

*BBVA “Cédulas Territoriales”
Credit Story and Public Sector Business*

April 2007



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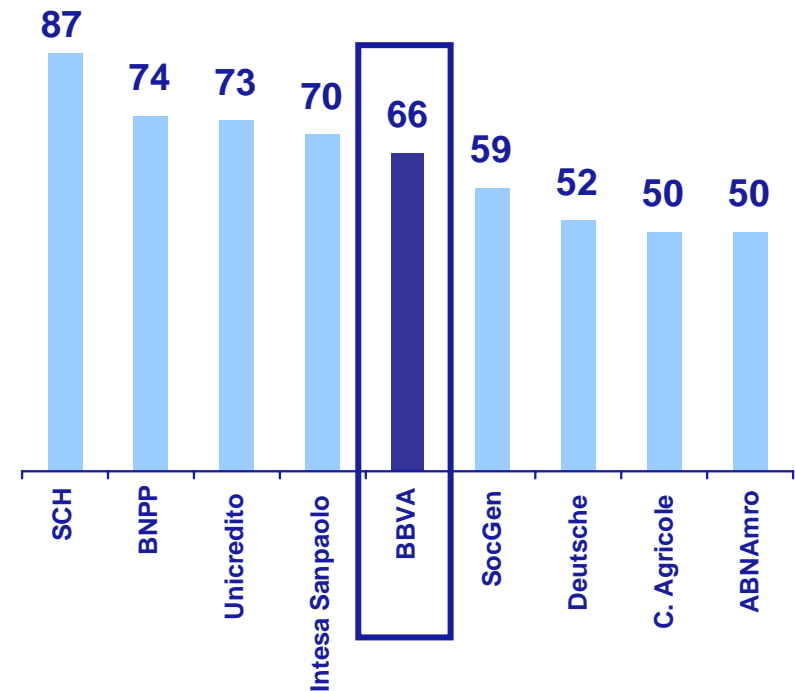
Overview and results

BBVA Public Sector business

“Cedulas Territoriales”

- €412 Bn¹ total assets, offering a full range of products and services
- Leading positions in Spain and Latin America
- Building a leading franchise in the US Sunbelt²: an excellent platform to grow in the fast growing Hispanic population segment
- International platform with 7,585 branches and 98,553 employees, both with over 50% outside Spain
- Profitable and efficient retail banking franchise with excellent asset quality
- Capital discipline and management committed to value creation for shareholders

5th largest bank in the Eurozone by Market Cap. (€Bn)



Feb 28, 2007

(1) As of December 31, 2006
(2) Pending closing of Compass acquisition

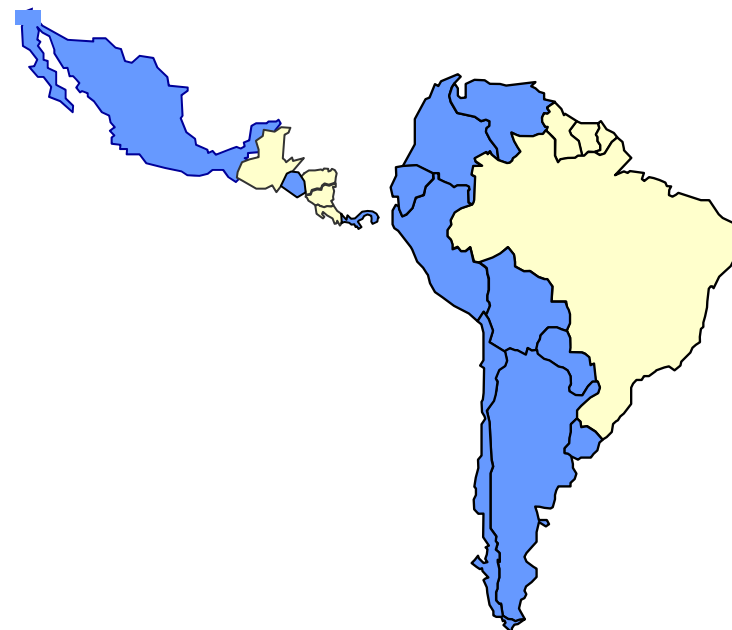
... with a solid and focused position in attractive growth markets ...

Spain



	Mk. Share	Ranking
Loans	11.9%	1st
Deposits	10.2%	2nd
Mutual Funds	17.1%	2nd
Pension Funds	18.6%	1st
Num. of customers: 11 million		

Latin America



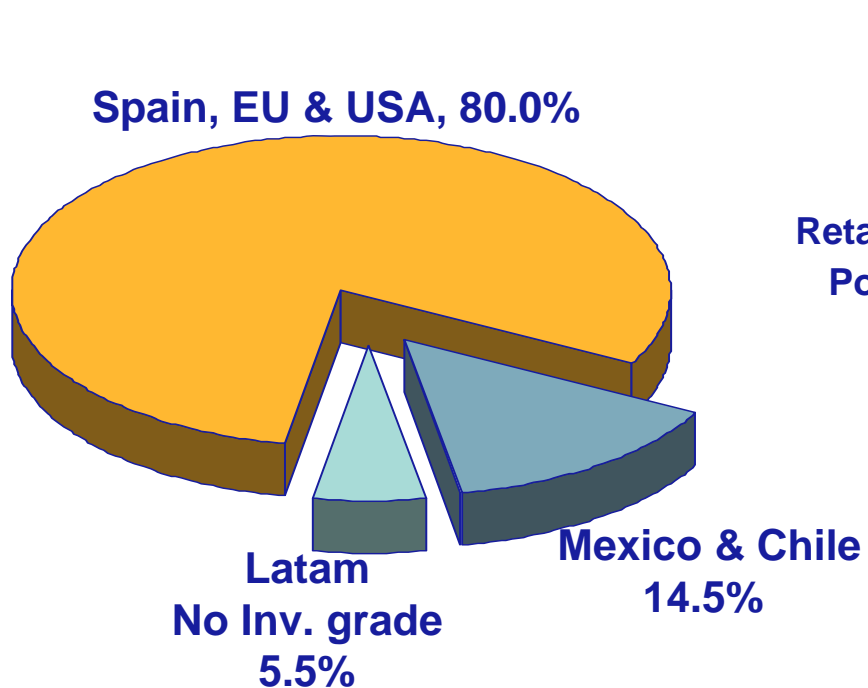
	<u>Mk. Share</u> (1)	<u>Ranking</u>
Mexico	26.0%	1st
South America (2)	10.6%	1st

