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

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

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

<table>
<thead>
<tr>
<th></th>
<th>SNB</th>
<th>TRB</th>
<th>Comparable transaction median (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Historic PER</td>
<td>24.4x</td>
<td>24.3x</td>
<td>28.4x</td>
</tr>
<tr>
<td>Price / BV</td>
<td>2.2x</td>
<td>3.3x</td>
<td>3.5x</td>
</tr>
<tr>
<td>Total deposit premium (2)</td>
<td>28%</td>
<td>31%</td>
<td>26%</td>
</tr>
</tbody>
</table>

**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
Creating a leading franchise in Texas

**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...

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

**Notes:**
Data as of 3/31/06 based on SEC and Federal Reserve Filings
(1) TRB y SNB ‘06 consensus estimates. LNB 06: BBVA estimate, banking activities only
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

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

Sources: Deposit data as of 30/6/05. SNL
A unique network, serving the communities along the Mexican border

Strong complementary of branch networks

Note: Branch and deposit data as of 6/30/05 pro forma for pending acquisitions. Source: SNL
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%

Sources: SNL, Texas Workforce Commission, USA Today, US Census Bureau
Texas: a large, fast growing state

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

Source: SNL
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

- 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)

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

Source: WISERTrade; Haver Analytics
<table>
<thead>
<tr>
<th><strong>SNB</strong></th>
<th><strong>TRB</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>✔ Founded in 1996</td>
<td>✔ Founded in 1981</td>
</tr>
<tr>
<td>✔ Headquarter: Fort Worth, Texas</td>
<td>✔ Headquarter: McAllen, Texas</td>
</tr>
<tr>
<td>✔ 640 Employees</td>
<td>✔ 2,002 Employees</td>
</tr>
<tr>
<td>✔ 44 branches</td>
<td>✔ 77 branches</td>
</tr>
<tr>
<td>✔ Presence in Dallas-Fort Worth, El Paso, New México</td>
<td>✔ Presence in Texas borders and Houston area</td>
</tr>
<tr>
<td>✔ Top 5 in El Paso (TX) with 7% share; #1 in Ruidoso (NM), with 25% share</td>
<td>✔ Leader in Rio Grande Valley (border)</td>
</tr>
<tr>
<td>✔ Population growth of 7.9%</td>
<td>✔ Population growth of 10.4%</td>
</tr>
<tr>
<td>✔ Focus on SMEs, low cost deposit base</td>
<td>✔ Focus on SMEs and commercial real estate</td>
</tr>
</tbody>
</table>
Well diversified, low risk loan portfolio

Loan portfolio breakdown

SNB
- Consumer: 4%
- Construction: 16%
- SMEs: 25%
- Households: 11%
- Commercial real estate: 38%

TRB
- Consumer: 4%
- Construction: 24%
- SMEs: 31%
- Households: 8%
- Commercial real estate: 29%

- Focus on commercial real estate
- Significant SMEs contribution

Data as of 3/31/06
... and low cost deposit base

Customer deposits breakdown

SNB

- Demand deposits 36%
- Saving accounts 39%
- Time deposits 25%

TRB

- Money Market Check. and Savings 33%
- Demand Deposits 20%
- Savings Accounts 4%
- Time Deposits 43%

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

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

Data as of 3/31/06
Excellent business performance

**SNB**

**Loans ($bn)**

- 2003: 0.74
- 2004: 0.94
- 2005: 1.07

20% CAGR

**Deposits ($bn)**

- 2003: 0.94
- 2004: 1.13
- 2005: 1.36

20% CAGR

**TRB**

**Loans ($bn)**

- 2003: 2.5
- 2004: 3.7
- 2005: 4.1

28% CAGR

**Deposits ($bn)**

- 2003: 3.5
- 2004: 4.8
- 2005: 5.4

23% CAGR
Very positive evolution of results

Net Income (US$ M)

