And now... it’s about earnings
Spring European and Middle East Large Cap Conference

Paris, May 21th, 2008
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And now... it's about earnings

1. A unique case in the current environment

2. Outperforming peers in each market
BBVA had a clear assessment of the situation affecting the financial sector

But the world out there has changed

- Current situation points towards a lower growth environment
- Monetary policy should be adapted, despite short term inflation risks
- Emerging markets, decoupling from developed economies
- New environment challenging Capital, Liquidity and Balance Sheet management in the financial sector
BBVA managed liquidity risk ahead of the crisis

- 32.4 Bn of medium and long term funding from January to July 2007
- Strong deposit gathering in Spain since 2Q06

![Chart showing wholesale funding and retail term deposits growth](chart)

**Wholesale funding (€ Bn)**

Jan-Jul 06: 18.0  
Jan-Jul 07: 32.4  
Change: +80%

**Spain: Retail Term deposits – YoY Growth (%)**

1Q06: 17.2  
2Q06: 19.1  
3Q06: 30.7  
4Q06: 33.9  
1Q07: 35.9  
2Q07: 36.8  
3Q07: 39.2  
4Q07: 36.7

Our retail profile and prudent risk management have kept us out of the write-downs.
BBVA management continues to be focused on liquidity, as tensions are likely to persist.

**Active management of liquidity risk**

- Low concentration of future maturities
- With > €50 bn additional sources of liquidity ready to be used (covered bonds, CP programs and more)
- Strict management of the liquidity gap
- Reducing contingent liquidity lines to minimize risk
- Strict control of loan origination, favoring margins Vs. volume

*Competitive advantage in liquidity to be incrementally differential*
Strong capital base with organic generation and sizeable capital “cushions”

Capital ratios
BIS II rules (%)

Tier I
7.8%

Core
6.3%

Latent capital gains
€2,900m

1.1%

Generic provisions over expected loss
€3,900m

1.5%

March 2008

Ordinary activities added 13 bp to core capital in 1Q08
Asset quality under control, risk premium to remain stable

NPL Provisions

Risk premium (bp)

Asset quality (%)

€7,740m

BBVA European
Average (1)

Asset quality under control,
risk premium to remain stable

BBVA European Peer Group (2)

(1) Largest European Banks as at Dec 2007
(2) Average of the following 13 banks: Santander, Deutsche Bank, BNPP, SG, CASA, UCI, ISP, RBS, Barclays, HBOS, Lloyds, CS, UBS. Last available data
Efficiency management credentials and sustained profitability

**Efficiency**
(%, incl. depreciation)

- BBVA (1): 42.9
- European Peer Group (2): 56.8

**ROE**
(%)

- BBVA (1): 25.2
- European Peer Group (2): 17.6

(1) Ex-One Offs
(2) Average of the following 13 banks: Santander, Deutsche Bank, BNPP, SG, CASA, UCI, ISP, RBS, Barclays, HBOS, Lloyds, CS, UBS.
Last available data
Rating agencies acknowledge BBVA´s differential situation

<table>
<thead>
<tr>
<th>BBVA Group long term ratings</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P</td>
<td>AA</td>
</tr>
<tr>
<td>Moodys</td>
<td>Aa1</td>
</tr>
<tr>
<td>Fitch Ibcia</td>
<td>AA-</td>
</tr>
</tbody>
</table>

“The upgrade is based on BBVA's more robust performance than that of its European peers, strong local franchises, increased diversification, resilient asset quality, prudent management, and reduced exposure to equity holdings.”

*S&P February 2008*

BBVA, the only major bank in the world with 2 rating upgrades in the last 12 months
Business model matters for earnings growth potential

Banking sector
- Material write-downs
- High volatility of earnings
- Large weight of wholesale
- Unsustainable business models
- Third party origination
- Consumer finance bias
- Deep-discount capital raisings
- Material dilutions, uncertainty
- Shareholder remuneration programs reviewed or halted

High beta & high headline risk

BBVA
- Stable emerging economies
- Low deviation of revenues
- Diversification of earnings
- Multinational retail banking
- Strength of balance sheet
- Smooth evolution of NPLs
- Low cost producer
- Sustainable business model
- Solid capital position
- Growing cash dividend

Low beta with higher alpha generation. Low headline risk
How is the market reacting?

- Underweight of financials in the second half of 2007... with no discrimination
- Currently the focus is being placed on damage recognition and capital restoration
- Macro concerns seem to dominate market sentiment

But after short term drivers are over, what will be the focus?

