

BBVA

**BBVA:
DELIVERING GROWTH**

EXANE BNP PARIBAS

European Financial Services Conference

Paris, 27th May 2004

Disclaimer

This document is only provided for information purposes and does not constitute, nor must it be interpreted as, an offer to sell or exchange or acquire, or an invitation for offers to buy securities issued by any of the aforementioned companies. Any decision to buy or invest in securities in relation to a specific issue must be made solely and exclusively on the basis of the information set out in the pertinent prospectus filed by the company in relation to such specific issue. Nobody who becomes aware of the information contained in this report must regard it as definitive, because it is subject to changes and modifications.

This document contains or may contain forward looking statements (in the usual meaning and within the meaning of the US Private Securities Litigation Act of 1995) regarding intentions, expectations or projections of BBVA or of its management on the date thereof, that refer to miscellaneous aspects, including projections about the future earnings of the business. The statements contained herein are based on our current projections, although the said earnings may be substantially modified in the future by certain risks, uncertainty and others factors relevant that may cause the results or final decisions to differ from such intentions, projections or estimates. These factors include, without limitation, (1) the market situation, macroeconomic factors, regulatory, political or government guidelines, (2) domestic and international stock market movements, exchange rates and interest rates, (3) competitive pressures, (4) technological changes, (5) alterations in the financial situation, creditworthiness or solvency of our customers, debtors or counterparts. These factors could condition and result in actual events differing from the information and intentions stated, projected or forecast in this document and other past or future documents. BBVA does not undertake to publicly revise the contents of this or any other document, either if the events are not exactly as described herein, or if such events lead to changes in the stated strategies and intentions.

The contents of this statement must be taken into account by any persons or entities that may have to make decisions or prepare or disseminate opinions about securities issued by BBVA and, in particular, by the analysts who handle this document. This document may contain summarised information or information that has not been audited, and its recipients are invited to consult the documentation and public information filed by BBVA with stock market supervisory bodies, in particular, the prospectuses and periodical information filed with the Spanish Securities Exchange Commission (CNMV) and the Annual Report on form 20-F and information on form 6-K that are disclosed to the US Securities and Exchange Commission.

Distribution of this document in other jurisdictions may be prohibited, and recipients into whose possession this document comes shall be solely responsible for informing themselves about, and observing any such restrictions. By accepting this document you agree to be bound by the foregoing restrictions.

Index

- 1 Q04: on a growth path
- Mexico: expanding horizons
- Conclusions

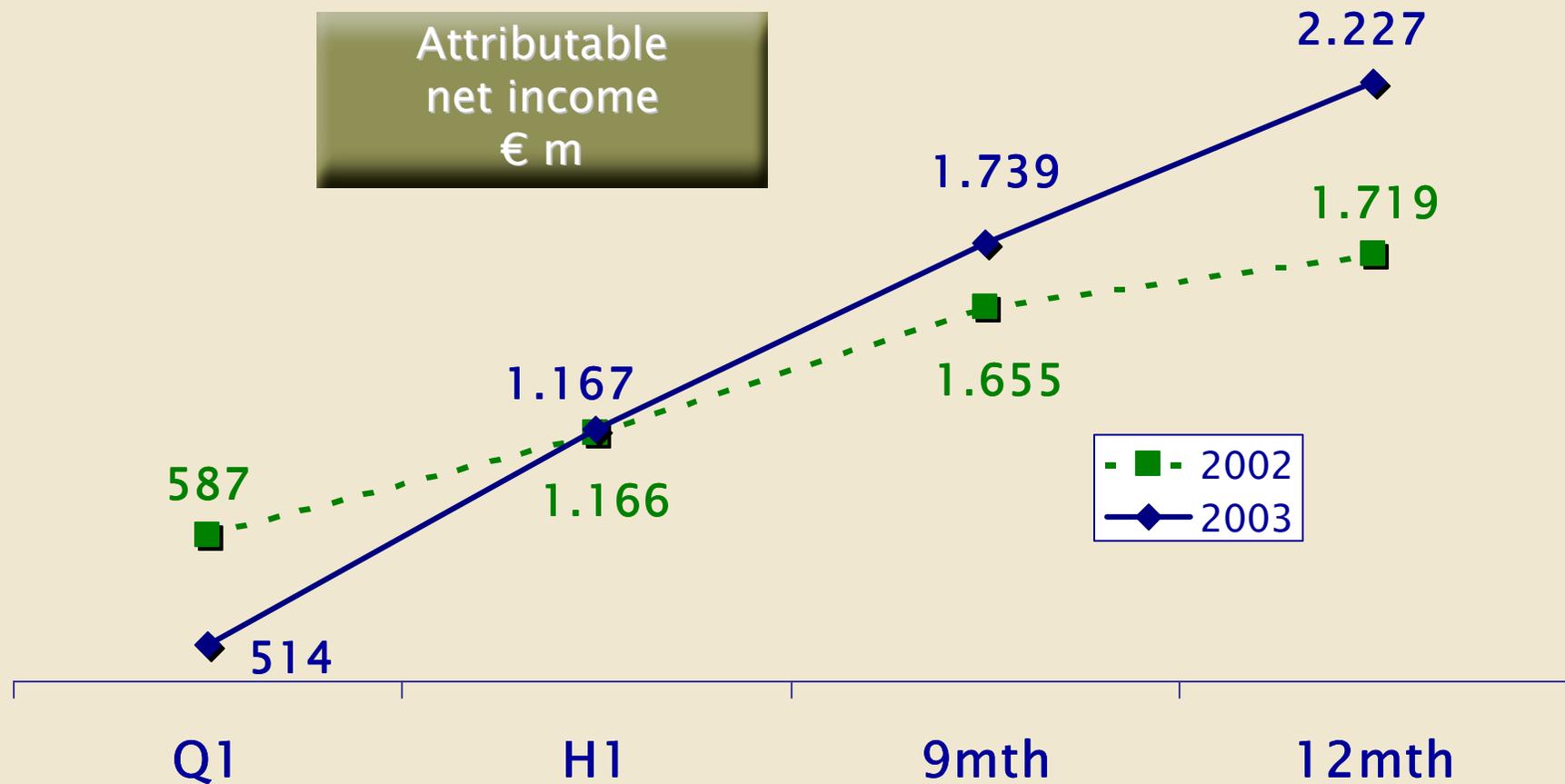
BBVA strategic issues

In 2002 we drew up a new strategic plan based in three pillars

1. Strengthening of Group fundamentals
2. Corporate culture and organisational changes
3. A value creation model based in profitable growth

The Group is now focussed in delivering growth

Group performance has already improved in 2003



...surpassing its commitment to the market (€ 2.15bn)

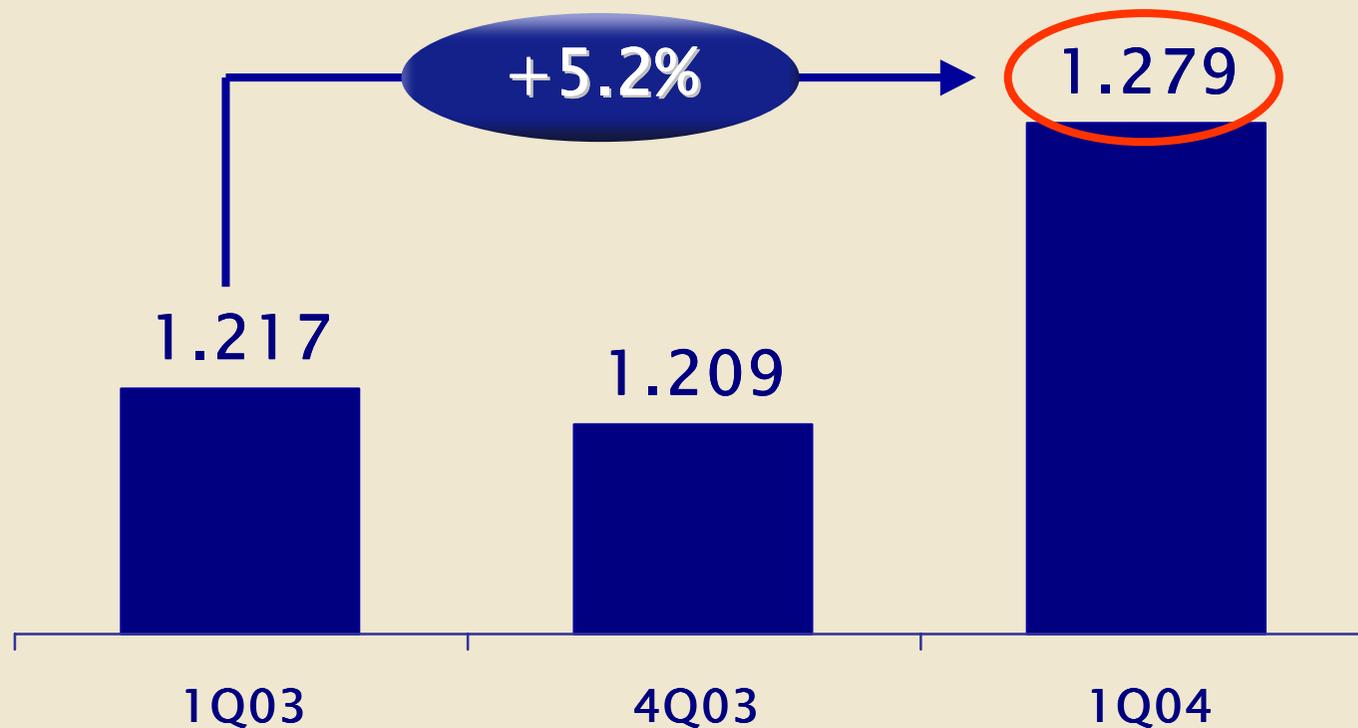
This positive trend has been confirmed in 1 Q04 results . . .

BBVA Group Current € m	1 Q03	1 Q04	Chg (%)	Chg. (%) constant fx.
Net interest income	1,650	1,684	+2.1	+9.0
Core Revenues	2,456	2,508	+2.1	+9.0
Ordinary revenues	2,653	2,672	+0.7	+7.3
Operating Profit	1,217	1,279	+5.2	+12.5
Attrib. income	514	667	+29.9	+35.0

Revenue growth compensates the effects of currency devaluations (13.6%)

