



# BBVA



QUARTERLY REPORT  
**January-June 2005**



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## &gt; BBVA Group Highlights (consolidated figures)

	30-06-05	30-06-04	Δ%	31-12-04
<b>BALANCE SHEET (million euros)</b>				
Total assets	377,694	327,129	15.5	332,743
Customer lending (gross)	200,381	163,312	22.7	176,086
On-balance sheet customer funds	237,193	195,739	21.2	203,023
Other customer funds	135,132	118,291	14.2	121,553
Total customer funds	372,325	314,030	18.6	324,576
Equity	15,556	12,903	20.6	13,840
Shareholders' funds (including profit for the year)	11,767	10,573	11.3	11,032
<b>INCOME STATEMENT (million euros)</b>				
Net interest income	3,367	3,031	11.1	6,131
Core revenues	5,490	4,950	10.9	10,031
Ordinary revenues	6,100	5,455	11.8	11,031
Operating profit	3,201	2,719	17.7	5,501
Pre-tax profit	2,724	2,147	26.9	4,137
Net attributable profit	1,813	1,510	20.1	2,923
<b>DATA PER SHARE AND MARKET CAPITALIZATION</b>				
Share price	12.76	10.98	16.2	13.05
Market capitalization (million euros)	43,267	37,232	16.2	44,251
Net attributable profit	0.53	0.45	18.7	0.87
Book value	3.47	3.12	11.3	3.25
PER (Price/earnings ratio; times) <sup>(1)</sup>	12.5	12.7		15.1
P/BV (Price/book value; times)	3.7	3.5		4.0
<b>SIGNIFICANT RATIOS (%)</b>				
Operating profit/ATA	1.84	1.73		1.70
ROE (Net attributable profit/Average equity)	35.6	35.2		33.0
ROA (Net profit/ATA)	1.11	1.02		0.96
RORWA (Net profit/Risk weighted average assets)	1.94	1.71		1.62
Efficiency ratio	43.4	44.7		44.9
Efficiency ratio including depreciation and amortization	46.7	48.8		49.0
NPL ratio	1.01	1.32		1.15
NPL coverage ratio	240.5	206.5		219.4
<b>CAPITAL ADEQUACY RATIOS (BIS Regulation) (%)</b>				
Total	12.2	12.0		12.4
Core capital	5.8	6.0		5.9
TIER I	7.7	8.0		8.0
<b>OTHER INFORMATION</b>				
Number of shares (million)	3,391	3,391		3,391
Number of shareholders	1,042,616	1,132,490		1,081,020
Number of employees	91,237	88,005		87,112
• Spain	31,212	31,066		31,056
• America <sup>(2)</sup>	58,067	54,963		54,074
• Rest of the world	1,958	1,976		1,982
Number of branches	7,113	6,970		6,868
• Spain	3,448	3,371		3,385
• America <sup>(2)</sup>	3,492	3,408		3,303
• Rest of the world	173	191		180

(1) The 2005 PER is calculated taking into consideration the median of the analysts' estimates (July 2005).

(2) Includes those related to the BBVA Group's banking, pension fund managers and insurance companies in all the American countries in which it is present.

## > Relevant events

The financial information provided in this report follows the criteria established in Circular 4/2004 of the Bank of Spain and the international financial reporting standards (IFRS) approved by the European Union. The figures for 2004 have been prepared using the same criteria and are directly comparable. Therefore they are different to those published in 2004. The figures in this quarterly report have not been audited and thus may change in the future. For these reasons there are a few non-significant differences in this report compared to the first implementation of the new criteria in the last quarter. They are mainly due to the classification of the holding in Iberia Airlines as *Available for Sale* (accounted by the equity method in 2004), to the revised value of derivatives in Mexico and to adjustments in the insurance activity. After these adjustments the group's net attributable profit in 2004 comes to €2,923m (previously €2,912m) and operating profit was €5,501m (€5,439m). For the same reasons there are variations in net equity. At 31-Dec-04 it was €13.84 billion (previously reported as €13.95 billion).

This report incorporates all the above changes, which affect the income statement (a new quarterly series is attached), the balance sheet, shareholders' equity and the corresponding reconciliations.

The most relevant aspects of the BBVA group's financial developments and strategy in the first half of 2005 are summarised below:

- The United States unit incorporated Laredo National Bancshares in May. At 30-Jun-05 this bank contributed €1.57 billion in customer loans and €2.54 billion in deposits. Operating profit was €9m and net attributable profit €5m. As part of its Asian expansion strategy the group opened a branch in Tokyo and a representative office in Shanghai during the quarter.
- In the second quarter of 2005 the BBVA group obtained net attributable profit of €998m. This is the highest amount ever achieved by the group in a single quarter and is 21.8% more than the same period last year. As a result, profit in the first half came to €1.81 billion (a year-on-year increase of 20.1%), earnings per share increased 18.7% and ROE rose to 35.6%.
- Driven by higher revenues, operating profit in the half-year grew faster at 17.7% (15.0% in the first quarter) and came to €3.2 billion. This positive performance was the determining factor behind the higher profit.
- Net interest income rose 11.1% (6.8% in the first quarter) and 11.7% if dividends are excluded. The upward trend is the result of notable increases in business activity in Spain and the Americas, and interest spreads that were more favourable than in previous periods.
- Net fee income and insurance income rose 10.5% with increases that were higher than the previous quarter in all business areas. Net trading income grew 20.9%. As a result, ordinary revenues grew 11.8% in the first half, compared to 8.4% in the first quarter. Net sales of non-financial activities also performed well.
- Operating costs including amortisation increased 7.2%. On a comparable basis (ie, excluding Laredo National Bancshares, Hipotecaria Nacional and Valley Bank) the increase was 5%.
- The cost/income ratio improved to 43.4% in the first half compared to 44.7% in the same period last year. Including amortisation, the ratio is 46.7% and the year-on-year improvement is 2.1 percentage points.
- The sharp increase in customer lending and lower non-performing loans (NPLs) resulted in a further improvement in the NPL ratio to 1.01% at the end of June (1.32% at 30-Jun-04). At the same time coverage rose to 240.5% (206.5% a year earlier).
- At 30-Jun-05 the group's capital base remained sound with BIS ratio at 12.2% and core capital of 5.8% (without Laredo it would have stood at 6.1%).

- On 11th July a first interim dividend of €0.115 per share was paid against 2005 results. This is an increase of 15% over the first interim dividend paid in 2004.
- In the Retail Banking Area in Spain and Portugal, lending and customer funds grew faster compared to March. Lending grew 20.5% (with a growing contribution of SMEs) and customer funds increased 10.7%. This led to a 7.5% increase in ordinary revenues (6.1% in the first quarter). In year-on-year terms, operating profit grew 13.1% and net attributable profit grew 12.5% to €793m.
- In the Wholesale and Investment Banking Area overall operating profit grew 17% and 20.5% in wholesale banking alone (corporate and institutional customers). As loan provisioning requirements were lower than last year, net attributable profit increased 29.1% to €280m.
- The Americas Area maintained the high rate of growth of recent quarters and the main items on the income statement grew faster year-on-year. Net interest income rose 25%, operating profit increased 27.7% and net attributable profit grew 62.7% to €823m. In a like-for-like comparison based on the same units, operating profit grew 22.9% and attributable profit 56.3%.
- Mexico recorded strong growth in the more profitable business lines (consumer finance and credit cards in terms of lending, and transactional accounts in terms of customer funds). Thus net interest income grew 34.4% in the first half. Following the increase in net fee income and especially in net trading income in the second quarter, cumulative operating profit to June grew 38.9%. Net profit increased 55.7%, or 47.1% excluding Hipotecaria Nacional.

## > ECONOMIC ENVIRONMENT

The economic indicators in the second quarter of 2005 show that the growth noted in the first quarter

continues. On the other hand, the oil price, which hit new highs at the end of June, continues to be an uncertain factor for the future.

In the USA, in a context of sustained growth, the Federal Reserve twice raised interest rates, bringing them to 3.25% at 30-Jun-05. At the same time, long-term rates, which rose in the first quarter, fell back below 4% for 10 years. This flattening of the interest rate curve was also noted in the euro zone. In a context of growth that is lower than potential (with Spain as one of the most dynamic countries), the ECB held the official rate at 2%. There were significant declines in any period longer than three months. The one-year rate was close to 2% and the ten-year rate 3%.

Although economic activity in Latin America remains strong, growth has slowed compared to the sharp rise in 2004. Together with lower inflation this helped to contain the interest rate hikes of previous quarters. Thus in Mexico the TIIIE has remained around 10% – the level set at the end of March. In any event it is higher than the average for the first quarter (9.4%) and higher than the second quarter of 2004 (6.73%).

In the second quarter, the euro depreciated 7.2% against the dollar due to the difference in interest rates and to the results in France and the Netherlands of the referendum on the European constitution. It declined even further against the main Latin-American currencies. At 30-Jun-05 it had depreciated against the main Latin-American currencies compared to June 2004, except for the Venezuelan bolivar. Therefore the effect of exchange rates on the year-on-year comparisons on the group's balance sheet was positive for the first time in recent years. However the impact on the income statement continues to be negative (although less than in previous quarters). This is because a year-on-year comparison of average exchange rates in the first half shows depreciations against the euro of 3.6% in the Mexican peso, 14.7% in the bolivar, 4.6% in the Argentine peso and 4.5% in the US dollar. (The Colombian peso and the Peruvian sol appreciated 9.9% and 1.8%, respectively.)