Num. of customers 23 million

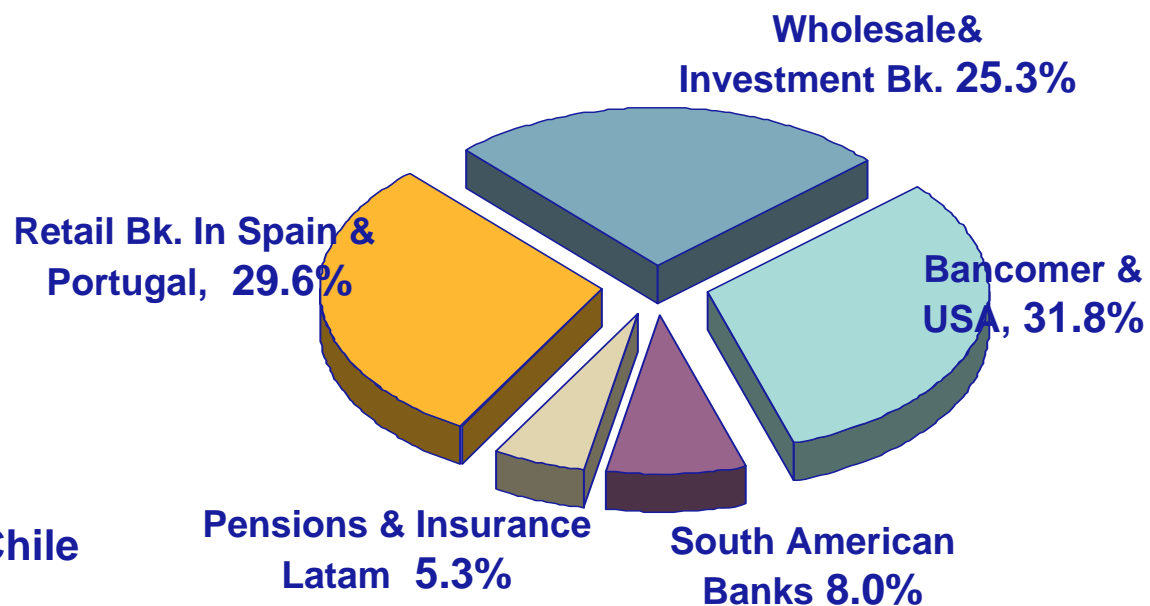
(1) Deposits
(2) Excluding Brazil

Balanced distribution of assets and profits

Group assets distribution (%)

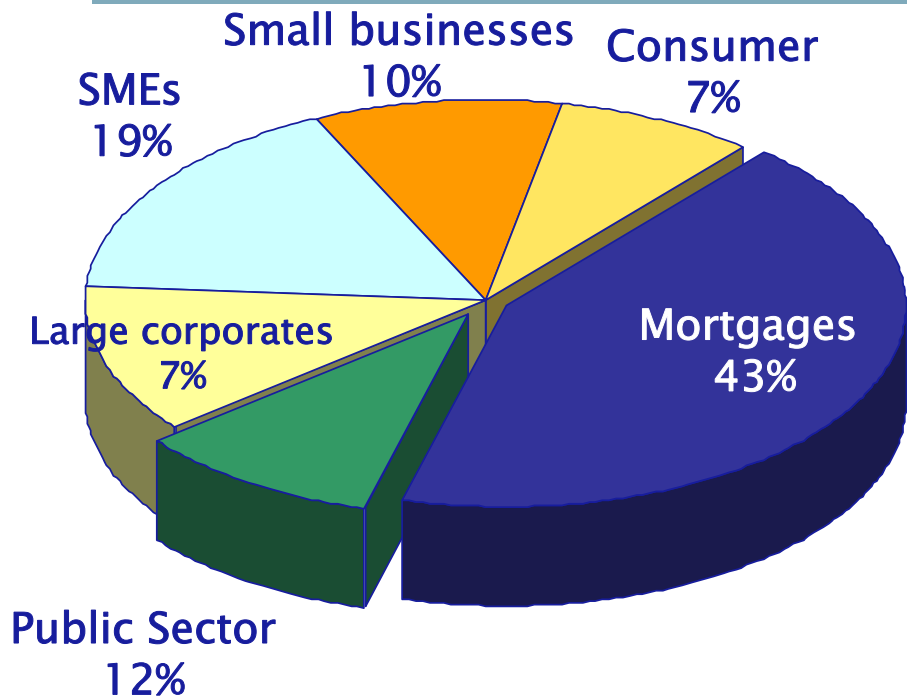


Net attributable profit distribution (%)

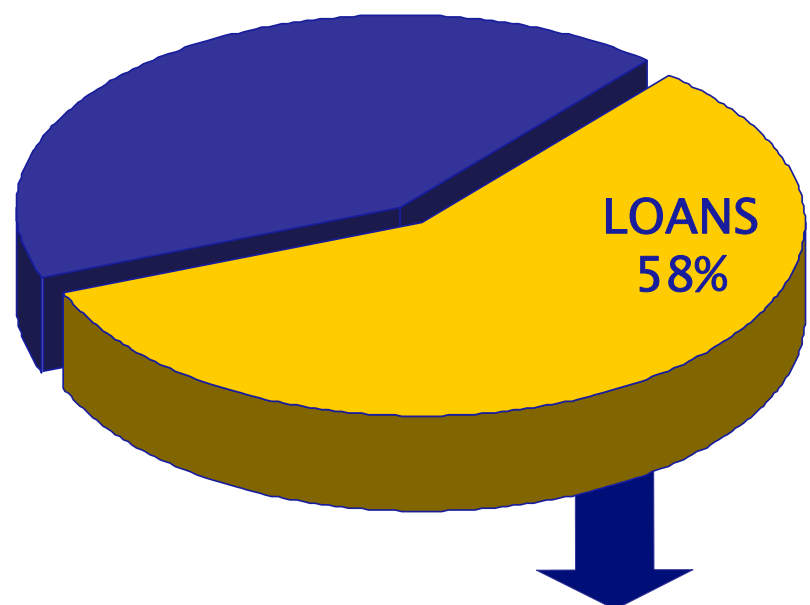


... and a low risk, high quality asset profile

**Banking in Spain
Loan portfolio breakdown**



**Latin America
Loans/total assets**



- 50% individuals (23% mortgages)
- 6% Public Sector
- 42% Corporates & SMEs

50% of loan portfolio in Spain is secured

Long term ratings

S&P

AA- (“P.O.”)

