
Merrill Lynch European Banking & Insurance Conference

***“Risk, return and growth:
getting the balance right”***

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London, October 5th 2006

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... delivering ...



Very solid and growing results

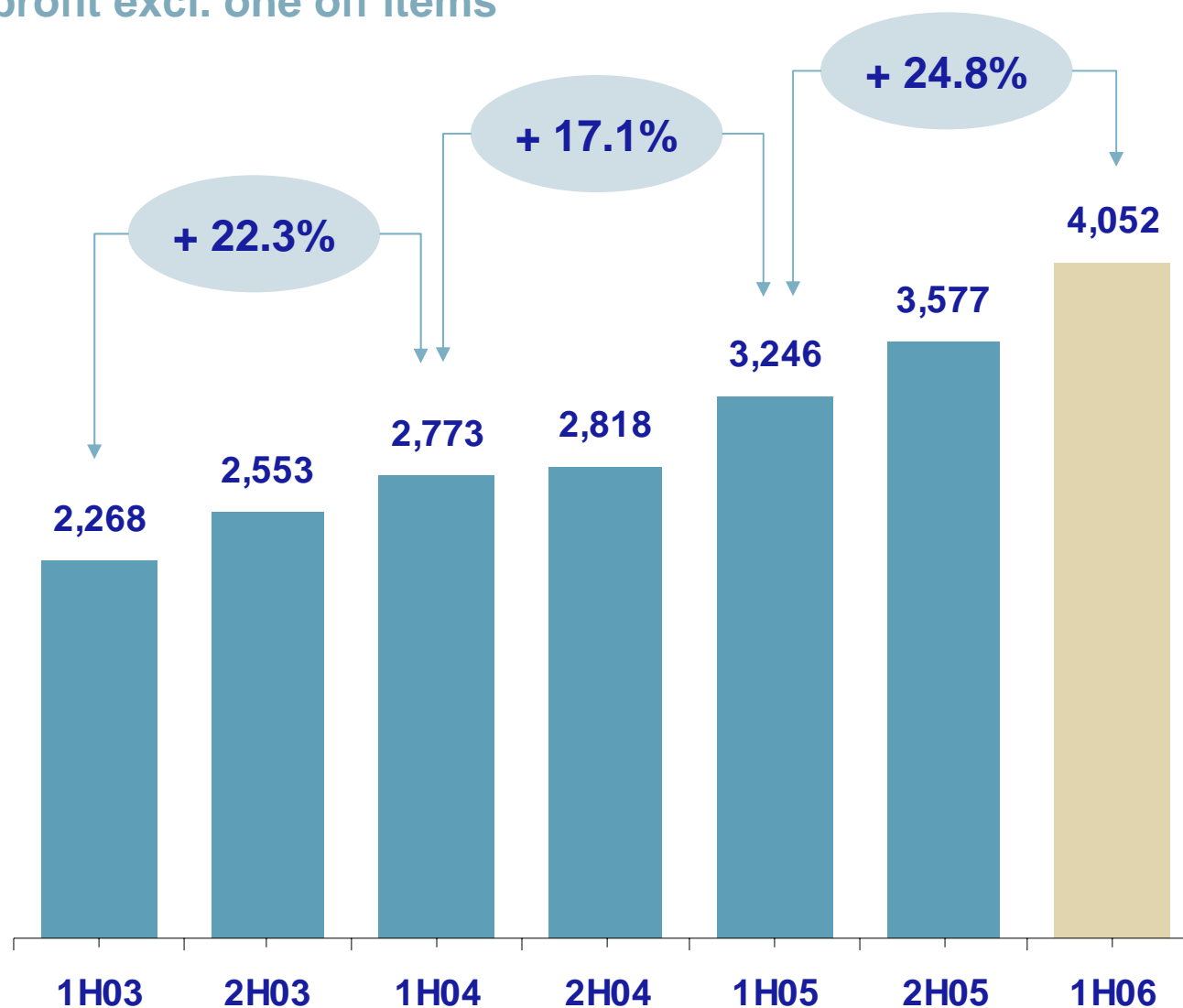


Strong fundamentals

... and creating value

As shown in 1H06 results, we are growing at a high consistent rate

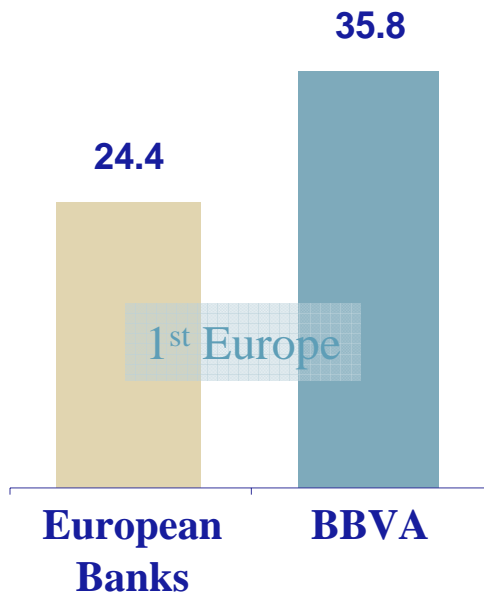
Operating profit excl. one off items
Current €m



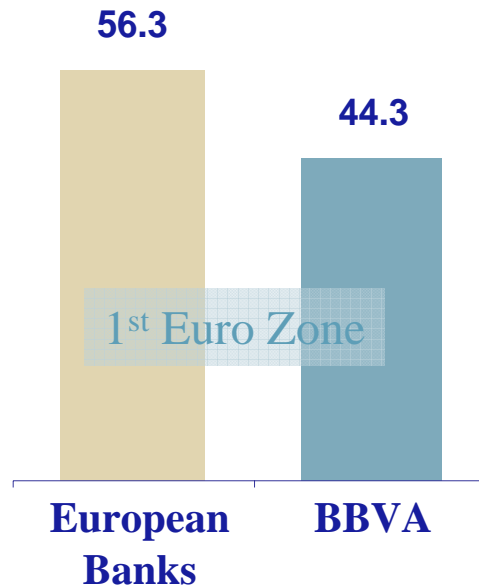
In addition, we have strong fundamentals ...



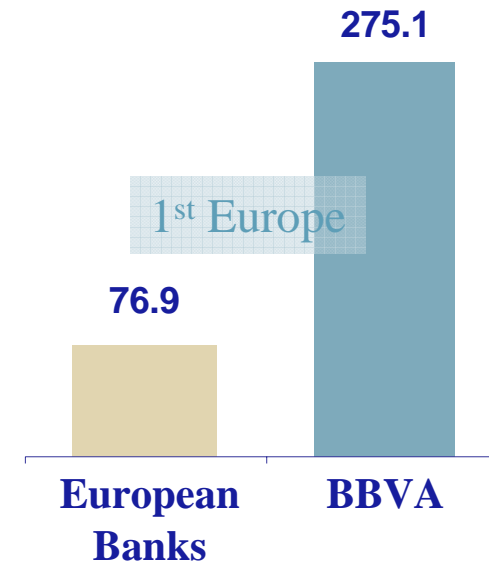
ROE (%)



Efficiency (%)



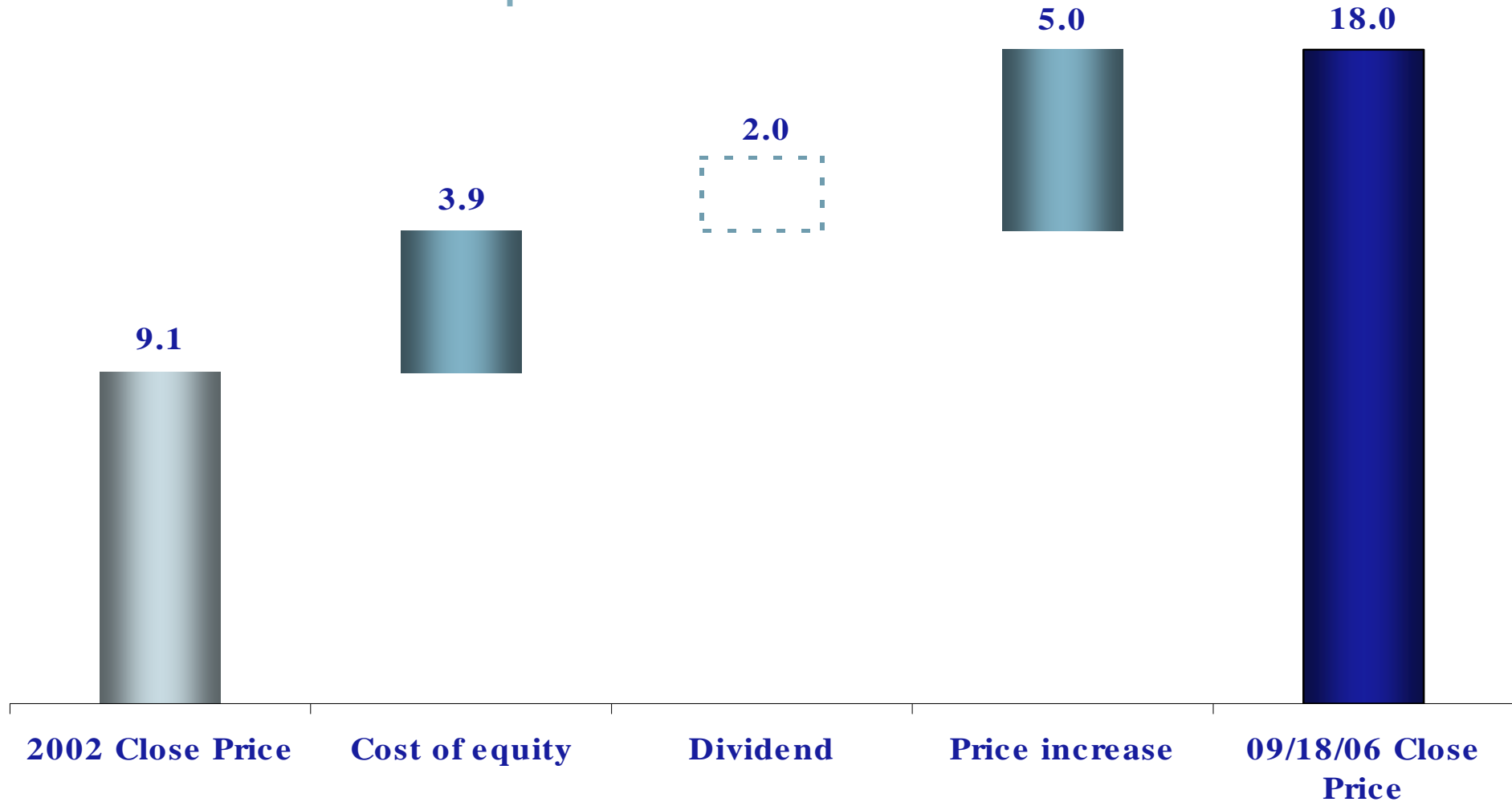
Asset Quality
(Coverage ratio %)



