

150  
years

adelante



**BBVA** making the difference



**José María García Meyer**  
General Manager BBVA USA

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*“BBVA’s Franchise in the Sunbelt”*

**BBVA** making the difference



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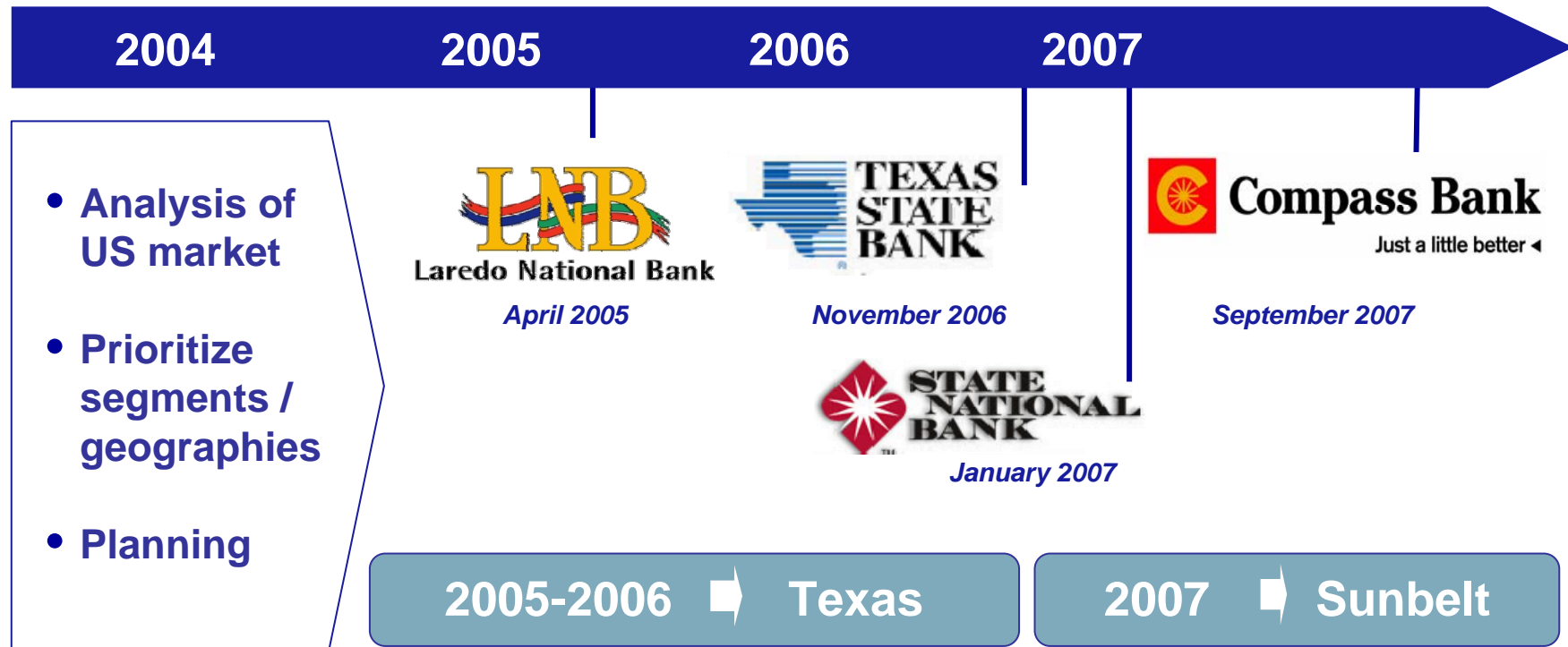
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- Strategic overview
- BBVA's franchise in the Sunbelt
- The integration plan
- Looking ahead
- Conclusions



# A deliberate strategy to enter high-growth markets in the US





# Today BBVA USA is a focused business portfolio

Sep 30, 2007	Compass Bancshares <sup>(1)</sup>	Puerto Rico	BFH <sup>(2)</sup>	BBVA USA
<b>Assets</b> <i>\$ billion</i>	<b>57.3</b>	<b>6.6</b>	<b>0.3</b>	<b>64.1</b>
<b>Loans</b> <i>\$ billion</i>	<b>33.5</b>	<b>4.2</b>	<b>0.04</b>	<b>37.8</b>
<b>Deposits</b> <i>\$ billion</i>	<b>35.2</b>	<b>3.0</b>	<b>0.1</b>	<b>38.3</b>
<b>Employees</b> <i>(000)</i>	<b>12.2</b>	<b>1.1</b>	<b>0.3</b>	<b>13.7</b>
<b>Branches (#)</b>	<b>582</b>	<b>53</b>	<b>32</b>	<b>667</b>

## A leading franchise in the Sunbelt

- (1) *Compass Bancshares data are consolidated pro-forma and include Compass Bank, Laredo National Bank, State National Bank and Texas State Bank and affiliates*
- (2) *Bancomer Financial Holdings (BFH) includes former Valley Bank in California and Bancomer Transfer Services (BTS)*
- Source: Company Reports





# Compass' franchise is sizeable in high-growth markets ...

December 31, 2006

**Sunbelt <sup>(1)</sup>**

**Mexico**

**Spain**



**% of World GDP<sub>2006</sub>**

**3.7%**

**1.8%**

**2.5%**

**Real GDP pot. growth<sub>2007-10</sub>**

**3.9%**

**3.6%**

**3.2%**

**Population<sub>mid-2007 (in millions)</sub>**

**61**

**107**

**45**

**Population growth<sub>2007-10 CAGR</sub>**

**1.9%**

**0.8%**

**1.0%**

(1) Sunbelt refers to Compass Bancshares' footprint and includes Texas, Alabama, Arizona, Colorado, Florida and New Mexico  
Sources: IMF, Census USA, Conapo, INE, Bureau of Economic Analysis



## ...attractive for doing banking business

December 31, 2006

	<b>Sunbelt <sup>(1)</sup></b>	<b>Mexico</b>	<b>Spain <sup>(2)</sup></b>
<b>Commercial Banks (#)</b>	<b>1,150</b>	<b>31</b>	<b>142</b>
<b>Cost/Revenues</b>	<b>59%</b>	<b>59%</b>	<b>44%</b>
<b>Check transactions <sup>(3)</sup></b> <i>% of total transactions</i>	<b>37%</b>	<b>20%</b>	<b>5%</b>
<b>Revenues/employee <sup>(3)</sup></b> (\$000)	<b>168</b>	<b>159</b>	<b>309</b>

**Potential for productivity and efficiency gains**

(1) Sunbelt refers to Compass' Bancshares footprint and includes Banks with legal addresses in TX, AL, AZ, CO, FL & NM

(2) Banks only

(3) Mexico in June 2007, Spain in December 2003. Data for Sunbelt is the US average in 2005

Sources: FDIC, CNBV, Banco de España, BIS, Banxico, European Central Bank.





