

**BBVA**

**MORGAN STANLEY DEAN WITTER**  
**April 5, 2001**

**535 DAYS AGO  
BBVA AND ARGENTARIA  
JOINED TO LAUNCH  
ONE OF**

**THE MOST AMBITIOUS  
EUROPEAN BANKING  
PROJECTS**

**THE MERGER WAS  
NECESSARY TO FULFILL  
OUR VISION OF**

**BBVA**

**AS A GREAT  
GLOBAL GROUP**

**WE DID NOT WISH A  
"BIGGER BANK"**



**WE WISH TO BE**

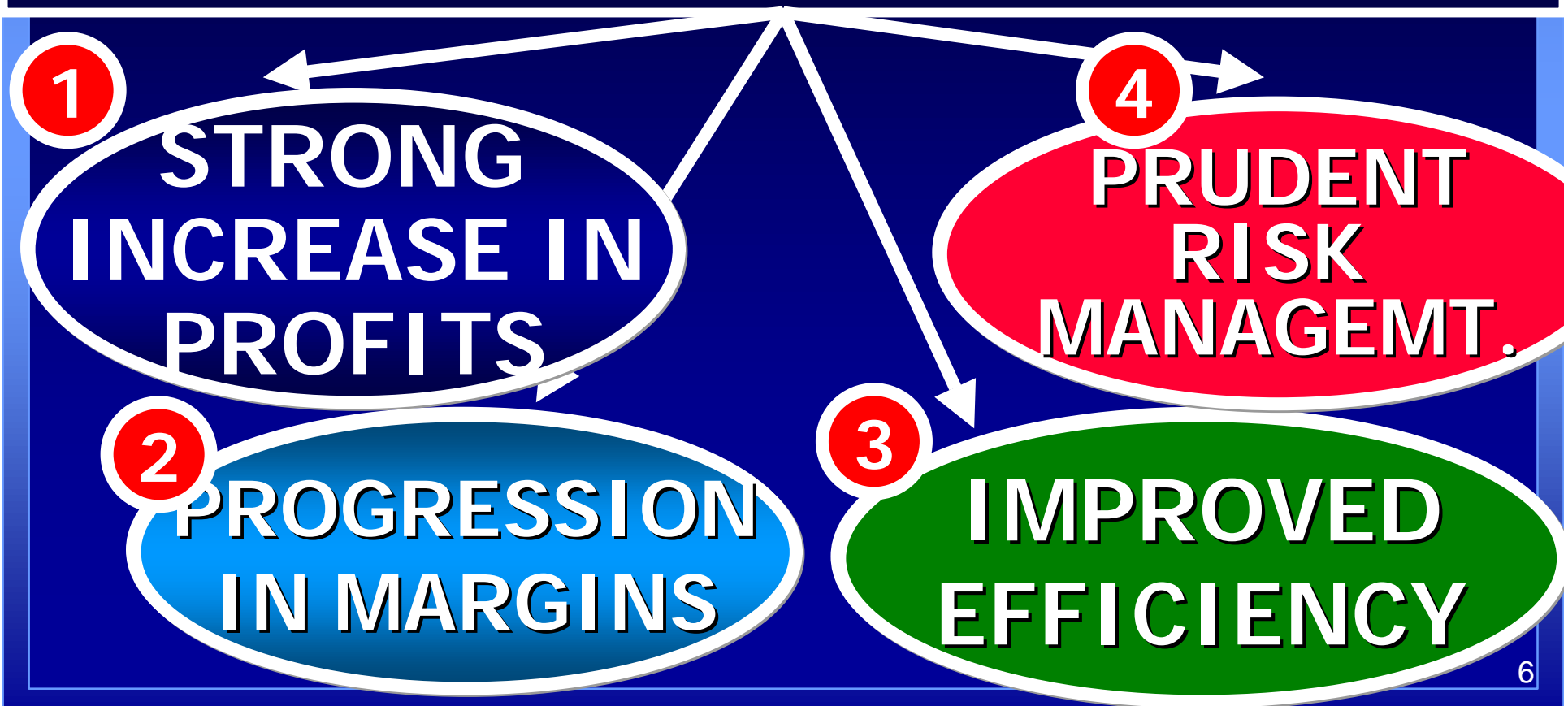
**Nº 1**

**TO BE N° 1**

**WE LAUNCHED**

**C R E @**

# DURING THE FIRST YEAR OF THE CRE@ PROJECT, BBVA'S RESULTS IMPROVED



1

# STRONG INCREASE IN THE GROUP'S PROFITABILITY

## NET ATT. PROFIT

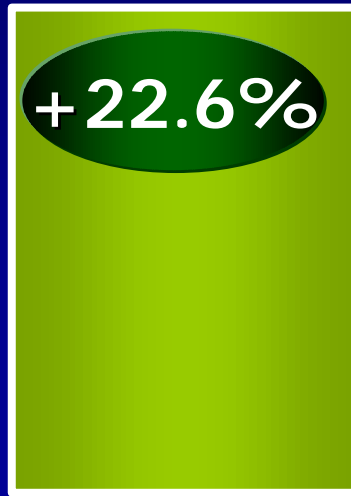
(Millions of Euros)

1,424



1998

1,746



1999

2,232

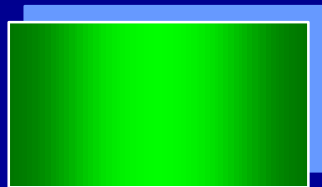
+27.9%

2000

# BBVA In Spain and in other EX-AMERICA countries has raised the benchmark

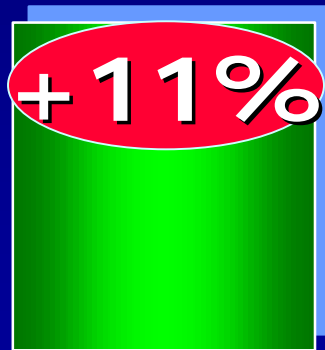
NET ATT. PROFIT  
(Millions of Euros)

2,249



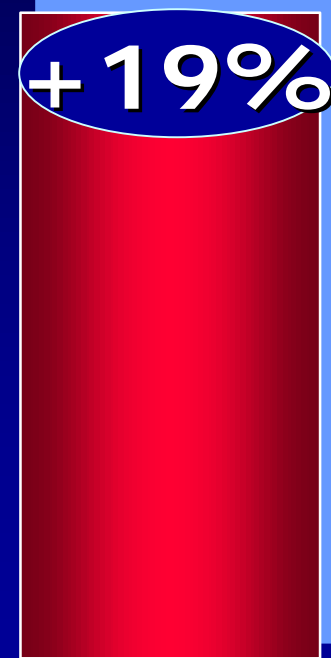
1998

2,495



1999

2,972

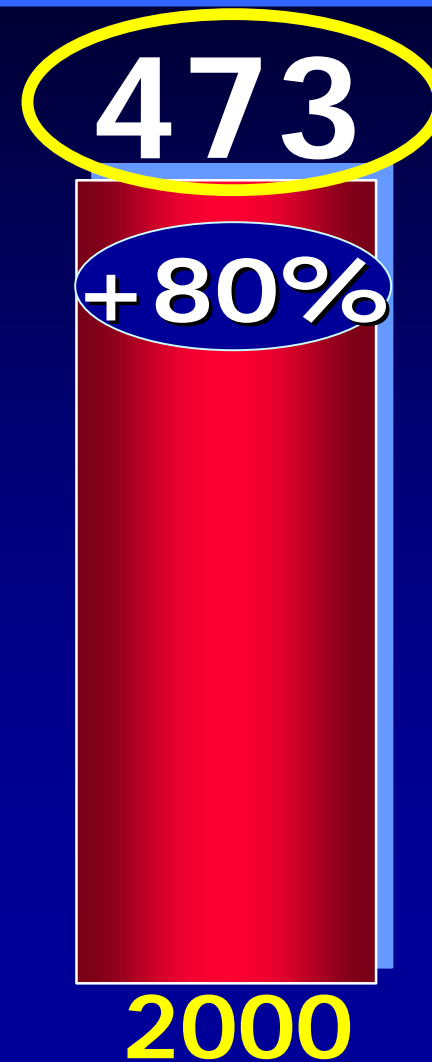
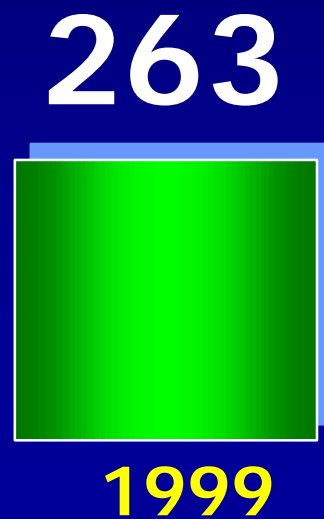
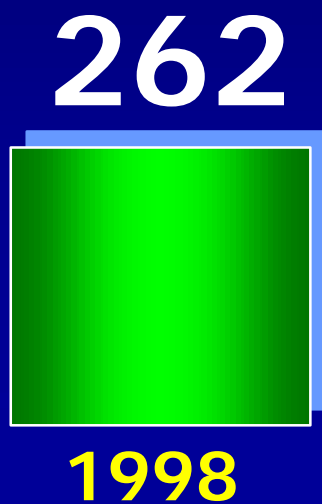


