BBVA “Cédulas Territoriales”
Credit Story and Public Sector Business

November 2006
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Contents

Overview and results

BBVA Public Sector business

“Cedulas Territoriales”
BBVA is an international financial services group

Employees
96,369

Branches
7,465

Countries
30

Shareholders
Approx. 1 million

A full range of financial products & services

Market cap
€65bn

Total assets
€403bn

Market cap
€65bn
BBVA enjoys a solid and focused position in attractive growth markets: Spain ...

**Spain**

<table>
<thead>
<tr>
<th>BBVA</th>
<th>Mk. Share</th>
<th>Ranking</th>
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</thead>
<tbody>
<tr>
<td>Loans</td>
<td>12.5%</td>
<td>1st</td>
</tr>
<tr>
<td>Deposits</td>
<td>12.4%</td>
<td>2nd</td>
</tr>
<tr>
<td>Mutual Funds</td>
<td>18.1%</td>
<td>2nd</td>
</tr>
<tr>
<td>Pension Funds</td>
<td>18.9%</td>
<td>1st</td>
</tr>
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</table>

Num. of customers: 11 million

**Spanish Bk. System: M. Share (*)**

- Loans: Banks, 48%
- Deposits: Banks, 42%

(*) Private domestic sector
... and Latin America

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<thead>
<tr>
<th>Country</th>
<th>DEPOSITS M. share (%)</th>
<th>Ranking</th>
<th>LOANS M. share (%)</th>
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<td>10,7</td>
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Num. of customers: 23 million
… with a balanced distribution of assets

Group assets breakdown (%)

79%
SPAIN, EU & USA

15%
LATAM “INVESTMENT GRADE” (Mexico, Chile)

6%
LATAM “NON INV. GRADE”
Banking in Spain
Loan portfolio breakdown

- SMEs: 19%
- Small businesses: 10%
- Large corporates: 10%
- Consumer: 8%
- Mortgages: 44%
- Public Sector: 9%

Latin America
Loans/total assets

- LOANS: 46%
- 50% individuals (24% mortgages)
- 7% Public Sector
- 43% Corporates

51% of Group’s gross loans are secured
BBVA, an excellent combination of profitability-risk
### RATINGS: BBVA VS. EUROPEAN BANKS

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</table>
BBVA has delivered an excellent track record of growing results

Attributable Profit (M €)

2002: 1,719 +29.5%
2003: 2,227 +31.3%
2004: 2,923 +30.2%
2005: 3,806

Note: 2002 and 2003 Pre-IFRS
2006 results confirm the positive prospects: maintaining growth at an excellent level

Earnings excl. one-off items
(Current €m)

<table>
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<tr>
<th></th>
<th>BBVA Group</th>
<th>9M06</th>
<th>9M05</th>
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<tr>
<td>Net Interest Income</td>
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<td>6,084</td>
<td>14.4%</td>
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<tr>
<td>Core Revenues</td>
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<td>9,987</td>
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<td>Ordinary Revenues</td>
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<td>11,140</td>
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<td>Operating Profit</td>
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<td>19.5%</td>
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<td>Net Attributable Profit</td>
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<td>3,300</td>
<td>24.9%</td>
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All business areas are growing …

(Current €m)

<table>
<thead>
<tr>
<th>BBVA Group</th>
<th>Operating Profit</th>
<th>Net Attributable Profit</th>
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<tbody>
<tr>
<td></td>
<td>9M06</td>
<td>9M05</td>
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<tr>
<td>Retail Banking Spain and Portugal</td>
<td>12.8%</td>
<td>11.5%</td>
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<tr>
<td>Wholesale Business</td>
<td>26.3%</td>
<td>28.7%</td>
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<td>Mexico &amp; USA.</td>
<td>42.4%</td>
<td>43.3%</td>
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<tr>
<td>South America</td>
<td>40.7%</td>
<td>25.7%</td>
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Very tight control of asset quality

NPL provisions (€m)

Loan loss provisions (€m)

73% of total funds and 78% of provisions are generic

NPL ratio is 0.82% and coverage 275.8%
Group fundamentals continue to strengthen

Cost/income ratio -incl. deprec, excl. one-off items- (%)
- 2.3 pp

ROE excl. one-offs (%)
+ 0.3 pp

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<td>35.5</td>
<td>35.8</td>
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</table>
Solid capital base levels

Capital base (%)

Core capital  Tier 1  Ratio BIS

Sep. 05

12.7

7.8

5.8

Sep. 06

11.5

7.7

6.0
Overview and results

BBVA Public Sector business

“Cedulas Territoriales”
BBVA Public Sector business profile

- BBVA is the market leader in lending to the public sector in Spain, based on:
  - Solid franchise focused on the low-risk public finance business and therefore, extremely sound asset quality.
  - A model of integral relationship banking with customers, offering other 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 BCL (same management and risk policies but separate portfolios).