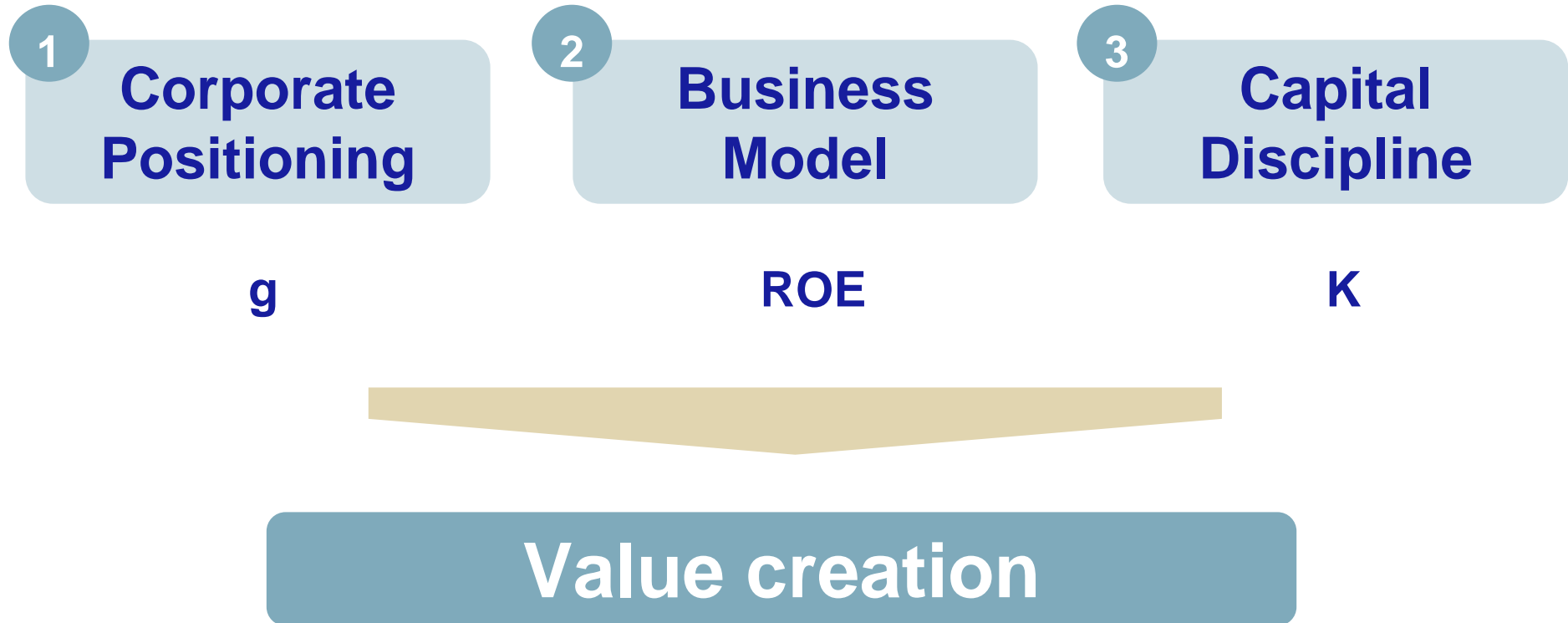
BBVA, an excellent combination of profitability-risk

... and deliver a 121% Total Shareholder Return since 2002

BBVA Stock Price De-composition



The above is the result of a sound strategy

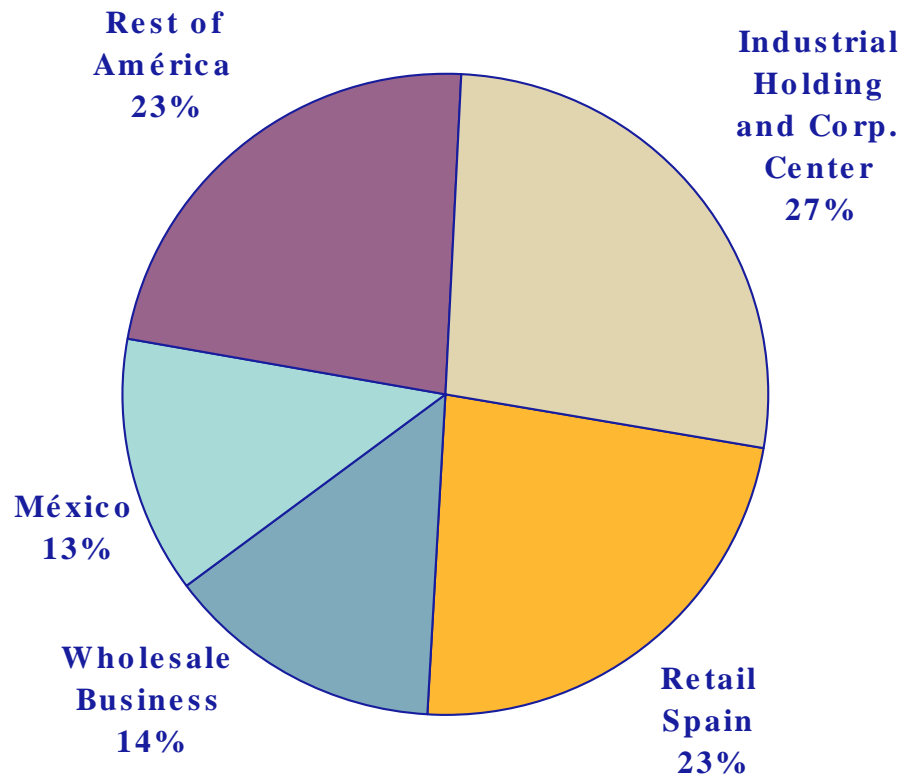


**A virtuous circle of top line growth
and bottom line profitability**

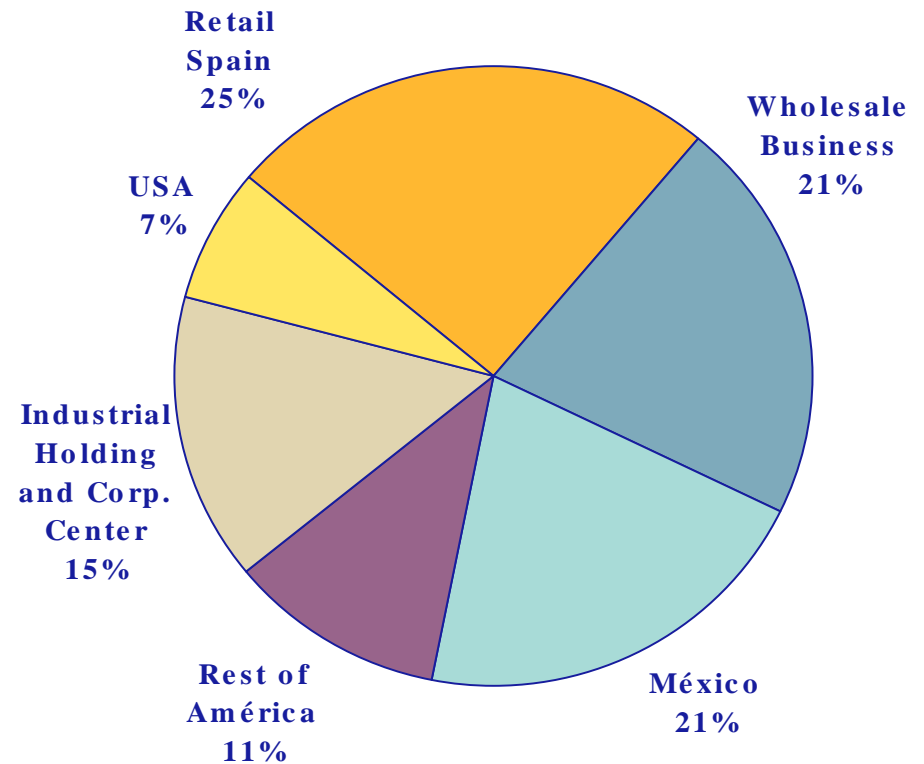
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Pro-active management of the business portfolio

2002 Economic Capital



2006 Economic Capital



Allocating more capital to high-growth businesses

Core management skills

Risk
management

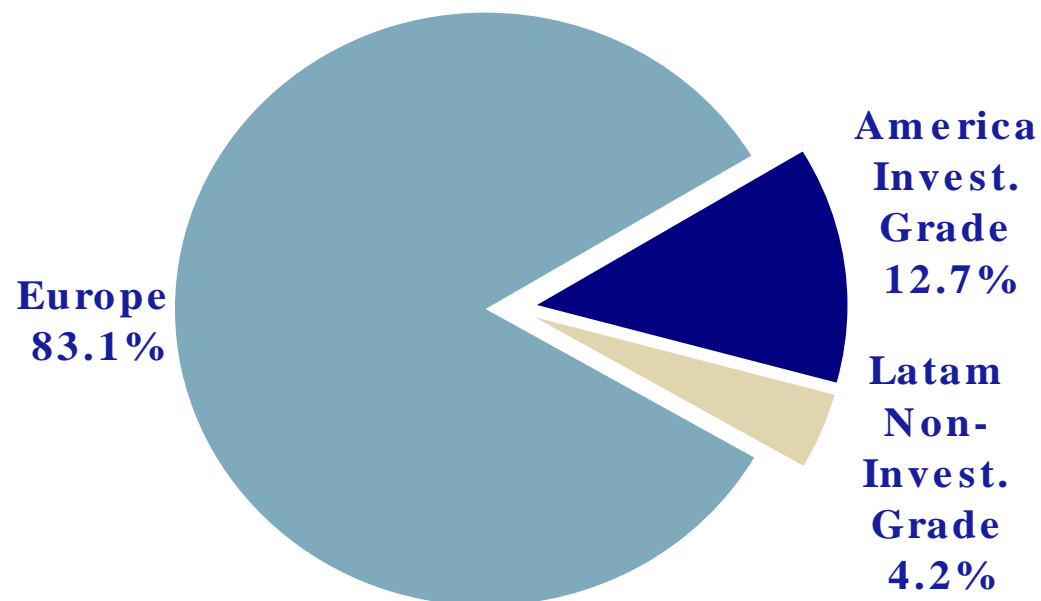
Efficiency

Retail
network
management

... driving high profitability

Excellent risk management and high asset-quality portfolio

Asset distribution



Minimum impact in case of change in global credit-risk cycle

Estimated impact on 2007E group pre-tax profit	Total
BBVA	-1.1%
European Banks Average	-6.7%