2000



# ...and Latin America has developed favourably

**NET ATT. PROFIT  
(Millions of Euros)**



2

# A year of progression in margins accross-the-board

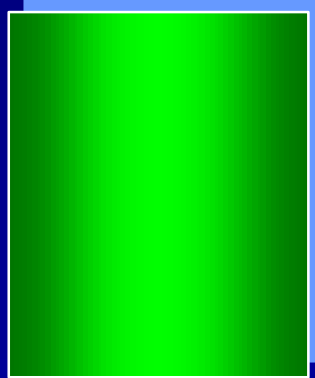
<b>BBVA (Million Euros)</b>	<b>2000</b>	<b>% Growth YoY</b>
- Net Interest Income	6,995	21%
- Ordinary Revenue	11,143	22%
- Operating Income	4,376	27%
- Business Income	4,965	34%
- Pre-Tax Profits	3,876	34%

# BBVA HAS DEMONSTRATED ITS TREMENDOUS CAPACITY TO GENERATE MARGIN IN THE 1ST CRE@ YEAR...

Total Margin from all businesses \*

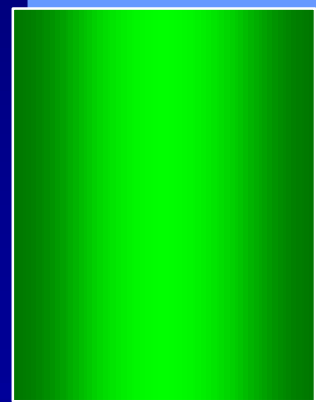
Millions of Euros

4,512



1998

4,673



1999

6,579

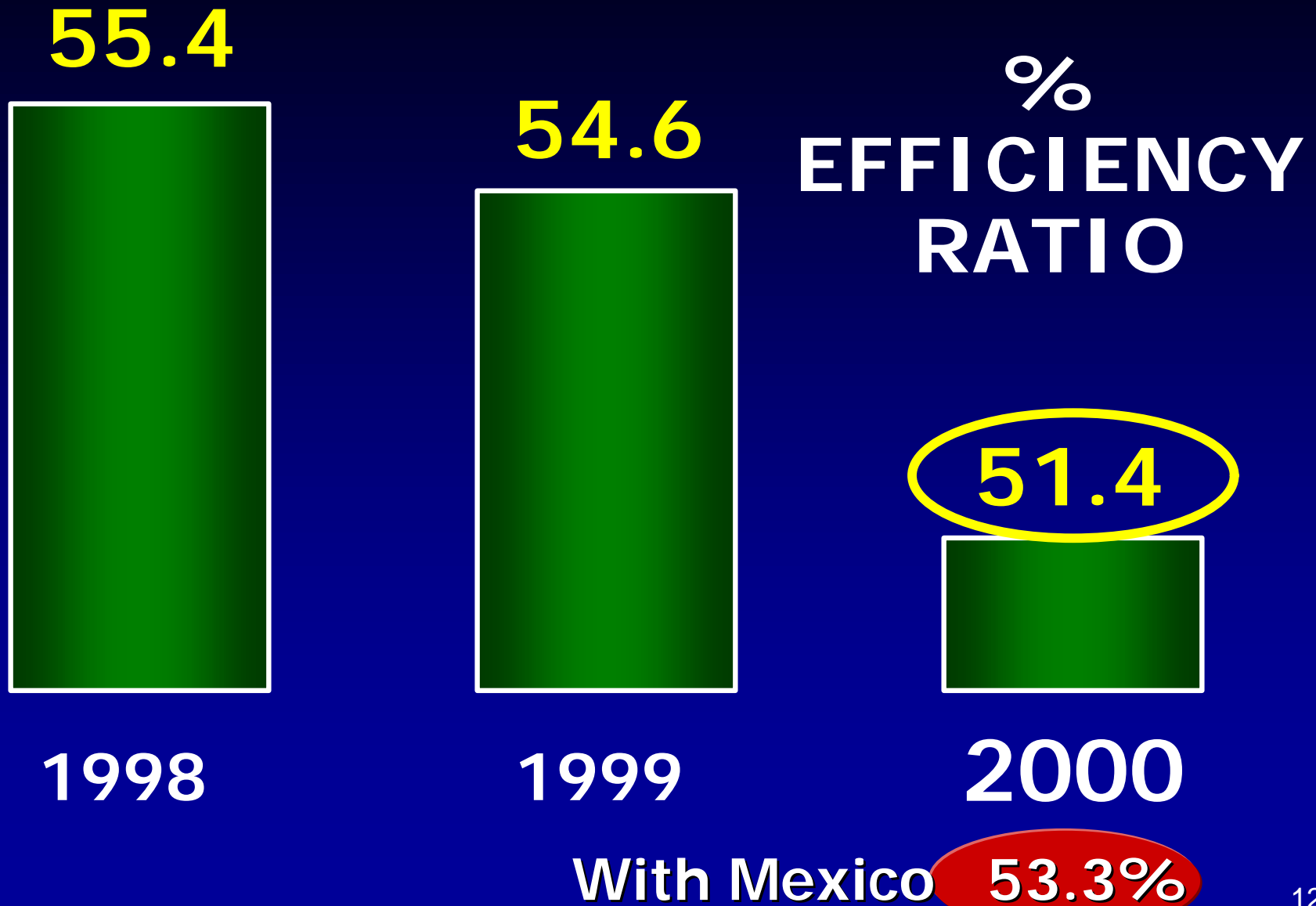
+41%

2000

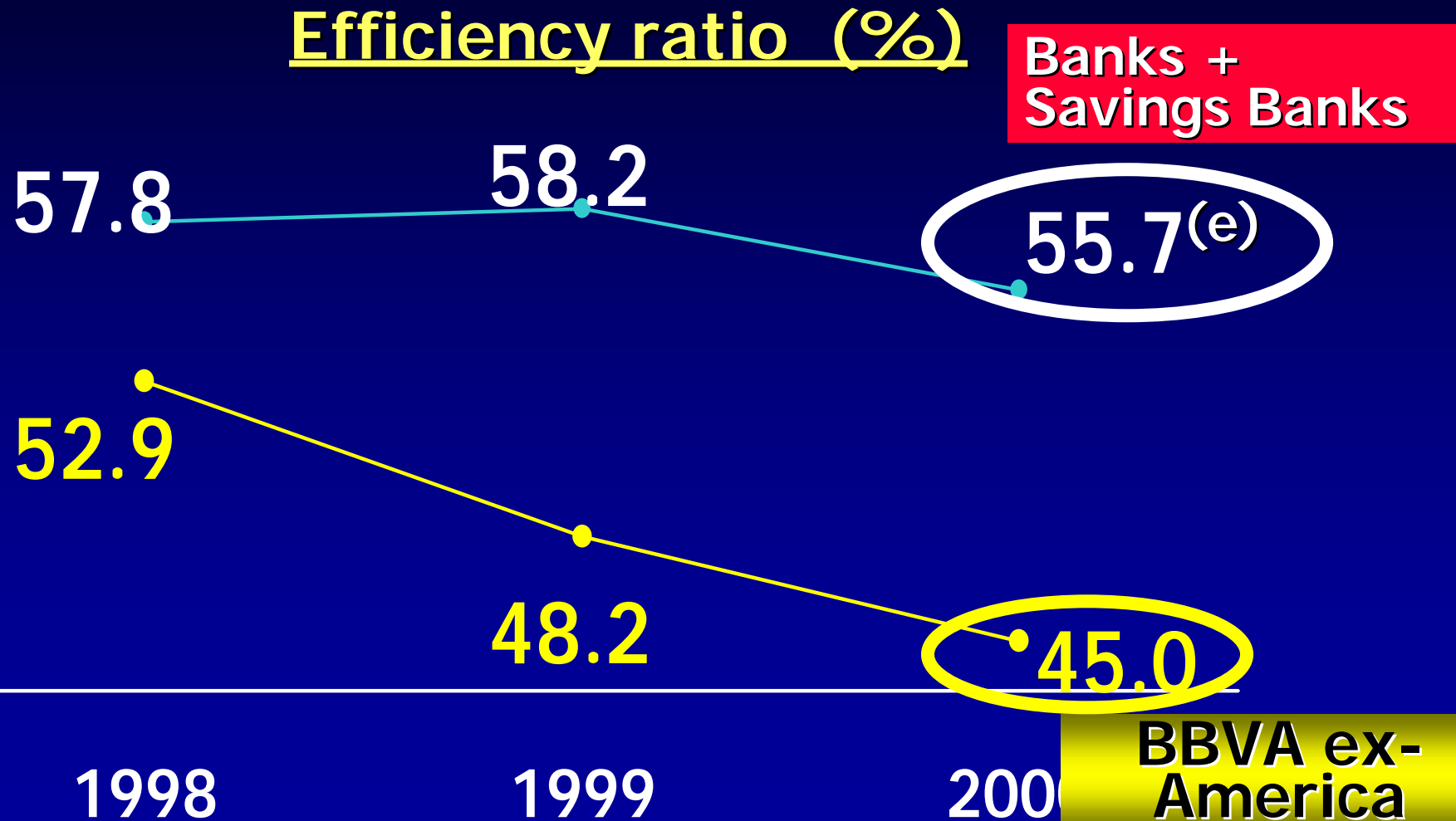
\* Business income + Capital gains

3

# Efficiency, improving



# In Spain BBVA has doubled its efficiency advantage when compared to its peers in only 3 years



# 4 Strengthened Caution: strong extraordinary provisioning

Millions of Euros

Extraordinary provisions  
1,173 Million Euro (+44%)

