

Acquisitions of State National Bancshares and Texas Regional Bancshares

Creating a leading franchise in the fast growing Texas market



June 13th, 2006

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Terms of the transactions

	Texas Regional Bancshares Inc. ⁽¹⁾	State National Bancshares Inc. ⁽²⁾
Transaction consideration:	100% cash	100% cash
Aggregate purchase price:	US\$ 2,164 m	US\$ 480 m
Purchase price per share:	US\$ 38.90 ⁽³⁾	US\$ 38.50
Financing:	BBVA's internal resources	
Multiples:	P/BV: 3.3x P/E06e: 22.5x	P/BV: 2.2x P/E06e: 22.7x
Expected Closing:	4Q 2006	1Q 2007

(1) From now on TRB. (2) From now on SNB. (3) Up to a maximum US\$39 under certain conditions

Price paid in line with market precedents

	SNB	TRB	Comparable transaction median (1)
Historic PER	24.4x	24.3x	28.4x
Price / BV	2.2x	3.3x	3.5x
Total deposit premium (2)	28%	31%	26%

Notes:

1. Texas bank transactions with announced deal value greater than \$100m since 2005
2. Total deposit premium calculated as (Aggregate Purchase Price – Tangible Common Equity)/Total Deposits

An important step in building out BBVA's platform in the US

Bancomer Transfer Services

- Reinforcing leadership in Mexico & Latam
- Opening new pathways from USA to China, India, Philippines...

BBVA Bancomer USA

- First phase of branch openings completed
- Initiating pilot phase

Laredo National Bancshares

- BBVA organization in place
- First marketing initiatives taken
- Branch expansion plan approved

Transaction Rationale

1 Create a leading franchise in the high growth Texas market

2 Perfect fit with BBVA strategy

3 SNB & TRB: profitable, growing franchises with strong ties to their local communities

4 Accretive transaction

5 Attractive financing

6 Shifting economic capital to core banking assets

State National Bancshares Inc.

- Significant presence in Texas borders and N. Mexico
- Strong presence in Dallas/Ft. Worth
- Hispanic and general market footprint

+

Texas Regional Bancshares Inc.

- Very attractive market share positions along the border
- Strong presence in East Texas, Valley and Houston
- Hispanic and general market footprint

+

Laredo National Bancshares Inc.

- Strategic focus on 2nd generation Mexican customers
- International and Retail Banking capabilities

BBVA Bancomer: largest bank in Mexico, ability to leverage dominant Mexican corporate and SME's presence

BBVA USA

- Leading cross-border bank in US with a strong commercial and HNW customer base.
- High growth potential in retail banking business
- BBVA USA takes a tremendous step forward in increasing its distribution capabilities, enhancing its customer base and platform size

A Texas banking franchise with critical mass...

(\$ m)	LNB	TRB	SNB	Combined
Assets	4,256	6,634	1,693	12,583
Loans	2,052	4,105	1,095	7,252
Deposits	3,144	5,607	1,383	10,134
Earnings ⁽¹⁾	35	96	21	152
Branches	45	77	44	166

Notes:

Data as of 3/31/06 based on SEC and Federal Reserve Filings

(1) TRB y SNB '06consensus estimates. LNB 06: BBVA estimate, banking activities only