Source: Merrill Lynch

96% Investment Grade

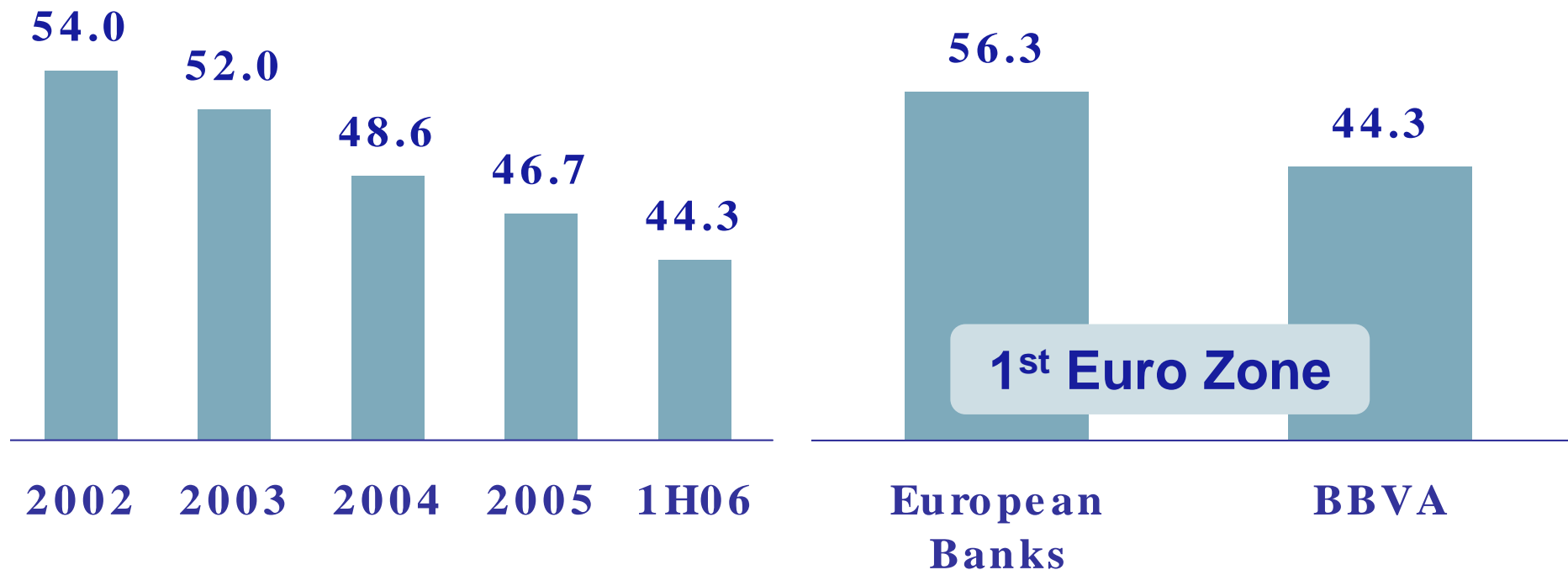
46% of lending collateralised

NPLs 0.82%

Coverage 275%

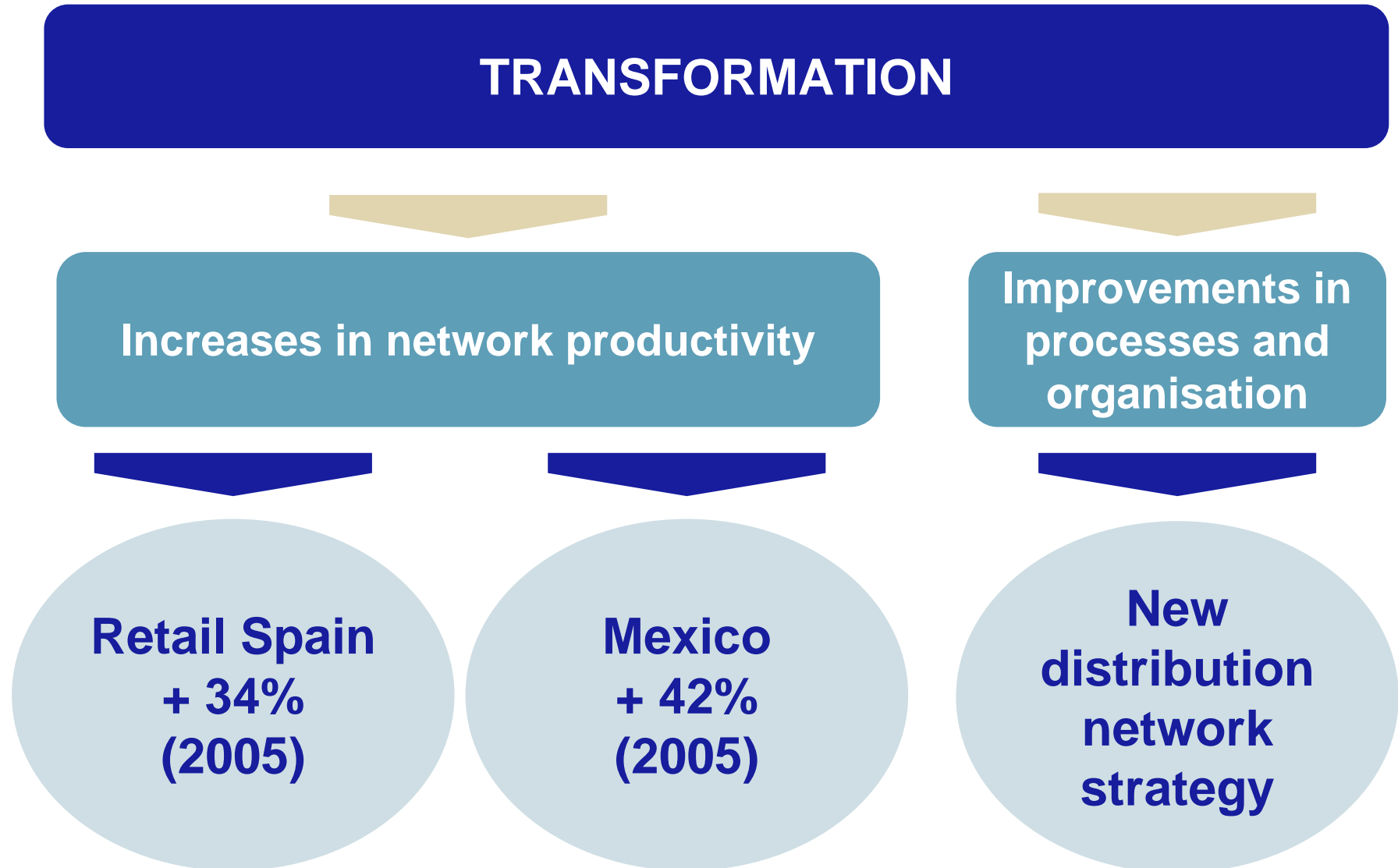
BBVA's efficiency is also a benchmark in Europe ...

Efficiency (%)

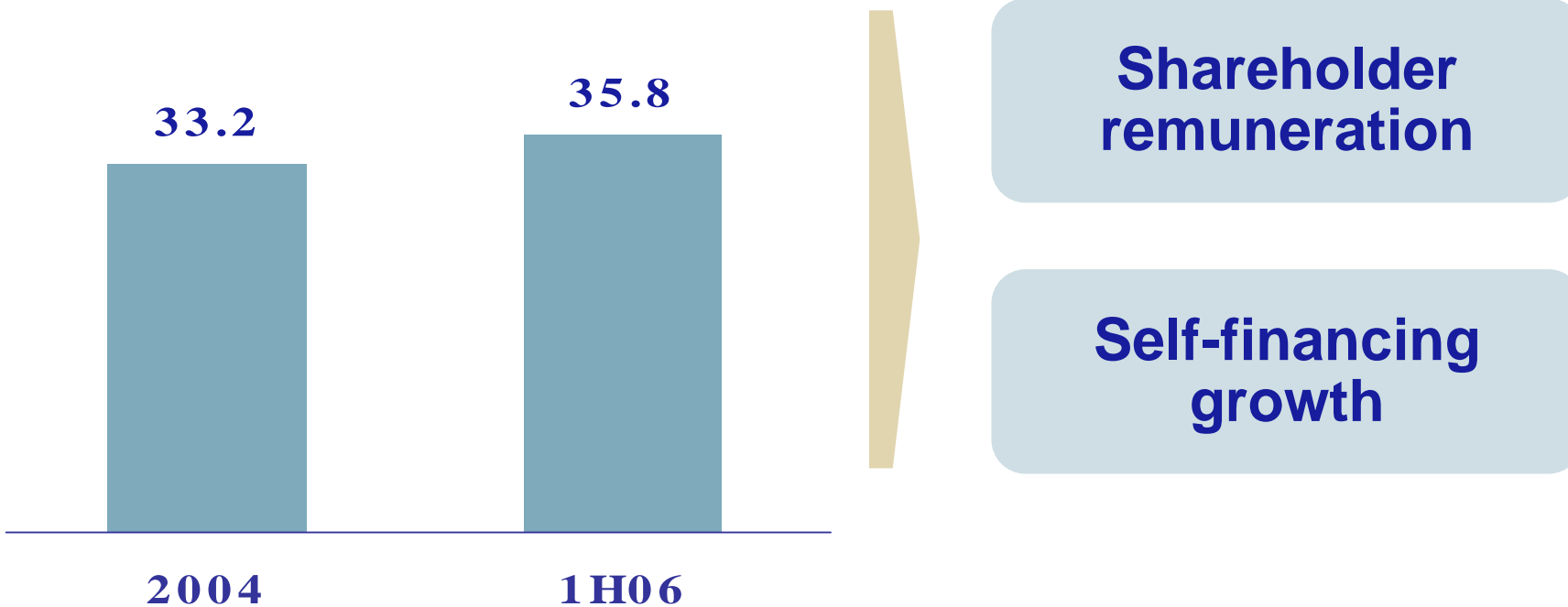


**Focus on continuous transformation
to keep on improving ...**

... based on retail management capabilities



ROE (%)



Can we continue growing ?

Positioned in growth markets ...

... with a predictable growth model

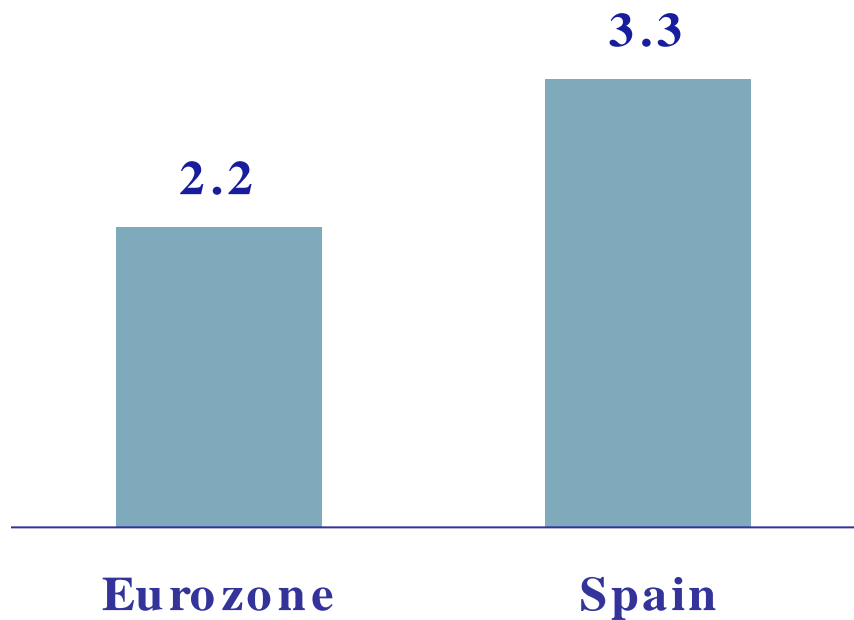
Organic

**Non-
organic**

a

In Spain, economic and banking prospects continue being good

2007E GDP Growth Rate (%)



