
Strategic alliance with China CITIC Bank and CITIC International Financial Holdings Limited



22nd November 2006

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The exchange rates used in the presentation are for reference only; €1:RMB 10.0940 and €1:HK\$ 9.9861 as of 17 November 2006; averages exchange rate for 2003, 2004, 2005 exchange rates are used for Income Statement figures; and year end exchange rates are used for Balance Sheet items.

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1. Investment highlights

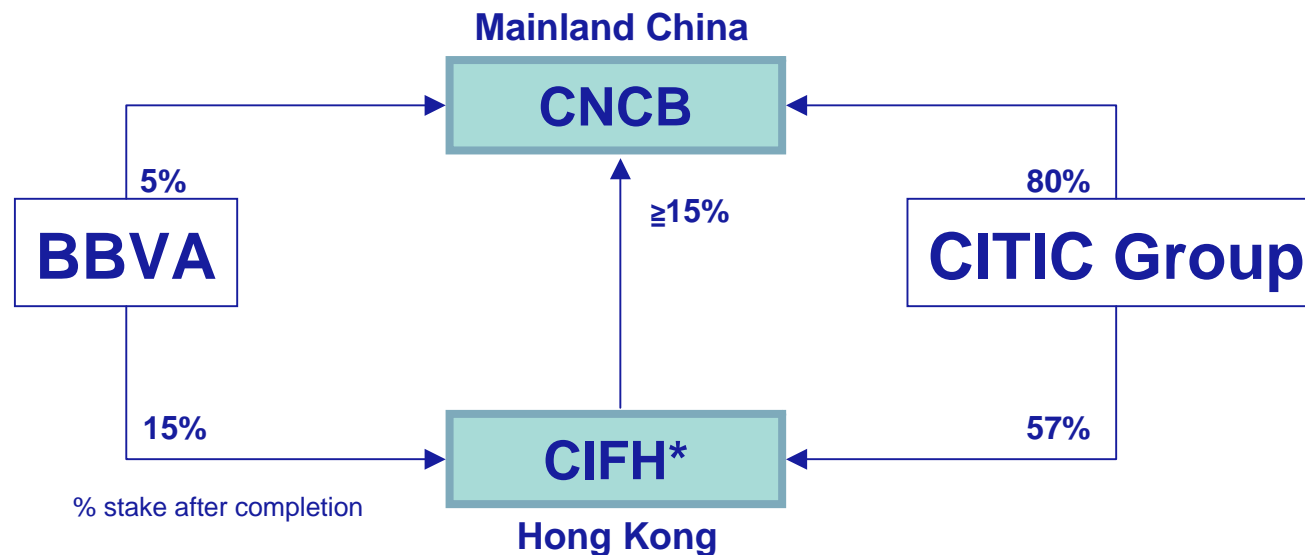
2. Transaction rationale

3. Financial and strategic evaluation

4. Conclusions

An important milestone in building BBVA's global presence

Exclusive partnership in commercial banking and global markets across Asia with a leading Chinese conglomerate through an innovative structure



- ✓ Simultaneous entrance in the China Mainland and Hong Kong banking markets
- ✓ BBVA as the strategic foreign investor in CNCB and CIFH
- ✓ Master cooperation agreements in key areas

• Approximately 28% will in public float based on completion of CIFH'S stake acquisition in CNCB and assuming 3% RMB/HK\$ exchange rate appreciation⁴

Transaction overview

CNCB	CIFH
<ul style="list-style-type: none"> ➤ BBVA as the exclusive strategic investor 	<ul style="list-style-type: none"> ➤ BBVA as the exclusive strategic investor
<ul style="list-style-type: none"> ➤ 5% of existing issued capital from CITIC Group ➤ Call option to acquire an additional 4.9% 	<ul style="list-style-type: none"> ➤ 15% of enlarged capital (12% new shares, 3% old shares from CITIC Group) <p>Basis of future agreement:</p> <ul style="list-style-type: none"> ➤ BBVA to increase equity participation ➤ BBVA/CIFH to develop business cooperation
<ul style="list-style-type: none"> ➤ €501 million (RMB5,057 million) ➤ 2006(e) multiples: P/BV⁽¹⁾ 3.3x ➤ Below current valuations for Chinese banking comparables 	<ul style="list-style-type: none"> ➤ €488 million (HKD4,872 million) / HKD5.83 per share ➤ 2006(e) multiples⁽²⁾: P/BV 1.62x (fully diluted basis) ➤ Price at approximately current market levels
<ul style="list-style-type: none"> ➤ One director 	<ul style="list-style-type: none"> ➤ Two directors
<ul style="list-style-type: none"> ➤ Subject to regulatory approvals, expected completion by March 2007 	<ul style="list-style-type: none"> ➤ Subject to shareholder and regulatory approvals, expected completion by March 2007

Notes

1 Based on pro forma book value after capital injection by CITIC Group + Retained net profit 06e

2 Based on pro forma financials assuming completion of CIFH's acquisition of stake in CNCB + conversion of conv. bonds + Consensus net profit 06e

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Transaction rationale

1

Strategic entry into China, one of the fastest growing markets with enormous growth potential

2

Partnership with financial flagships of CITIC Group, a leading conglomerate in Mainland China