## > Exchange rates <sup>(1)</sup>

	Year-end exchange rates				Average exchange rates	
	30-06-05	Δ% on 30-06-04	Δ% on 31-03-05	Δ% on 31-12-04	1H 05	Δ% on 1H 04
Mexican peso	13.0364	7.6	11.1	16.5	14.2286	(3.6)
Argentine peso	3.4810	3.4	8.9	16.3	3.7467	(4.6)
Chilean peso	699.79	10.5	8.7	8.5	745.16	0.3
Colombian peso	2,808.99	16.3	9.2	14.1	3,012.05	9.9
Peruvian new sol	3.9359	7.2	7.4	13.7	4.1865	1.8
Venezuelan bolivar	2,597.40	(10.3)	7.2	0.5	2,659.57	(14.7)
US dollar	1.2092	0.5	7.2	12.6	1.2847	(4.5)

(1) Expressed in currency/euro.

## > Interest rates (Quarterly average)

	2005		2004			
	2Q	1Q	4Q	3Q	2Q	1Q
Official ECB rate	2.00	2.00	2.00	2.00	2.00	2.00
Euribor 3 months	2.12	2.14	2.16	2.12	2.08	2.06
Euribor 1 year	2.19	2.33	2.31	2.35	2.29	2.14
Spain 10 year bond	3.36	3.64	3.79	4.15	4.31	4.14
USA 10 year bond	4.15	4.29	4.16	4.29	4.58	3.99
USA Federal rates	2.92	2.45	1.95	1.43	1.00	1.00
TIEE (Mexico)	10.05	9.40	8.54	7.45	6.73	5.90

### > OFFER FOR BNL

In March, BBVA announced it was publicly filing a bid to acquire all the ordinary shares of Banca Nazionale del Lavoro that BBVA did not already own. It offered one newly issued ordinary BBVA share for each five ordinary shares in BNL.

On 8th April, the BNL board of directors approved BBVA's public share-swap offer, with a unanimous vote of all members attending. It deemed the offer to be positive and advantageous.

On 13th April, the CONSOB declared its "Nulla osta" to the publication of the prospectus providing information regarding the content of the offer. On 27th April the European Union Commission reported its favourable resolution, understanding the transaction to be compatible with the European common market. Meanwhile, on 13th May, the Bank of Italy authorised BBVA to hold over 50% of BNL's share capital.

As planned, once due clearance had been obtained, the BBVA board of directors called an Extraordinary General Meeting of Shareholders. This was held on 14th June and approved the increase of shareholders equity to cover the share swap through an issue of up to 531,132,133 new ordinary shares, waiving current shareholders' pre-emptive subscription rights.

With these arrangements in place, the period for taking up the public offer opened on 20th June and ended on 22nd July.

At the end of June, at BBVA's behest, the Bank of Italy gave an interpretation of its authorisation to BBVA. It considered that this was not conditional on BBVA acquiring over 50% of the stock, such that BBVA is authorised to acquire a holding equal to or less than 50% as long as this allows it to exercise effective control. This must be verified by the Bank of Italy in the light of actual uptake of the offer. With respect to this interpretation, BBVA has asked the Bank of Italy to

recognise that any holding of over 30% would give it control over BNL. Thus, on 16th June, BBVA presented an application to the Bank of Italy to acquire a holding of up to 30% of the BNL share capital under the public offer.

On 15th July 2005, the Bank of Italy informed BBVA that, if at the end of the offering period, BBVA considered that with a holding of 50% or less of the BNL share capital, it could exercise control over BNL, then the Banking Supervisory Authorities would verify the possibility of effective exercise of such control as a function of the outcome of the public offer. Bank of Italy has not indicated exactly how long it would take to get such verification. However, it did state that “the demand for a rapid resolution of the verification procedures will be taken into account”. Meanwhile, the Bank of Italy authorised BBVA to acquire a holding of

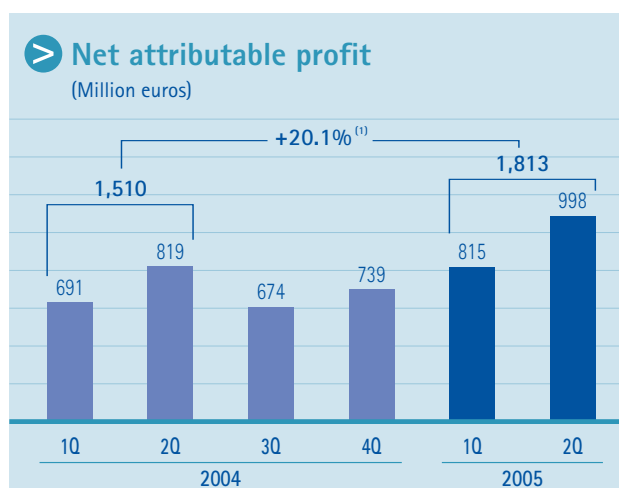
not more than 30% of BNL’s ordinary stock through the current offer.

On 22nd July 2005, BBVA informed the markets of its analysis of the situation created after Unipol’s announcement of 18th July 2005 by which Unipol disclosed several shareholder agreements giving them control of over 46.95% of BNL share capital. Thus, it was foreseeable that BBVA’s offer would not be accepted by a number of shareholders representing a percentage that would allow BBVA to reach a stake over 50% in BNL, a condition precedent of the offer detailed in the prospectus. In such circumstances, BBVA informed its partners in the shareholder pact of BNL and to the markets its intention not to acquire the BNL shares that would adhere to the offer if such shares would not allow BBVA to reach a stake over 50% in BNL.



In the second quarter of this year, the BBVA group generated an attributable profit of €998m. This was the highest quarterly profit that the group has ever reported, 21.8% up on the same period of the previous year. Record growth can basically be explained by the buoyant performance of operating profit, which rose 20.1% year-on-year, outperforming the 15.0% growth reported in the first quarter.

In year-to-date terms, half-yearly attributable profit was €1,813m, with a year-on-year increase of 20.1%. As the pace of growth in the most recurrent revenues picked up, operating profit reached €3,201m, rising



## > Consolidated income statement (Million euros)

	1H 05	Δ%	1H 04	Memorandum item: Δ% at constant exchange rates
Core net interest income	3,224	11.7	2,887	13.7
Dividends	142	(1.5)	145	(1.6)
<b>NET INTEREST INCOME</b>	<b>3,367</b>	<b>11.1</b>	<b>3,031</b>	<b>13.0</b>
Net income by the equity method	51	15.0	44	15.0
Net fee income	1,853	10.2	1,681	11.7
Income from insurance activities	219	13.0	194	15.5
<b>CORE REVENUES</b>	<b>5,490</b>	<b>10.9</b>	<b>4,950</b>	<b>12.6</b>
Net trading income	611	20.9	505	21.5
<b>ORDINARY REVENUES</b>	<b>6,100</b>	<b>11.8</b>	<b>5,455</b>	<b>13.5</b>
Net revenues from non-financial activities	68	23.0	55	23.4
Personnel costs	(1,710)	6.5	(1,605)	7.7
General expenses	(1,011)	12.0	(903)	14.2
Depreciation and amortization	(206)	(7.8)	(224)	(6.8)
Other operating income and expenses (net)	(39)	(34.2)	(60)	(31.5)
<b>OPERATING PROFIT</b>	<b>3,201</b>	<b>17.7</b>	<b>2,719</b>	<b>19.5</b>
Impairment losses on financial assets (net)	(325)	(21.4)	(413)	(20.7)
• Loan-loss provisions	(304)	(26.0)	(411)	(25.4)
• Other	(20)	n.m.	(2)	n.m.
Provisions (net)	(254)	(50.7)	(515)	(50.4)
Other income/losses (net)	102	(71.4)	357	(71.3)
• From disposal of equity holdings	16	(93.9)	262	(93.9)
• Other	86	(9.0)	94	(7.5)
<b>PRE-TAX PROFIT</b>	<b>2,724</b>	<b>26.9</b>	<b>2,147</b>	<b>28.9</b>
Corporate income tax	(788)	44.0	(547)	46.3
<b>NET PROFIT</b>	<b>1,936</b>	<b>21.0</b>	<b>1,600</b>	<b>23.0</b>
Minority interests	(123)	37.2	(89)	47.9
<b>NET ATTRIBUTABLE PROFIT</b>	<b>1,813</b>	<b>20.1</b>	<b>1,510</b>	<b>21.6</b>



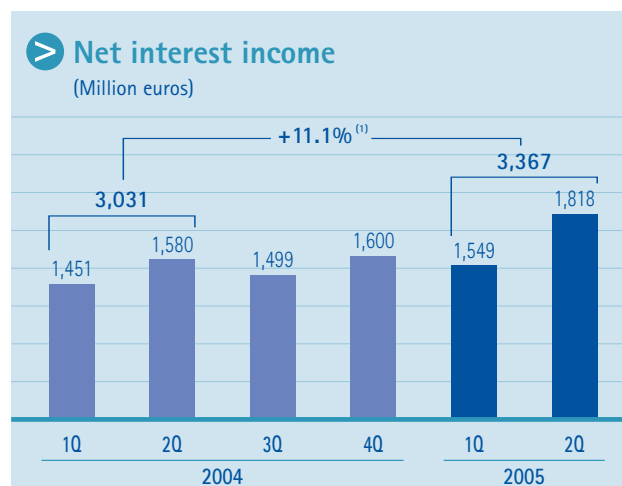
## Consolidated income statement: quarterly evolution (Million euros)