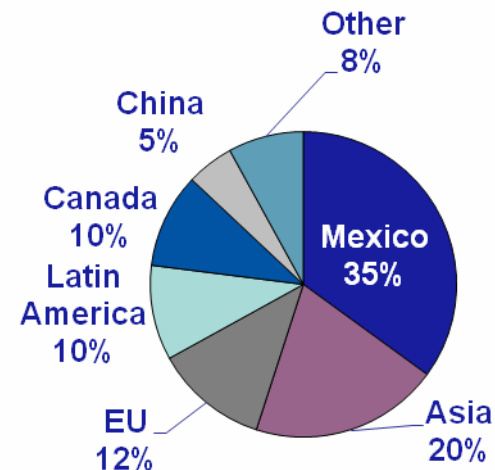
# Texas dynamic economy is expected to continue outpacing the U.S....

## Diverse and attractive

- 11th largest economy of the world
- 43% of Sunbelt GDP
- Outstanding demographics
- Solid business environment
- Well diversified economy:
  - Leading Industry Sectors
    - High Tech
    - Biomedical
    - Petrochemical

## Export driven

### 2Q 07 Exports



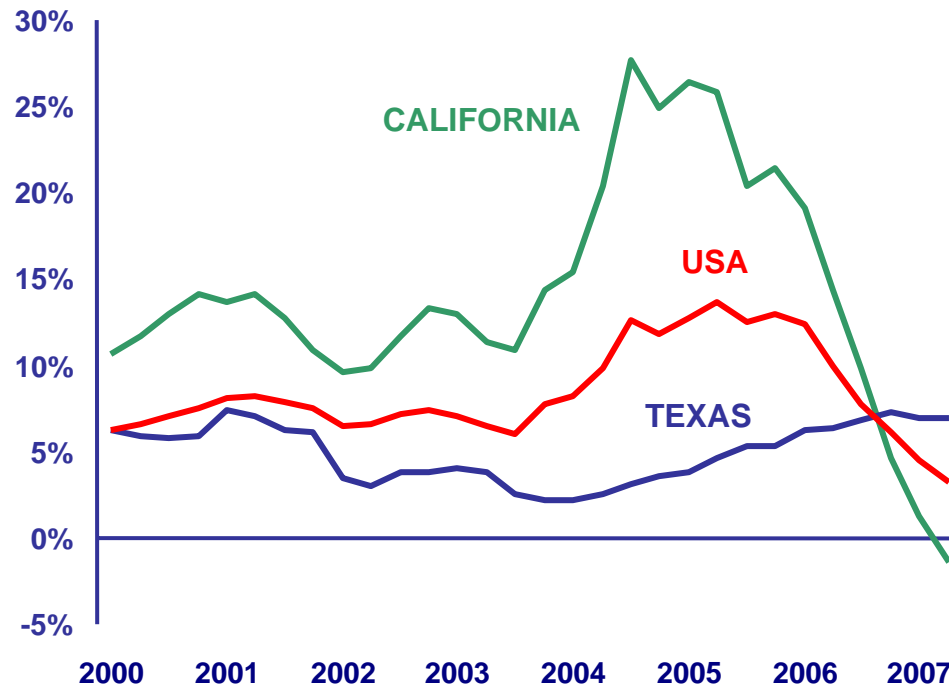
- 2006 exports: \$151 billion
- # 1 export state
- Mexico is the largest partner



# ...and despite the slowdown in the U.S. housing market

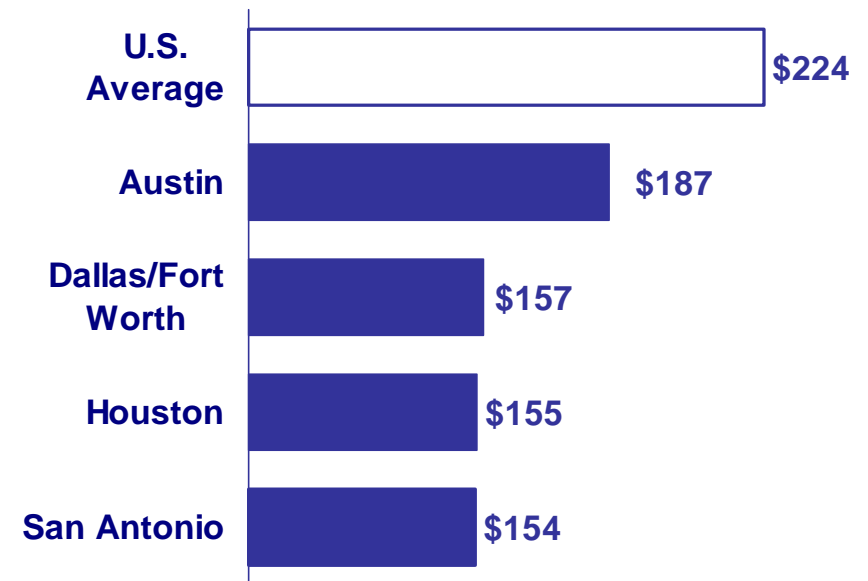
## Housing prices

Jan 00-Jun 07 Year on Year growth (%)



## Median Home Prices

(USD Thousands)



... the Texas real estate market has experienced rational price appreciation and is showing stability

Sources: ATM University, Standard & Poors, National Association of Realtors, August 15, 2007



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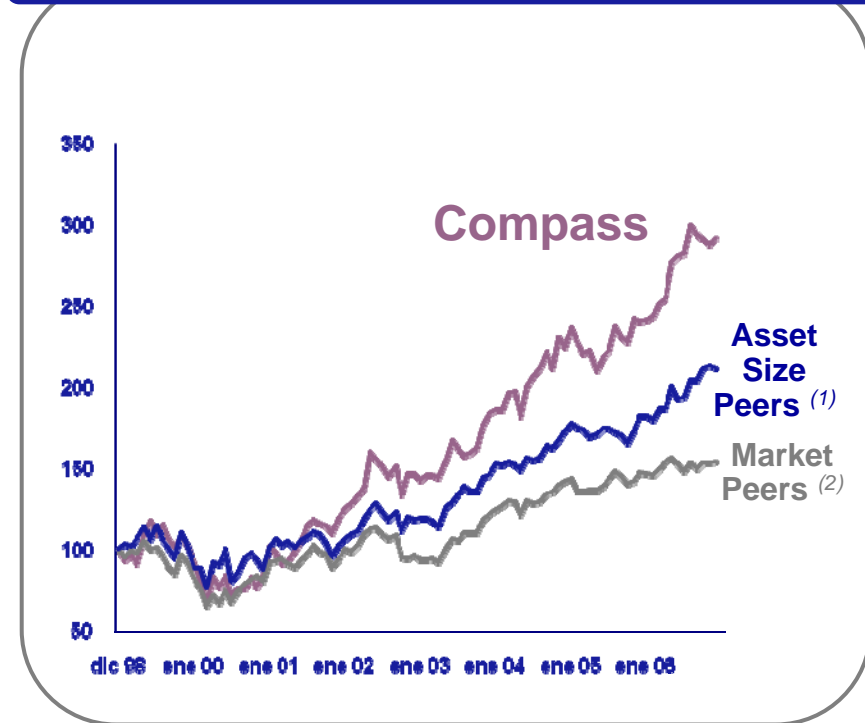


