
BBVA: Growth and capital discipline

SG Conference “The Premium Review”

Paris, December 6th 2006

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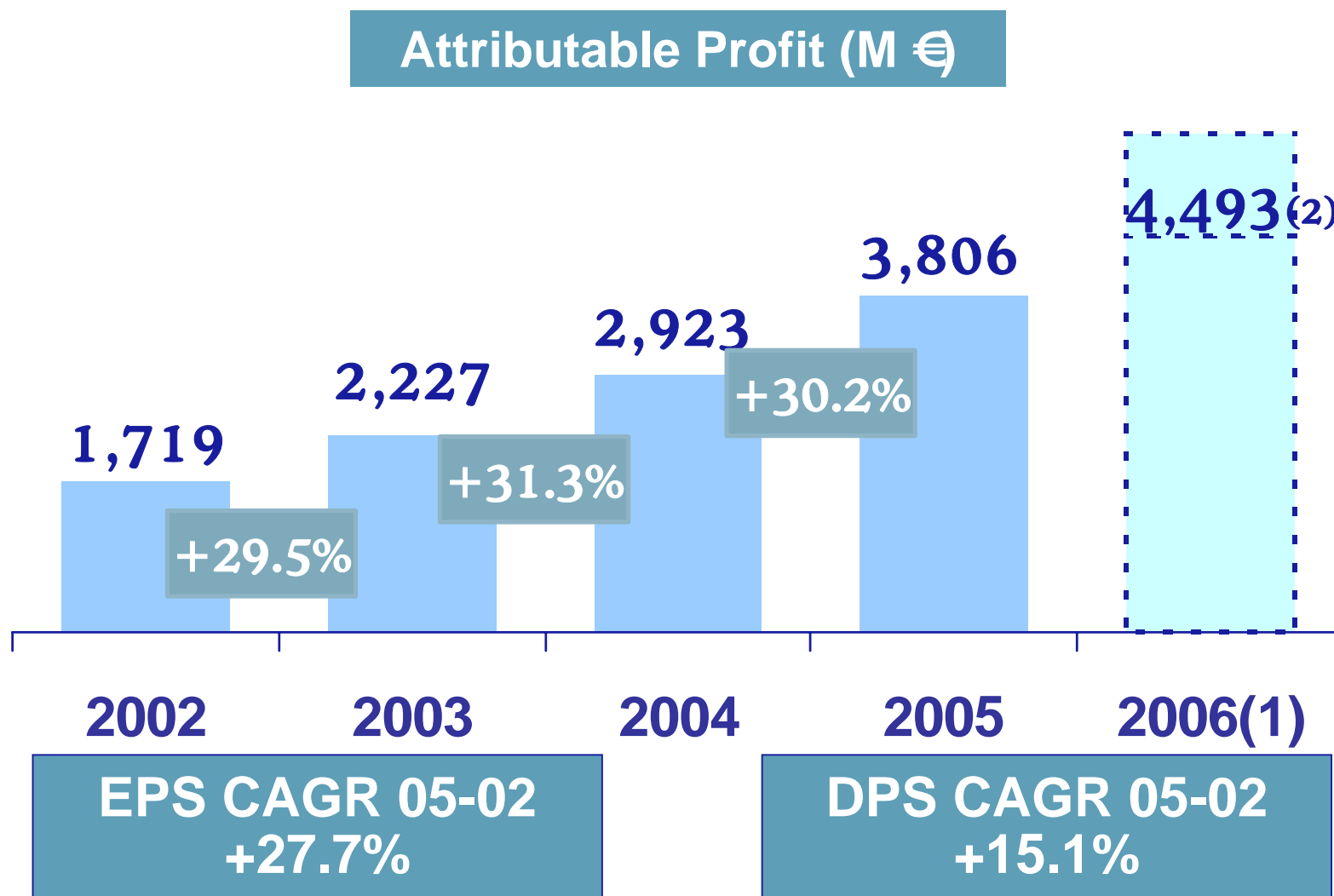
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BBVA has delivered an excellent track record of growing results ... **BBVA**

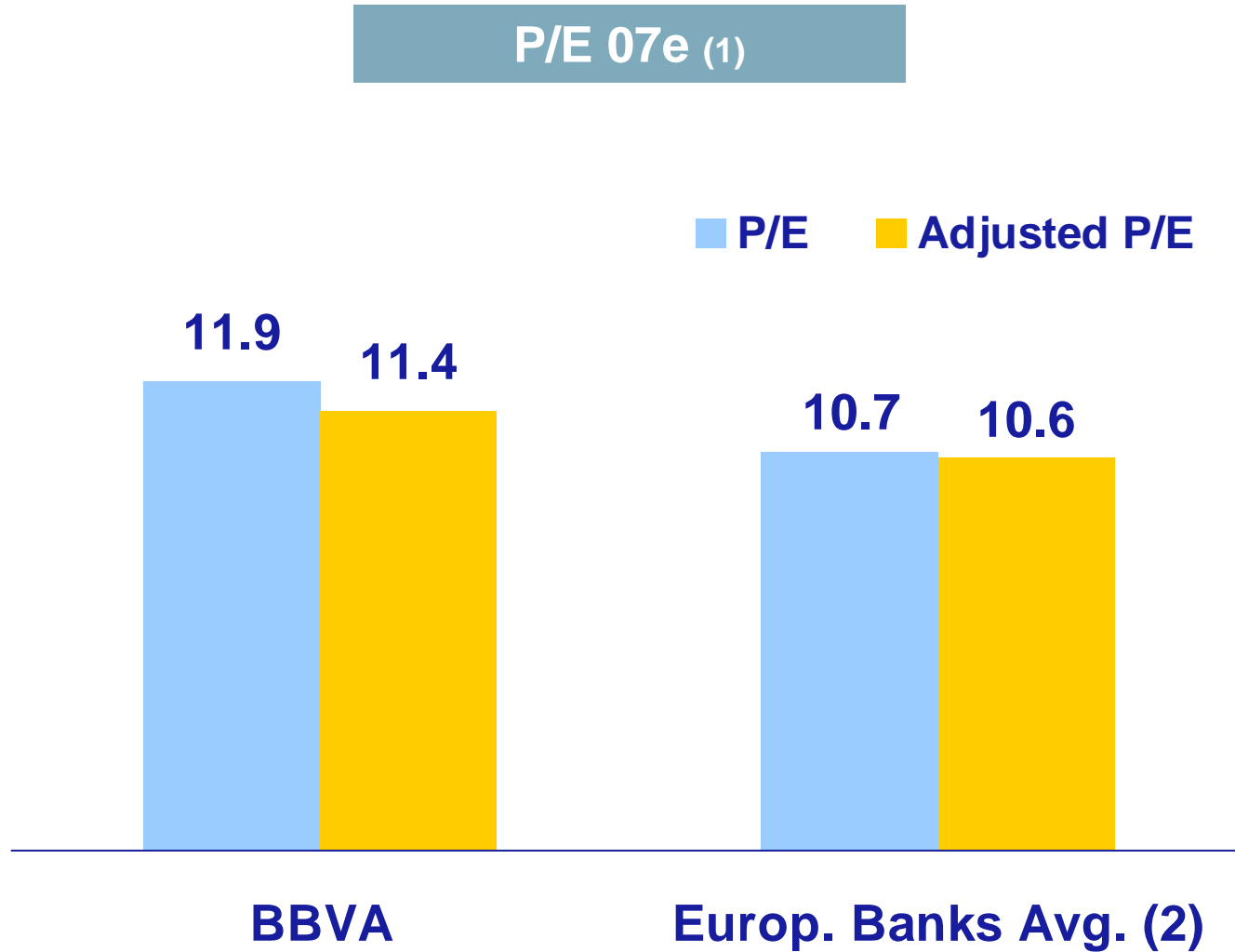


(1) Market consensus

(2) Excluding one-off items

Note: 2002 and 2003 Pre-IFRS

... at first sight ... a premium on PE?



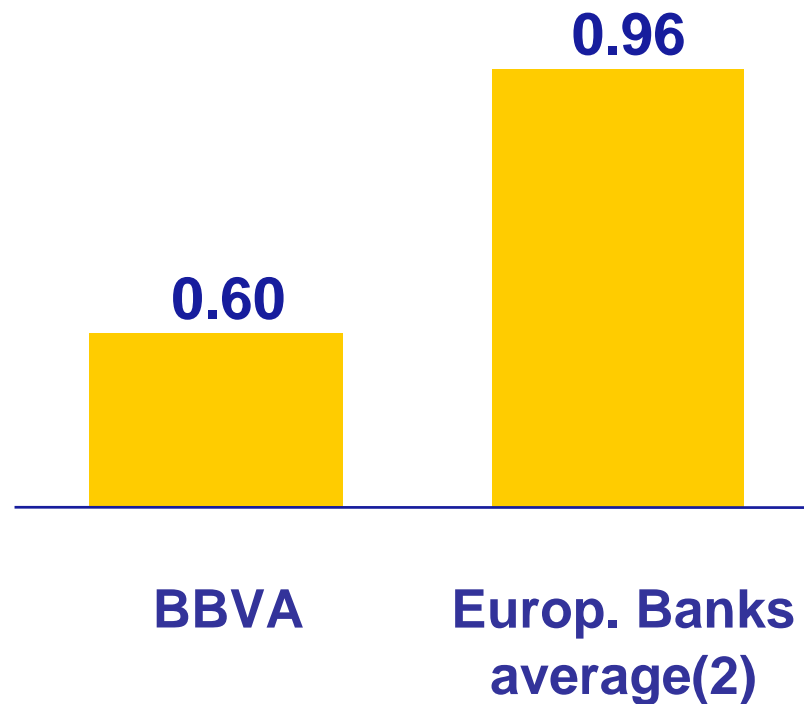
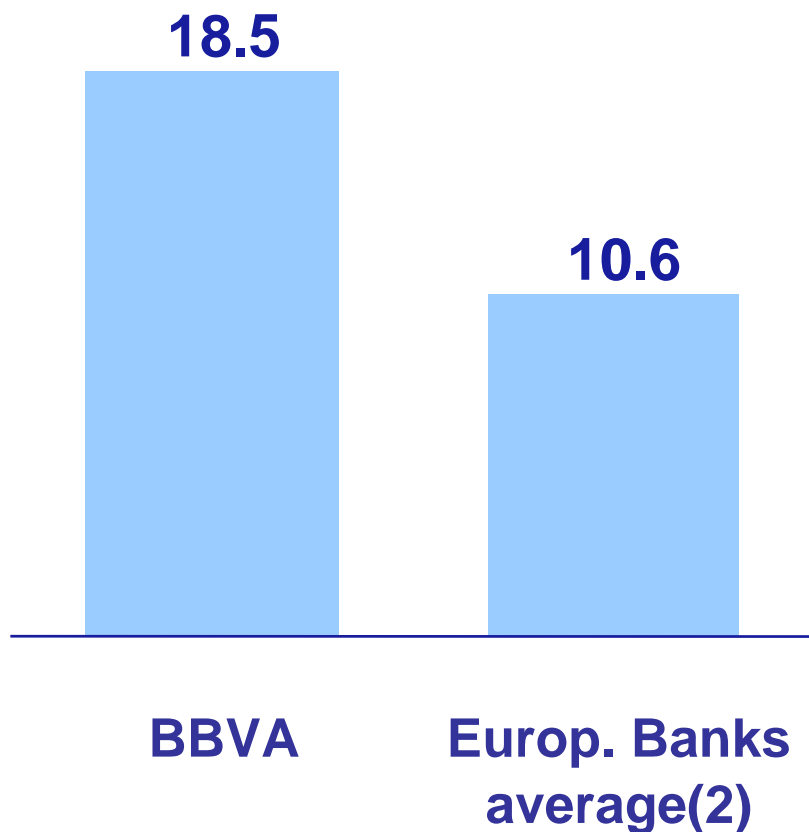
(1) Market consensus