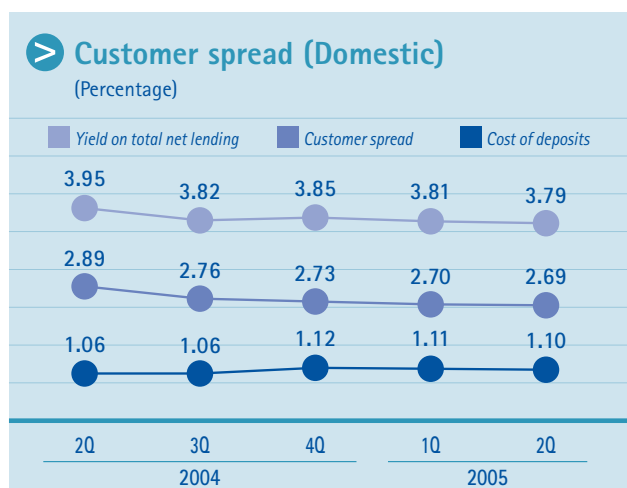
	2005		2004			
	2 <sup>nd</sup> Quarter	1 <sup>st</sup> Quarter	4 <sup>th</sup> Quarter	3 <sup>rd</sup> Quarter	2 <sup>nd</sup> Quarter	1 <sup>st</sup> Quarter
Core net interest income	1,697	1,528	1,511	1,477	1,465	1,422
Dividends	121	22	89	22	116	29
<b>NET INTEREST INCOME</b>	<b>1,818</b>	<b>1,549</b>	<b>1,600</b>	<b>1,499</b>	<b>1,580</b>	<b>1,451</b>
Net income by the equity method	28	23	27	26	22	22
Net fee income	954	899	872	861	848	833
Income from insurance activities	123	96	95	102	95	98
<b>CORE REVENUES</b>	<b>2,922</b>	<b>2,567</b>	<b>2,594</b>	<b>2,488</b>	<b>2,546</b>	<b>2,404</b>
Net trading income	324	286	277	216	276	229
<b>ORDINARY REVENUES</b>	<b>3,247</b>	<b>2,854</b>	<b>2,871</b>	<b>2,704</b>	<b>2,822</b>	<b>2,633</b>
Net revenues from non-financial activities	40	28	51	21	37	18
Personnel costs	(872)	(838)	(849)	(793)	(797)	(808)
General expenses	(532)	(479)	(501)	(447)	(451)	(452)
Depreciation and amortization	(105)	(102)	(110)	(114)	(111)	(113)
Other operating income and expenses (net)	(9)	(31)	(26)	(24)	(27)	(32)
<b>OPERATING PROFIT</b>	<b>1,769</b>	<b>1,432</b>	<b>1,436</b>	<b>1,346</b>	<b>1,473</b>	<b>1,246</b>
Impairment losses on financial assets (net)	(202)	(123)	(362)	(183)	(183)	(230)
• Loan-loss provisions	(187)	(118)	(189)	(183)	(187)	(225)
• Other	(15)	(5)	(173)	-	4	(6)
Provisions (net)	(123)	(131)	(137)	(199)	(226)	(289)
Other income/losses (net)	78	24	48	40	43	314
• From disposal of equity holdings	13	4	25	21	22	240
• Other	66	20	23	19	21	73
<b>PRE-TAX PROFIT</b>	<b>1,522</b>	<b>1,203</b>	<b>986</b>	<b>1,004</b>	<b>1,107</b>	<b>1,040</b>
Corporate income tax	(451)	(337)	(204)	(277)	(237)	(310)
<b>NET PROFIT</b>	<b>1,070</b>	<b>866</b>	<b>782</b>	<b>726</b>	<b>870</b>	<b>730</b>
Minority interests	(72)	(50)	(44)	(52)	(51)	(39)
<b>NET ATTRIBUTABLE PROFIT</b>	<b>998</b>	<b>815</b>	<b>739</b>	<b>674</b>	<b>819</b>	<b>691</b>

17.7%. Below the line, there was a significant drop in the amount of loan-loss provisioning, owing to lower specific provision requirements and higher recoveries, plus the neutral impact of other items that tended to cancel one another out.

### > NET INTEREST INCOME

Net interest income for the second quarter was €1,818m, up 15.0% or 15.9% excluding dividends. This has meant that income obtained to June, ie €3,367m, is 11.1% higher than the previous year's figure.





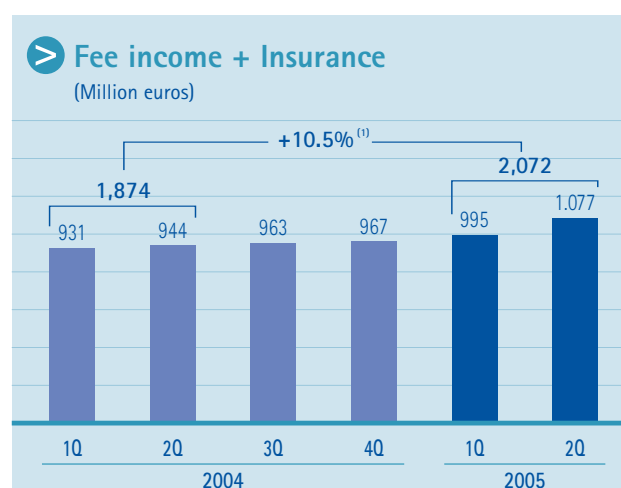
Net interest income minus dividends has recorded a half-yearly growth of 11.7%, as compared with the 7.4% reported in the first quarter. Meanwhile, dividends totalled €142m, with a year-on-year drop of 1.5%.

In business with residents, customer spread in the second quarter was 2.69% (2.70% in the first quarter), the yield on loans lowering slightly to 3.79% and the cost of deposits brought down to 1.10%.

In the Americas, the year-on-year performance of spreads continued to be positive, above all due to Mexico, where the spread between yield on loans and the cost of deposits in pesos was 11.55 percentage points, at a similar level to the preceding quarter, as against the 10.52 point spread reported in the second quarter of 2004. The more efficient structure ensuing from faster growth in the most profitable business lines, such as consumer lending, cards and current accounts has contributed to this.

## > ORDINARY REVENUES

Net fee income was €954m this quarter, a year-on-year increase of 12.5%, while net income deriving from insurance business was €123m (+29.1%). Both grew faster than they had in the first quarter, such that for the six-month period as a whole, the sum of both grew 10.5% (fees up 10.2% and insurance up 13.0%), reaching €2,072m. By business areas, there was an 8.2% increase in Retail Banking in Spain and Portugal, a 13.6% increase in Wholesale



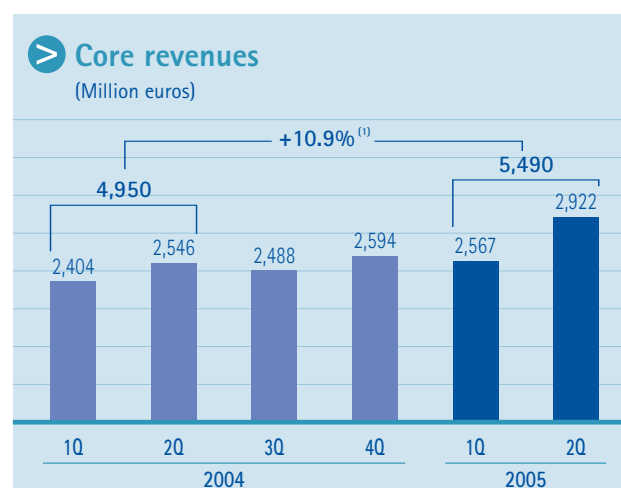
(1) At constant exchange rates: +12.1%.

and Investment Banking and an 11.6% increase in the Americas.

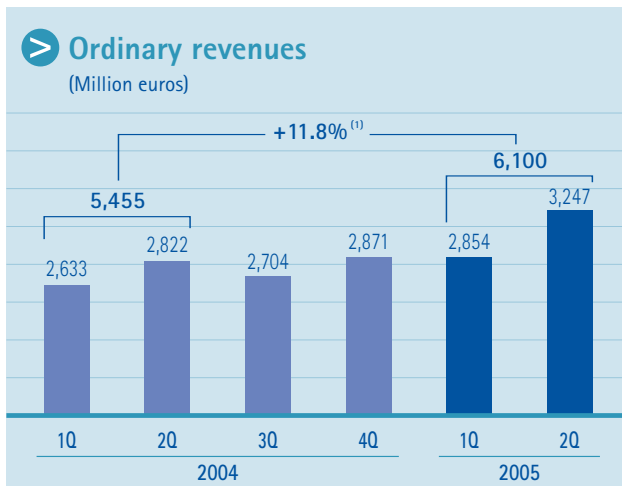
Earnings by the equity method, which basically consist of BNL and Corporación IBV, came to €51m, 15.0% more than the same period in 2004.

As a consequence of brisker year-on-year growth in net interest income and in the other revenue lines (fees, insurance policies and earnings by the equity method), core revenues rose 10.9% in the half year, reaching €5,490m.

Net trading income contributed €611m over the six-month period, with a year-on-year increase of 20.9%. The Large Industrial Companies unit and the Wholesale Banking area (through its Markets units) and the higher revenues from distributing treasury products to Retail Banking customers all helped boost these results. The



(1) At constant exchange rates: +12.6%.