# Compass Bank is the foundation of BBVA's franchise in the Sunbelt

EPS (\$)



Total shareholder return (%)



**Compass has a proven track record of creating shareholder value through different economic cycles**

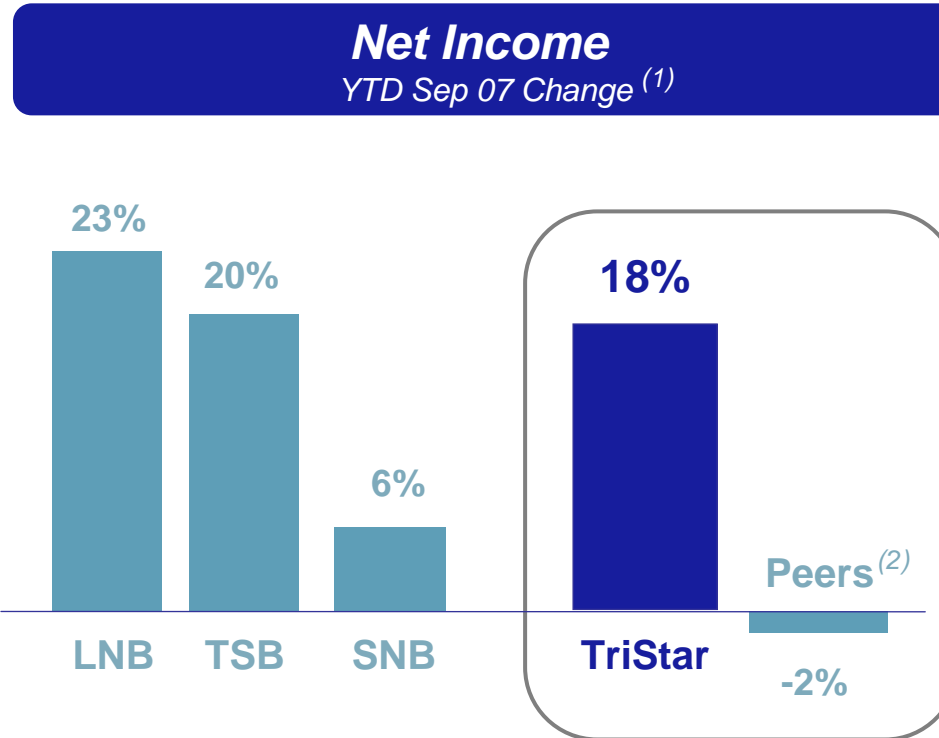
(1) Asset Size Peers: Associated Banc-Corp, BOK, Colonial, Comerica, Commerce, First Horizon, Huntington, Sky, Zions

(2) Market Peers: Bank of America, KeyCorp, Regions, US Bancorp, Wachovia, Wells Fargo

Source: company data, SNL



... as well as the TriStar Banks

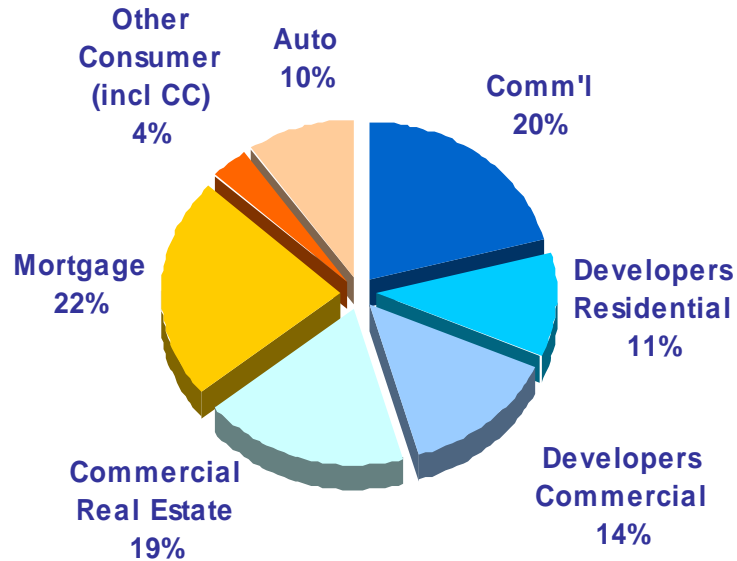


TriStar Banks are outperforming their peers

(1) Consolidated pro-forma. For LNB consolidated pro-forma banking business  
 (2) Peer group: Colonial, Associated BancCorp, BOK, Commerce, TCF, Cullen/ Frost  
 Source: company reports and SNL



# A combined loan portfolio of \$ 33.5 billion



- Well-diversified portfolios with no significant industry concentrations or subprime assets
- More than 80% of loan portfolio is collateralized
- Company-wide low authority levels results in granularity across portfolios
- Strong credit culture and monitoring programs throughout the organization

September 30, 2007

	Compass Bancshares	Top 20 U.S. banks <sup>(2)</sup>
--	--------------------	----------------------------------

NCOs /Avg Loans	0.32%	0.42%
Allowance to Loans	1.24%	1.13%
NPL to Loans <sup>(1)</sup>	0.66%	0.69%

