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José Barreiro
Manager – Global Markets and Distribution
BBVA is split into three business areas

BBVA GROUP

Retail Banking
Spain and Portugal

The Americas

Wholesale and
Investment Banking
WIB represents 2.5% of BBVA’s workforce but generates 21% of its results.
WIB is the top franchise in Spain

**Attributable Income**

- 401
- 468
- Increase: +23

**Operating Profit**

- 579
- 654
- Increase: +13
WIB has three lines of business

WIB

- Corporate banking
  88% of all large companies work with BBVA

- Institutions Banking
  35% of our lending goes to the public sector

- Global Markets and Distribution
  Leadership in Spain that we are extending to Latin America
BBVA Markets – A SUCCESSFUL MODEL

Customer focus

Global approach to business

Stability and recurrence of the income statement
An organisation committed to its customers. Global and a leader in its local markets.

MEXICO
CHILE
PUERTO RICO
PERU
COLOMBIA
VENEZUELA
ARGENTINA

New York
LATAM
Madrid + London + Paris + Milan + Lisbon
Operations with customers makes the income statement more stable.

The greater volume of transactions with customers boosts our trading capacity.

Customers: 60%
Trading: 40%
Contents

- Global Markets and Distribution at BBVA

- The 2003 results confirm the model

- The challenge in 2004: growth
We are the top investment bank in Spain

We have grown by 22.8% – this was above our target

Operating profit

2002: 169.6
2003: 208.3

Growth: +23
In 2003 . . .

Cost / income ratio

2002: 58.5%
2003: 51.4%

...we improved the cost ratio . . .

ROE

2002: 30.8%
2003: 35.3%

and our profitability
We are strengthening our leadership as the first bankers of our customers

- **EQUITIES**: 83% of customers use BBVA
- **DERIVATIVES**: 77% of customers use BBVA
- **FIXED INCOME**: 69% of customers use BBVA

Source: independent international consultant
We are also leaders in the other markets

<table>
<thead>
<tr>
<th>No. 1</th>
<th>SPANISH STOCK EXCHANGE TRANSACTIONS</th>
<th>Source: C.N.M.V.</th>
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<tbody>
<tr>
<td>No. 1</td>
<td>BROKERS ASSOC – FIXED INCOME MARKETS</td>
<td>Source: AIAF</td>
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<tr>
<td>No. 1</td>
<td>EURO DOLLAR MARKET IN SPAIN</td>
<td>Source: BANK OF SPAIN</td>
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<td>No. 1</td>
<td>TREASURY BONDS</td>
<td>Source: SENAF</td>
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<tr>
<td>No. 1</td>
<td>SHORT-TERM DERIVATIVES</td>
<td>Source: BANK OF SPAIN</td>
</tr>
<tr>
<td>TOP 5</td>
<td>SPANISH PUBLIC DEBT</td>
<td>Source: SENAF</td>
</tr>
</tbody>
</table>
And a high level of recognition

<table>
<thead>
<tr>
<th>BBVA</th>
<th>Best currency trading bank in Spain</th>
</tr>
</thead>
<tbody>
<tr>
<td>BBVA</td>
<td>Best sec. custodian bank in Spain</td>
</tr>
<tr>
<td>BBVA</td>
<td>Best Spanish custodian bank</td>
</tr>
</tbody>
</table>
The 2003 results confirm the model

The challenge in 2004: growth
To continue improving the successful model

Anticipation is the key

Integration     Specialisation     Loyalty     Global products

Goal

To strengthen our position with our customers and among our competitors
In summary:
we put the customer before trading

- Recurrent results and stability
- Cost / income ratio
- Capital consumption
- Return on capital
2004: three important new features

1. BBVA Research
2. SVB integration
3. USA/Europe and LatAm operations
BBVA Research’s separation from the business areas guarantees its independent criteria

An independent company has set up

Going beyond the legal requirements
A more comprehensive customer service in terms of products and country, with global asset allocation.

Combines basic analysis and derivatives.

50 analysts in Europe and LatAm.
On 8th December 2003, BBVA S.A. became a member of the German, Italian, Euronext and the four Spanish stock exchanges.

More efficiency

More revenues

+40% on operating profit

Integration of cash products and derivatives
The first step has already been taken: a new structure to integrate LatAm markets at top level.

- THE AMERICAS
- WHOLESALE AND INVESTMENT BANKING
- GLOBAL MARKETS AND DISTRIBUTION
  - MEXICO
  - OTHER LATAM
  - EUROPE AND USA
Decision-making is facilitated by the organisation of the business model.
### 2004 – a year for growth, leveraging our strengths

<table>
<thead>
<tr>
<th>Category</th>
<th>Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate banking in Spain</td>
<td>97% of large organisations bank with BBVA</td>
</tr>
<tr>
<td></td>
<td>We are the leading bank for more than 84%</td>
</tr>
<tr>
<td>Institutions Banking</td>
<td>54% of institutions bank with BBVA</td>
</tr>
<tr>
<td></td>
<td>We are the leading bank for more than 24%</td>
</tr>
<tr>
<td>BBVA Bancomer</td>
<td>94% of large organisations bank with BBVA</td>
</tr>
<tr>
<td></td>
<td>We are the leading bank for more than 60%</td>
</tr>
<tr>
<td>Latin America</td>
<td>50% of large organisations bank with BBVA</td>
</tr>
<tr>
<td></td>
<td>We are the leading bank for more than 24%</td>
</tr>
</tbody>
</table>

Source: international consultant (2003)
The strength of BBVA Bancomer is a base for growth in LatAm

<table>
<thead>
<tr>
<th>No. 1</th>
<th>Banking Business with more than 25% market share in lending and customer funds</th>
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<tr>
<td>No. 1</td>
<td>Bancassurance - 38.8% market share</td>
</tr>
<tr>
<td>No. 1</td>
<td>40% market share of immigrants’ remittances</td>
</tr>
<tr>
<td>No. 1</td>
<td>Branch network with 1653 offices</td>
</tr>
<tr>
<td>No. 1</td>
<td>Market recognition</td>
</tr>
<tr>
<td>No. 1</td>
<td>Solid in terms of capital and low risk level</td>
</tr>
</tbody>
</table>
The prospect of added value in 2004

Based on three large growth schemes
Greater focus on the customer

Market products distributed through the bank’s branch network

- Through specialised sales teams
- Cross-selling
  Increasing the supply of added-value products
Growth based on product capacity

Operating capacity that allows us to offer products and compete with the large investment banks

- with a broad range of products
  - fixed income
  - equities

- and with appropriate risk management in terms of prudence and efficiency
Growth in LatAm

Taking advantage of BBVA’s leadership in the area to implement the operational model – adapted to the local circumstances in each country

With a well-defined goal: stability and recurrence of the income statement
How will we grow in LatAm?

By adding new sources of business, focused on the customer, to the current revenues.
Conclusions

**NOW**

- 60% of earnings are generated by operations with customers
- 30% come from the external Europe–USA network
- A common scheme for all LatAm
- Integrated, independent analysis
- BBVA Research
- Integration of SVB and product specialisation

**BEFORE**

- 85% came from trading for the bank’s own account
- 90% was linked to Spain
- 10% ext. Europe–USA network
- Independent treasury in each country
- Research by product, reporting to the business area
- Business arranged around vehicles
In summary

Global Markets and Distribution with a well-defined business model, now plans lines of growth that will lead to growth at a rate of 20% in the next three years.
Global Markets and Distribution

a step forward