

CREDIT INSURANCE AND SURETY IN SPAIN

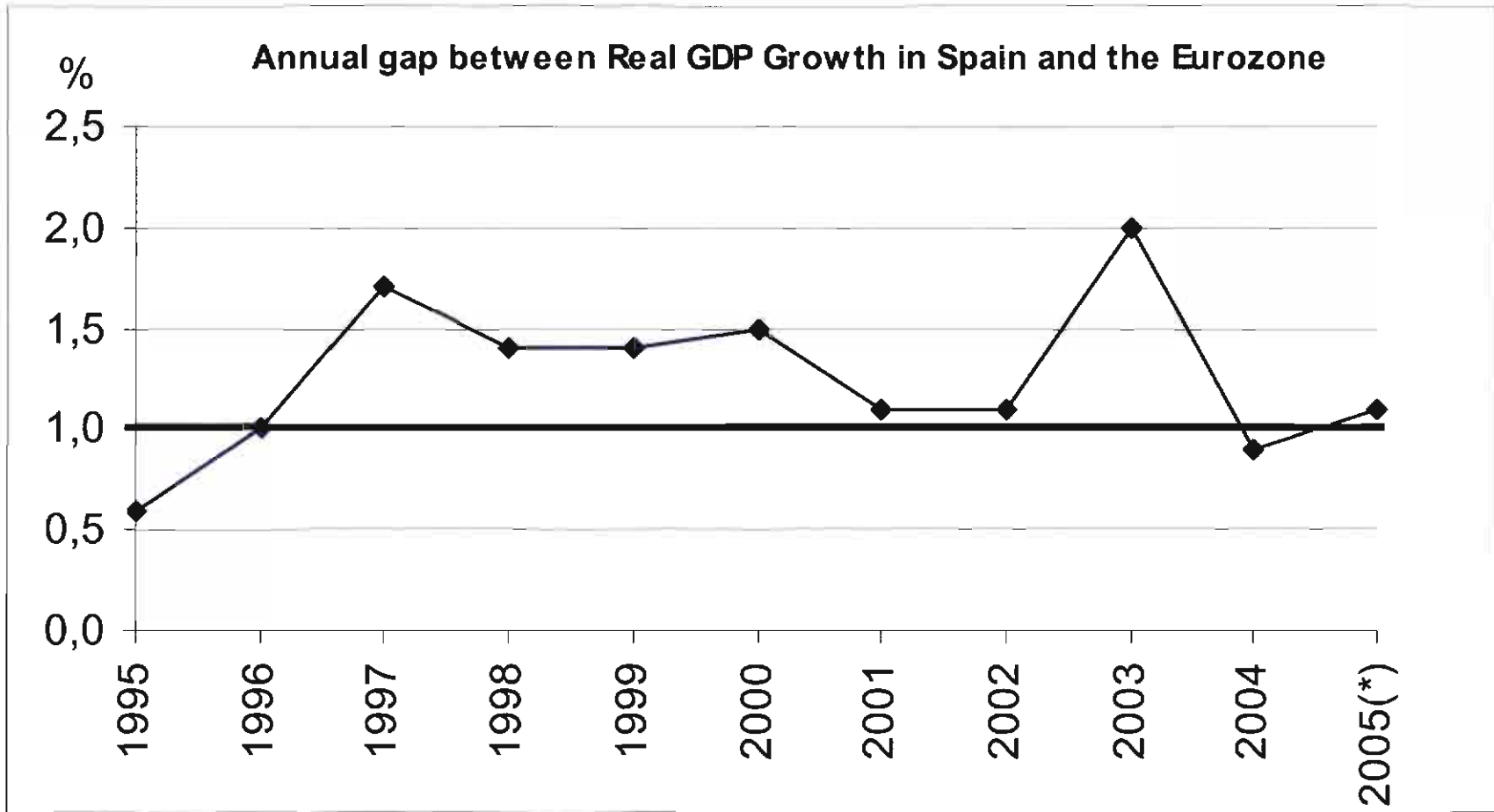
Barcelona
10th June 2005

Projected growth

	2003	2004	2005	2006
SPAIN	2.5	2.7	3.0	2.8

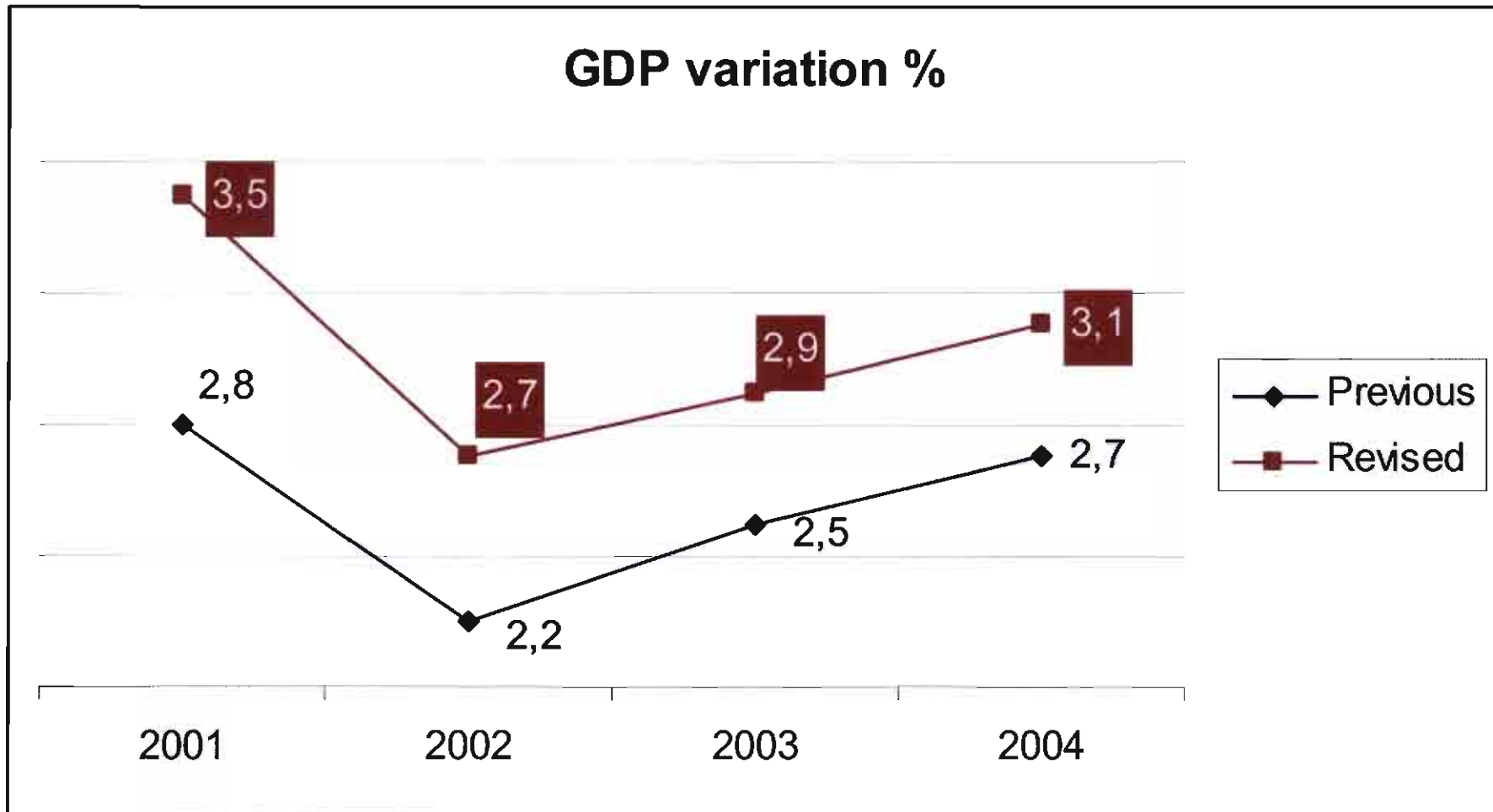
Source: BBVA

Annual gap GDP SPAIN / EU



Source: Spanish Statistical Office (INE)