SNB

TRB

2003 2004 2005

SNB

2003 2004 2005

TRB

2003 2004 2005

10 13 17

32% CAGR

62 77 88

19% CAGR
### Solid fundamentals, room to improve efficiency

<table>
<thead>
<tr>
<th>Metric</th>
<th>SNB</th>
<th>TRB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficiency (%)</td>
<td>65</td>
<td>50</td>
</tr>
<tr>
<td>ROE (%)</td>
<td>9.7(1)</td>
<td>14.2</td>
</tr>
<tr>
<td>NPL ratio (%)</td>
<td>0.8</td>
<td>1.3</td>
</tr>
<tr>
<td>NPL coverage (%)</td>
<td>117.0</td>
<td>95.6</td>
</tr>
<tr>
<td>Total Capital ratio (%)</td>
<td>13.0</td>
<td>12.0</td>
</tr>
</tbody>
</table>

10Ks, December 2005

(1) ROTE: 21%
## Operating Synergies

<table>
<thead>
<tr>
<th></th>
<th>2007e</th>
<th>2008e</th>
<th>2009e</th>
<th>2010e</th>
<th>2011e</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pre-tax (US$ MM)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL REVENUE INCREASE</strong></td>
<td>2.2</td>
<td>8.5</td>
<td>17.7</td>
<td>26.0</td>
<td>35.2</td>
</tr>
<tr>
<td><strong>TOTAL COST REDUCTION</strong></td>
<td>9.9</td>
<td>18.8</td>
<td>26.3</td>
<td>26.3</td>
<td>26.3</td>
</tr>
<tr>
<td><strong>TOTAL SYNERGIES</strong></td>
<td>12.0</td>
<td>27.2</td>
<td>44.0</td>
<td>52.3</td>
<td>61.5</td>
</tr>
<tr>
<td><strong>PHASING-IN TOTAL SYNERGIES</strong></td>
<td>19.5%</td>
<td>44.3%</td>
<td>71.5%</td>
<td>85.0%</td>
<td>100%</td>
</tr>
</tbody>
</table>

- 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

Impact on BBVA EPS \(^{(1)}\)  
\[
\begin{array}{|c|c|c|}
\hline
& 2007E & 2008E & 2009E \\
\hline
\text{Impact on BBVA EPS} \(^{(1)}\) & +0.46\% & +0.75\% & +1.05\% \\
\hline
\end{array}
\]

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

Source BBVA estimates: IBES
### Attractive financing

<table>
<thead>
<tr>
<th></th>
<th>BNL</th>
<th>Repsol</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stake sold (%)</td>
<td>14.7</td>
<td>5.04</td>
</tr>
<tr>
<td>Status</td>
<td>Completed</td>
<td>Completed</td>
</tr>
<tr>
<td>Cash- in (€m)</td>
<td>1,299</td>
<td>1,290</td>
</tr>
<tr>
<td>Capital gains gross (€m)</td>
<td>568</td>
<td>523</td>
</tr>
<tr>
<td>Core capital release(%)</td>
<td>0.21</td>
<td>0.24</td>
</tr>
</tbody>
</table>

**BBVA Core Capital Dic.06 (E): 5.6%**
Shifting economic capital to core banking assets

Economic Capital

BBVA Group 2005
- Industrial Port.: 11%
- Corporate Centre: 5%
- South America: 13%
- USA: 5%
- Mexico: 20%
- Wholesale & SME: 23%
- Spain Retail: 24%

BBVA Group 2006e
Pro-forma with SNB+TRB
- Industrial Port.: 8%
- Corporate Centre: 5%
- South America: 11%
- USA: 7%
- Mexico: 22%
- Wholesale & SME: 22%
- Spain Retail: 25%
<table>
<thead>
<tr>
<th>Conclusions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creating a top franchise in the Texas market</td>
</tr>
<tr>
<td>Excellent opportunity in a region with high growth potential</td>
</tr>
<tr>
<td>SNB and TRB have leading positions in their core markets</td>
</tr>
<tr>
<td>Earnings accretive transaction from the first year</td>
</tr>
<tr>
<td>Attractive financing and improving Group capital efficiency</td>
</tr>
</tbody>
</table>
Acquisitions of State National Bancshares and Texas Regional Bancshares

Creating a leading franchise in the fast growing Texas market

June 13th, 2006