(1) Non accrual loan ratio

(2) Top 20 public banks by asset size

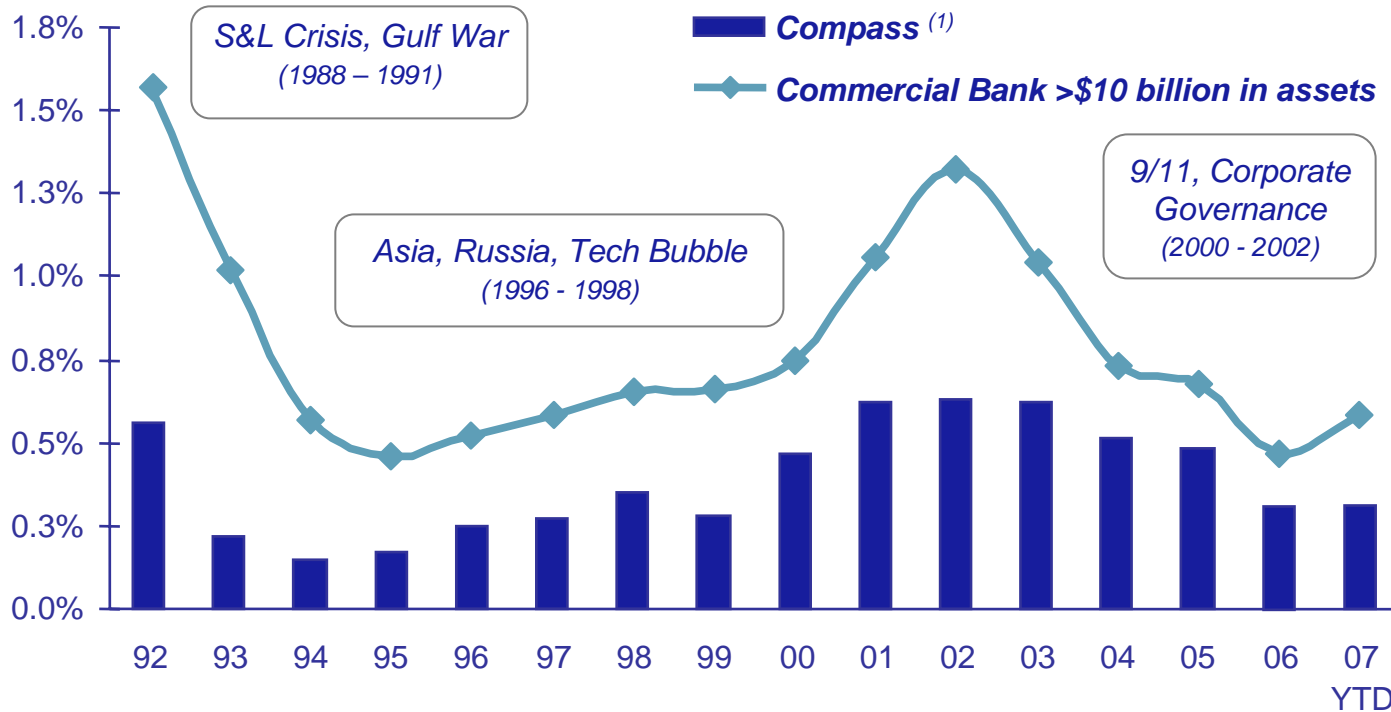
Source: Company Reports, SNL Financial





...that has historically outperformed the market...

Net Charge-Off Ratio



**Compass has historically outperformed the industry and its peers during different business cycles**

(1) Compass Bank

Source: Company Reports, FDIC SDI database, Lehman Brothers



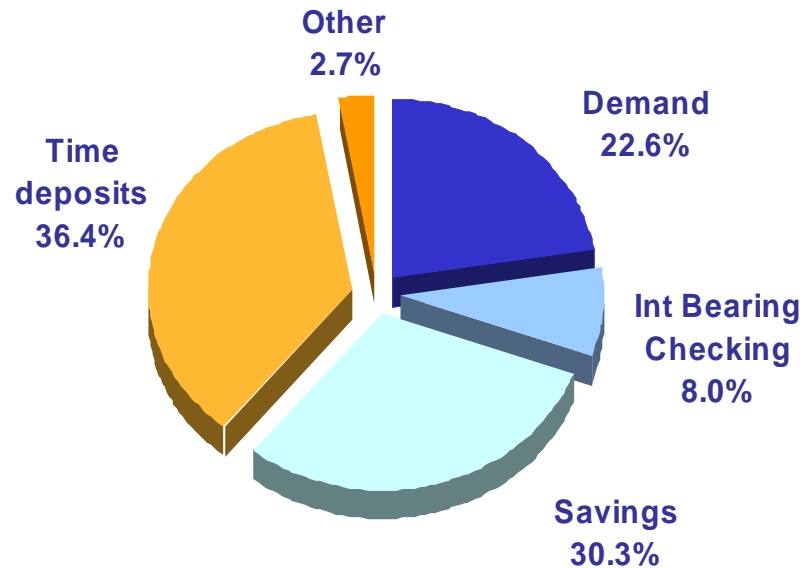
# Net Charge-off ratio by Loan Portfolio

<u>Compass Bancshares</u>	As a % by Portfolio	
	YTD Sep 30 2007	YTD Sep 30 2006
<b>Commercial</b>	<b>.49%</b>	<b>.67%</b>
<b>Developers</b>	<b>.11%</b>	<b>.01%</b>
<b>Commercial Real Estate</b>	<b>.01%</b>	<b>.09%</b>
<b>Mortgage</b>	<b>.05%</b>	<b>.09%</b>
<b>Auto</b>	<b>.73%</b>	<b>.71%</b>
<b>Consumer – Other</b>	<b>1.64%</b>	<b>1.38%</b>
<b>NCO ratio, ex Credit Cards</b>	<b>.26%</b>	<b>.30%</b>
<b>Credit Cards</b>	<b>5.12%</b>	<b>4.07%</b>
<b>Net Charge offs ratio</b>	<b>.32%</b>	<b>.36%</b>

Source: Company Reports, FDIC SDI database



# Funded by deposits of \$ 35.2 billion...



September 30, 2007

Compass Bancshares

Top 20 U.S. banks (1)

Trans. Accts/Deposits	61%	54%
Loan to Deposits	95%	104%

- Non interest bearing deposits represent nearly 23% of total deposits
- Transaction accounts:
  - 61% of total deposits
  - Stable funding source
  - Good provider of fee income
- Deposits fully fund loan portfolio
- Balance sheet growth is not reliant on wholesale funding currently

(1) Top 20 public banks by asset size  
Source: Company Reports, SNL Financial



... And supported by a strong distribution network...

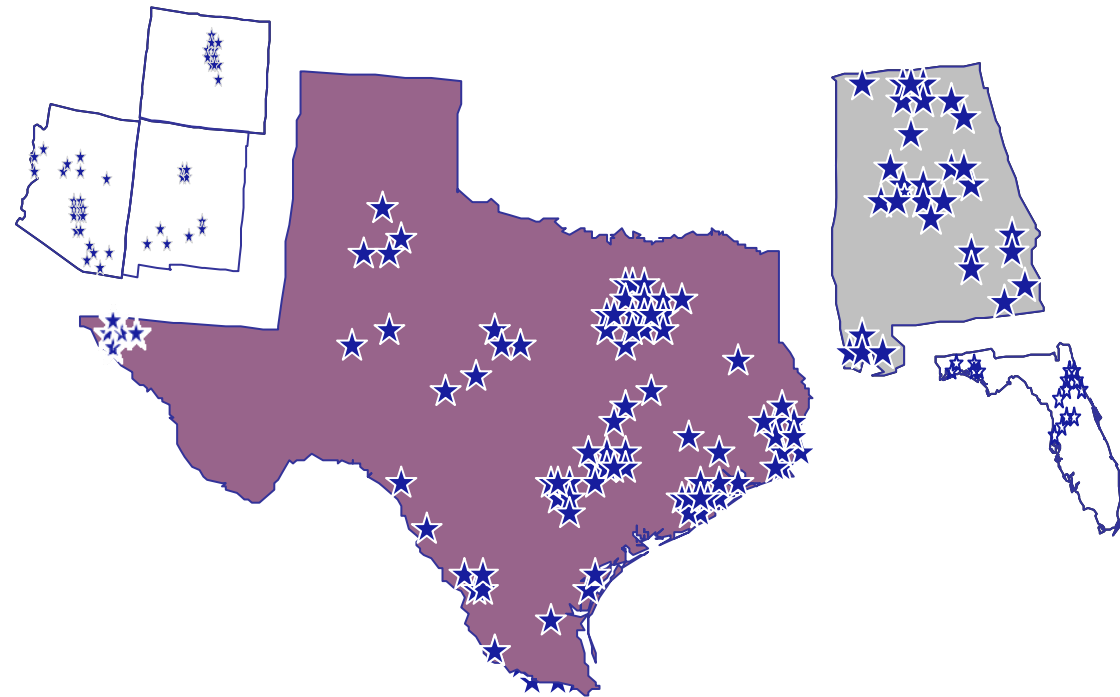
**582 Branches in the Sunbelt**



**Texas**  
61% of Deposits

**Alabama**  
20% of Deposits

	<u># of Branches</u>	<u>Mkt Share</u>
<b>Texas</b>	<b>318</b>	<b>5.8%</b>
<b>Alabama</b>	<b>90</b>	<b>9.5%</b>
<b>Arizona</b>	76	3.9%
<b>Florida</b>	44	0.5%
<b>Colorado</b>	33	1.0%
<b>New Mexico</b>	21	2.7%



...with market share upside potential ...