4th highest expected GDP growth rate in EU

Drivers



Consumer / credit and debit cards

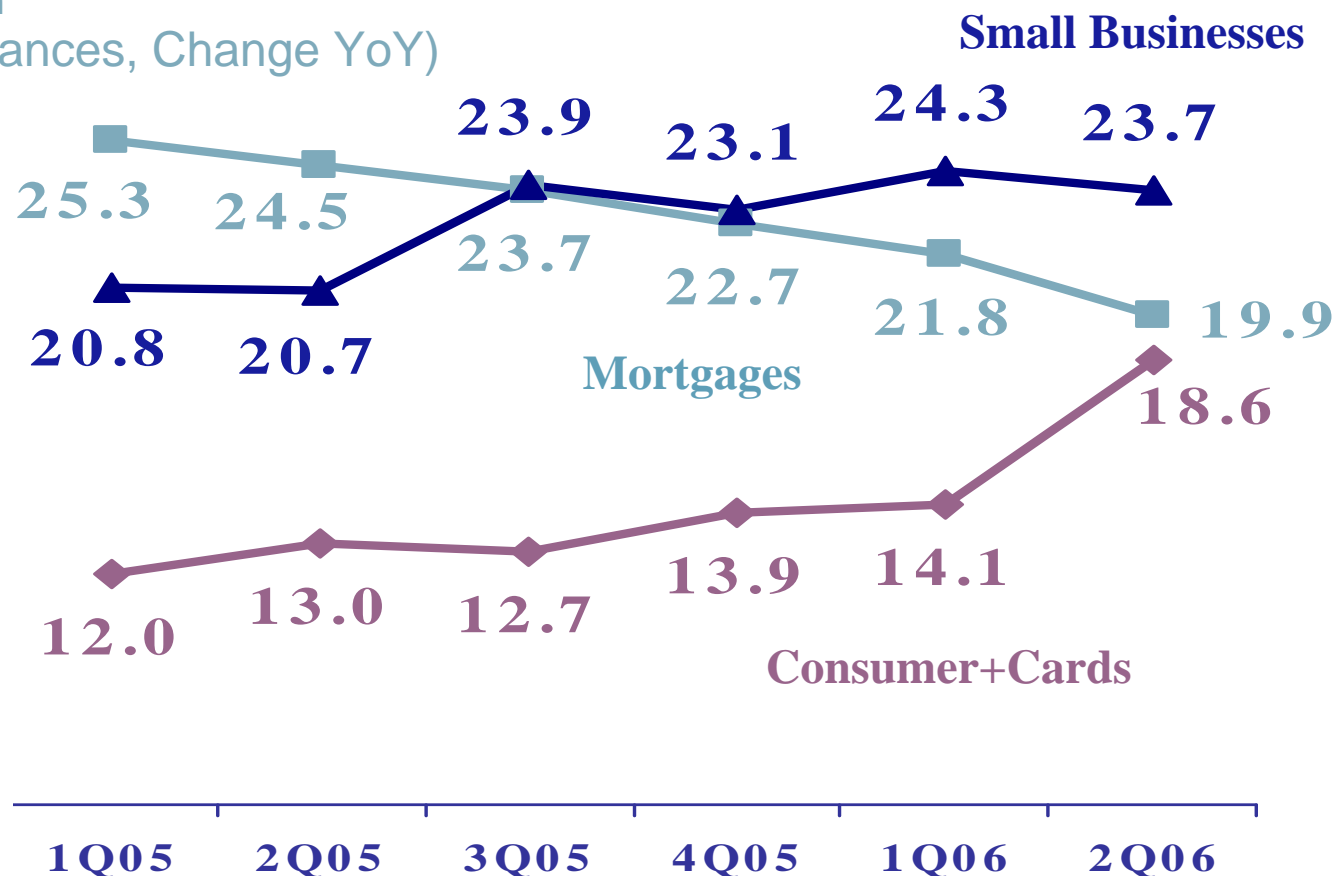
SMEs

New customer base

Other segments are overtaking past growth in mortgages

BBVA Spain

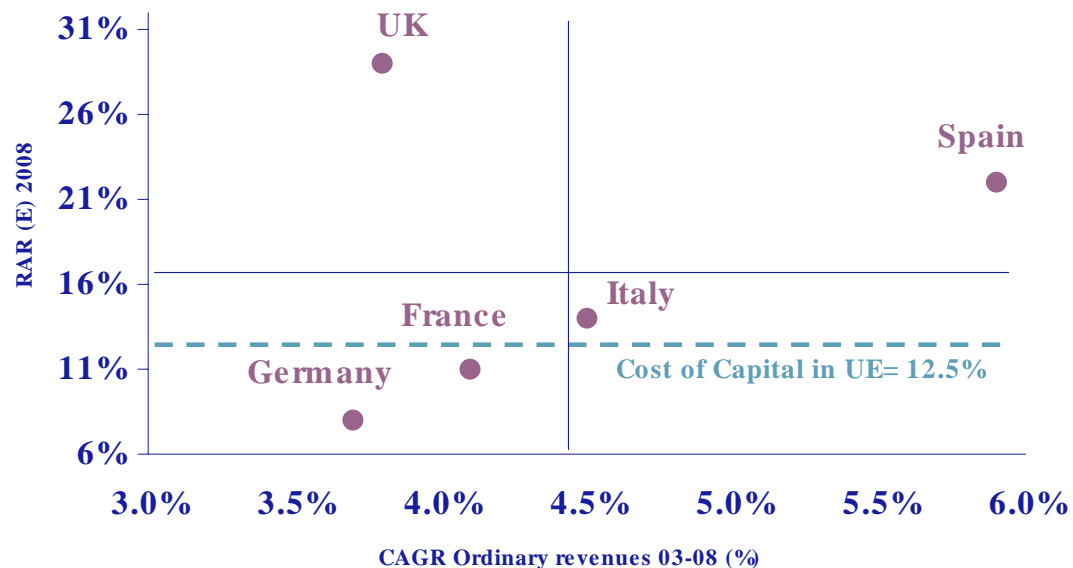
(Average balances, Change YoY)



Building a more profitable business mix

There are great opportunities in SMEs ...

SME's Estimated Growth and Profitability



Source: Mercer Oliver Wyman

BBVA Initiatives

Credipyme

Riskpyme

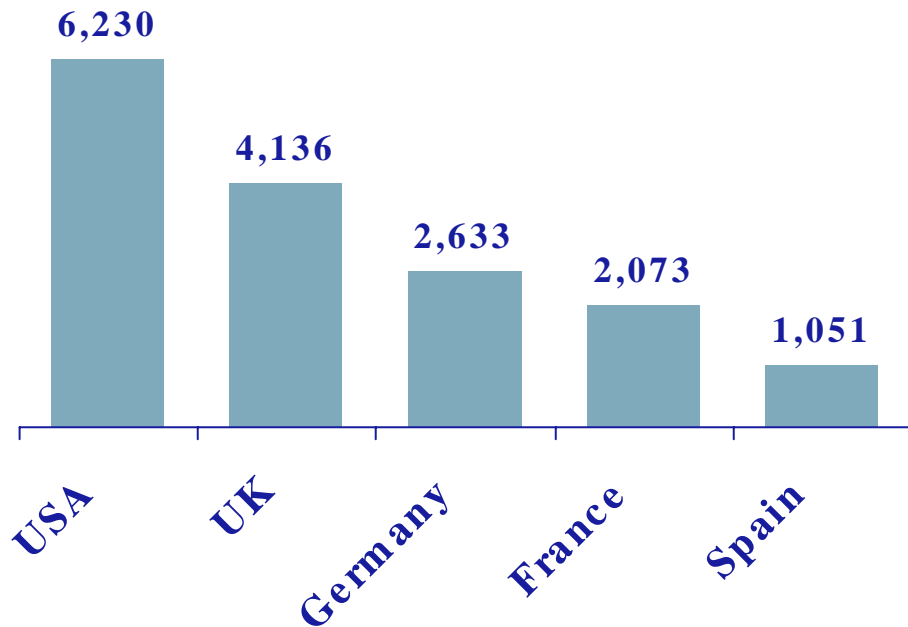
Renting

Insurance

...Consumer Finance...

Consumer loans per capita still low in Spain ...

Consumer loans per capita (\$)