(2) Average of 18 main European Banks

.... and yet BBVA stock does fully discount the better than average growth prospects

EPS adjusted
07e-05 growth ⁽¹⁾

PEG (PE/Growth) ⁽²⁾



(1) Source: average of selected European core brokers

(3) Average of 18 main European Banks

(2) PE / EPS adjusted 07e/05

BBVA: delivering and searching for growth

1 Spain: sustainability of growth

2 Mexico: top growth and low volatility

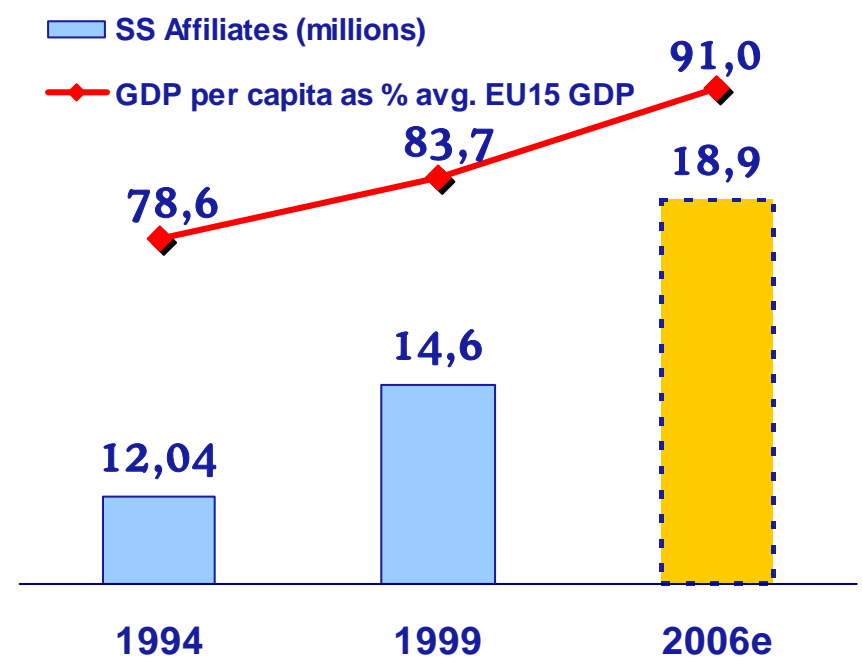
3 Latin American bancarisation prospects

4 Excellence in credit risk management

5 Non-organic growth

1 Good performance and positive prospects for the Spanish economy

% y-o-y growth	2005	2006E	2007E
Private consumption	4.2	3.6	3.1
Cap.ex.	8.8	8.9	7.2
Construction	6.0	5.6	3.9
External demand	-1.7	-1.1	-0.9
GDP	3.5	3.7	3.3

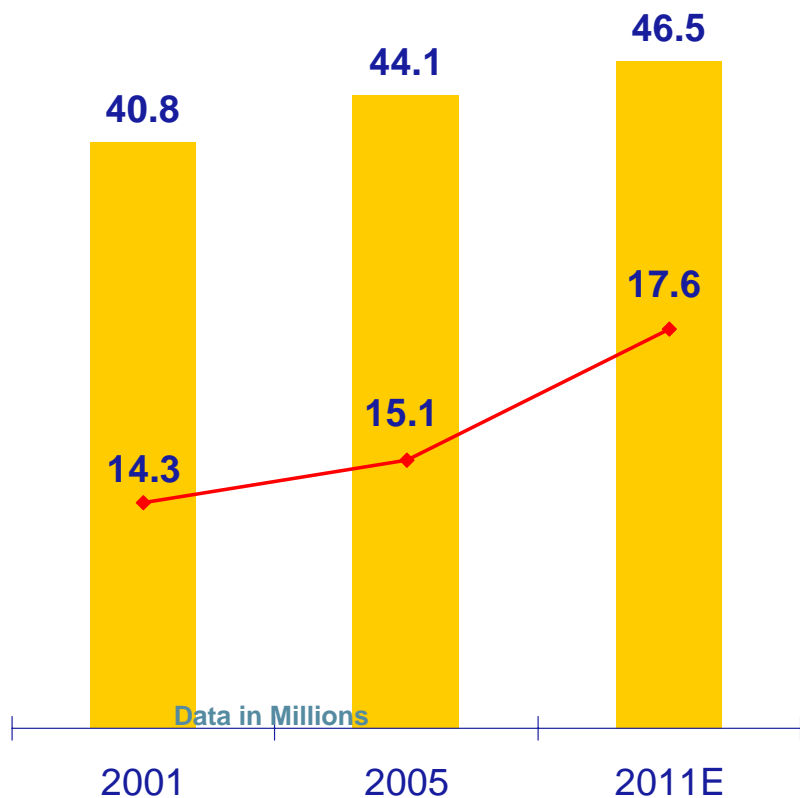


6.6 million jobs created in the period 1994-2006 (36% of net employment in the Eurozone)

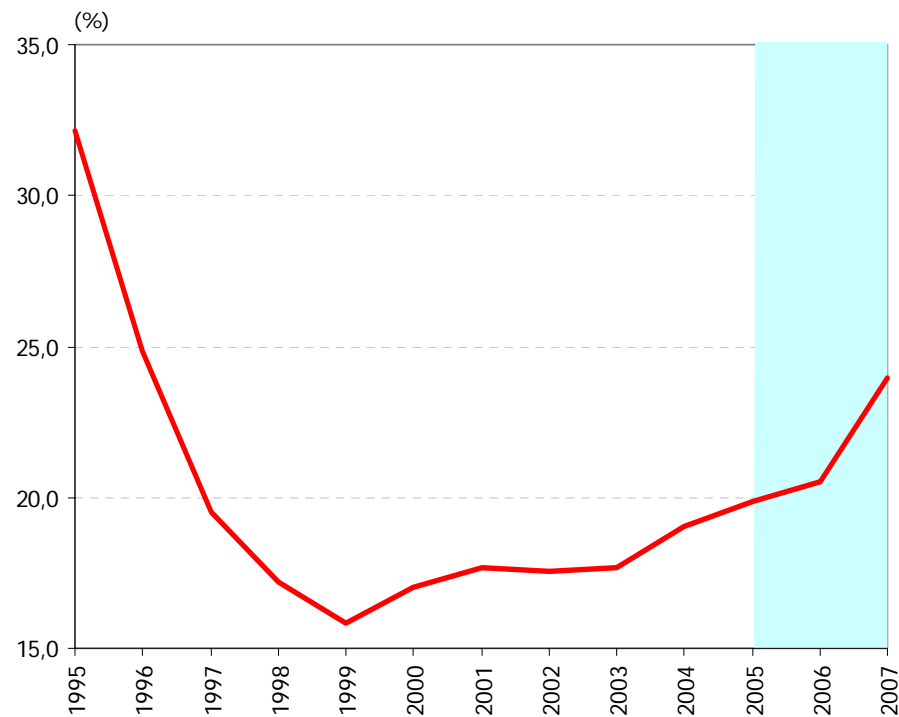
* Source: BBVA Economic Research Department

