

150
years

adelante



BBVA making the difference



José Ignacio Goirigolzarri

President & COO BBVA Group

“Future Growth Levers”

BBVA making the difference



BBVA, a case of ...

Excellent combination of Strategy & Execution

Delivering results every quarter

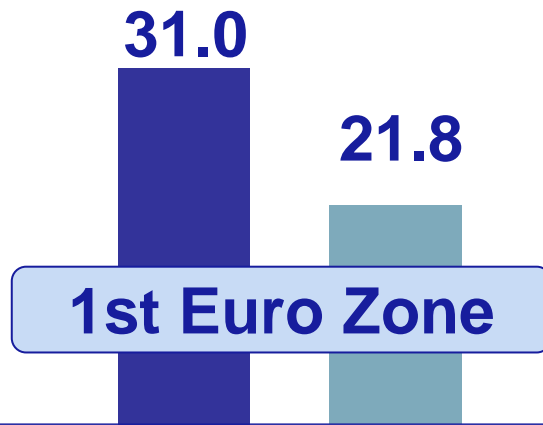
With a vision of medium and long term

With strong focus on value creation

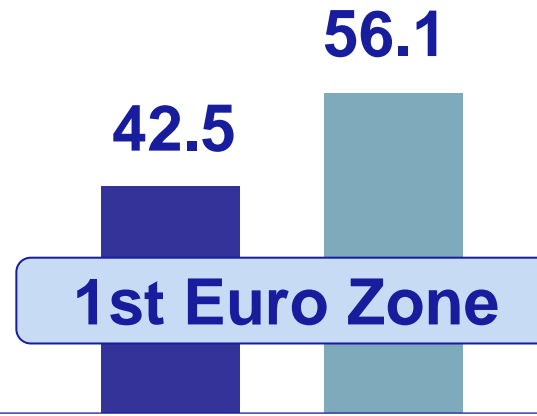


An approach that makes a difference in terms of results and banking fundamentals

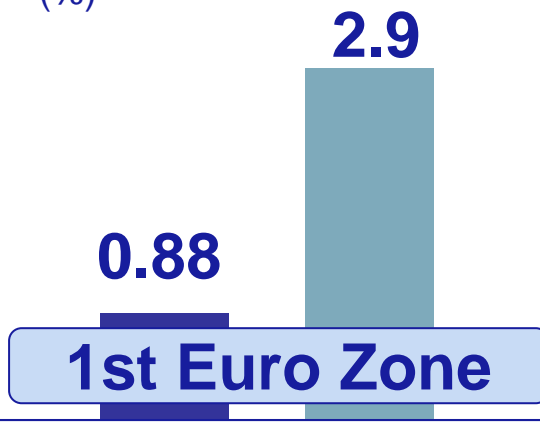
ROE (%)



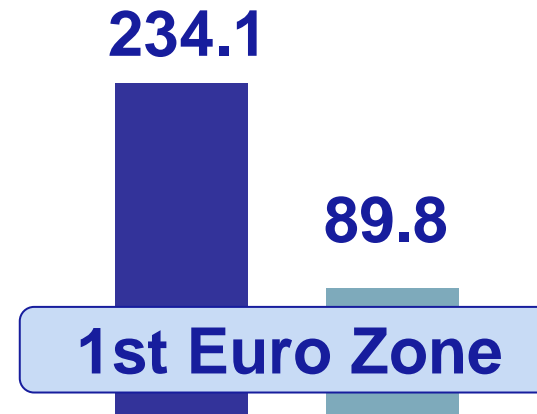
Cost:income Ratio (% , incl. amortizations)



NPL Ratio (%)



Coverage Ratio (%)

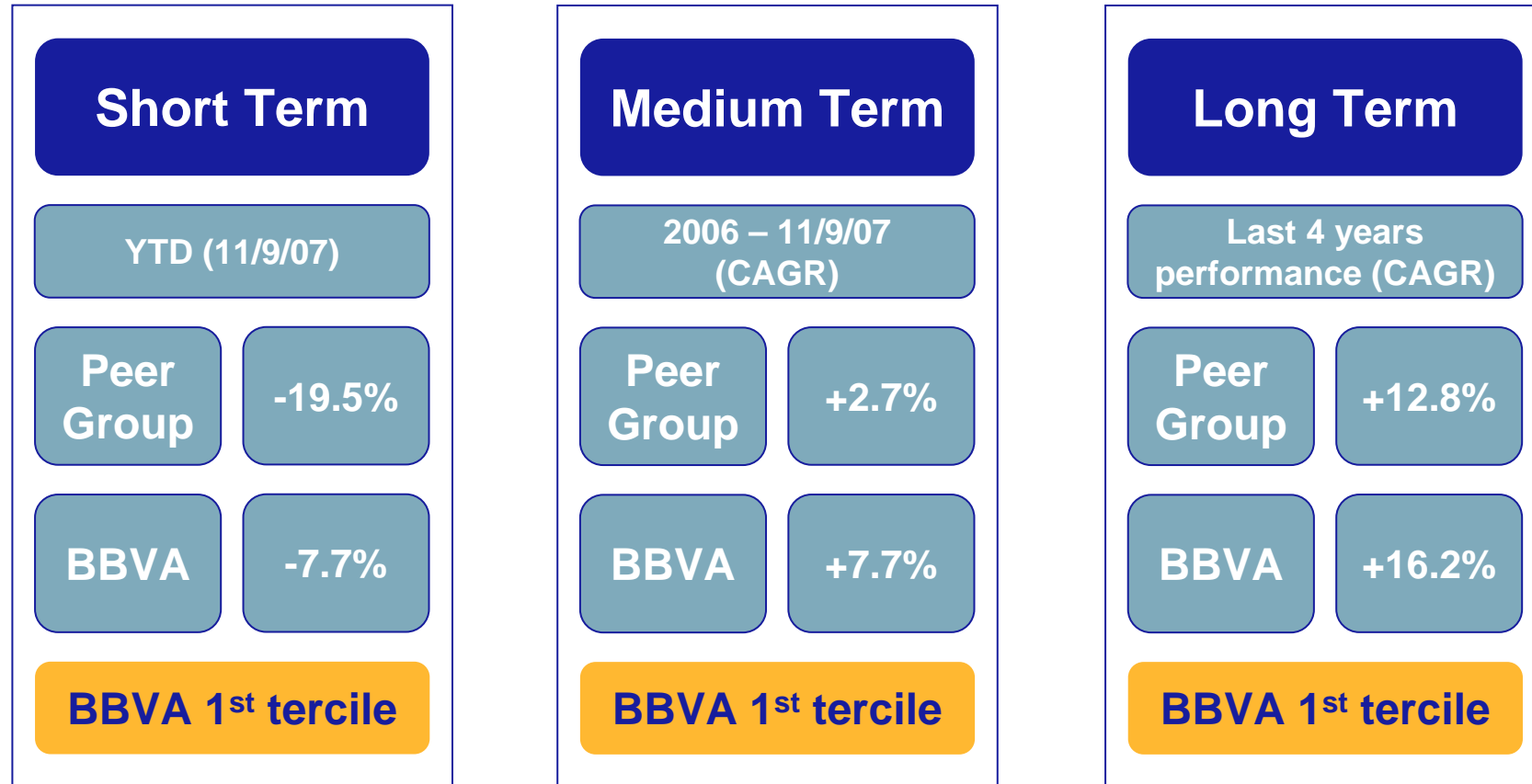


Excluding one-offs. Data available 3Q07

■ BBVA ■ Average Euro Zone



Differential TSR delivery



Management team compensation programme for over 2,000 people

Peer Group: Santander, Deutsche Bank, BNP Paribas, SG, Unicredit, Intesa Sanpaolo, ABN, RBOS, Barclays, UBS, CS.
Source: Datastream



The environment has changed for the banking sector

From...strong global growth, positive capital markets
and revenues, sound asset quality and ample liquidity ...

... to Liquidity Squeeze

How is BBVA going to perform in the current environment?