Real growth of the Spanish GDP

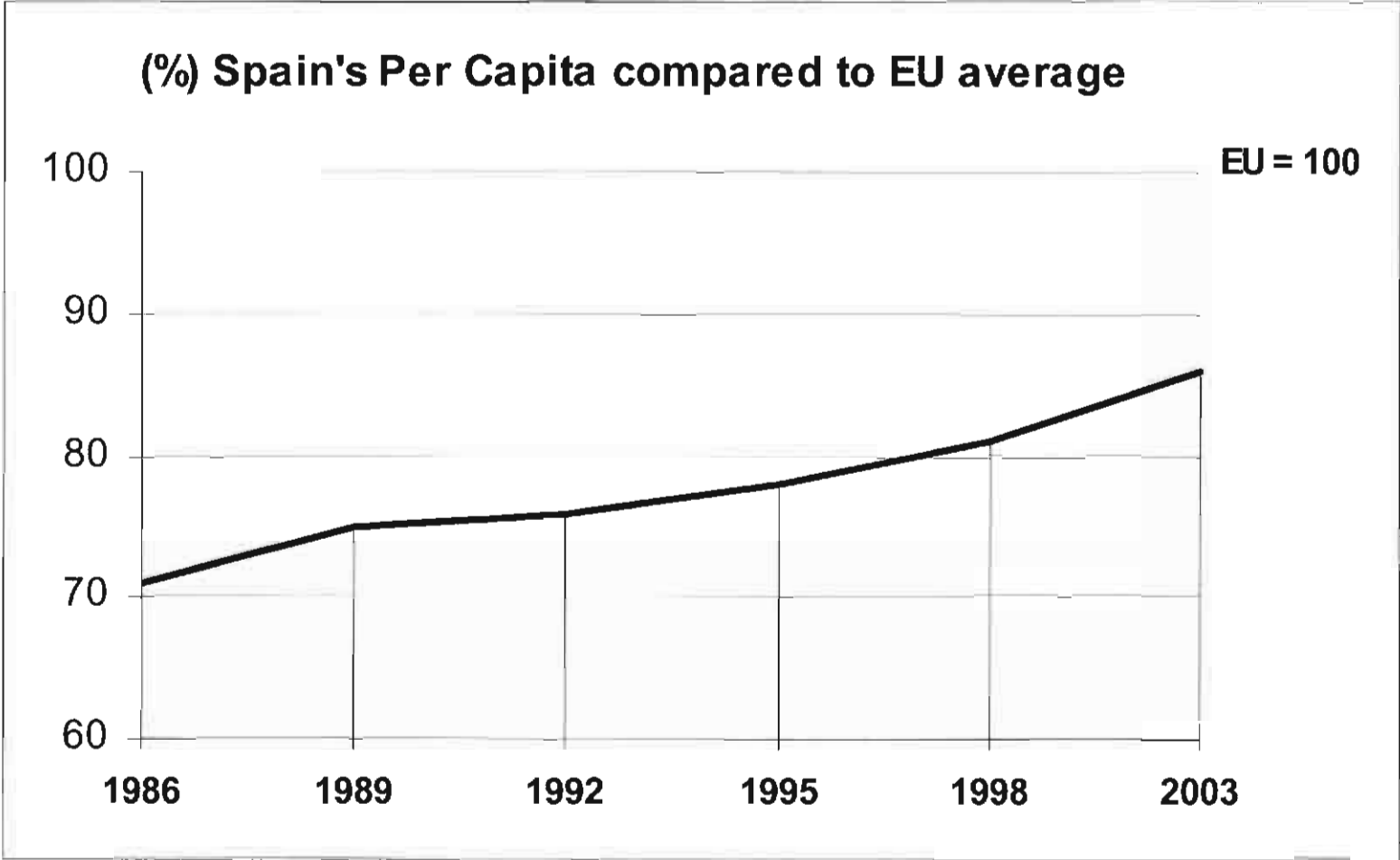


Projected growth

	2003	2004	2005	2006
OCDE	2.0	3.3	2.7	3.0
USA	3.0	4.4	3.6	3.2
EU	0.5	1.8	1.7	2.4
SPAIN	2.5	2.7	3.0	2.8
JAPAN	1.4	2.6	1.5	3.0
Non-OCDE countries	6.4	7.2	6.2	5.9
Latin America	1.7	6.0	4.4	3.6
WORLD	4.0	5.0	4.2	4.2

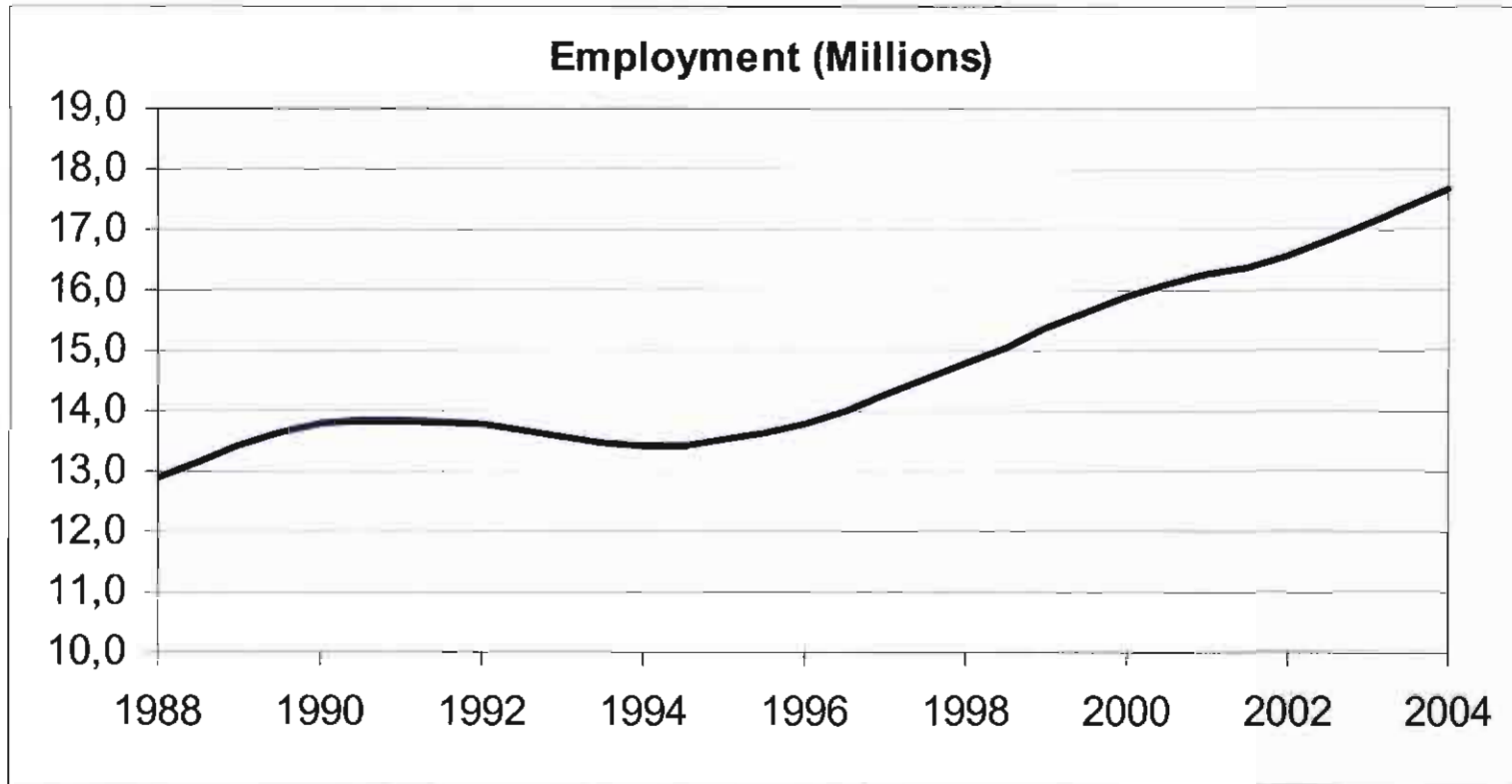
Source: BBVA

Percapita GDP - Spain



Source: BBVA

Employment in Spain



Source: BBVA

UNEMPLOYMENT	2000	2005
SPAIN	13.9%	10.4%

Inflation (%)	2003	2004	2005	2006
USA	2.3	2.7	2.7	2.6
EU	2.1	2.1	1.7	1.5
SPAIN	3.0	3.0	2.7	2.5
JAPAN	-0.3	0.0	0.0	0.3
Latin America (*)	10.8	6.2	6.7	6.1
CHINA	1.2	3.9	3.3	3.3