Earnings
1Q08 confirms the excellent performance of BBVA’s results in a complex environment for international banks

Net Attrib. Profit (Ex one-off items, Mill €)

+14.9%

+21.4% at constant exchange rates

EPS excl. one-off items: 0.39 € (+9.6%)
And now… it’s about earnings

1. A unique case in the current environment

2. Outperforming peers in each market
Spain: Effective price management leads to higher Net Interest Income

Customer spread and NII/ATA (%)

<table>
<thead>
<tr>
<th>Period</th>
<th>SMEs customer spread</th>
<th>Spain &amp; Portugal NII/ATA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q07</td>
<td>3.45</td>
<td>2.12</td>
</tr>
<tr>
<td>2Q07</td>
<td>3.51</td>
<td>2.15</td>
</tr>
<tr>
<td>3Q07</td>
<td>3.54</td>
<td>2.15</td>
</tr>
<tr>
<td>4Q07</td>
<td>3.72</td>
<td>2.18</td>
</tr>
<tr>
<td>1Q08</td>
<td>3.96</td>
<td>2.17</td>
</tr>
</tbody>
</table>

Net Interest Income (€m)

<table>
<thead>
<tr>
<th>Period</th>
<th>1Q07</th>
<th>1Q08</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q07</td>
<td>994</td>
<td></td>
</tr>
<tr>
<td>1Q08</td>
<td></td>
<td>1,132</td>
</tr>
</tbody>
</table>

The only bank in Spain that has widened spreads!
Spain: Controlled growth with low risk

Individuals
BBVA individual mortgage market share
Spain (%)
- 126 b.p.

2004
13.2%
2007
12.0%

BBVA NPL ratio (total Spanish loan book) Vs System NPL (%)

Developers
Lending growth (YoY %)

BBVA Developer market share
• 5.6% (-184 b.p. in the last 3 years)
• Selective commercial policy: 95% 1st home residential properties

BBVA NPL ratio (total Spanish loan book) Vs System NPL (%)
Continuous improvement in efficiency due to Transformation Plan

In December 2006 we finalized the branch expansion and launched the first stage of a new distribution network strategy.

In 2007 Transformation Plan Objectives 2010

* Excluding depreciation
BBVA is well prepared to cope with macroeconomic headwinds in Spain

1. **Strong liquidity** = ability to lend with normality
   - Not paying marginal rates to capture deposits + prioritizing margins Vs. volume = better spreads

2. **Transformation Plan** = flat cost growth

3. **Distinctive asset quality**
   - €3 Bn generic provisions in Spain & Portugal = stable risk premium

**High alpha bottom line performance**
1Q08 Spain & Portugal +18%
The Mexican economy is surprising on the upside

Stock markets (Base is 100)

Mexican peso / USD (YTD)

Good start to the year: economy growing 4.2% (IGAE index) with solid service sector and industry rising
Which is clearly reflected on Bancomer’s strong growth in 1Q08

<table>
<thead>
<tr>
<th>Lending and Customer Funds (%)</th>
<th>Lending Year-on-year growth (Average balances)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lending</td>
<td>SMEs +36.6%</td>
</tr>
<tr>
<td>Customer Funds</td>
<td>Mortgages +33.6%</td>
</tr>
<tr>
<td></td>
<td>Consumer + cards: +21.4%</td>
</tr>
<tr>
<td></td>
<td>Current accounts +15.1%</td>
</tr>
<tr>
<td></td>
<td>Term+M.Funds+Repos+Money mkt +14.3%</td>
</tr>
</tbody>
</table>
Bancomer is ahead of the competition, actively promoting a more balanced asset mix...

Loan Portfolio (flow)
Contributions by product
Average balances (%)

Dec.06/Dec.05
Consumer + Cards; 42.0%
Mortgages; 39.7%
Other; 15.7%
SMEs; 2.6%

Dec.07/Dec.06
Consumer + Cards; 25.6%
Mortgages; 35.6%
Other; 21.8%
SMEs; 17.0%

Mar.08/Mar.07
Consumer + Cards; 24.8%
Mortgages; 35.1%
Other; 24.3%
SMEs; 15.9%
With strong gains in efficiency and operating profit

Cost/income ratio incl. deprec. Mexico (%)

<table>
<thead>
<tr>
<th></th>
<th>1Q07</th>
<th>1Q08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico</td>
<td>34.2</td>
<td>31.2</td>
</tr>
</tbody>
</table>

Improvements despite heavy investments in infrastructure:
106 branches, 483 ATMs, 20,000 PoS increase in 2007

Operating profit Mexico (Constant €m)