Source: SNL Financial database. Company reports



...especially in Texas

**Strong  
footprint in  
metropolitan  
areas**

	<u>Market share</u>
Dallas/Fort Worth	4.3%
Austin	6.1%
San Antonio	5.2%
Houston	5.1%

**Leadership  
position on the  
Border and  
East Texas**

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El Valle	27.3%
El Paso	7.0%
Laredo	38.3%
East Texas	23.4%

**#4 in Texas with 5.8% market share by deposits**

*Source: SNL and company reports*



## And sound fundamentals

September 30, 2007

	<b>Compass Bancshares</b>	<b>Top 20 U.S. Banks <sup>(3)</sup></b>
<b>NIM</b>	<b>3.71%</b>	<b>3.32%</b>
<b>Non-interest income / Revenues</b>	<b>35.9%</b>	<b>42.8%</b>
<b>Cost / Revenues <sup>(1)</sup></b>	<b>56.7%</b>	<b>58.7%</b>
<b>NPL Ratio <sup>(2)</sup></b>	<b>0.66%</b>	<b>0.69%</b>
<b>ALLs/Loans</b>	<b>1.24%</b>	<b>1.13%</b>
<b>Loans / Deposits</b>	<b>95.3%</b>	<b>104%</b>
<b>Total Capital Ratio</b>	<b>12.9%</b>	<b>11.5%</b>