... propelling BBVA USA to #1 Regional Bank in Texas

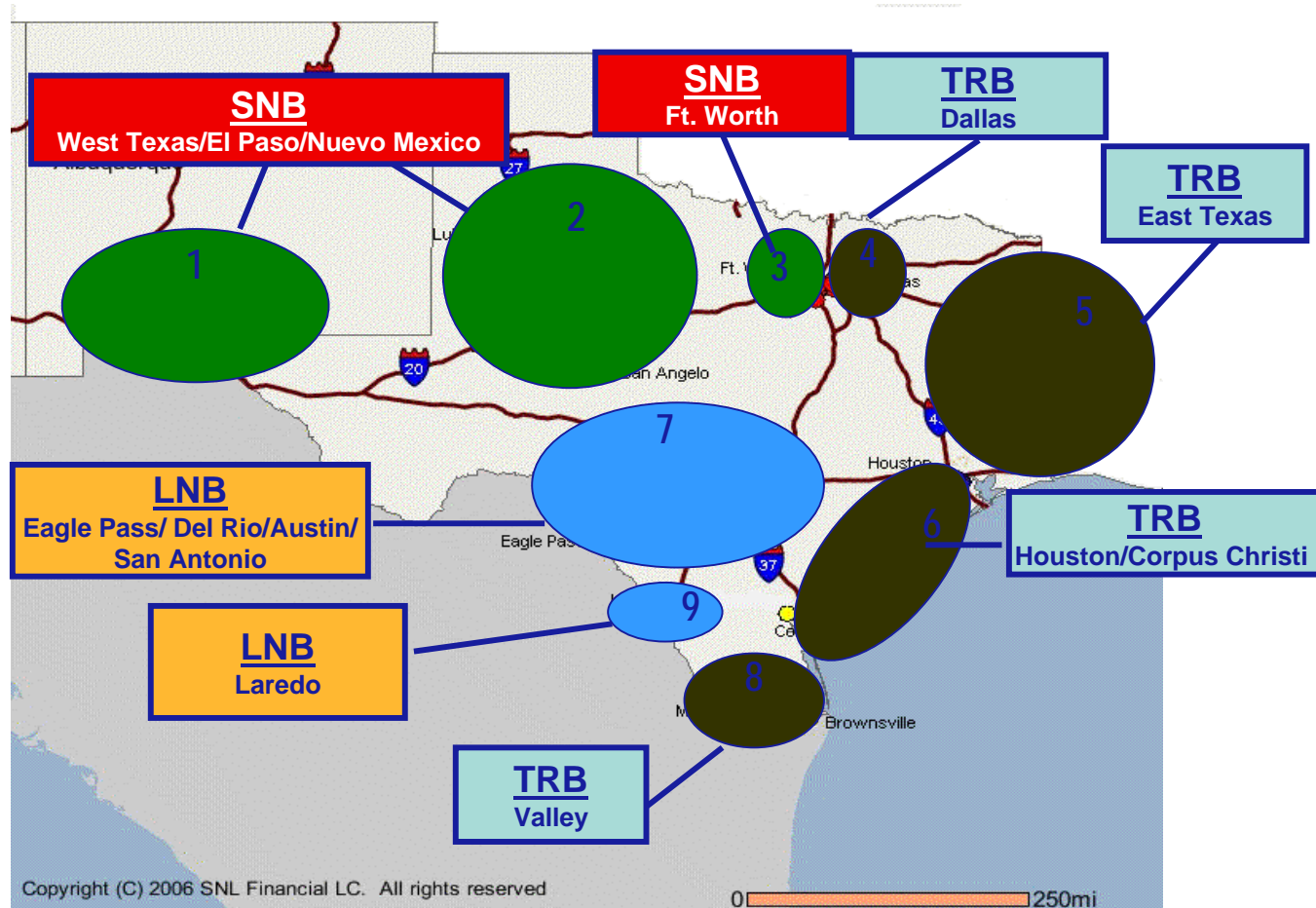
Pro-forma BBVA USA will have a leading market share in Texas

- #1 in deposit market share among Regional Banks
- #4 in deposit market share overall

Top 10 Deposit Market Share in Texas

Rank	Institution	Branches	Deposits \$bn	Market share, %
1.	JP Morgan	419	67.0	21.6
2.	Bank of America	490	40.6	13.1
3.	Wells Fargo	554	24.8	8.0
	BBVA USA	156	9.2	3.0
4.	Cullent/Frost	108	8.9	2.9
5.	Compass	167	8.4	2.7
6.	Washington Mutual	217	8.0	2.6
7.	Wachovia	149	7.0	2.3
8.	Temple-Inland	97	6.5	2.1
9.	Texas Regional Banc.	77	5.2	1.7
10.	Zions Bancorp.	83	5.1	1.6
16.	Laredo Nat. Banc.	45	2.9	0.9
32.	SNB	34	1.2	0.4