Why is BBVA going to outperform in the current environment?

1

Unbeatable starting point and resources

2

An organisation focused on TSR generation

3

An attractive corporate positioning

4

A solid business model

5

Best in class risk management



1

Unbeatable starting point and resources

**Unbeatable
starting point ...**

**An excellent track
record of delivering
growth and strengthening
of fundamentals**

... and excellent set of resources

**Strong liquidity
position**

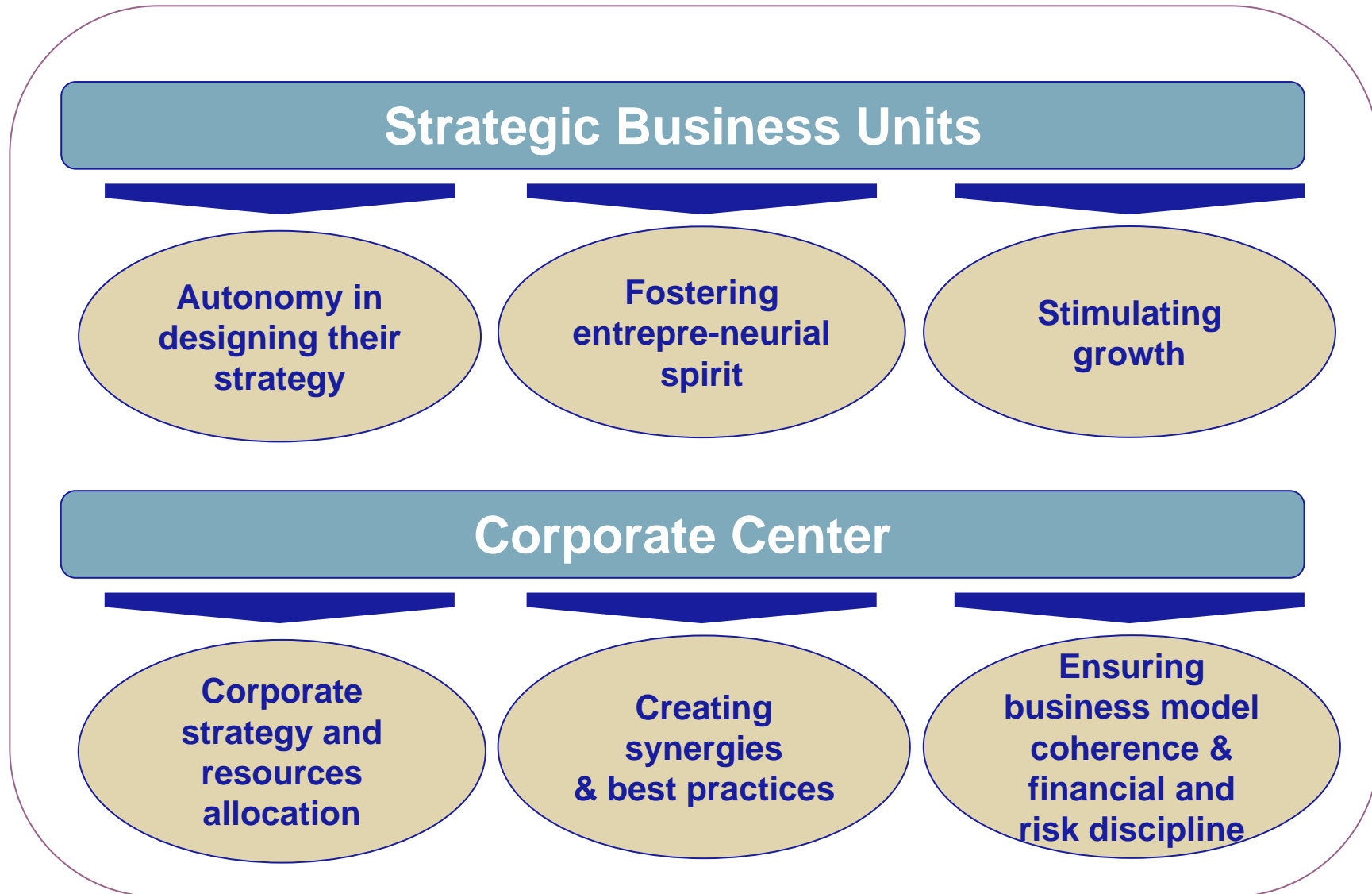
**Sound regulatory
capital**

**Active hedging of
balance sheet risks**



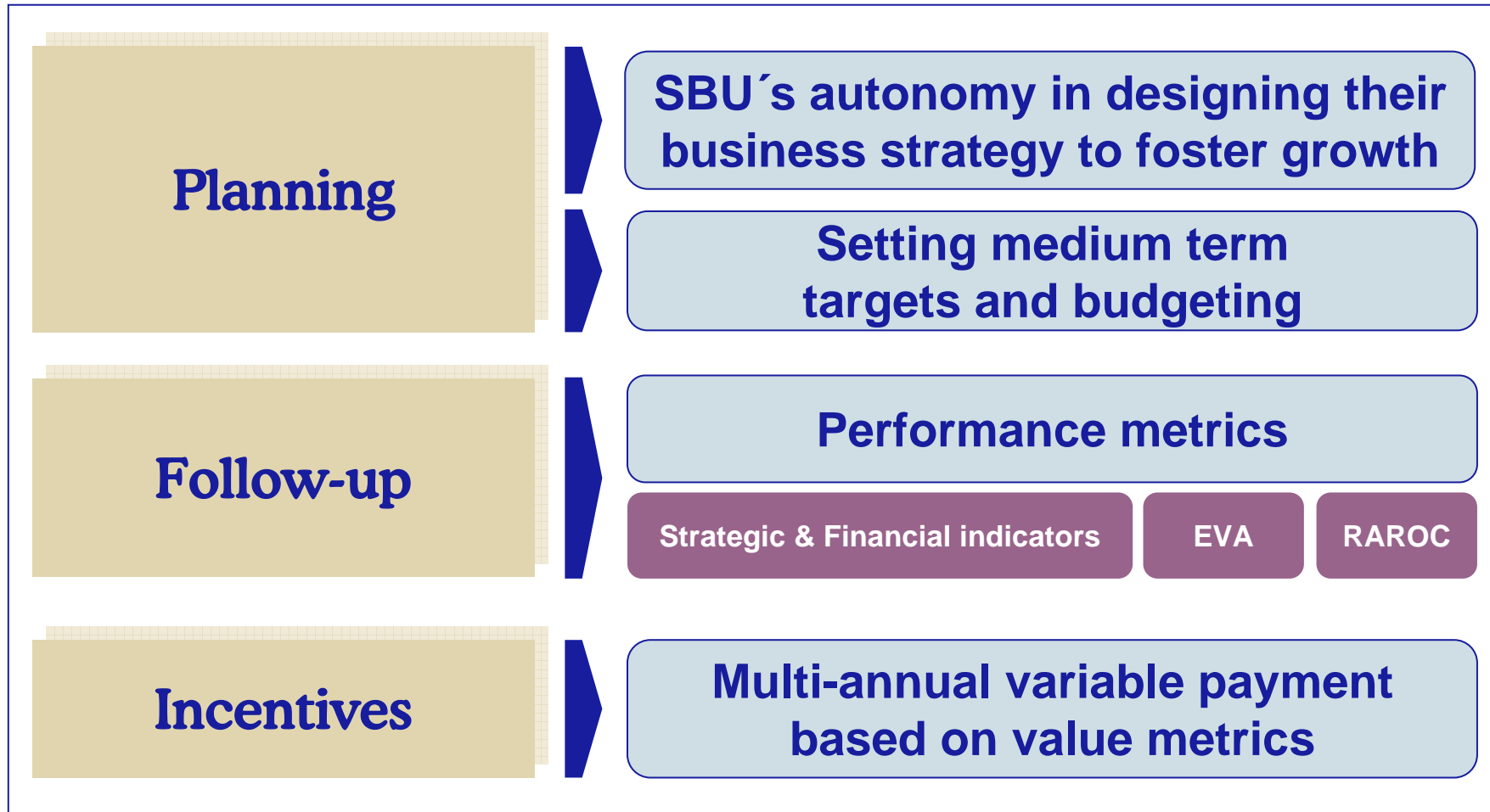
2

BBVA Group is strongly focused on TSR generation, with a clear role distribution





All our procedures are aligned with TSR



Linking managers interests to those of shareholders



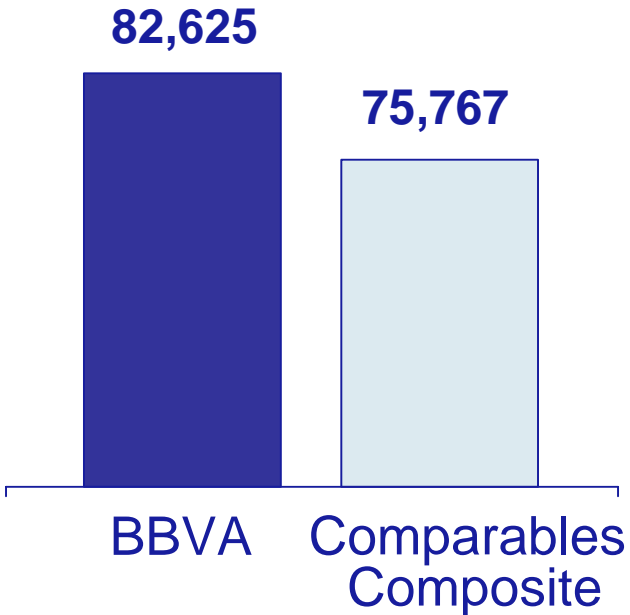
As a consequence, value creation at Group level

We are good owners of our businesses

Value Whole > Sum of Parts

	BBVA	Composite <i>The best player in each market</i>
C/I 2006	44.0%	44.9%
ROE 2006	36.4%	24.7%
Operating Profit CAGR 06/03	+18.9%	+13.1%
Net Income CAGR 06/03	+28.6%	22.8%

PER Relative Valuation (€m)



* Excluding one-offs
Data available 3Q07



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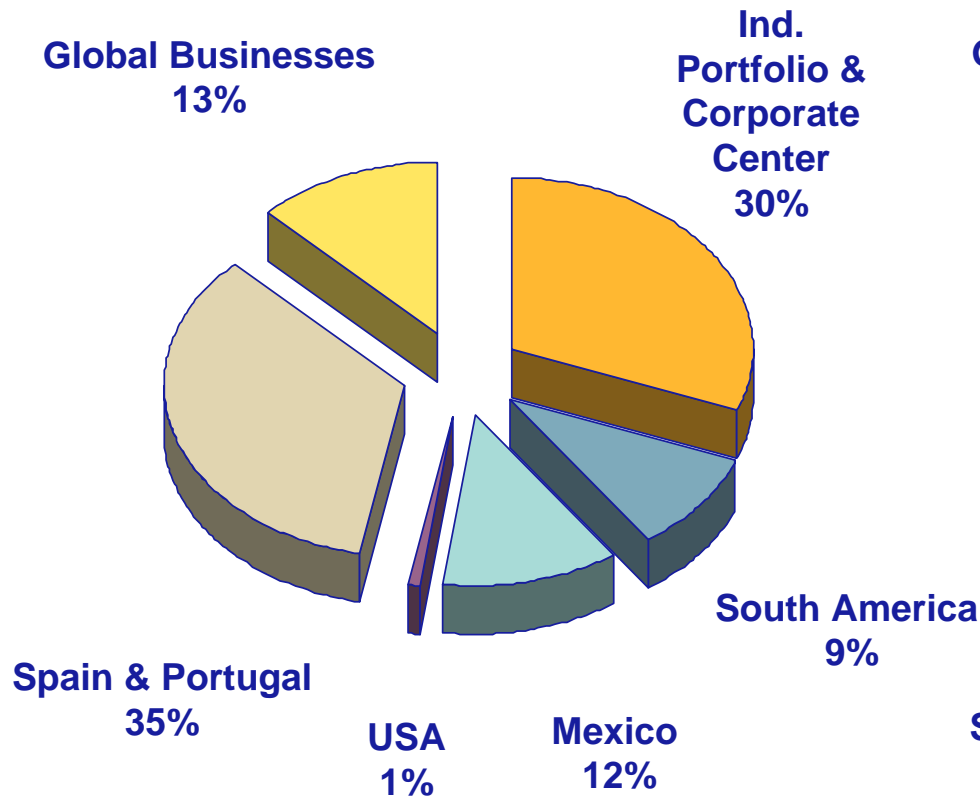
Best in class risk management