3

CNCB and CIFH, two leading banking institutions

4

Simultaneous investment into Hong Kong complements well Greater China strategy

5

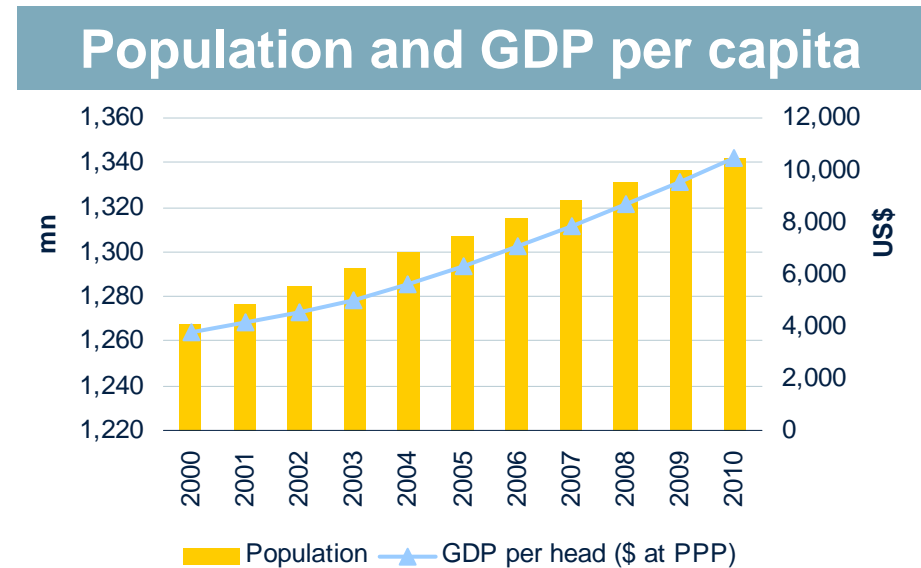
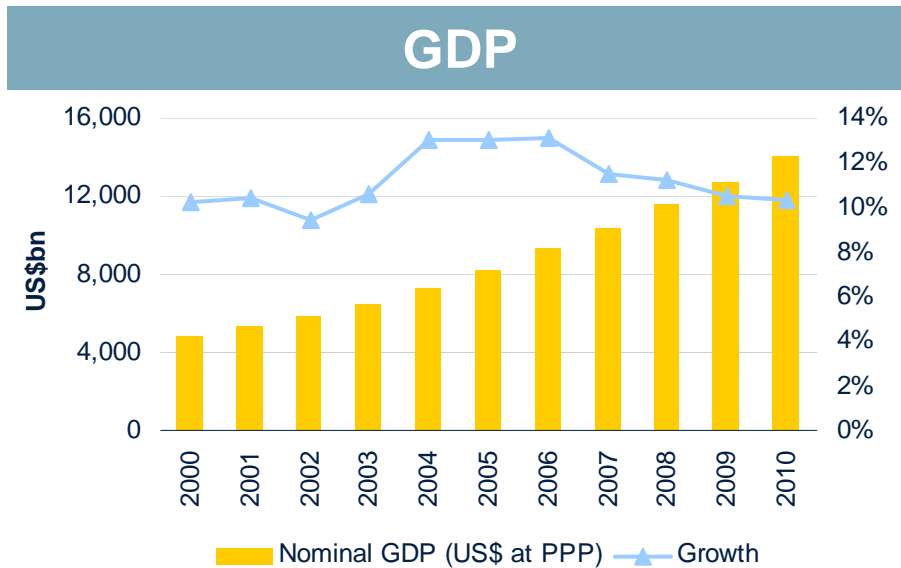
A unique platform to co-operate exclusively in order to capture the potential in key business lines in Asia, esp. China

6

Our strong position in Latin America becomes a competitive advantage to be leveraged on the Asian market

1

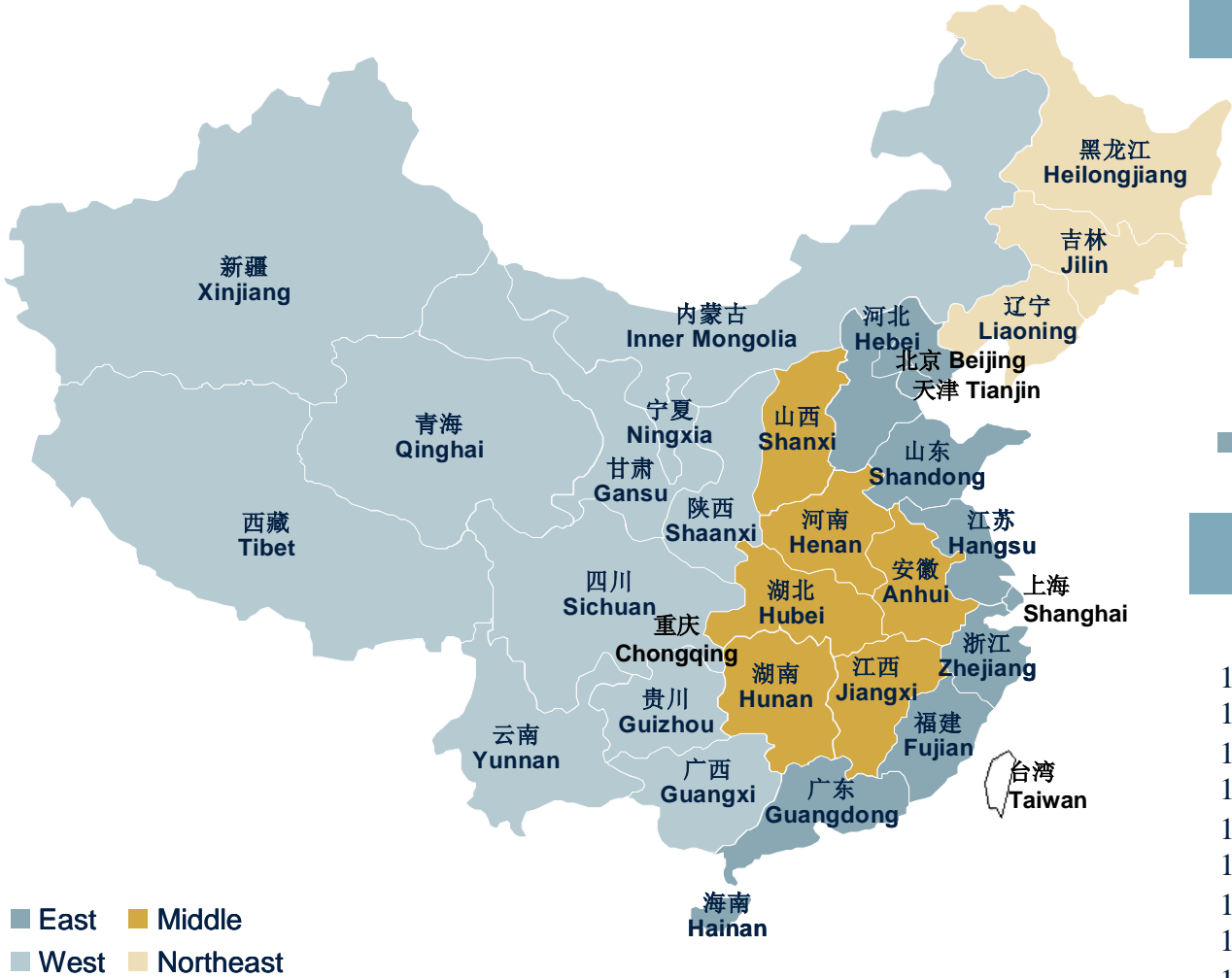
China: one of the largest and fastest growing markets in the world



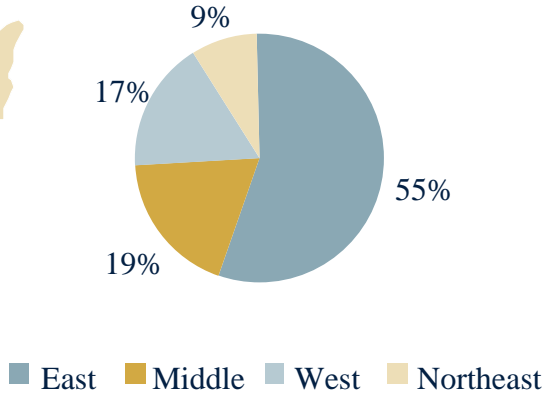
- ✓ High sustainable growth expectations
- ✓ Controlled inflation rates
- ✓ Important FX reserves and sustainable trade balance surplus, especially with developed economies
- ✓ Size of the Chinese economy, supported by robust sustainable demand, both internally and externally