A unique network, serving the communities along the Mexican border



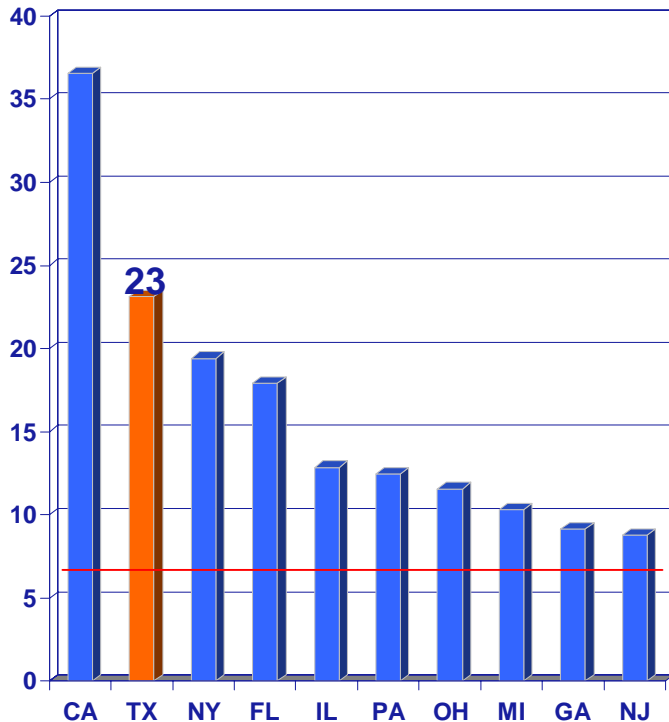
Strong complementary of branch networks

Texas is an attractive banking market

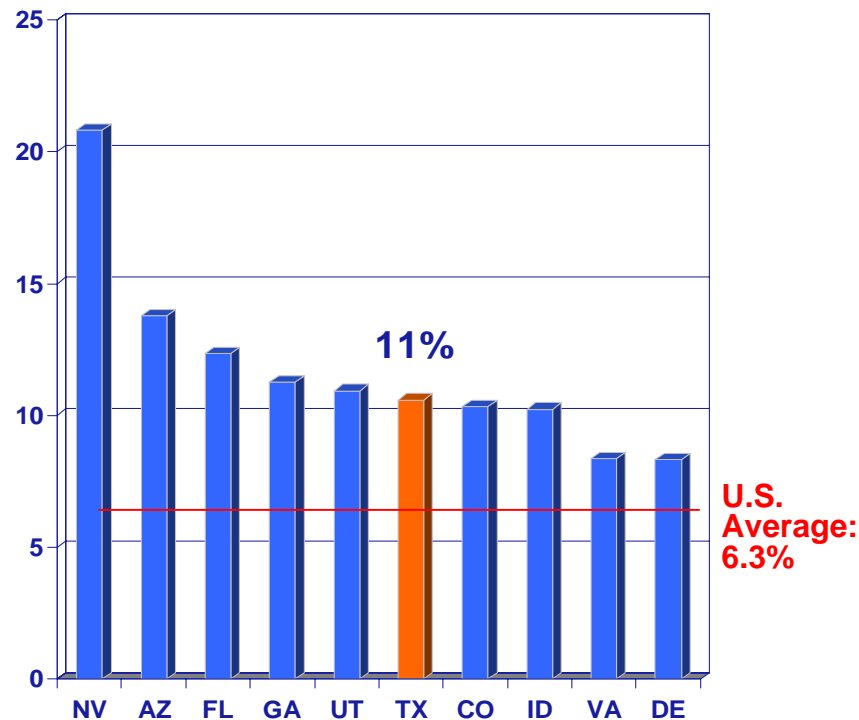
- **Stand-alone, Texas would be the 8th largest economy in the world**
 - \$850bn economy, growing faster than the U.S. average (Spain: \$904 bn)
 - Positive demographic growth
- **Ranks 6th among states in projected population growth between 2005-2010**
 - 2.4 mm new Texans over the next five years
 - Population of Hispanic origin represents 31% of total population, growing at 2% annually which is twice as fast as the US average
- **Diversified economy with sectors in energy, finance, healthcare, technology, shipping and transportation**
 - 38 Fortune 500 companies are headquartered in Texas
- **Texas employment growth has exceeded the U.S. average over the last 15 years**
 - Texas economy has created approximately 555,000 jobs since March 2003. Low unemployment at 5.1%

Texas: a large, fast growing state

Top 10 States by Population (m)



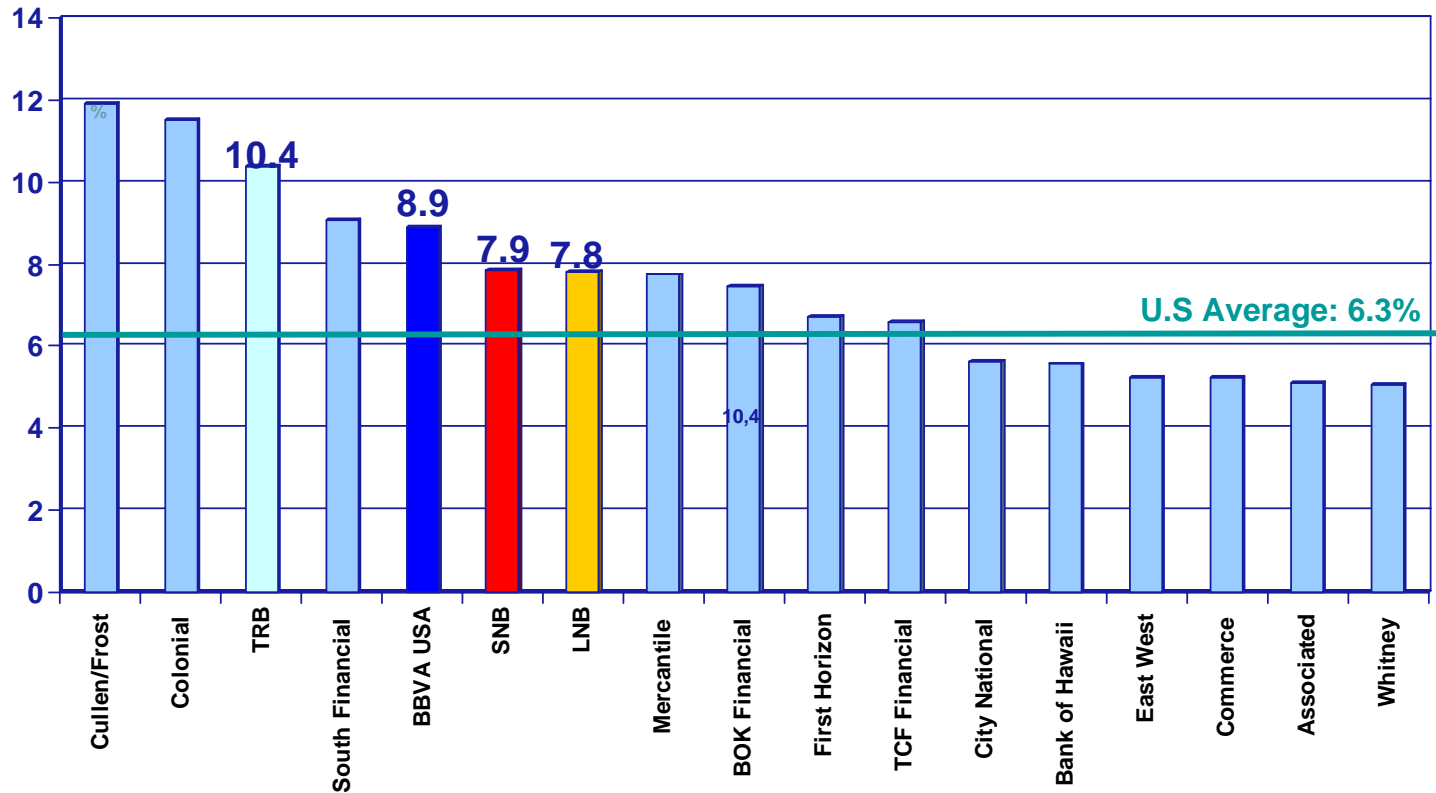
Top 10 States by Population Growth 2005-10 (%)