. . . supported by a positive evolution
of operating profit

Operating Profit
Current € m



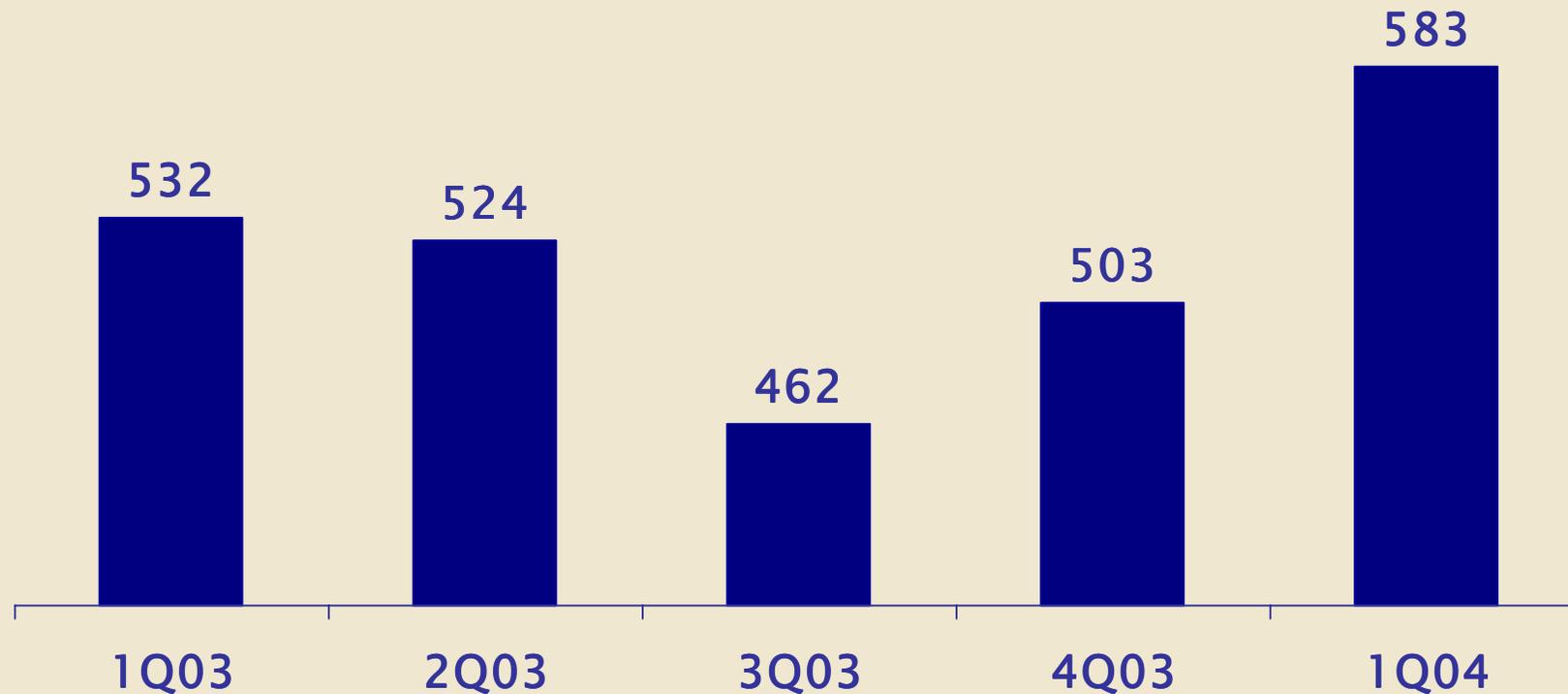
Based on growing earnings from the more recurrent
activities (operating profit ex - trading income: +9.3%)

... With healthy growth in results of domestic businesses

Current € million	1 Q03	1 Q04	Chg. %
Net interest income	897	985	9.9
Core revenues	1,274	1,383	8.6
Ordinary revenues	1,402	1,493	6.5
Operating Profit	606	696	15.0

... and very positive contribution from the Americas

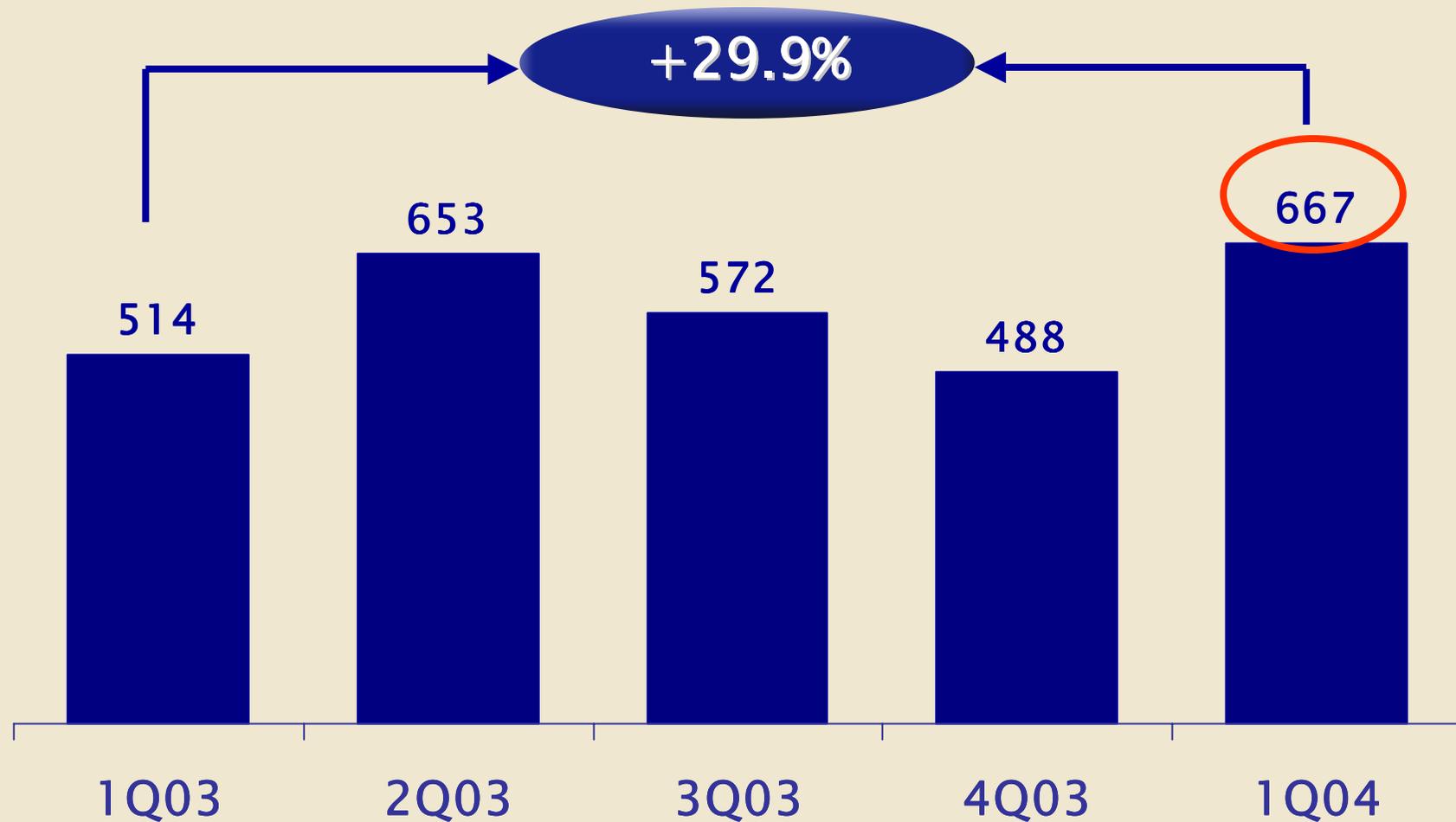
Operating Profit from Americas
Constant € million



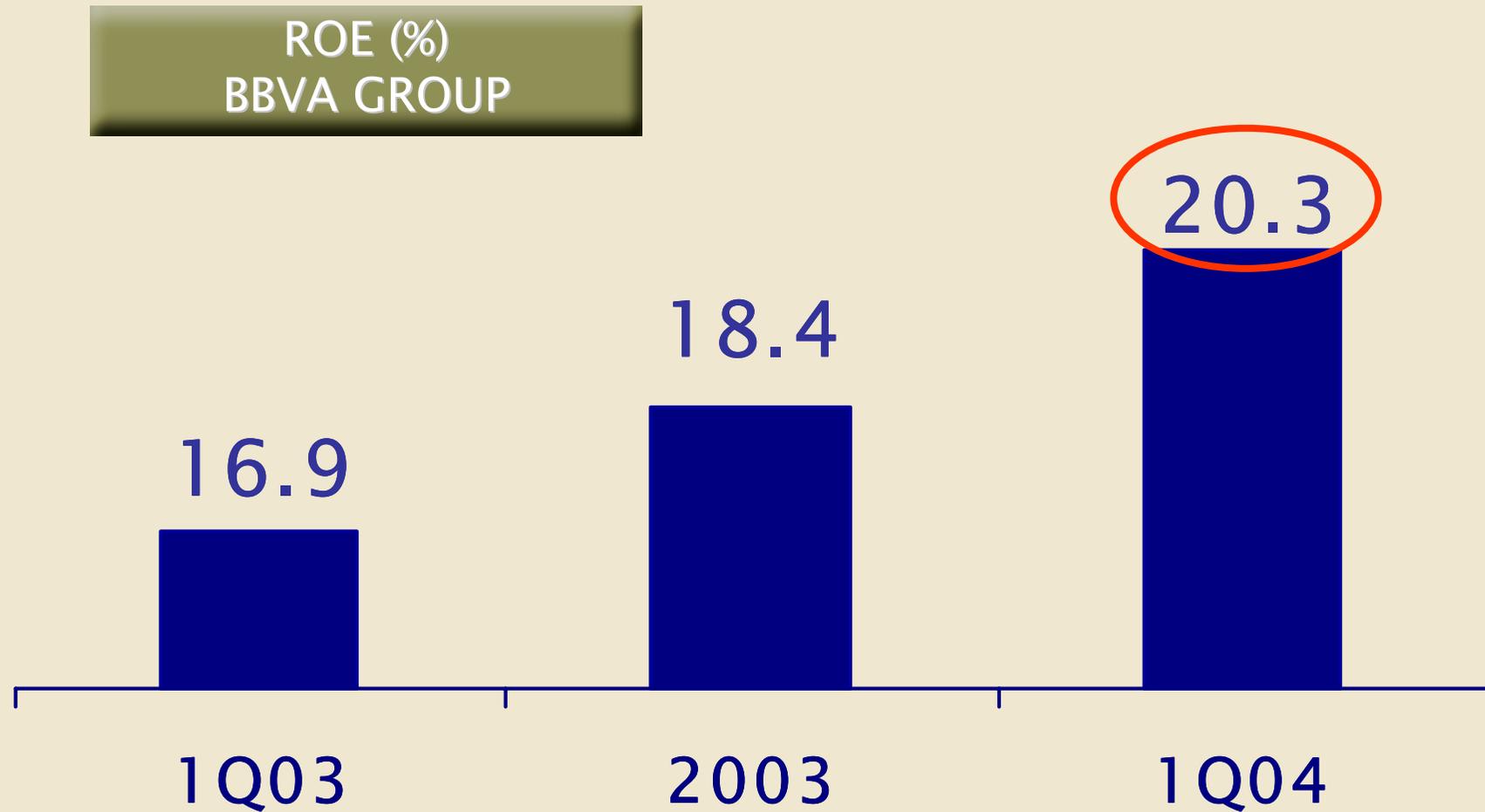
...driven by an increase of 18.9%
in the operating profit from Mexico

Thus, the Group has produced in 1Q04 the highest net attributable profit in the last eleven quarters