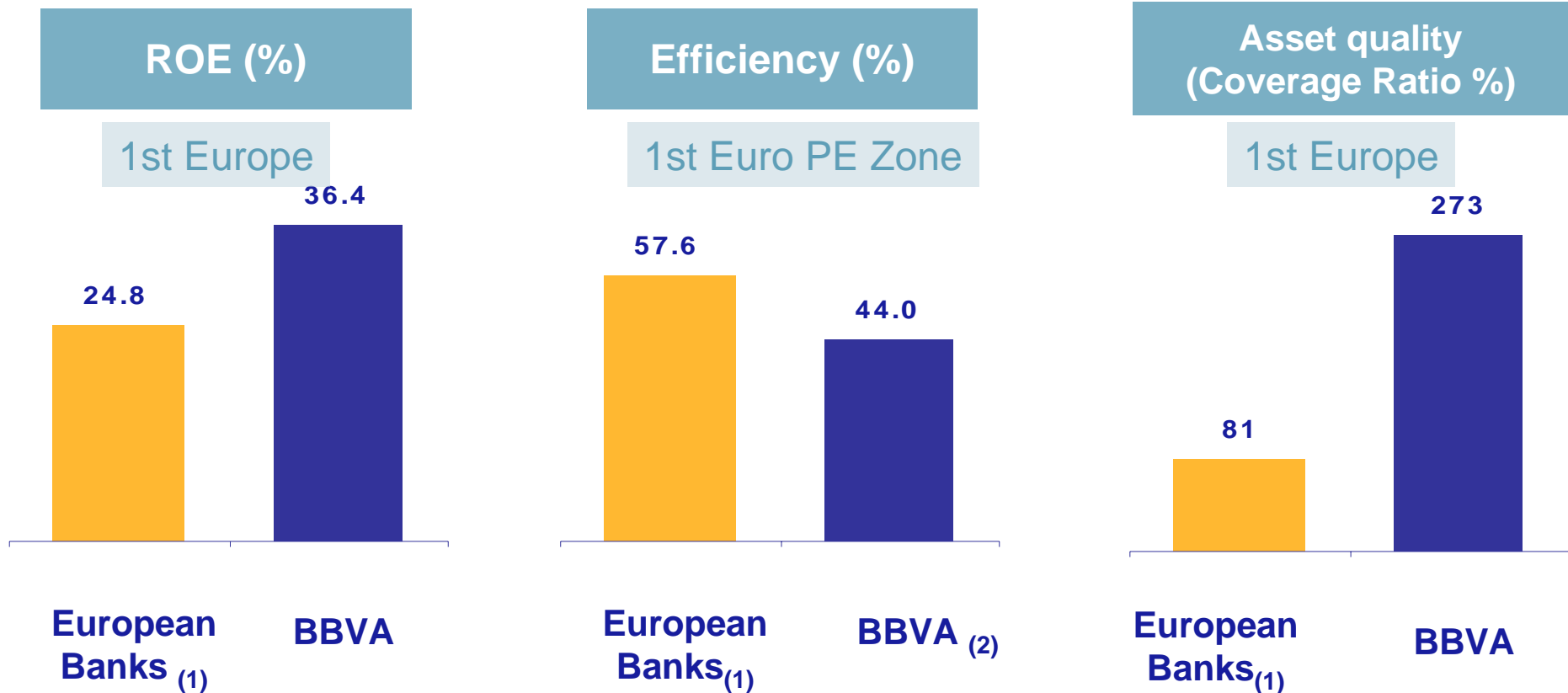
Moody’s

Aa1

Fitch

AA-

Better fundamentals than European peers



BBVA, an excellent combination of profitability-risk

(1) European average of the peer group of 15 banks, except British banks. Last data available as of September '06

(2) Include depreciation

Good economic prospects in the high growth market with BBVA presence

	GDP (\$ Tr)	GDP Growth 06e (%)	Population (MM)	Risk (NPL %) (4)
Spain (1)	1.1	3.6	40	0.6
México (1)	1.1	4.5	107	1.7
Latam (2)	3.9	5.2	417	3.7

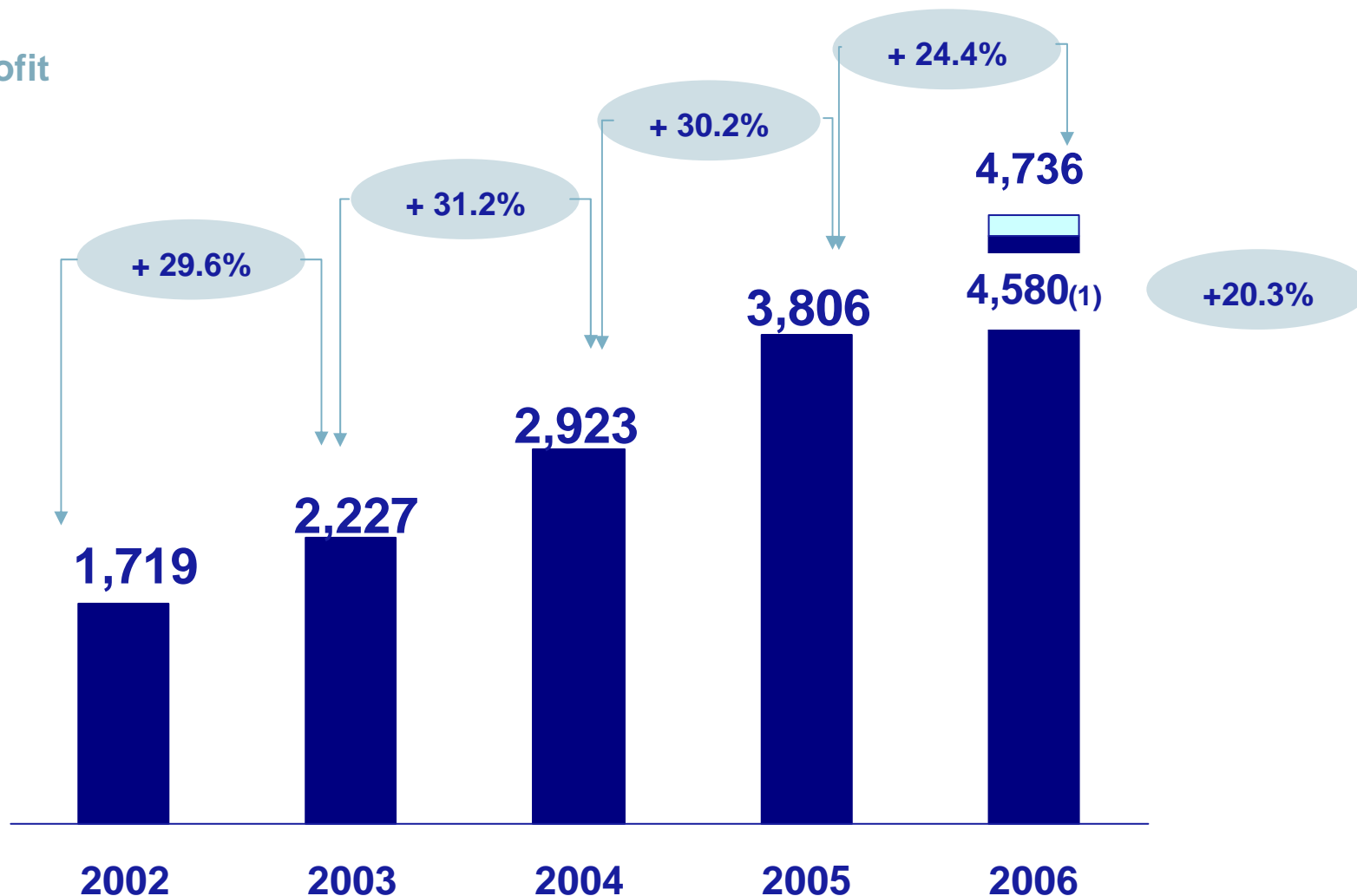
BBVA USA(3)	2.2	4.3	60 (5)	0.7
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High growth levels and very low risk

- (1) The World Fctbook 2007
- (2) Global Insight
- (3) Aggregation excluding California
- (4) IMF, last data available, Latam Ex Brazil
- (5) In counties of BBVA pro forma