(*) Argentina, Brazil, Chile, Colombia, Mexico, Peru, Uruguay and Venezuela

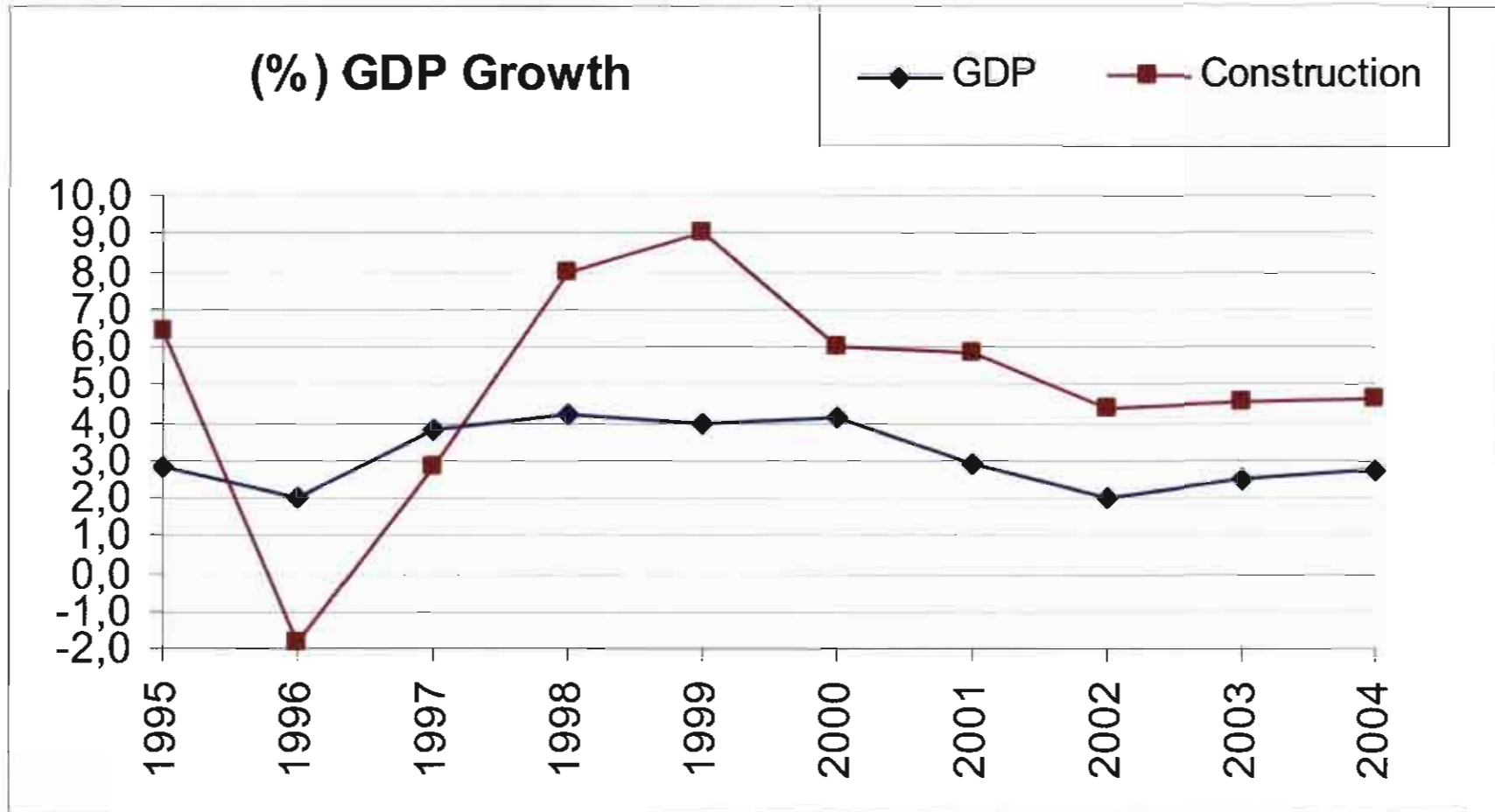
Source: BBVA

WHICH COUNTRIES DOES SPAIN EXPORT TO?

AREA	EXPORT (% TOTAL)	% INCR. 04/03
EU	74.0%	4.8%
North America	4.4%	2.4%
Latin America	4.3%	4.1%
Asia	5.5%	8.2%
Africa	4.1%	13.3%