Source Economist Intelligence Unit (EIU) Country Data

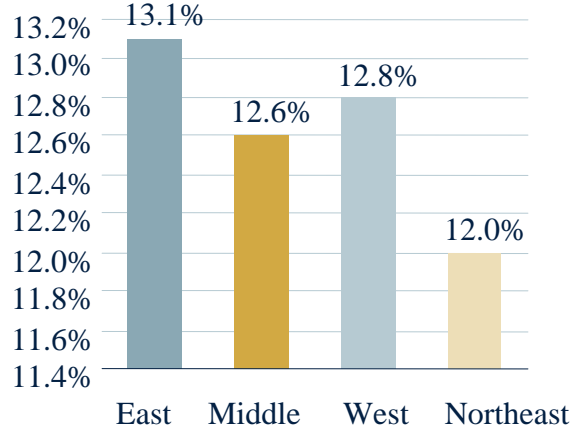
China: the eastern region, where CNCB is mainly located, offers the most attractive indicators



GDP by region



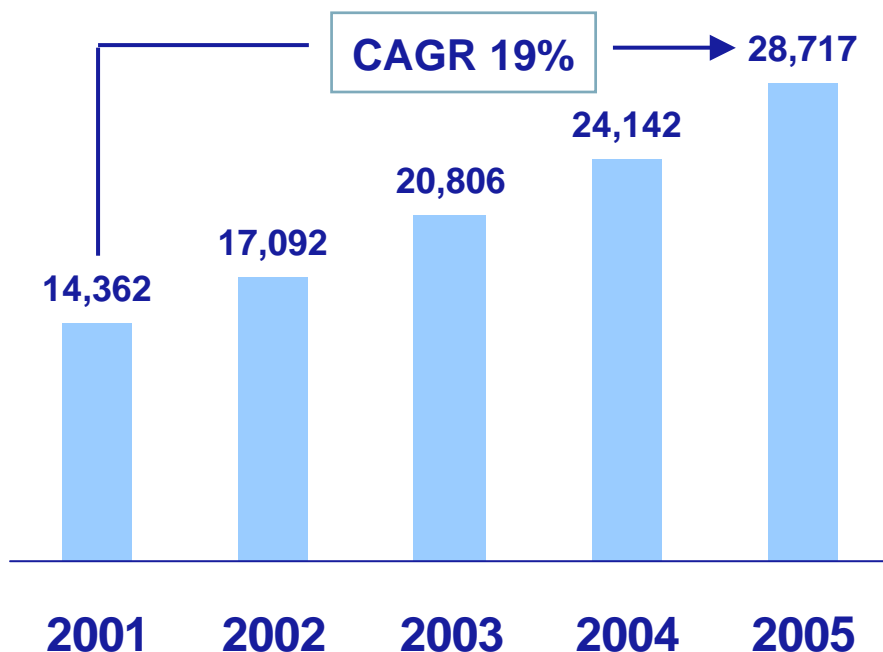
GDP growth



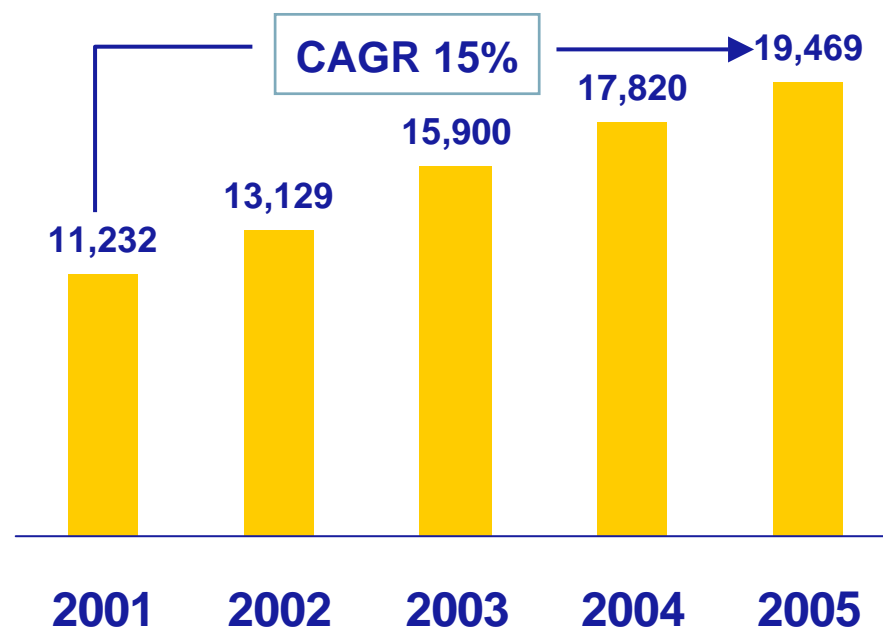
All data as of 2005
Source The People's Bank of China

Rapid development of the Chinese banking system in the last years ...

Deposits (RMB billion)



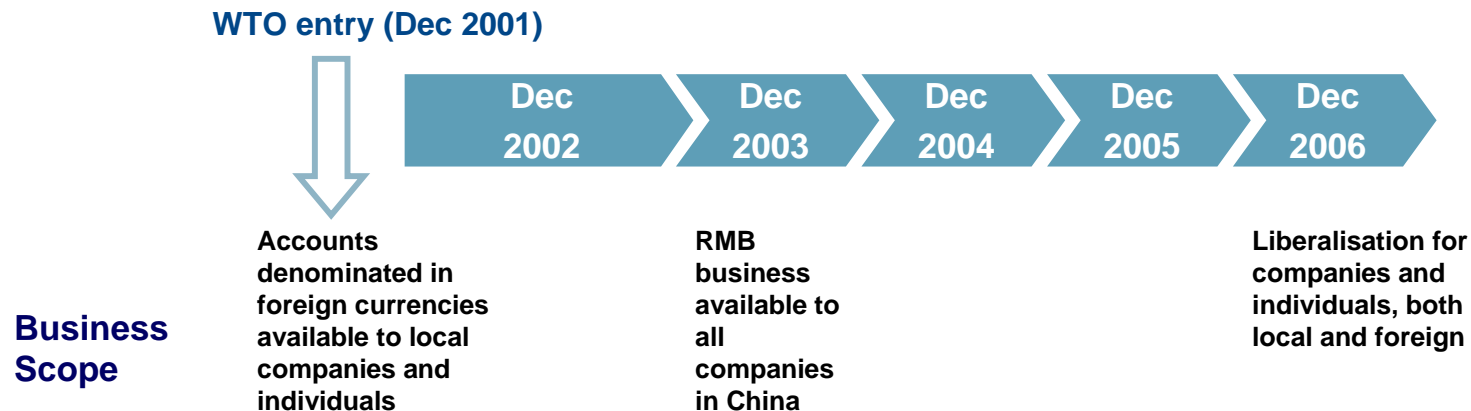
Loans (RMB billion)