2006: a year of record profit for BBVA

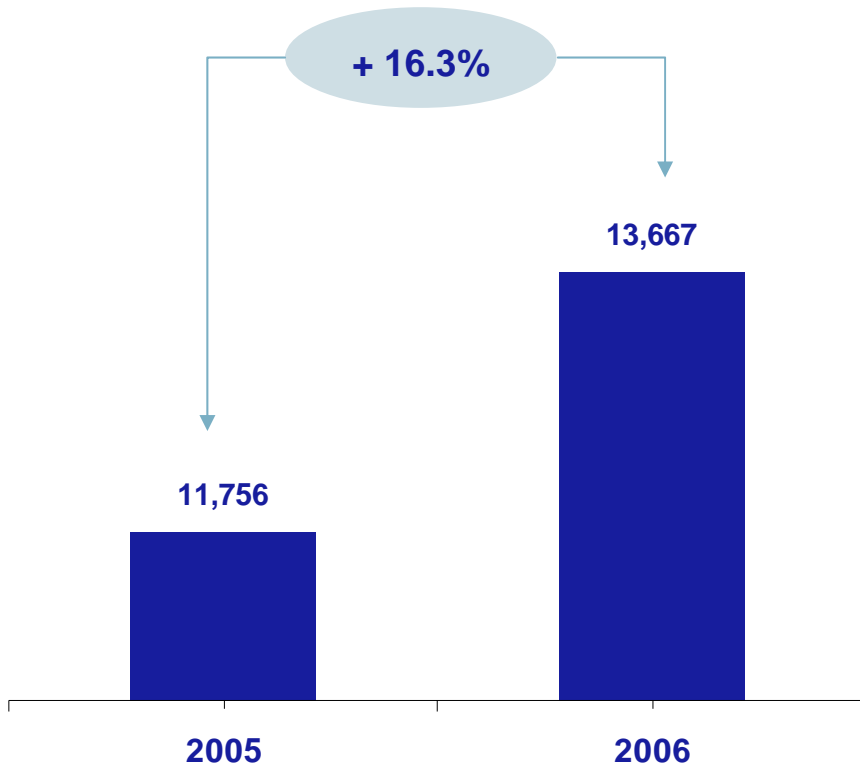
Net attributable profit
(€m)



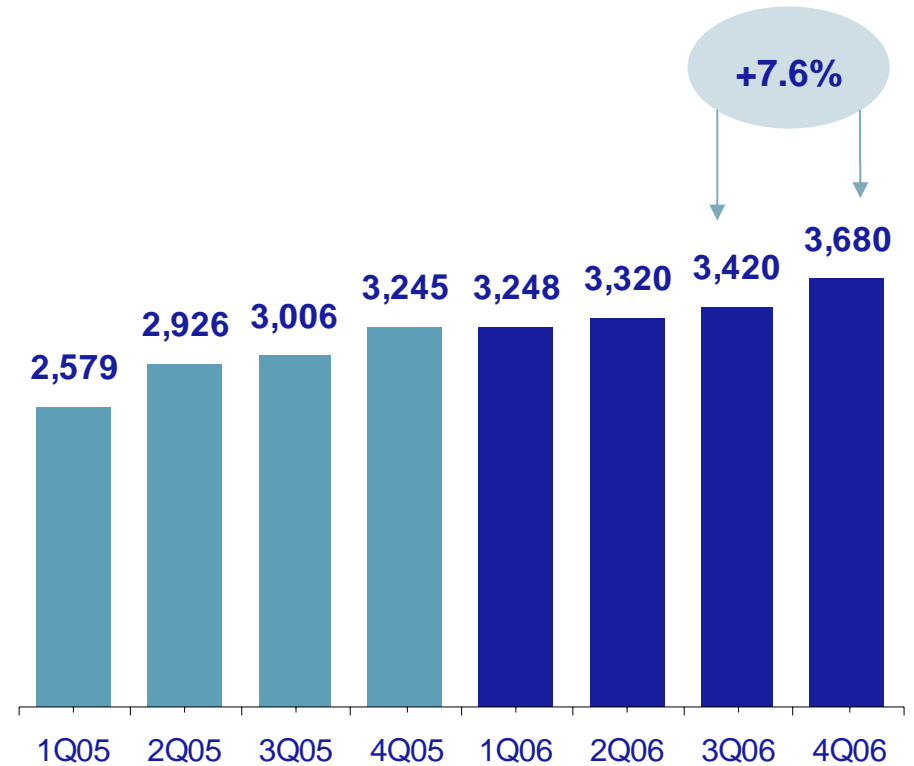
(1) Excluding one-offs

Supported by strong generation of recurrent revenues

Core revenues
(€m)

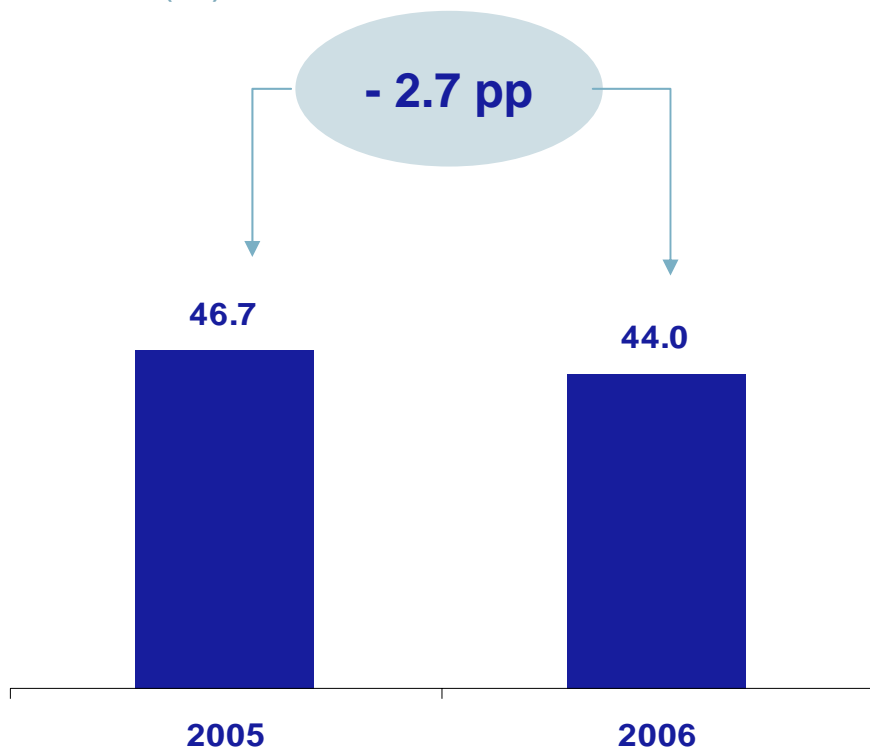


Core revenues
Quarter by quarter
(€m)

