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President & COO BBVA Group

“Future Growth Levers”
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 (%)
  - 1st Euro Zone: 31.0
  - BBVA Average Euro Zone: 21.8

- Cost:income Ratio (%)
  - 1st Euro Zone: 42.5
  - BBVA Average Euro Zone: 56.1

- NPL Ratio (%)
  - 1st Euro Zone: 2.9
  - BBVA Average Euro Zone: 0.88

- Coverage Ratio (%)
  - 1st Euro Zone: 234.1
  - BBVA Average Euro Zone: 89.8

Excluding one-offs. Data available 3Q07
Differential TSR delivery

**Short Term**
- YTD (11/9/07)
  - Peer Group: -19.5%
  - BBVA: -7.7%
  - BBVA 1st tercile

**Medium Term**
- 2006 – 11/9/07 (CAGR)
  - Peer Group: +2.7%
  - BBVA: +7.7%
  - BBVA 1st tercile

**Long Term**
- Last 4 years performance (CAGR)
  - Peer Group: +12.8%
  - BBVA: +16.2%
  - BBVA 1st tercile

Management team compensation programme for over 2,000 people

Peer Group: Santander, Deutsche Bank, BNP Paribas, SG, Unicredit, Intesa Sanpaolo, ABN, RBS, 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
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
BBVA Group is strongly focused on TSR generation, with a clear role distribution.

Strategic Business Units

- Autonomy in designing their strategy
- Fostering entrepreneurial spirit
- Stimulating growth

Corporate Center

- Corporate strategy and resources allocation
- Creating synergies & best practices
- Ensuring business model coherence & financial and risk discipline
All our procedures are aligned with TSR

Planning
- SBU’s autonomy in designing their business strategy to foster growth
- Setting medium term targets and budgeting

Follow-up
- Performance metrics
  - Strategic & Financial indicators
  - EVA
  - RAROC

Incentives
- Multi-annual variable payment based on value metrics

Linking managers interests to those of shareholders
As a consequence, value creation at Group level

We are good owners of our businesses

<table>
<thead>
<tr>
<th>Metric</th>
<th>BBVA 2006</th>
<th>Composite 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>C/I 2006</td>
<td>44.0%</td>
<td>44.9%</td>
</tr>
<tr>
<td>ROE 2006</td>
<td>36.4%</td>
<td>24.7%</td>
</tr>
<tr>
<td>Operating Profit CAGR 06/03</td>
<td>+18.9%</td>
<td>+13.1%</td>
</tr>
<tr>
<td>Net Income CAGR 06/03</td>
<td>+28.6%</td>
<td>22.8%</td>
</tr>
</tbody>
</table>

Value Whole > Sum of Parts

PER Relative Valuation (€m)

- BBVA: 82,625
- Comparables Composite: 75,767

* Excluding one-offs
Data available 3Q07
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During the past years we have actively managed our business portfolio.

Towards a positioning in markets with a high “structural” growth rate.
Thus, BBVA’s corporate positioning is characterised by ...

**Growth Markets**

- USA: A leading franchise in the Sunbelt
- Mexico: 1st market share
- South America: 1st / 2nd market share

**Strong franchises**

- Spain: 1st / 2nd market share
- Asia / China: 1st Spanish Bank entering into China

And a wholesale franchise close to our customers
And BBVA USA is a good example

Superior growth markets

Excellent franchises

Integration is our priority
Achieving announced synergies + additional synergies
As we have already done with excellent results

A proven track record for integration capabilities

ROE (%)

- 13.8  (2002)  BBVA Bancomer Local data
- 6.7   (2002)  Mexican banks average Local data
- 32.0  (2006)
- 20.9

+18.2 p.p.

Excellent acquisition track record

ROI

- Bancomer  28%
- Banks in South America  21%
- Total Businesses Mexico + South America  24%
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Our business model responds to a changing environment

Customers are changing

Information technology revolution
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)

- Spain: 14
- USA: 29
- South America: 140
- Mexico: 206

Bancarisation potential
(2005-2030, million people)

- Spain: 5
- South America: 35
- Mexico: 43
- USA: 78

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

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

- 2003: 34%
- 2007: 56%

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

BBVA is also converting it into a business opportunity

Trend easily seen in other sectors …

Airlines, Retailers, etc…

Transactions through alternative channels x2
Our business model responds to a changing environment

Customers are changing

Information technology revolution
IT is revolutionising the way of managing information

What drives a competitive advantage is not IT *per se*, but levering the business model on IT
Customers are changing

IT as enabler

And it’s also key to improving credit risk management
We aim to have a better customer understanding

4.a

- Acquiring a better knowledge not only of needs, but also behaviors
  - Trends Observatory
  - Co-creation Labs

- Managing information
  - Data Mining Training Center

- Providing our distribution network with better information

BBVA, a benchmark in customer insight
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

Spain

Mgd portfolios of funds
67,300 portfolios
AuM €3,5 Bn

Investment banking for SMEs

Mexico

South America

Derivatives to SMEs
Example SME’s in Spain 19,200 clients (+350%)
25,100 transactions (+250%)

Data Sep-07
And IT even helps us cross financial business borders

**Information as a new raw material**

**Traditional products**
- Current account
- Custody
- Transactionality

**Value added services**
- E-conta
- Digital Custody
- Planning & Recommendations

**Loyalty and increased income in our current businesses**

**New income generation sources**
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

Ø

Branches Functionality

Transactions Efficiency

Transactions

Revenue generation by cross-selling

A way to attract clients

From transactions to recommendations

Revenue generation by widening product catalogue

4.2 million customers

1,300 million annual transactions

1.6 million customers

440k daily visits

550 million annual transactions

Mid 80’s-Mid 90’s

Mid 90’s-Today

Next years

BBVA making the difference.
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

30% staff at branches

Devoted to “transaction servicing”

Plan

Investment in IT & new generation ATM’s

Target

Transactions Through alternative channels

More staff focused on commercial activities

“Sell More”
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

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.
In short, a business model

Customer understanding and focus

Rethinking the value chain

Adapted to each local market

Anticipation capacity

New network model in Spain

Mortgages in Mexico

Consumer finance

Liquidity and capital

SME’s

Time deposits
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Best in class risk management

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