2,074

+41%

1,472

1999

2000

...thanks to surpassing significantly the targets in margins

# BBVA has opted for strong provisioning...despite continued improvement in asset quality

## NPL RATIO



EX AMERICA

0.95%

## COVERAGE RATIO



160%

The first year of  
CRE@ has been  
a

**SUCCESS**



**1**

## **Success in integration**

**In only 13 months and 13 days we have been able to fulfill and overcome a complex integration in Spain**



**...The first CRE@ objective was met on 13th Feb. 01**

## 4 INTEGRATION MILESTONES

- ① FROM 5 BRANDS TO 1
- ② INTENSE HEADCOUNT REDUCTION: In comparable terms 8,234 or -9.3%
- ③ NETWORK OPTIMIZATION: (587 branch closures in Spain)
- ④ SYSTEMS INTEGRATION: THE ONLY FULLY INTEGRATED AND FUNCTIONAL PLATFORM IN THE WORLD

**2**

# Success in market capitalization

**2<sup>ND</sup> BANK  
OF THE  
EUROZONE  
IN MARKET CAP.**

**The market has positively valued our strategy and efforts during the short lifespan as BBVA**

**VALUE CREATION AT THE END OF INTEGRATION (Mn Euro)**

Since  
announc.  
MERGER

**+15,664 Mill Euro**

**+30%**

Since  
CRE@

**+11,964 Mill Euro**

**+18%**

**In a very complex market environment**

**3**

## **Success in profitability**

**In 2000 we have  
increased Net  
Attributable  
Income by  
500 Mn Euro**

**(more than BBV's income in 1994  
and Argentaria's in 1998)**

4

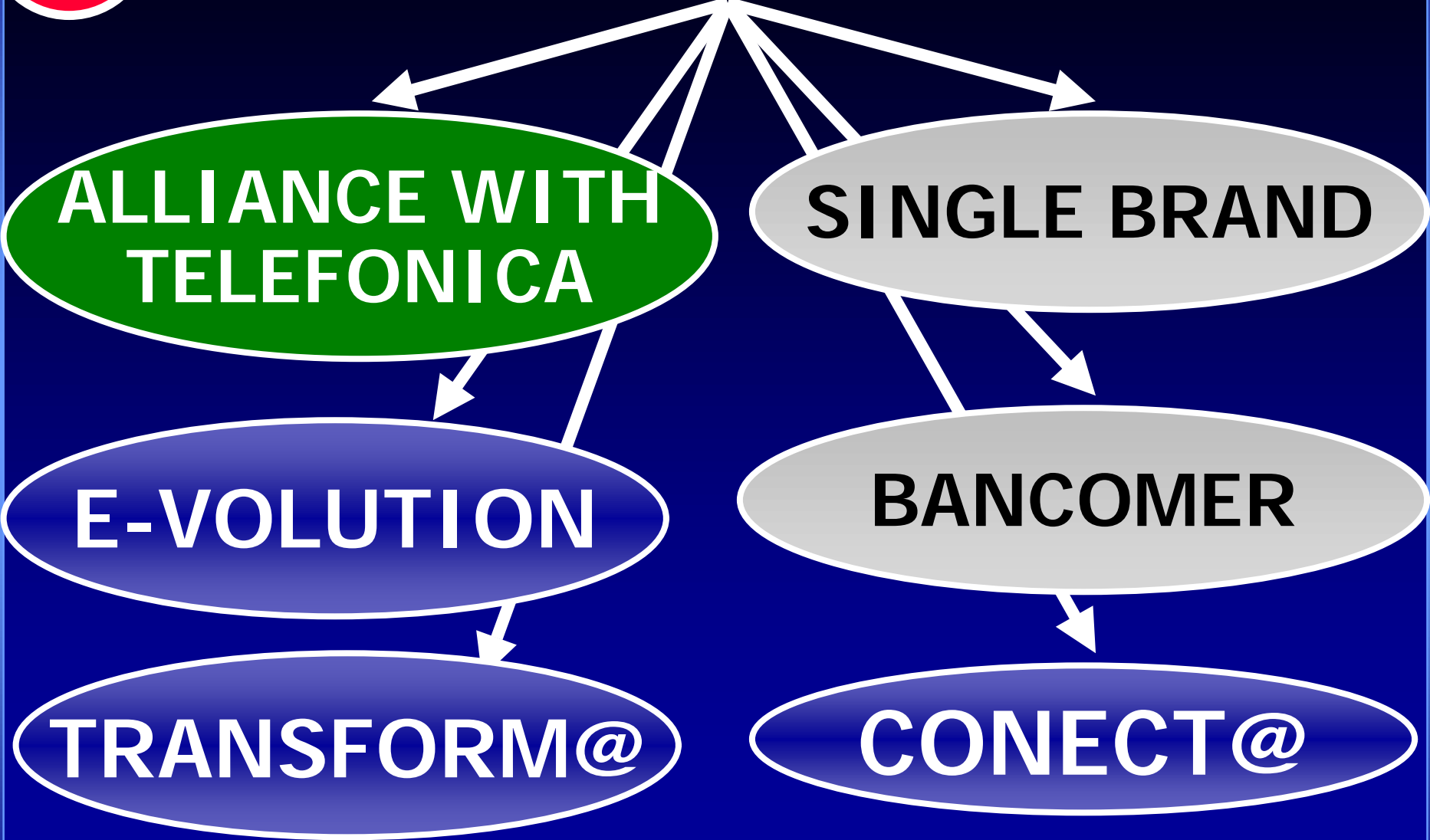
## Success in efficiency



**COST-INCOME  
RATIO  
EX-AMERICA**

5

# Success in @nticipation



ETC <sup>23</sup>

**535 DAYS LATER...**

**BBVA IS  
ALREADY A  
STRONGER  
BANK**



**1**

**STRONGER IN NUMBER  
OF CLIENTS**

**WE ARE THE 2<sup>ND</sup>  
BANK IN THE  
WORLD BY  
CUSTOMER BASE**

**BANKING**

**PENSION  
FUNDS**

**2**

# STRONGER IN SOLVENCY

**CAPITAL  
BASE**  
20,095  
Billion euros

**AA - RATING**

**Unrealized  
Capital gains**  
4,800  
Billion euros

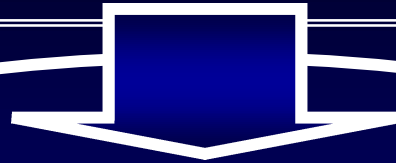
**3**

**STRONGER IN DISTRIBUTION  
CAPACITY**

**BBVA HAS THE  
LARGEST  