Source: ECRI & Eurostat

... however, with a high propensity to consume

BBVA Initiatives

Préstamo Nacimiento

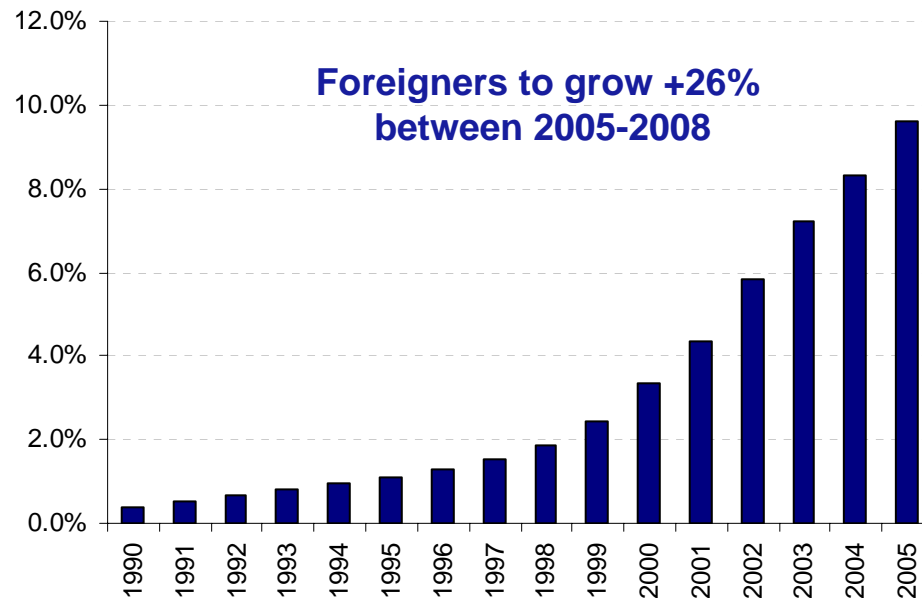
Préstamo Nómina 0%

Crédito Fácil

Préstamo PIDE

...and new customers: immigrants

Foreigners/Spain's population



Source: INE

Two complementary approaches

dineroexpress

Basic Banking

BBVA

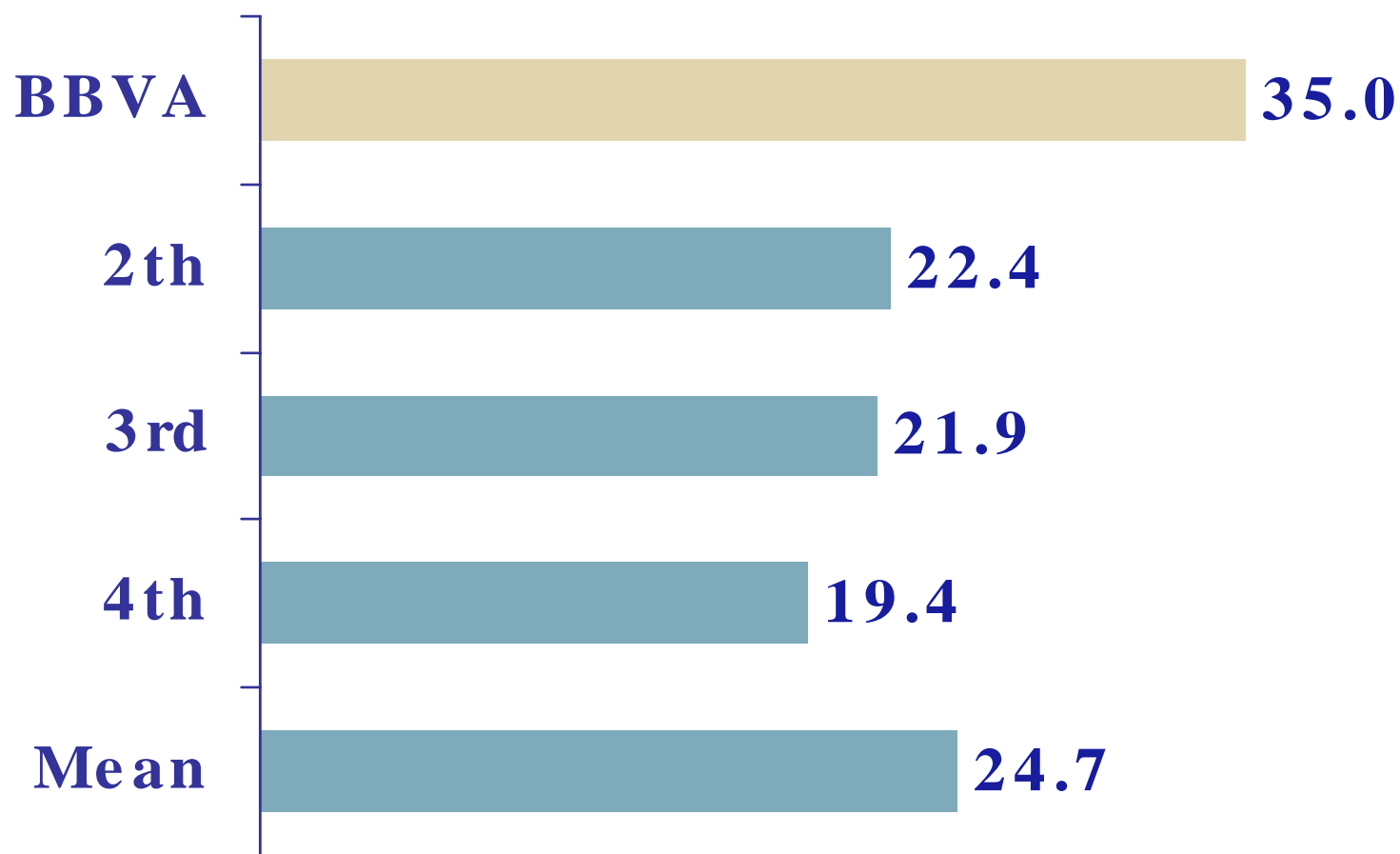
More developed products

More than 400,000 clients

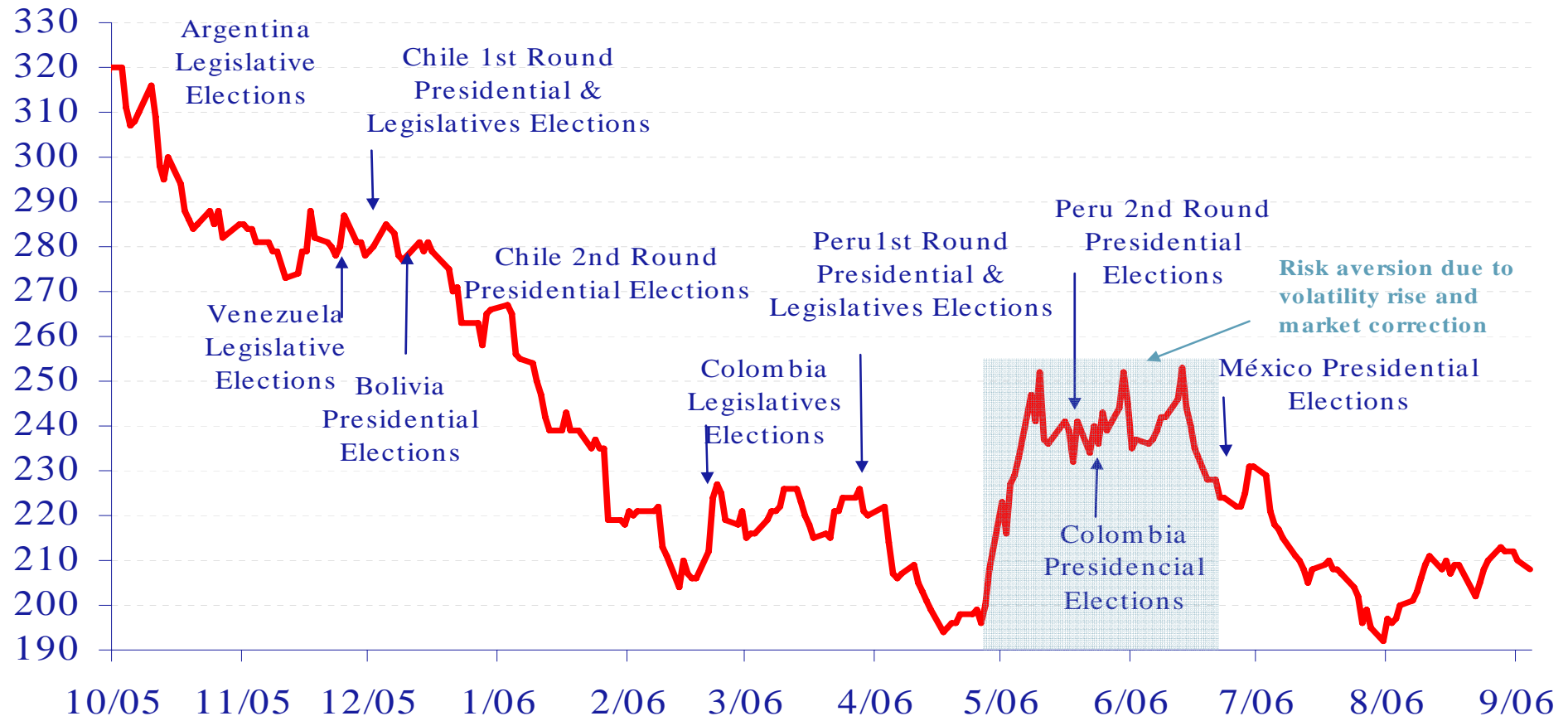
BBVA ranked 1st among banks with 16.5% market share

Our model and strategic aim is profitable growth

1H06 ROE
(%)



EMBI+ and Elections in Latam



Source: BBVA & JPMorgan

Shift towards economic pragmatism and continuity taking place around the region

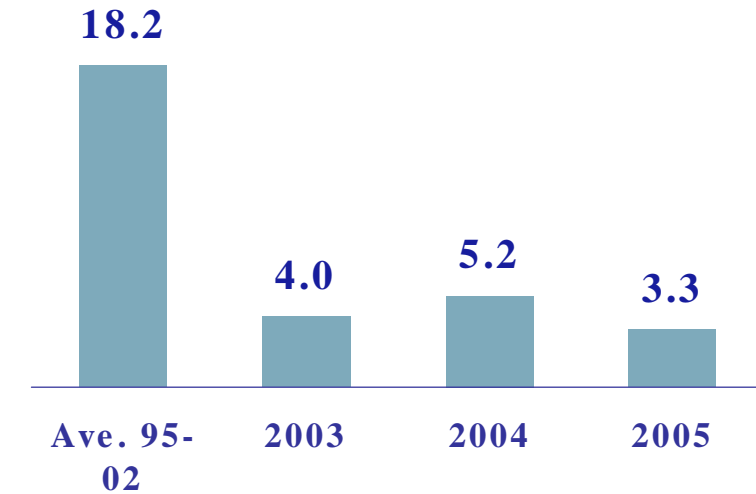
In particular, Mexico: from emerging to emerged economy

Mexico Risk Premium (b.p.)

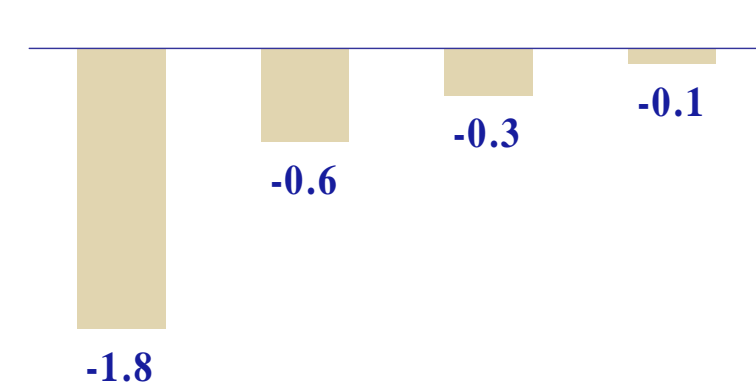


Source: JPMorgan

Inflation (%)



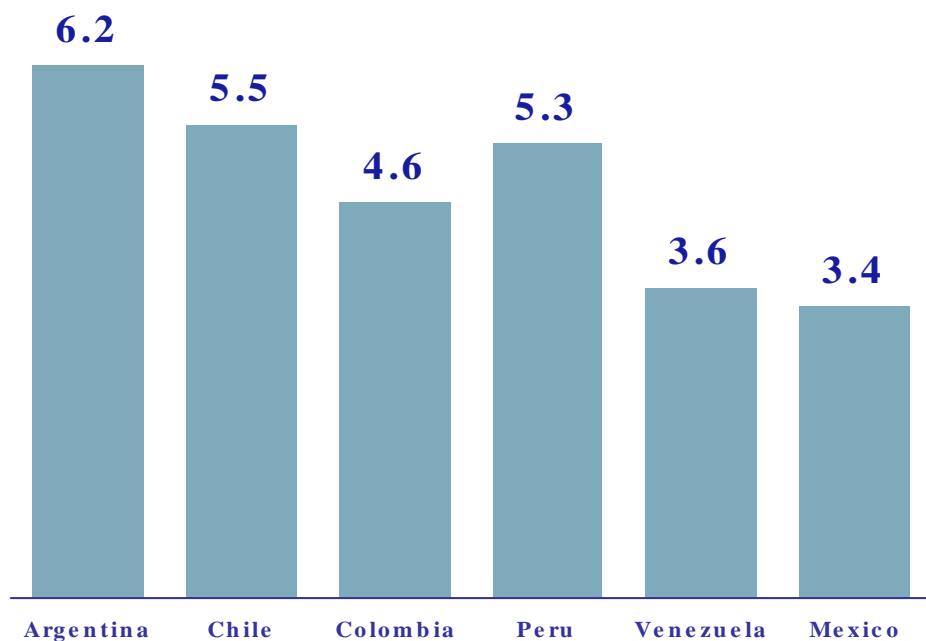
Budget Balance (%)



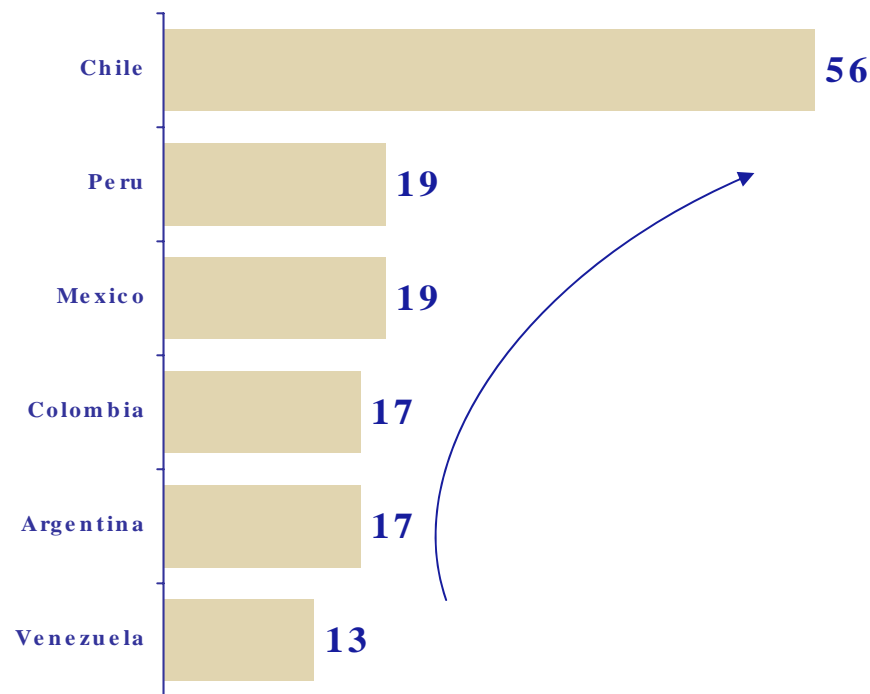
And good economic prospects: 2007E GDP +3.4%