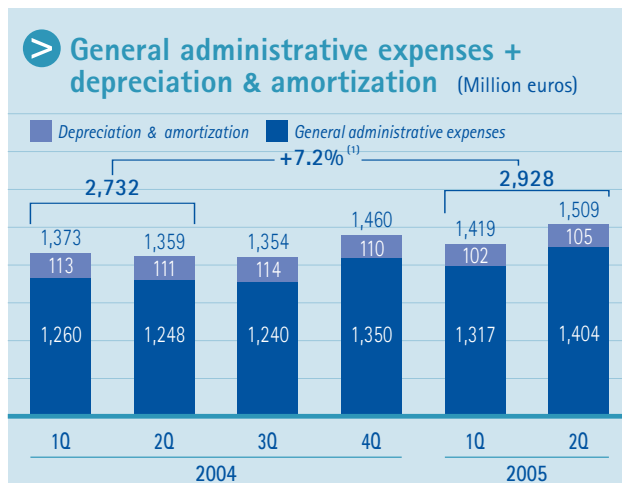
(1) At constant exchange rates: +13.5%.

positive second-quarter earnings obtained in Mexico offset the losses recorded there in the first quarter.

This all led to ordinary revenues of €3,247m in the second quarter (+15.0% up on the same period of 2004) and of €6,100m for the half year. This represented a year-on-year increase of 11.8% which compares favourably with the 8.4% rise reported in the first quarter of this year. If we add the €68m net sales of non-financial companies, which were mainly boosted by the real estate business, the group's total operating revenues came to €6,168m, 11.9% up on the first half of 2004.

## > OPERATING PROFIT

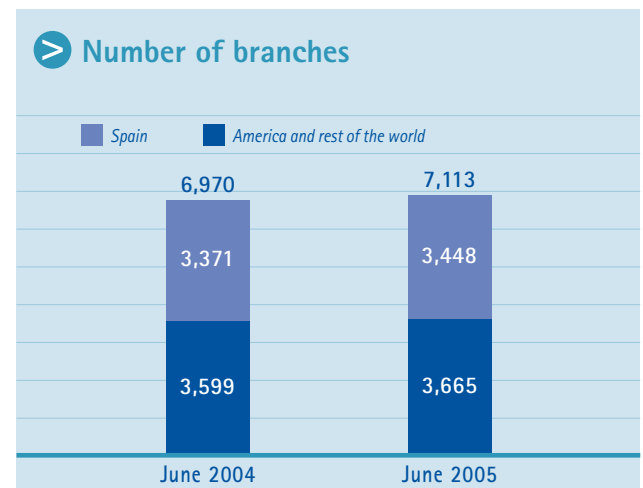
General administrative expenses plus depreciation and amortization grew 7.2%. In the set of domestic businesses, this increase was 3.0% and in the Americas area 12.5%, owing to the incorporation of Laredo



(1) At constant exchange rates: +8.7%.

National Bancshares, Hipotecaria Nacional and Valley Bank within the perimeter. On a like-for-like basis expenses plus depreciation and amortization in the Americas increased 7.7%.

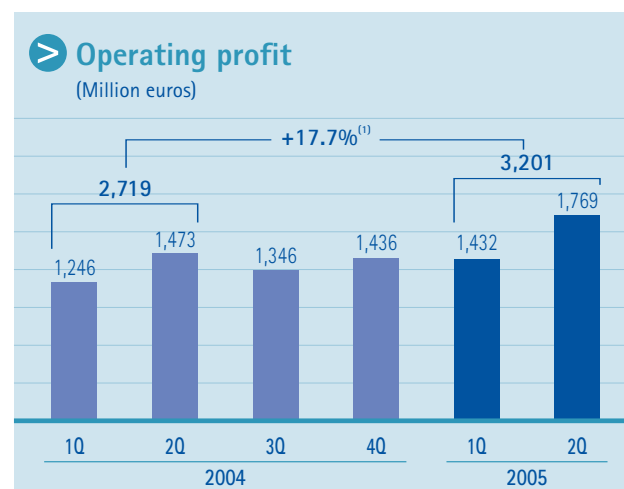
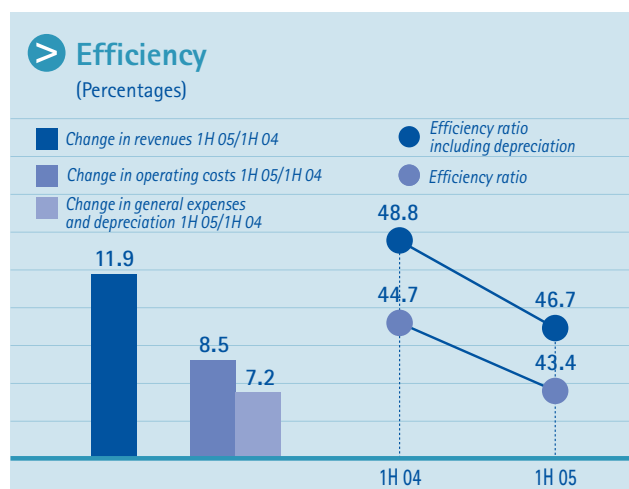
The group's headcount on 30-6-05 showed 91,237 employees, of whom 2,022 worked for Laredo National Bancshares. The new incorporation of Laredo branches, along with the increase in the number of branches in Spain under the Retail Banking expansion plan, gives a total number of 7,113 branches for the group as a whole.



Given that the 11.9% rise in operating revenues (ordinary revenues plus non-financial activities) over the six-month period was higher than the 8.5% rise in net operating expenses, the cost-income ratio improved to 43.4%, as against the 44.7% reported in the first half of 2004. Including depreciation and amortization in the calculation, the ratio was 46.7% and the year-on-year improvement was 2.1 percentage points better than the 48.8% from the same period in 2004.

## > Efficiency (Million euros)

	1H 05	Δ%	1H 04	2004
Ordinary revenues	6,100	11.8	5,455	11,031
Net revenues from non-financial activities	68	23.0	55	126
<b>TOTAL REVENUES</b>	<b>6,168</b>	<b>11.9</b>	<b>5,510</b>	<b>11,157</b>
Personnel costs	(1,710)	6.5	(1,605)	(3,247)
General expenses	(1,011)	12.0	(903)	(1,851)
Recovered expenses	47	7.4	44	84
<b>GENERAL ADMINISTRATIVE EXPENSES (NET)</b>	<b>(2,674)</b>	<b>8.5</b>	<b>(2,464)</b>	<b>(5,014)</b>
<b>EFFICIENCY RATIO (Costs/revenues, %)</b>	<b>43.4</b>		<b>44.7</b>	<b>44.9</b>
Depreciation and amortization	(206)	(7.8)	(224)	(448)
<b>GENERAL ADMINISTRATIVE EXPENSES (NET) + DEPRECIATION AND AMORTIZATION</b>	<b>(2,880)</b>	<b>7.2</b>	<b>(2,688)</b>	<b>(5,462)</b>
<b>EFFICIENCY INCLUDING DEPRECIATION AND AMORTIZATION</b>	<b>46.7</b>		<b>48.8</b>	<b>49.0</b>



The second-quarter operating profit came to €1,769m, rising 20.1% year-on-year. As in the other figures just cited, this reflects a bigger rise than in the first quarter, pushing up half-year growth to 17.7% and total half-year operating profit to €3,201m. All the business areas contributed to this increase with a spurt in their growth rates: a 13.1% rise being reported in Retail Banking in Spain and Portugal, 17.0% in Wholesale and Investment Banking and 27.7% in the Americas, where growth was driven by the 38.9% figure reported in Bancomer. At constant exchange rates, the operating profit showed a 19.5% rise in the group as a whole and a 32.3% rise in the Americas. Using a uniform

perimeter, ie, excluding Laredo National Bancshares, Hipotecaria Nacional and Valley Bank, these figures were 17.5% for the group and 27.4% for the Americas.

## > PROVISIONS AND OTHERS

The group set aside €304m for loan provisioning in the first half of 2005, 26.0% less than the €411m provisioned in the first half of 2004. This was mainly due to the improved quality of lending and higher recoveries of non-performing loans and country-risk provisions.

€254m were transferred to provisions in this six-month period, down 50.7% in year-on-year terms. This was due to lower provisioning for early retirements (€145m this semester as against €286m in the same period last year) and the €124m charge effected in 2004 to top up the provisions against the Fobaproa notes in Mexico.