- ✓ The Chinese financial system is the 2nd biggest in Asia, just behind Japan
- ✓ The country's rapidly growing economy creates lending opportunities

... supported by improvements in the banking system

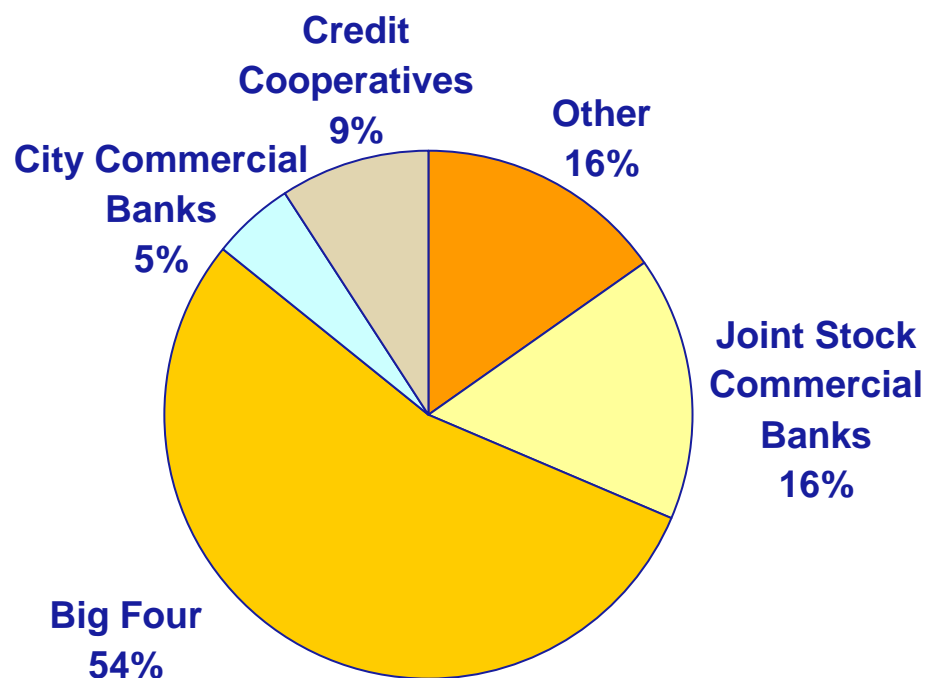
- Since WTO entry, China has gradually lifted restrictions on foreign banks
- Chinese authorities are fully aware of the need for a strong banking system to sustain domestic growth
- China has already introduced reforms to enhance competitiveness of local banks
 - ✓ Reducing non-performing loans
 - ✓ Enhancing corporate governance and risk management
 - ✓ Improving lending practices
 - ✓ Gradual liberalisation of interest rates
 - ✓ Expanding product offerings
- Leading international banks are making strategic investments and developing strategic co-operation agreements with local banks



The opening up and successful reform of the Chinese banking system has been attracting global strategic investors

Chinese banking system structure

Market share by assets (2005)



- ✓ Big Four: 4 largest state banks
- ✓ 1995: Transformed to commercial banks
- ✓ National licenses
- ✓ 3 of these banks are listed

- ✓ 13 Joint Stock Commercial Banks
- ✓ Commercial banks, public control
- ✓ National licenses

- ✓ **CNCB 3rd largest in this category**
- ✓ 5 of these banks are listed in China, 2 in HK

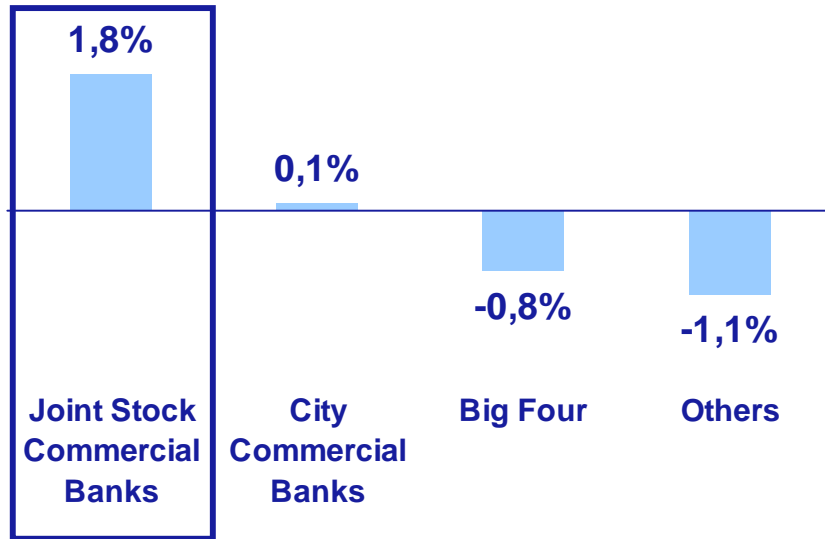
- ✓ 115 City Commercial banks: urban banks
- ✓ Regional licenses
- ✓ Transformed from Cooperatives

- ✓ More than 33.000 credit cooperatives, rural and urban
- ✓ Local licenses

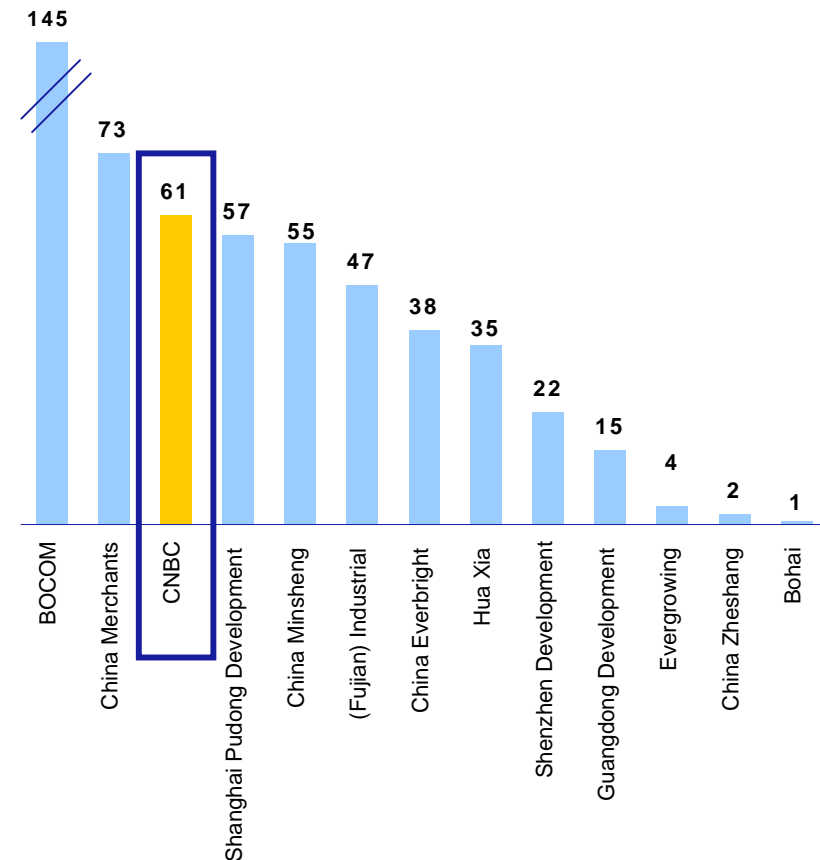
Source: The People's Bank of China and banks' annual reports