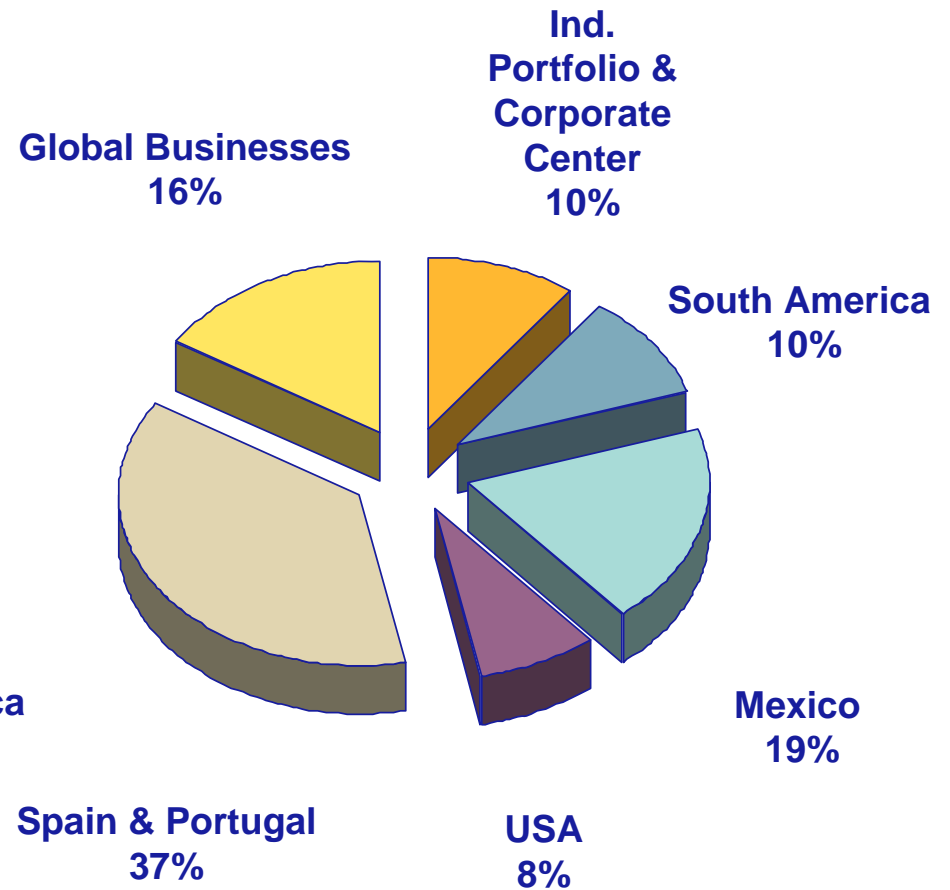
3

During the past years we have actively managed our business portfolio

Economic Capital 2002



Economic Capital 9M 2007



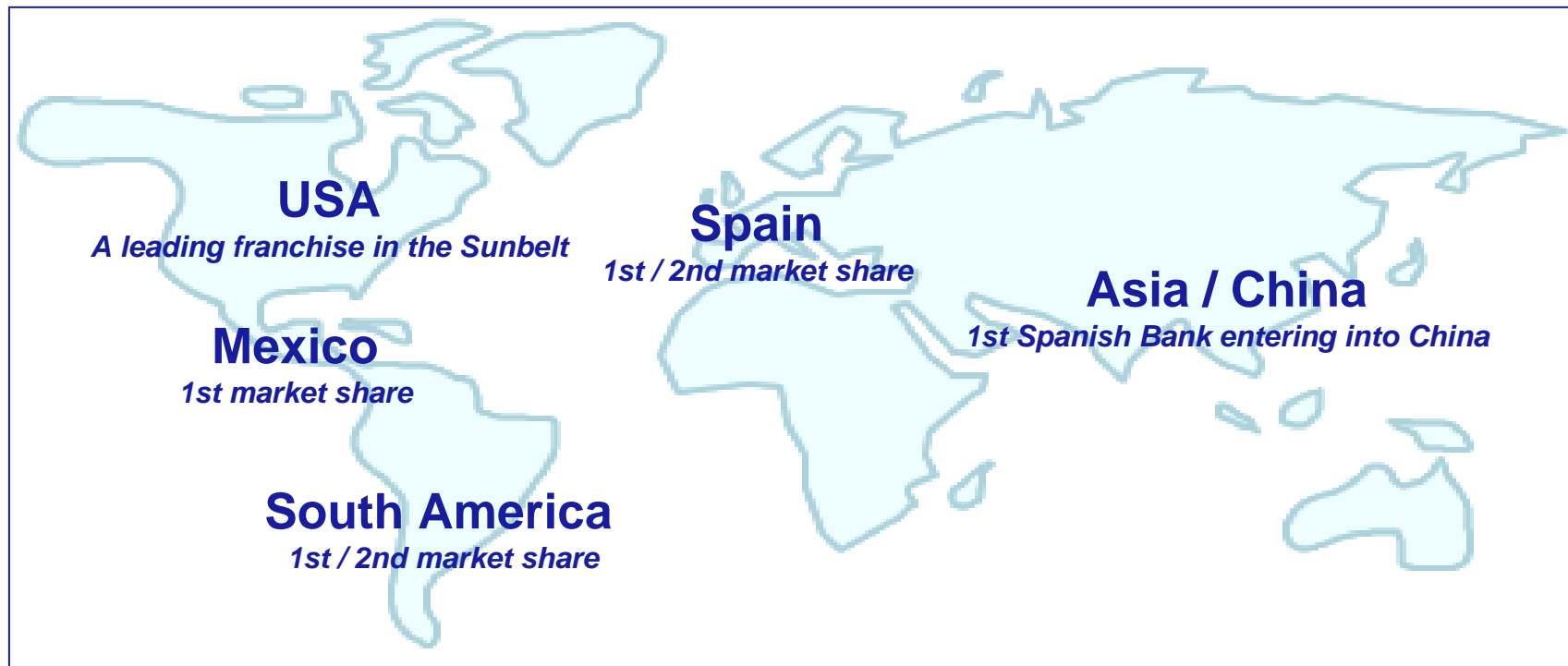
Towards a positioning in markets with a high “structural” growth rate



Thus, BBVA's corporate positioning is characterised by ...

