A strategy focused on value creation
José Ignacio Goirigolzarri

London, March 24th, 2006
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BBVA is delivering excellent results …

Attributable Profit (M €)

2002 2003 2004 2005

1,719 2,227 2,923 3,806

EPS CAGR 05-02 +27.7%

DPS CAGR 05-02 +15.1%

+29.5% +31.3% +30.2%

Note: 2003 Pre-NIIF
...and strengthening the Group’s fundamentals

**Efficiency**

- **BBVA**: 46.7%
- **European average**: 58.6%

**ROE**

- **BBVA**: 37.0%
- **European average**: 21.8%

**NPL´s**

- **BBVA**: 0.94%
- **European average**: 2.89%

**Coverage**

- **BBVA**: 253%
- **European average**: 79%

*Note: Data refers to largest European groups. Efficiency ratio includes amortizations. NPL´s refers to balance sheet funds*
The market recognises the success of our strategy

... with an 80% increase in target price in the last 2 years

BBVA’s share price (€ per share)

2002 2003 2004 2005

x 2.3
As a result, BBVA is considered an attractive investment.

Excellent combination of Profitability - Risk

With strong growth
What next?

1. Is BBVA going to continue focusing on value creation?
2. Is BBVA going to maintain the excellent combination of profitability, growth and risk?
BBVA’s approach: value based management...

- 29 Business Units
- Tools and methodology
- Value creation goals in each Business Units

- Efficiency and productivity
- New businesses and markets

- Transformation plans
- Growth plans
…aligning with shareholders objectives…

Top Management long term remuneration is based on Total Shareholder Return

Relative to the largest 15 banks in Europe

For a 3 year period
What next?

1. Is BBVA going to continue focusing on value creation?

2. Is BBVA going to maintain the excellent combination of profitability, growth and risk?
The world is changing at high speed…

- Higher competition
- Globalization
- Innovation
- Technology / Information
- More customer power

With a shift of wealth towards emerging economies
...triggering new social-demographic factors

**Individuals**
- Aging consumer
- Wealthier and more urban consumer
- Wider consumer base

**Companies**
- More global
- More sophisticated
- Larger company base

Serving customers in a “new way” leads to great opportunities
In BBVA, we see this environment as an excellent opportunity in terms of growth. A: Spain, B: America, C: And a global franchise in wholesale business. New ways of articulating the relationship with customers.
In Spain, BBVA holds leading positions...

<table>
<thead>
<tr>
<th>Activity</th>
<th>Market share</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lending</td>
<td>12.47 %</td>
<td>1º</td>
</tr>
<tr>
<td>Deposits</td>
<td>12.40 %</td>
<td>2º</td>
</tr>
<tr>
<td>Investment funds</td>
<td>18.10 %</td>
<td>2º</td>
</tr>
<tr>
<td>Pension funds</td>
<td>18.89 %</td>
<td>1º</td>
</tr>
</tbody>
</table>

Spain is the most dynamic economy in Europe
Where do we see growth opportunities?

**Individuals**
- More dependency and asset mobility
- Global solutions and not only products
- New bancarization vision

**SME’s**
- Improve new revenue sources
- New financing and risk solutions

Still high growth potential for revenue generation
In America, BBVA enjoys leading positions

<table>
<thead>
<tr>
<th>Country</th>
<th>Deposits</th>
<th>Pension Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ranking</td>
<td>Market share</td>
</tr>
<tr>
<td></td>
<td>1st</td>
<td>29.7%</td>
</tr>
<tr>
<td>Mexico</td>
<td>4th</td>
<td>11.6%</td>
</tr>
<tr>
<td>Venezuela</td>
<td>1st</td>
<td>10.6%</td>
</tr>
<tr>
<td>Argentina</td>
<td>2nd</td>
<td>26.9%</td>
</tr>
<tr>
<td>Peru</td>
<td>3rd</td>
<td>7.9%</td>
</tr>
<tr>
<td>Colombia</td>
<td>4th</td>
<td>7.8%</td>
</tr>
<tr>
<td>Chile</td>
<td>7th</td>
<td>5.3%</td>
</tr>
<tr>
<td>Puerto Rico</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Market share in deposits and pension funds.
Where do we see growth opportunities in Latin America?

