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Overview and results

BBVA Public Sector business

“Cedulas Territoriales”
BBVA, a World Class International Franchise

- €412 Bn\(^1\) total assets, offering a full range of products and services
- Leading positions in Spain and Latin America
- Building a leading franchise in the US Sunbelt\(^2\): an excellent platform to grow in the fast growing Hispanic population segment
- International platform with 7,585 branches and 98,553 employees, both with over 50% outside Spain
- Profitable and efficient retail banking franchise with excellent asset quality
- Capital discipline and management committed to value creation for shareholders

<table>
<thead>
<tr>
<th></th>
<th>SCH</th>
<th>BNPP</th>
<th>Unicredito</th>
<th>Intesa Sanpaolo</th>
<th>BBVA</th>
<th>SocGen</th>
<th>Deutsche</th>
<th>C. Agricole</th>
<th>ABNAmro</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>87</td>
<td>74</td>
<td>73</td>
<td>70</td>
<td>66</td>
<td>59</td>
<td>52</td>
<td>50</td>
<td>50</td>
</tr>
</tbody>
</table>

Feb 28, 2007

(1) As of December 31, 2006
(2) Pending closing of Compass acquisition
... with a solid and focused position in attractive growth markets ...

<table>
<thead>
<tr>
<th>Mk. Share</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>11.9%</td>
</tr>
<tr>
<td>Deposits</td>
<td>10.2%</td>
</tr>
<tr>
<td>Mutual Funds</td>
<td>17.1%</td>
</tr>
<tr>
<td>Pension Funds</td>
<td>18.6%</td>
</tr>
<tr>
<td>Num. of customers</td>
<td>11 million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mk. Share (1)</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico</td>
<td>26.0%</td>
</tr>
<tr>
<td>South America (2)</td>
<td>10.6%</td>
</tr>
</tbody>
</table>

Num. of customers: 23 million

(1) Deposits
(2) Excluding Brazil
Balanced distribution of assets and profits

Group assets distribution (%)
- Spain, EU & USA, 80.0%
- Mexico & Chile, 14.5%
- Latam, 14.5%
- No Inv. grade, 5.5%

Net attributable profit distribution (%)
- Bancomer & USA, 31.8%
- Wholesale & Investment Bk., 25.3%
- Retail Bk. in Spain & Portugal, 29.6%
- Pensions & Insurance Latam, 5.3%
- South American Banks, 8.0%

Data as of December 2006
... and a low risk, high quality asset profile

**Banking in Spain Loan portfolio breakdown**

- Mortgages: 43%
- SMEs: 19%
- Small businesses: 10%
- Large corporates: 7%
- Consumer: 7%
- Public Sector: 12%

**Latin America Loans/total assets**

- LOANS: 58%
- 50% individuals (23% mortgages)
- 6% Public Sector
- 42% Corporates & SMEs

50% of loan portfolio in Spain is secured
With a strong credit rating

<table>
<thead>
<tr>
<th>Rating Agency</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P</td>
<td>AA- (&quot;P.O.&quot;)</td>
</tr>
<tr>
<td>Moodys</td>
<td>Aa1</td>
</tr>
<tr>
<td>Fitch</td>
<td>AA-</td>
</tr>
</tbody>
</table>
Better fundamentals than European peers

**ROE (%)**
- 1st Europe: 36.4%
- European Banks (1): 24.8%
- BBVA: 36.4%

**Efficiency (%)**
- 1st Euro PE Zone: 57.6%
- European Banks (1): 44.0%
- BBVA (2): 57.6%

**Asset quality (Coverage Ratio %)**
- 1st Europe: 273%
- European Banks (1): 81%
- BBVA: 273%

**BBVA, an excellent combination of profitability-risk**

(1) European average of the peer group of 15 banks, except British banks. Last data available as of September ‘06
(2) Include depreciation
<table>
<thead>
<tr>
<th>Country</th>
<th>GDP ($ Tr)</th>
<th>GDP Growth 06e (%)</th>
<th>Population (MM)</th>
<th>Risk (NPL %) (4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain (1)</td>
<td>1.1</td>
<td>3.6</td>
<td>40</td>
<td>0.6</td>
</tr>
<tr>
<td>México (1)</td>
<td>1.1</td>
<td>4.5</td>
<td>107</td>
<td>1.7</td>
</tr>
<tr>
<td>Latam (2)</td>
<td>3.9</td>
<td>5.2</td>
<td>417</td>
<td>3.7</td>
</tr>
<tr>
<td>BBVA USA(3)</td>
<td>2.2</td>
<td>4.3</td>
<td>60 (5)</td>
<td>0.7</td>
</tr>
</tbody>
</table>

