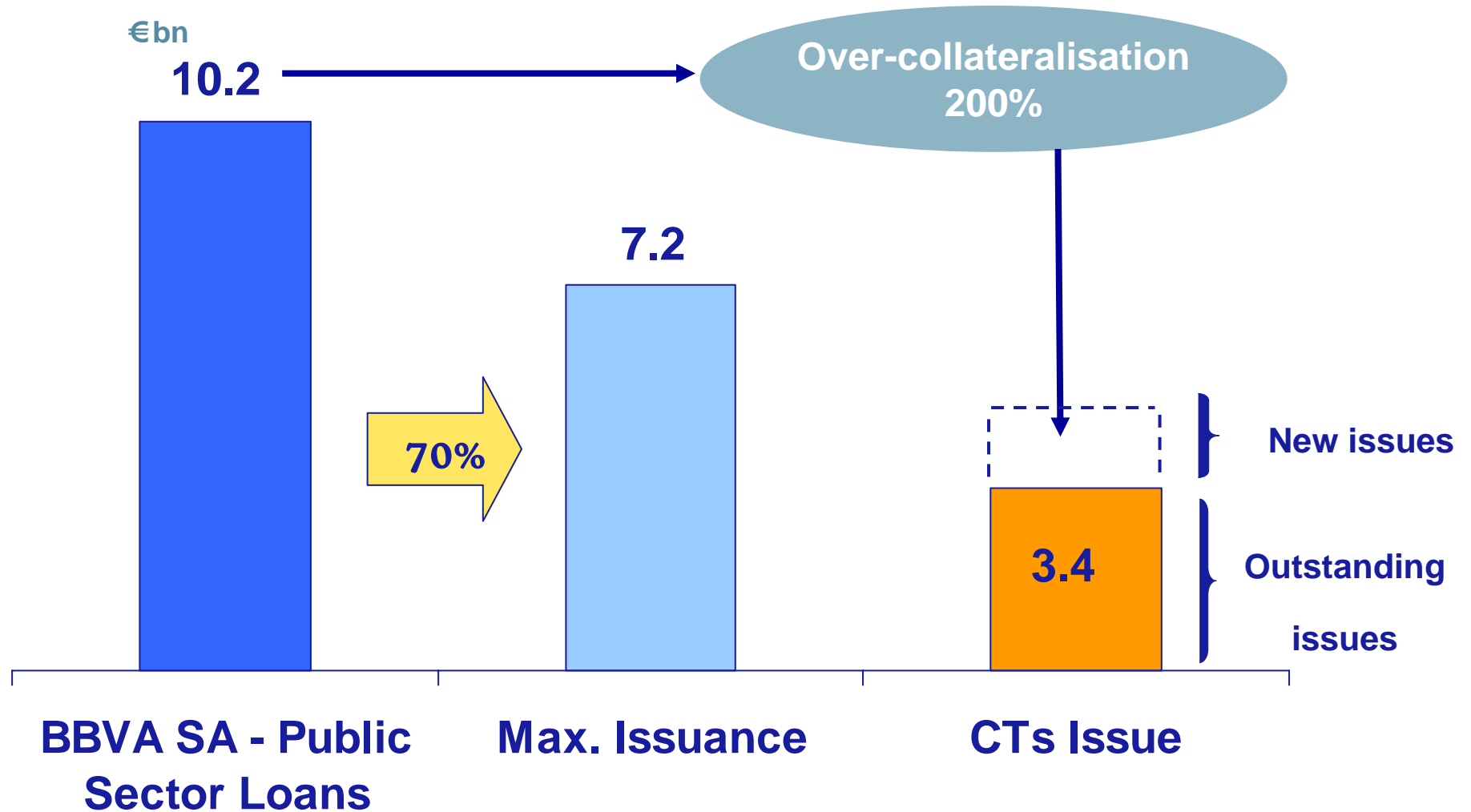
Definition Cedulas Territoriales (CTs)

- **The CTs are full recourse to BBVA**
- CTs holders have a priority security claim over the Cover Pool: BBVA's entire public-sector loan and credit book
- The CTs holders are classified by the Law in the category "special-privileged creditors" in respect of any amount due under the CTs
- CTs cannot be terminated merely on the grounds of the existence of insolvency proceedings. The collateral and the proceeds thereof will be reserved, by provision of law, for the settlement of such special-privileged credit rights
- The maximum amount of outstanding CTs that an issuer is allowed to issue may not exceed 70% of the Cover Pool.
- This translates into a minimum 43% over-collateralisation required by law, the highest level in any European jurisdiction