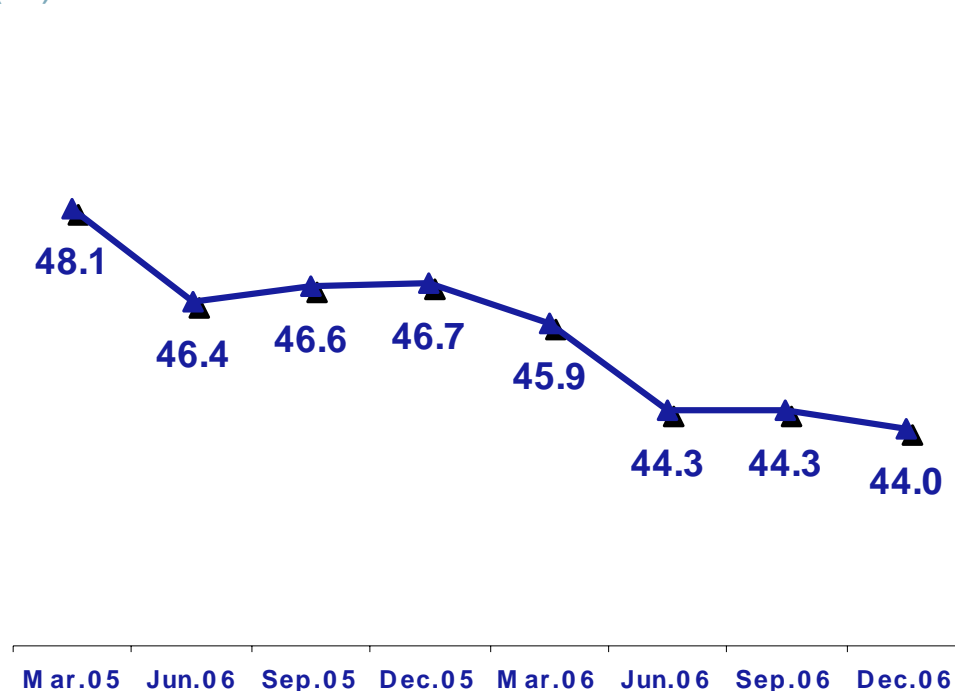


With clear improvement in the cost/income ratio . . .

Cost/inc ratio incl. depr. excl.
one-off items
(%)



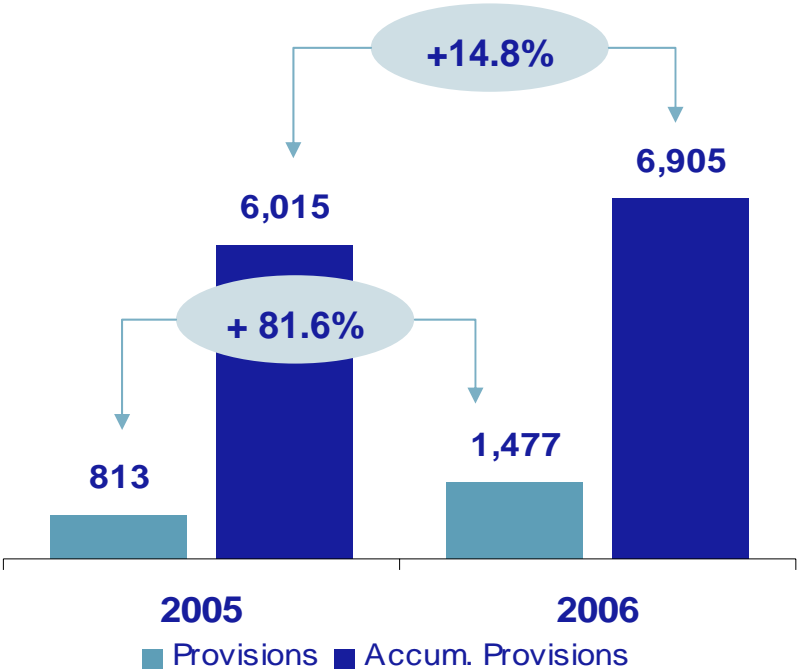
Cost/inc ratio incl. depr. excl.
one-off items
By quarter
(%)



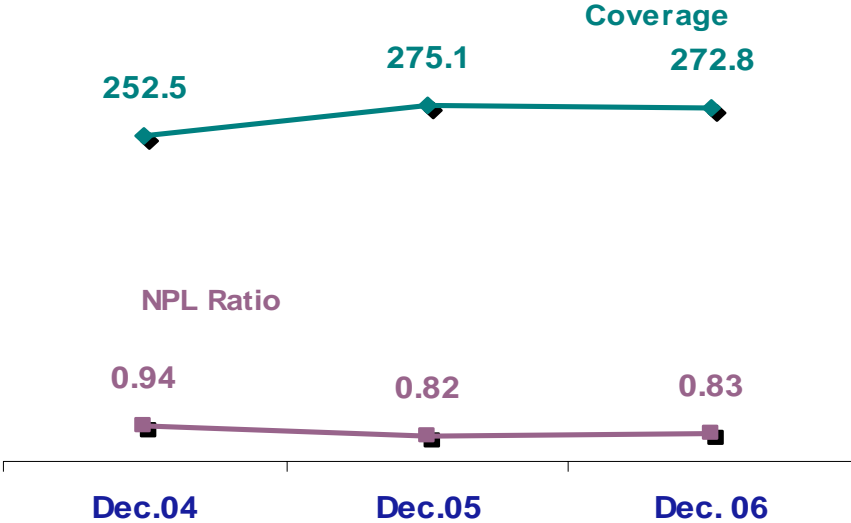
Good asset quality and a prudent provisions policy **BVA**

••

Loan loss provisions and funds (€ m)



NPL ratio and coverage (%)



**73% of total funds and 71% of provisions are generic
(Mexico accounts for 43% of provisions)**

Higher provisions, but better asset quality

NPL Provisions

€6,905m

73%

Generic

27%

Specific+C.R.

2006

Risk premium (bp)

62

43

19

44

BBVA

European
Avg. (1)

NPL ratio (%)

2.88

0.83

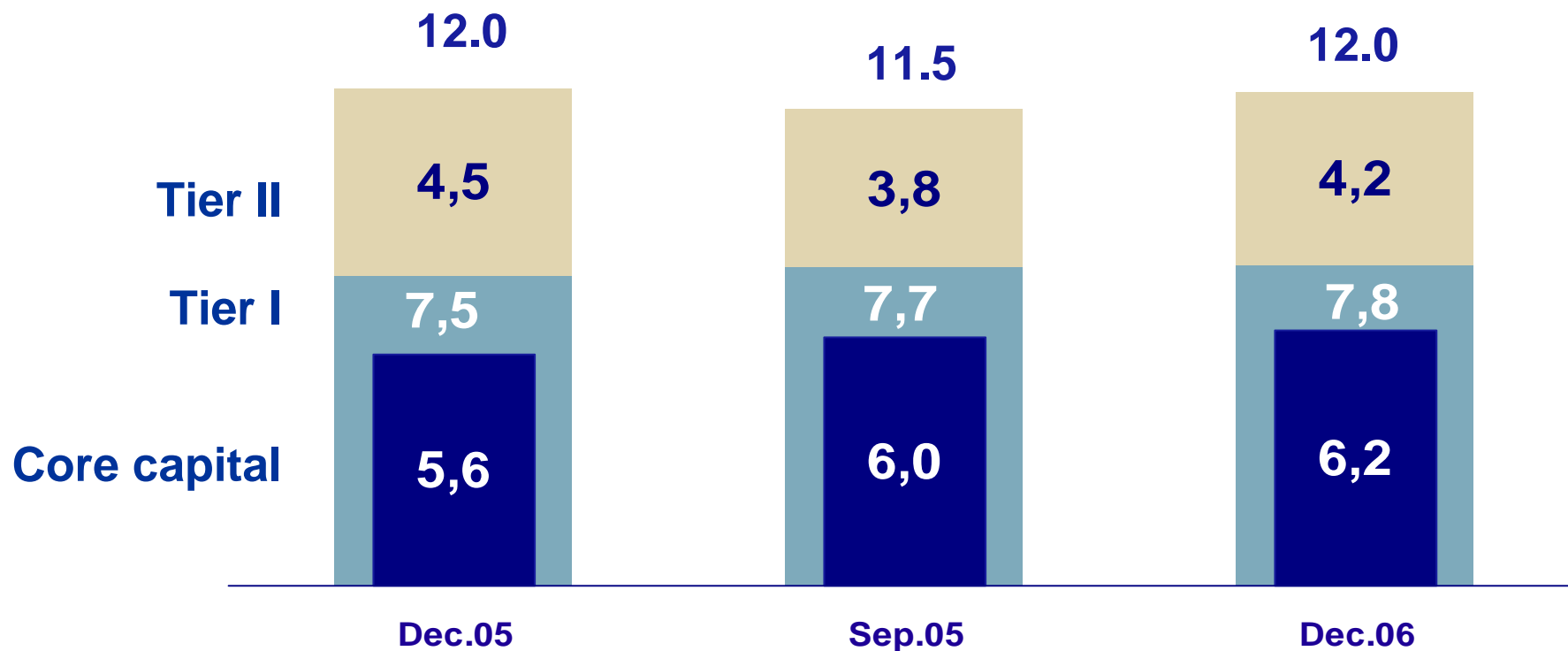
BBVA

European
Avg. (1)