**Texas is 2nd largest state in the U.S. with over 23 million people
Growing almost twice as fast as the U.S. average**

BBVA USA will enjoy one of the most attractive demographic footprints in U.S. banking

Top 20 Regional Banks by Projected '05-'10 Population Growth (%)

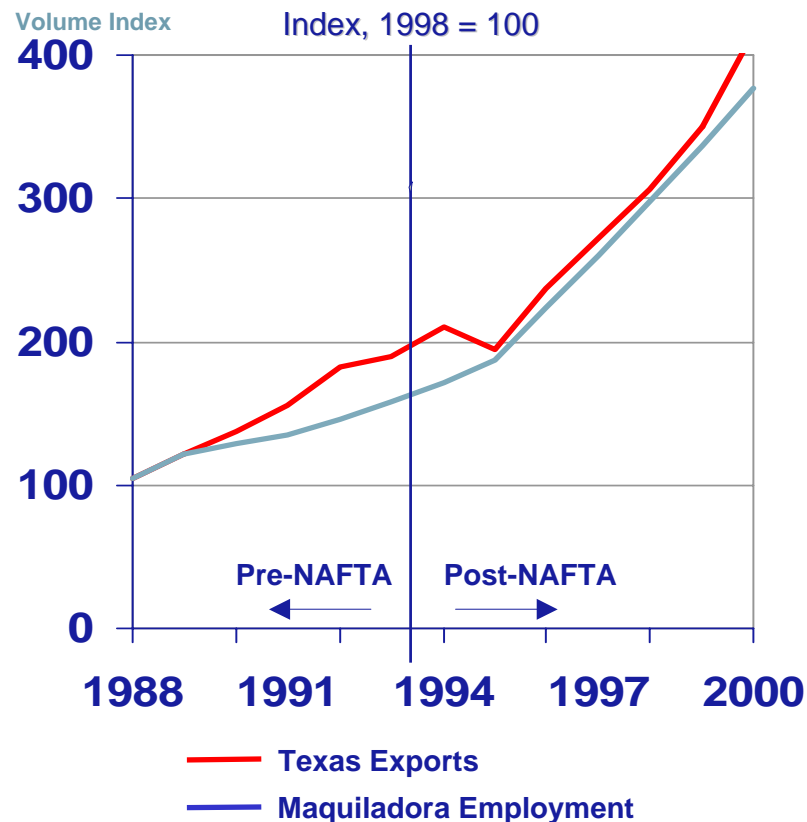


Note: Includes all U.S. banks with market capitalization between \$2Bn and \$5Bn plus TRB, SNC and BBVA USA. Source: SNL

The importance of trade in the Texas border area



Texas Exports to Mexico and Maquiladora Employment: Pre- and Post-NAFTA



- By 2005, Mexico received more than 38% of Texas' exports
- \$34 bn imports from Mexico (3.6% of Texas GDP)
- \$50 bn exports to Mexico (5.3% of Texas GDP)

Source: WISERTrade; Haver Analytics

Increasing economic activity related to trade with Mexico has spurred exports and job growth

SNB

- ✓ Founded in 1996
- ✓ Headquarter: Fort Worth, Texas
- ✓ 640 Employees
- ✓ 44 branches
- ✓ Presence in Dallas-Fort Worth, El Paso, New México
- ✓ Top 5 in El Paso (TX) with 7% share; #1 in Ruidoso (NM), with 25% share
- ✓ Population growth of 7.9%
- ✓ Focus on SMEs, low cost deposit base

