Multinationals and development in Latin America

Manuel González Cid
Chief Financial Officer

16th November 2006
I  BBVA: committed through extensive investment in the region

II  The financial sector as the engine of growth

III  BBVA’s social commitment
BBVA: extensive investment in the region

Investment in banks

- Investment: $12.45 bn

Investment in pension fund managers and in insurance companies

- Investment: $1.44 bn

31-Dec-05 figures

- 3,658 branches (48% of group)
- 61,604 employees (65% of group)
- Assets: €87.7 billion (22.4% of group)
- Business volume: €174.27 billion
- Net attributable profit: €1.82 billion
- Money transfers from USA: $8.75 bn (19.6 million transactions)

Investments Apr-06 ($)
- Forum: $106m
- Bancomer: $4,150m
- Hipotecaria: $375m
- Granahorrar: $407m

BBVA is a leading bank in the countries where it operates
An emerging economy cannot develop without . . .

- A competitive financial system
- Sound capital adequacy
- Appropriate regulation and supervision

In the last ten years, extensive progress has been made in this area in Latin America.

Co-operation between oversight bodies, supervisors and banks

A reduction of imbalances has fostered the conditions for greater growth
A competitive financial system

Spanish banks have played a decisive role

Spanish banks exported technology, management skills and banking know-how to Latin America
The access conditions for loans have improved . . .

Lower interest rates and greater banking competition produced a significant improvement in terms and in the ability of companies and families to access to finance.
... and also in the volume of lending

Since 2004, there has been a sustained recovery of lending in the main countries.
BBVA is driving lending growth in the region

<table>
<thead>
<tr>
<th>Lending growth</th>
<th>Sep 06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average balances in local currencies</td>
<td></td>
</tr>
<tr>
<td>Latin-American banks</td>
<td>31.3%</td>
</tr>
<tr>
<td>Mexico</td>
<td>28.3%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Product type</th>
<th>Sep 06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer + cards</td>
<td>64.6%</td>
</tr>
<tr>
<td>SMEs</td>
<td>29.8%</td>
</tr>
<tr>
<td>Mortgages</td>
<td>53.1%</td>
</tr>
</tbody>
</table>
Substantial growth of immigrant money transfers

Money transfers (remittances) are playing a growing role in the economic development of Latin-American countries.

The low variability and predictable nature of remittances allow recipient families to use them to raise finance.

Source: IMF
The BBVA case: remittances from USA to Latin America

Funds handled ($m)

<table>
<thead>
<tr>
<th>Year</th>
<th>00</th>
<th>01</th>
<th>02</th>
<th>03</th>
<th>04</th>
<th>05</th>
<th>06*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$2,174</td>
<td>$3,540</td>
<td>$4,797</td>
<td>$5,603</td>
<td>$6,556</td>
<td>$7,439</td>
<td>$8,543</td>
</tr>
</tbody>
</table>

No. of transactions (000s)

<table>
<thead>
<tr>
<th>Year</th>
<th>00</th>
<th>01</th>
<th>02</th>
<th>03</th>
<th>04</th>
<th>05</th>
<th>06*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,174</td>
<td>9,633</td>
<td>12,657</td>
<td>15,042</td>
<td>17,376</td>
<td>19,064</td>
<td></td>
</tr>
</tbody>
</table>

43% of remittances to Mexico go to BBVA Bancomer

* YTD
Pension funds: the force driving savings

Private savings rate of 27% v 6% in Spain

Source: BBVA based on information from FIAP and the IMF
A sound and healthy system in asset terms

Best quality and credit ratios compared to other emerging economies
A great future ahead

Although there has been an unparalleled expansion in lending, tremendous opportunities for developing banking penetration still remain.

Positive correlation between financial development and wealth.
Contents

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BBVA’s social commitment

Latin America is one of the main areas of social activity for the BBVA Group: €46.5m set aside in 2005 for different regional programmes

✓ Social work
✓ Education
✓ Research
✓ The environment
✓ Healthcare

Education and micro-finance will be the main areas of action in the immediate future

In BBVA we are working towards a better future for people
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