Very good economic prospects for the region

2007E GDP



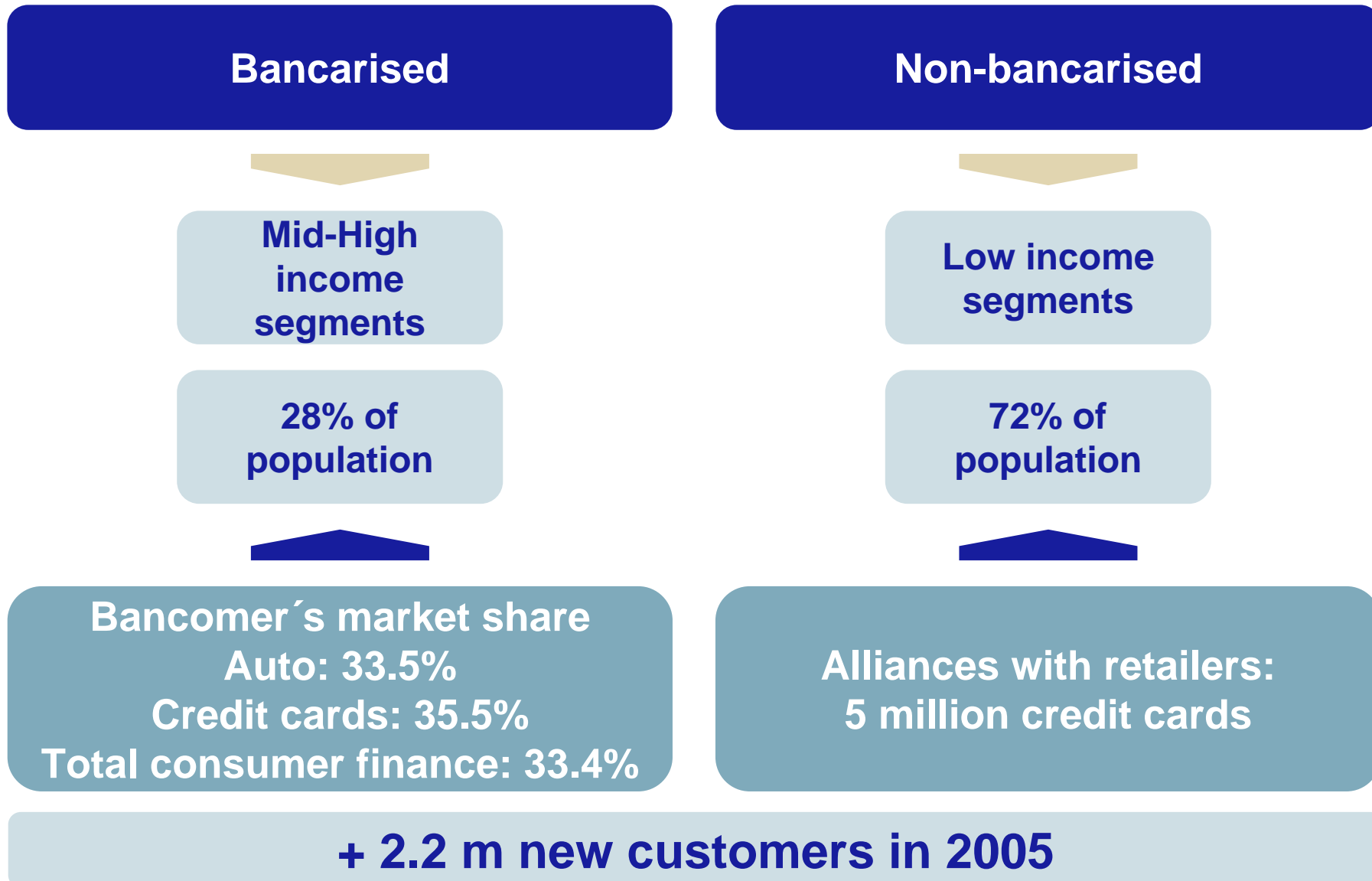
Bancarisation (Loans / GDP)



Source: BBVA

And potential for higher bancarisation: Consumer finance and credit cards, mortgages and SMEs

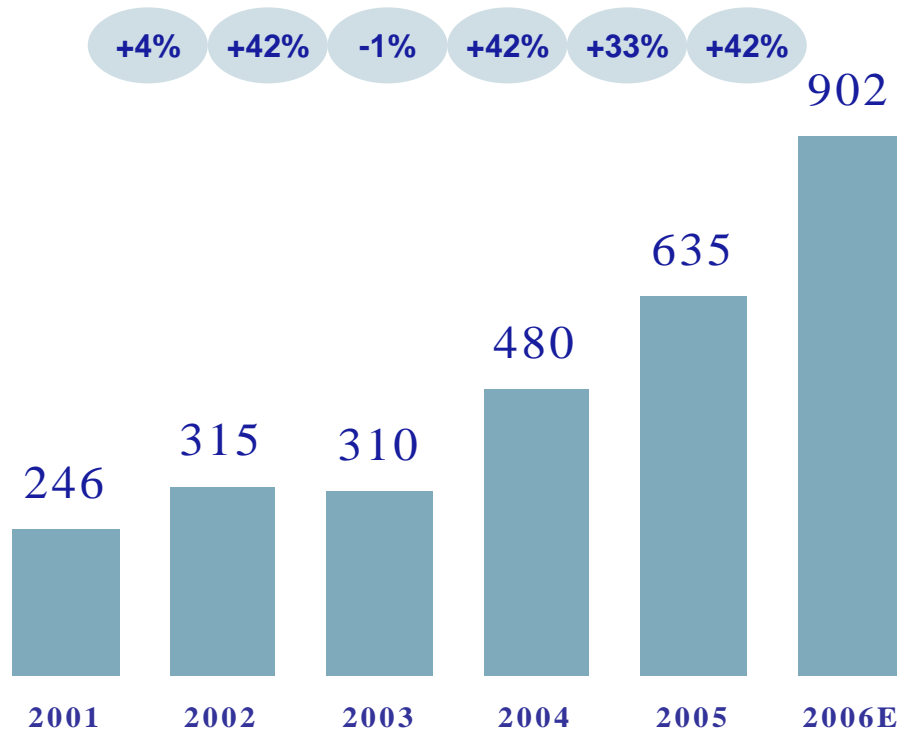
We see opportunities in Consumer Finance ...



...a high potential for mortgage development ...

Mortgages in Colombia

(\$m)

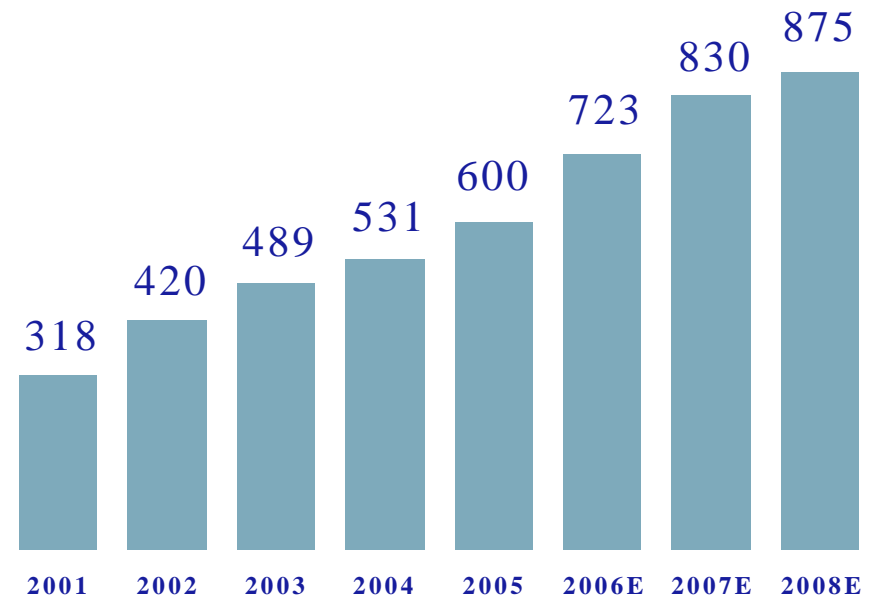


21% Market Share

Source: ICAV

Mortgages in Mexico

(Thousand units)

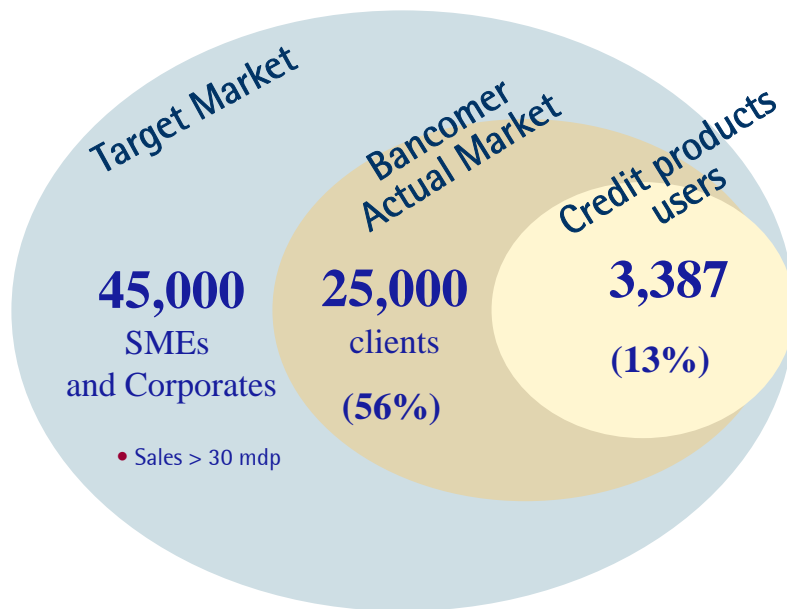


35% Market Share

Source: Infonavit & BVA

...and great prospects in SMEs

Bancomer SMEs and Corporates



Loan Penetration (€m)

	Spain	Mexico
Customer Funds	10,660	4,239
Lending	30,251	2.839
Lending/ Customer Funds	284%	70%

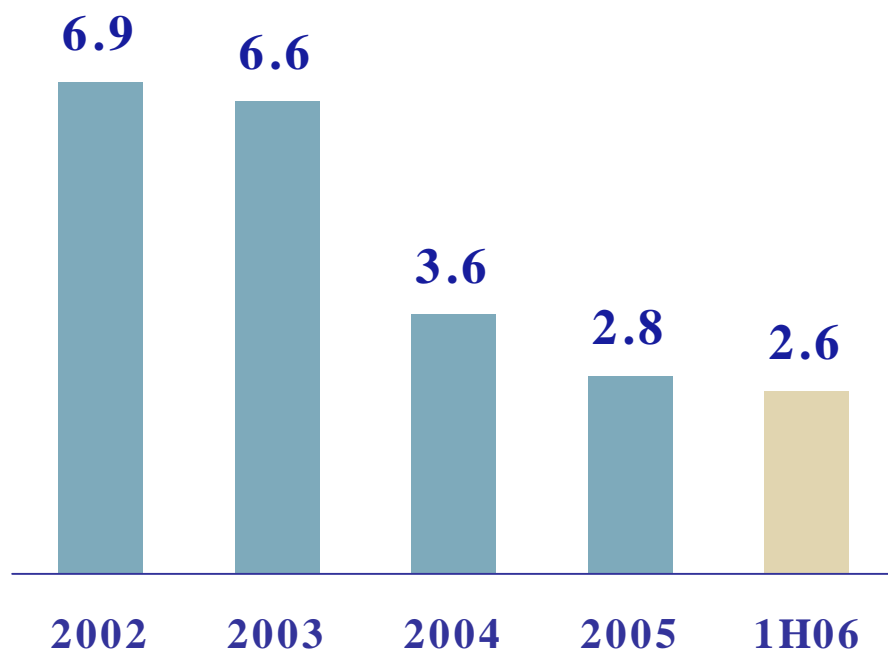
We have leading franchises in Latam and Mexico ...