TRB

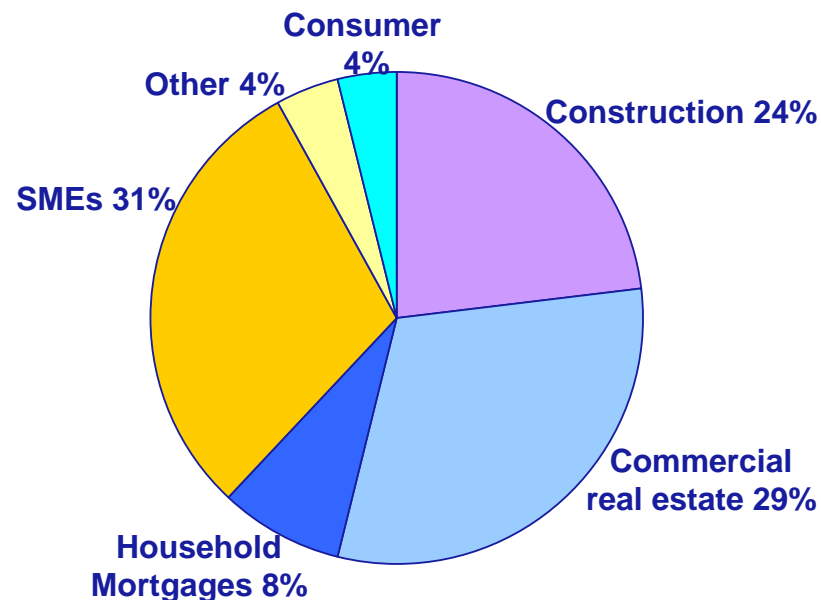
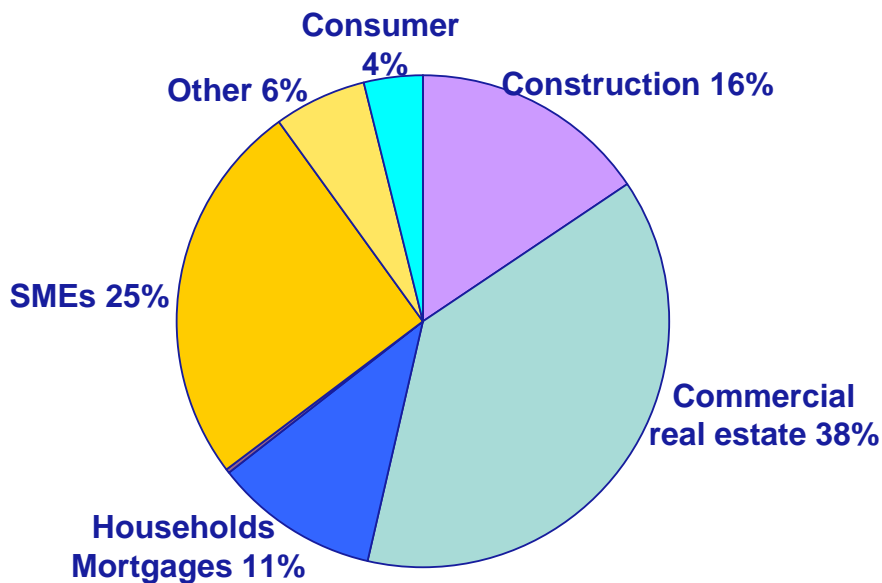
- ✓ Founded in 1981
- ✓ Headquarter: McAllen, Texas
- ✓ 2,002 Employees
- ✓ 77 branches
- ✓ Presence in Texas borders and Houston area
- ✓ Leader in Rio Grande Valley (border)
- ✓ Population growth of 10.4%
- ✓ Focus on SMEs and commercial real estate