Growth Markets

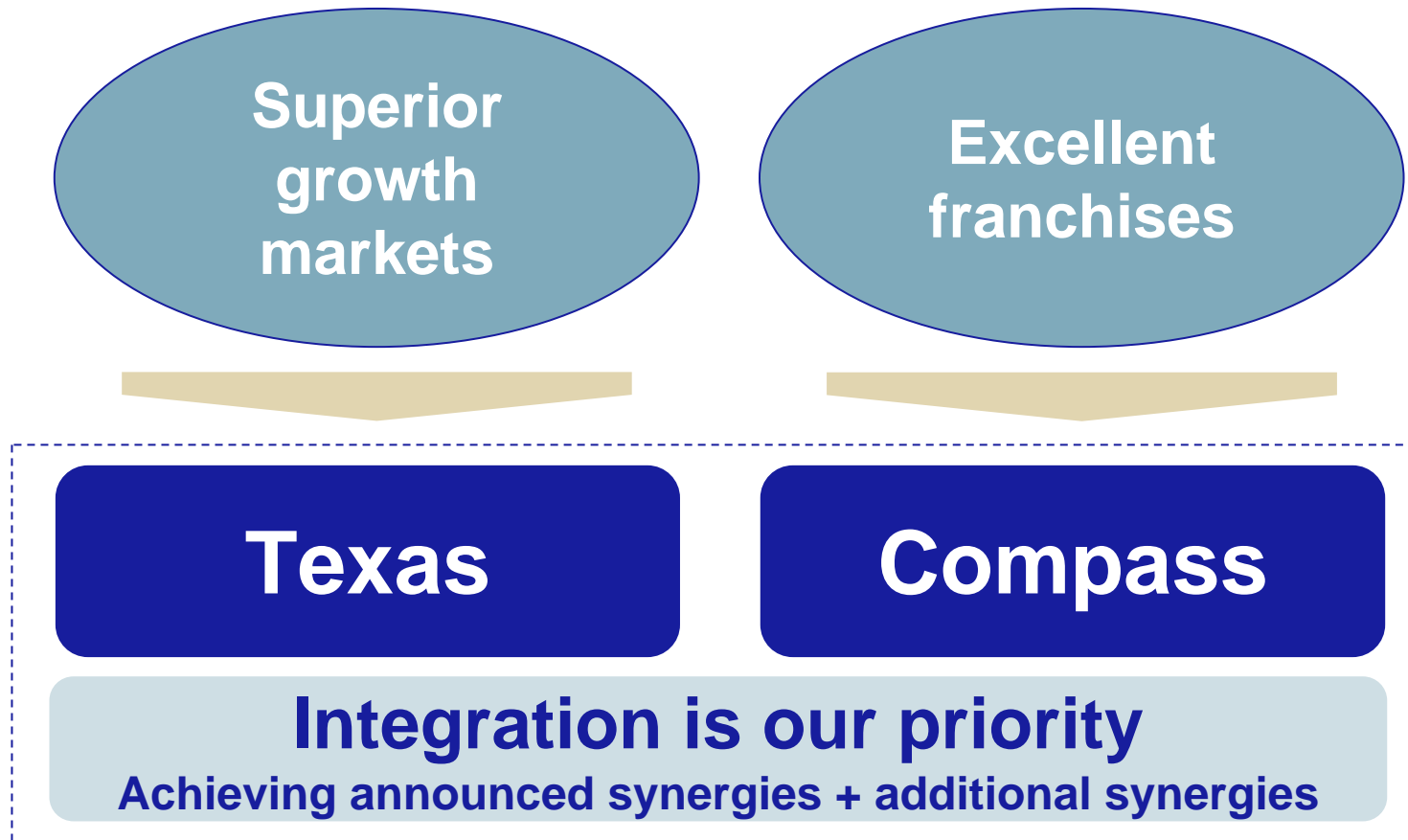
Strong franchises



And a wholesale franchise close to our customers



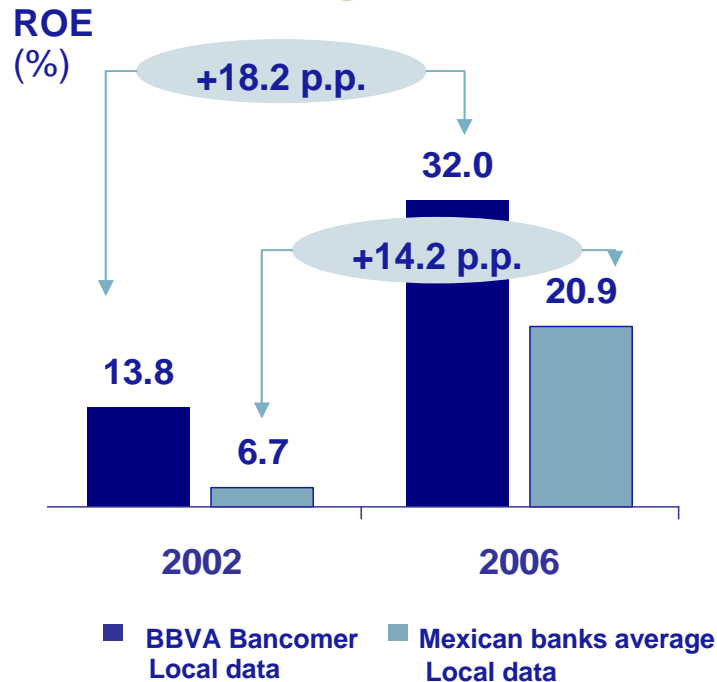
And BBVA USA is a good example





As we have already done with excellent results

A proven track record for integration capabilities



Excellent acquisition track record

ROI

Bancomer

28%

Banks in South America

21%

Total Businesses Mexico + South America

24%



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4

Our business model responds to a changing environment





Customers are changing

**More people aiming to
access financial services**

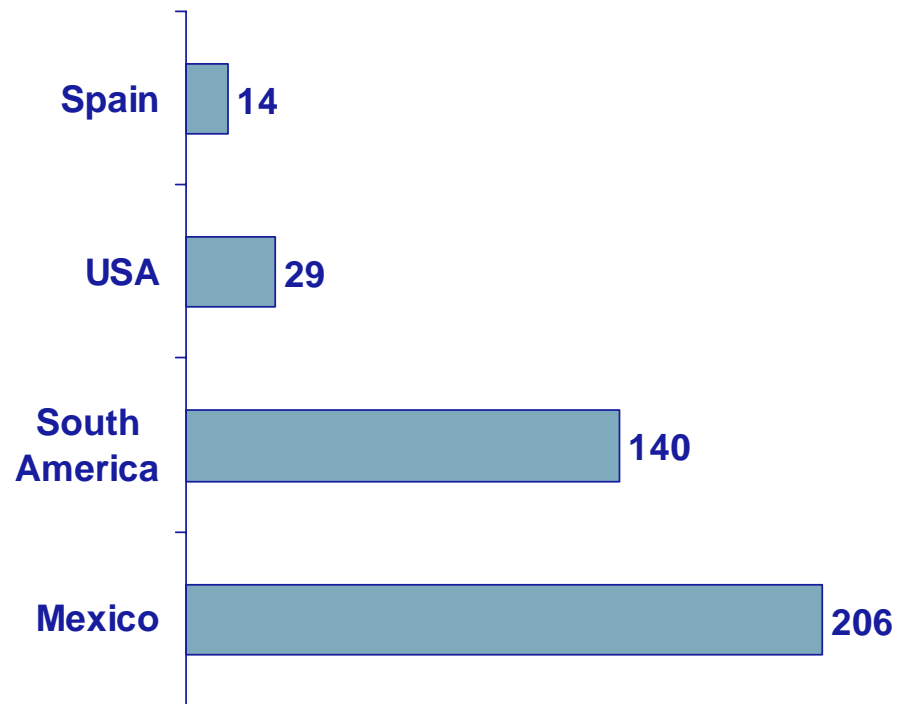
Customers have more diverse needs