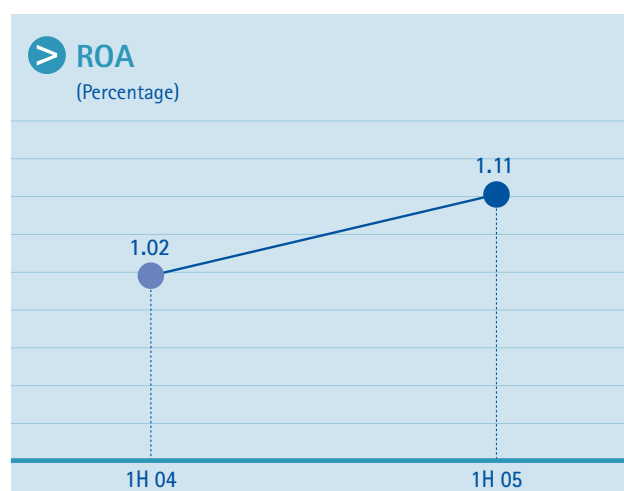
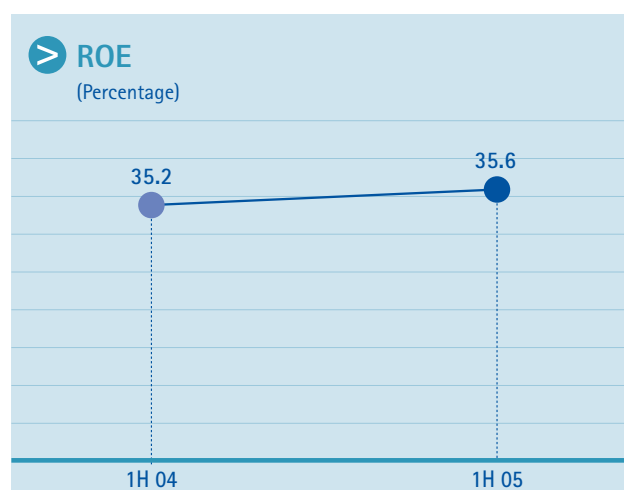
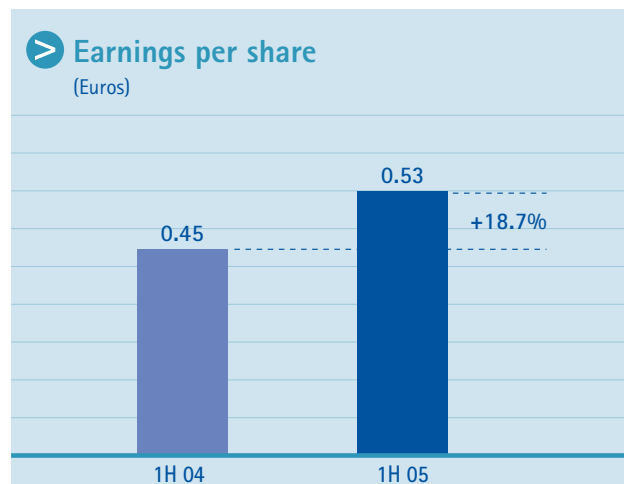
The item for Other income/losses totalled €102m in the first half of the year, falling 71.4% year-on-year. Divestment of holdings contributed €16m in the six months from January to June, as compared with €262m in the same period of 2004. The 2004 figure reflected capital gains on the sale of holdings in Banco Atlántico, Direct Seguros and Grubarges. Meanwhile, the sum of €86m was booked under Other items over these six months, down 9.0% on the same period of last year. This drop was due to high one-off results obtained from property divestments during the first half of 2004.

All this meant that the lower transfers to provisions were cancelled out by the lower figure for Other income/losses.

### > ATTRIBUTABLE PROFIT

Pre-tax profit rose to €1,522m in the second quarter and €2,724m in the first semester. After provision for tax, half-year net profit was €1,936m, with an increase of 21.0%. Of this amount, €123m corresponded to minority interests, such that the group's attributable profit was €1,813m, 20.1% up on the first half of 2004 (21.6% at constant exchange rates).

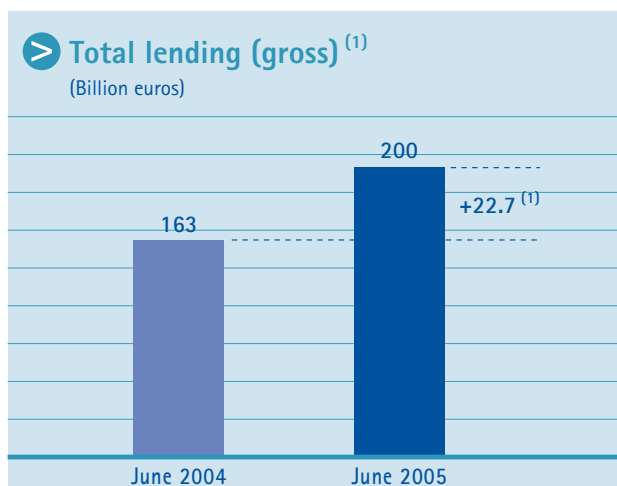
Earnings per share rose to €0.53 over these six months, 18.7% more than in the same period of 2004. Meanwhile, ROE was 35.6% and ROA 1.11%.



In the second quarter the group's business in Spain grew faster. This was seen in lending to customers (due to a sharp increase in loans to SMEs and retailers, a jump in consumer finance and the high but stable growth in residential mortgages). Customer funds also grew faster. Apart from the impact of incorporating Laredo National Bancshares this quarter, lending also grew sharply in the Americas Area. This was particularly felt in consumer finance, mortgages and SME lending. Customer funds also grew faster, especially current and savings accounts.

## > LENDING TO CUSTOMERS

Lending to customers at 30-Jun-05 exceeds €200 billion, up 22.7% over €163 billion a year ago and beating the 18.8% growth recorded at the end of March. Following more benign currency movements in the quarter the impact of exchange rates was positive (for the first time in recent years). The year-on-year increase at constant rates was 21.5% (19.6% at 31-Mar-05).

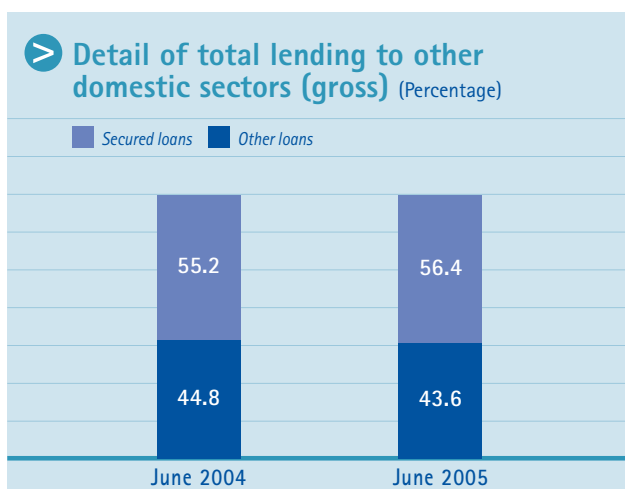
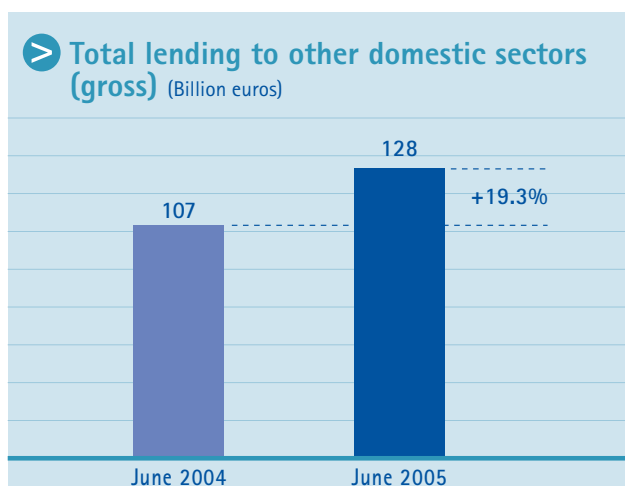


(1) At constant exchange rates: +21.5%.

Loans to other resident sectors rose 19.3% year-on-year to €129 billion (16.8% at the end of March). Secured loans now come to €72 billion. Growth has stabilised at 22% and in the case of resident mortgage loans the figure is more than 24%. Therefore attention focused on other term loans (loans to SMEs and retailers, and consumer finance), on commercial loans (up 43.5%)

## > Total lending (Million euros)

	30-06-05	Δ%	30-06-04	31-03-05	31-12-04
Public sector	15,468	6.9	14,469	16,384	15,483
Other domestic sectors	128,125	19.3	107,357	120,237	117,743
• Secured loans	72,280	22.0	59,262	68,076	64,617
• Commercial loans	11,196	43.5	7,800	10,748	9,231
• Other term loans	35,211	8.9	32,337	32,914	36,012
• Credit card debtors	1,102	8.2	1,018	1,033	1,067
• Other	2,384	13.3	2,105	1,976	1,630
• Financial leases	5,952	23.1	4,835	5,490	5,186
Non-domestic sector	54,573	39.4	39,150	46,733	40,638
• Secured loans	18,341	53.2	11,971	14,653	12,300
• Other loans	36,232	33.3	27,179	32,080	28,338
Nonperforming loans	2,215	(5.2)	2,336	2,179	2,222
• Public sector	113	37.4	82	107	107
• Other domestic sectors	793	(8.3)	865	800	892
• Non-domestic sectors	1,309	(5.7)	1,389	1,272	1,223
<b>TOTAL LENDING (GROSS)</b>	<b>200,381</b>	<b>22.7</b>	<b>163,312</b>	<b>185,533</b>	<b>176,086</b>
Loan loss provisions	(5,095)	7.1	(4,757)	(4,702)	(4,747)
<b>TOTAL NET LENDING</b>	<b>195,286</b>	<b>23.2</b>	<b>158,556</b>	<b>180,831</b>	<b>171,339</b>



and financial leasing (up 23.1%). Lending to SMEs and retailers by the Retail Banking Area, which were growing at 20% in March, are now increasing at 22.6%.

Lending to non-residents is close to €55 billion, a year-on-year increase of 39.4% (34.0% at constant exchange rates). Of this amount Laredo National Bancshares, which forms part of the group since May, accounts for €1.57 billion while Hipotecaria Nacional and Valley Bank account for another €2.98 billion. If these contributions are excluded, the increases are 27.8% at current exchange rates and 22.8% at constant rates (18.8% and 22.3%, respectively at 31-Mar-05). In the Americas Area there was substantial growth in Mexico (60.9% in pesos; 33.9% excluding Hipotecaria Nacional), in Venezuela, Colombia and Peru.