Current € million

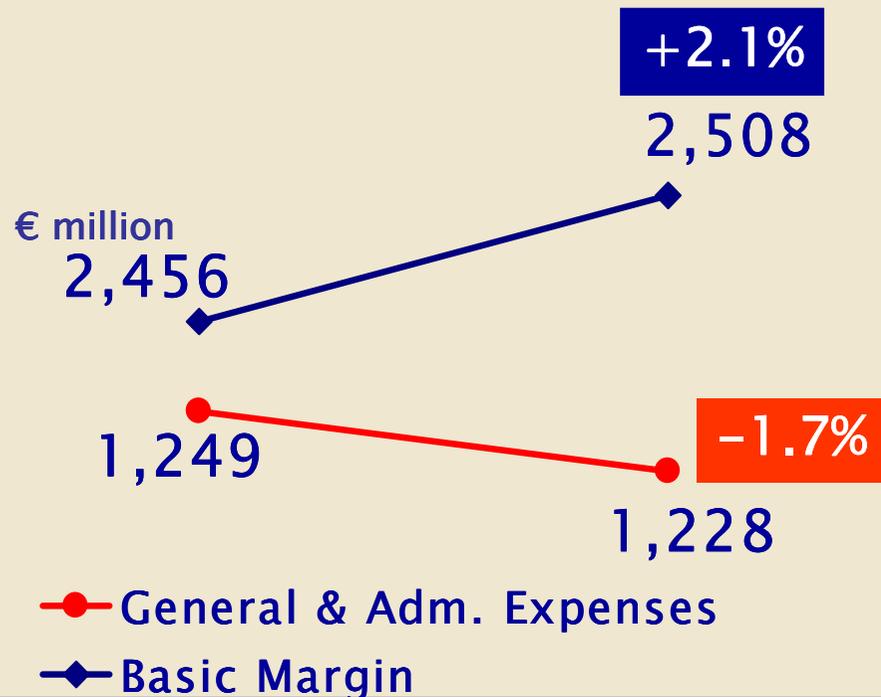


Leading to a further progression in profitability

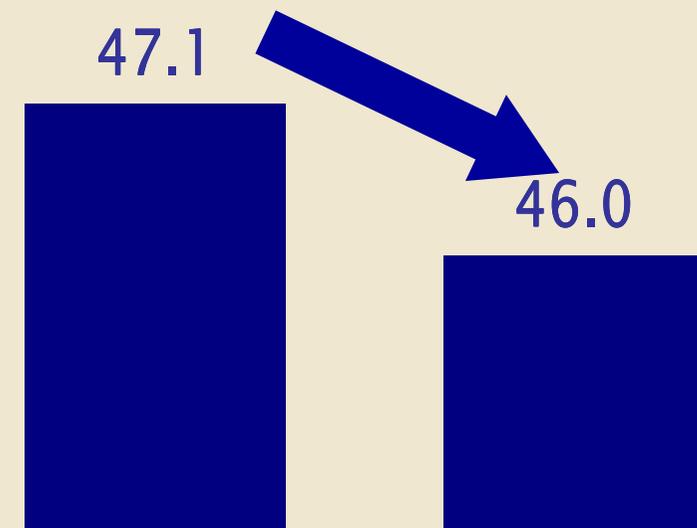


Group efficiency continues to improve

Core Revenues & General Adm. Expenses



Cost/income ratio (%)



1Q03

1Q04

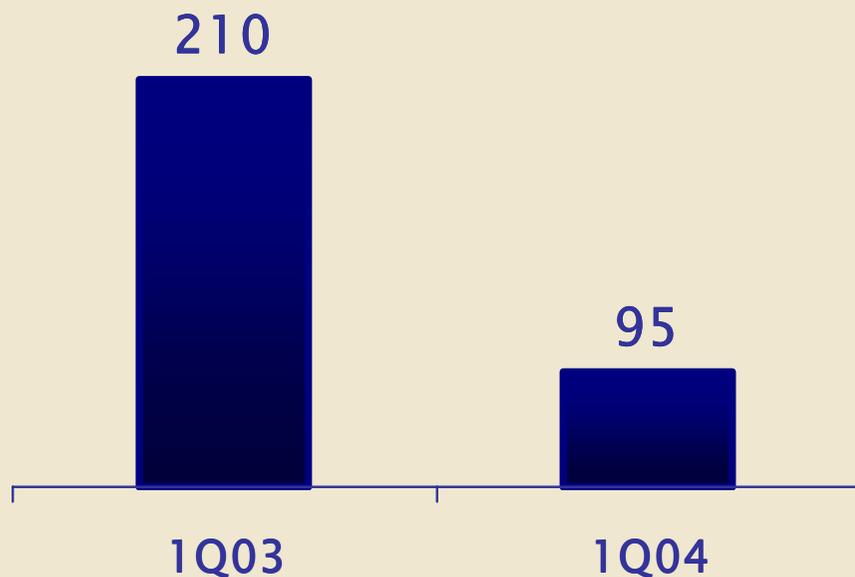
1Q03

1Q04

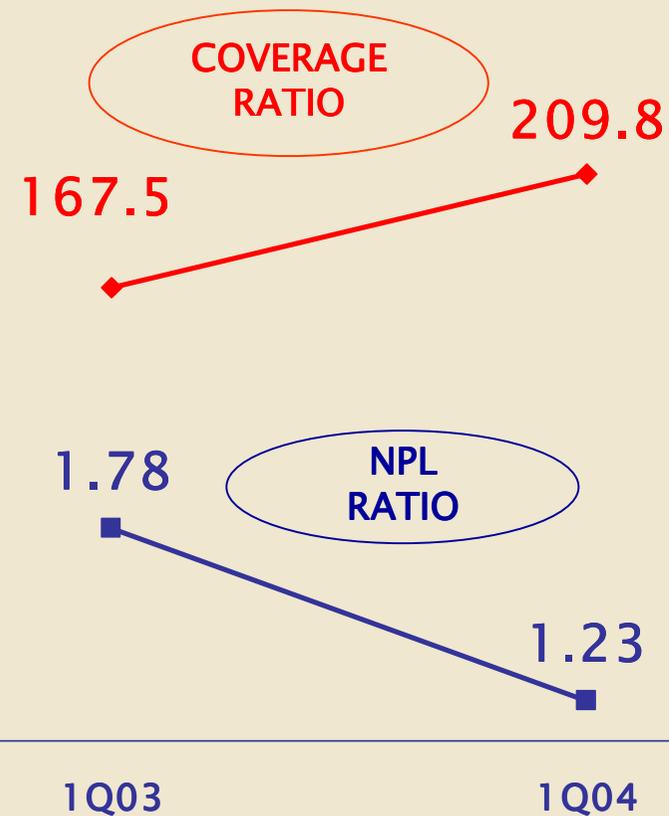
Driven by growth in recurrent revenues

Outstanding asset quality and coverage ratios

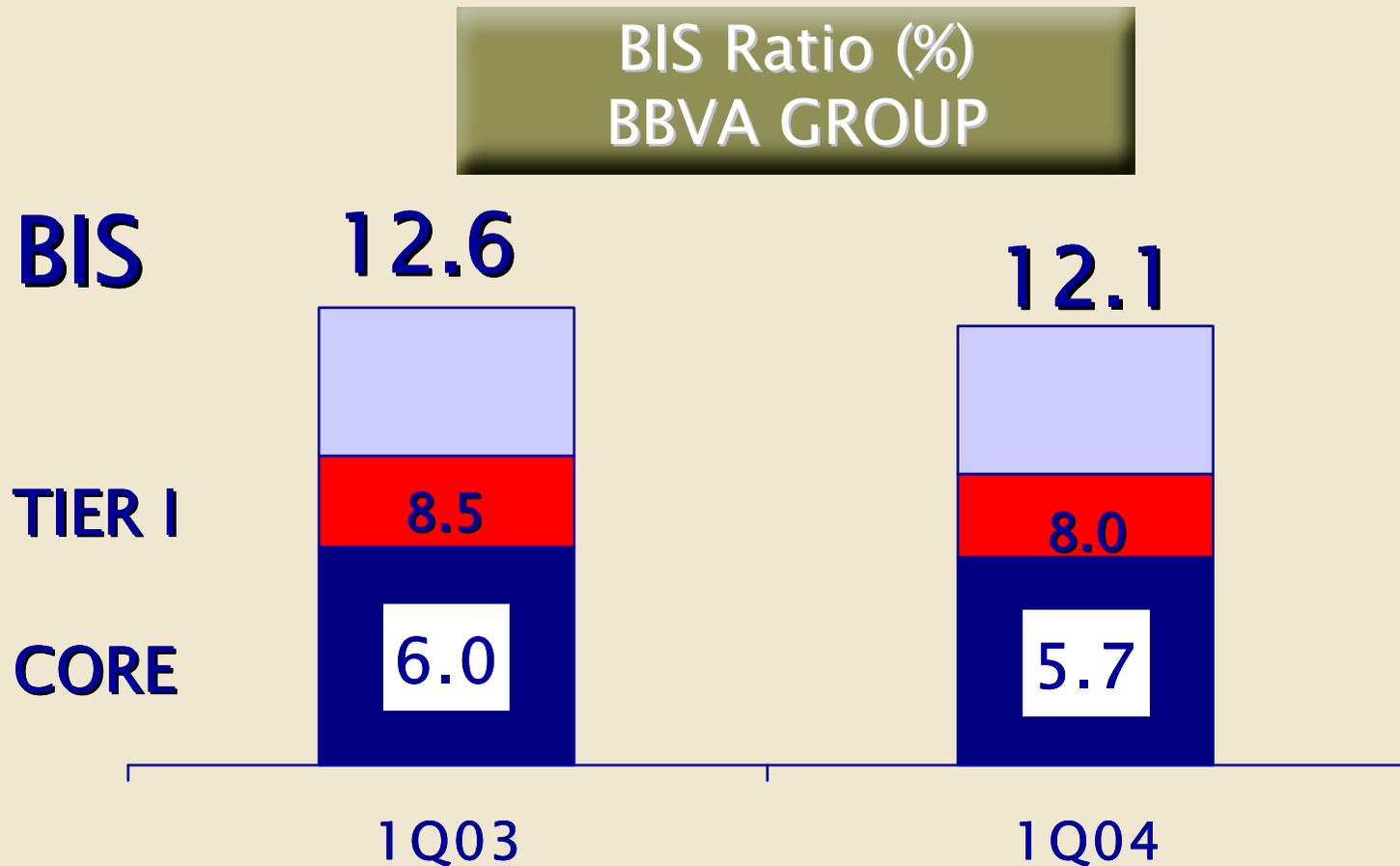
Net entries to NPL
(€ million)



NPL ratio and coverage (%)



... while maintaining high levels of capital adequacy



... In line with expectations, after the impact of the BBVA Bancomer transaction

Successful acquisition of BBVA Bancomer minorities

The €2 billion share issue was well-received

1.7 times oversubscribed in record time

High acceptance of share offer

Current holding: 99.7%

Impact of the transaction

Positive impact on EPS from year one

Generating resources by reallocating capital

Core Capital of €847 million

Better capital allocation within the Group

The drivers of results

1

The upturn in domestic Retail Banking

2

Good performance of Wholesale & Investment Banking

3

Higher earnings from Latin America

1

Retail Banking: a marketing offensive . . .