Joint Stock Commercial Banks: growing faster than the system with critical mass

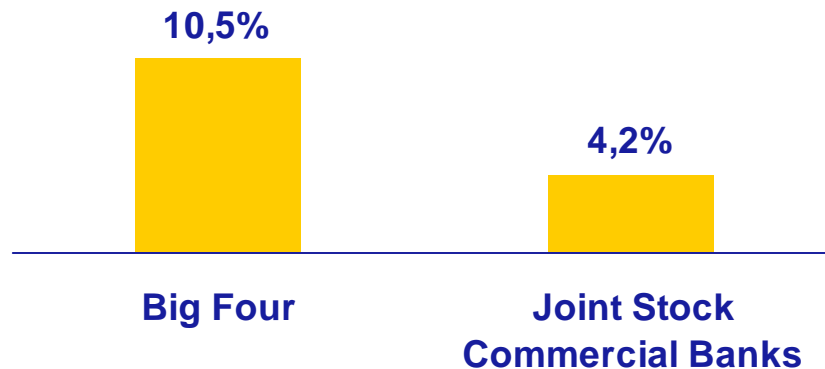
Market share change 2003-2005



Total assets of joint stock commercial banks (€billion)



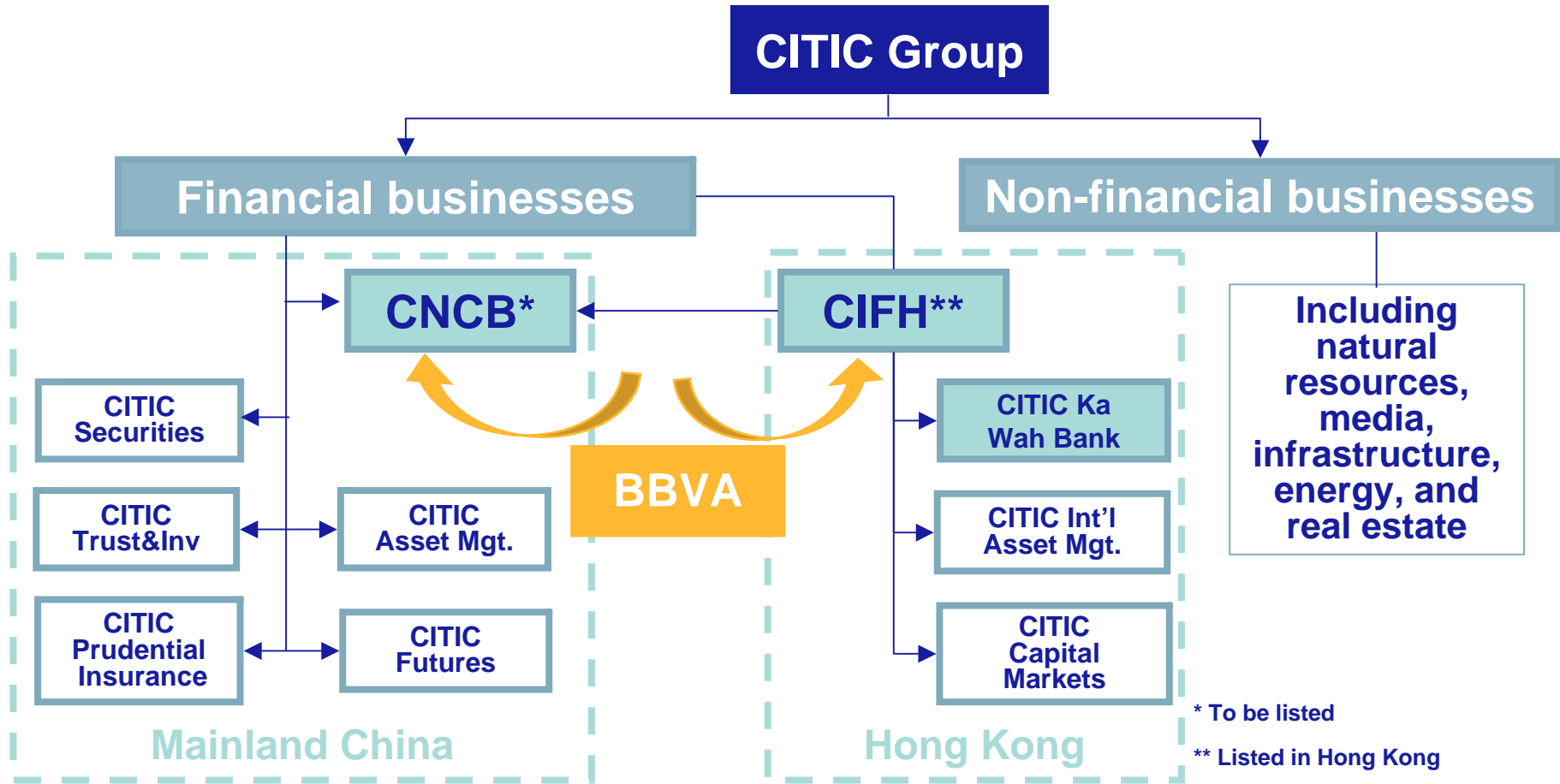
NPL ratio



CNBC: A leading, high quality Joint Stock Commercial Bank

2

Partnership with financial flagships of CITIC Group, **BBVA** a leading conglomerate in Mainland China



- ✓ CITIC Group's total assets was €34 bn and after-tax profit was €490 m in 2005
- ✓ Financial businesses represent the majority of CITIC Group's total assets, of which CNCB and CIFH in aggregate represent 79.7%

3
CNCB and CIFH overview
CNCB

- ✓ CITIC's on shore commercial banking vehicle
- ✓ Headquarter: Beijing
- ✓ Total assets €62,239 Mn. (31/12/05)
- ✓ 13,485 employees and 416 branches
- ✓ National coverage, main presence in coastal urban areas (Yangtze river delta, Pearl River delta and Bohai Rim)
- ✓ Corporate banking is the main activity, fast development of the retail business in the last years
- ✓ Ranking: 7th by assets and 3rd among Joint Stock Commercial Banks
- ✓ 2% market share by loans and deposits
- ✓ Highly regarded management
- ✓ Audited accounts under IFRS (2004/2005)