Customers increasingly favour self-service

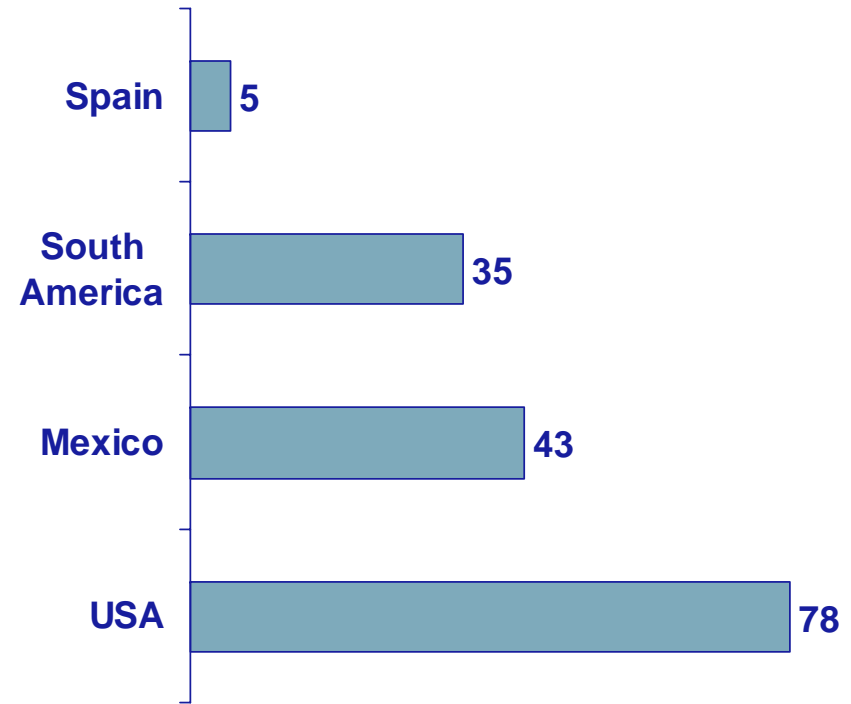


More people aiming to access financial services

Bancarisation potential
(2005-2030, % variation)



Bancarisation potential
(2005-2030, million people)

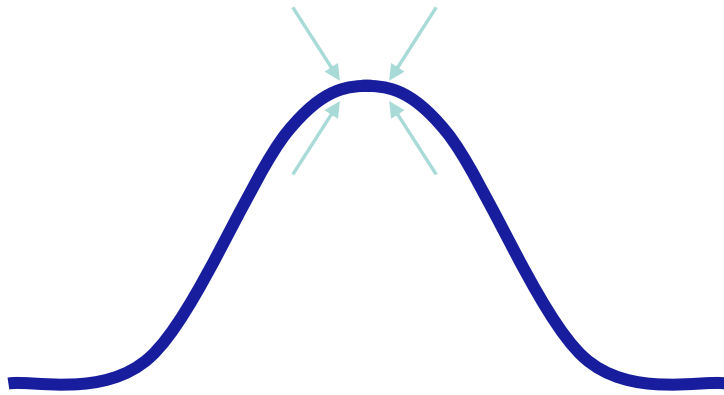


Source: BBVA Research Department



Customers have more diverse needs

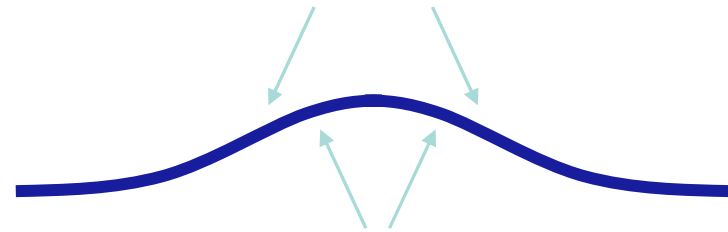
YESTERDAY



Customer needs were homogeneous

Branch was main distribution channel

TODAY



Need to understand customer-product combinations ...

... Mastering the customer - channel relationship

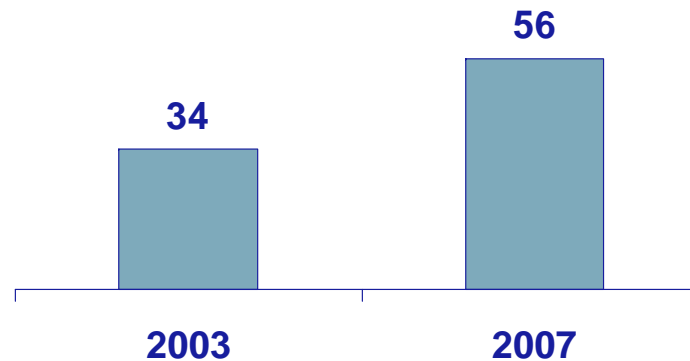


Customers increasingly favour self-service

Trend easily seen
in other sectors ...