...driven by innovation and anticipation

June 03

Mortgage solutions

July 03

Solutions for SMEs

September 03

Fondo Extra 5

November 03

Pension solutions

January 04

Easy Mortgage

Feb – Mar 04

Óptimo and *Rentas* Funds

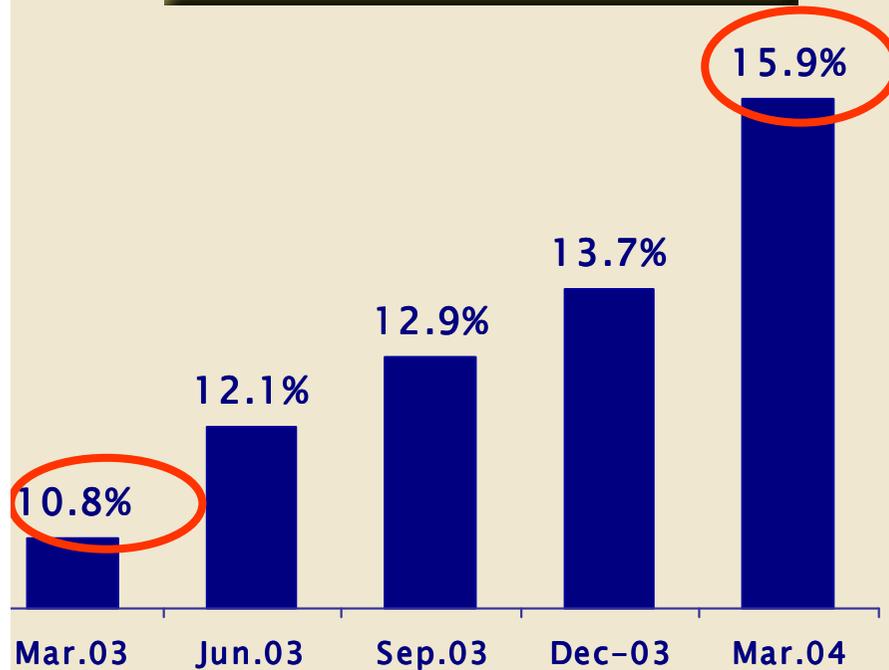
April 04

Credit card *Tarjeta diez*

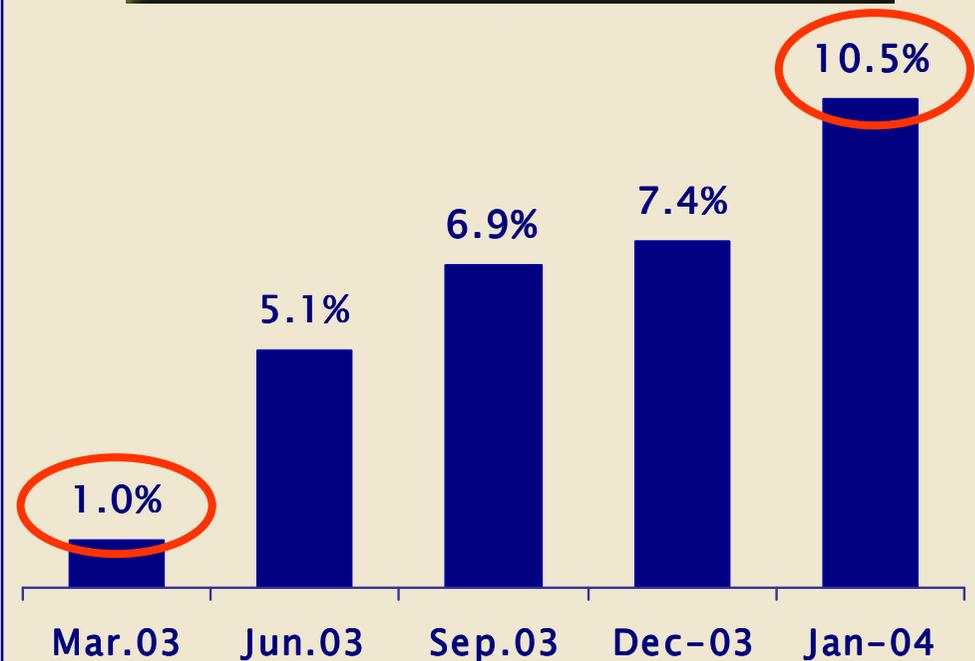
... that is contributing to boosting business activity

Year-on-year growth
Average balances

Lending



Total customer funds deposits + funds



...with three pillars of the improvement

1. A steady mortgage demand

- ✓ Individuals +21%, developers +17%
- ✓ 1Q04: record quarter in new mortgage production (5.1 €Bn, +48%)

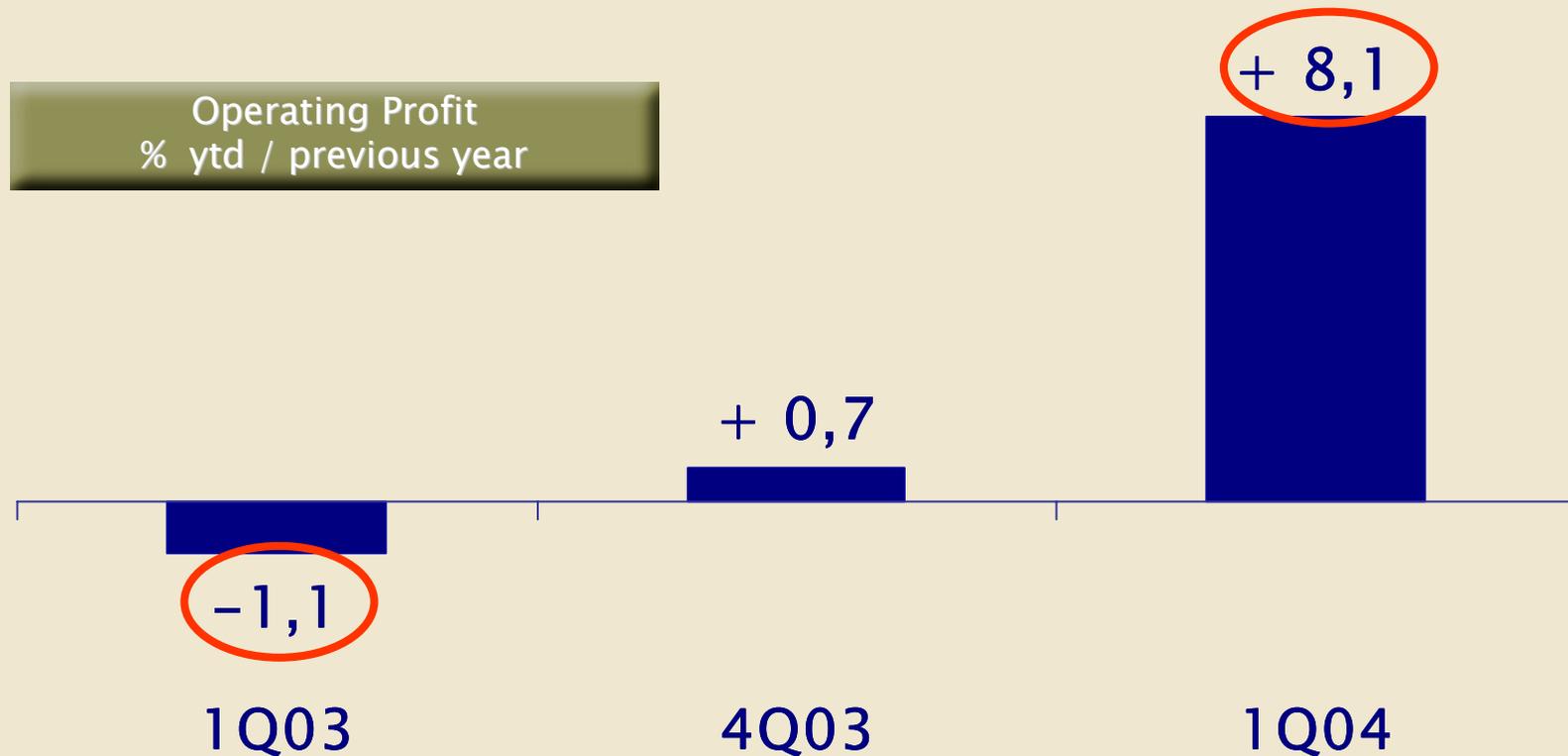
2. Accelerating volumes from SMEs

- ✓ +17% increase in SME's
- ✓ +19% increase in small businesses

3. Increase in off-balance sheet funds

- ✓ +19% increase in mutual funds
- ✓ Gaining market share

All of it reflecting a progressive increase of results



... with core revenues growing 3.8%

Positive trends resulting from a strategic development of our retail franchise

Personal
Financial
Services

Focus on
individuals
(8.5 m customers)
Client Focus
Advisory

Commercial
Financial
Services

Focus on SME's
and businesses
(one in three of
all Spanish SMEs
are BBVA
customers)
Cross-selling

Special
Financial
Services

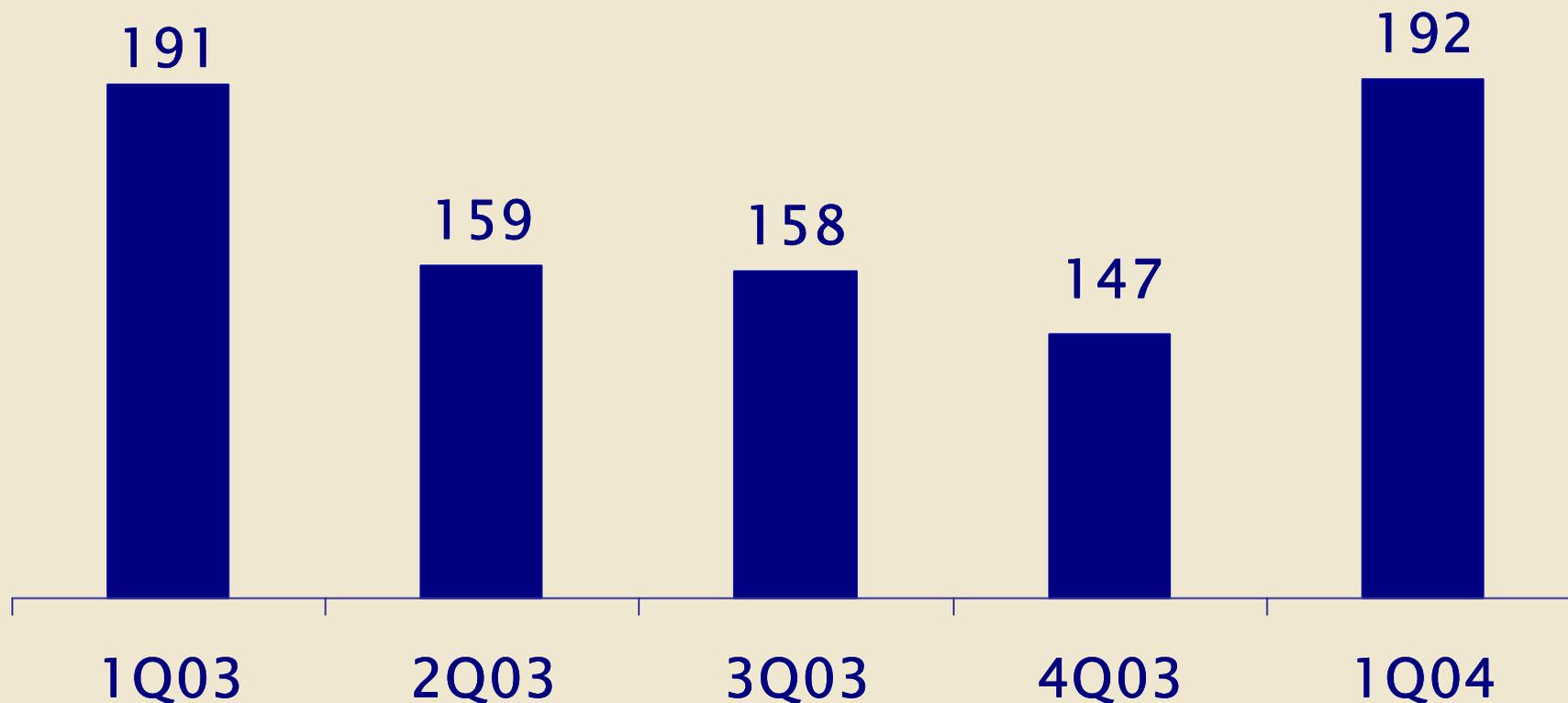
Internet banking
& Consumer
finance
*Profitability
and
convenience*

A steady growth potential for financial
services in Spain

2

Good performance of Wholesale & Investment Banking

Operating profit € million



...Driven by rising net fee income (+14.7% y-o-y)

BBVA: the leading player in Spain

The global relationship model

Corporate Banking

88% of large corporates are BBVA customers

Institutional Banking

35% market share in lending to the public sector

The franchise model

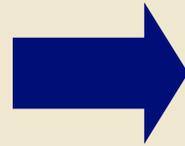
Global Markets and Distribution

Leadership in Spain and expansion in Latin America

... with a successful strategy...