SINGLE-BRAND  
NETWORK IN  
THE WORLD**

**WE HAVE  
SUCCESSFULLY  
ACHIEVED THE  
FIRST PHASE  
TOWARD OUR  
“DREAM”**

**¿ AND WHICH IS THAT  
"DREAM" ?**



**TO BE (REALLY)  
ONE OF THE  
BEST BANKS IN THE  
WORLD**

To be one of the best banks in  
the world we must assume a

**SIGNIFICANT**

**TRANSFORMATION**

**...OF A GROUP IN INTENSE**

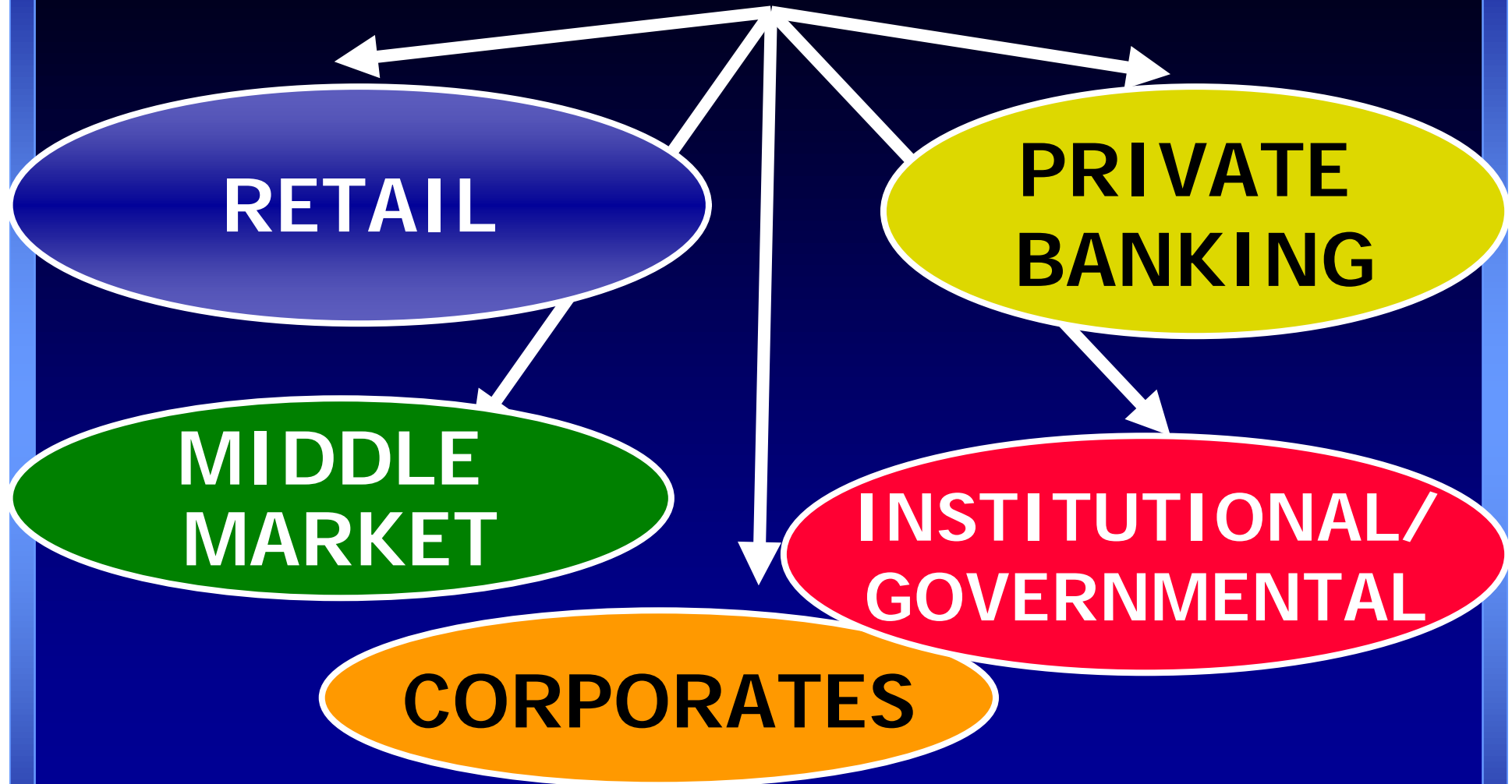
**EXPANSION**

IN "TRANSFORMATION..."

1<sup>st</sup>

Leverage  
our single  
brand

# BBVA SPAIN IS THE LEADER IN:



**WE MUST INCREASE THE BREADTH  
IN EACH MARKET SEGMENT**



# SUPPORTED BY:

- ➔ BRAND STRENGTH
- ➔ SOLID RELATIONSHIP BANKING
- ➔ AN INTEGRATED NETWORK AND LEAN BRANCHES
- ➔ SALES FOCUSED ON THE RELATIONSHIP AND ADVISORY CAPABILITIES

**CLIENT SHARE OF WALLET  
= MORE BUSINESS**

**THIS MEANS...**

**SUBSTANTIAL  
GROWTH  
IN SPAIN & AMERICA**

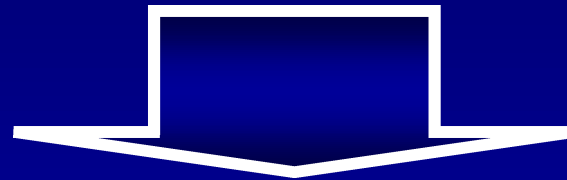
**RETAIL BANKING**

**WHOLESALE BANKING**

**PRIVATE BANKING**

**...PRIORITY TO PRICE (MARGIN)  
AND RISK MANAGEMENT**

**SUBSTANTIAL GROWTH  
ONCE THE ENTIRE GLOBAL  
NETWORK ASSIMILATES THE  
NEW TECHNOLOGY AND  
SINGLE BRAND**



**9,000 Branches that are  
"synchronized"**

**CRITICAL ISSUE**



**GENERATE REVENUE**



**OPTIMAL PRICING POLICY  
IS KEY**



**SHORT-TERM IMPACT ON VOLUME  
(UNTIL THE MARKET STABILIZES)**

# IN "TRANSFORMATION"

2<sup>nd</sup>

Clear  
improvement in  
the operational  
quality and  
attention to the  
client

IN 2001...

We have  
launched the

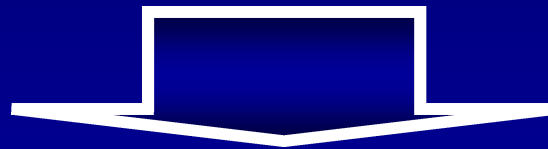
“**BBVA**

**Quality  
Program”**

IN "TRANSFORMATION..."

**3<sup>RD</sup>**

**Aggressive  
cost  
control**



The objective set forth during the merger announcement will be achieved

**FOCUS ON  
EFFICIENCY**

**COST  
SAVINGS**

**ADDITIONAL  
EFFORT**

**EFYCO**

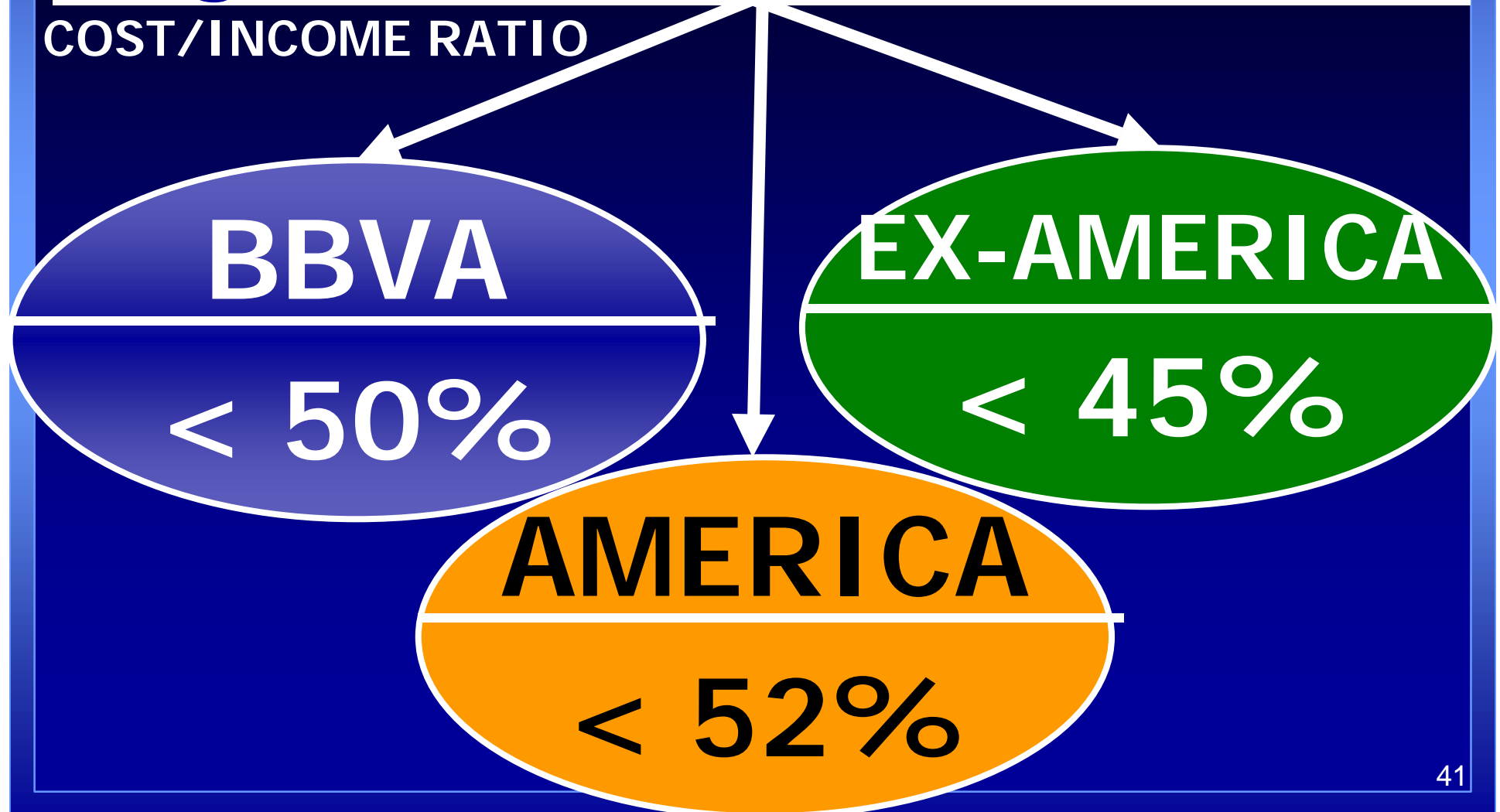
**ACOGE**

**...ON THE BACK OF A UNIFIED  
BRAND AND PLATFORM**



**BBVA efficiency will be very good at the end of CRE@**

**COST/INCOME RATIO**



IN "TRANSFORMATION" ...