Source: CNCB's annual report and CIFH's offering circular

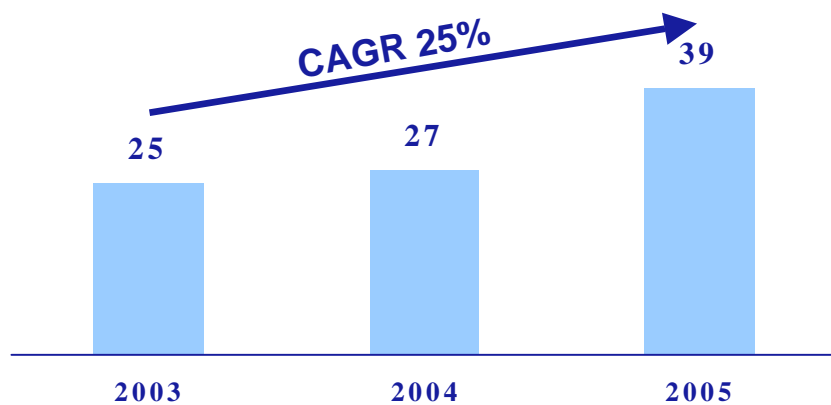
CIFH

- ✓ CITIC's offshore vehicle for expansion in international financial services
- ✓ Headquarter: Hong Kong (HK)
- ✓ Total assets: €9,267 Mn. (31/12/05)
- ✓ 1,711 Employees
- ✓ Commercial banking as main activity, with 31 branches in HK, 2 in Mainland China, 1 in Macau and 2 in USA
- ✓ 7th largest banking institution in HK by market cap*
- ✓ Ranked 10th by loans with 2% market share
- ✓ International and bicultural management
- ✓ Audited accounts under IFRS (2004/2005)

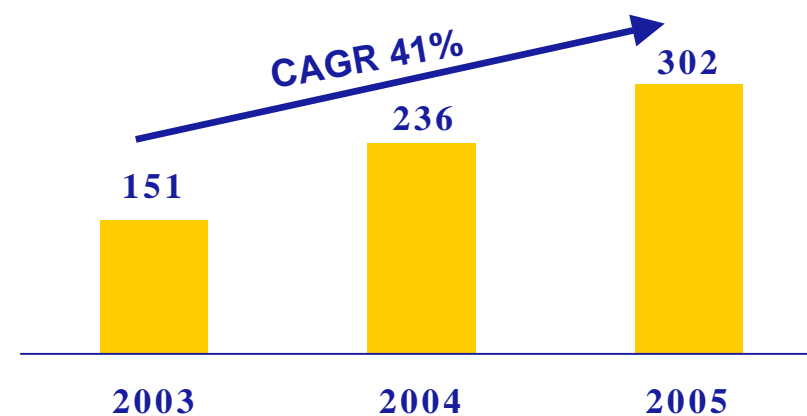
* Based on closing price on 16 Nov 2006

CNCB: Positive performance of activity and results

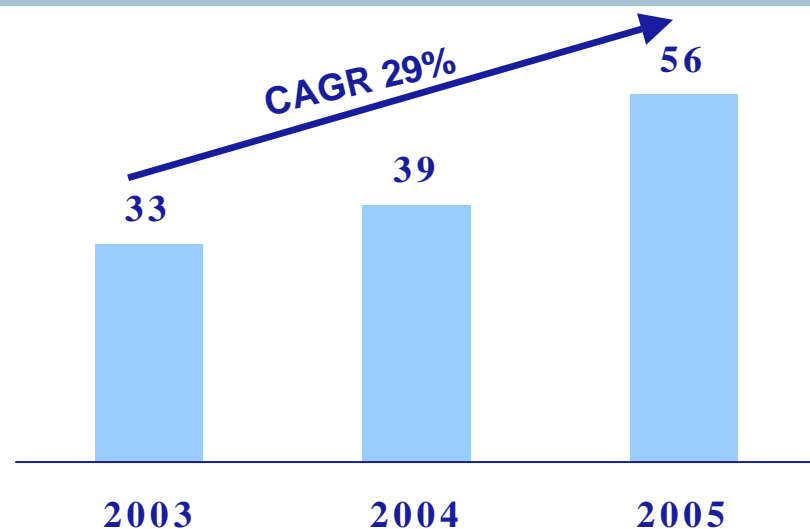
Loans (€billion)



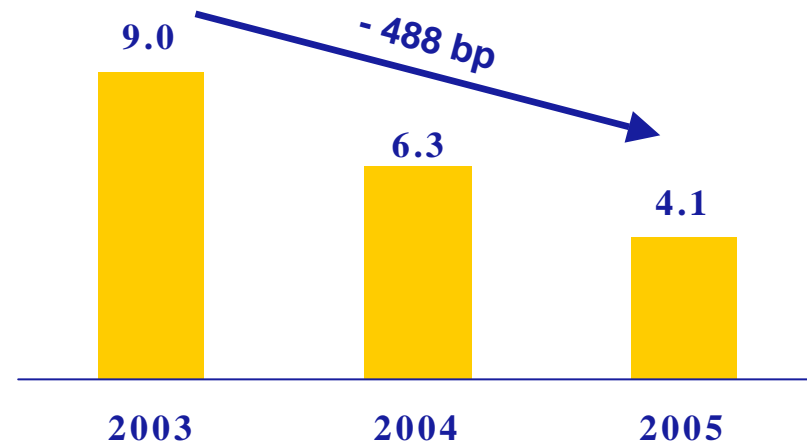
Net profit evolution (€million)



Deposits (€billion)



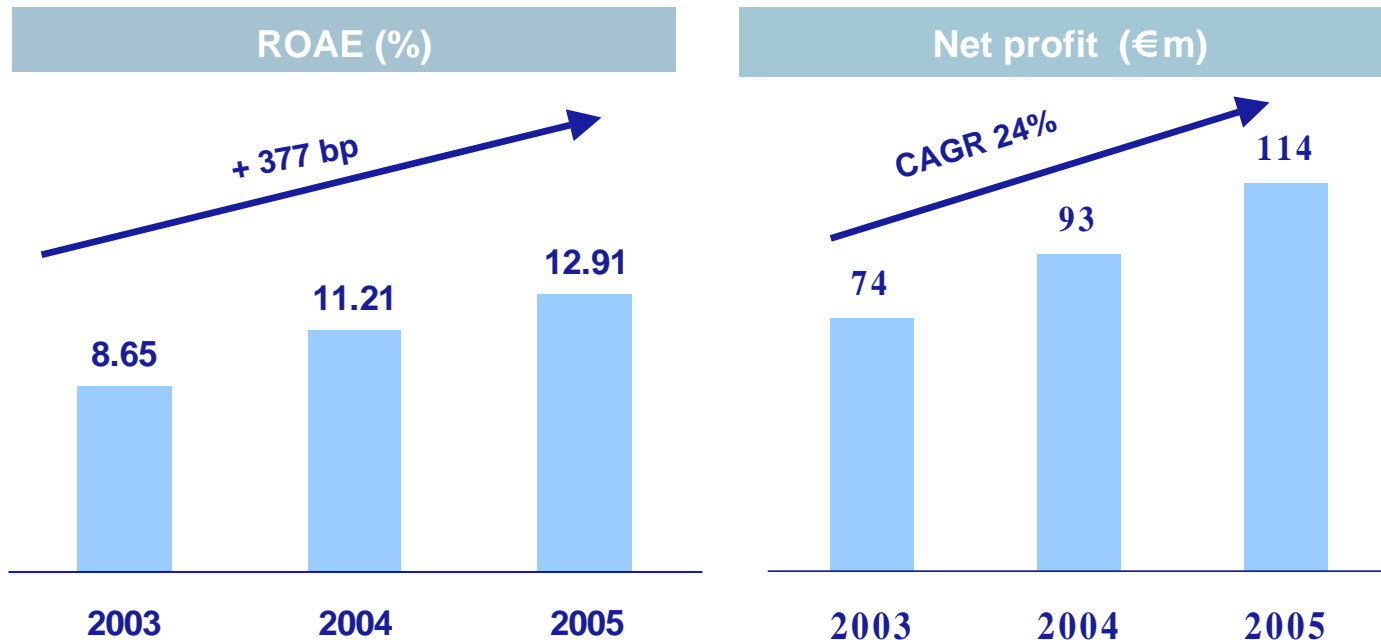
NPL ratio (%)