(1) Normalized by excluding pre-closing charges and amortization of intangibles

(2) Non accrual loan ratio

(3) Top 20 public banks by asset size

Sources: Company reports and SNL

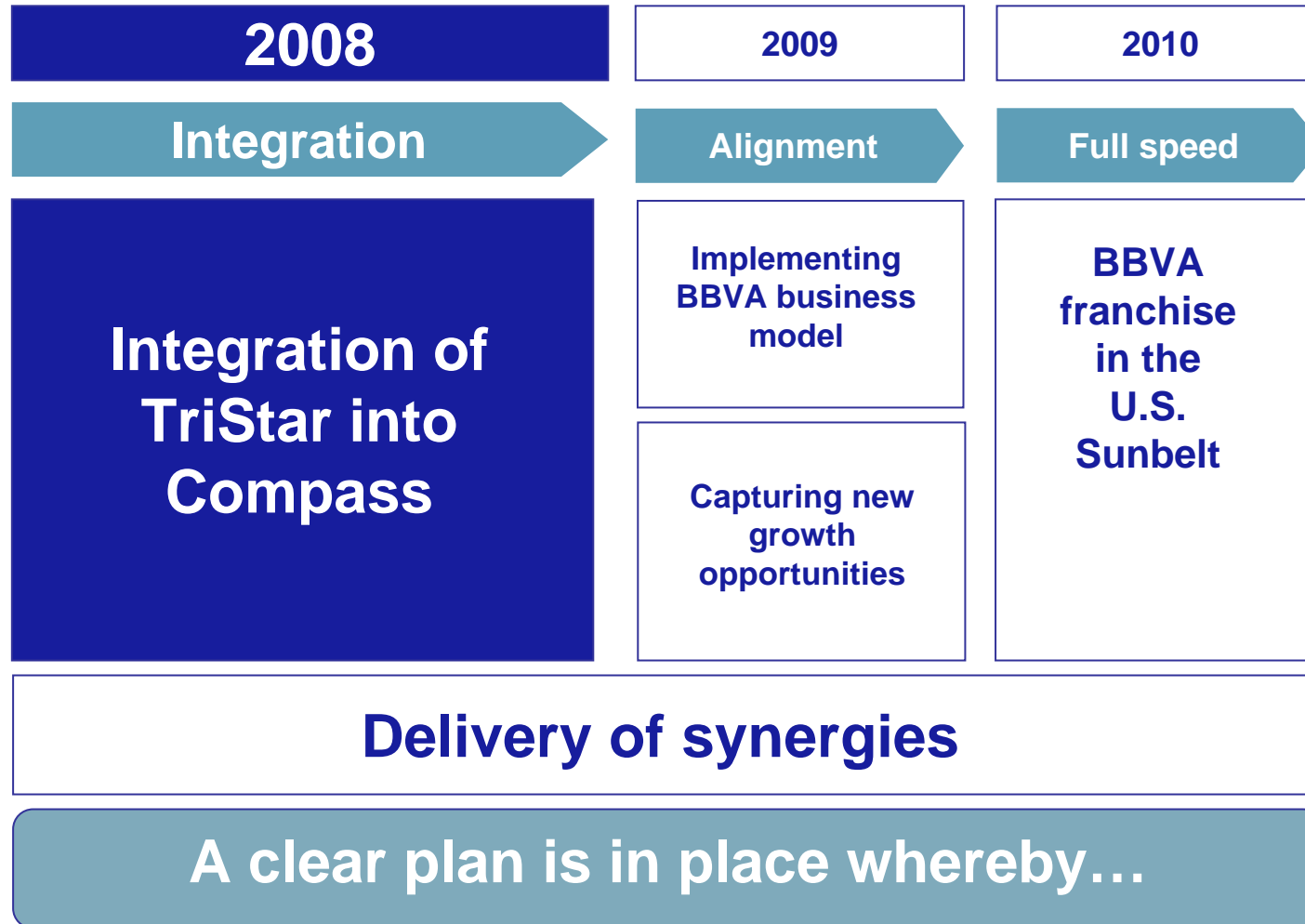




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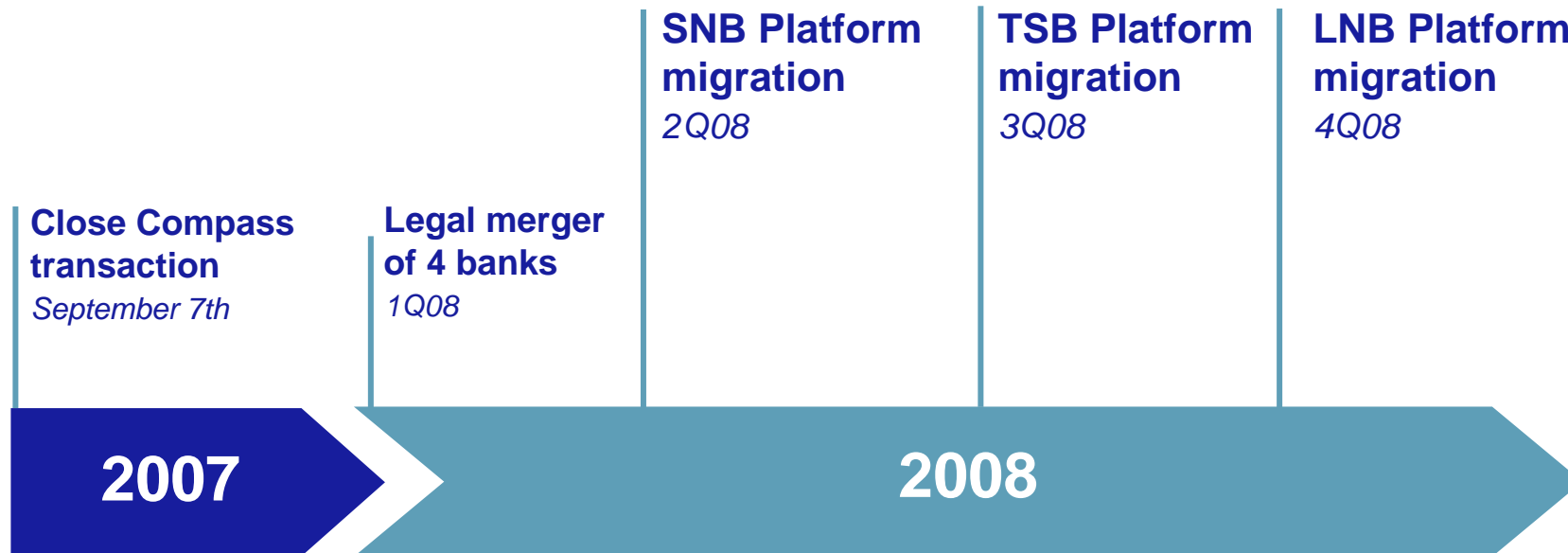


## For 2008, the focus is on integration





# Platform migration to be completed by 4Q08



**12 months to integrate 3 platforms into Compass**



# Four business lines for a universal banking model

## Loans <sup>(1)</sup>



(1) Pro-forma as of September 30, 2007  
Sources: Company reports



## ... led by proven management team...

**José María García Meyer**  
General Manager BBVA USA  
32 years of experience

**D. Paul Jones, Jr.**  
Chairman & CEO COMPASS  
29 Years

### Business Areas

**Jim Barri**  
Retail Banking  
43 years

**George Boltwood**  
Corporate & Business Banking  
31 years

**Manuel Sanchez**  
Community Banking  
17 years

**Bill Helms**  
Wealth Management  
33 years

### Support Areas

**Lee Harris**  
Human Resources  
33 years

**Gary Hegel**  
Finance  
23 years

**Clayton Pledger**  
Operations & Technology  
36 years

**Ray Stone**  
Loan & Credit Administration  
41 years

### Control Areas

**Greg Demming**  
Corporate Risk Management  
24 years

**Jerry Powell**  
Office of General Counsel  
16 years

➔ More than 350 years of accumulated banking experience

➔ > 100 acquisitions and integrations since 1987



## ...to deliver more synergies than originally estimated

USD million pre-tax

	<u>Plan</u>	<u>Originally estimated</u>	<u>Increase</u>
Cost synergies	202	174	+16%
Revenue synergies	129	125	+3%
<b>TOTAL</b>	<b>331</b>	299	<b>11%</b>

### *Timing*

2008	31%
2009	62%
2010	100%

### *Integration costs*

90-100

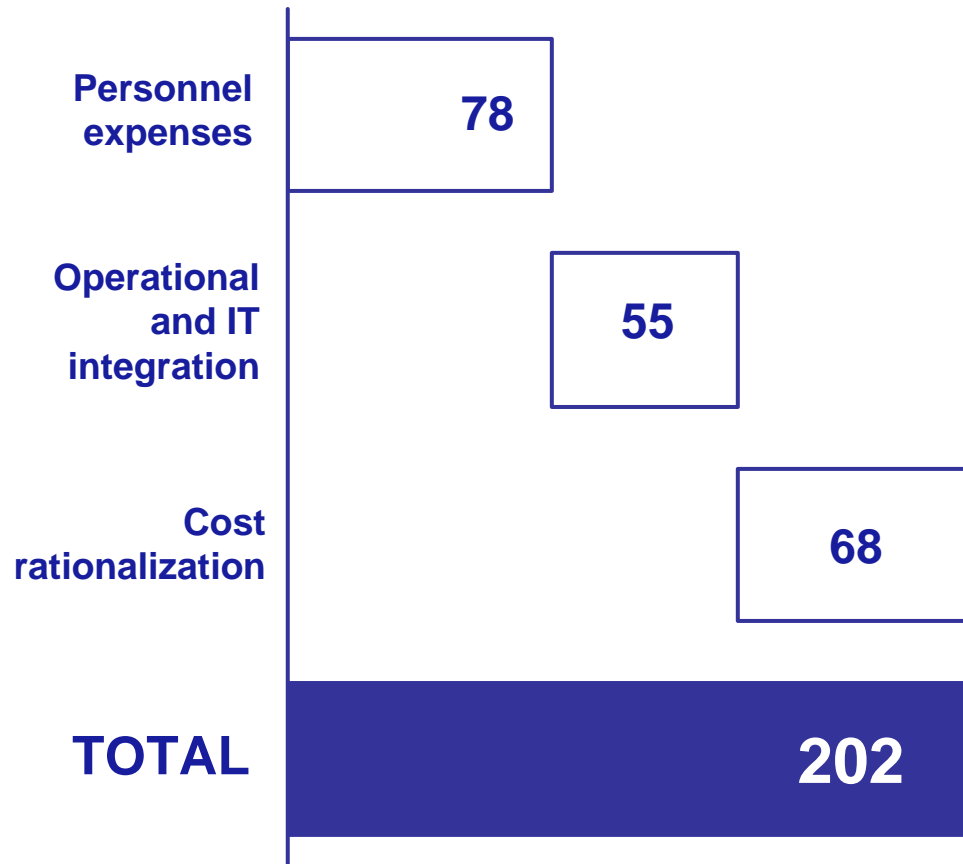




# Larger cost synergies...

## Earnings before taxes

USD million



## Items

- Staff optimization
- TriStar IT conversion into Compass
- 12 Branch overlaps
- Other savings: vendors, utilities, funding, marketing expenses...