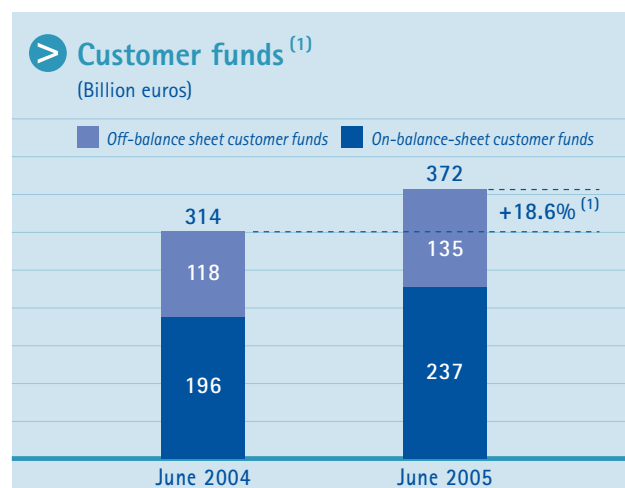
Finally, lending to public institutions came to €15 billion, an increase of 6.9% over June 2004.

As can be seen in the section on risk management, growth in lending continues to be compatible with a lower balance of non-performing loans (down 5.2% in the last 12 months). The non-performing loan ratio improved from 1.32% at 30-Jun-04 to 1.01% at the end of June.

## > CUSTOMER FUNDS

Total customer funds (on and off the balance sheet) came to €372 billion at 30-Jun-05. Customer funds on the balance sheet came to €237 billion, 21.2% more than at 30-Jun-04. Of this amount, customer deposits accounted for €168 billion (up 13.3%). Marketable debt securities accounted for another €60 billion (an increase of €20 billion, of which mortgage securitisation in the last 12 months is €11 billion). Subordinated debt accounted for the remaining €9 billion (including €500m of subordinated debt issued in May).

Off-balance sheet funds (mutual funds, pension funds and customer's portfolios) came to €135 billion at the end of the quarter. This was 14.2% higher than at 30-Jun-04. Of this amount Spain accounts for €73 billion with a year-on-year increase of 10.5% (9.1% in March). The other countries where the group operates accounted for the remaining €62 billion with increases of 18.9% at current exchange rates and 12.1% at



(1) At constant exchange rates: +16.3%.



## > Customer funds (Million euros)

	30-06-05	Δ%	30-06-04	31-03-05	31-12-04
<b>ON-BALANCE-SHEET CUSTOMER FUNDS</b>	<b>237,193</b>	<b>21.2</b>	<b>195,739</b>	<b>211,389</b>	<b>203,023</b>
<b>DEPOSITS</b>	<b>168,204</b>	<b>13.3</b>	<b>148,428</b>	<b>153,323</b>	<b>149,030</b>
Public sector	6,161	1.4	6,077	4,247	4,850
Other domestic sectors	76,691	8.0	71,033	71,255	73,916
• Current accounts	20,578	(4.7)	21,599	20,537	21,370
• Savings accounts	19,918	10.6	18,015	17,784	18,236
• Time deposits	19,246	12.5	17,100	19,845	18,992
• Assets sold under repurchase agreement	13,177	(4.6)	13,817	10,695	12,921
• Other	3,772	n.m.	502	2,394	2,397
Non-domestic sector	85,353	19.7	71,317	77,821	70,264
• Current and savings accounts	31,198	20.8	25,832	27,314	25,812
• Time deposits	47,943	19.9	39,970	43,858	39,962
• Assets sold under repurchase agreement and other accounts	6,212	12.6	5,515	6,649	4,490
<b>MARKETABLE DEBT SECURITIES</b>	<b>59,666</b>	<b>50.1</b>	<b>39,750</b>	<b>49,519</b>	<b>45,503</b>
Mortgage bonds	25,551	73.5	14,726	22,555	19,143
Other marketable securities	34,115	36.3	25,024	26,964	26,360
<b>SUBORDINATED DEBT</b>	<b>9,322</b>	<b>23.3</b>	<b>7,562</b>	<b>8,547</b>	<b>8,490</b>
<b>OTHER CUSTOMER FUNDS</b>	<b>135,132</b>	<b>14.2</b>	<b>118,291</b>	<b>125,336</b>	<b>121,553</b>
Mutual funds	55,265	9.7	50,362	51,745	51,083
Pension funds	47,786	20.5	39,670	43,419	41,490
Customer portfolios	32,081	13.5	28,259	30,172	28,980
<b>TOTAL CUSTOMER FUNDS</b>	<b>372,325</b>	<b>18.6</b>	<b>314,030</b>	<b>336,725</b>	<b>324,576</b>

constant rates. These figures easily beat the growth recorded in March.

In the domestic market the aggregate of deposits in other resident sectors (excluding repurchase agreements or repos, and other accounts) plus mutual and pension funds, came to €118 billion, an increase of 7.3% over 30-Jun-04. Of this, deposits were €60 billion (up 5.3%), including €40.5 billion in current and savings accounts (up 2.2%) and €19.2 billion in fixed deposits (up 12.5% year-on-year).

Growth in stable funds (time deposits, mutual funds and pension funds) increased from 8.3% year-on-year in March to 10.1% at 30-Jun-05, reaching €78 billion. Mutual funds accounted for €45 billion, up 8.5% over

30-Jun-04. They included the real estate fund (*BBVA Propiedad*), whose assets are now close to €1.5 billion, and the guaranteed fixed-income funds. Furthermore pension funds increased 11.9% year-on-year to €14 billion (individual pension plans increased 14.9%).

In the non-resident sector, the aggregate of deposits (excluding repurchase agreements or repos, and other accounts), mutual and pension funds, came to €123 billion, a year-on-year increase of 20.9% (14.9% at constant exchange rates). Excluding Laredo, Hipotecaria Nacional and Valley Bank (€2.6 billion at 30-Jun-05) the increase would be 18.4% at current exchange rates and 12.5% at constant rates. These figures are higher than the corresponding rates of 8.8% and 12.3% at 31-Mar-05.

## > Other customer funds (Million euros)

	30-06-05	Δ%	30-06-04	31-03-05	31-12-04
<b>SPAIN</b>	<b>73,162</b>	<b>10.5</b>	<b>66,181</b>	<b>69,911</b>	<b>69,006</b>
<b>MUTUAL FUNDS</b>	<b>44,706</b>	<b>8.5</b>	<b>41,198</b>	<b>42,744</b>	<b>42,212</b>
Mutual Funds (ex Real Estate)	43,236	7.2	40,339	41,444	41,070
• Money market	12,943	9.3	11,837	11,930	12,019
• Fixed-income	14,746	15.6	12,758	14,145	13,592
Of which: Guaranteed	8,379	20.2	6,973	8,159	7,963
• Balanced	2,184	(16.7)	2,622	2,313	2,444
• Equity	12,927	2.4	12,630	12,637	12,606
Of which: Guaranteed	9,824	3.0	9,538	9,660	9,606
• Global	436	(11.5)	492	419	409
Real Estate investment trusts	1,470	71.1	859	1,300	1,142
<b>PENSION FUNDS</b>	<b>14,046</b>	<b>11.9</b>	<b>12,555</b>	<b>13,647</b>	<b>13,501</b>
Individual pension plans	7,620	14.9	6,632	7,419	7,320
Corporate pension funds	6,426	8.5	5,923	6,228	6,181
<b>CUSTOMER PORTFOLIOS</b>	<b>14,410</b>	<b>15.9</b>	<b>12,428</b>	<b>13,520</b>	<b>13,293</b>
<b>REST OF THE WORLD</b>	<b>61,970</b>	<b>18.9</b>	<b>52,110</b>	<b>55,425</b>	<b>52,547</b>
Mutual funds	10,559	15.2	9,164	9,001	8,871
Pension funds	33,740	24.4	27,115	29,772	27,989
Customer portfolios	17,671	11.6	15,831	16,652	15,687
<b>OTHER CUSTOMER FUNDS</b>	<b>135,132</b>	<b>14.2</b>	<b>118,291</b>	<b>125,336</b>	<b>121,553</b>

Non-resident current and savings accounts jumped 20.8% at current exchange rates and 15.5% at constant rates over June 2004, to €31 billion. Time deposits rose to €48 billion (up 19.9% and 15.8% at current and constant exchange rates, respectively) and mutual funds increased to €10.6 billion (up 15.2% and 9.4%). Pension funds surged to €33.7 billion with

an increase of 24.4% at current rates and 14.9% at constant rates.

Finally, public sector deposits came to €6 billion. After deducting the amounts assigned in the Treasury liquidity auction, this represents a year-on-year increase of more than 30%.