Source: CIFH Circular regarding acquisition of interest in CNCB

CIFH: financial flagship of CITIC Group outside China

Positive performance of activity and results

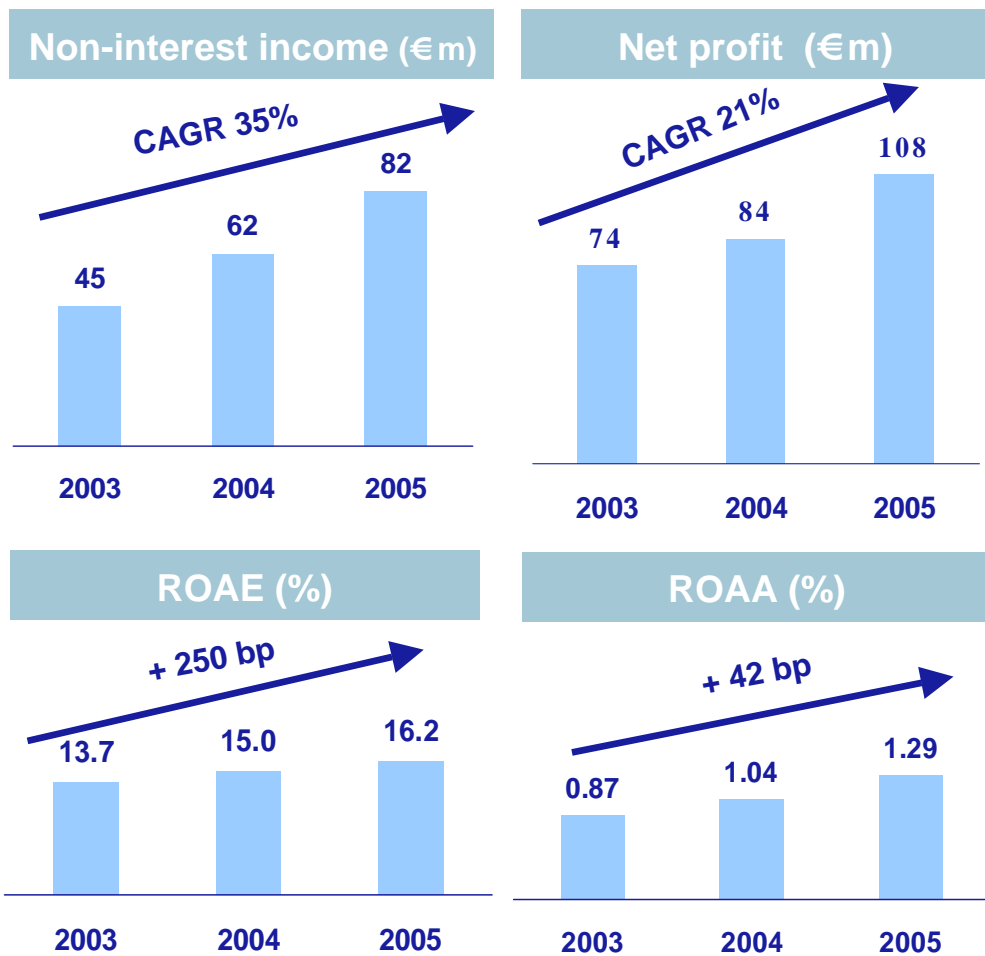


Source: CIFH

- ✓ Plays critical role to realize CITIC's cross-border expansion ambitions
- ✓ Recently invested in CNCB (around 15% stake), subject to regulatory approvals
- ✓ Holding company structure allows for greater strategic advantages in collaboration with CITIC Group

CKWB: positioned as a unique PRC Bank with international standards and best-in-class aspirations

Innovative solutions bank with solid financial performance



Source: CKWB

- ✓ Accounts for 90% of CIFH's profits and assets
- ✓ Top 10 Hong Kong bank by loans*
- ✓ Strong offshore wholesale banking and treasury capabilities
- ✓ Strong retail banking and wealth management capability
- ✓ Advanced risk management skills with sound asset quality
- ✓ Experienced and bicultural management team with high-quality corporate governance

* As at year-end 2005

Solid fundamentals of banking businesses

	CNCB	CKWB
Efficiency (%)	52	55
ROAE (%)	18.2	16.2
NPL ratio (%)	4.1	1.9
NPL coverage (%)	80	88
Total Capital ratio (%)	8.1	16.4

Source: Companies data as of December 2005

4**Simultaneous investment into Hong Kong complements well Greater China strategy**

- **Access to the stable HK financial services market**
- **Investment into HK as hub for Greater China strategy**
- **Tremendous opportunities from cross-business between HK and Mainland China**
- **CIFH best positioned as the China offshore solution bank leveraging strong collaboration with CNCB**
- **CIFH as key element to facilitate cultural and know-how exchange**