Well diversified, low risk loan portfolio

Loan portfolio breakdown

SNB

TRB

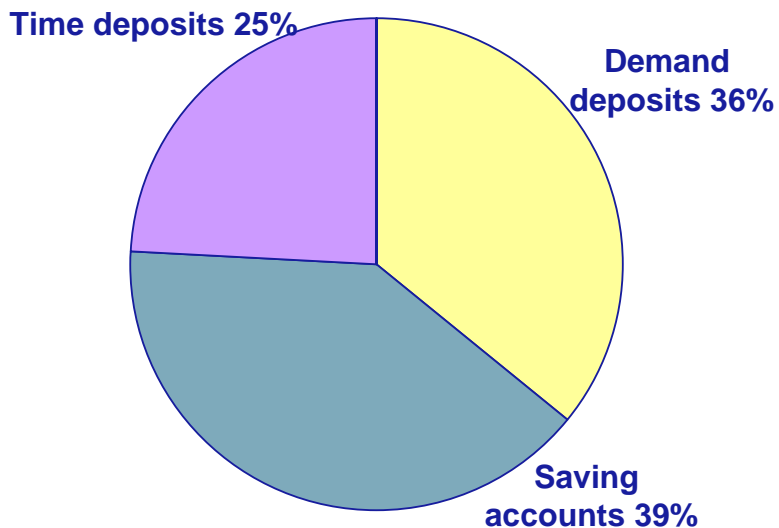


- Focus on commercial real estate
- Significant SMEs contribution

... and low cost deposit base

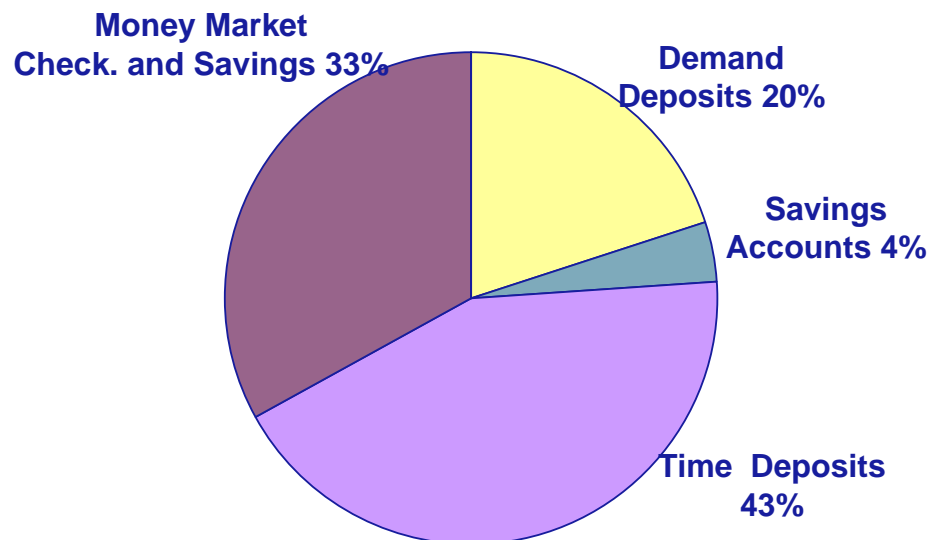
Customer deposits breakdown

SNB



- A low cost deposit base structure
- Close to 75% are low cost deposits
- Deposit cost: 1.3%

TRB

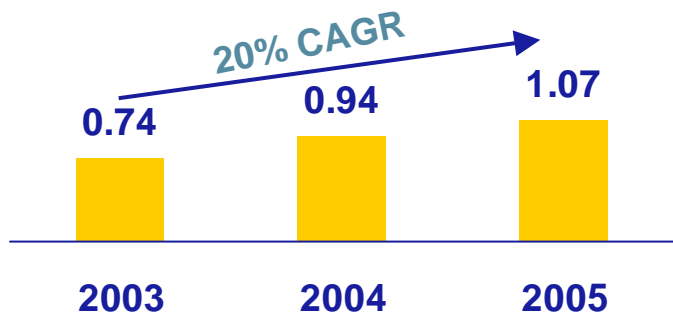


- 3RD largest independent bank in Texas by deposits
- Deposit cost: 2.5%

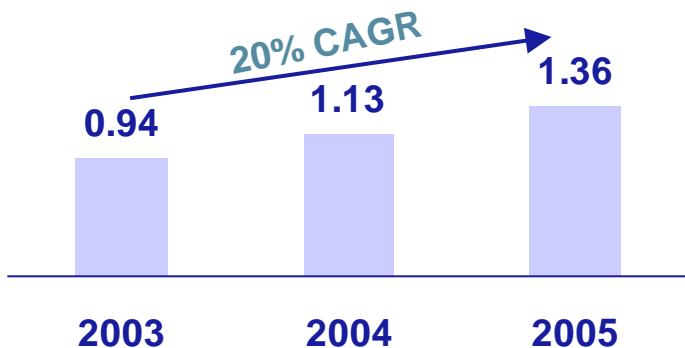
Excellent business performance

SNB

Loans (\$bn)

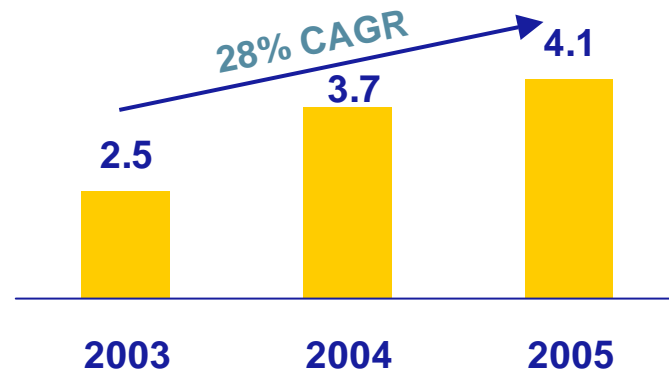


Deposits (\$bn)

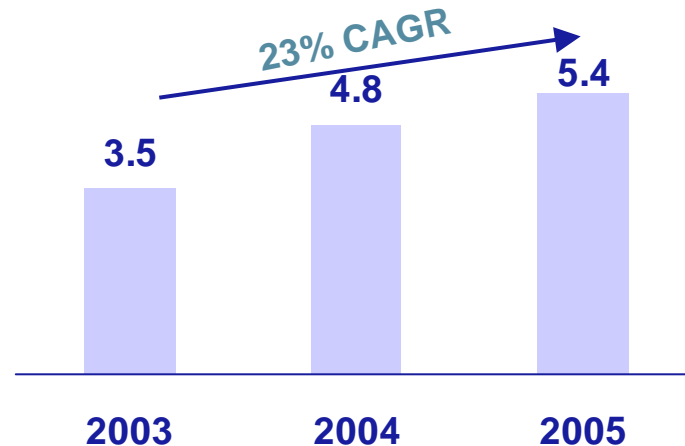


TRB

Loans (\$bn)