<table>
<thead>
<tr>
<th></th>
<th>1Q07</th>
<th>1Q08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico</td>
<td>756</td>
<td>960</td>
</tr>
</tbody>
</table>

+27.0%
NPL levels flat - thanks to high asset quality

Impairment losses Mexico (Constant €m)

NPL and Coverage Ratios Mexico (%)

Provisions and NPL´s have stabilized as a result of strict risk management and expected loss provisioning
BBVA has a distinctive position in the USA

Texas (65%) and Alabama (15%) represent 80% of exposure: thus limited impact from real estate slowdown

Business growing despite complex economic environment

Compass BG 1Q08*: Cust. funds + 8.6%, Lending +9%

* Annualized rates of growth
Excluding amortisation of intangibles
(€m constant)

<table>
<thead>
<tr>
<th>USA</th>
<th>1Q08</th>
<th>4Q07</th>
<th>Acum</th>
<th>Annual Growth</th>
<th>Acum</th>
<th>Annual Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary Revenues</td>
<td>497</td>
<td>487</td>
<td>10</td>
<td>2.1%</td>
<td>10</td>
<td>2.1%</td>
</tr>
<tr>
<td>Total expenses</td>
<td>-276</td>
<td>-282</td>
<td>7</td>
<td>-2.4%</td>
<td>7</td>
<td>-2.4%</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>222</td>
<td>206</td>
<td>17</td>
<td>8.1%</td>
<td>17</td>
<td>8.1%</td>
</tr>
<tr>
<td>Loan-loss provisions</td>
<td>-47</td>
<td>-47</td>
<td>0</td>
<td>-0.1%</td>
<td>0</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Net Attributable Profit</td>
<td>110</td>
<td>104</td>
<td>6</td>
<td>5.8%</td>
<td>6</td>
<td>5.8%</td>
</tr>
</tbody>
</table>
Wholesale Banking & AM: profitable growth with no “shocks”

Global Businesses

Outstanding performance of Corporate & IB in 1Q08, combining strong lending activity (+35.3%) with margin improvements (NII +40.1%)

Customer activity is the main driver of market revenues (77%)

Excellent management of lending and market risk (NPL 0.02% & very stable average daily VAR of €22 M)

A comprehensive relationship model for our global customers
South America continues delivering outstanding results

Favorable macroeconomic environment and strong evolution of activity and revenues in 1Q08

Significant improvements in efficiency and credit quality, positively reflected on P&L

Well diversified and strong franchise by business and country with a different business model

Long term bancarization and asset management opportunities remain
Sharp growth in lending and customer funds

Lending and Customer Funds
year-on-year growth
(average balances)

Loans: 29.8%
Customer funds: 16.2%

Core revenues
(€m constant)
1Q07: 539
1Q08: 702

+30.1%

Good performance in all countries
Improvement in efficiency boosts operating profit

Cost/income ratio incl. deprec. (%)

Operating profit (Constant €m)


44.9 → 42.8

1Q07 → 1Q08

+31.3%

328 → 431

1Q07 → 1Q08

Bottom line growing at 19.4%
Stable asset quality control despite strong growth

BBVA South America NPL ratio (%)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>BBVA</th>
<th>Sector average</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q07</td>
<td>2.62</td>
<td></td>
</tr>
<tr>
<td>2Q07</td>
<td>2.52</td>
<td></td>
</tr>
<tr>
<td>3Q07</td>
<td>2.44</td>
<td></td>
</tr>
<tr>
<td>4Q07</td>
<td>2.14</td>
<td></td>
</tr>
<tr>
<td>1Q08</td>
<td>2.42</td>
<td></td>
</tr>
</tbody>
</table>

NPL ratio

Coverage ratio
131%

BBVA South America Vs. Sector (4Q07) (%)

<table>
<thead>
<tr>
<th>Country</th>
<th>BBVA</th>
<th>Sector average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arg(3)</td>
<td>0.7</td>
<td>2.9</td>
</tr>
<tr>
<td>Chile</td>
<td>0.9</td>
<td>0.8</td>
</tr>
<tr>
<td>Col</td>
<td>1.9</td>
<td>2.0</td>
</tr>
<tr>
<td>Peru</td>
<td>1.1</td>
<td>1.5</td>
</tr>
<tr>
<td>Ven</td>
<td>0.8</td>
<td>1.3</td>
</tr>
</tbody>
</table>

ROE: 39.9% (+1.7 points)
In short:

1. Portfolio mix and business model
2. Capability and track record of efficiency management
3. Superior asset quality

BBVA, an earnings play
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