3 Rs

Return



ROE 21,0%

Relationship

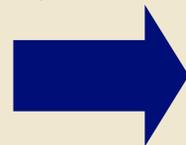


Nº 1 with large Spanish companies

Nº 1 with Public Institutions in all segments

Nº 2 with large Latin American companies

Risk



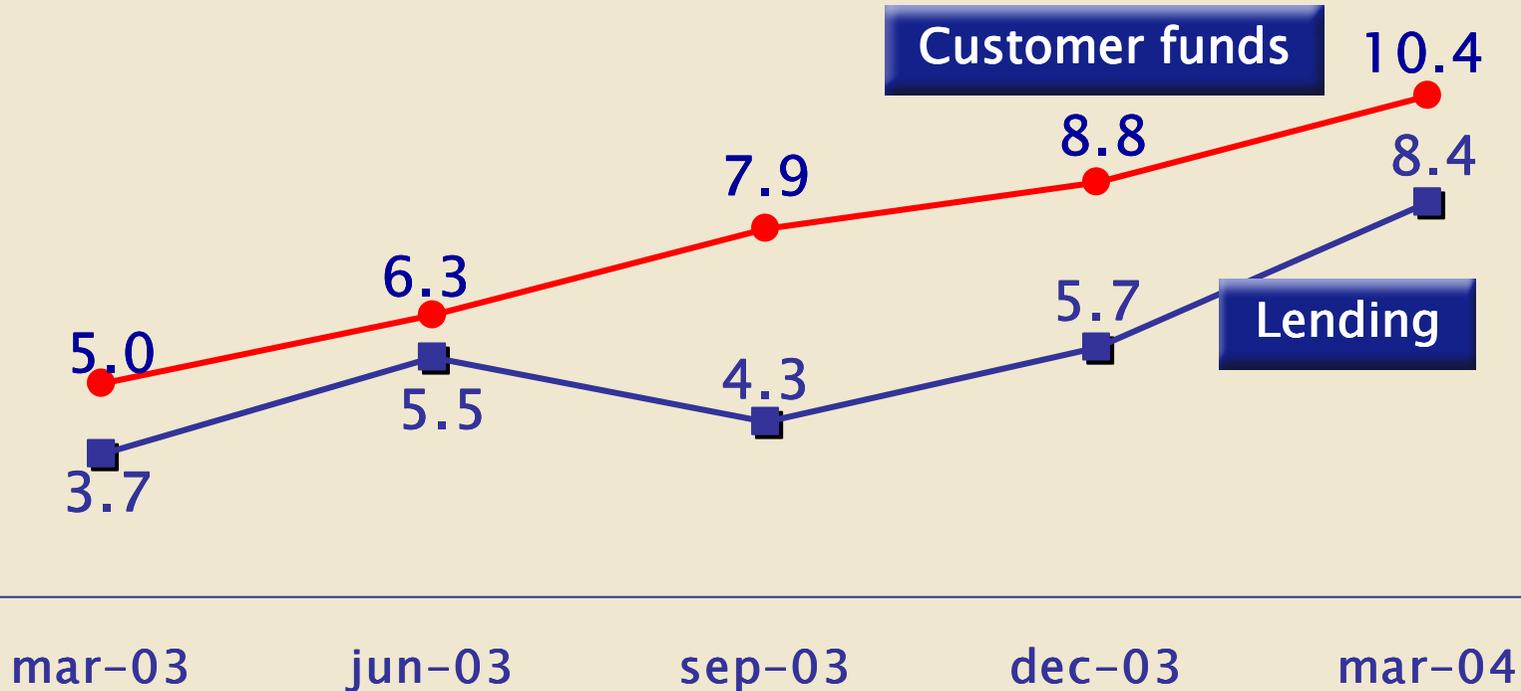
NPL Coverage ratio: 314%
NPL Ratio: 0.38%

3

The Americas show accelerating activity

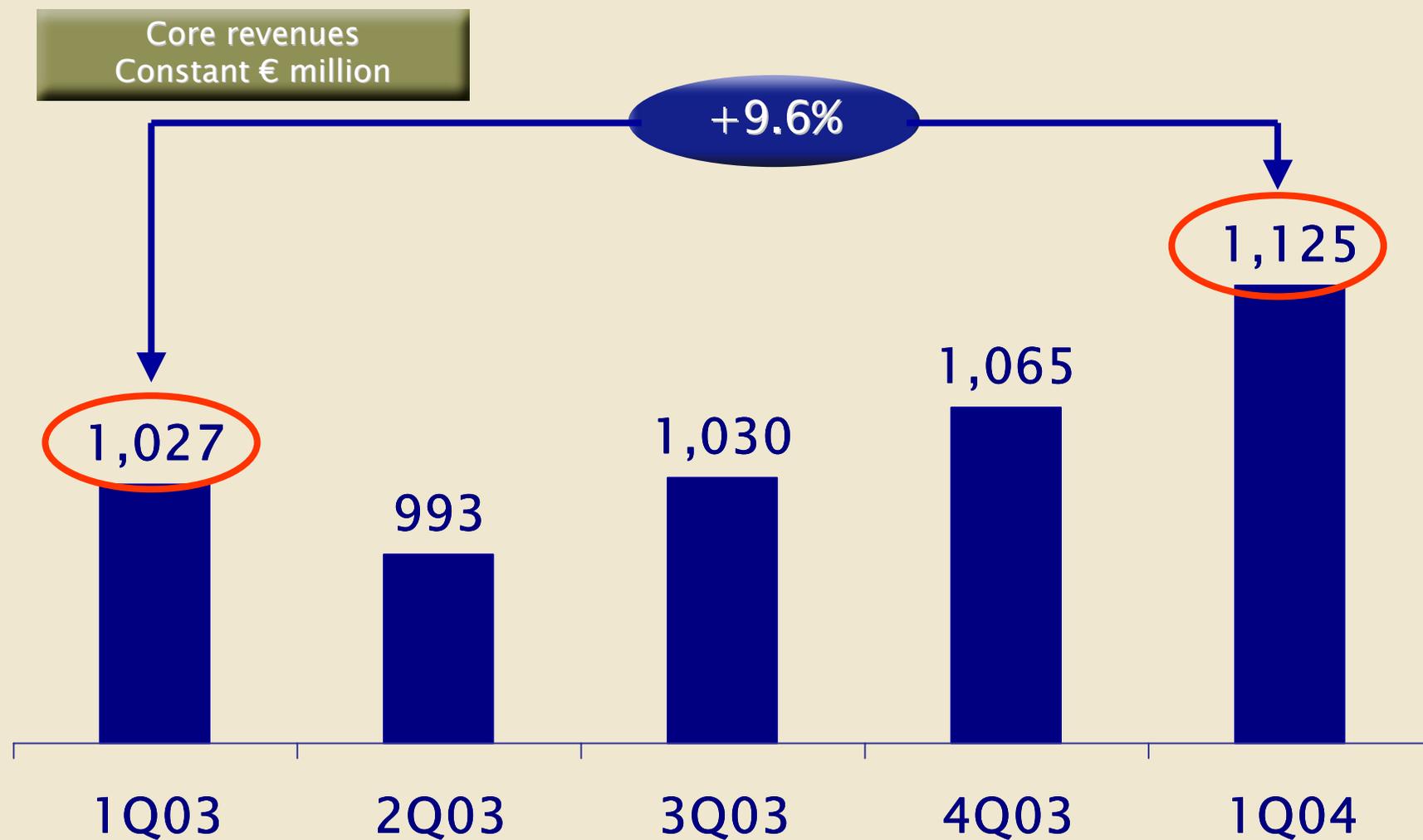
Constant €

year-on-year change



- ✓ Lending grows in investment-grade countries: +12.8%
- ✓ Customer funds growth focused on sight and savings accounts