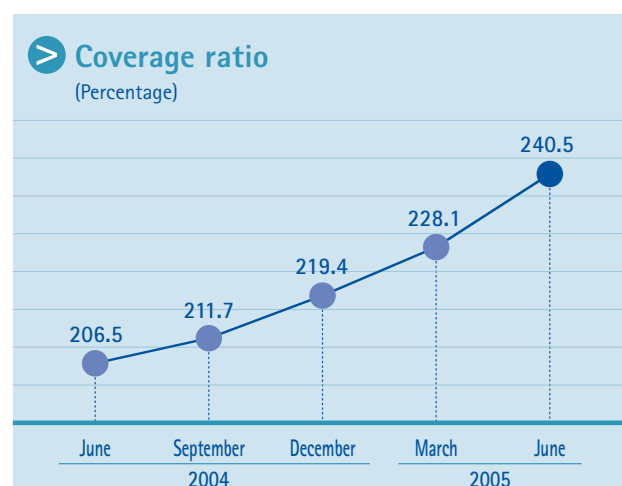
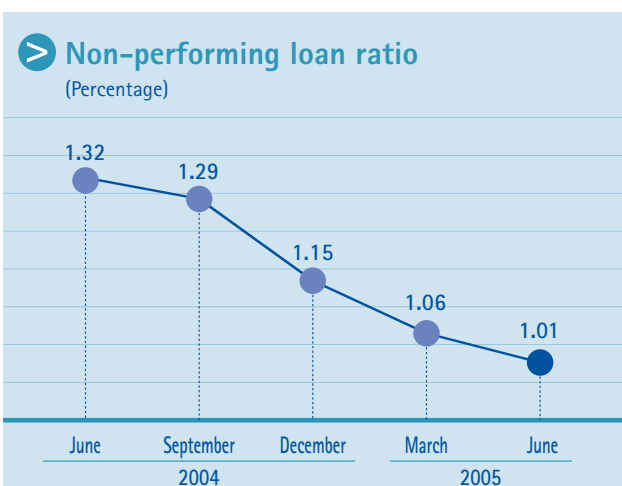
## > LENDING RISK

The quality of the group's loan portfolio continued to improve in the second quarter. The level of non-performing loans at 30-Jun-05 fell to 1.01% compared to 1.06% at 31-Mar-05 and 1.32% at 30-Jun-04. This improvement is the result of the increase in lending mentioned in the section on Business Activity and the 6.1% decrease in non-performing loans over the last 12 months. In a like for like comparison (ie, without Hipotecaria Nacional and Laredo Nacional Bancshares) the decrease would be 9%.

Coverage funds rose 9.3% year-on-year bringing the coverage ratio to 240.5%, compared to 228.1% at

31-Mar-05 and 206.5% at 30-Jun-04. Generic reserve coverage reached its maximum level (1.25 $\alpha$ ) at the end of 2004 and continues at this level at 30-Jun-05.

The positive trend continues in all the group's business areas, which recorded year-on-year declines in non-performing loans (NPLs) despite the higher total exposure. Thus the NPL ratio fell to 0.67% in the Retail Banking Area in Spain and Portugal (0.88% at 30-Jun-04); it was 0.26% in the Wholesale and Investment Banking Area (0.34% a year ago) and 2.79% in the Americas Area (4.18% at June 2004). In the latter area the ratio was 2.38% in Mexico and 3.55% for other group banks in the region (these figures were 3.81% and 5.21%, respectively in June 2004).



## > Credit risk management (Million euros)

	30-06-05	$\Delta\%$	30-06-04	31-03-05	31-12-04
<b>TOTAL RISK EXPOSURE<sup>(1)</sup></b>					
Non-performing assets	2,264	(6.1)	2,412	2,219	2,268
Total risks	225,021	23.3	182,455	208,517	197,739
Provisions	5,447	9.3	4,981	5,062	4,977
NPL ratio (%)	1.01		1.32	1.06	1.15
NPL coverage ratio (%)	240.5		206.5	228.1	219.4
<b>MEMORANDUM ITEM:</b>					
Foreclosed assets	343	(5.9)	364	323	324
Foreclosed asset provisions	168	(14.4)	197	166	167
Coverage (%)	49.1		54.0	51.4	51.7

(1) Including contingent liabilities.

## > Variations in non-performing assets (Million euros)

	2Q 05	1Q 05	4Q 04	3Q 04	2Q 04
<b>BEGINNING BALANCE <sup>(1)</sup></b>	<b>2,219</b>	<b>2,268</b>	<b>2,436</b>	<b>2,412</b>	<b>2,531</b>
Net variation	45	(49)	(168)	24	(119)
• Entries	418	401	476	521	548
• Outflows	(353)	(379)	(394)	(428)	(362)
• Write-offs	(145)	(151)	(181)	(75)	(193)
• Exchange rate differences and other	125	80	(69)	6	(112)
<b>PERIOD-END BALANCE <sup>(1)</sup></b>	<b>2,264</b>	<b>2,219</b>	<b>2,268</b>	<b>2,436</b>	<b>2,412</b>
<b>MEMORANDUM ITEM:</b>					
• Non-performing loans	2,215	2,179	2,222	2,361	2,336
• Non-performing contingent liabilities	49	40	46	75	76

(1) Including contingent liabilities.

## > MARKET RISK

Market risk, measured by Value-at-Risk (VaR), continued at moderate levels and tended to decline in the second quarter. The average weighted use of the authorised limits at the end of June was 27%. Average risk in the quarter was €19.9m (€16m at 30-Jun-05). Both figures were lower than those of the first quarter.

In the distribution of risk by geographic area the relative importance of market risk in the Latin-American banks declined on lower exposure at BBVA Bancomer. Of the average amount in the second quarter, Europe and the USA account for 71.8% and the group's Latin-American banks account for 28.2% (Mexico 21.5%).

The main factor in the group's market risk at 30-Jun-05 was interest rates (including spread-related risk). Excluding the effect of diversification, they account for 45%. This factor is followed by volatility risk associated with option positions (vega risk) with 25%, stock-market or equity risk (17%), exchange-rate risk (9%) and correlation risk (4%).

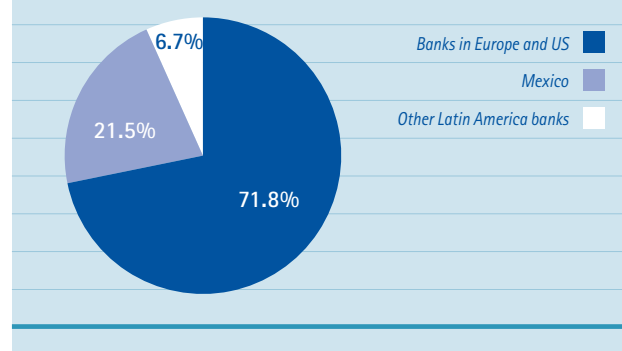
### > Trends in market risk

(VaR, thousand euros)



### > Market risk by geographical areas

(Average second quarter 2005)



## > Market risk by risk factors (Second Quarter 2005. Thousand euros)

	30-6-05	Average	Daily VaR	
			Maximum	Minimum
Interest <sup>(1)</sup>	8,370	12,834	19,326	7,283
Exchange rate <sup>(1)</sup>	1,706	1,805	3,140	918
Equity <sup>(1)</sup>	3,274	2,128	3,839	1,026
Vega and correlation	5,384	5,654	6,105	5,166
Diversification effect	(2,771)	(2,514)	-	-
<b>TOTAL</b>	<b>15,963</b>	<b>19,906</b>	<b>26,046</b>	<b>14,887</b>

(1) Includes gamma risk of fixed-income, exchange rate and equity options respectively. Interest risk includes the spread.

## > OPERATIONAL RISK

In the second quarter the group continued to implement operational risk tools. There are two goals. The first is to manage operational risk efficiently and the other is to qualify for the Basel Advanced Models. These would allow precise calculation of the economic capital needed to cover this class of risk. Implementation of Ev-Ro, the

group's qualitative management tool, reached 90% by the end of the quarter. Furthermore the SIRO database of operational risk events now has three complete years of information for the whole group and therefore meets the regulators' minimum requirements for the Basel advanced models.

In accordance with the international financial reporting standards (IFRS) and the rules of the Bank for International Settlements (BIS), the capital base of the BBVA group at 30-Jun-05 was €24.1 billion. This was 12.9% more than a year earlier. Therefore the capital base surplus, over the 8% of risk-weighted assets required by the rules, was €8.36 billion, 18.4% higher than 30-Jun-04.

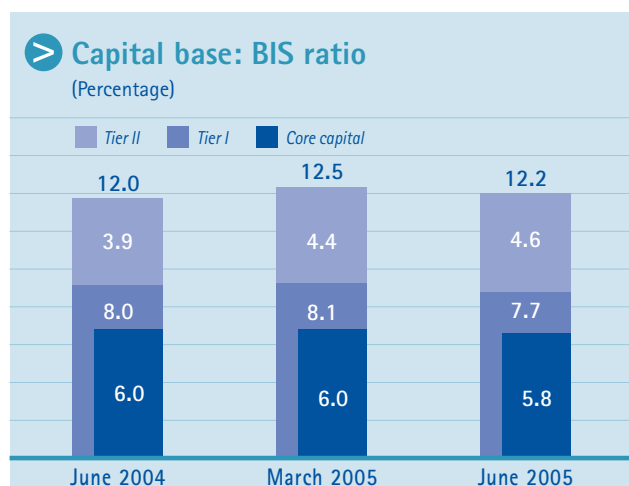
At the close of the second quarter core capital stands at €11.49 billion, which is a year-on-year increase of 8.0%. This is lower than the 10.3% increase in risk-weighted assets and the ratio is 5.8% compared to

6.0% at 31-Mar-05. The decline is due to the incorporation of Laredo National Bancshares which joined the group in May. The incorporation of this bank generated €434m in goodwill and increased risk-weighted assets by €1.21 billion. Without the acquisition of Laredo, core capital would be 6.1%.

Tier I is 7.7% after the early amortisation of €256m in preference shares on 20-Apr-05 (April 1998 with a fixed coupon of 6.35%). As a result the ratio of preference shares to core equity fell to 23.7% at 30-Jun-05, compared to 25.8% at 30-Jun-04.