(1) Data as of June 06 refers to largest European groups .

With appropriate levels of solvency

Capital base: BIS Ratio
(%)



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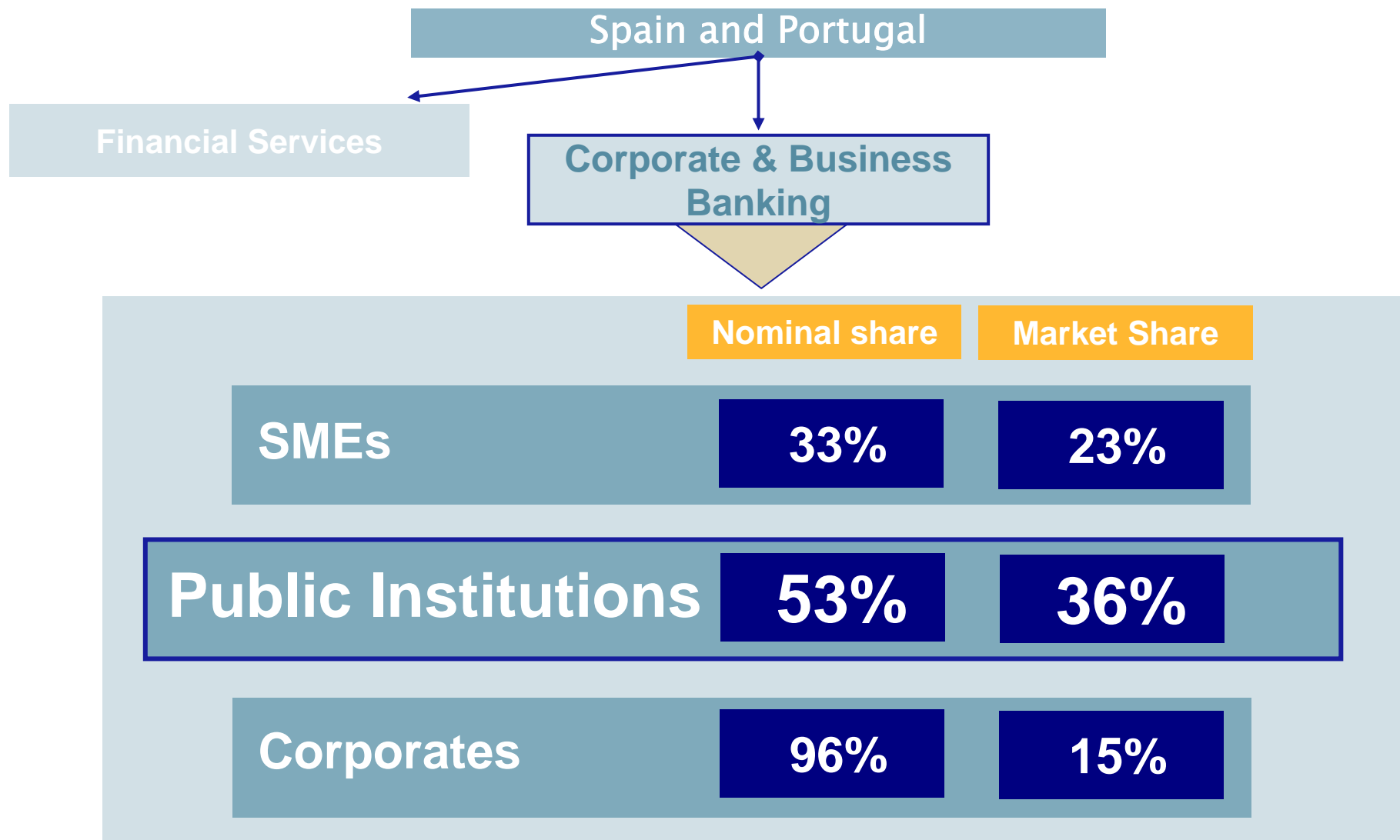
Overview and results

BBVA Public Sector business

“Cedulas Territoriales”

- BBVA is the market leader in lending to the public sector in Spain, based on :
 - ✓ Solid franchise focused on the low-risk public finance business and therefore, extremely sound asset quality.
 - ✓ A model of integral relationship banking with customers, offering other services such as project finance, tax collection services and specialized internet portals
 - ✓ Strong nationwide presence
 - ✓ BBVA Group manages the public sector business through BBVA and its specialist subsidiary BCL (same management and risk policies but separate portfolios)
- Strengthening the BBVA Public Sector business in the Corporate and Business Banking division
 - ✓ A distribution franchise targeting companies and institutions in Spain

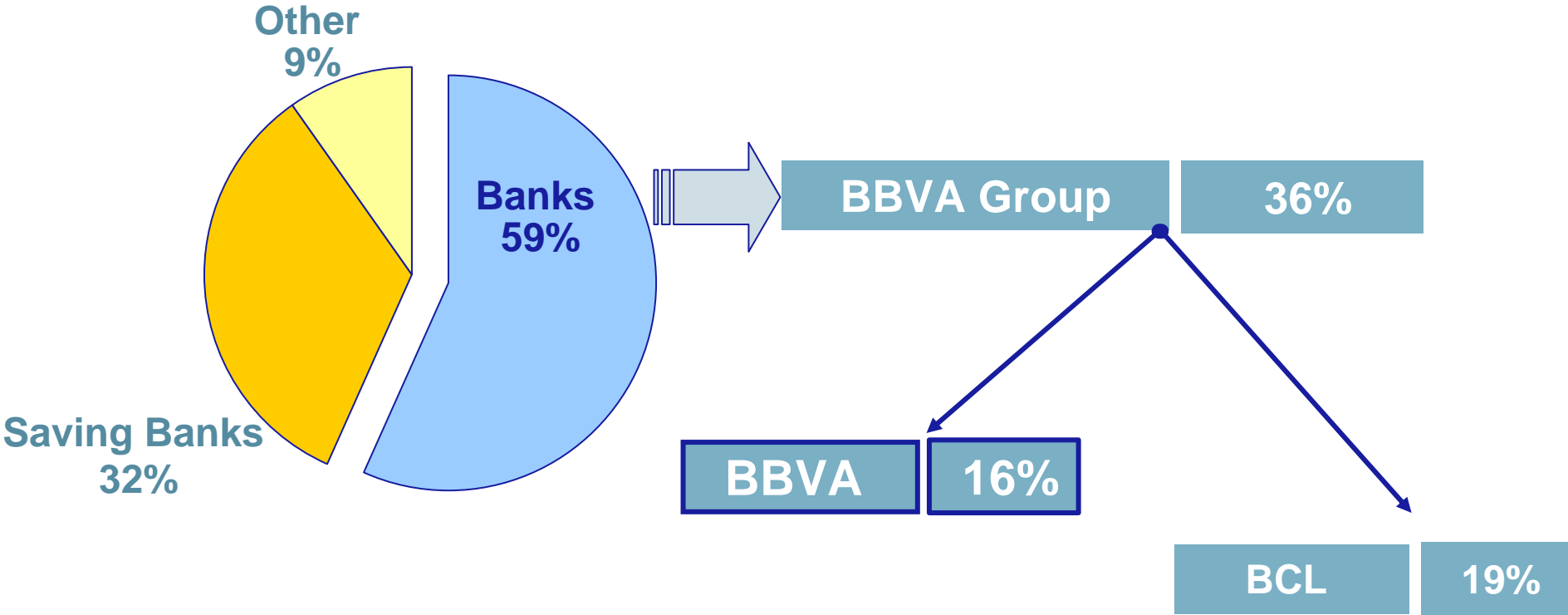
Corporate and Business Banking Division : leading position in customer relationship