... Strong revenue generation

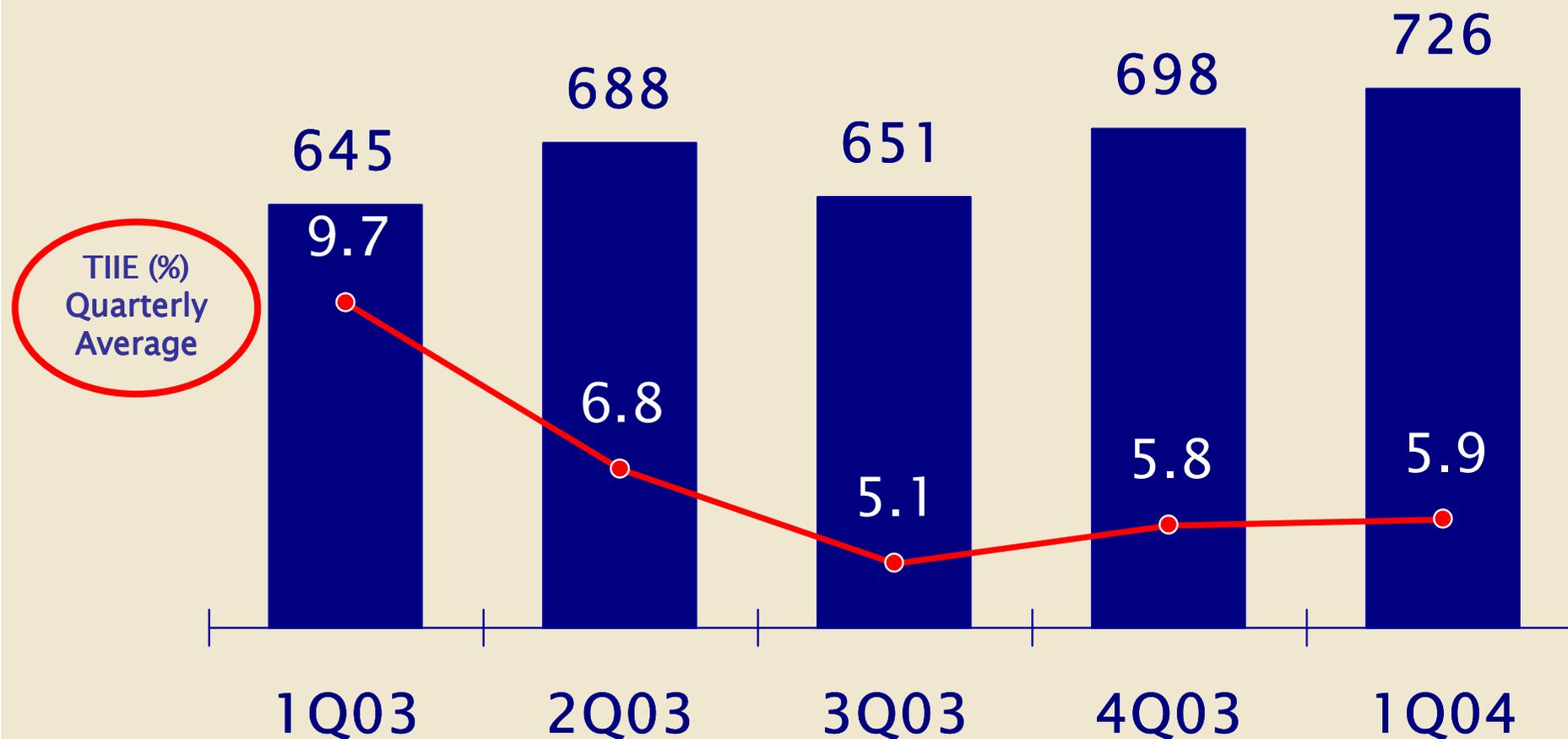


... And a positive evolution of profits in BBVA America

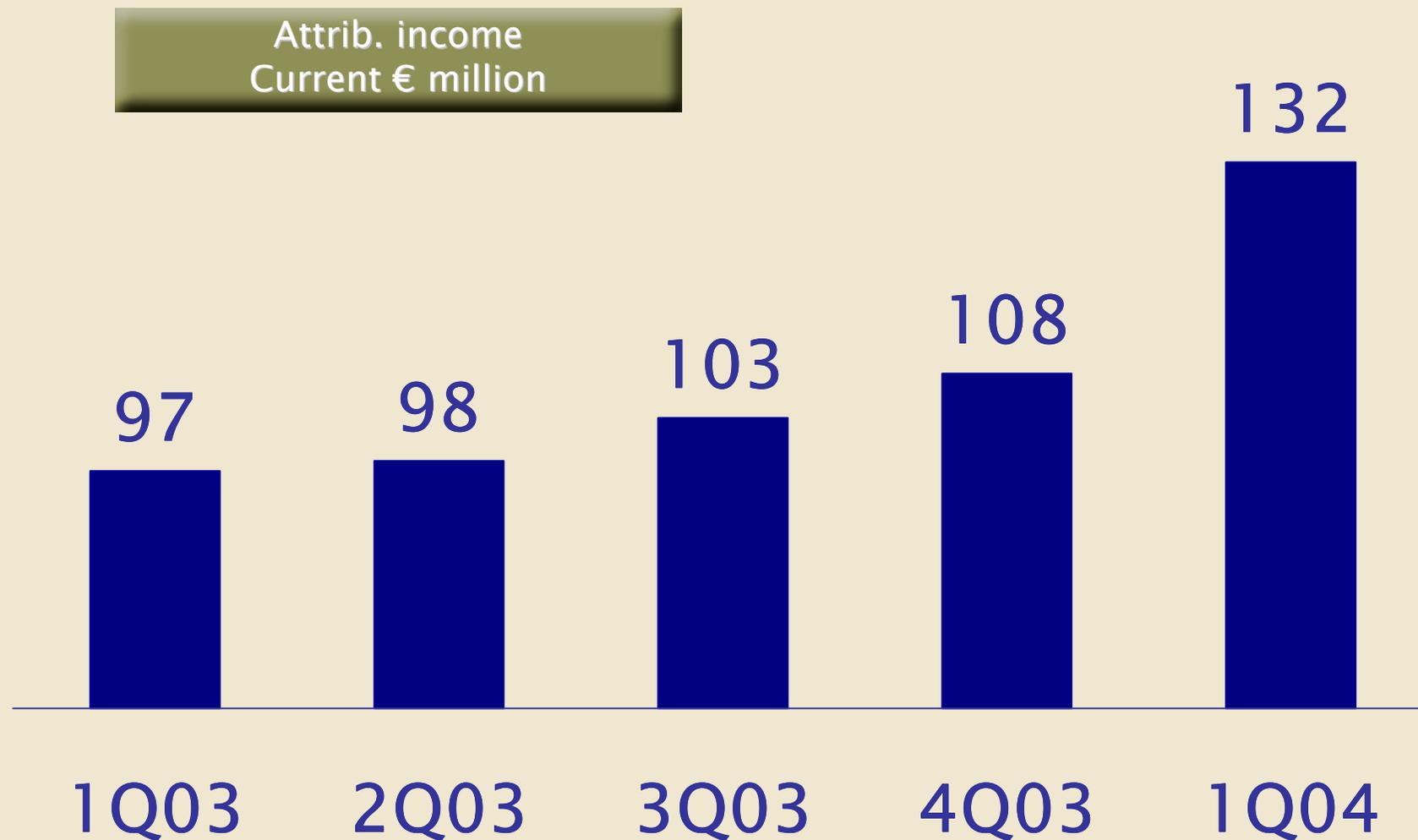


In Mexico, higher volumes and mix improvements have compensated for lower interest rates

Ordinary revenues
Constant € million

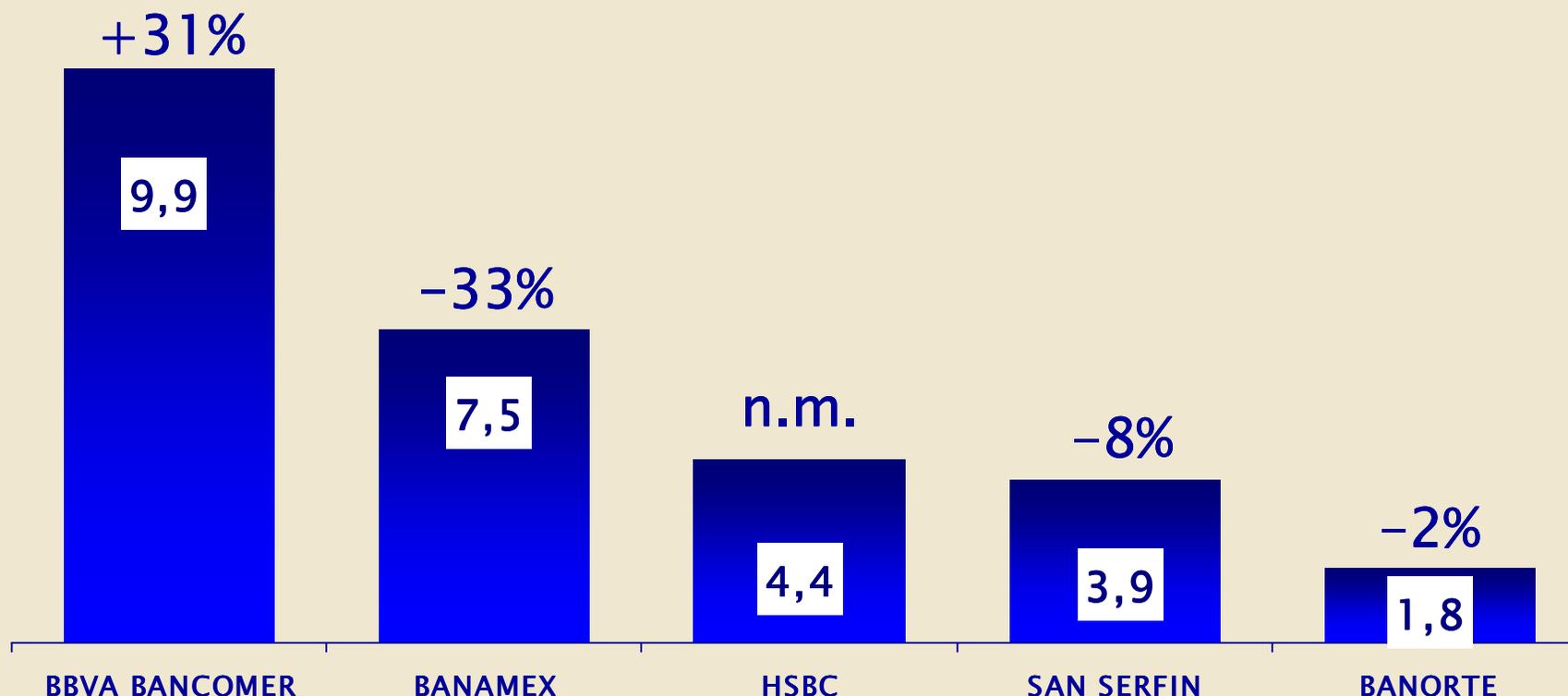


...with new record highs in BBVA Bancomer profits



...and better recurrent results than peers

Recurrent operating profit (*) 2003 (MM Ps)
and annual change (%)



(*) Recurrent operating profit (NII + fees) - general administrative expenses. Source CNBV

Mexico: a great opportunity for BBVA

In 2004 ...

- NII: Volumes will be the key, with sustainable margins prospects
- Fees: A clear recovery in Spain and continuous improvement in Latin America
- Costs: under control
- Active management of interest rates and forex risk
- Provisioning effort: stable in Spain (“Focei”) and declining in Latin America

On course to deliver good results

Index

- 1Q04: on a growth path
- **Mexico: expanding horizons**
- Conclusions

What are BBVA Bancomer's medium and long term growth opportunities?

1

A sizeable bank in a sizeable economy

2

Business mix improvement

3

Low banking penetration

4

Credit expansion

5

Hispanic population in USA

1 BBVA Bancomer is the leading franchise in Mexico

Leader in banking business

and in non-banking business

Number 1

	<u>Market share</u>
▪ Loans:.....	25.4%
▪ Customer Funds:.....	28.8%

Number 1 Market Share

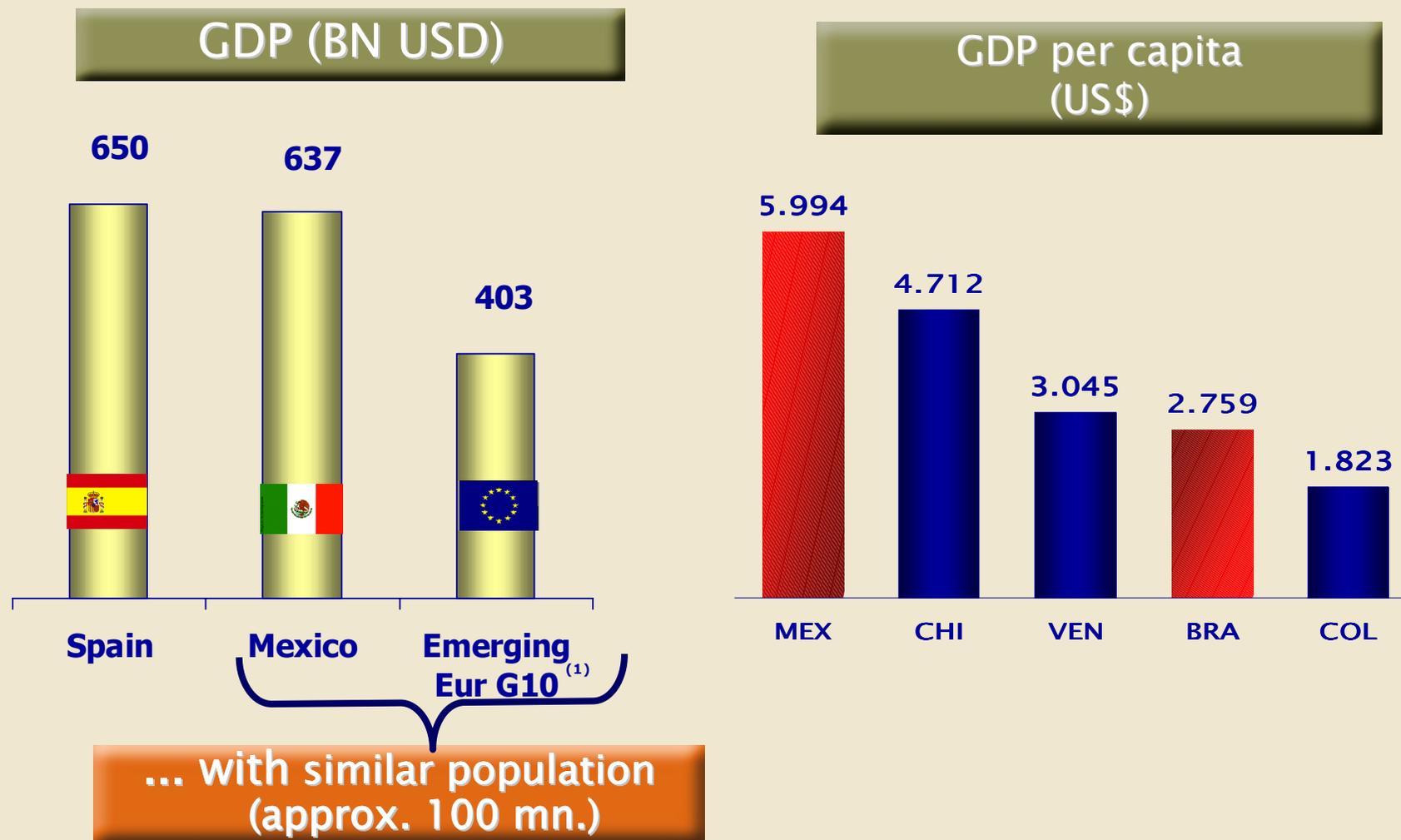
▪ Bancassurance.....	38.8%
▪ Annuities.....	20.4%
▪ Transfers.....	40.0%

Number 2

▪ AFORE.....	38.8%
--------------	-------

...and more than 9 million customers

Mexico: a sizeable economy



Emerg. Eur. G10: Group of 10 emerging countries in Eastern Europe, with 100 M inhabitants: Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia.