Strong growth of population and household formation

■ Population ◆ Households



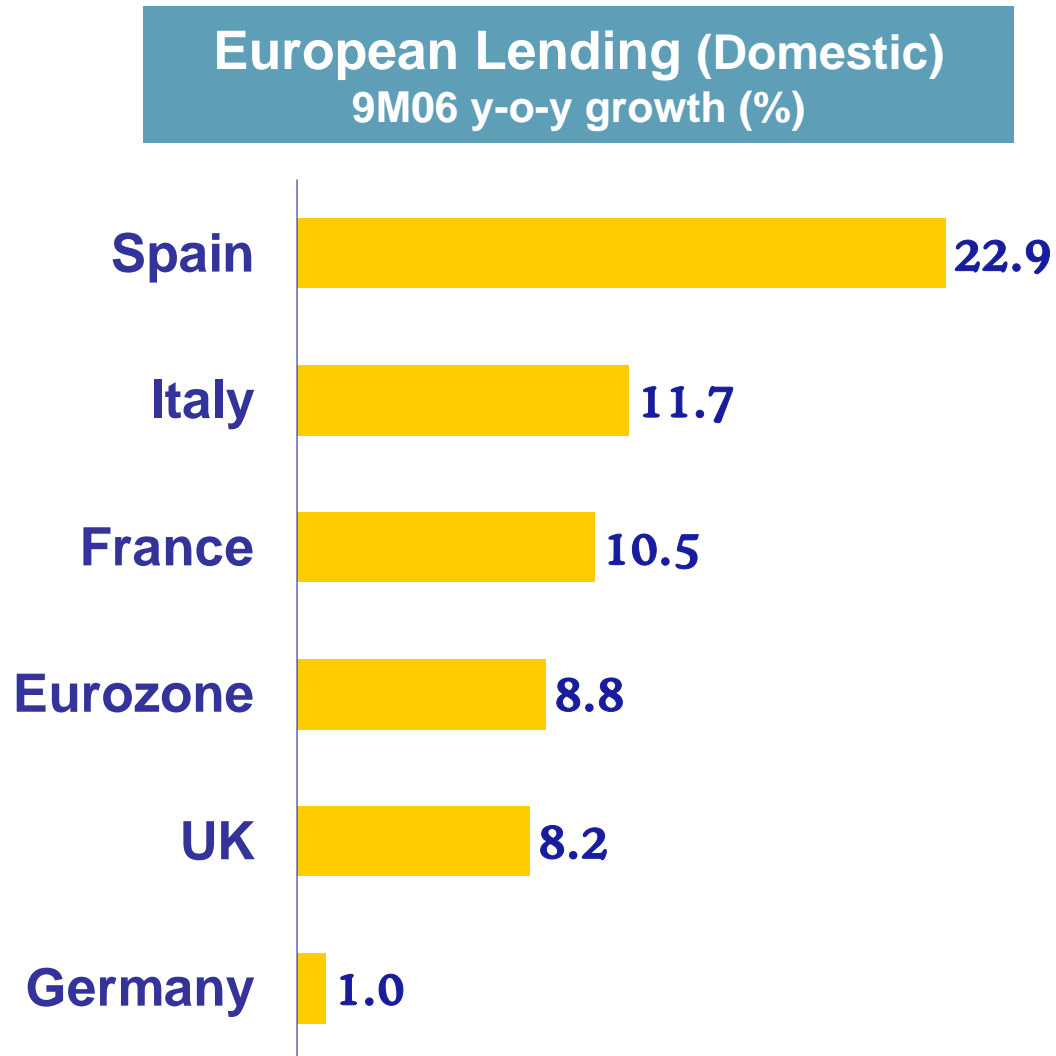
Affordability ratio (%) *



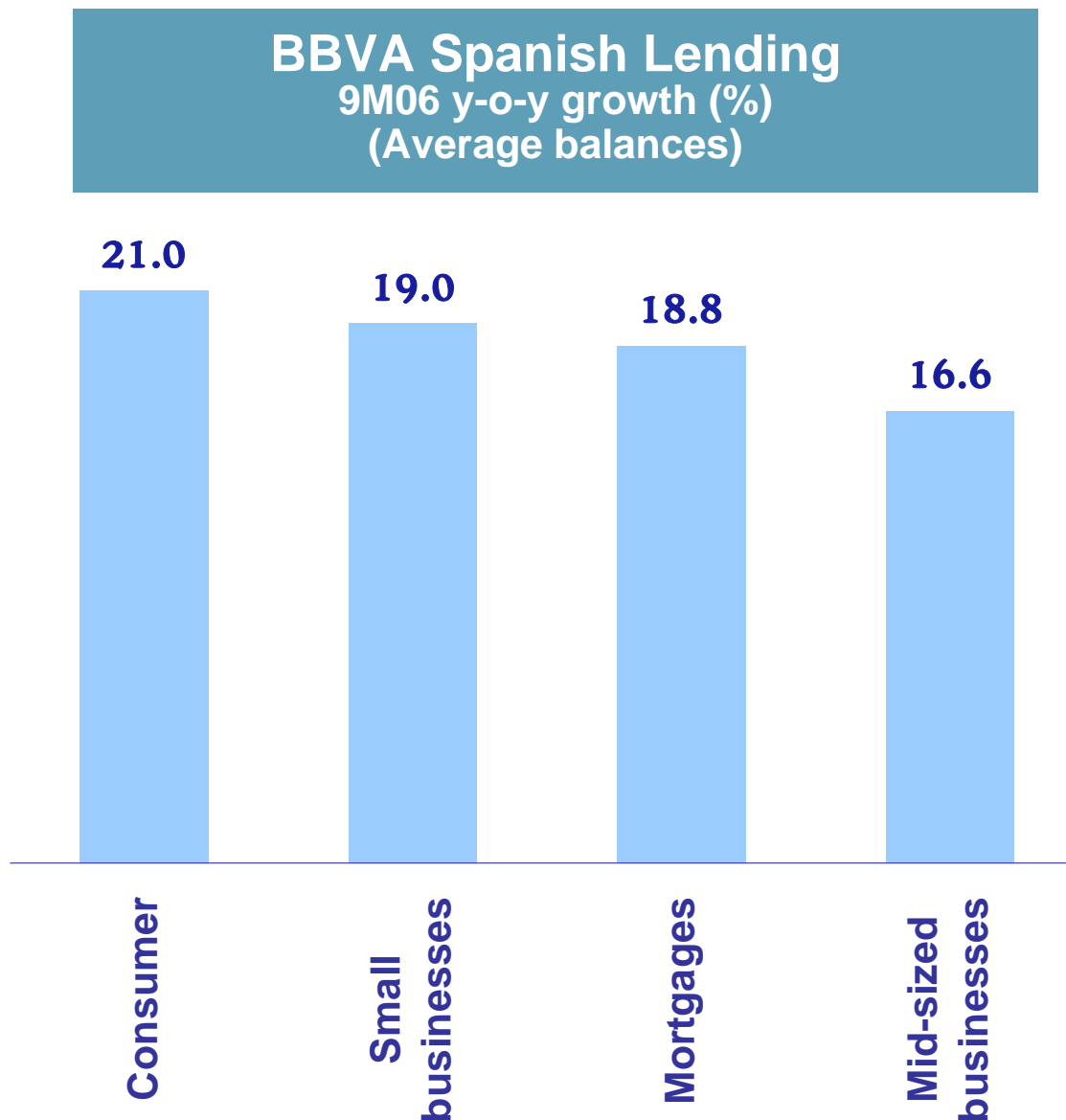
Source: BBVA

... and housing affordability remains at acceptable levels

Spain: the highest growth among Eurozone countries

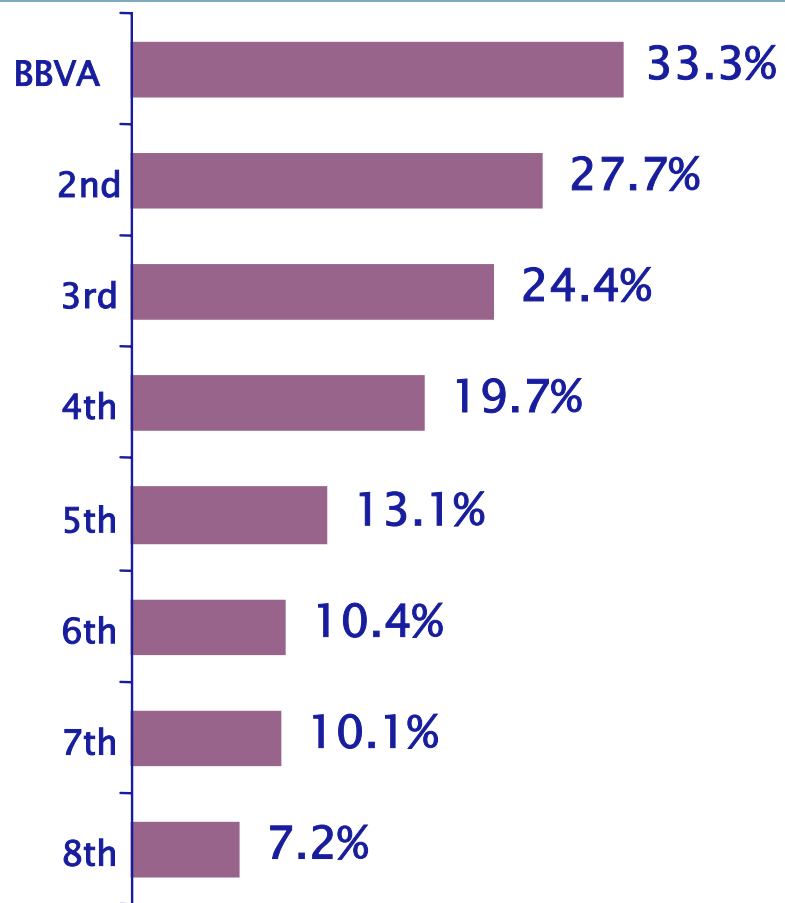


BBVA, focus on the more profitable segments



In Spain, we have identified new opportunities **BBVA** in SMEs ...

Penetration



Increase in sales productivity (since Dec 2004)

+ 22%

Riskpyme

+59% in new business

+ 144% no. operations

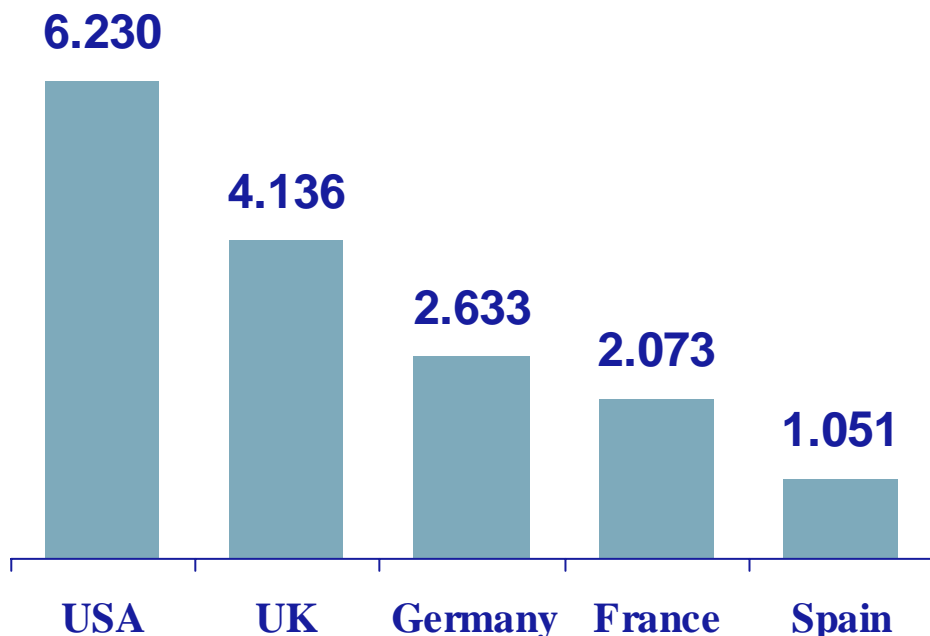
+ 28% new customers

Source: Inmark, 2005

...in Consumer Finance...