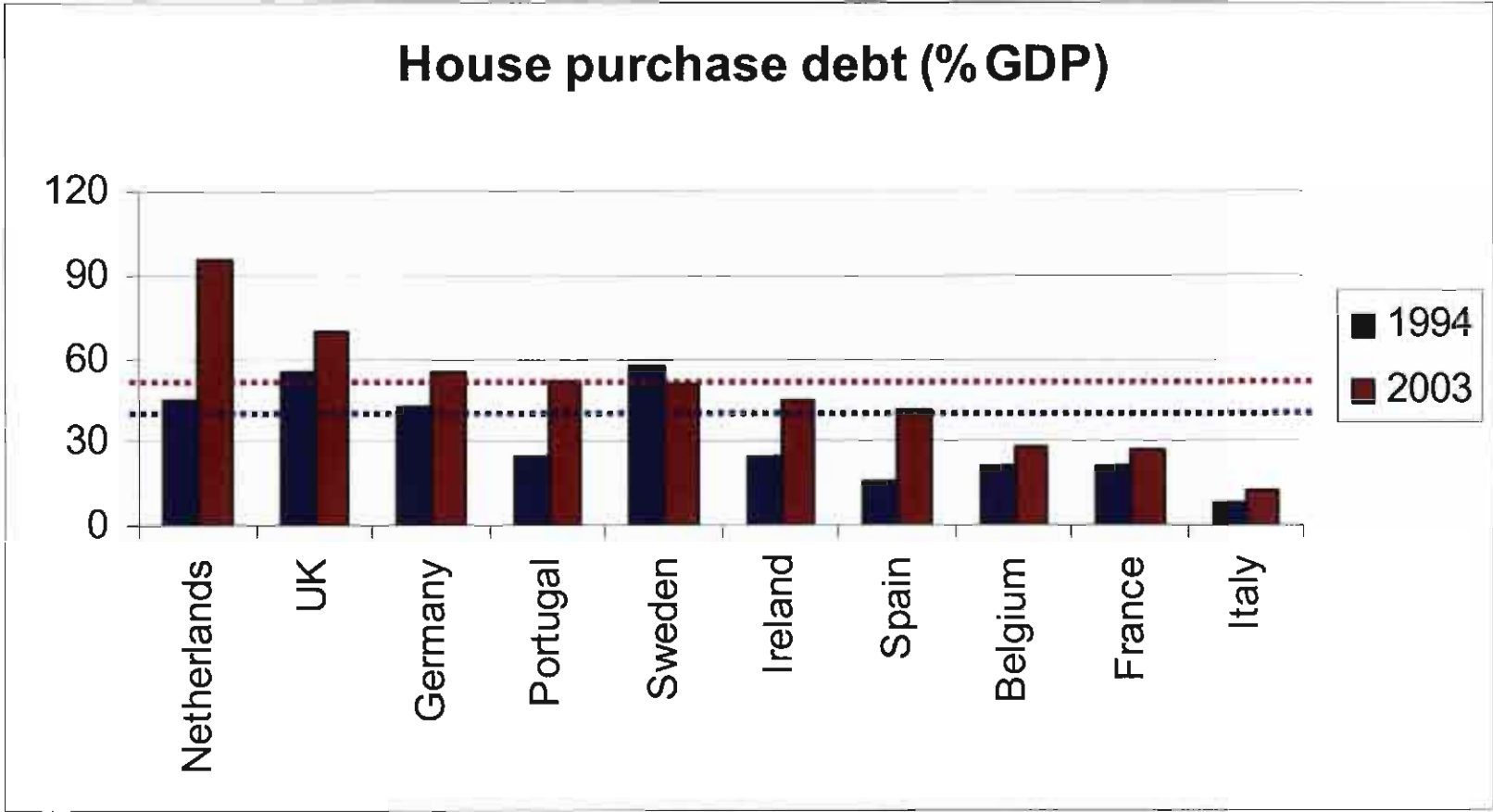
- Less external growth
 - impact on exports
 - employment
 - less available income → construction
- Oil price increase
- Appreciation in the euro/dollar exchange rate

Spanish Economy. GDP and construction



Source: Spanish Statistical Office (INE)

House purchase debt



Source: European Central Bank (ECB)