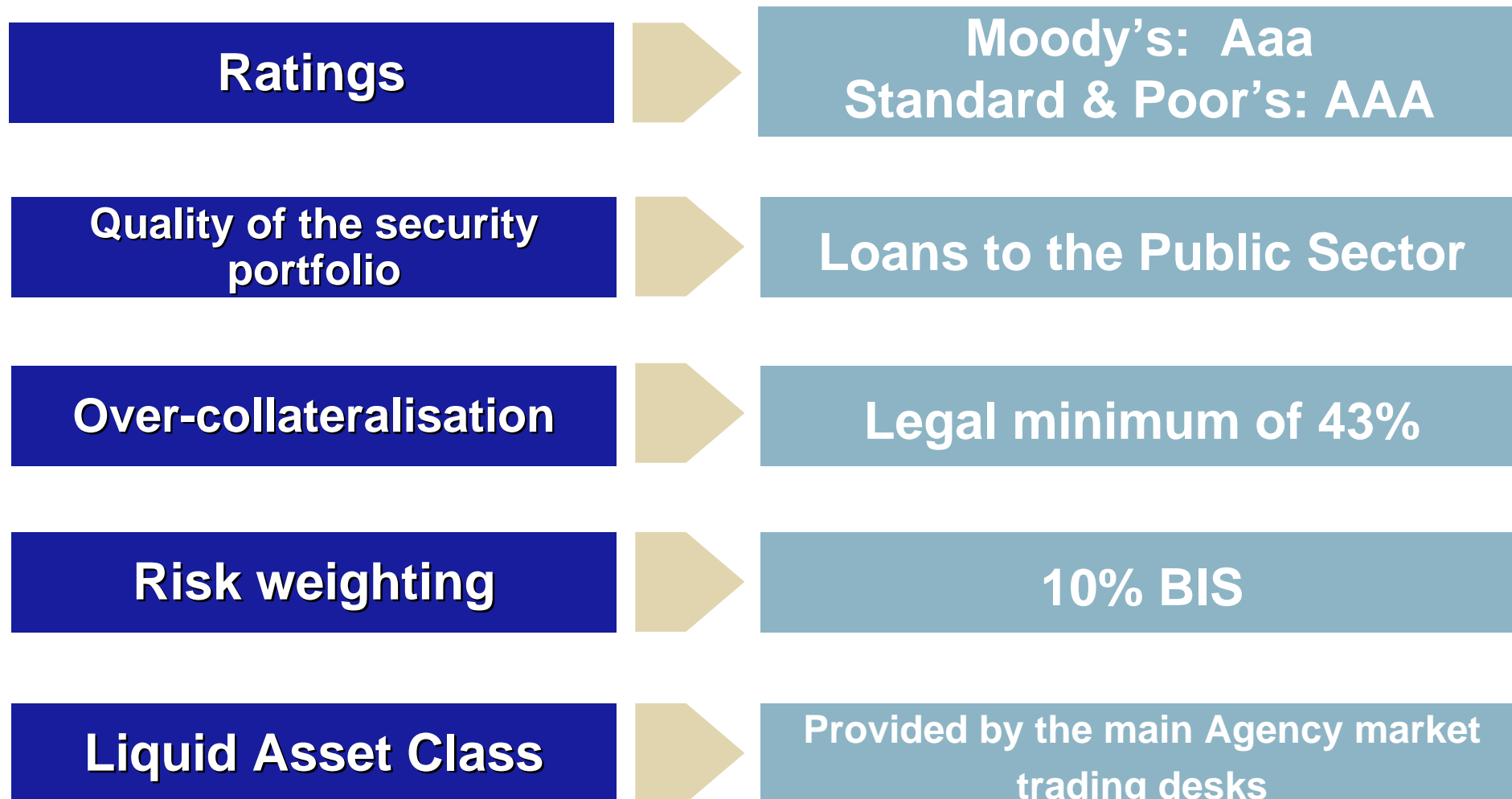
European covered bonds: a comparison

	<u>Spain</u> <u>Cédulas</u>	<u>Germany</u> <u>German Pfandbrief</u>	<u>France</u> <u>Obligations Foncières</u>	<u>UK</u> <u>Structured CB</u>
Over-collateralisation	Minimum 43%	Minimum 2%	Over-collateralisation is required but level is not explicitly defined	Minimum 7.5% (additional over-coll. may be needed particular risks in case of bankruptcy of the seller)
Eligible Assets	EAA Public Sector Loans and Credits (no bonds). No cover asset register: priority claims against total public-sector pool + full senior recourse to all the assets of the issuer	Public Sector Loans and Bonds.	No separation between public and mortgage cover asset pool required	Types not fully standardised: prime mortgages, buy-to-let, self-certified. First-lien residential mortgages
Substitution Assets	No	Derivatives (max 12% of cover pool, in NPV terms). Claims against certain banks(max. 10%)	Deposits and Loans to credit institutions. Other CBs. Promissory notes. Max 15%	Bank Deposits. Triple-A RMBS tranches, government securities. Short-term notes. Max 10%
Risk-weighting	10%	10%	10%	20%
Supervision and framework	Bank of Spain, Ministry of Economy	BAFIN (German Banking supervisor)	Commission Bancaire	No explicit covered bond legal framework
Effect on balance sheet	Loans remain on the bank's balance sheet	Loans remain on the bank's balance sheet	Loans remain on the bank's balanced sheet	True Sale
Statutory preferential right in bankruptcy	Preferential claim on the entire public sector loan portfolio. If cover pool is insufficient, CTs rank pari-passu with senior unsecured debt	Segregation of cover pool in case of insolvency	No recourse to parent company	Administrative expenses and derivatives payments rank prior to amounts due on covered bonds
External Support	Not regulated, but very likely. In the past Bank of Spain stepped in where banks were in stress	Not regulated	Not regulated	Absent. Certain thresholds trigger replacement of servicer ahead of issuer's default