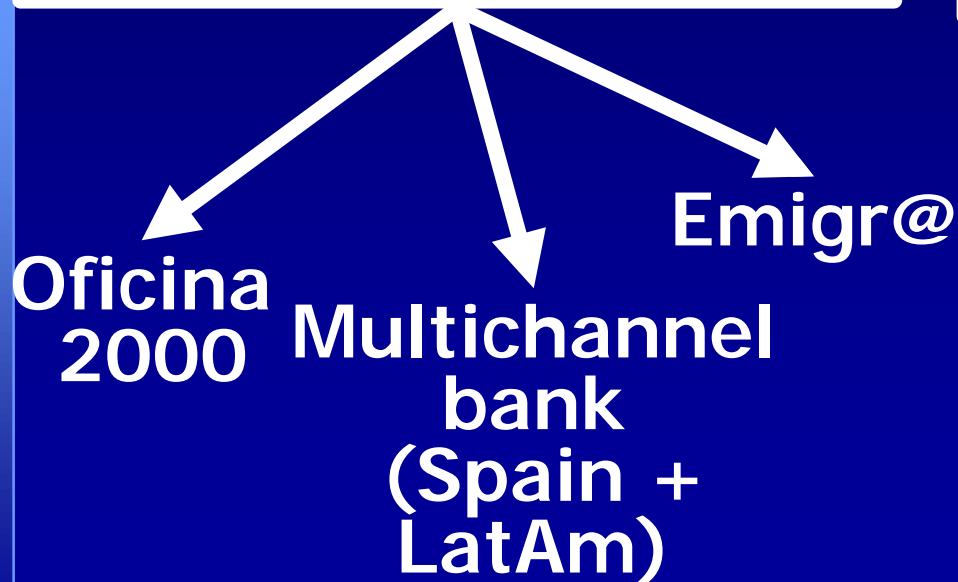
4<sup>TH</sup>

# Extension of Transform@ Program

# BBVA is focused on transforming internal processes

**A NEW BANKING MODEL**

**IMPROVEMENT IN PROFESSIONAL CAPABILITIES**



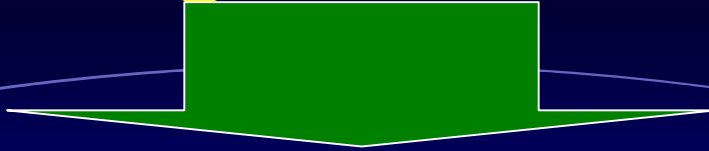
**PLAN  
CONNECT@  
+  
Gobiern@**

IN "TRANSFORMATION" ...

5<sup>TH</sup>

Optimize the  
use of  
capital and  
resources

**To achieve this  
objective**



**...We have launched  
the Program **OPTAR****

**...Which will bestow us with a  
greater solvency and further  
growth capacity**

# OPTAR internal objectives

(Millions of euros)

Liquidity

Capital gains

Shareholder funds  
improvement

CRE@

10,000

4,885

2,000


# IN "TRANSFORMATION" ...

6<sup>TH</sup>

**Further  
develop the  
risk  
management  
function**

**(CREDIT + MARKET + OPERATIONAL)**

**...with an ambitious  
target for the 2<sup>nd</sup>  
CRE@ year in credit  
risk**



**NPL < 2% (Ex-America < 1%)  
Coverage level = 200%**



# BBVA CONTINUES ITS PROFOUND TRANSFORMATION



THE 2<sup>ND</sup> CRE@ YEAR  
IS DECISIVE

# TRANSFORMATION TO BECOME

- **BETTER**

- **MORE EFFICIENT**

- **MORE COMPETITIVE**

- **MORE, MORE, MORE...**

The 2<sup>nd</sup> Cre@ year  
is one of  
transformation

... and also

**EXPANSION**

# IN "EXPANSION" ...

**1<sup>ST</sup>**

**Greater presence  
and positioning in  
markets where we  
already operate**

**IT IS IMPERATIVE TO...**

**CONSOLIDATE**

**+**

**TAP INTO**

**+**

**EXPAND**

**the second largest client  
base in the banking sector**

**IN "EXPANSION" ...**

**2<sup>ND</sup>**

**Confirm the  
improvement  
prospects in  
America**

**2001, the year for America**

# BBVA AMERICA TODAY IS LIKE THIS:

(MILLIONS OF EUROS)