Consumer loans per capita still low in Spain

Consumer loans per capita (\$)



Source: ECRI & Eurostat

... however, with a high propensity to consume

BBVA Initiatives

Préstamo Nacimiento

Préstamo Nómina 0%

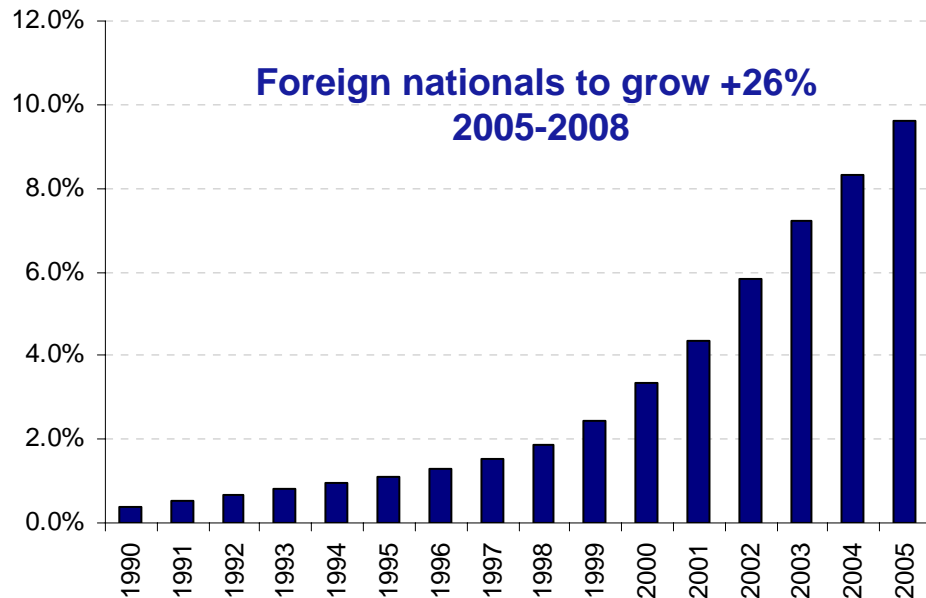
Crédito Fácil

Préstamo PIDE

**Consumer loan growth
9m06: 21%**

... and new customer segments: immigrants

Foreign nationals/Spain's population



Source: INE

Two complementary approaches

dineroexpress

Basic Banking

BBVA

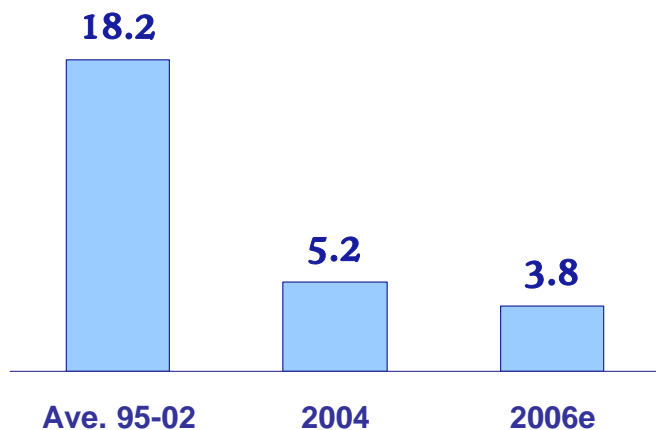
More developed products

More than 400,000 clients

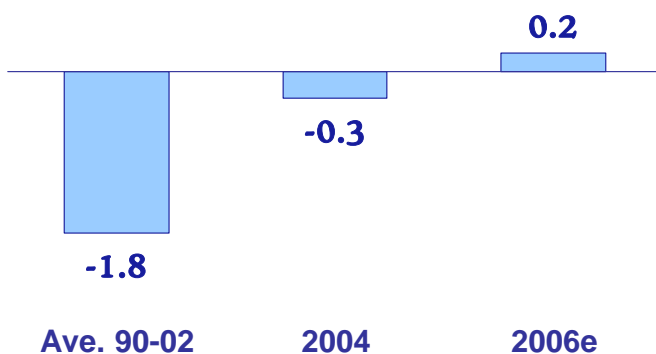
BBVA ranked 1st among banks with 16.5% market share

Sound macroeconomic environment in Mexico and low risk perception

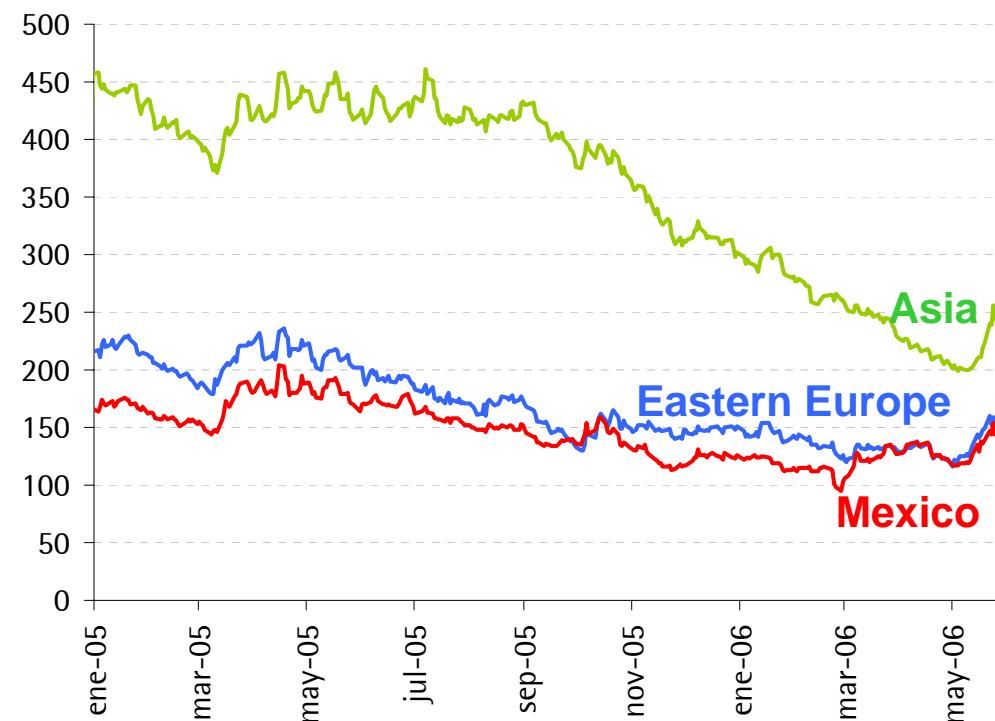
Inflation (%)



Budget balance (% GDP)



Risk premium (bp)

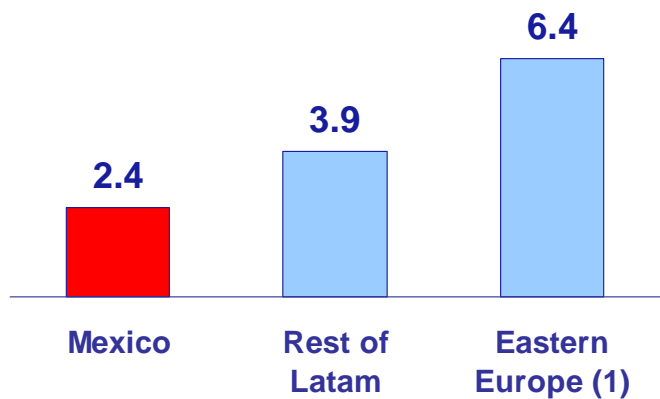


Source: JPMorgan

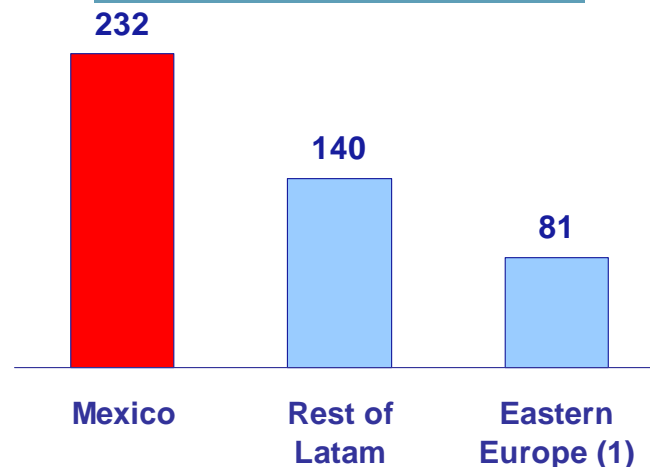
**Positive prospects 2006-07:
GDP +3.4%, low inflation approx. 3%**

The Mexican banking system is healthy

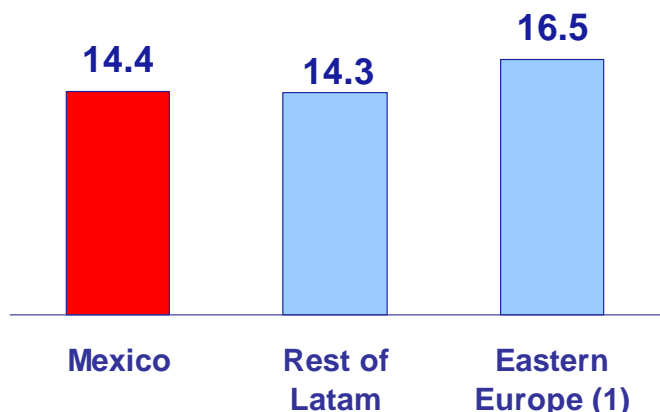
NPL ratio (%)



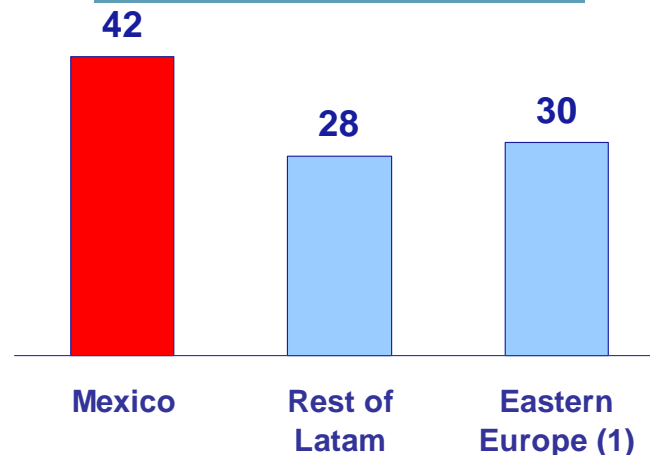
NPL coverage (%)



BIS ratio (%)