..... Average 1994
 Average 2003

INCREASE IN HOME PRICES

INCREASE IN HOME PRICES IN MAJOR COUNTRIES IN THE PERIOD 1997-2004

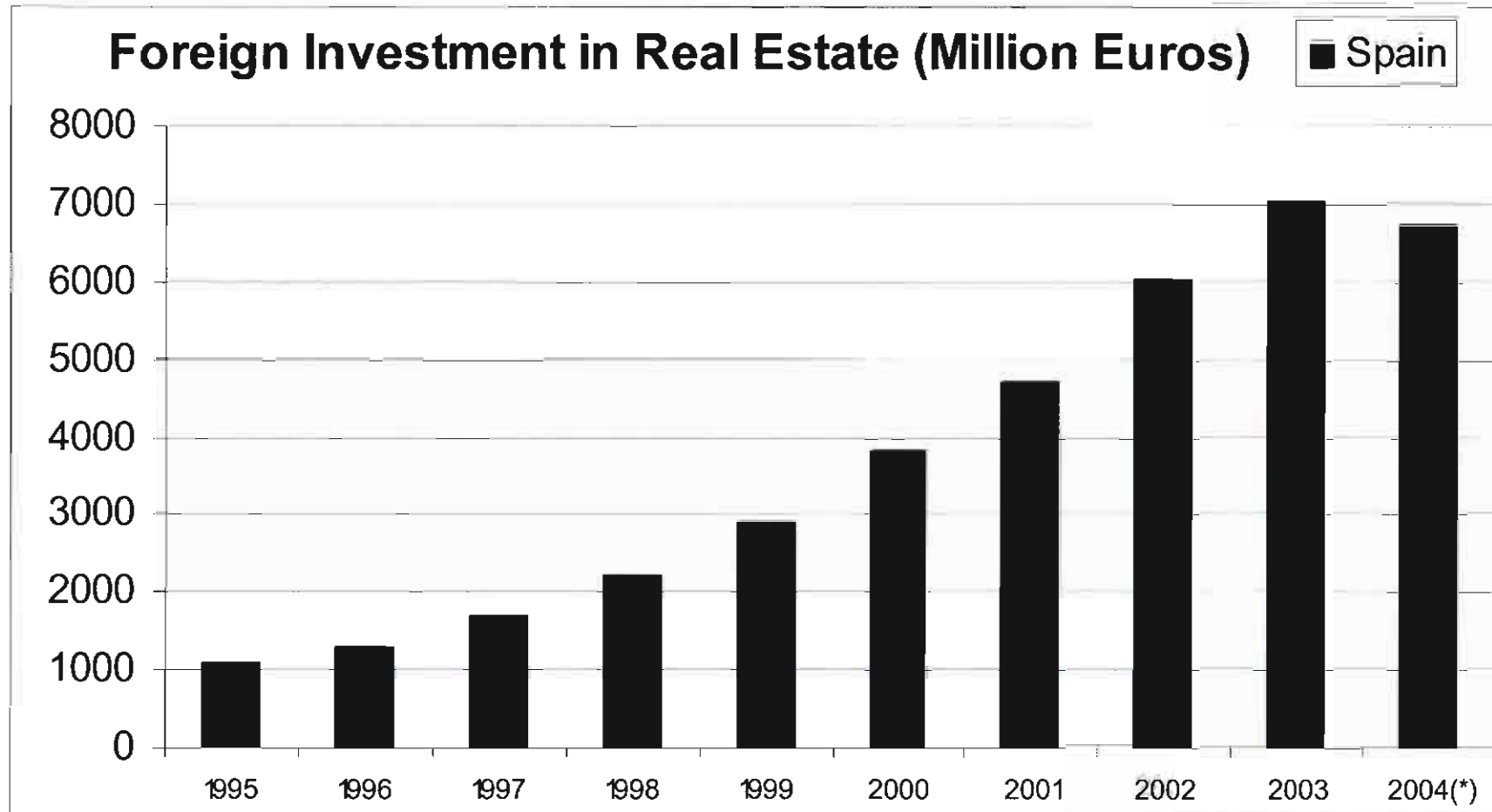
SOURCE: THE ECONOMIST. 7 march 2005

COUNTRY	1997-2004
SOUTH AFRICAN UNION	195
IRELAND	179
SPAIN	151
UNITED KINGDOM	147
AUSTRALIA	113
FRANCE	90
SWEDEN	76
NETHERLANDS	75
USA	65
ITALY	65
BELGIUM	60
DENMARK	50
CANADA	41
SWITZERLAND	11
GERMANY	0
JAPAN	-25

REASONS FOR THE PROPERTY BOOM

- TAX BENEFITS OF HOME BUYING
- HIGHER EMPLOYMENT
- IMMIGRATION
- HISTORICALLY LOW INTEREST RATES
- SPANIARDS BUY – NOT RENT – THEIR HOMES