Airlines,
Retailers,
etc...

Transactions in Retail Banking Spain
(off-brach transactions as a % of total)



Transactions through
alternative channels **X2**

BBVA is also
converting it into
a business
opportunity

P.I.D.E.
26% of total
consumer loans
production



4

Our business model responds to a changing environment

Customers are changing

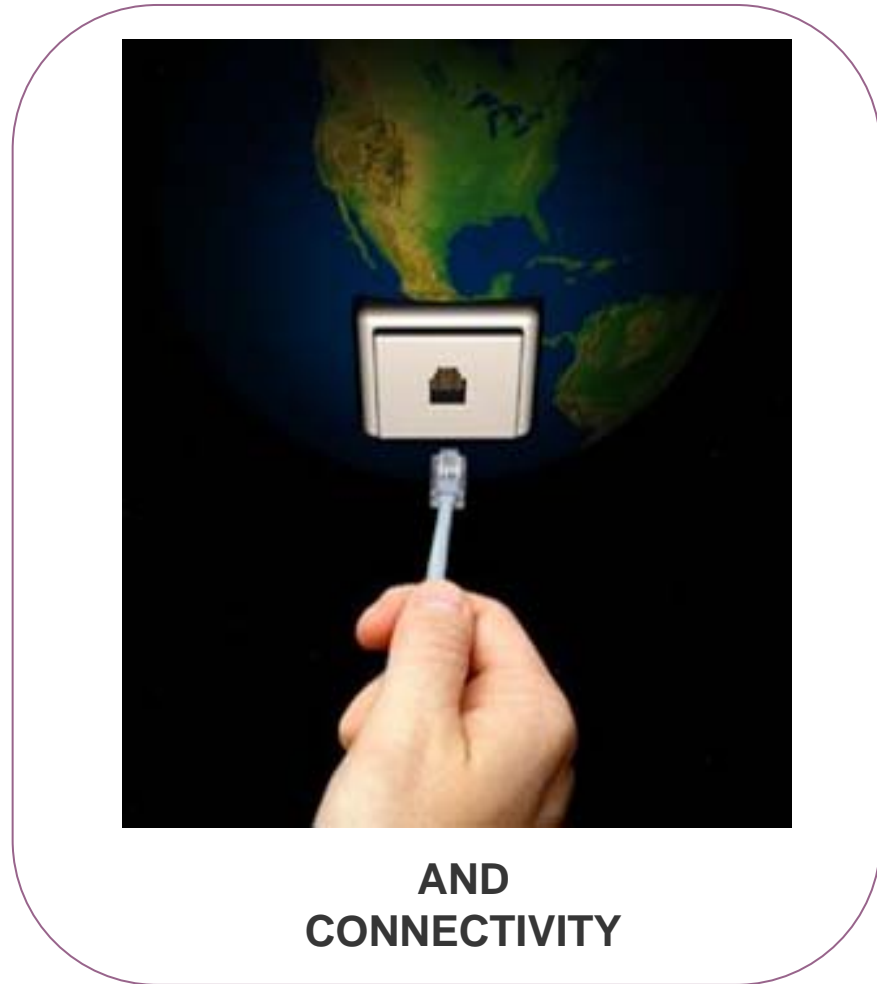
Information technology revolution



IT is revolutionising the way of managing information



DIGITALISATION



**AND
CONNECTIVITY**

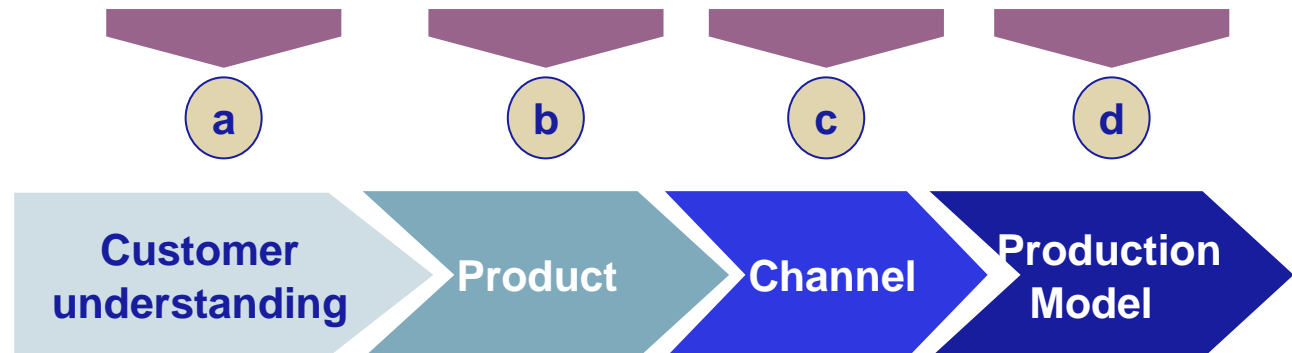
What drives a competitive advantage is not IT *per se*, but leveraging the business model on IT



Information technology opens up new opportunities

**Customers are
changing**

IT as enabler

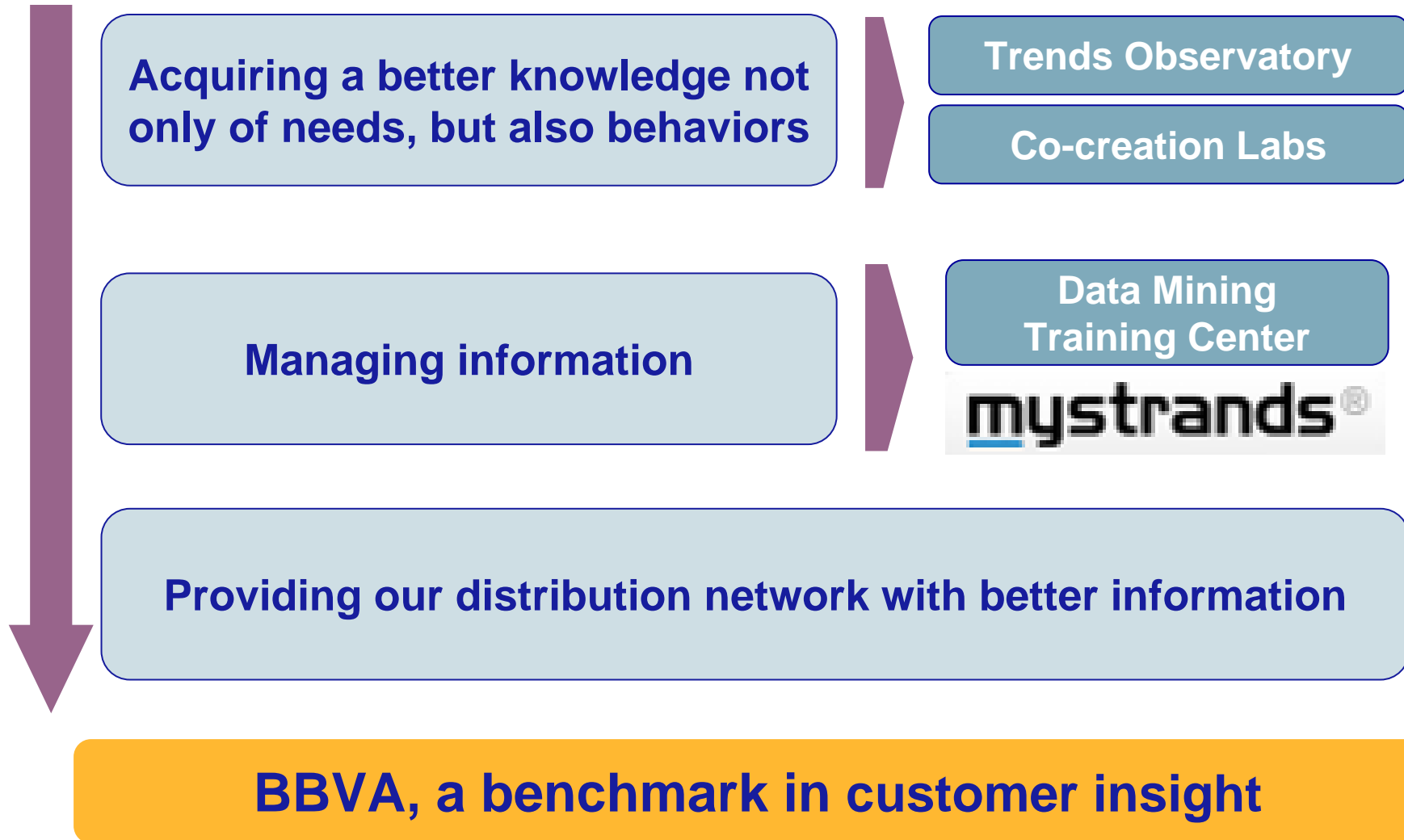


And it's also key to improving credit risk management



4.a

We aim to have a better customer understanding





4.b

IT allows us to expand our current offer to more customers, with a different approach