...entering a growth phase



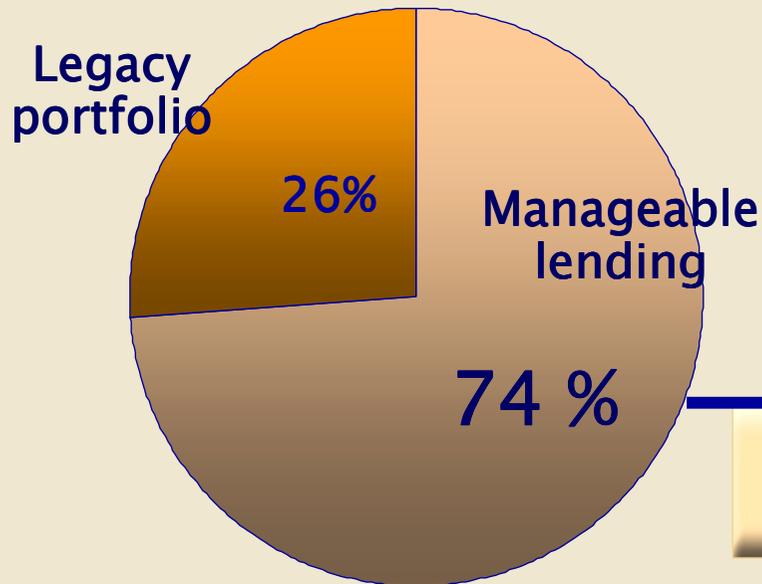
An outstanding commercial success

	<u>Mar03</u>	<u>Mar04</u>	<u>Var. %</u>
Credit cards (million)	3.2	4.8	50.0
Debit cards (million)	10.3	11.2	8.7
New accounts “ <i>El Libretón</i> ”	7 million in 3 years		
Insurance customers* (thousand)	851	1,585	86.3
Electronic banking (thousand)	856	958	11.9

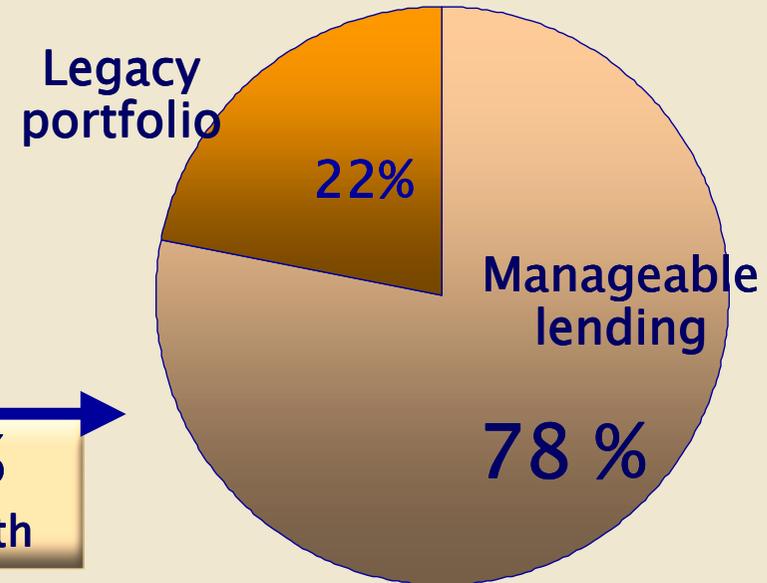
2

Growth in lending and mix improvement

March 2003



March 2004



+15%
Yoy growth

Commercial&Government

+12%

Consumer&Cards

+31%

Mortgages

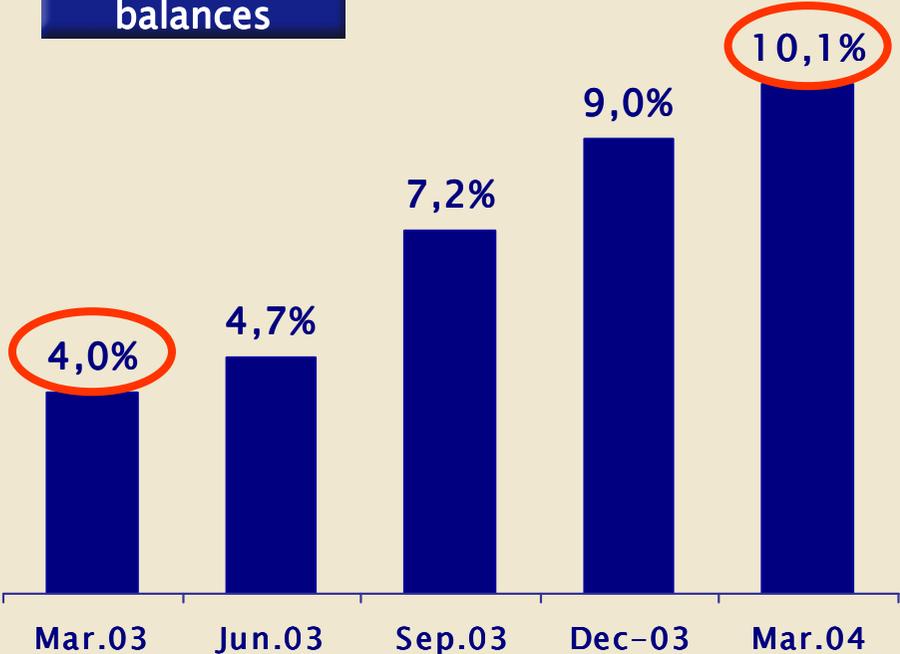
+10%

Customer deposits also performing strongly, with better mix

y-o-y change

% growth by product

Average balances

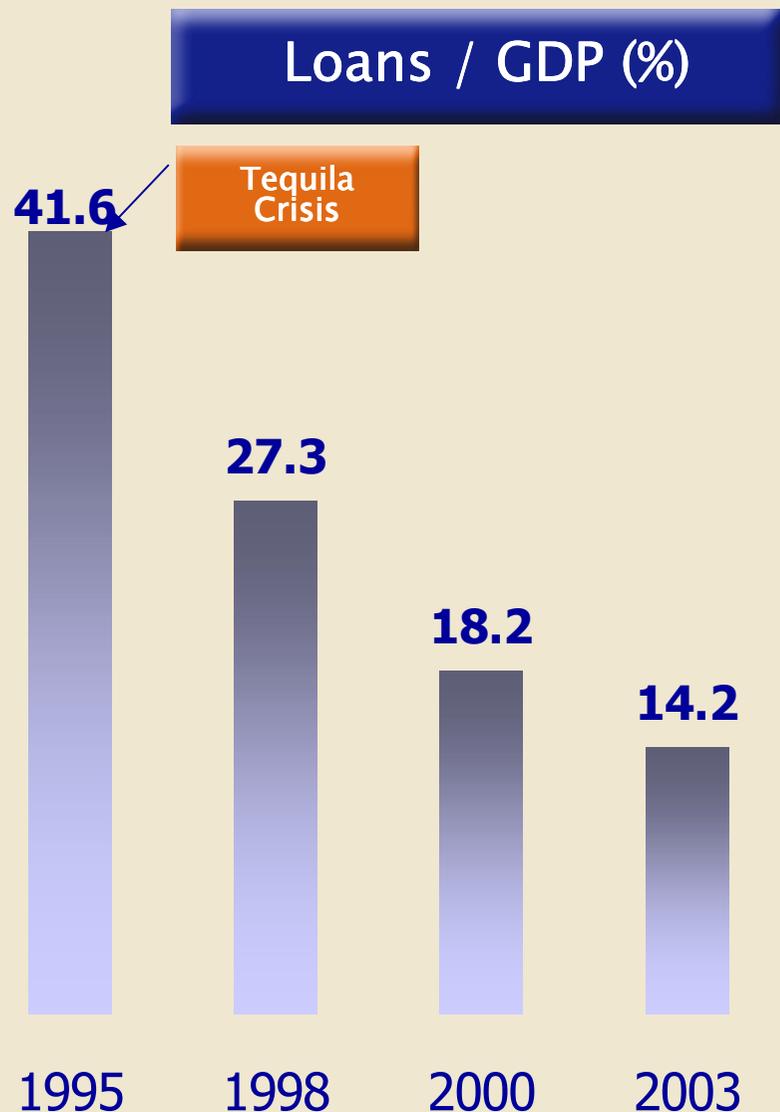


	Mar-03	Dec-03	Mar-04
Sight a/cs	+13.0	+18.1	+16.8
Term deposits	+14.7	+9.6	-6.5
Mutual funds	-6.9	+5.8	+23.7
TOTAL(*)	+4.0	+9.0	+10.1

* Including repos

...with strong support from sight and savings accounts and funds

③ Potential growth and efficiency going forward



Given the low penetration of banking products, growth in financial revenues can outstrip GDP

- Profitability of current 20 million banked clients
- Potential market – estimated at 30 million
- Integration of informal economy
- Stabilization of macro outlook for credit activity