	Customer funds		Loans	
	Market share (%)	Ranking	Market share (%)	Ranking
Mexico	26.2	1 st	29.5	1 st
Argentina	10.6	1 st	7.1	3 rd
Chile	8.0	4 th	7.8	4 th
Colombia	11.5	3 rd	11.3	3 rd
Peru	26.8	2 nd	24.5	2 nd
Venezuela	11.7	4 th	12.1	4 th
South America	10.7	2 nd	10.0	2 nd

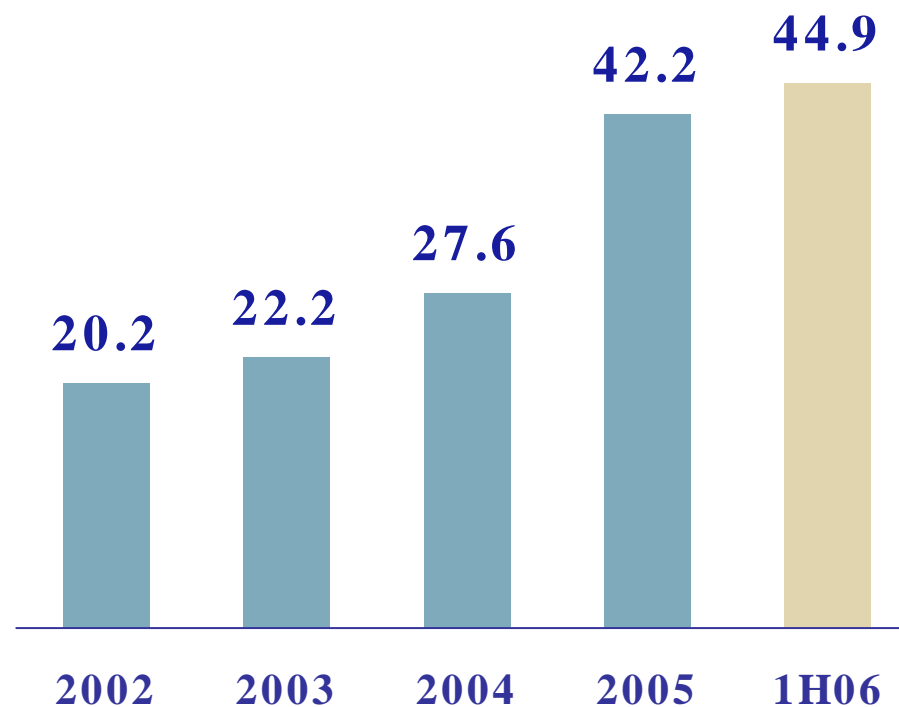
Total number of customers: 23 million

... also very profitable

Latam & Mexico NPL ratio (%)

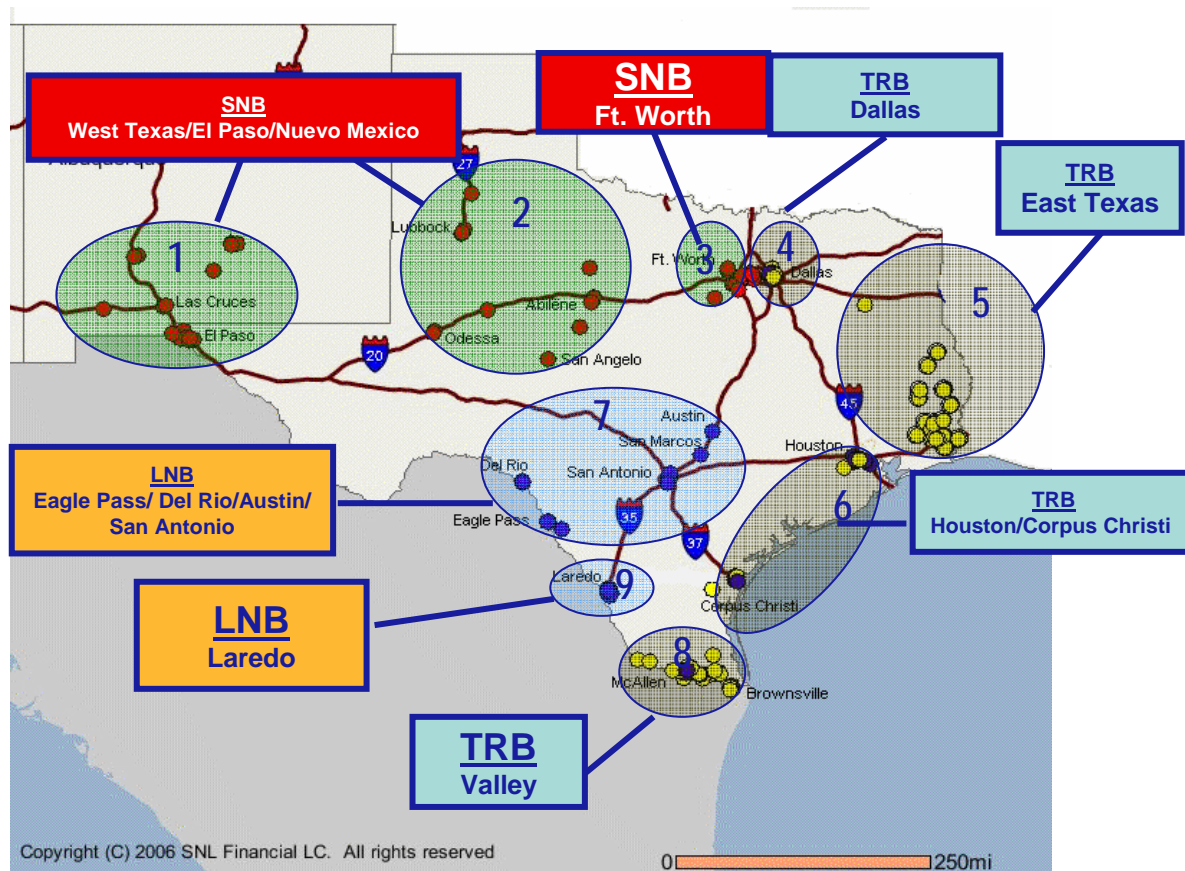


Latam & Mexico ROE (%)



Mexico, a stepping stone to enter the US market

In 2005 Mexico received 38% of Texas' exports



(\$m)

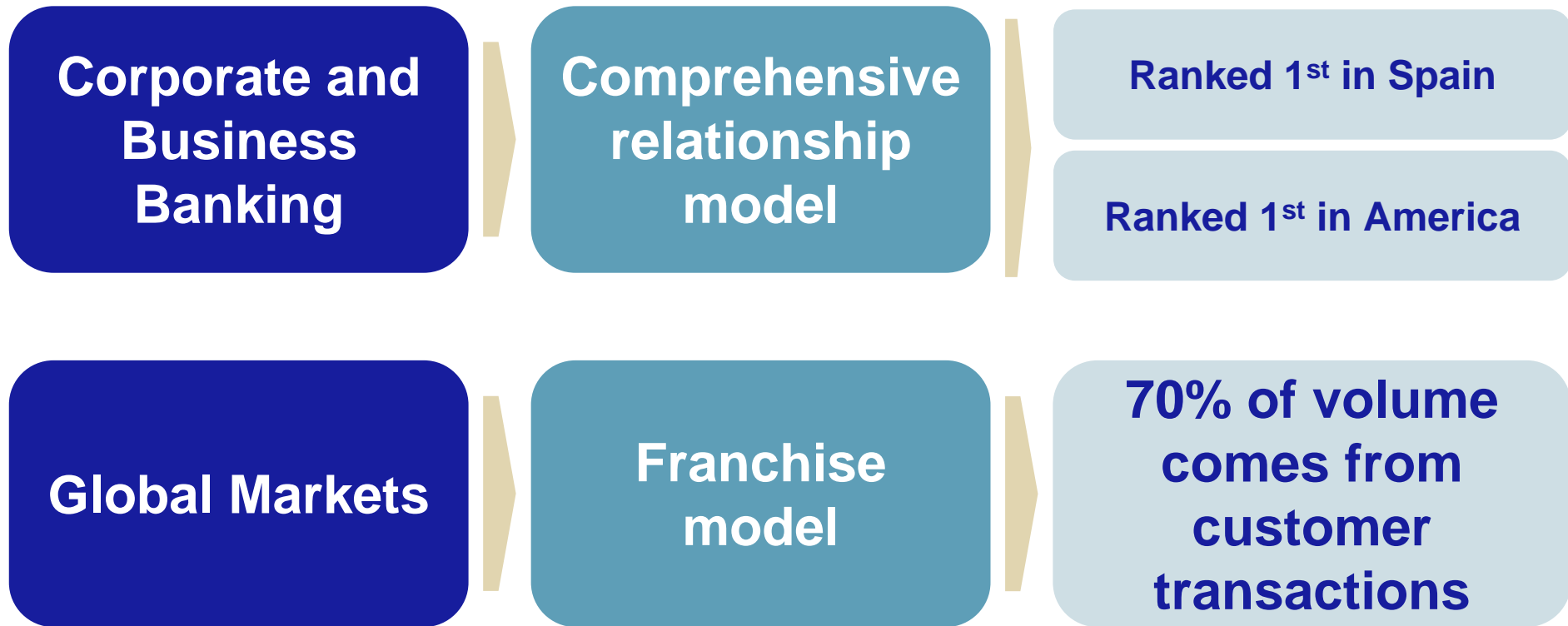
Main figures	
Assets	12.583
Loans	7.252
Deposits	10.134
Employees	3.814