- VERY HIGH NUMBER OF EUROPEANS RETIRING TO SPAIN

Foreign Investment in Real Estate



(*) Estimates based on data for January-November

Source: Spanish Statistical Office (INE)

Home Mortgage Loans

Amount of monthly payment for each thousand euros borrowed, over a 20-year payback period.

(*) January-February

Cumulative variation 2005/1990: -58%

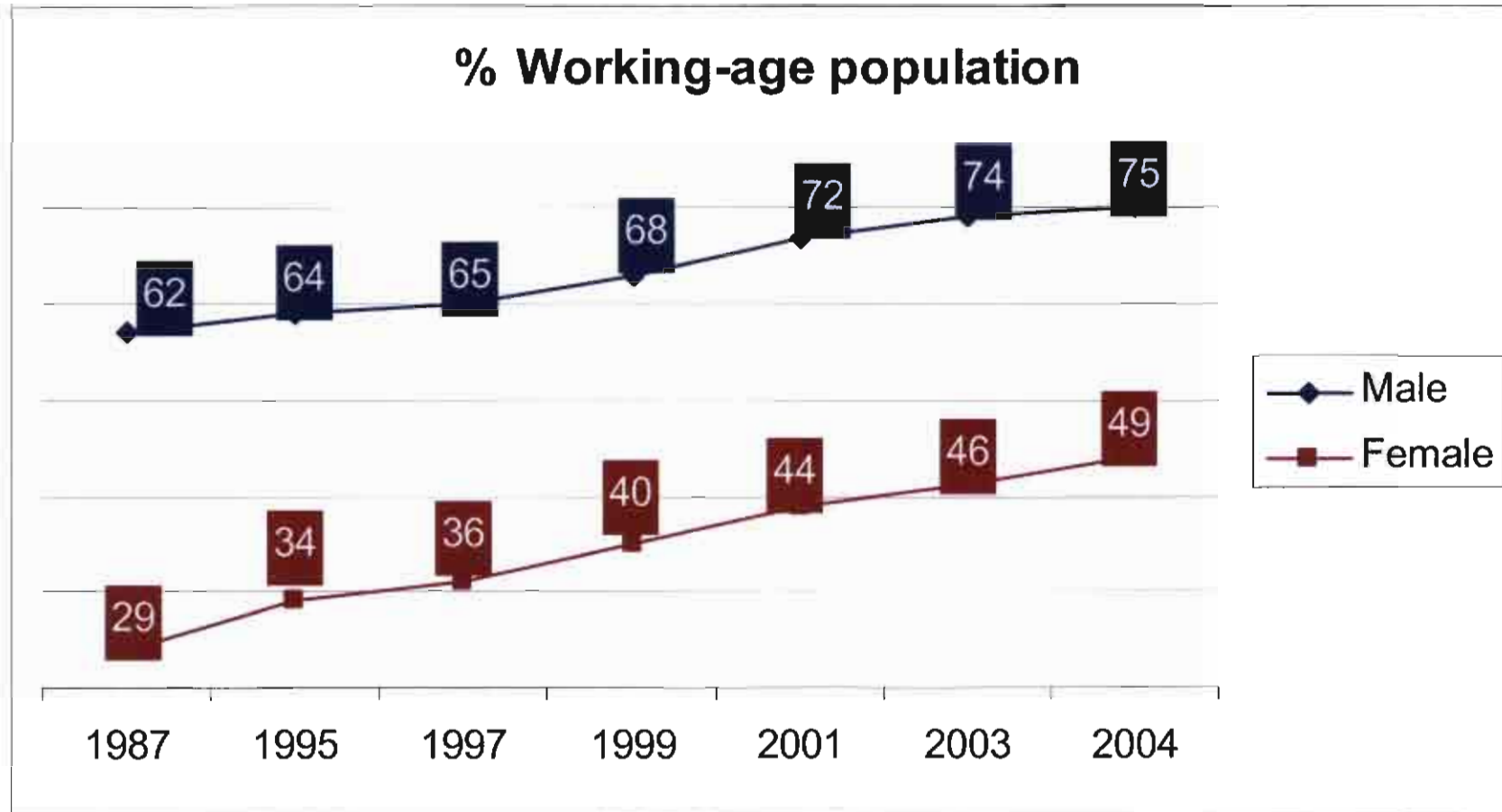
	NOMINAL RATE(%)	EUROS PER MONTH
1990	15,56	13,58
1992	14,07	12,49
1994	9,95	9,62
1996	9,06	9,04
1998	5,51	6,88
2000	5,59	6,93
2001	5,59	6,93
2002	4,69	6,43
2003	3,64	5,87
2004	3,30	5,7
2005(*)	3,29	5,7