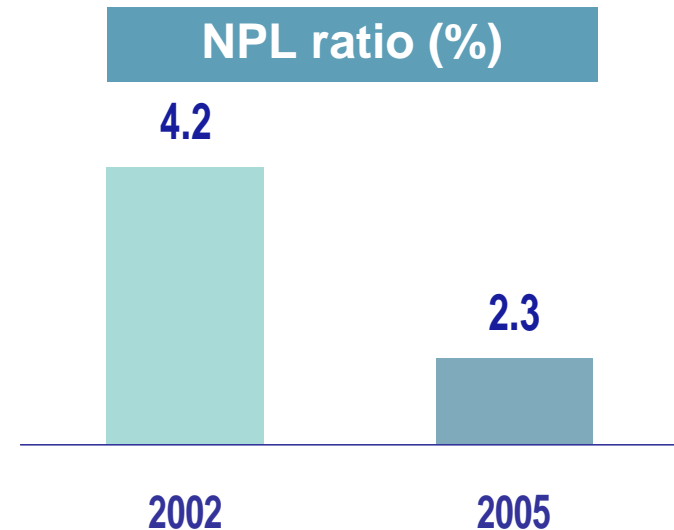
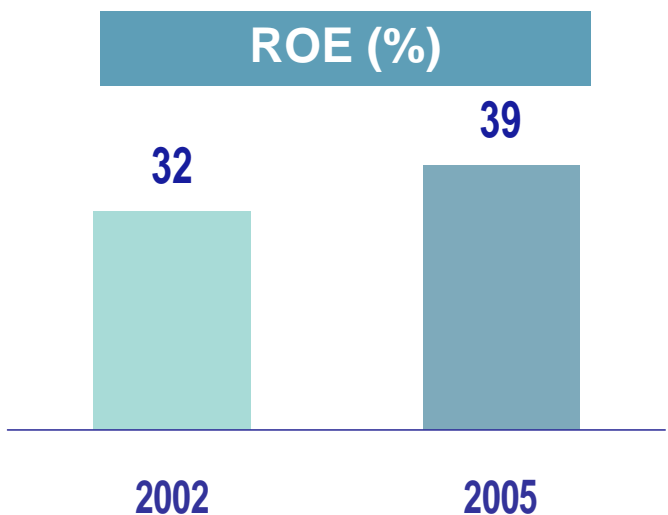
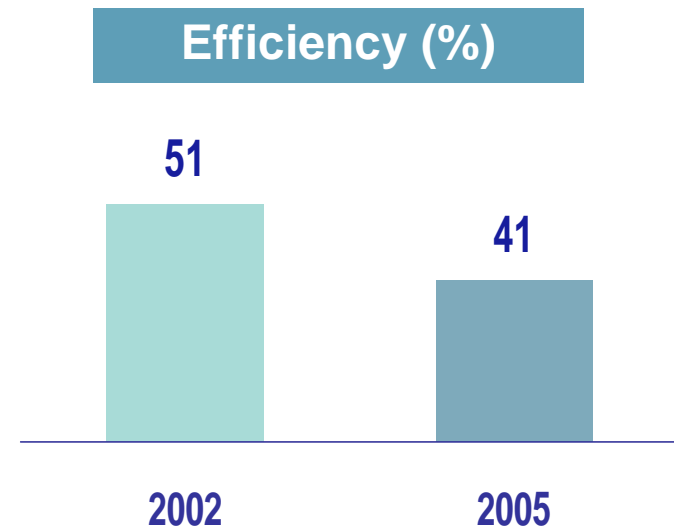
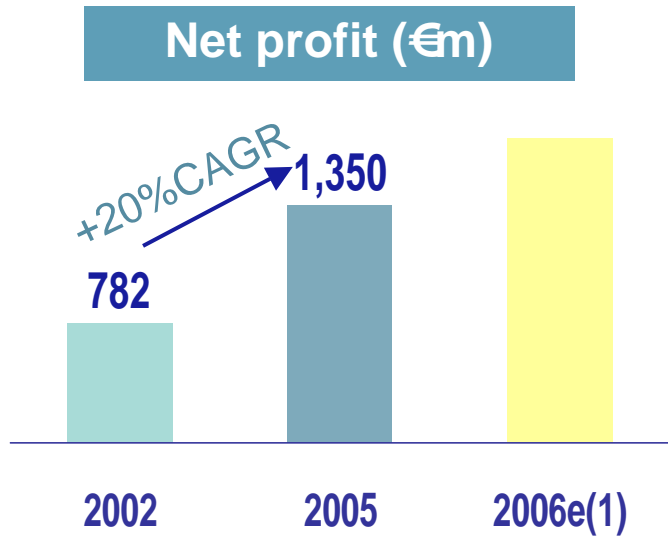


Moody's FSR (%)



(1) Russia, Turkey, Hungary, Poland and Cech Republic / Source: BBVA Research and Global Financial Stability Report
Data as of december 2005t

BBVA Bancomer: the #1 franchise in Mexico, **BBVA** delivering great results

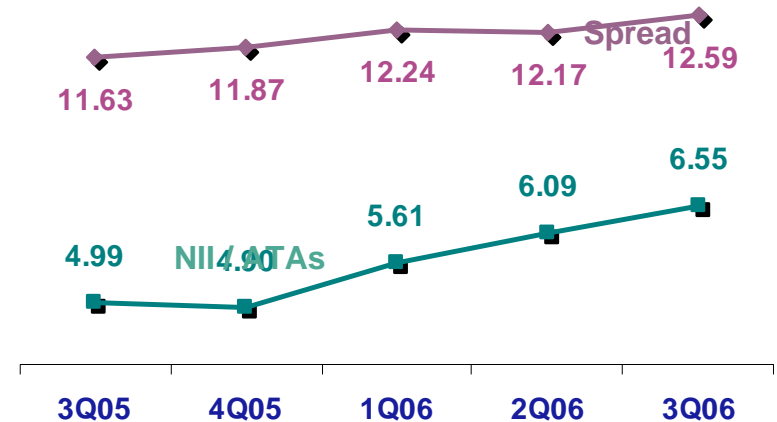


(1) Market consensus

Lending - Bancomer Growth of average balances (constant €)

Product	Sep. 05	Sep. 06
Consumer + Cards	70.2%	64.6%
SMEs	22.9%	29.8%
Mortgages	62.5%	53.1%
TOTAL	35.8%	28.3%

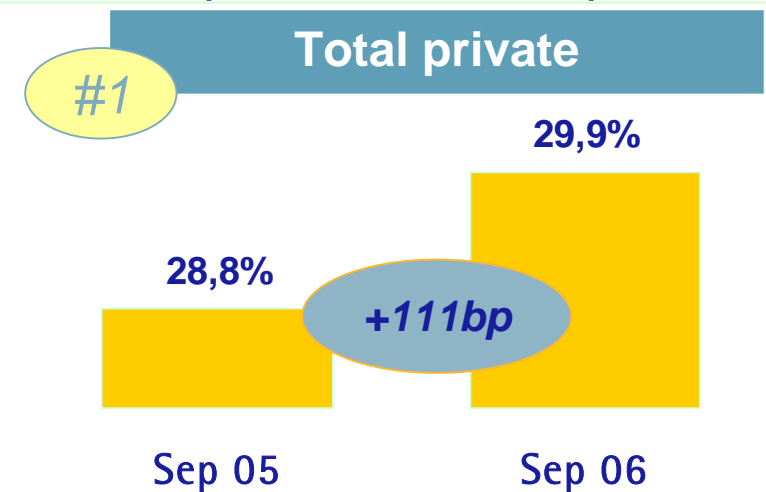
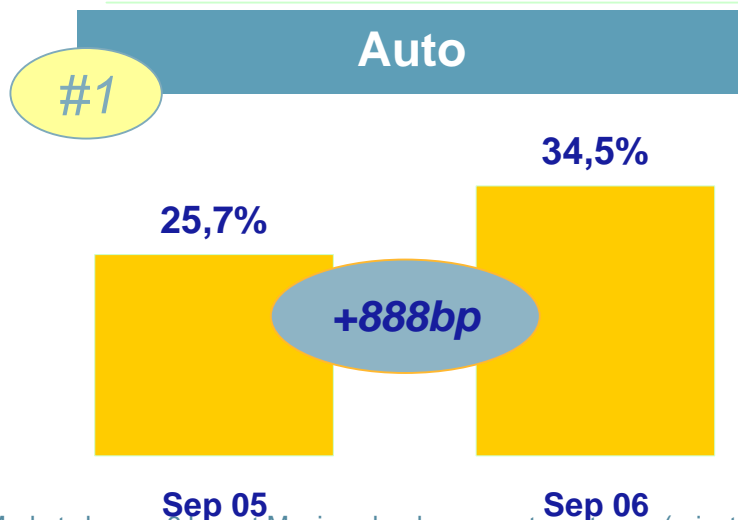
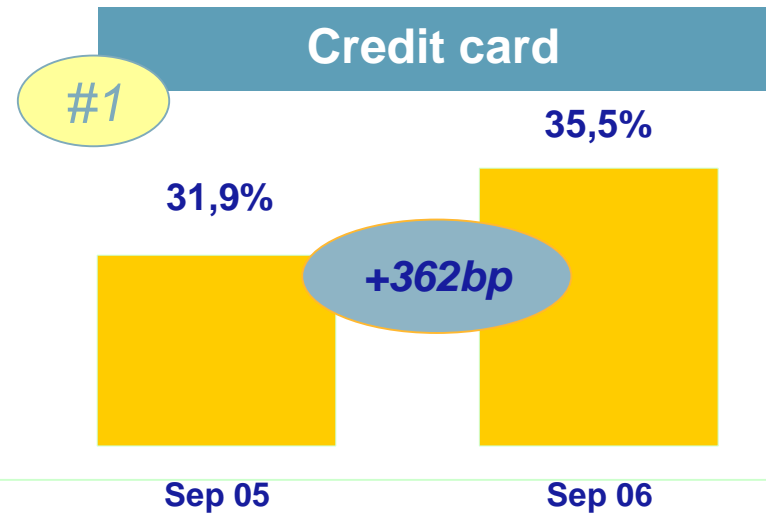
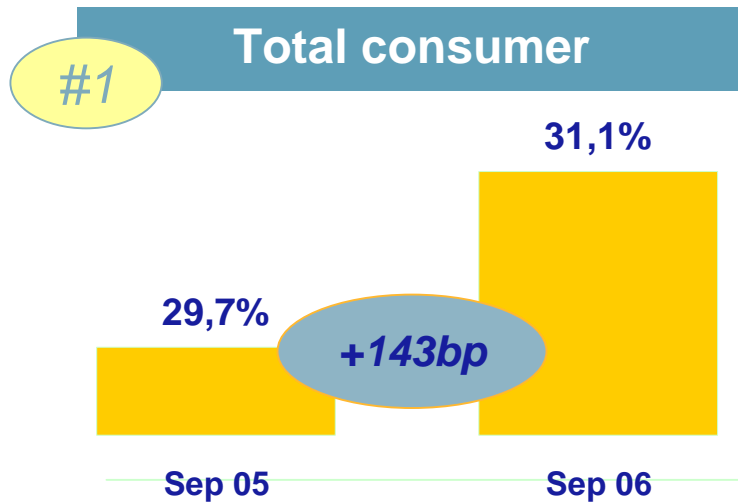
Cust. Spreads and NII / ATAs - Bancomer (%)