Texas' economy is 8th largest in the world

C

A solid Wholesale Banking business model

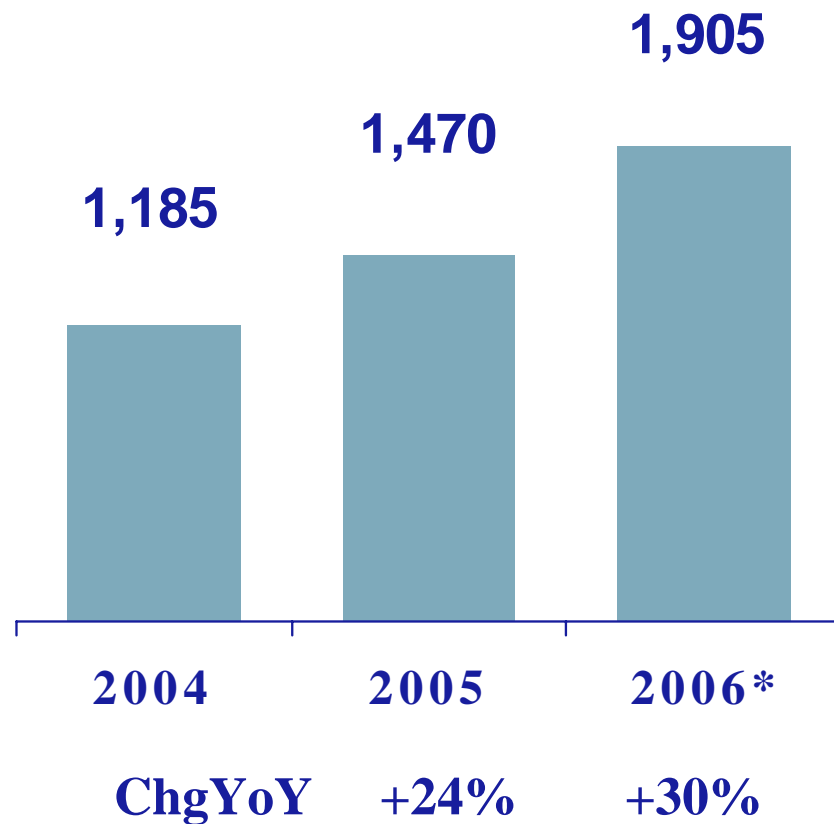
BBVA



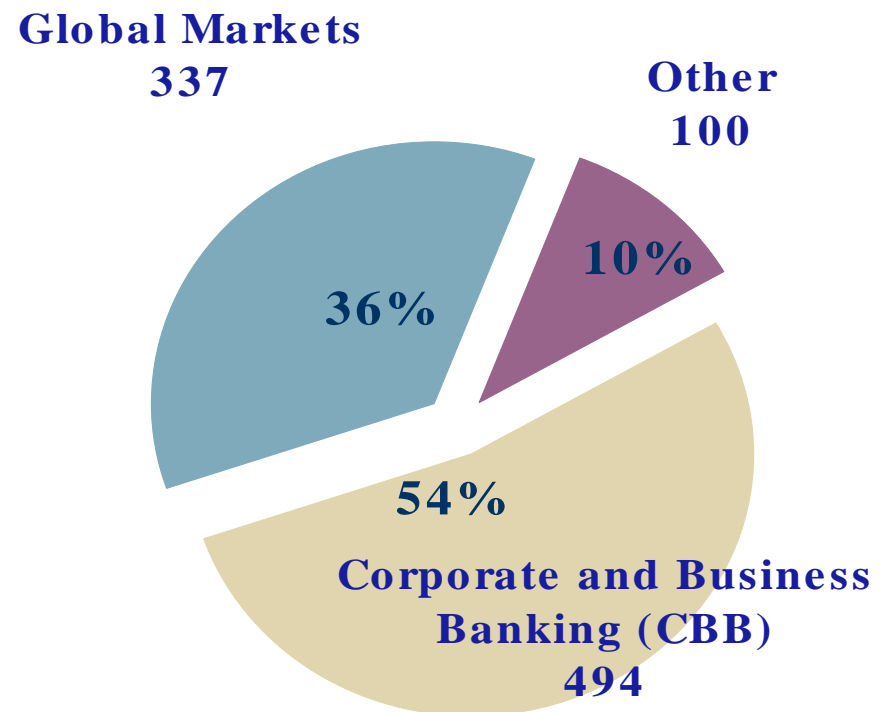
Leadership in customer relations and products

... with an excellent track record

Operating profit
(€m)



Operating profit 1H06
(€m)

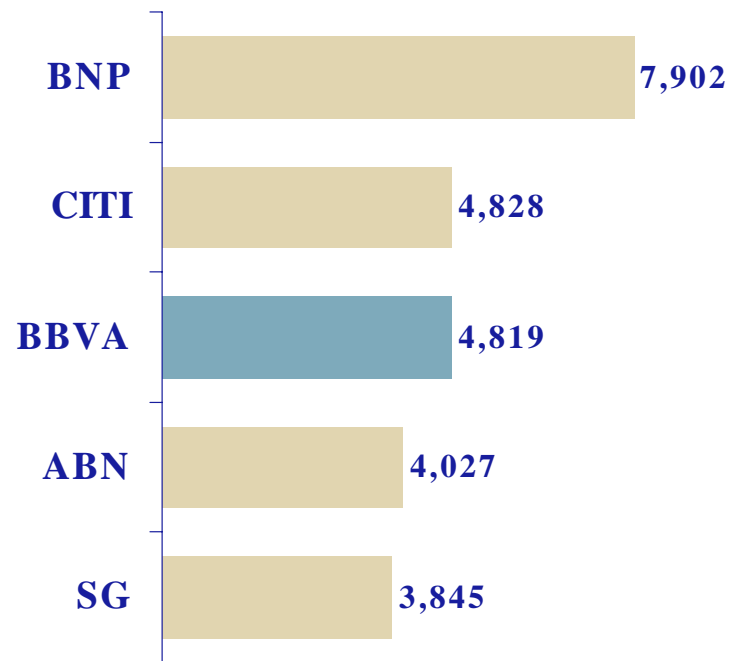


* Annualized at 1H06 growth rate

Our strong position in Latam ...

Trade Finance

Volume (\$m) at global level

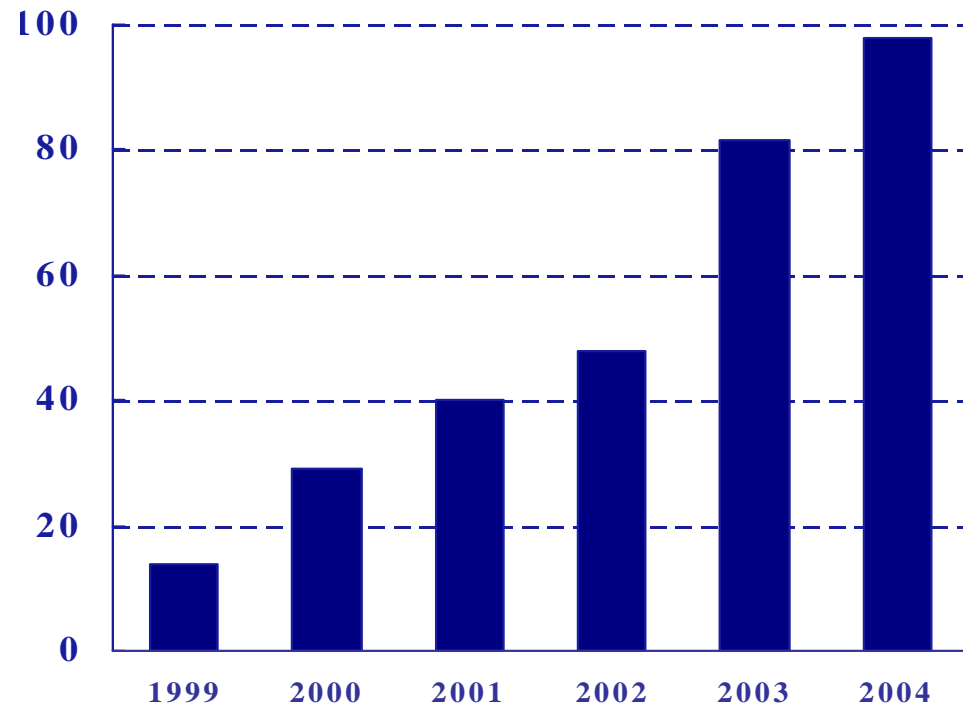


Source: Dealogic, 2005

**"World's Best Trade Finance
Bank for Latin America"**

Latam Exports to China

Constant US\$

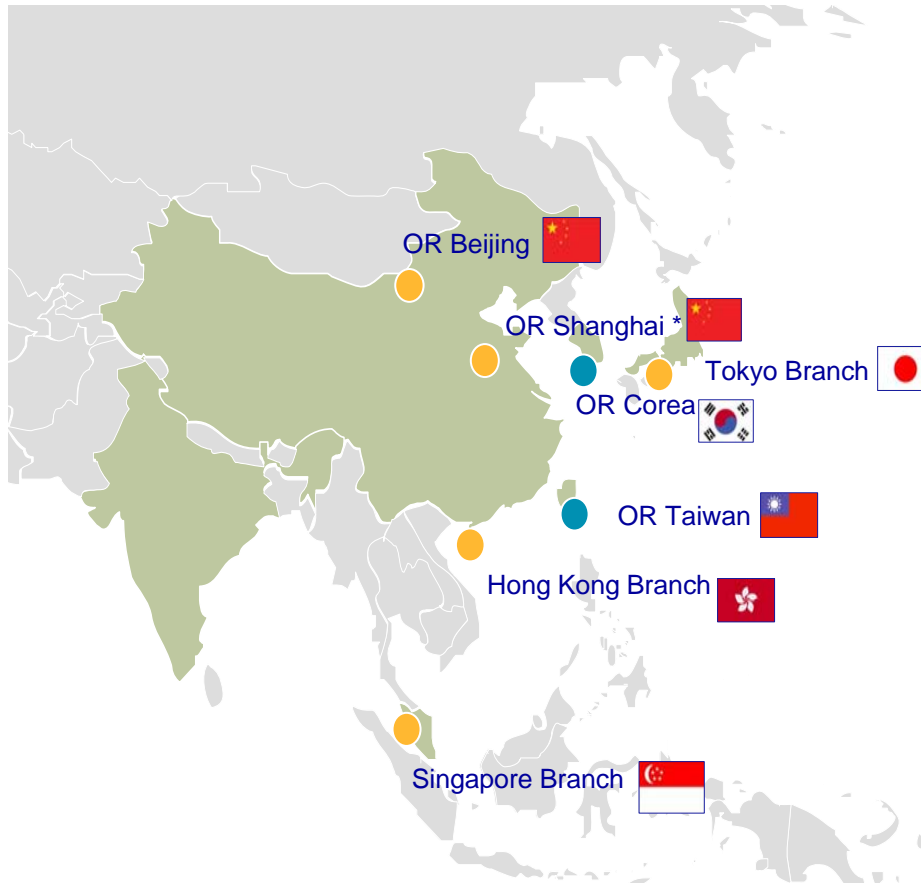


Source: BBVA

... becomes a competitive advantage to approach the Asian market



BBVA's presence in Asia



Important expansion 05/06:
Tokio, Shanghai, Singapore,
Taipei, Seoul

Coming openings:
Mumbai and Sydney

Positioned in growth markets ...

... with a predictable growth model

Organic

**Non-
organic**

Predictable growth, also non-organic

Latest acquisitions

2006

Texas Regional Bank /
State National Bank / Forum

2005

Laredo / Granahorrar

2004

Hipotecaria Nacional /
Valley Bank / Bancomer

Total invested: €7,000 m

“BBVA is one of only seven banks in our sample that has created value over the past six years through acquisitions”

Deutsche Bank

BBVA's expected growth is superior to the sector's ...

... with a predictable and profitable business model ...

... moderate risk profile ...

... and a management committed to value creation

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