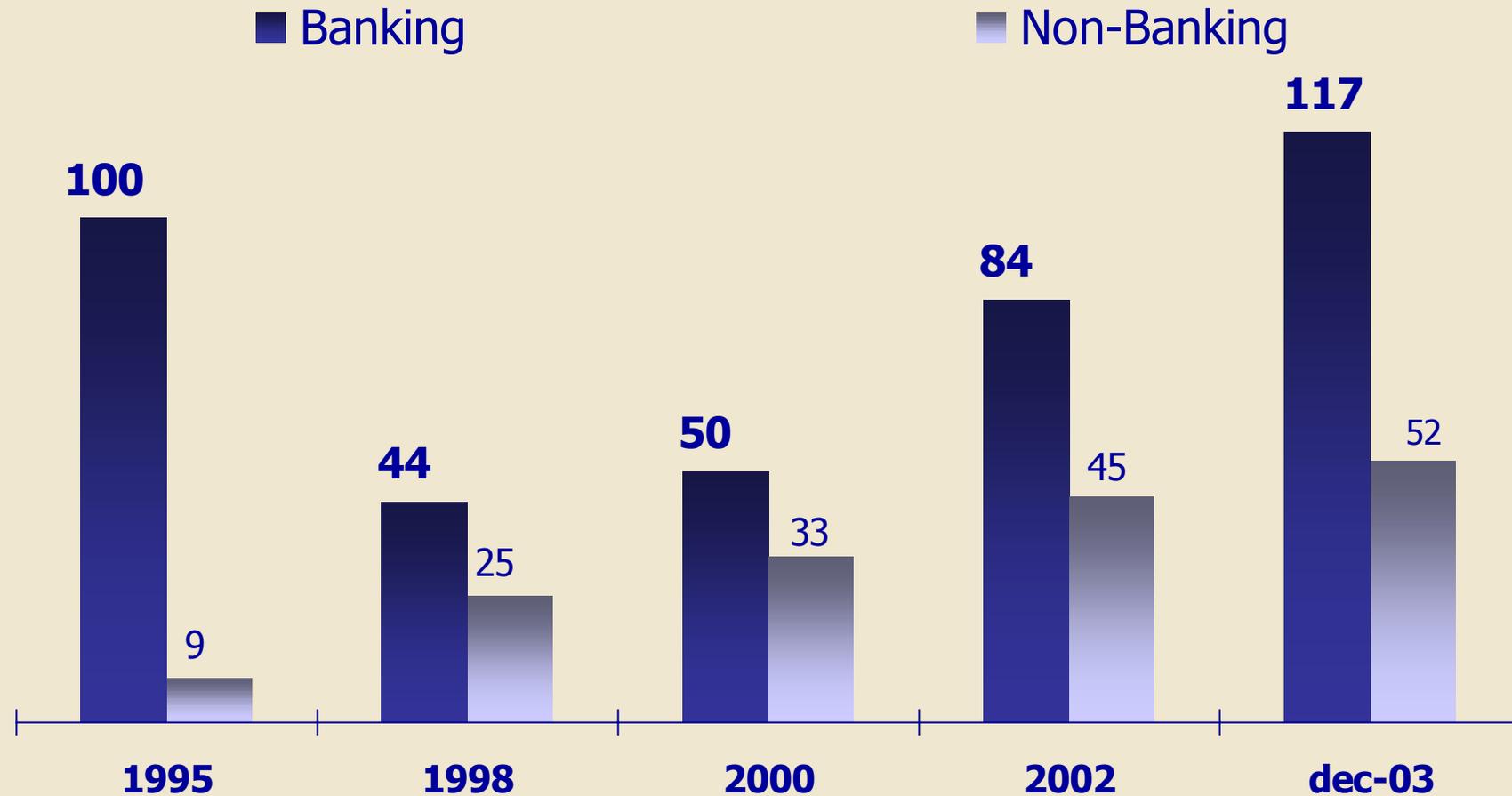
Financial system transformation resulting in higher ROEs

- Regulation benchmarked to international standards
- Stricter risk modeling and taking procedures
- Adequate capitalization
- Improved technology
- Better knowledge of customer credit history
- Improved legal framework
- Increased consolidation

	Brazil	Chile	Mexico
ROE (nominal)	17.4	14.5	16.4
Inflation	9.5	2.5	4.0
ROE (real)	7.9	12.0	12.4

Mexico's banking sector ROE (inflation adjusted) is the highest in the region

④ Credit expansion: consumer loans have been the first to take off

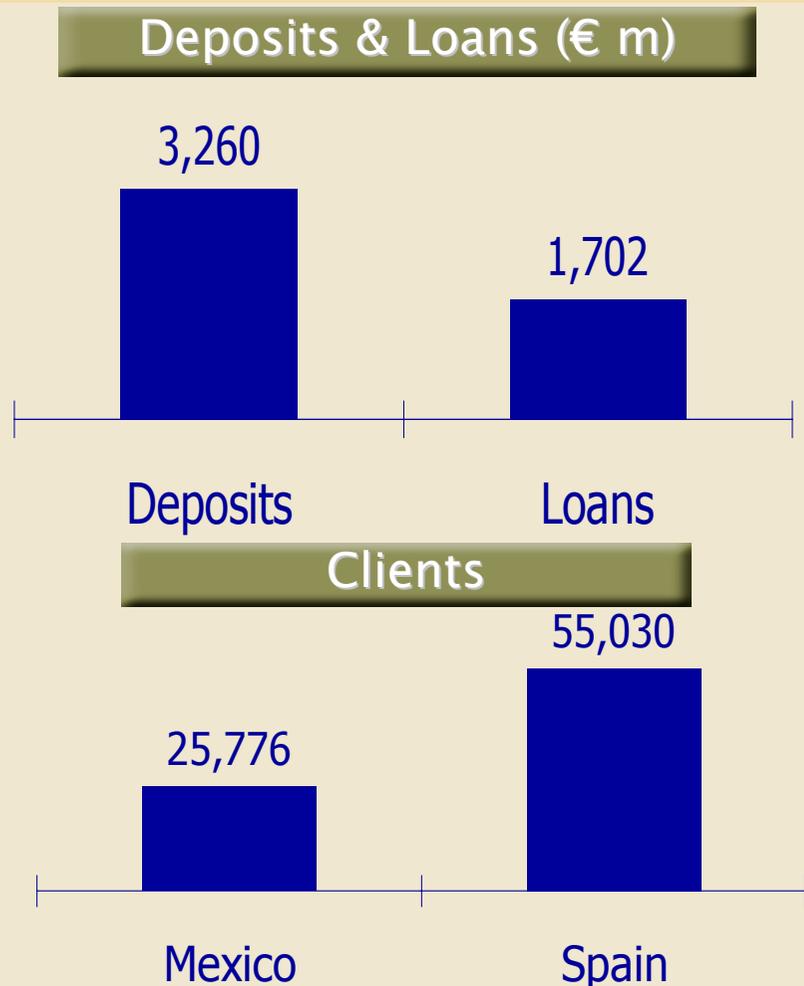


Banks have successfully regained market share

42 Figures in billions of pesos as of December 2003

BBVA

SME's: very low penetration, very high growth potential



- ▶ Business model: focus on clients, not on products
- ▶ Dedicated networks
 - ▶ 114 branches for the middle-market
 - ▶ For small businesses, 415 retail branches, with specialized executives

Only 7% of the customer base in this segment has an outstanding loan (vs 70% in BBVA Spain)

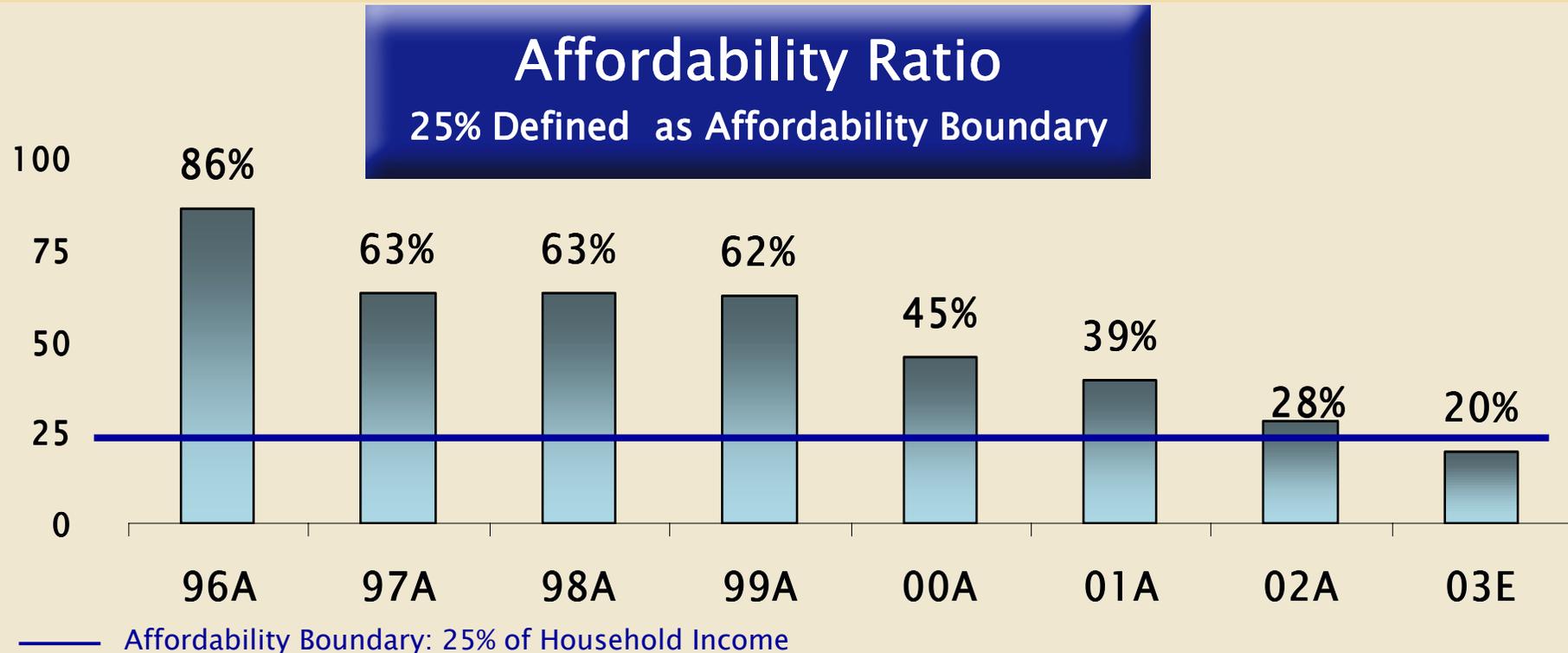
Mortgage market: a short term priority...

Mortgage penetration



From MXN 378 Bn to MXN 59 Bn ten years after

... and a long term opportunity



How big is the potential mortgage pool? (Next 10 years):

- Mortgage / GDP from 5% to 10%
- Additional mortgage system volume: \$31.7Bn
- BBVA Bancomer mortgage loans would go up 8 times to \$8 Bn

5

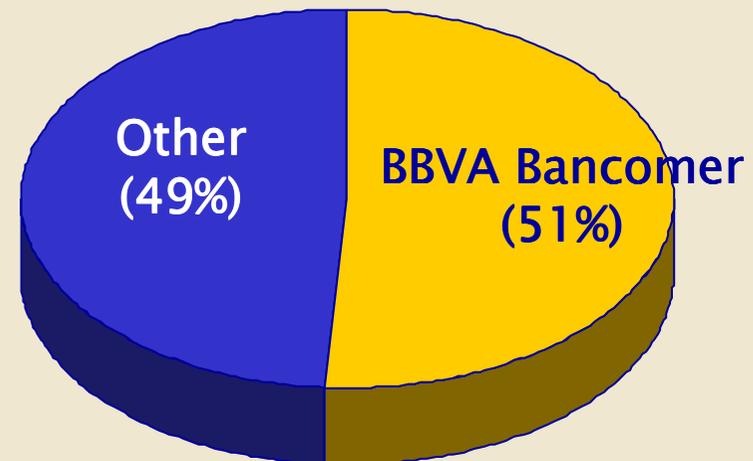
Hispanic population in the USA: Bancomer Transfer Services

Maintaining leadership

Hispanic market in USA

- ▶ Population: 37 million
- ▶ Population with earnings: 22 million
- ▶ Average earnings: \$22.000

Market share of electronic funds transfer



- ▶ Bancomer is the largest player in this business:
 - ▶ 15 million transactions in 2003 (+19% vs 2002)
 - ▶ \$ 6 bn 2003 (+17% vs 2002)

Index

- 1Q04: on a growth path
- Mexico: expanding horizons
- **Conclusions**

Significant advance in strategy in 1Q04, with a strong focus on growth

Successful
completion
of BBVA
Bancomer
take-over

Strong growth in retail banking
activity that is already being
reflected in results

Activity and fee income lead to
higher operating profit in Mexico

New strengthening in the Group's
fundamentals

We are creating a very solid Group

High Profitability

ROE

20.3%

Highly productive

Efficiency

46.0%

Controlled risks

NPL Ratio

1.23%

Coverage

209.8%

Solvency

BIS Ratio

12.1%

Rating

AA- / Aa2

...and growth in EPS of 25.1%

BBVA

BBVA: DELIVERING GROWTH

EXANE BNP PARIBAS

European Financial Services Conference

Paris, 27th May 2004