Revenue growth continues to be the driving factor

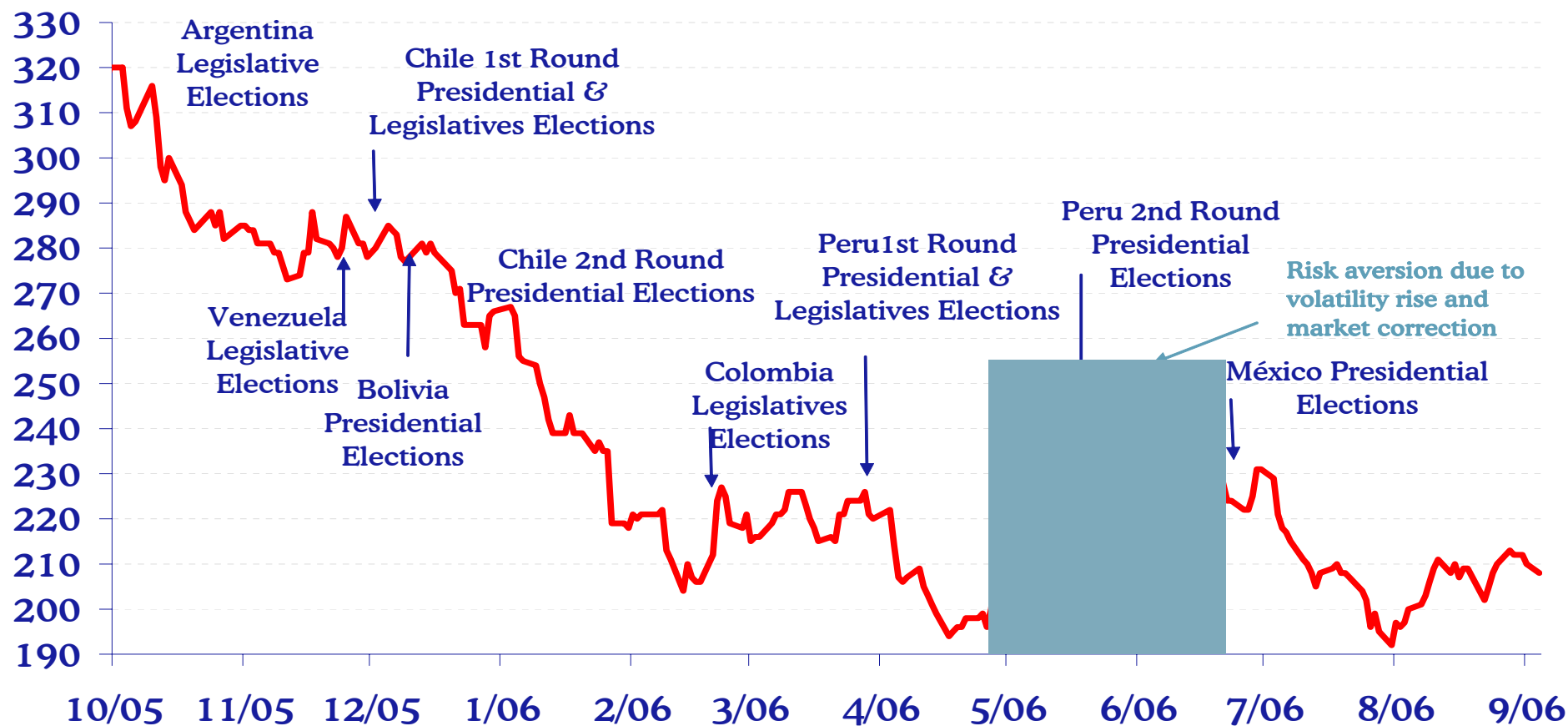
BBVA Bancomer has continued to expand market share in the key retail loan segments

BBVA Bancomer market shares



Market shares: 6 biggest Mexican banks, except mortgage (private banks + sofoles)

EMBI+ and Elections in Latam

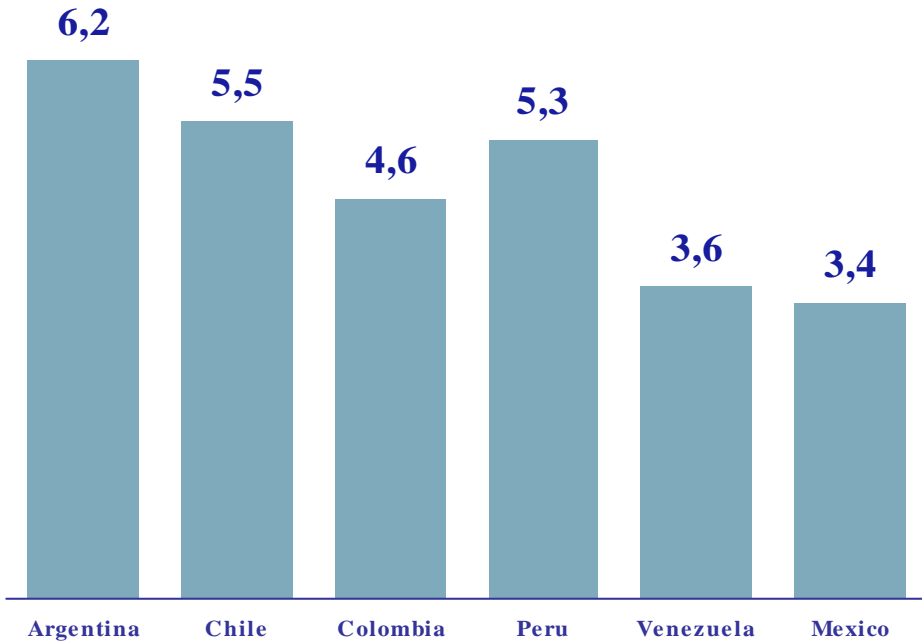


Source: BBVA & JPMorgan

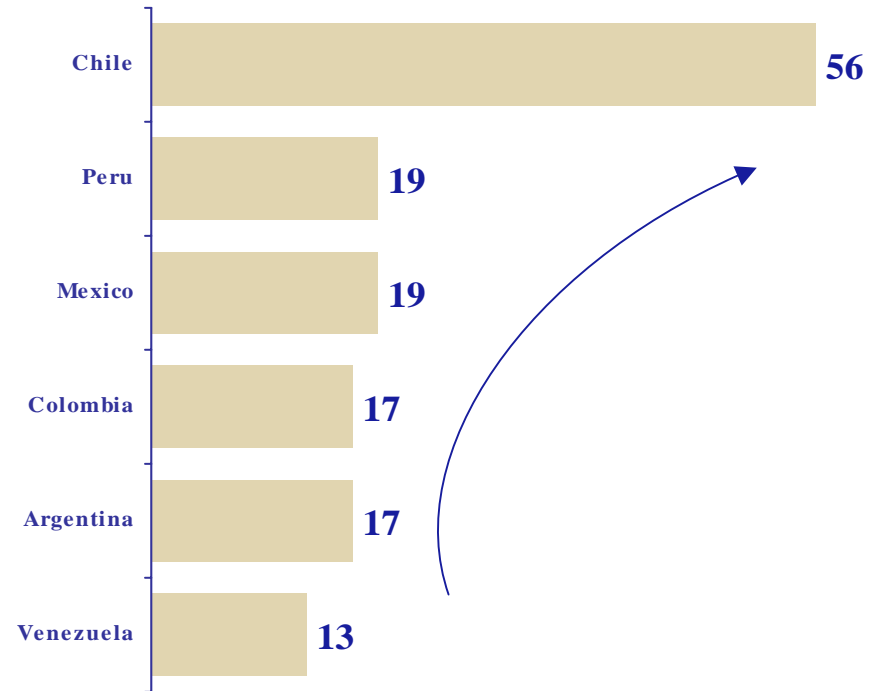
**Shift towards economic pragmatism
and continuity taking place around the region**

...with good economic prospects

2007E GDP



**Bancarisation
(Loans / GDP)**



Source: BBVA

And potential for higher bancarisation: Consumer finance and credit cards, mortgages and SMEs

In Latin America, we see opportunities in Consumer Finance ...

Bancarised

Mid-High income segments

28% of population

Bancomer's market share
Auto: 33.5%
Credit cards: 35.5%
Total consumer finance: 33.4%

Non-bancarised

Low income segments

72% of population

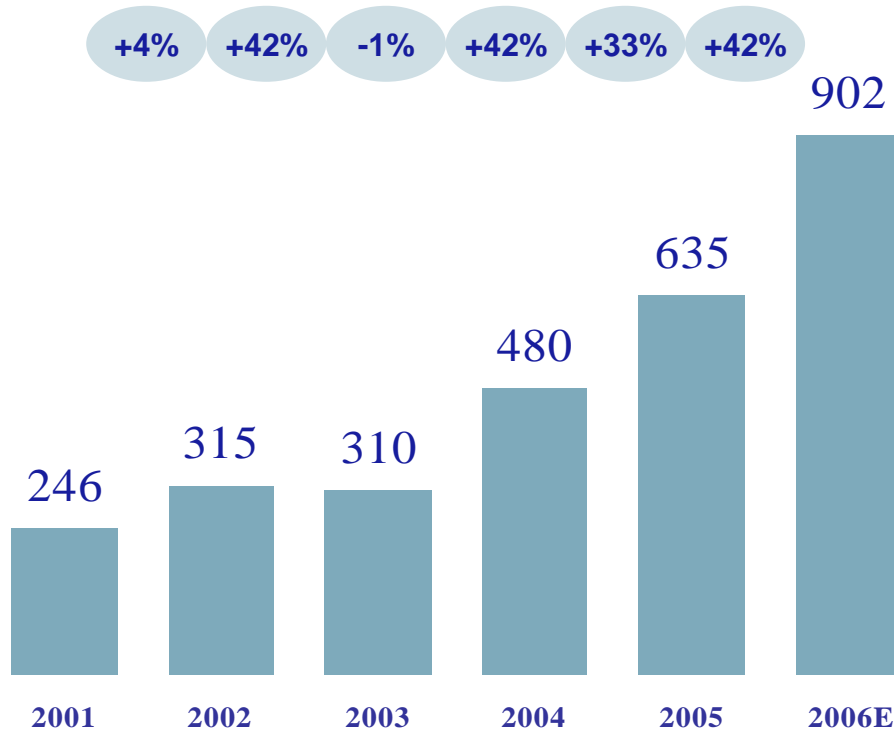
Alliances with retailers:
5 million credit cards

+ 2.2 m new customers in 2006

...a high potential for mortgage development... **BBVA**

Mortgages in Colombia

(\$m)