**14% of 2007 <sup>(1)</sup> combined cost base**

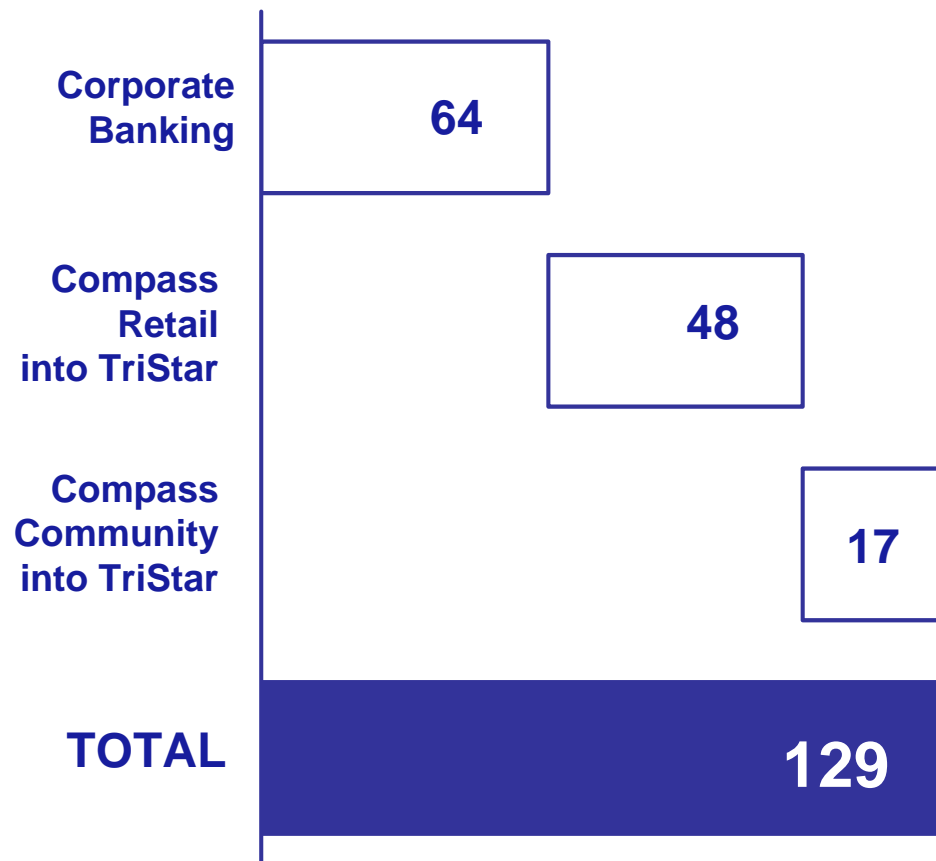
(1) Forecast as of December 31, 2007, normalized by excluding pre-closing charges and amortization of intangibles



# ... and reaffirmed revenue synergies

## Earnings before taxes

USD million



## Items

- Access to big Corporations \$100m+
- Increase large loans holdings
- Energy Banking upgrade
- TriStar International Banking
- Introduce Compass product range: Credit Cards, Home Equity, Mortgages, retail brokerage...
- Structured Lending, SBA Lending & Business Leasing into TriStar
- Treasury Management uplift

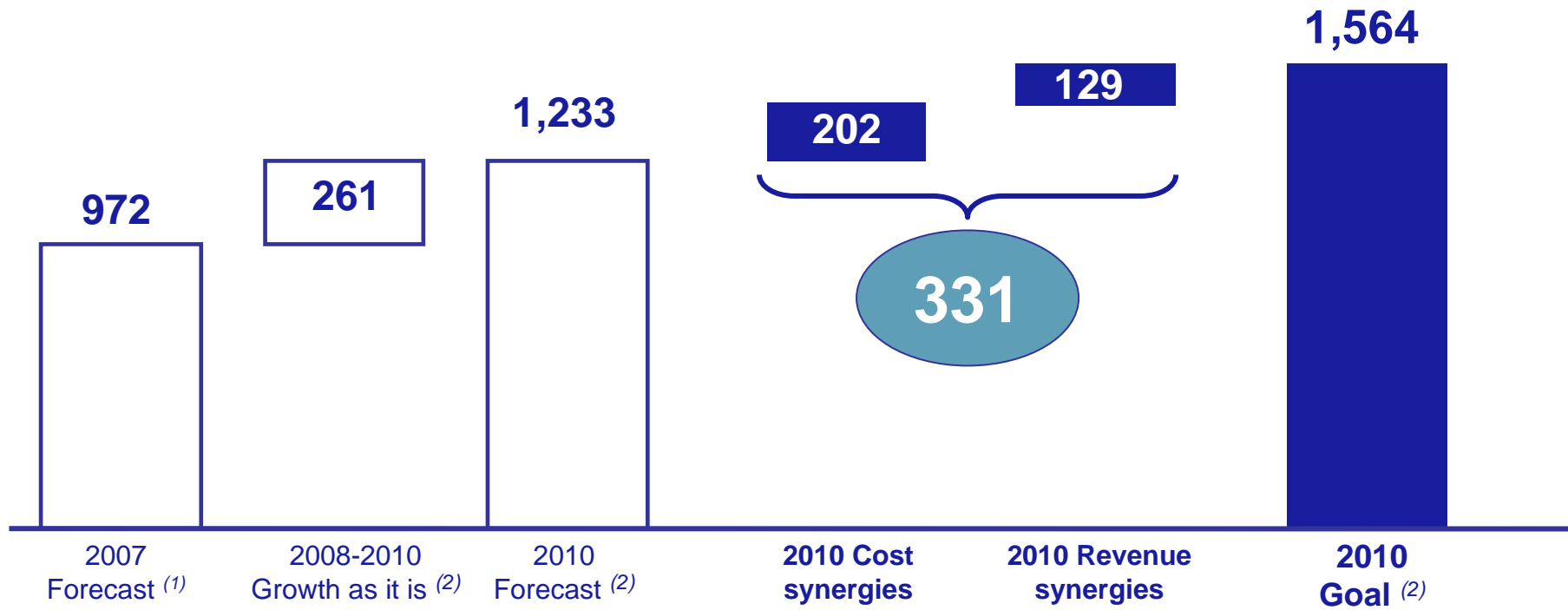
**5% of 2007 <sup>(1)</sup> combined revenues**

(1) Forecast as of December 31, 2007



# Attractive and achievable profit growth from the integration

## Projected earnings before taxes USD million



(1) Normalized by excluding pre-closing charges and amortization of intangibles  
 (2) Normalized by excluding integration costs and amortization of intangibles



## Goals 2010 from integration

**Pre-tax Synergies**

*(USD million)*

**331**

**Cost / Revenues <sup>(1)</sup>**

**48%**

**EBT 2008-10 CAGR <sup>(2)</sup>**

**17%**

*(1) Normalized by excluding integration costs and amortization of intangibles*

*(2) Normalized by excluding pre-closing charges, integration costs and amortization of intangibles*



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## Further opportunities looking ahead