Source: Bank of Spain

Effort required to purchase a home in Spain

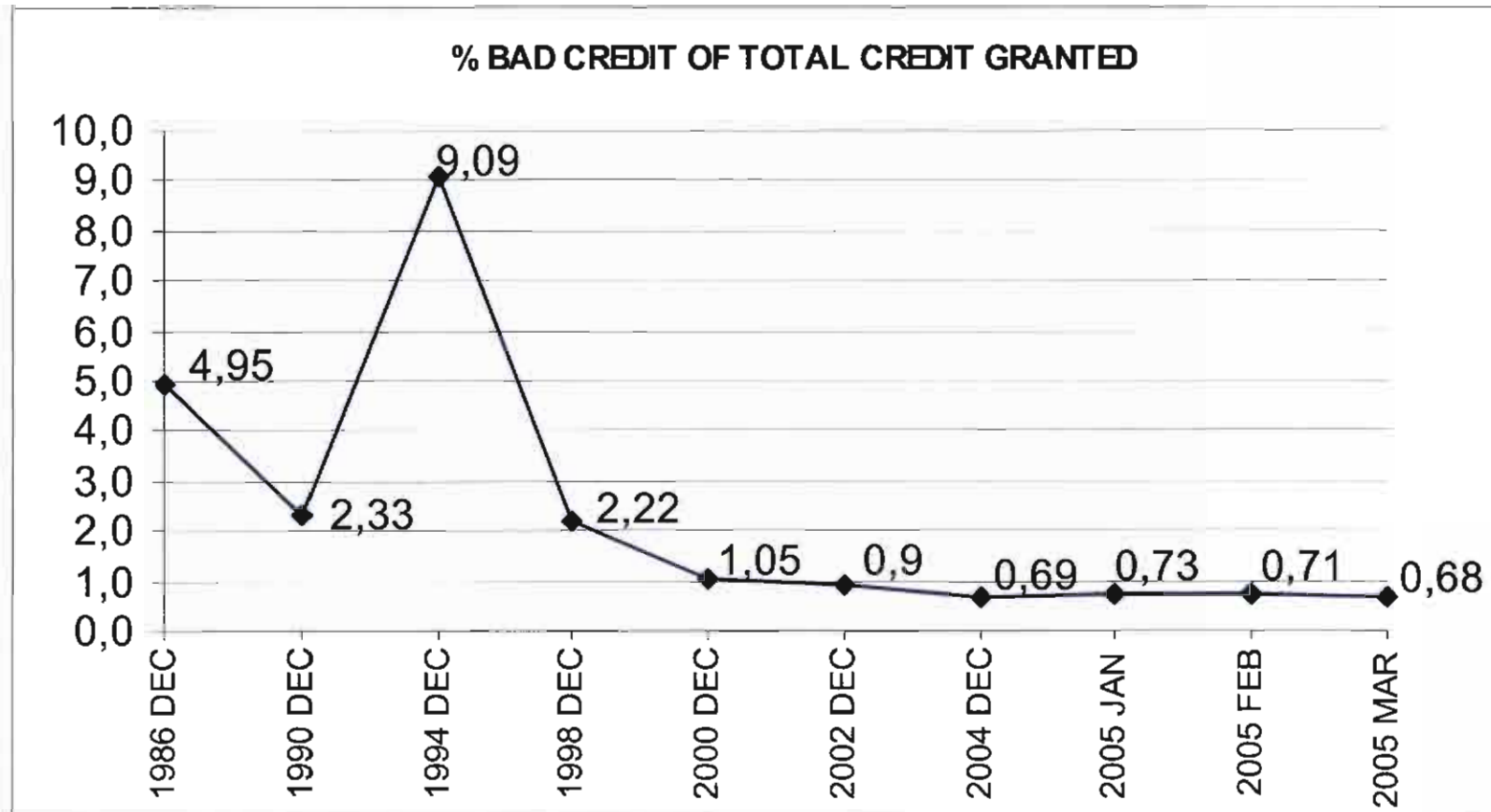
	Average Home Price (75m2) Euros	Annual Income (single-income) household Euros	loan Interest rate (%)	Price/Household Income	Gross Effort 20 years (%)
1990	50.880	10.217	15,56	4,97	64,9
1992	57.393	11.817	14,08	4,86	58,2
1994	57.564	13.166	9,95	4,37	40,4
1996	60.669	14.376	9,06	4,22	36,6
1998	64.494	15.211	5,51	4,24	28,0
2000	81.648	15.917	5,62	5,13	34,2
2001	91.855	16.469	5,61	5,56	37,2
2002	107.172	17.104	4,69	6,27	38,7
2003	125.966	17.760	3,64	7,09	40,0
2004	147.772	18.252	3,30	8,10	44,3
2005	162.549	18.708	3,30	8,69	47,5

Source: Spanish Statistical Office, Ministry of Housing, Bank of Spain.