Based on low cost products

Mexico

Customers from
14 to 18 million

Customer loans
x 2.5

Mortgages
x 3

South
America

Customers from
8.7 to 12 million

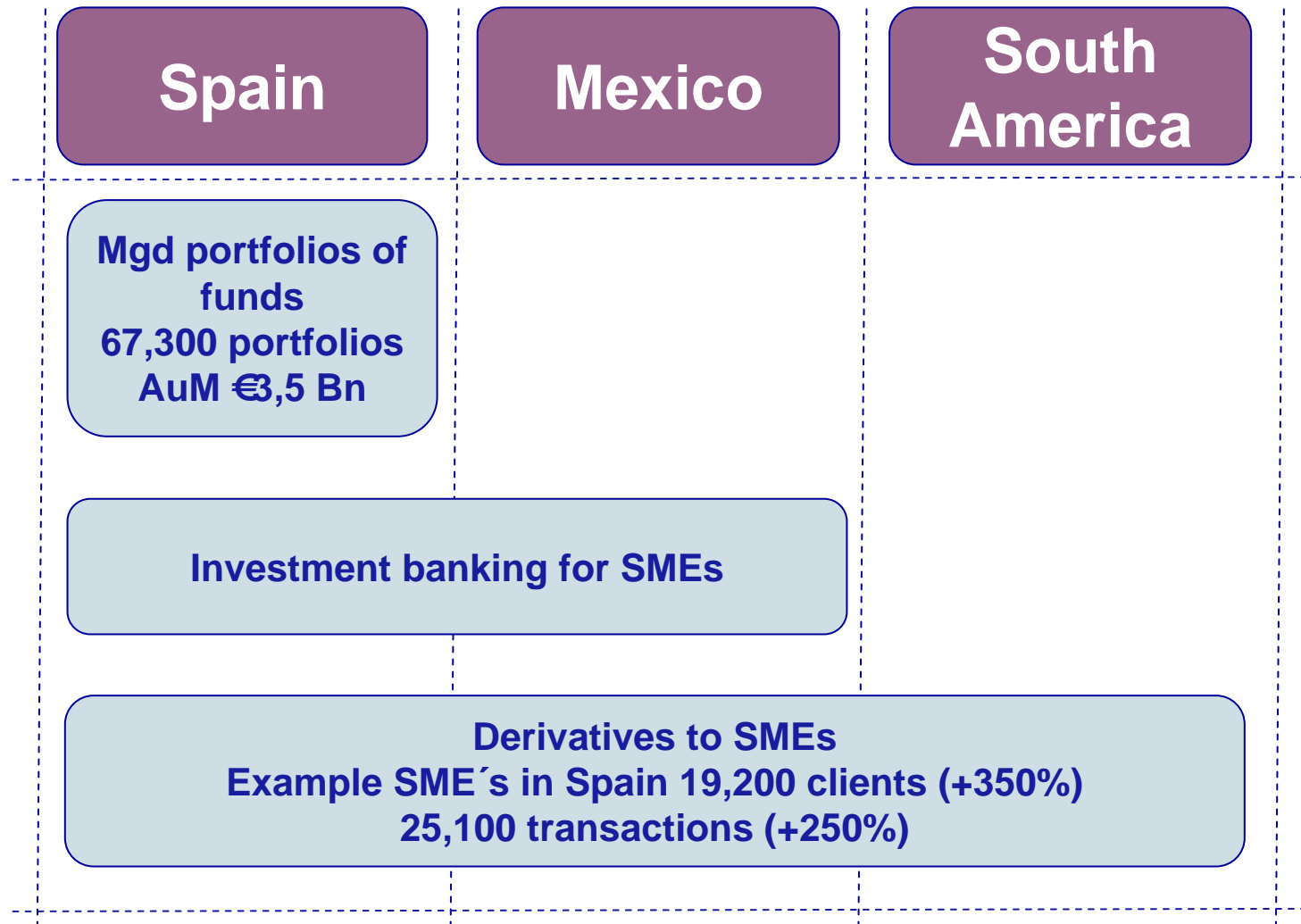
Consumer and Cards
x3

“The bank in your card”





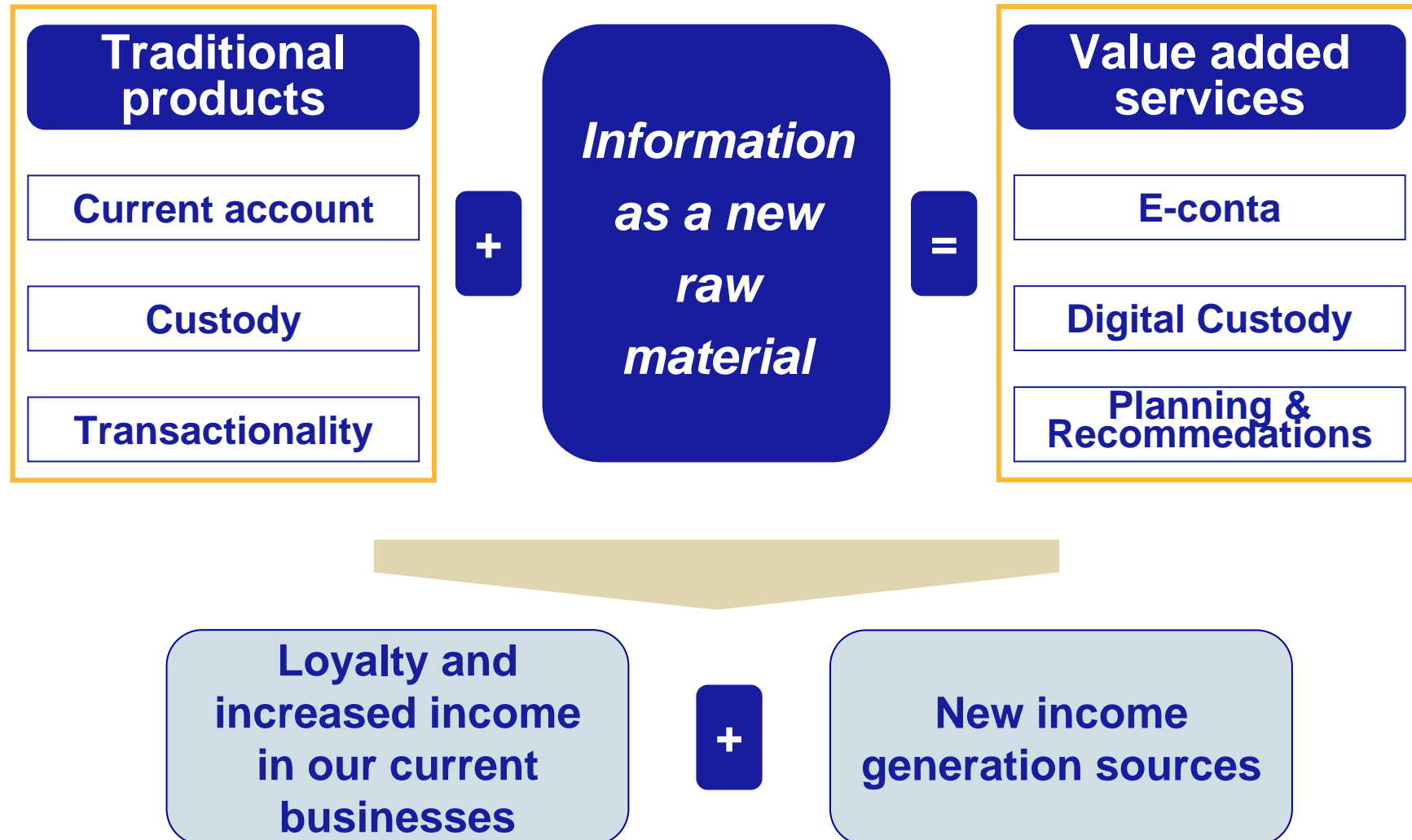
Distribution synergies: sophisticated products for massive distribution