% s/Group

ASSETS

99,243

33

LENDING

35,434

26

FUNDS

111,691

37

BRANCHES

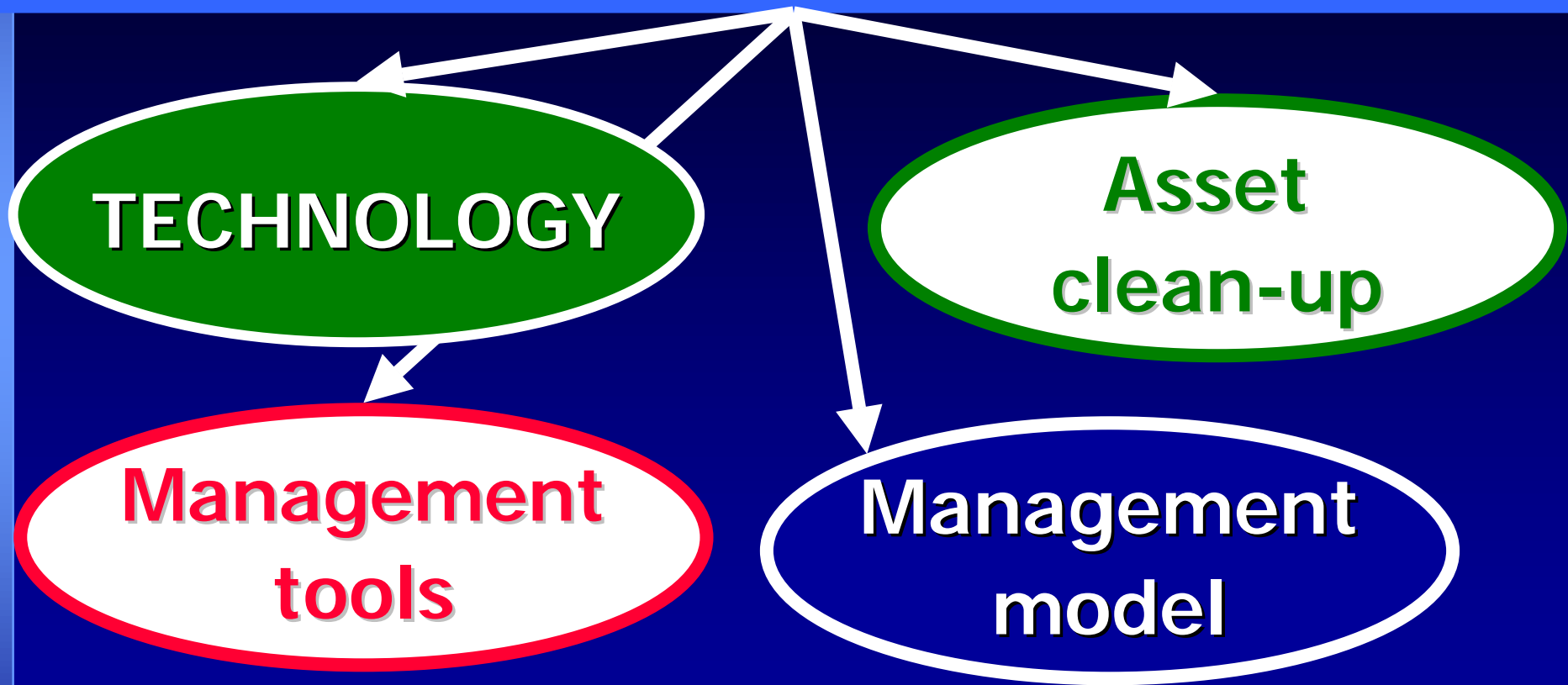
4,865

54

Data as of 31/12/00

IT IS A WORK-IN-PROGRESS

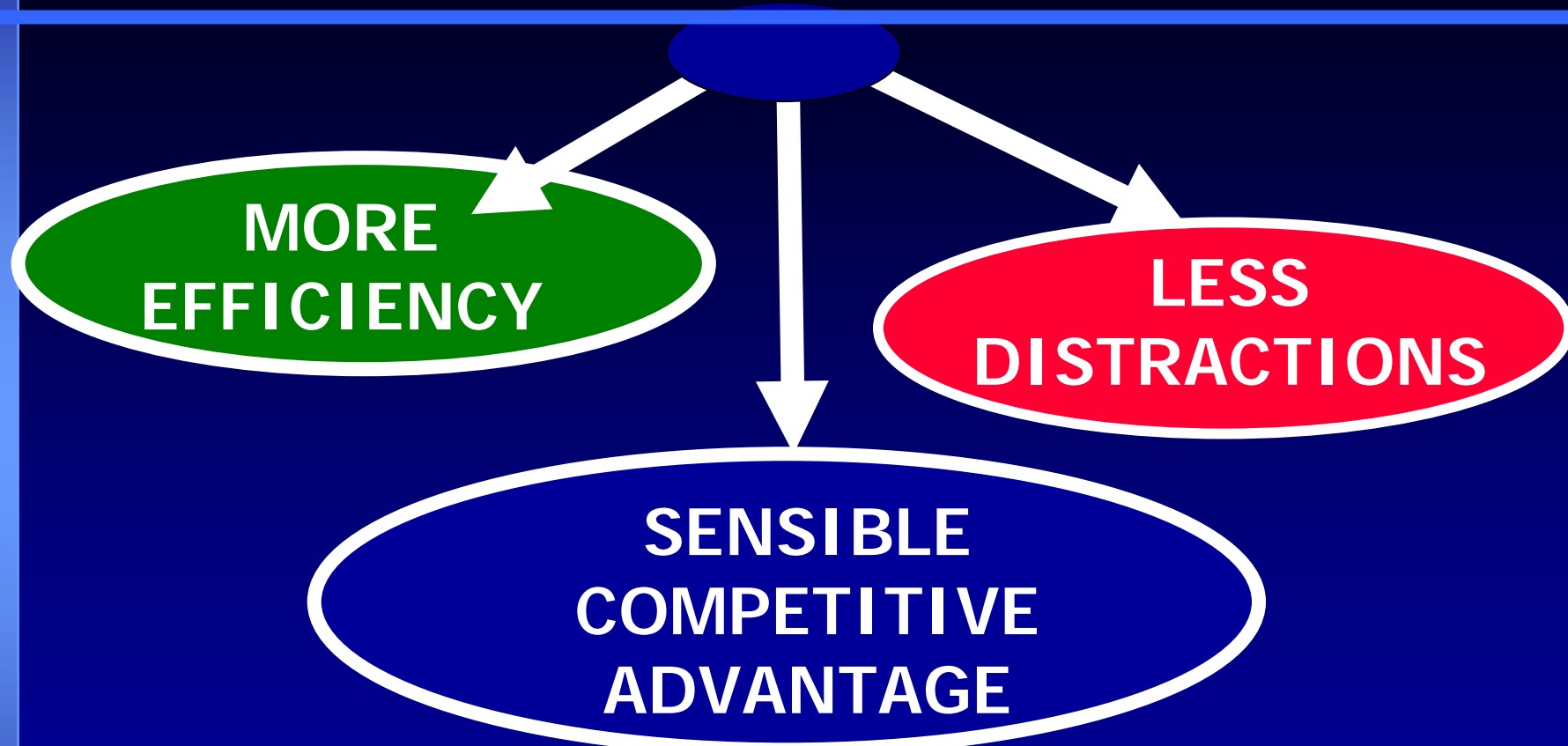
# BY THE END OF 2000 THE FIRST PHASE FOR BBVA AMERICA IS FINALIZED



End of the "Infrastructure" phase



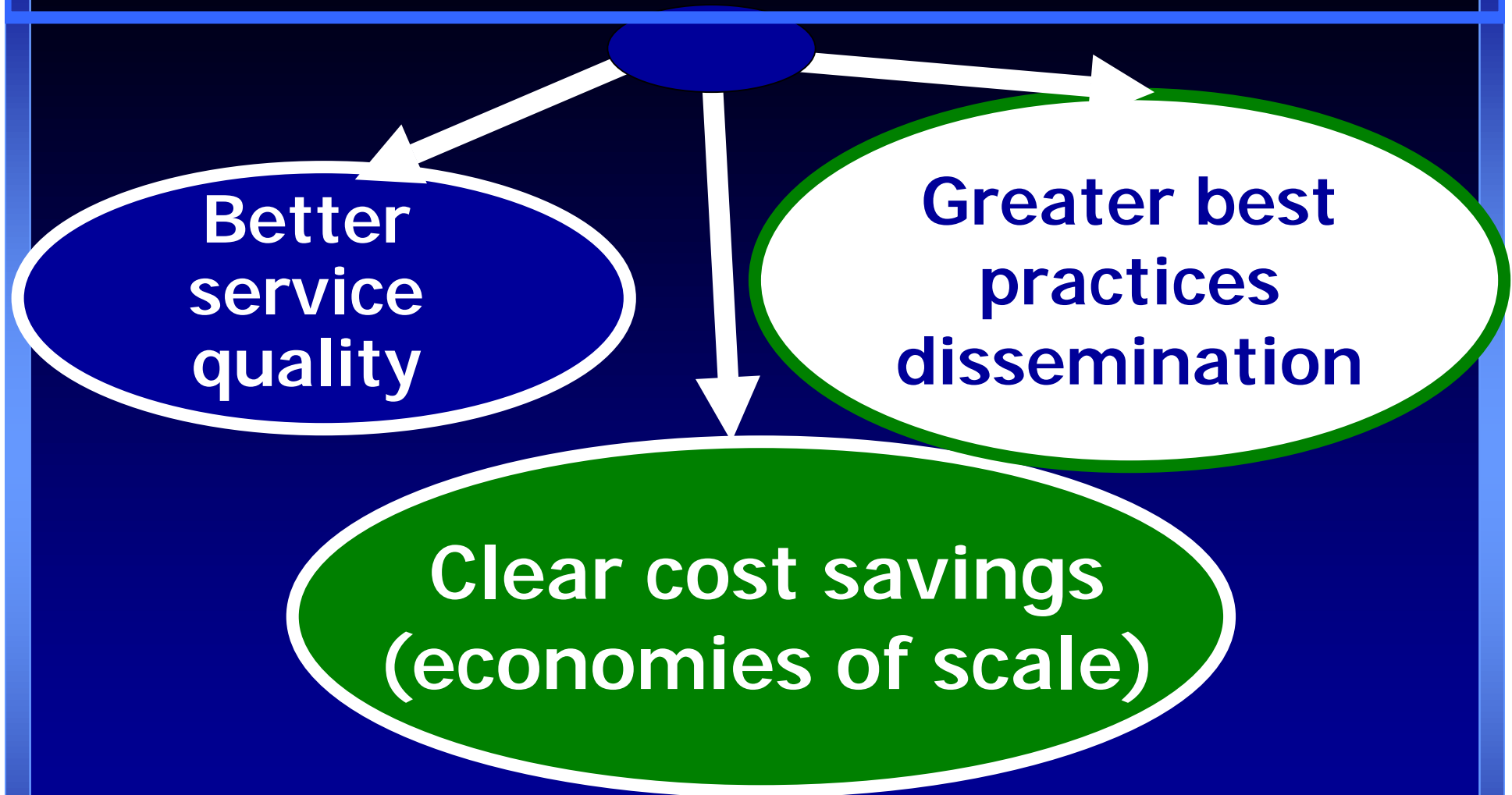
**Banks in America ended 2000 with a common technological platform (\*)**



**AND, ABOVE ALL, IT ALLOWS US TO DEVELOP OUR BUSINESS MODEL**

*(\*) CHILE AND MEXICO BY 2001*

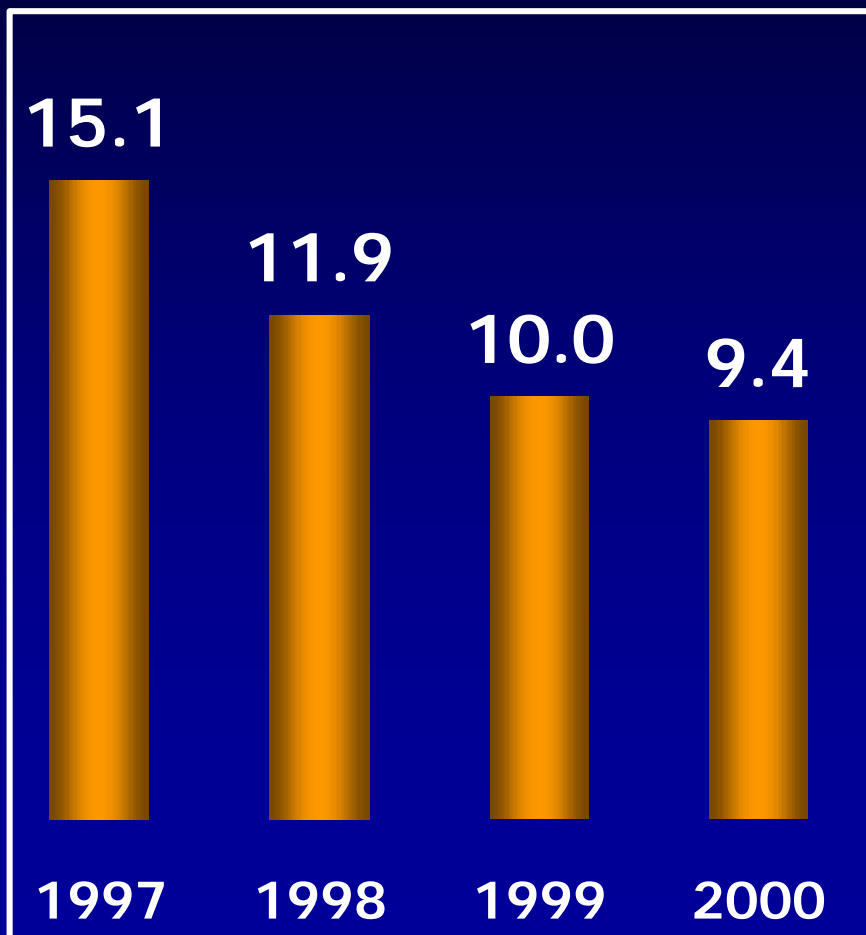
## A common platform allows for:



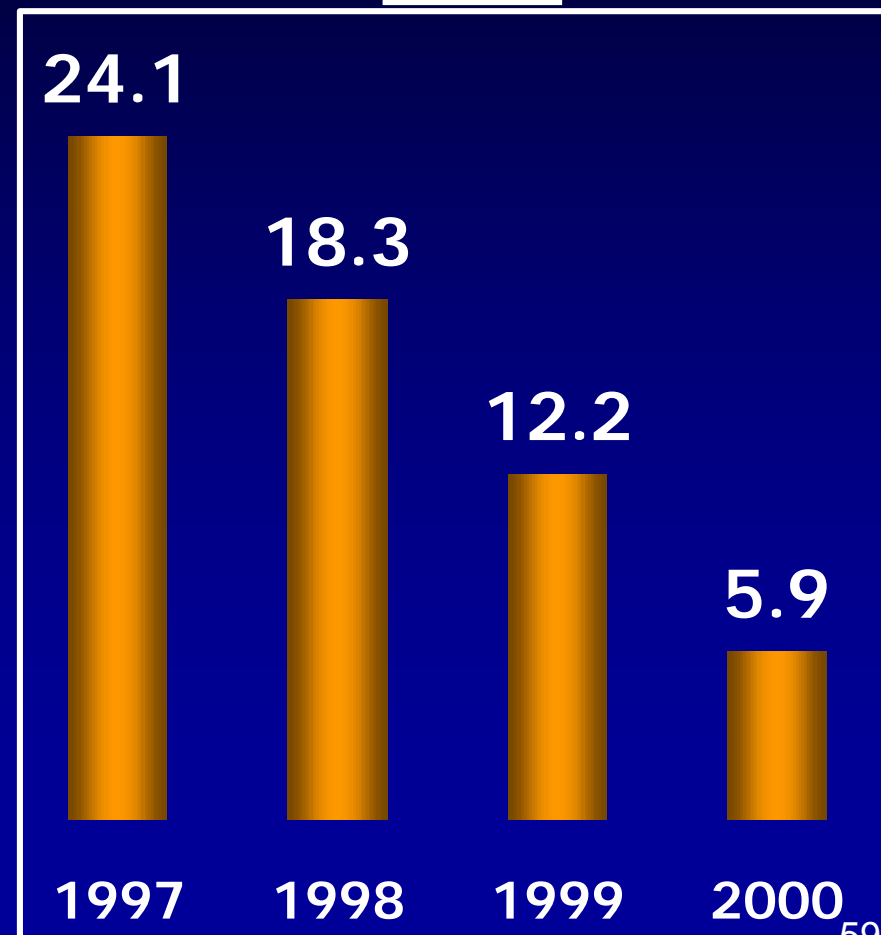
**A substantial comparative advantage  
for BBVA America**

# which translates into real improvement : more efficient distribution networks

Employees/Branch



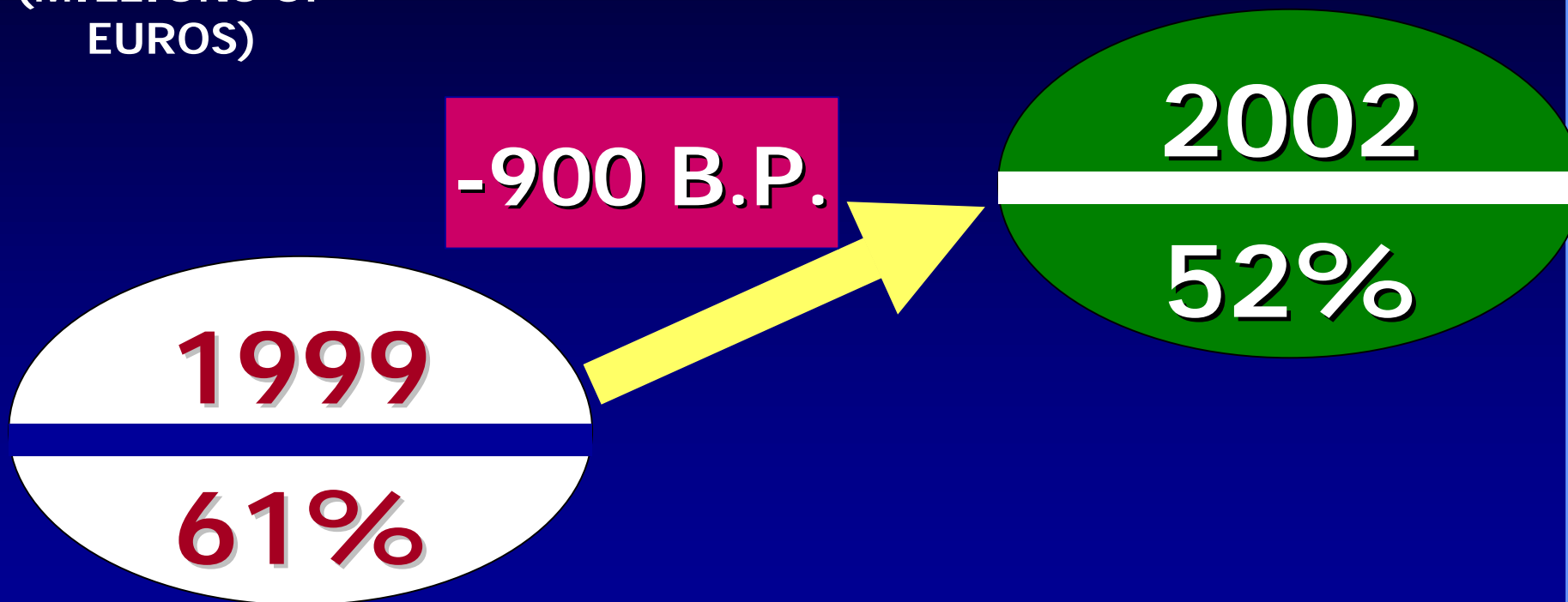
% Personnel in back office



**...and this will allow us to  
ameliorate our efficiency ratio**

**BBVA AMERICA EFFICIENCY RATIO**












(MILLIONS OF  
EUROS)



**MORE EFFICIENT TO BE MORE  
PROFITABLE**

# FOLLOWING THE EFFORTS OF THE PAST YEARS

WE ARE NOW A "GLOBAL MULTIDOMESTIC GROUP" ..

Bancos BBV - BBVA		Bancos con propia denominación	
BRASIL		ARGENTINA	
P. RICO		CHILE	
URUGUAY		COLOMBIA	
URUGUAY			
PARAGUAY		VENEZUELA	
PANAMÁ		MEXICO	

...WITH A SINGULAR IMAGE AND MODEL

**...In 2000 we ended with a provisioned and solvent balance sheet**

**BBVA AMERICA**

**CAPITAL RATIO:**

**15.3%**

**COVERAGE RATIO:**

**206%**

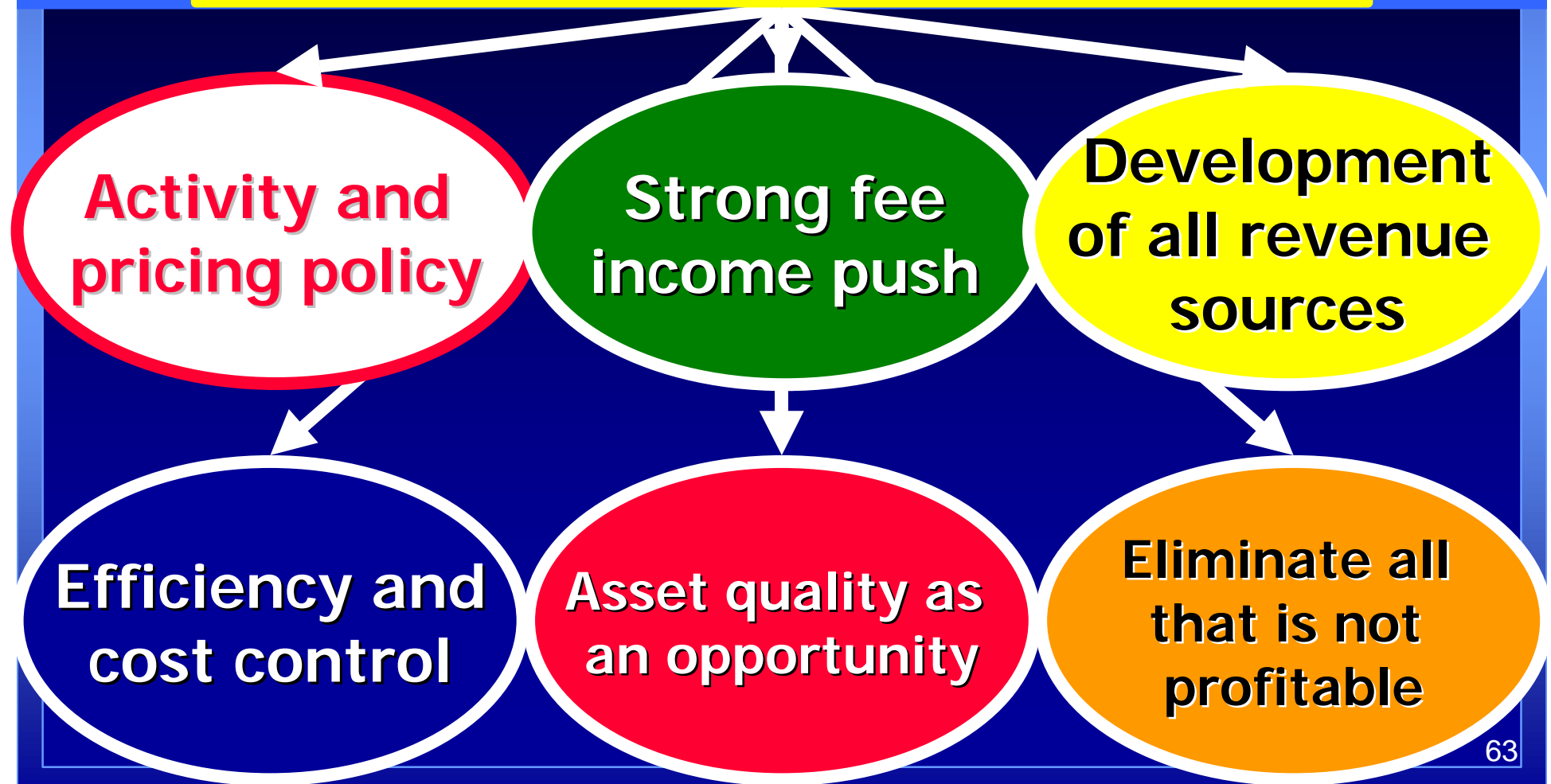
**EXCESS ABOVE MINIMUM  
CAPITAL BASE:  
3,208 MILL. EUR. (+38%)**