- Strengthening the BBVA Public Sector business in the Corporate and Business Banking division:
  - A distribution franchise targeting companies and institutions in Spain.
Corporate and Business Banking Division: leading position in customer relationship

Source: Inmark and Bank of Spain
BBVA the leading Spanish player in Public Sector business

Public Sector loans market share (%)

- **Banks**: 57%
  - **BBVA Group**: 36%
  - **BBVA**: 15%
  - **BCL**: 20%
- **Saving Banks**: 33%
- **Other**: 9%
A diversified portfolio

BBVA Public Sector business
Loan structure (%)

By type of borrower (%)
- Regional Gov. 40%
- Municipalities 28%
- Other public institutions 22%
- Central Gov. 10%

By region (%)
- Catalonia 27%
- Madrid 26%
- Andalucía 11%
- Valencia 8%
- Baleares 6%
- Basque Co. 4%
- Other 17%
Maturity of the portfolio and asset quality

Average maturity (years)  7
NPL ratio  0.10%
NPLs Coverage(*)  400%

(*) Total provisions over non-performing loans

Note: most of the 1yr loans are extendible by BBVA on a yearly basis
A very strong overcollateralization

BBVA SA - Public Sector Loans

Max. Issuance

Overcollateralization 526%

CTs Issue

Data as of September 2006
Conclusions

- Significant advances in strategy in the last years with strong focus in profitable growth
- Strengthening of the Group fundamentals
- BBVA remains the leader in the Spanish Public Sector market, with a low risk profile
- Inaugural BBVA “CTs” represents an attractive investment alternative
Overview and results

BBVA Public Sector business

“Cedulas Territoriales”
Overview of the Cedulas Territoriales (CTs)

- Principal and interest payments are guaranteed specifically by the public sector loan book.
- Thereafter, Cédulas holders rank pari-passu with other senior creditors.
- The assets remain on the issuer’s balance sheet.
- The CTs are backed by the entire portfolio of eligible assets (public sector loans).
- The total amount issued cannot exceed 70% of eligible assets, so over-collateralization is at least 43%.
- Registered with the CNMV (the Spanish Securities Exchange Commission).
The new Spanish insolvency law (Ley Concursal) became effective on 1st September 2004.

The new law clarifies and improves the regime applicable to holders of Cédulas Territoriales in case of insolvency of the issuer.

Cédulas are acknowledged as special privilege credit. They enjoy preferential claim versus employees and tax authorities over the cash flows obtained from the cover pool of loans.

Uninterrupted services of Interest and Principal in case of bankruptcy: they will continue to be paid up to the proceeds from the backing assets.

The Insolvency Administrator can raise liquidity for any possible shortfall by the partial or full sale of the collateral pool.

Strengthening the protection of Cédulas holders
New Insolvency Law 22/2003 (II)

- No need to cause default or to cancel the cédulas while interest and principal continue to be paid.
- The retroactivity period rule has been replaced by a reintegration rule: the risk of the retroactivity of the insolvency as well as the risk of being declared null any transaction carried out during such a period will be removed.
- The reintegration period can maximally reach back 2 years from the date of the insolvency being declared and only on those transaction causing damage to the social assets.
- Therefore the risk of the Cédulas investors to become senior unsecured creditors due to moving back the date of insolvency has been be removed.

Strengthening the protection of Cédulas holders
Deal summary

- **Issuer:** BBVA S.A.
- **Issuer’s rating:** Aa2 (Moody’s) / AA- (S&P) / AA- (Fitch)
- **Rating of the notes:** Aaa (Moody’s)
- **Amount:** Euro 1,500 mill
- **Status of the Notes:** Cédulas Territoriales. Covered bonds backed by the BBVA’s Public Sector loan book.
- **Tenor:** 5 years
- **Structure:** fixed rate annual yield ACT/ACT
- **Lead managers:** BBVA Capital Markets, BNPP, SocGen, UBS
- **Documentation & Listing:** Domestic (CNMV), AIAF
BBVA Cédulas Territoriales: Strengths

- Moody´s has rated BBVA´s CT as Aaa.
- CTs represent an special alternative to gain exposure to the Spanish public sector credit market.
- The highest quality of cover assets: loans to the Spanish public sector.
- Minimum legal over-collaterization of 43%
- The new Spanish Insolvency Law clarifies and strengthens the protection granted to Cédulas holders (Uninterrupted servicing of interest and principal payments during a potential bankruptcy of Issuer).
- Eligible collateral to the European Central Bank’s repos.
- 10% BIS risk weighted.
- Rigorous and timely supervision by Bank of Spain.
- An asset class of high liquidity: market-making commitment
BBVA “Cédulas Territoriales”
Credit Story and Public Sector Business

November 2006