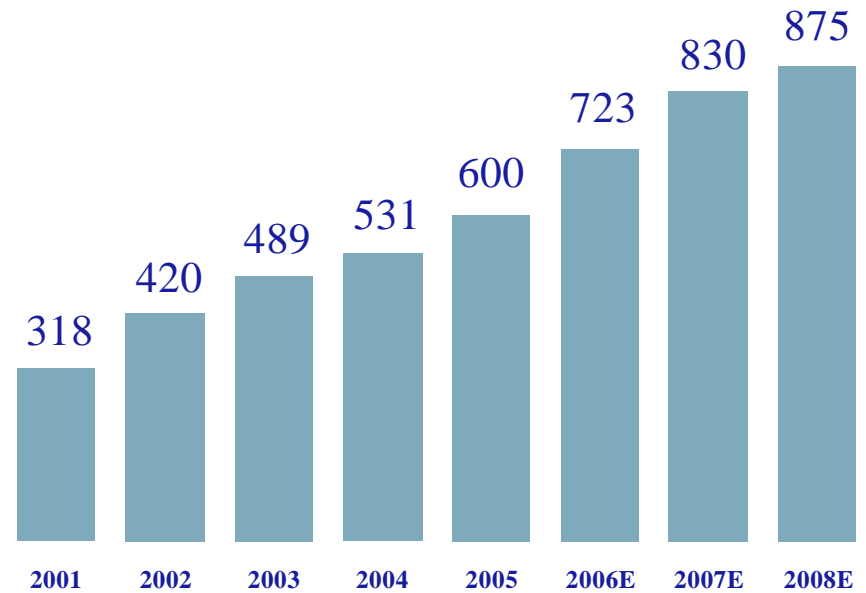


21% Market Share

Source: ICAV

Mortgages in Mexico

(Thousand units)

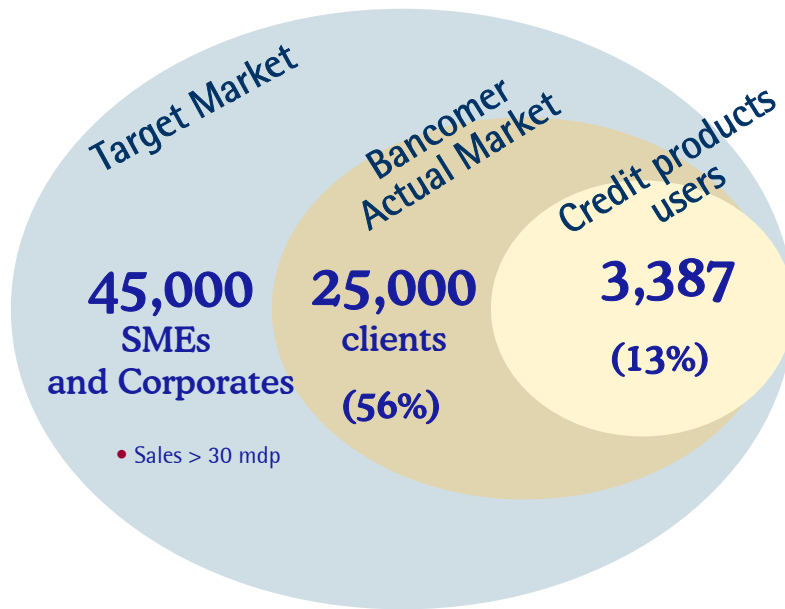


35% Market Share

Source: Infonavit & BVA

... and great prospects in SMEs

Bancomer SMEs and Corporates

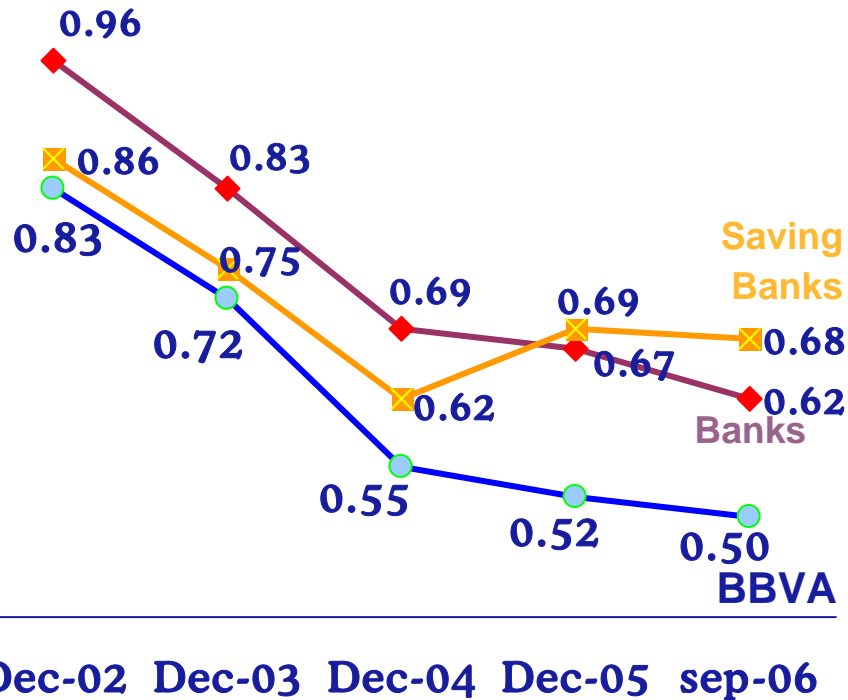


Loan Penetration (€m)

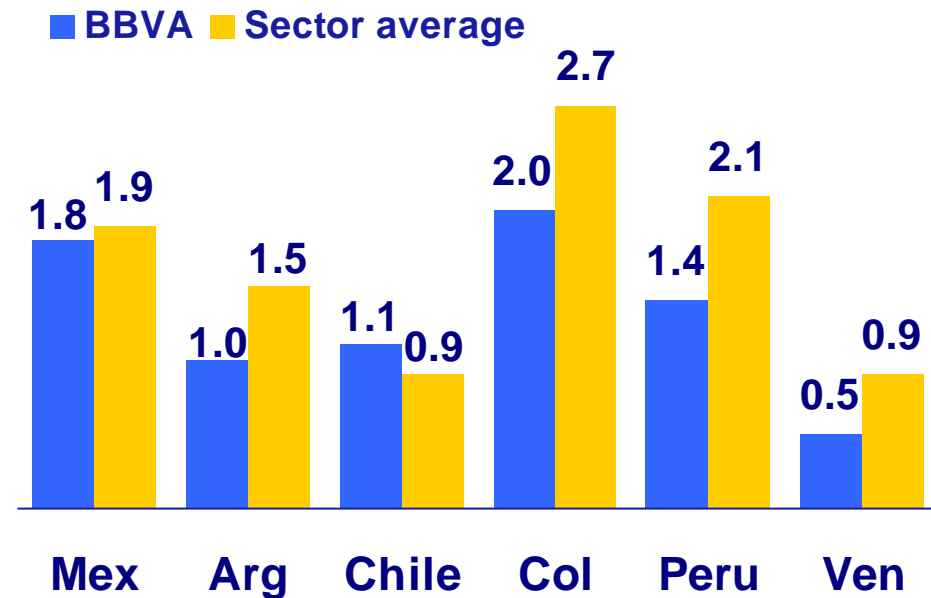
	Spain	Mexico
Customer Funds	10,660	4,239
Lending	30,251	2.839
Lending/ Customer Funds	284%	70%

BBVA is a benchmark in managing risks

Spain (1)



America (Dec 05)



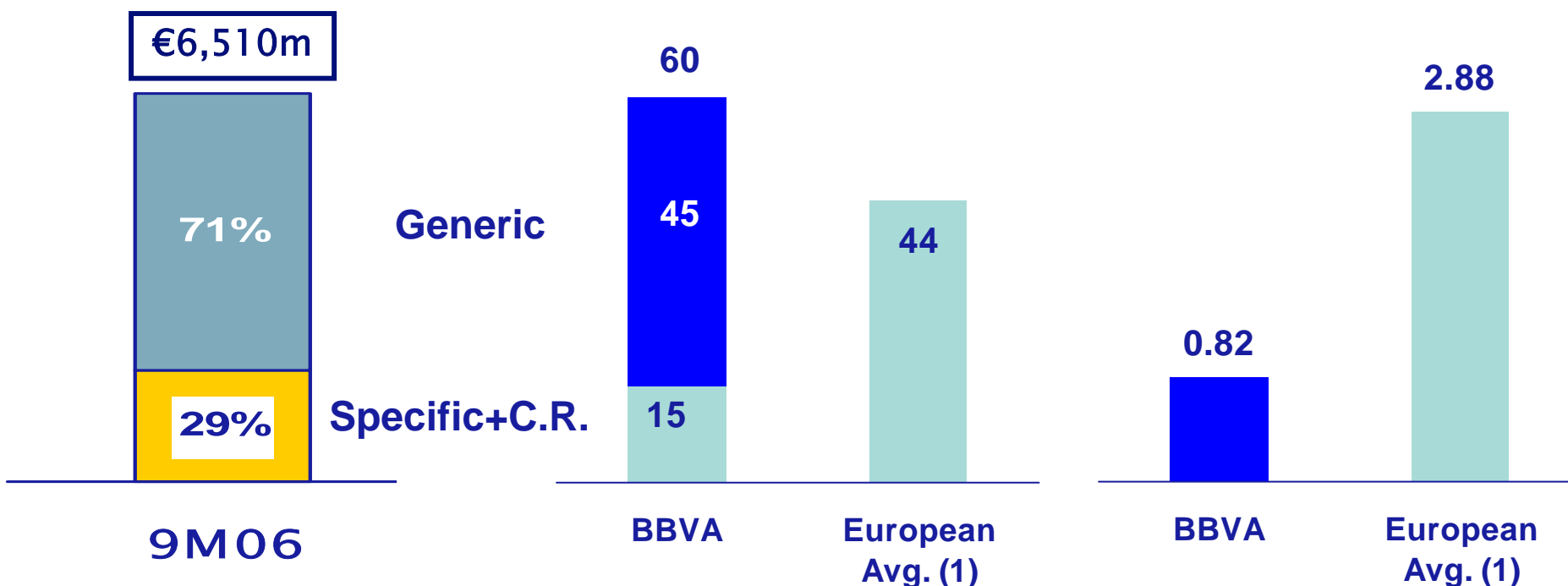
(1) Source: Bank of Spain and BBVA.
Before Dec-05 pre-dating IFRS

Higher provisions, but better asset quality

NPL Provisions

Risk premium (bp)

NPL ratio (%)



(1) Data as of June 06 refers to largest European groups .