BBVA's Cedulas Territoriales, very strong over-collateralisation



BBVA Cédulas Territoriales: Strengths



Deal summary

- **Issuer:** BBVA S.A.
- **Issuer's rating:** Aa1 (Moody's)
 - AA- Positive Outlook (S&P)
 - AA- Positive Outlook (Fitch)
- **Rating of the notes: Aaa (Moody's) AAA (S&P)**
- **Status of the Notes :** Cédulas Territoriales. Covered bonds secured by the BBVA's Public Sector loan book
- **Tenor:** 10 years
- **Coupon:** Semiannual fixed rate
- **Book runners:** Citigroup, Goldman Sachs and Lehman Brothers
- **Joint lead manager:** BBVA
- **Documentation:** Stand Alone 144a/Reg S
- **Settlement:** DTC
- **Listing:** LSE

Contents

Overview and financial performance

BBVA Public Sector business

BBVA Funding Strategy

“Cedulas Territoriales”

Appendix

Balance (million euros)	2005	2006	Change (%)
Total assets	392,389	411,916	5.0
Customer lending (Gross)	222,413	262,969	18.2
On-balance sheet customer funds	259,200	283,645	9.4
Total customer funds	403,087	425,709	5.6
Equity	17,302	22,318	29.0
Shareholders' funds	13,036	18,210	39.7
Income (million euros)			
Net interest income	7,208	8,374	16.2
Ordinary revenues	13,024	15,701	20.6
Operation Profit	6,823	8,883	30.2
Pre tax profit	5,592	7,030	25.7
Net attributable profit	3,806	4,736	24.4

Significant ratios	2005	2006
ROE (Net attributable profit/average equity)	37.0	37.6
ROA (Net profit/ATA)	1.12	1.26
Efficiency ratio including depreciation and amortization	46.7	42.6
NPL ratio	0.94	0.83
NPL coverage ratio	252.5	272.8
Capital adequacy ratios (BIS)		
Total	12.0	12.0
Tier I	7.5	7.8
Core capital	5.6	6.2
Data per share and market capitalisation		
Net attributable profit	1.12	1.39
Dividend	0.531	0.637
Book value	3.84	5.13
Market capitalisation	51,134	64,788
Other information		
Number of shares	3,391	3,552
Number of employees	94,681	98,553
Number of branches	7,410	7,585

*BBVA “Cédulas Territoriales”
Credit Story and Public Sector Business*

July 2007