5 A unique platform to cooperate in selected businesses **BBVA** to capture the growth potential in Asia, esp. China

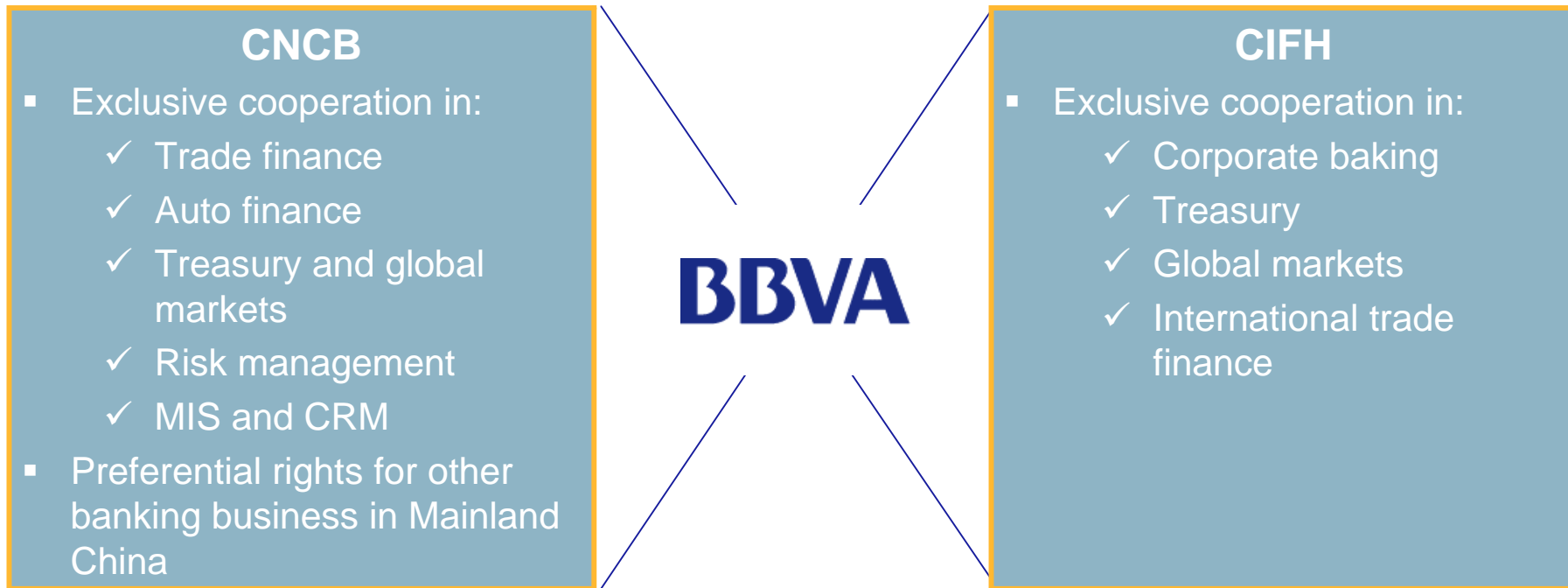


A success formula

- ✓ An unique platform with global presence
- ✓ Gain from exchange of know-how and knowledge
- ✓ Capture opportunities from increasing significance of trade flows from and to China, particularly those involving Europe, Latin America and also North America

Capitalise on the “BBVA” and “CITIC” strengths through an innovative strategic alliance

BBVA



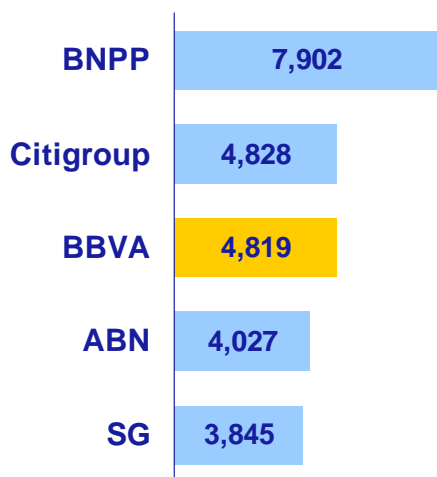
- ✓ Jointly develop treasury and structured products to be distributed through CNCB in Mainland China
- ✓ Further strengthen BBVA and CIFH global markets capabilities in HK with a regional vision: as an origination centre of Asian products to be distributed through BBVA’s global markets and as a distribution centre of local and global products for Asian clients

Starting from the strong foothold and local knowledge of CNCB and CIFH, BBVA’s exclusive alliances will create synergies

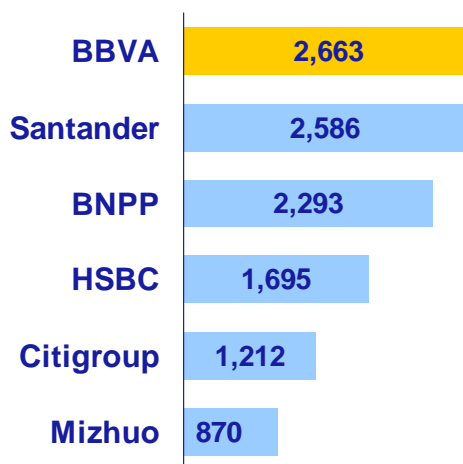
6

Our strong position in Latin America becomes a competitive advantage to be leveraged on the Asian market

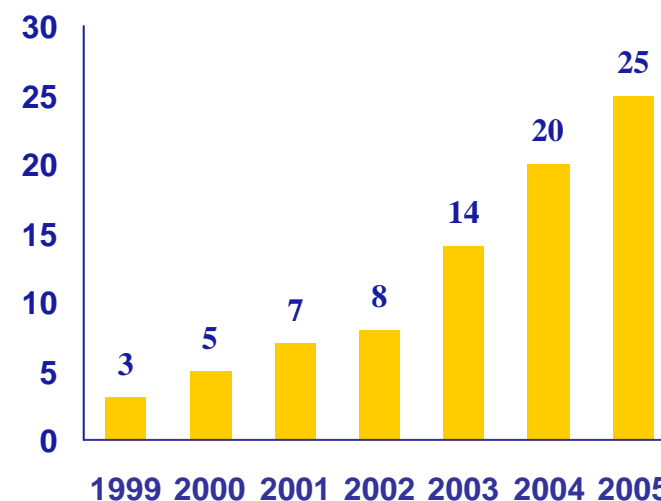
Trade finance
Global level
Volume (USD m)



Trade finance
Latam
Volume* (USD m)



Latam exports to China
(USD bn)



Source: Dealogic, January 2006

Source: Bloomberg

BBVA is the fourth biggest institution in trade finance in Asia

(*) excluding aeronautics and shipping

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1. Not meaningful impact on core capital
2. 2007 P&L contribution from equity accounting of CIFH will offset total financial cost of investments
3. Real options to develop meaningful businesses offer financial upside
4. Synergies of strategic co-operation agreements to follow after full development of individual business plans
5. Upside to the current organic business development of BBVA in Asia



By 3rd year, the return on the investments will exceed the cost of capital (12%)

An attractive and differential strategic alliance, with an important local player

- 1. More than a financial investment: the exclusive co-operation agreements have the potential to develop into real business combinations**
- 2. Unique deal structure tapping into HK and Mainland China simultaneously, accessing a large market from an international jurisdiction, partnering with strong and bi-cultural management teams**
- 3. Wide scope of the co-operation agreements offer real optionality**
- 4. Exclusive partnership with one of the most attractive partners in China**
- 5. Both banks publish IFRS 2005 accounts**

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An example of BBVA's way of doing things...

...strategic fit, limited initial financial exposure, with real options to develop meaningful businesses.....

...combining organic and non-organic elements...

...searching for superior and diversified growth...

...with an innovative structure that permits simultaneous access to HK and Mainland China

...resulting in a clear strategic and financial logic from the beginning