BBVA's non-organic expansion has showed strategic fit

Consolidating our position in Mexico

Reinforcing high potential businesses

Creating a franchise in USA

Building presence in new high growth markets

Buyout of BBVA Bancomer minorities

- Hipot. Nacional
- Granahorrar (Col)
- Forum (Chile)

- Laredo
- Texas Regional
- State National

- Asia Plan
- Citic Group

2003 to date investments: €8 Bn

Track record in acquisitions, best in class among European financial institutions

Latin American acquisitions

	Investments to 2006 (M US\$)	ROI (%)
BBVA Bancomer (1)	8,370	23.8
Rest of Latin America (2)	5,202	16.8
Total Latin America	13,573	21.1

(1) Banking Group
(2) Rest of Banks, Pension and Insurance business

Hipotecaria Nacional

- Full payback of investment in 24 months

BNL

- Financial discipline
- Maximising shareholder return

USA

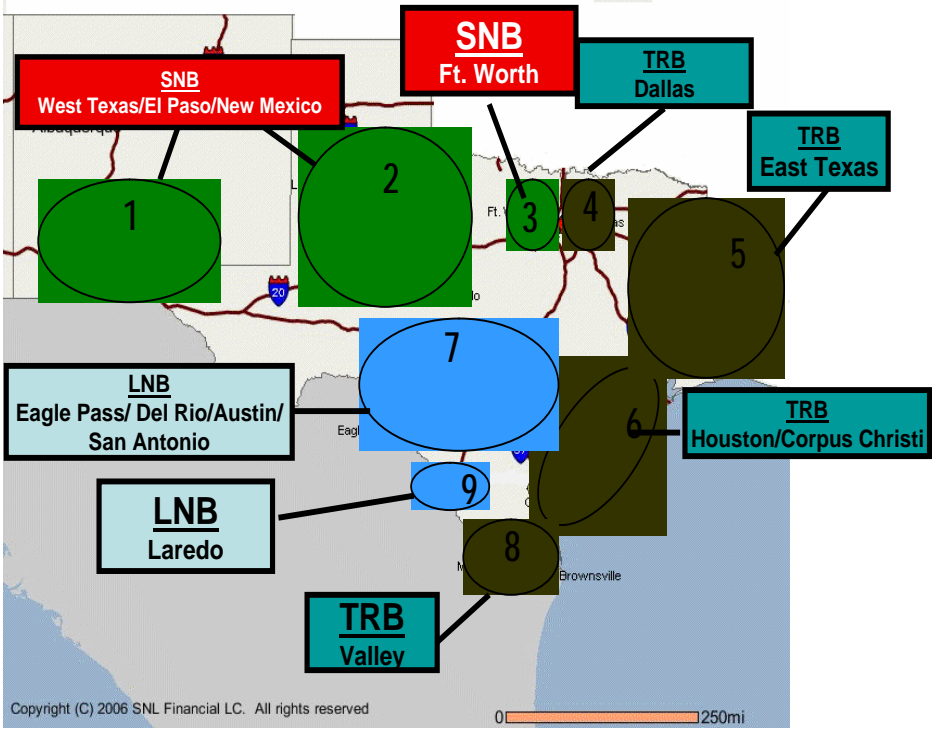
- Strong fit with BBVA strategy
- Franchises with leading positions in their core markets

China

- Limited financial exposure with real options to develop meaningful businesses

“BBVA is one of only seven banks in our sample that has created value over the past six years through acquisitions”
(Deutsche Bank, Sep 05)

BBVA Texas: A big step in our expansion strategy



	Texas	USA	USA /Tx
Population (million / 2005)	23	298	12.9x
Population Growth (05-10e)	10.6%	5.4%	+6.2pp
% Hispanic population	36%	15%	+21pp
GDP growth (97-05)	6.4%	5.2%	+1.2pp
GDP per capita US th\$	42.5	41.6	+0.9th

BBVA USA, a leading regional bank in Texas, with 3% market share

China & Hong Kong: a great opportunity for BBVA

First Stage

5% stake in CNCB¹

15% stake in CIFH²

Exclusivity agreements

€989m investment

Second Stage

**Option to increase to 9.9%
(2007-2010)**

**Defining final business plan
for wholesale banking in the
region (2007-08)**

**Defining profit-sharing
schemes in auto finance,
trade finance, etc (2007)**

**Additional investments
required over time**

(1) China CITIC Bank

(2) CITIC International Financial Holdings

In summary, BBVA is well placed to continue **BBVA** to deliver profitable growth...



**Well placed to
grow over
peers**



1. Present in high growth markets with positive economic prospects
2. Strong activity and results
3. Developing new growth engines



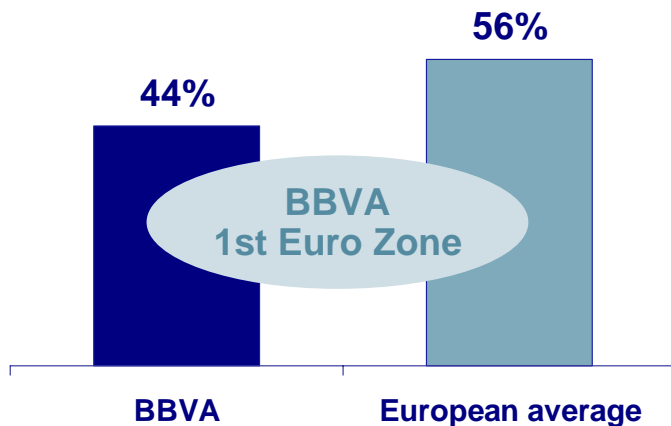
**Efficiency and
low risk profile**



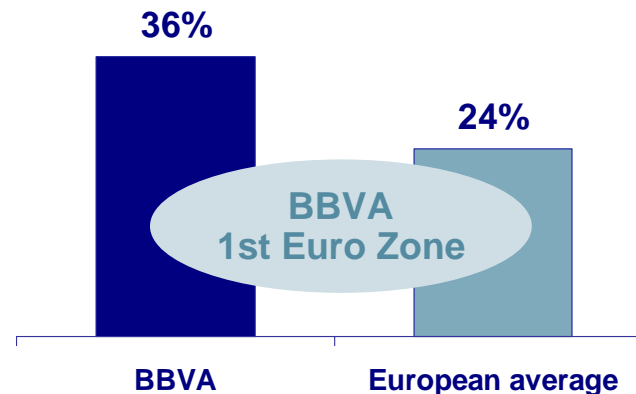
1. Tested model to drive efficiency
2. Excellent asset quality
3. Diversified geographic and business presence

...with strong fundamentals

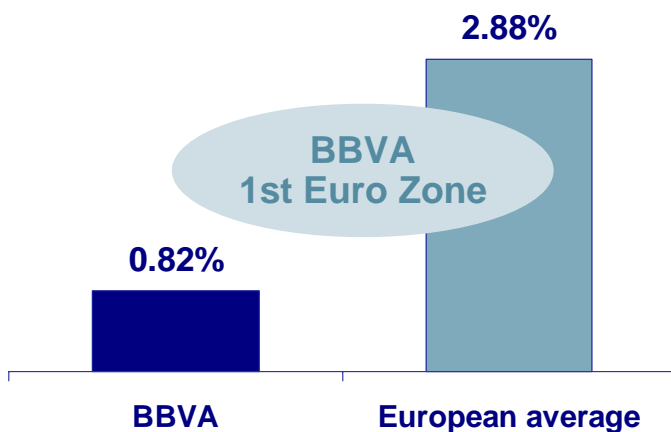
Efficiency



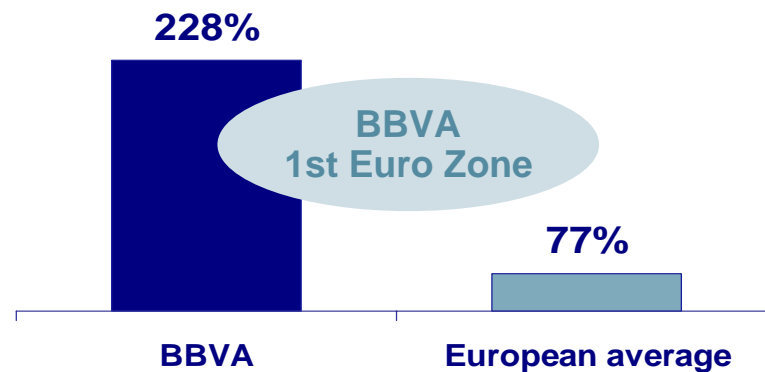
ROE



NPL's

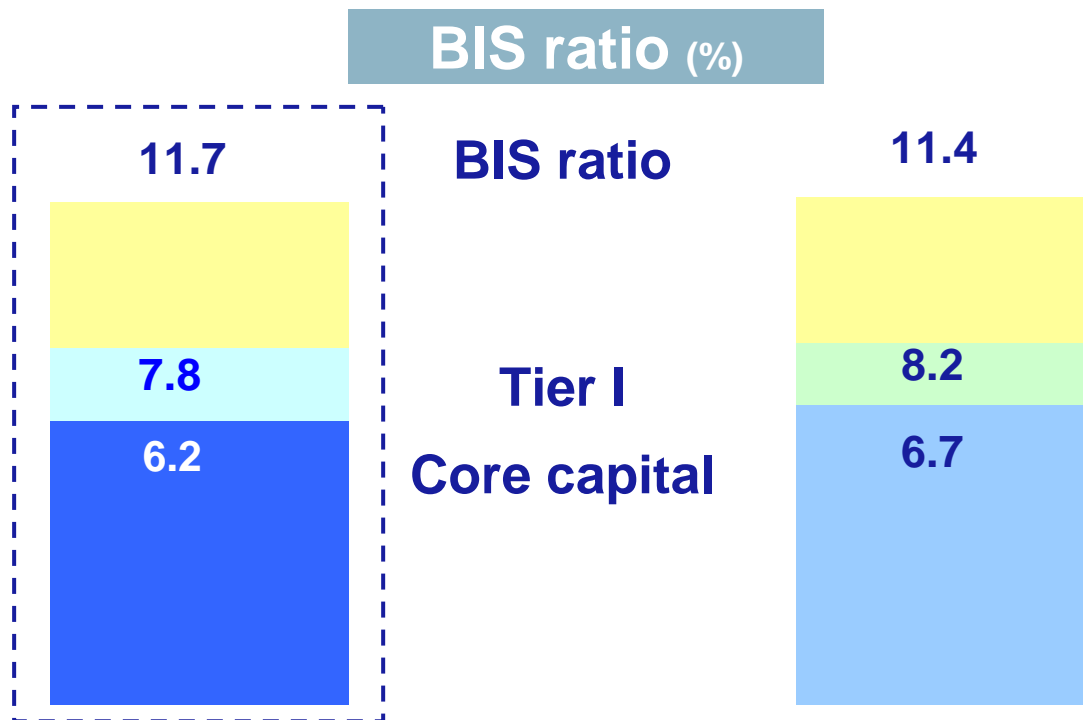


Coverage



Note: Data refers to largest European groups as of June 2006

... and continues to be very disciplined in its use of capital



BBVA (proforma after capital increase + announced investments)

European banks average⁽¹⁾

⁽¹⁾ Data as of June 06 refers to largest European groups .

BBVA an attractive investment: strong commitment to value creation

Excellent combination Profitability – Risk

ROE: 30% (1)

- 95% of assets in “investment grade” countries
- Rating: Aa2, AA-

With strong growth

**EPS CAGR 05-02
+27.7%**

**DPS CAGR 05-02
+15.1%**

(1) Proforma: consensus 06e net profit, after capital increase

BBVA: Growth and capital discipline

SG Conference “The Premium Review”

Paris, December 6th 2006