Good economic prospects in the high growth market with BBVA presence

High growth levels and very low risk

(1) The World Fctbook 2007
(2) Global Insight
(3) Aggregation excluding California
(4) IMF, last data available, Latam Ex Brazil
(5) In counties of BBVA pro forma
2006: a year of record profit for BBVA

Net attributable profit (€m)

(1) Excluding one-offs
Supported by strong generation of recurrent revenues

Core revenues (€m)

- 2005: 11,756
- 2006: 13,667

+ 16.3%

Core revenues Quarter by quarter (€m)

- 1Q05: 2,579
- 2Q05: 2,926
- 3Q05: 3,006
- 4Q05: 3,245
- 1Q06: 3,248
- 2Q06: 3,320
- 3Q06: 3,420
- 4Q06: 3,680

+ 7.6%
With clear improvement in the cost/income ratio . . .

Cost/inc ratio incl. depr. excl. one-off items (%) 

- 2.7 pp

Cost/inc ratio incl. depr. excl. one-off items By quarter (%)
Good asset quality and a prudent provisions policy

Loan loss provisions and funds (€ m)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>813</td>
<td>1,477</td>
</tr>
<tr>
<td>2006</td>
<td>6,015</td>
<td>6,905</td>
</tr>
</tbody>
</table>

NPL ratio and coverage (%)

- NPL Ratio: 0.94, 0.82, 0.83
- Coverage: 252.5, 275.1, 272.8

73% of total funds and 71% of provisions are generic (Mexico accounts for 43% of provisions)
Higher provisions, but better asset quality

NPL Provisions

- €6,905m
- 2006

Risk premium (bp)

- 62
- 43
- 44

NPL ratio (%)

- 73%
- 27%
- 2.88

BBVA European Avg. (1)

(1) Data as of June 06 refers to largest European groups.
With appropriate levels of solvency

Capital base: BIS Ratio (%)

<table>
<thead>
<tr>
<th></th>
<th>Dec.05</th>
<th>Sep.05</th>
<th>Dec.06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier I</td>
<td>7.5</td>
<td>7.7</td>
<td>7.8</td>
</tr>
<tr>
<td>Tier II</td>
<td>4.5</td>
<td>3.8</td>
<td>4.2</td>
</tr>
<tr>
<td>Core capital</td>
<td>5.6</td>
<td>6.0</td>
<td>6.2</td>
</tr>
</tbody>
</table>
Overview and results

BBVA Public Sector business

“Cedulas Territoriales”
BBVA is the market leader in lending to the public sector in Spain, based on:

- Solid franchise focused on the low-risk public finance business and therefore, extremely sound asset quality.
- A model of integral relationship banking with customers, offering other services such as project finance, tax collection services and specialized internet portals.
- Strong nationwide presence.
- BBVA Group manages the public sector business through BBVA and its specialist subsidiary BCL (same management and risk policies but separate portfolios).

Strengthening the BBVA Public Sector business in the Corporate and Business Banking division:

- A distribution franchise targeting companies and institutions in Spain.
Corporate and Business Banking Division: leading position in customer relationship

<table>
<thead>
<tr>
<th>Category</th>
<th>Nominal Share</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMEs</td>
<td>33%</td>
<td>23%</td>
</tr>
<tr>
<td>Public Institutions</td>
<td>53%</td>
<td>36%</td>
</tr>
<tr>
<td>Corporates</td>
<td>96%</td>
<td>15%</td>
</tr>
</tbody>
</table>

Source: Inmark and Bank of Spain
BBVA, the leading Spanish player in Public Sector business

Public Sector loans market share (%)

- Banks 59%
  - Saving Banks 32%
  - Other 9%
- BBVA Group 36%
  - BBVA 16%
  - BCL 19%
A diversified portfolio

