

March 4, 2009

Research Update:

**Banco Bilbao Vizcaya Argentaria
S.A. And Subsidiary Outlook
Revised To Negative; 'AA/A-1+'
Ratings Affirmed**

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Research Update:

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Rationale

On March 4, 2009, Standard & Poor's Ratings Services revised its outlook on Banco Bilbao Vizcaya Argentaria S.A. (BBVA) and its subsidiary, Banco de Crédito Local de España S.A. (BCL), to negative from stable. At the same time, Standard & Poor's affirmed its 'AA/A-1+' counterparty credit ratings on BBVA and BCL.

The outlook revision is based on our lowered expectations for the economies in which BBVA operates and the potential impact on BBVA's financial performance.

The ratings on Spain-based BBVA continue to reflect our view of the bank's strong franchise in its core markets, above-average financial performance, and conservative management. In our opinion, its good performance and credit risk management somewhat offset its higher reliance on emerging markets, deteriorating asset quality, and low degree of diversification compared with some of its international peers.

BBVA enjoys strong operating profitability across all business units. We believe that the bank will maintain this profitability, which should help it weather the current economic downturn. We believe its strong profits are the result of the successful creation of solid franchises in various countries, with strong positions in all banking and ancillary businesses in Spain and Latin America, particularly in Mexico. BBVA is now increasing its diversification by building a cohesive franchise in the Southern U.S. after the acquisition of several banks, mainly Compass Bancshares. The bank benefits from strong efficiency across business units, in our view, driven by a strict cost-control culture and a sales-focused organization.

We expect that BBVA's asset quality will deteriorate in all countries in which the bank is present. This will likely increase provisioning needs, putting some pressure on bottom-line profitability. Higher provisions in Spain should be partly compensated for by releasing generic loan loss reserves following Spanish regulation. We believe nonperforming loans will increase significantly in Spain and the U.S. as the economic crisis deepens, in line with the deterioration we saw in the last quarter of 2008. We also believe the cost of risk is going to increase materially in Latin American countries as they become more affected by the global slowdown, particularly in Mexico as the country enters into recession.

We have classified BBVA's capital ratios as satisfactory. In our opinion, the bank's liquidity position has enabled it to manage the liquidity squeeze in a manner that is commensurate with the current rating.

We view BBVA as having high systemic importance within the Spanish banking sector. Under Standard & Poor's criteria, we consider the Spanish

authorities to be supportive. As a result, our ratings on BBVA include the soft benefits derived from being a bank in a regulated and supervised environment with access to extraordinary liquidity, such as that provided under the Spanish government's support package. The ratings on BBVA reflect our opinion of its stand-alone credit profile and do not include any explicit uplift for extraordinary government support.

Outlook

We believe BBVA has weathered the crisis relatively well so far. However, the negative outlook reflects our opinion on the possibility of a more significant impact on the bank's financial performance if there is significant further deterioration of credit conditions in a number of BBVA's core markets: Spain, Latin America (particularly Mexico), and the U.S.

Standard & Poor's has recently revised down its forecast for Spain's economic growth to negative 2.9% in 2009 and negative 0.3% in 2010. We also expect depressed growth across Latin America, with a mild recession in Mexico.

We could downgrade BBVA if we anticipate a significant reduction in operating profitability in the next couple of years. We expect that profitability pressures will come from lower business volumes, higher funding costs, increasing provisioning charges, and declining foreign currencies. We could revise the outlook back to stable if, all other things being equal, we see that BBVA is able to maintain its resilient asset quality and strong earnings throughout the economic slowdown.

Ratings List

Ratings Affirmed; CreditWatch/Outlook Action

	To	From
Banco Bilbao Vizcaya Argentaria, S.A.		
Banco de Credito Local de Espana S.A.		
Counterparty Credit Rating	AA/Negative/A-1+	AA/Stable/A-1+

NB: This list does not include all ratings affected.

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