**EXCESS PROVISIONS  
ABOVE NPL RATIO:  
1,923 MILL. EUR.**

**WE HAVE HIGHLY PROVISIONED OUR BANKS AND  
DEPLOYED CAPITAL TO THESE BANKS IN ORDER  
TO KICK-OFF 2001 WITHOUT A WRINKLE**

# IN 2001 WE HAVE INITIATED OUR 2<sup>ND</sup> PHASE FOR BBVA AMERICA

**OBJECTIVE: INCREASE OUR PROFITABILITY**



# **BBVA BANCOMER IS THE KEY PIECE OF THE PUZZLE**

**BBVA Bancomer will finish its  
integration as brilliantly as  
the rest of Group did in 2000**

**...and will already contribute  
positive results in 2001**



**BUT THE ENTIRE EFFORT IS  
NOT ONLY BANCOMER**

**THE REST OF  
AMERICA WILL  
PERFORM  
STRONGLY**

**WITH ALL THIS, THE  
OBJECTIVES FOR AMERICA  
IN 2002 ARE QUITE  
AMBITIOUS**

**NET ATTRIB. PROFIT**

**> 1,370 MILL EUROS  
(x4 since 1999)**

**...to position ourselves on superior profitability levels**

ROE BBVA AMERICA (\*)

**2002**

**20%**

(\*) s/shareholders funds on local books

**...on a project that is still in the consolidation and developmental phase**

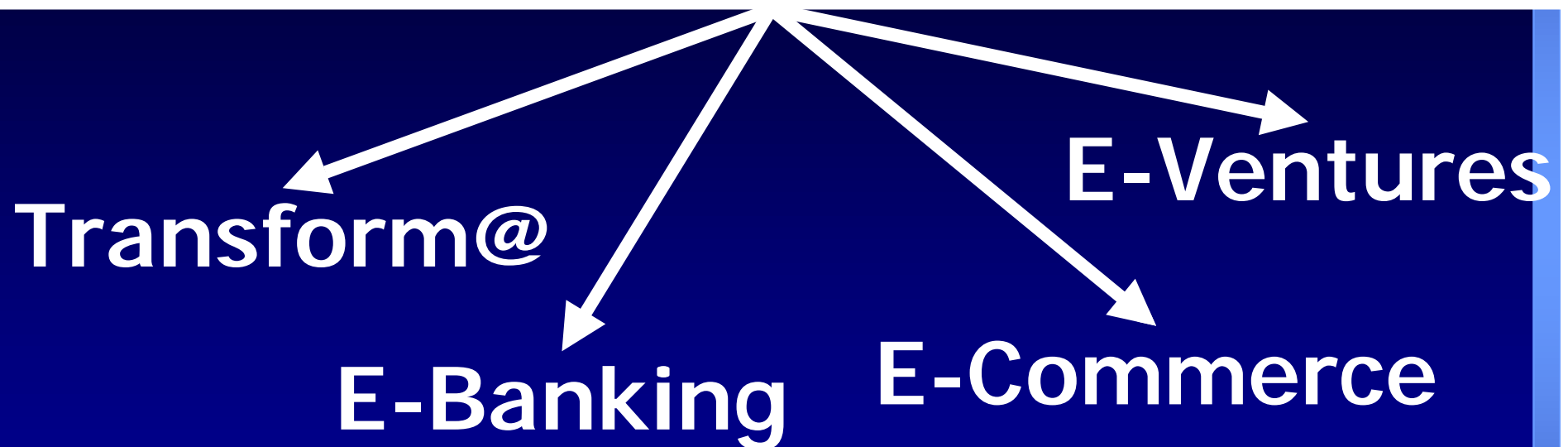
# IN "EXPANSION..."

**3<sup>RD</sup>**

**Apply our  
know-how to the  
new  
businesses**

One of the internal 2000 targets was to

## CONSOLIDATE E-VOLUTION



INTENSE  
EFFORT

+

FINANCIAL  
RIGOR

+

PLAN  
ADJUSTMENT

+

COORDINATE  
+  
CONCENTRATE

# E-COMMERCE: SUBSTANTIATING AND FOCUSING ON 15 PROJECTS

**B2B**

**BBVA e-commerce**

- ADQUIRA
- VERTICALS
- FACILITATORS

**SMC's**

**B2C**

**MOTOR  
REAL ESTATE  
LEISURE/  
TRAVEL  
EDUCATION**

**PAYMENT  
SYSTEMS**

- MOVILPAGO
- B2B E-  
PAYMENTS

**... WITH SPECIAL ATTENTION TO THE  
DEVELOPMENT OF THE TELEFONICA ALLIANCE**

# IN E-BANKING A LOT OF THINGS WERE SAID...

¿WHAT WAS TRUE?

¿WHAT WAS NOT TRUE?

✓ INTERNET WILL  
BECOME A  
DISTRIBUTION  
CHANNEL FOR BANKING  
PRODUCTS

✓ DISTRIBUTION COSTS  
ARE THE CRITICAL  
VARIABLES

✓ COMPETITIVE  
NEWCOMER ADVANTAGE  
(NOT FOR BRAND,  
ADVERTISING,  
TECHNOLOGY)

✓ GROWTH RATES FOR  
THIS MARKET

... AND OUR STRATEGY WAS...

# WE HAVE 4 OBJECTIVE FOR ONLINE BANKING

COVER ALL  
FRONTS

SEGMENTED  
APPROACH

COVER THE  
ENTIRE MARKET  
SPECTRUM


BECOME LEADER  
IN NUMBER OF  
CLIENTS

END OF THE "INFRASTRUCTURE" PHASE



# BBVA

**MULTICHANNEL STRATEGY IN WHICH THE CHANNELS ARE INTEGRATED AND COORDINATED**

- 
- ✓ **IS THE BEST VALUE PROPOSAL FOR THE CLIENT (MULTICHANNEL)**
  - ✓ **ALLOWS US TO MAXIMIZE OUR ADVANTAGES AS AN INCUMBENT (BRAND, NETWORK OPTIMIZATION, SECURITY AND TRUST OF CUSTOMERS,...)**
  - ✓ **ALLOWS US TO IMPROVE OUR EFFICIENCY BY WAY OF CHANNEL MIX EVOLUTION (AND THIS IS THE AUTHENTIC TRANSFORMATION)**

## EXECUTION IS TWO-PRONGED:



**PROGRESSIVE  
ADAPTATION  
OF ALL THE  
CHANNELS  
(THE BRANCH IS  
AND WILL CONTINUE  
TO BE THE MOST  
IMPORTANT CHANNEL)**

**DEVELOPMENT  
OF AN  
ONLINE  
CHANNEL OF  
HIGH VALUE  
TO TAP INTO  
THE INTERNET  
ADVANTAGES  
AND TO  
TRANSFORM THE CLIENT  
RELATIONSHIP  
(critical for a true  
internal transformation)**

# UNO-E

THE P&L IS DONE THROUGH COSTS: ITS CONTROL, IN THESE MOMENTS IS BASIC

**SOLID ADVANCE IN  
EXPANDING PRODUCT AND ACTIVITY**

s/DEC 00

**STRONG  
ADVANCE AS OF  
MARCH**

**87,045 CLIENTS**

**+45%**

**358 Mill. Euro  
IN DEPOSITS**

**+81%**

IN "EXPANSION..."

4<sup>TH</sup>

Greater  
development  
of global  
businesses

**IN 2000, GLOBAL  
BUSINESSES<sup>(1)</sup> ALREADY  
CONTRIBUTED SOLIDLY  
TO THE GROUP**

**689 MILL  
EUROS**

**22%<sup>(2)</sup> of  
Group**

(1) Investment Banking, Corporate Banking, Asset Manag.&Private Bk.

(2) Before extraordinary charges y Others

**WE ARE NOT A "RETAIL OPERATION"**

**We want to create a  
GLOBAL financial leader**

**MULTIDOMESTIC**

**LOCAL  
LEADERSHIP**

**"GROUP"  
ALL THE  
BUSINESSES**

**GLOBAL FRANCHISE**

**STEP BY STEP...**

**BBVA MUST  
BE A GLOBAL  
GROUP**

**...WITH LOCAL ROOTS**

IN "EXPANSION..."

5<sup>TH</sup>

Entering  
new  
markets



**WE CONTINUE TO SEEK  
OPPORTUNITIES IN THE  
LATIN WORLD**

**WORKING INTENSELY  
IN EUROPE**

**AND BEGINNING TO LOOK  
AT POSSIBILITIES IN USA**

**THE "OPPORTUNITY  
INSTINCT" IS  
CRITICAL**

**THE COMBINATION PRICE /  
MARKET POSITIONING  
SHOULD ALLOW FOR  
FURTHER VALUE CREATION**

DURING THE 2ND. YEAR CRE@

**TRANSFORMATION**

+

**EXPANSION**

=

**CREATE VALUE**

**WE ARE WORKING TO  
MAKE BBVA, STEP BY  
STEP, ONE OF THE  
BEST FINANCIAL  
INSTITUTIONS IN  
THE WORLD**

**BBVA**

**MORGAN STANLEY DEAN WITTER**  
**April 5, 2001**