Data Sep-07



And IT even helps us cross financial business borders





4.c

IT enables powerful channel combination

Aiming at better channel combination in accordance with customer needs

“Net” at Group level

- 4.2 million customers
- 1,300 million annual transactions

“Net” in Spain

- 1.6 million customers
- 440k daily visits
- 550 million annual transactions

Net
Functionality

Branches
Functionality

∅

Transactions
Efficiency

Mid 80's-
Mid 90's

Transactions

Revenue generation
by cross-selling

Mid 90's-
Today

A way to attract clients
From transactions to
recommendations

Revenue generation
by widening
product catalogue

Next
years



4.d

IT enables us to “produce”
more efficiently

Transformation Plan

... to reduce
“servicing”...

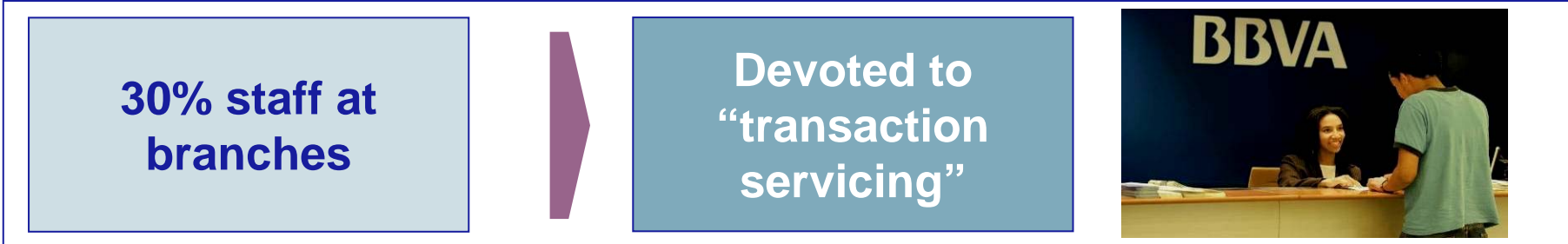
... and
industrialise
back &
middle
offices

... continue
boosting
commercial
productivity



A new servicing model based on transaction automation

Opportunity



Plan



Target





New productive model based on large scale operation industrialisation

Opportunity

70% staff at branches devoted to commercial activity



But only 50% “real commercial activity”

And the other 50% operating activity

Plan

Operations



Obtención de datos

N. Documento	78880789H	Tipo DNI	
Nombre	JORGE		
Apellidos	GONZALO ALONSO		
F. Nacimiento	15-03-54	<input checked="" type="radio"/> Hombre	<input type="radio"/> Mujer
Domicilio	C BRAVO MURILLO 19		
Localidad	TRES CANTOS		
Provincia	MADRID	País	ESPAÑA
Firma	>>		

Capture Verificar Cita

Centralised On/Off-shore Back-Offices

Target

Increase in commercial focus:
“Sell More”

More efficient production



As a consequence, selling more and selling better

“Sell More”

More commercial staff

Staff more focused

“Sell better”

Using customer insights outputs and CRM methodology



Increasing network productivity



The application of a new standard will drive an incremental leap over our competitors

Excellent track record

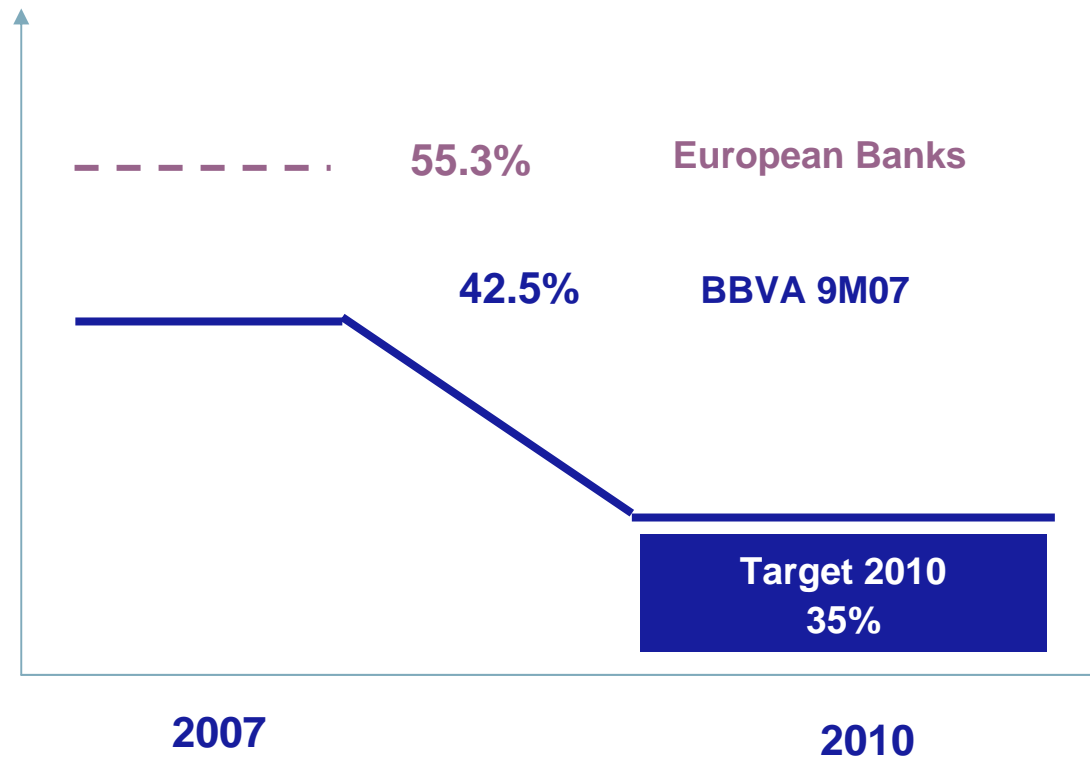
Transformation Plan

Commercial productivity increase in the last 2 years

**Spain
+39.8%**

**Mexico
+27.9%**

**Cost:Income Ratio
(%, incl. amortisations)**





In short, a business model

Customer understanding and focus

Rethinking the value chain

Adapted to each local market

Anticipation capacity

**Liqui-
dity and
capital**

**New
network
model
in
Spain**

SME's

**Mortga-
ges in
Mexico**

**Time
depo-
sits**

**Consu-
mer
finance**



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Diversification

Geographical

Product

Risk type

Well protected against market turbulence and stress scenarios

With provisions well in excess of expected loss

€5.6 billion generic provisions vs €2.3 billion expected loss

Coverage Ratio 234.1%

NPL Ratio 0.88%

Stable credit risk premiums for the future

Aprox. 65 b.p.



In conclusion, the strategy of the BBVA Group is based on ...

**An attractive corporate positioning
with financial discipline**

A strong business with innovation as a growth driver

Continuous improvement in efficiency

**And a management team strongly
committed to value creation**

**Delivery in the short, medium and long term
with a strong focus on value creation**

150
years

adelante



BBVA making the difference