BBVA Public Sector business
Loan structure (%)

By type of borrower (%)
- Central Gov.: 19%
- Regional Gov.: 51%
- Municipalities: 30%

By region (%)
- Catalonia: 32%
- Madrid: 26%
- Andalucía: 13%
- Valencia: 10%
- Galicia: 5%
- Basque Co.: 4%
- Other: 10%
Maturity of the portfolio and asset quality

**Maturity profile**

- **Average maturity (years)**: 7
- **NPL ratio**: 0.08%
- **NPLs Coverage(*)**: 154%

(*) Total provisions over non-performing loans

Note: most of the 1yr loans are extendible by BBVA on a yearly basis
A very strong overcollateralization

BBVA SA - Public Sector Loans
Max. Issuance
CTs Issue

€ bn
9,5
6,7
3,0

Overcollaterization 317%

70%

New issuance
Market issuance

Data as of December 2006
Conclusions

- Significant advances in strategy in the last years with strong focus in profitable growth
- Strengthening of the Group fundamentals
- BBVA remains the leader in the Spanish Public Sector market, with a low risk profile
- BBVA “CTs” represents an attractive investment alternative
Overview and results

BBVA Public Sector business

“Cedulas Territoriales”
Overview of the Cedulas Territoriales (CTs)

- Principal and interest payments are guaranteed specifically by the public sector loan book.
- Thereafter, Cédulas holders rank pari-passu with other senior creditors
- The assets remain on the issuer’s balance sheet.
- The CTs are backed by the entire portfolio of eligible assets (public sector loans).
- The total amount issued cannot exceed 70% of eligible assets, so over-collateralization is at least 43%.
- Registered with the CNMV (the Spanish Securities Exchange Commission).
The new Spanish insolvency law (Ley Concursal) became effective on 1st September 2004.

The new law clarifies and improves the regime applicable to holders of Cédulas Territoriales in case of insolvency of the issuer.

Cédulas are acknowledged as special privilege credit. They enjoy preferential claim versus employees and tax authorities over the cash flows obtained from the cover pool of loans.

Uninterrupted services of Interest and Principal in case of bankruptcy: they will continue to be paid up to the proceeds from the backing assets.

The Insolvency Administrator can raise liquidity for any possible shortfall by the partial or full sale of the collateral pool.
No need to cause default or to cancel the cédulas while interest and principal continue to be paid.

The retroactivity period rule has been replaced by a reintegration rule: the risk of the retroactivity of the insolvency as well as the risk of being declared null any transaction carried out during such a period will be removed.

The reintegration period can maximally reach back 2 years from the date of the insolvency being declared and only on those transaction causing damage to the social assets.

Therefore the risk of the Cédulas investors to become senior unsecured creditors due to moving back the date of insolvency has been be removed.
Deal summary

- **Issuer:** BBVA S.A.
- **Issuer’s rating:** Aa2 (Moody’s) / AA- (S&P) / AA- (Fitch)
- **Rating of the notes:** Aaa (Moody’s)
- **Amount:** Euro XXX mill
- **Status of the Notes:** Cédulas Territoriales. Covered bonds backed by the BBVA’s Public Sector loan book.
- **Tenor:** xxx years
- **Structure:** fixed rate annual yield ACT/ACT
- **Lead managers:** XXX
- **Documentation & Listing:** Domestic (CNMV), AIAF
BBVA Cédulas Territoriales: Strengths

- Moody’s has rated BBVA’s CT as Aaa.
- CTs represent an special alternative to gain exposure to the Spanish public sector credit market.
- The highest quality of cover assets: loans to the Spanish public sector.
- Minimum legal over-collaterization of 43%
- The new Spanish Insolvency Law clarifies and strengths the protection granted to Cédulas holders (Uninterrupted servicing of interest and principal payments during a potential bankruptcy of Issuer).
- Eligible collateral to the European Central Bank’s repos.
- 10% BIS risk weighted.
- Rigorous and timely supervision by Bank of Spain.
- An asset class of high liquidity: market-making commitment
BBVA “Cédulas Territoriales”
Credit Story and Public Sector Business

April 2007