Source: Spanish Statistical Office (INE)

BAD CREDIT IN SPAIN



NUMBER OF BUSINESS INSOLVENCY

COUNTRY	2002	2003	2004	2005
USA	38.540	35.037	33.200	31.900
JAPAN	19.087	16.255	13.400	14.000
GERMANY	37.579	39.320	37.700	38.000
FRANCE	42.897	47.936	46.100	45.200
ITALY	10.271	10.487	10.700	10.900
SPAIN	1.037	1.012	990	1.030
NETHERLANDS	4.963	6.386	6.970	7.540
BELGIUM	7.200	7.593	7.820	7.920
UNITED KINGDOM	46.893	49.789	54.900	61.200

SOURCES: National figures, Datastream, Euler Hermes forecasts

INSOLVENCY RATE

COUNTRY	% of World GDP	Number of companies	Number of Insolvencies	Insolvency rates
USA	30.50	5.677.740	33.162	0.58%
JAPAN	11.91	2.791.841	13.397	0.48%
GERMANY	6.67	2.926.570	3.770	1.29%
FRANCE	4.88	2.543.000	46.142	1.81%
ITALY	4.08	4.083.966	10.695	0.26%
SPAIN	2.33	2.813.159	985	0.04%
NETHERLANDS	1.42	692.960	6.972	1.01%
BELGIUM	0.84	686.857	7.821	1.14%
UNITED KINGDOM	4.98	4.021.390	54.931	1.37%

SOURCES: National figures, Datastream, Euler Hermes forecasts

INSOLVENCIES BY SECTOR

SPAIN – JUNE 30, 2004

INSOLVENCIES (SP + QB)	NUMBER	CHANGE	SHARE OF TOTAL
AGRICULTURE, FISHERIES	12	33.3%	2.7%
INDUSTRY	172	-13.6%	38.6%
CONSTRUCTION	76	-11.6%	17.0%
TRADE	85	-32.0%	19.1%
SERVICES (Including real estate, hotels and restaurants)	96	-27.3%	21.5%
OTHERS	5	-16.7%	1.1%
TOTAL	446	-19.9%	100.0%

Source: Spanish Statistical Office (INE)

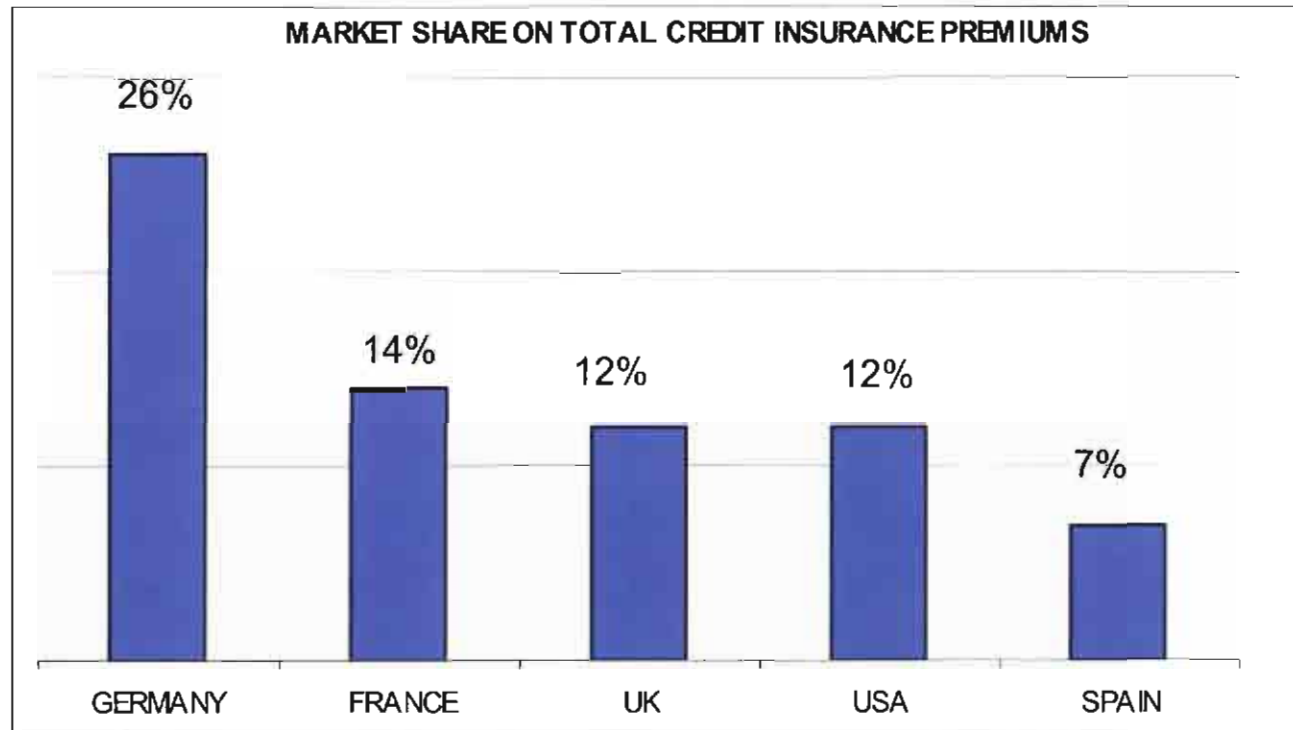
YEAR	PREMIUMS	INCR.	CLAIMS	%
2002	452.3	14.0%	297.6	65.8
2003	519.1	14.7%	310.4	59.8
2004	564.2	8.7%	317.2	56.2

MILLION EUROS

2004 SPANISH MARKET SHARE

	MARKET SHARE
LOCAL COMPANIES	92%
GLOBAL COMPANIES	8%

2003 WORLD WIDE MARKET SHARE



YEAR	PREMIUMS	% INCR.	CLAIMS	%
2002	45.22	--	0.32	0.7%
2003	52.87	16.9%	10.34	19.5%
2004	56.73	7.3%	0.41	0.7%

MILLION EUROS

YEAR	PREMIUMS	% INCR.	CLAIMS RATIO	HOUSING	CLAIMS RATIO
2002	45.22	--	0.7%	35.1%	6.6%
2003	52.87	16.9	19.5%	39.4%	6.2%
2004	56.73	7.3	0.7%	39.4%	5.1%

MILLION EUROS