BBVA the leading Spanish player in Public Sector business

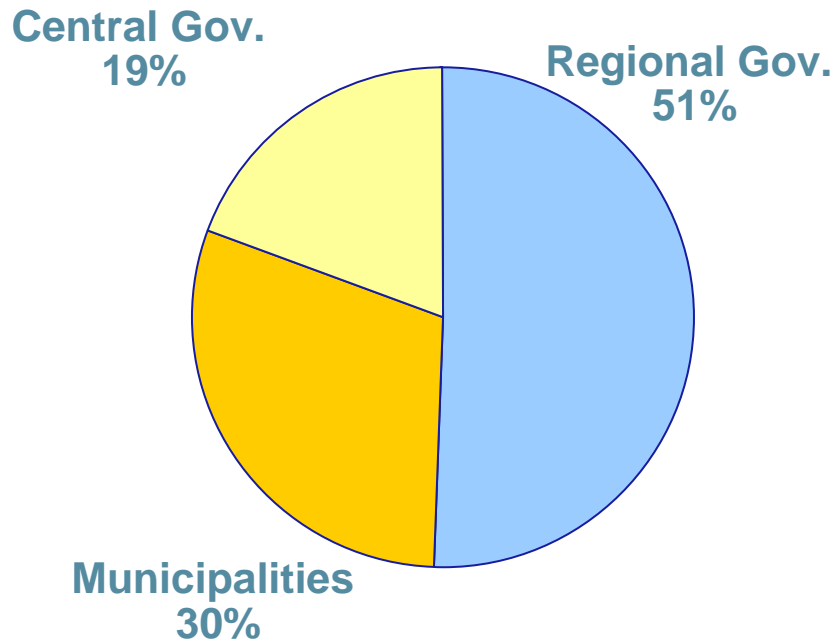


Public Sector loans market share (%)

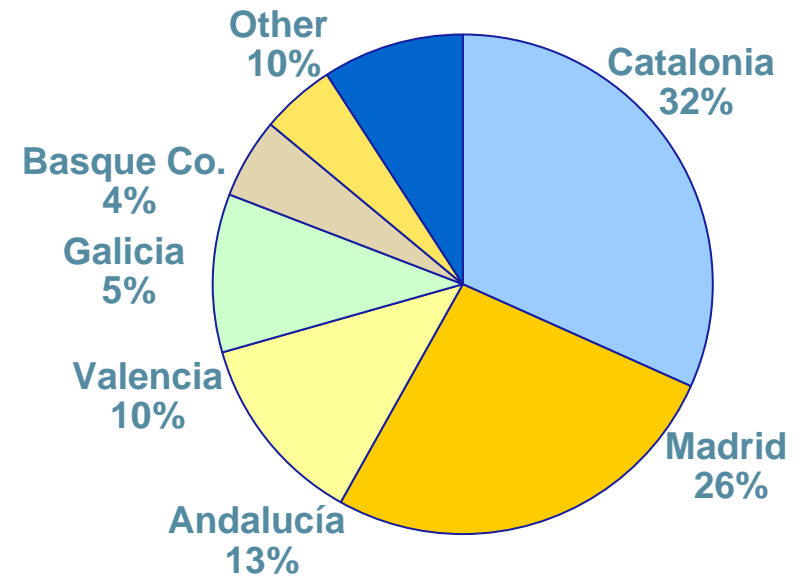


BBVA Public Sector business Loan structure (%)

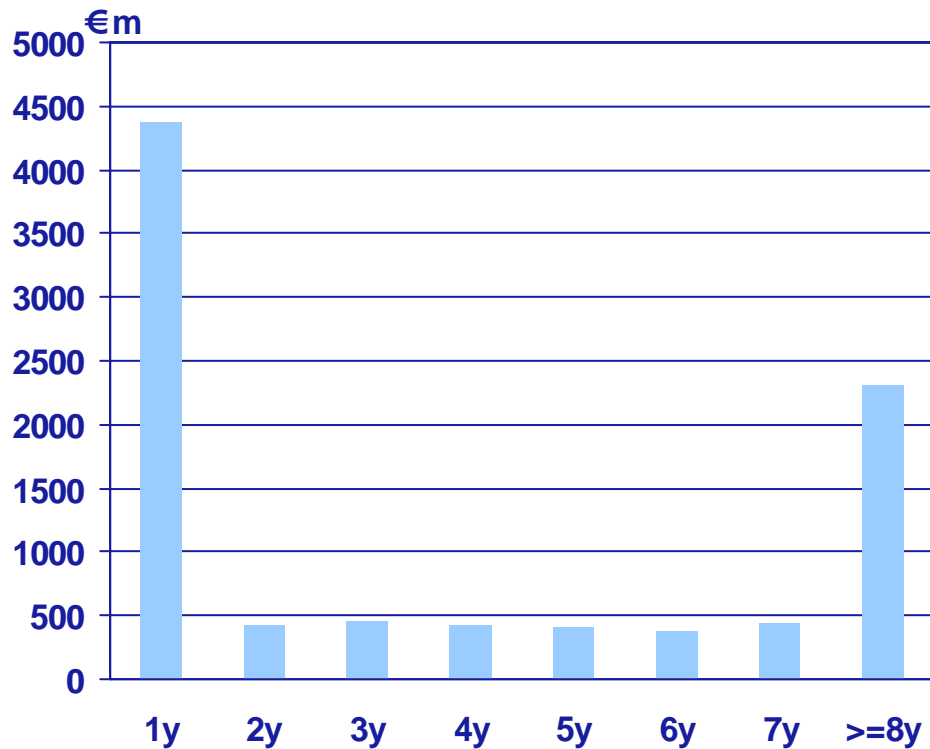
By type of borrower (%)



By region (%)