**Individuals**
- Increased banking penetration
- Mortgage segment
- Credit cards and consumer finance

**SME´s**
- Increased banking penetration
- Focus on lending
Leading in “savings” in Latin America means leading in pensions and insurance segments

Pensions in Latin America

Source: Analyst report

10% 15% 30%

2000 2005 2015

167,867 270,077 765,131

x3

10% 15% 30%

2000 2005 2015

167,867 270,077 765,131

x3

Pensions in Latin America M $ %Pensions / GDP

Leading in “savings” in Latin America means leading in pensions and insurance segments
In the US we are building our platform

Money transfers

Basic banking products

Full banking offer

BTS

BBVA Bancomer USA

Laredo National Bancshares
BBVA´s wholesale business model based on its customer franchise...

Corporate Banking

Spain
- 96%
- 79%

Latam
- 47%
- 26%

1st Player
- Total
- Leadership

And leadership in Trade Finance and Project Finance opens emerging markets to BBVA.
...aiming to expand into other areas

Corporate Banking

Growth Plan in Asia
Currently in Beijing, Shangai, Tokio, Hong Kong
Future openings: Korea, Taiwan, Mumbai, Singapore, Sydney

Global Markets and Distribution

Benchmark in Spain
Extension to Latam
In BBVA, we see this environment as an excellent opportunity.
BBVA has high asset quality…

Country risk

Assets by region

- Spain, EU & USA 78%
- LATAM (Investment grade) 17%
- LATAM (Non Inv. Grade) 5%

Commercial risk

Breakdown of gross lending

- Spain: 56.8
  - 43.2 (Other investment) 66.3 (Secured loans)
- RoW: 33.7
  - 66.3 (Secured loans) 33.7 (Other investment)
- Group: 49.5
  - 50.5 (Other investment) 49.5 (Secured loans)

Structural risks actively hedged
…with an excellent track record

**NPL ratio (%)**
- 2002: 2.37
- 2005: 0.94

**Coverage (%)**
- 2002: 146.8
- 2005: 252.5
And risk management as a core competence

Net profit

Expected loss

Credit risk

Market risk

Operational risk

Risk adjusted profit

Economic capital

RAR

Already implemented in the 29 Business Units

Provisioning the “expected loss”

Currently used in day to day operations (behavioural scorings, ratings, etc)

Committed to Basel II
Efficiency is another core competence in BBVA

Cost Income

<table>
<thead>
<tr>
<th>Year</th>
<th>Efficiency Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>54.3%</td>
</tr>
<tr>
<td>2003</td>
<td>52.2%</td>
</tr>
<tr>
<td>2004</td>
<td>48.6%</td>
</tr>
<tr>
<td>2005</td>
<td>46.7%</td>
</tr>
<tr>
<td>European Average</td>
<td>58.6%</td>
</tr>
</tbody>
</table>

Note: Data refers to largest European groups. Efficiency ratio includes amortizations (for 2002-03 estimation Pre-IAS)

Still room for improvement: transformation & productivity
Transformation & Productivity

Business Units and Corporate Center relationships

Process re-engineering

Synergies

Increase productivity
BBVA´s business model leads to high profitability

ROE (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>33.2</td>
</tr>
<tr>
<td>2005</td>
<td>37.0</td>
</tr>
<tr>
<td>European average</td>
<td>21.8</td>
</tr>
</tbody>
</table>

Which allows:

- Self-financing growth
- Attractive dividend policy
- Solid solvency ratios

Note: Data refers to largest European groups
Conclusions

BBVA is absolutely committed to value creation

We are aiming to take full advantage of the great changes happening in the world

BBVA is positioned with leading franchises in the most important high growth markets

With a solid business model in terms of risk management, efficiency and profitability
BBVA a very attractive investment…

Excellent combination
Profitability – Risk

ROE: 37.0%

• 95% of assets in “investment grade” countries
• Rating: AA-

With strong growth

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DPS CAGR 05-02 +15.1%
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