**1**

**Improve cross-sell and customer retention**

**2**

**Improve efficiency and productivity levels towards BBVA standards**

**3**

**Capture the potential of the U.S. Hispanic market**

**4**

**Compass as part of a Global Group**

**Opportunities not factored into prior goals**

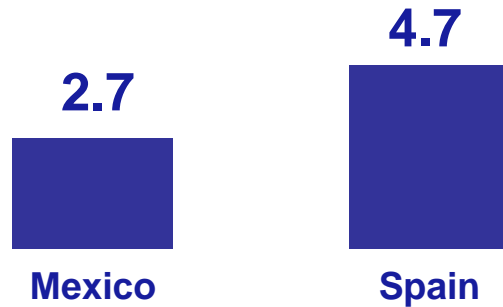


# 1

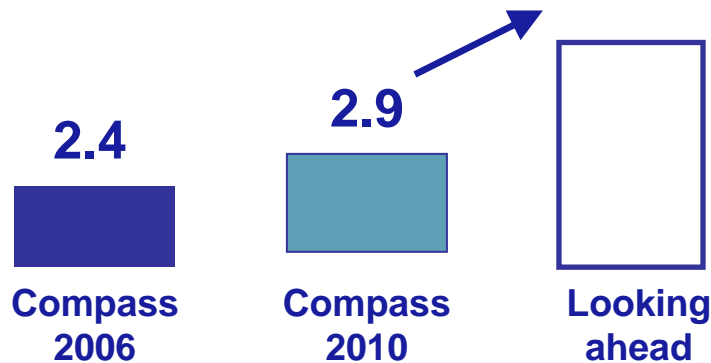
## Improve cross-sell and customer retention

### Consumer Cross-Sell <sup>(1)</sup>

#### BBVA Group



#### BBVA in the U.S.



Innovation and best practices

Enhance online functions

Increase sales through remote channels

Improve customer intelligence

(1) Retail financial products per primary owner, except for Compass (per household). Mexico as of Sep 30 2007, Spain as of May 31, 2007, Compass 2006 as of Sep 30, 2006

Source: company reports



# 2

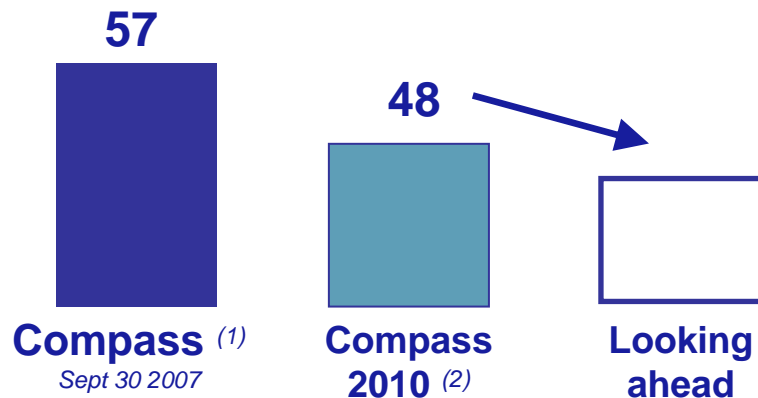
## Improve efficiency levels towards BBVA standards

### Cost / Revenues Ratio (%)

#### BBVA Group



#### BBVA in the U.S.



(1) Normalized by excluding pre-closing charges and amortization of intangibles

(2) Normalized by excluding integration costs and amortization of intangibles

Source: company reports

BBVA Global Transformation Plan

Improve IT systems

Automation

Operational optimization





# 3

## Capture the potential of the U.S. Hispanic market

The Sunbelt <sup>(1)</sup> concentrates 66% of the Hispanic Population in the U.S....

	Sunbelt <sup>(1)</sup>	U.S.
Hispanic Population (million)	30	46
Hispanics / Total Population	31%	15%

1st Generation

BBVA Bancomer USA

Bancomer Transfer Services

... and it is expected to continue growing faster

Population Growth in the Sunbelt

	Hispanics	Total Population
2000-07 CAGR	3.9%	1.9%
2007-12 CAGR	3.5%	1.8%

Hispanic market

Distinctive marketing approach

Sunbelt footprint

(1) Sunbelt refers to BBVA USA footprint and includes Banks with legal address in TX, AL, AZ, CO, FL, NM & CA  
Source: SNL



4

# Compass as part of an International Group

Compass new international scope

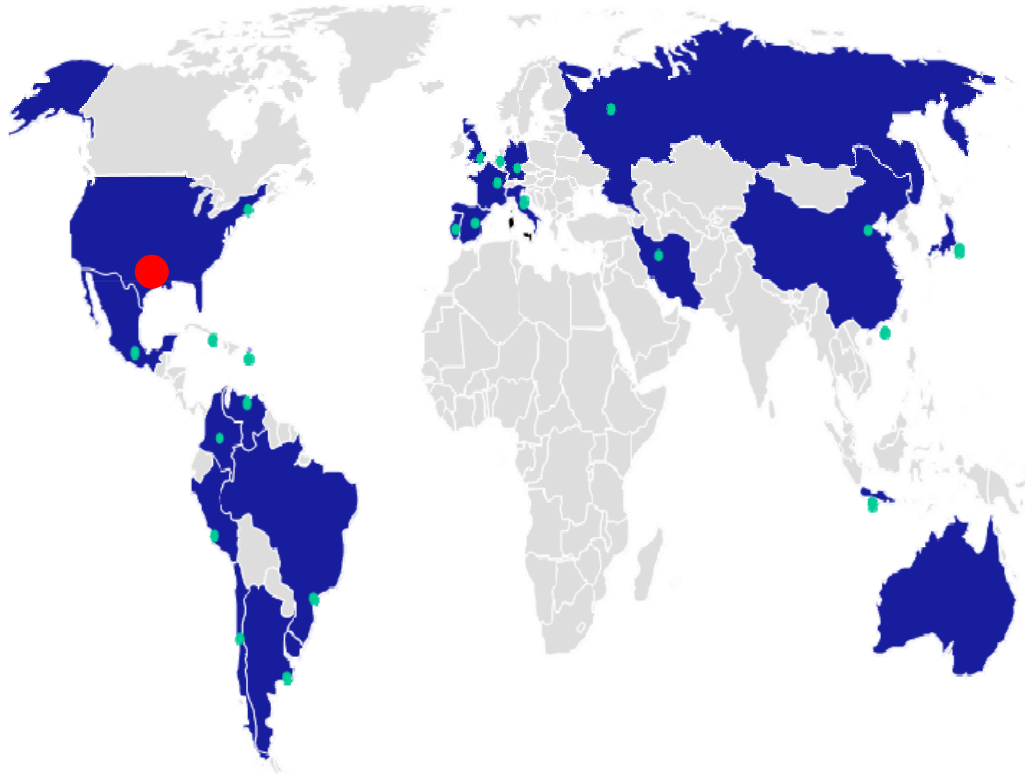
Global Businesses

Global Markets

Corporate and Investment Banking

Asset Management

Cross-border opportunities with Mexico



Global Vision



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## Key takeaways

- 1 BBVA has built an attractive franchise in the U.S. Sunbelt, a region that is projected to continue outperforming the U.S. market
- 2 The focus in 2008 is on the integration, which is progressing on schedule
- 3 Cost synergies are larger than expected and revenue synergies are reaffirmed and achievable
- 4 Additional opportunities exist beyond those factored into current expectations

150  
years

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**BBVA** making the difference