Maturity profile

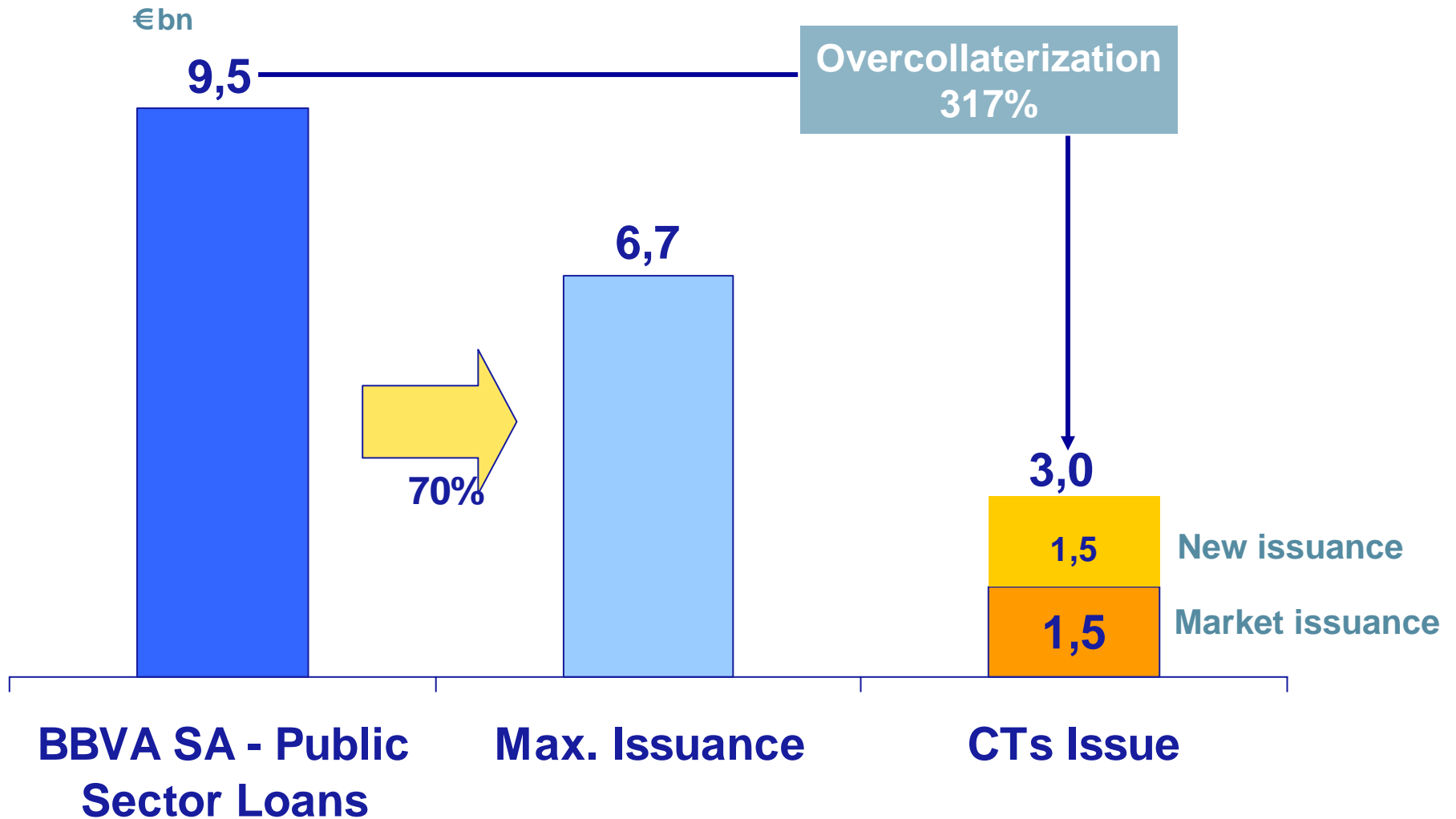


Average maturity (years)	7
NPL ratio	0.08%
NPLs Coverage(*)	154%

(*) Total provisions over non-performing loans

Note: most of the 1yr loans are extendible by BBVA on a yearly basis

A very strong overcollateralization



- **Significant advances in strategy in the last years with strong focus in profitable growth**
- **Strengthening of the Group fundamentals**
- **BBVA remains the leader in the Spanish Public Sector market, with a low risk profile**
- **BBVA “CTs” represents an attractive investment alternative**

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Overview and results

BBVA Public Sector business

“Cedulas Territoriales”

- Regulated by Article 13 of Act 44/2002 22 November 02 (“The Financial Act”).
- Principal and interest payments are guaranteed specifically by the public sector loan book.
- Thereafter, Cédulas holders rank pari-passu with other senior creditors
- The assets remain on the issuer’s balance sheet.
- The CTs are backed by the entire portfolio of eligible assets (public sector loans).
- The total amount issued cannot exceed 70% of eligible assets, so over-collateralization is at least 43%.
- Registered with the CNMV (the Spanish Securities Exchange Commission).

- The new Spanish insolvency law (Ley Concursal) became effective on 1st September 2004.
- The new law clarifies and improves the regime applicable to holders of Cédulas Territoriales in case of insolvency of the issuer.
- Cédulas are acknowledged as special privilege credit. They enjoy preferential claim versus employees and tax authorities over the cash flows obtained from the cover pool of loans
- Uninterrupted services of Interest and Principal in case of bankruptcy: they will continue to be paid up to the proceeds from the backing assets.
- The Insolvency Administrator can raise liquidity for any possible shortfall by the partial or full sale of the collateral pool.

Strengthening the protection of Cédulas holders

New Insolvency Law 22/2003 (II)

- No need to cause default or to cancel the cédulas while interest and principal continue to be paid.
- The retroactivity period rule has been replaced by a reintegration rule: the risk of the retroactivity of the insolvency as well as the risk of being declared null any transaction carried out during such a period will be removed.
- The reintegration period can maximally reach back 2 years from the date of the insolvency being declared and only on those transaction causing damage to the social assets.
- Therefore the risk of the Cédulas investors to become senior unsecured creditors due to moving back the date of insolvency has been be removed.

Strengthening the protection of Cédulas holders

- **Issuer:** BBVA S.A.
- **Issuer's rating:** Aa2 (Moody's) / AA- (S&P) / AA- (Fitch)
- **Rating of the notes:** Aaa (Moody's)
- **Amount:** Euro XXX mill
- **Status of the Notes :** Cédulas Territoriales. Covered bonds backed by the BBVA's Public Sector loan book.
- **Tenor:** xxx years
- **Structure:** fixed rate annual yield ACT/ACT
- **Lead managers:** XXX
- **Documentation & Listing:** Domestic (CNMV), AIAF

BBVA Cédulas Territoriales: Strengths

- Moody's has rated BBVA's CT as Aaa.
- CTs represent an special alternative to gain exposure to the Spanish public sector credit market.
- The highest quality of cover assets: loans to the Spanish public sector.
- Minimum legal over-collateralization of 43%
- The new Spanish Insolvency Law clarifies and strengthens the protection granted to Cédulas holders (Uninterrupted servicing of interest and principal payments during a potencial bankruptcy of Issuer) .
- Eligible collateral to the European Central Bank's repos.
- 10% BIS risk weighted.
- Rigorous and timely supervision by Bank of Spain.
- An asset class of high liquidity: market-making commitment

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