And now... it’s about earnings
Goldman Sachs European Financial Conference
Panel: Managing through the crisis

Berlin, June 12th 2008
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Current market sentiment on financials

- Underweight of financials since the second half of 2007 with very little discrimination
- Currently the focus is being placed on damage recognition and capital restoration
- Macro concerns seem to dominate

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

Earnings
And now… it’s about earnings

1. BBVA: A unique case in the current environment

2. Outperforming peers in each market
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

Wholesale funding (€ Bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Wholesale Funding (€ Bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan-Jul 06</td>
<td>18.0</td>
</tr>
<tr>
<td>Jan-Jul 07</td>
<td>32.4</td>
</tr>
</tbody>
</table>

+80% increase

Spain: Retail Term deposits – YoY Growth (%)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>YoY Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q06</td>
<td>17.2</td>
</tr>
<tr>
<td>2Q06</td>
<td>19.1</td>
</tr>
<tr>
<td>3Q06</td>
<td>30.7</td>
</tr>
<tr>
<td>4Q06</td>
<td>33.9</td>
</tr>
<tr>
<td>1Q07</td>
<td>35.9</td>
</tr>
<tr>
<td>2Q07</td>
<td>36.8</td>
</tr>
<tr>
<td>3Q07</td>
<td>39.2</td>
</tr>
<tr>
<td>4Q07</td>
<td>36.7</td>
</tr>
</tbody>
</table>

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
In a period of deleveraging and downsizing, a smaller and retail-oriented balance-sheet is going to be a competitive advantage.
Strong capital base with organic generation and sizeable capital “cushions”

Capital ratios
BIS II rules (%)

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier I</td>
<td>7.8%</td>
<td></td>
</tr>
<tr>
<td>Core</td>
<td>6.3%</td>
<td></td>
</tr>
</tbody>
</table>

March 2008

Ordinary activities added 13 bp to core capital in 1Q08

Latent capital gains
€2,900m
1.1%

Generic provisions over expected loss
€3,900m
1.5%
Asset quality under control, risk premium to remain stable

NPL Provisions

€7,740m

1Q08

Generic

75%

Specific

25%

Risk premium (bp)

BBVA

European Average (1)

47

68

Asset quality (%)

NPL

Coverage

BBVA

European Peer Group (2)

2.72

0.99

200

62.3

(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
BBVA, the only major bank in the world with 2 rating upgrades in the last 12 months

- Strong and manageable balance sheet
- Stable emerging economies
- Multinational retail banking
- Low deviation of revenues
- Diversification of earnings
- Low cost producer
- Sustainable business model
- Growing cash dividend

<table>
<thead>
<tr>
<th>BBVA Group long term ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P</td>
</tr>
<tr>
<td>Moodys</td>
</tr>
<tr>
<td>Fitch Ibca</td>
</tr>
</tbody>
</table>
And now… it’s about earnings

1. BBVA: 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>Quarter</th>
<th>Spain &amp; Portugal NII/ATA</th>
<th>SMEs customer spread</th>
<th>Retail Network in Spain customer spread</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q07</td>
<td>3.35</td>
<td>3.45</td>
<td>2.12</td>
</tr>
<tr>
<td>2Q07</td>
<td>3.42</td>
<td>3.51</td>
<td>2.15</td>
</tr>
<tr>
<td>3Q07</td>
<td>3.49</td>
<td>3.54</td>
<td>2.15</td>
</tr>
<tr>
<td>4Q07</td>
<td>3.54</td>
<td>3.72</td>
<td>2.18</td>
</tr>
<tr>
<td>1Q08</td>
<td>3.60</td>
<td>3.96</td>
<td>2.17</td>
</tr>
</tbody>
</table>

Net Interest Income (€m)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>1Q07</th>
<th>1Q08</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>994</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 (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>13.2%</td>
</tr>
<tr>
<td>2007</td>
<td>12.0%</td>
</tr>
</tbody>
</table>

-126 b.p.

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

- NPL = 0.66%

**Developers**

BBVA Developer market share

- 5.6% (-184 b.p. in the last 3 years)

- Selective commercial policy: 95% 1st home residential properties

**Lending growth (YoY %)**

- BBVA

<table>
<thead>
<tr>
<th>Period</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar-04</td>
<td>45%</td>
</tr>
<tr>
<td>Dec-04</td>
<td>40%</td>
</tr>
<tr>
<td>Sep-05</td>
<td>35%</td>
</tr>
<tr>
<td>Jun-06</td>
<td>30%</td>
</tr>
<tr>
<td>Mar-07</td>
<td>25%</td>
</tr>
<tr>
<td>Dec-07</td>
<td>20%</td>
</tr>
</tbody>
</table>

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

- System
- BBVA

<table>
<thead>
<tr>
<th>Quarter</th>
<th>System</th>
<th>BBVA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q07</td>
<td>0.52</td>
<td>0.65</td>
</tr>
<tr>
<td>2Q07</td>
<td>0.55</td>
<td>0.66</td>
</tr>
<tr>
<td>3Q07</td>
<td>0.55</td>
<td>0.74</td>
</tr>
<tr>
<td>4Q07</td>
<td>0.61</td>
<td>0.93</td>
</tr>
<tr>
<td>1Q08</td>
<td>0.74</td>
<td>1.13</td>
</tr>
</tbody>
</table>

* Last available data as of February, March system NPL estimated
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

- Retail network in Spain: +0.2%*
- Cost/income ratio incl. deprec.:
  - 1Q07: 38.7
  - 1Q08: 36.1
  - -2.6 p.p.

* Excluding depreciation

2nd stage of new distribution network strategy
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%
NPL levels flat - thanks to high asset quality

Impairment losses
Mexico
(Constant €m)

+13.7%

1Q07 2Q07 3Q07 4Q07 1Q08
194 190 190 206 221

NPL and Coverage Ratios
Mexico
(%) pro

1Q07 2Q07 3Q07 4Q07 1Q08
276.2 263.0 250.4 254.6 249.0

NPL ratio: 2.33 2.36 2.32 2.15 2.16

Coverage ratio: 250.4 254.6 249.0

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

U.S. percent change in house prices (OFHEO)

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>Acum 1Q08</th>
<th>Acum 4Q07</th>
<th>Annual Growth 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>
</tr>
<tr>
<td>Total expenses</td>
<td>-276</td>
<td>-282</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>
</tr>
<tr>
<td>Loan-loss provisions</td>
<td>-47</td>
<td>-47</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>
</tr>
</tbody>
</table>
In short:

- It is and it will be about earnings
- Key drivers to deliver earnings cannot be improvised

1. Portfolio mix and business model
2. Balance-sheet size and strength
3. Capability and track record of efficiency management
4. Superior asset quality

BBVA, an earnings play
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