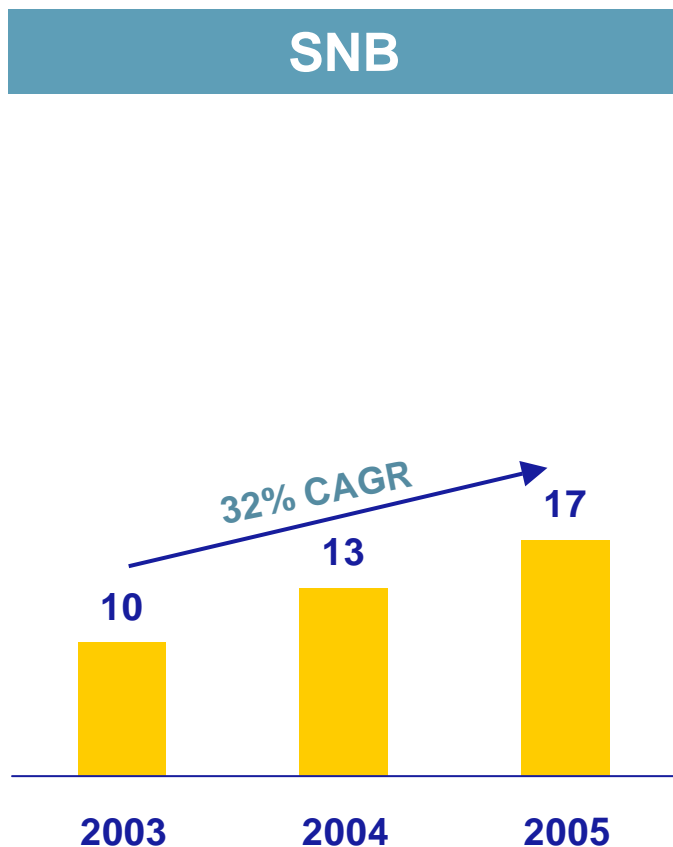
Deposits (\$bn)



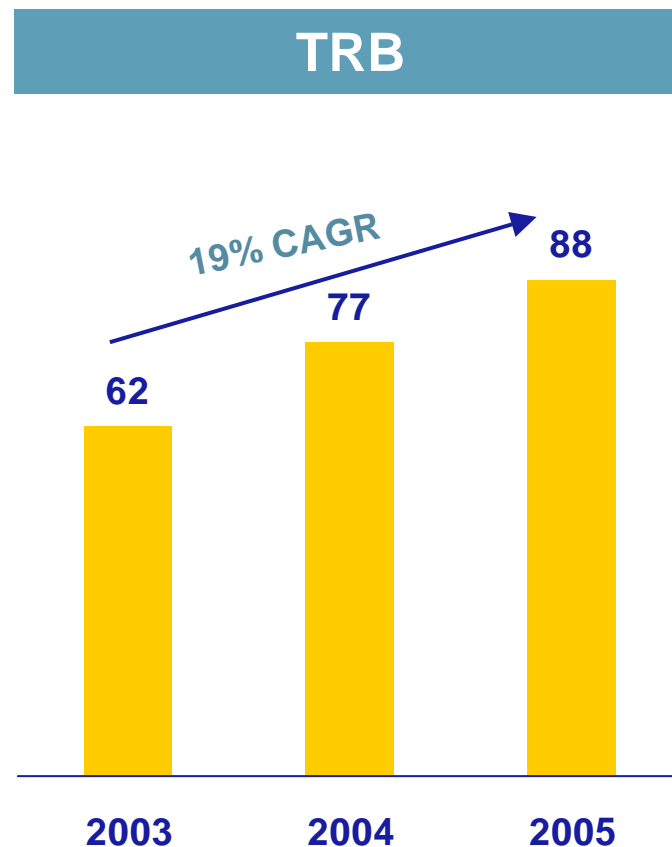
Very positive evolution of results

Net Income (US\$ M)

SNB



TRB



Solid fundamentals, room to improve efficiency

	SNB	TRB
Efficiency(%)	65	50
ROE (%)	9.7 ⁽¹⁾	14.2
NPL ratio (%)	0.8	1.3
NPL coverage (%)	117.0	95.6
Total Capital ratio (%)	13.0	12.0

10Ks, December 2005

(1) ROTE: 21%

Operating Synergies

Pre-tax (US\$ MM)	2007e	2008e	2009e	2010e	2011e
TOTAL REVENUE INCREASE	2.2	8,5	17,7	26,0	35,2
TOTAL COST REDUCTION	9,9	18,8	26,3	26,3	26,3
TOTAL SYNERGIES	12,0	27,2	44,0	52,3	61,5
PHASING-IN TOTAL SYNERGIES	19,5%	44,3%	71,5%	85,0%	100%

- **Revenue synergies: 8.9% of combined base** (50% phased-in by 3rd year)
- **Cost synergies: 12.7% of combined base** (fully phased-in by 3rd year)

Accretive transaction from first year

	2007E	2008E	2009E
Impact on BBVA EPS ⁽¹⁾	+0.46%	+0.75%	+1.05%



Value Creation

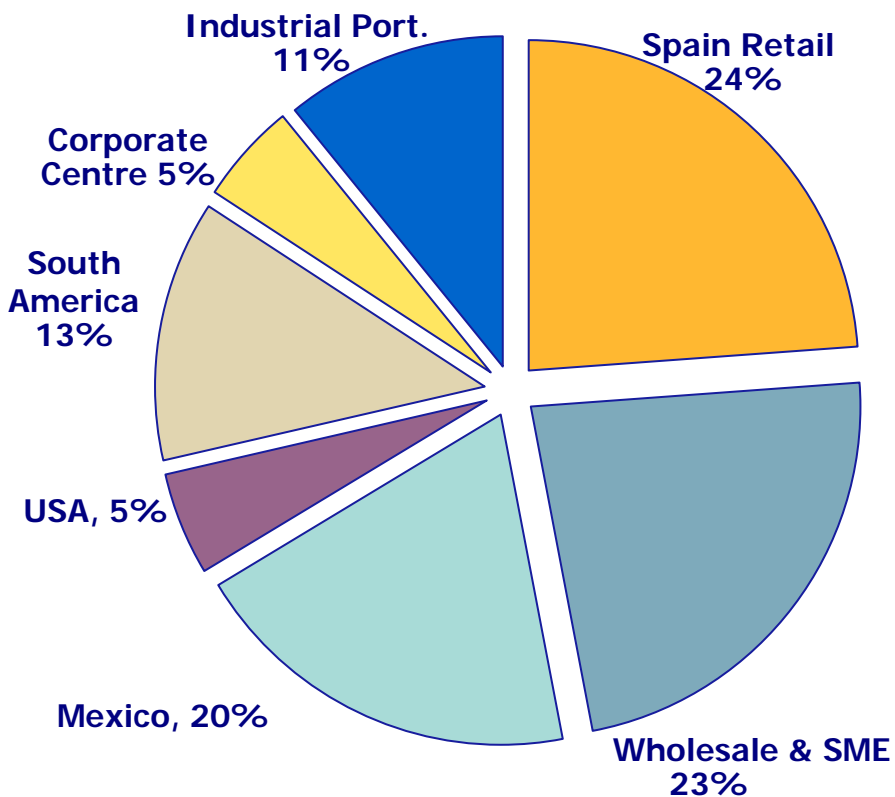
- IRR of the investment: 11.2%
- > Cost of Equity of BBVA Group

	BNL	Repsol
Stake sold (%)	14.7	5.04
Status	Completed	Completed
Cash- in (€m)	1,299	1,290
Capital gains gross (€m)	568	523
Core capital release(%)	0.21	0.24

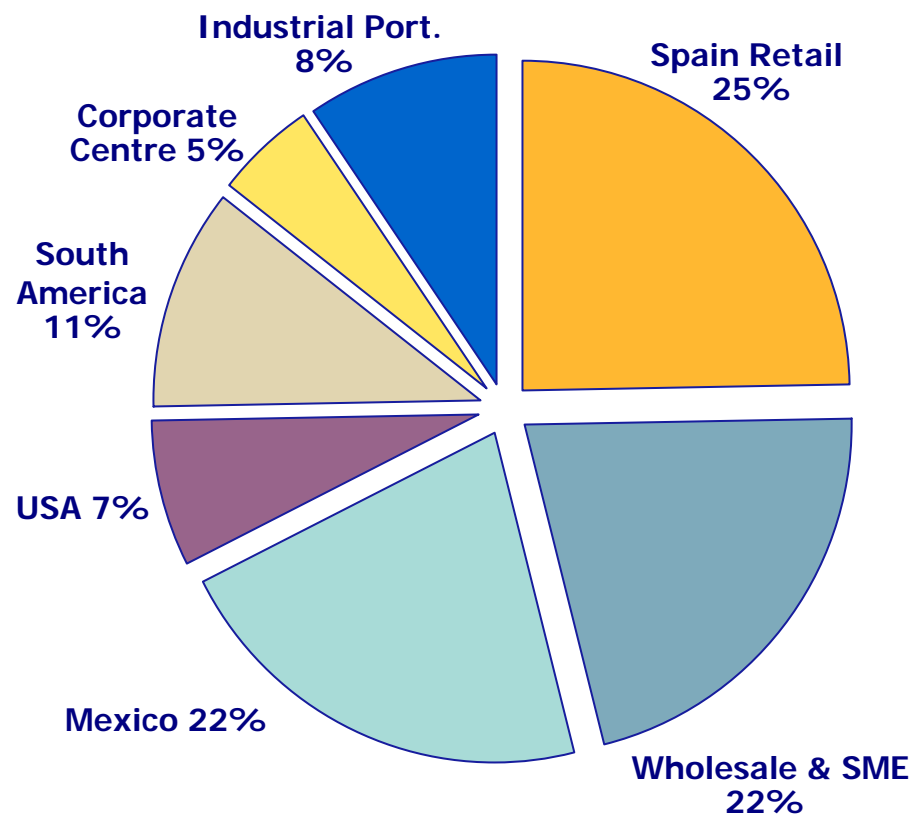
BBVA Core Capital Dic.06 (E): 5.6%

Economic Capital

BBVA Group 2005



BBVA Group 2006e Pro-forma with SNB+TRB



Creating a top franchise in the Texas market

Excellent opportunity in a region with high growth potential

SNB and TRB have leading positions in their core markets

Earnings accretive transaction from the first year

Attractive financing and improving Group capital efficiency

Acquisitions of State National Bancshares and Texas Regional Bancshares

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