### > Capital base (BIS Regulation) (Million euros)

	30-06-05	31-03-05	31-12-04	30-06-04
Capital	1,662	1,662	1,662	1,662
Reserves	9,581	9,169	7,793	7,793
Minority interests	826	736	736	687
Deductions	(2,396)	(1,422)	(2,417)	(1,020)
Net attributable profit	1,813	815	2,923	1,511
<b>CORE CAPITAL</b>	<b>11,486</b>	<b>10,960</b>	<b>10,697</b>	<b>10,633</b>
Preference shares	3,572	3,810	3,809	3,700
<b>CAPITAL (TIER I)</b>	<b>15,058</b>	<b>14,770</b>	<b>14,506</b>	<b>14,333</b>
Subordinated debt	7,550	6,962	7,077	6,278
Valuation adjustments and other	2,207	1,866	1,792	1,360
Deductions	(710)	(731)	(724)	(630)
<b>OTHER ELIGIBLE CAPITAL (TIER II)</b>	<b>9,047</b>	<b>8,097</b>	<b>8,145</b>	<b>7,008</b>
<b>CAPITAL BASE</b>	<b>24,105</b>	<b>22,867</b>	<b>22,651</b>	<b>21,341</b>
Minimum capital requirement (BIS Regulation)	15,745	14,597	14,596	14,279
<b>CAPITAL SURPLUS</b>	<b>8,360</b>	<b>8,270</b>	<b>8,056</b>	<b>7,063</b>
<b>MEMORANDUM ITEM:</b>				
Risk-weighted assets	196,812	182,459	182,447	178,483
<b>BIS RATIO (%)</b>	<b>12.2</b>	<b>12.5</b>	<b>12.4</b>	<b>12.0</b>
<b>CORE CAPITAL (%)</b>	<b>5.8</b>	<b>6.0</b>	<b>5.9</b>	<b>6.0</b>
<b>TIER I (%)</b>	<b>7.7</b>	<b>8.1</b>	<b>8.0</b>	<b>8.0</b>
<b>TIER II (%)</b>	<b>4.6</b>	<b>4.4</b>	<b>4.5</b>	<b>3.9</b>



Other eligible capital mainly includes subordinated debt and revaluation reserves. It comes to €9.05 billion and thus Tier II is 4.6%. On 23-May-05 BBVA issued €500m of subordinated debt to institutional investors, which matures in May 2017.

The BIS ratio stands at 12.2% (12.5% ex-Laredo), compared to 12.5% in March 2005 and 12.0% in June 2004.

On 29-Mar-05, BBVA announced that its board had approved a share buyback programme of up to 3.5% of capital stock at a price not greater than €14.5 per share

up to 30-Sep-05. The purpose of this programme was to reduce capital at the end of the programme by amortising any treasury stock at that date, in accordance with CE Regulation 2273/2003. The balance of this programme at 30-Jun-05 was the repurchase of 14.3m shares, which represent 0.4% of capital stock.

## > RATINGS

During the second quarter meetings were held in connection with the annual review of BBVA's ratings. All agencies confirmed their ratings for the bank.

## > Ratings

	Long term	Short term	Financial strength
Moody's	Aa2	P-1	B+
Fitch - IBCA	AA-	F-1+	B
Standard & Poor's	AA-	A-1+	-

The majority of stock indices ended the second quarter with gains. Performance was, however, mixed. The European Stoxx 50 was up 5.9%, the Ibex 35 rose 5.7% while the S&P 500 increased only 0.9% and the Japanese Nikkei fell 0.7%.

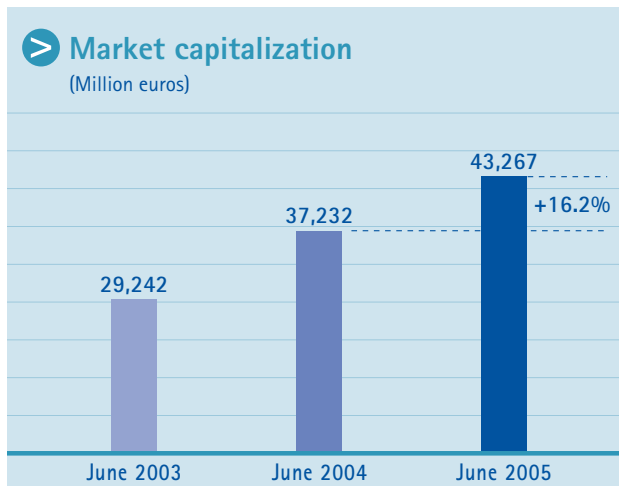
BBVA's shares advanced 1.6% in the quarter, accumulating an increase of 16.2% in the last 12 months. This outperformed the European market in general (the Stoxx 50 was up 12.9% in the same period) and the European banking sector in particular (the Stoxx Banks was up 15.7%). On 30-Jun-05 BBVA's shares closed at €12.76, bringing its market cap to

€43.3 billion. This is some €6 billion more than a year earlier.

In the quarter, the share price fluctuated between €11.95 and €12.93, a range of 8.2%. The average trading volume was 31.4m shares per day or €394m (the latter figure was 5.4% higher than the second quarter last year).

The group applied for listing on the Mexican stock exchange in June. This is further evidence of its commitment to Mexico and will extend BBVA's presence in the capital markets. At present BBVA's shares are traded on the Spanish electronic continuous market and in London, Milan, New York, Frankfurt and Zurich.

In regard to shareholder remuneration, on 11th April the bank paid a final gross dividend against 2004 results of €0.142 per share. Therefore the total dividend for 2004 came to €0.442 per share which was 15.1% more than the amount paid against 2003 results. On 11th July a first gross interim dividend of €0.115 was paid against 2005 results. This is 15% higher than the amount paid a year ago.





## > The BBVA share

	30-06-05	31-03-05	31-12-04	30-06-04
Number of shareholders	1,042,616	1,058,876	1,081,020	1,132,490
Number of shares issued	3,390,852,043	3,390,852,043	3,390,852,043	3,390,852,043
Daily average number of shares traded	33,433,617	35,575,363	36,013,282	35,887,982
Daily average trading (million euros)	426.44	460.10	403.45	392.21
Maximum price (euros)	13.44	13.44	13.11	11.48
Minimum price (euros)	11.87	12.23	10.15	10.15
Closing price (euros)	12.76	12.56	13.05	10.98
Book value per share (euros)	3.47	3.30	3.25	3.12
Market capitalization (million euros)	43,267	42,589	44,251	37,232

## > Share performance ratios

	30-06-05	31-03-05	31-12-04	30-06-04
Price/Book value (times)	3.7	3.8	4.0	3.5
PER (Price/Earnings; times) <sup>(1)</sup>	12.5	12.3	15.1	12.7
Yield (Dividend/Price; %) <sup>(2)</sup>	4.00	3.90	3.39	4.03

(1) The 30-06-05 PER is calculated taking into consideration the median of the analysts' estimates (July 2005).

(2) Dividend yield at 30-06-05 is calculated taking into consideration the median of analysts' estimates (July 2005).

Following introduction of IFRS, the group has restated the information on business areas in 2004 in accordance with the financial statements, so that the year-on-year comparisons in the present report have a uniform basis.

Information by area is a fundamental tool for monitoring and controlling the group's various businesses. Preparation starts at the lowest level where all the initial accounting data for the business in question are kept. Management classifies and combines data from these units in accordance with the defined structure to arrive at the picture for the entire area. The individual companies in the group also belong to a particular business area. When the diversity of a company requires, the group assigns its activity and results to different units.

Once management has defined the composition of each area, it applies the necessary management adjustments inherent in the model. The most relevant of these are:

- **Capital:** the group allocates economic capital commensurate with the risks incurred by each business. It assesses capital requirements according to the lending, market and operational risks incurred. The first step is to quantify the amount of core equity (capital and reserves) attributable to the risks in each area. The bank uses this amount as a basis to determine the return generated on the equity in each business (ROE). Following this, it assigns other eligible funds issued by the group (subordinated debt and preference shares) together with their associated costs. In the Americas business area (except Argentina and international private banking, which follow the above criteria), the bank assigns as capital the book value of the group's interest. It records the amounts related to minority interests under "Other eligible funds".
- **Internal transfer prices:** management uses rates adjusted for maturity to calculate the margins for each business. It also revises the interest rates for the different assets and liabilities that make up each unit's balance sheet.
- **Assignment of operating expenses:** in line with the new accounting standards, BBVA has perfected the process of assigning expenses. It assigns direct and indirect costs to business areas except for those

where there is no close and defined relationship with the areas, ie, they are of a clearly corporate or institutional nature for the entire group.

In regard to information by area, the main division consists of the areas: Retail Banking in Spain and Portugal, Wholesale and Investment Banking, and the Americas. The structure of the group's senior management echoes this division. The details of the more important units in each area are as follows:

- Retail Banking in Spain and Portugal:
  - Financial services (which includes the commercial banking unit, SME banking and Finanzia/Uno-e).
  - The asset management and private banking unit.
- Wholesale and Investment Banking:
  - Wholesale banking (comprising corporate banking and institutions banking).
  - Global markets and distribution
- The Americas:
  - Banks in the Americas
  - Pensions and insurance

The Corporate Activities area handles the group's general management functions. These consist of structural positions on interest and exchange rates, liquidity and shareholders' funds. It also includes the industrial portfolio management unit and financial shareholdings.

The second level is geographic. In the case of the Americas, management prepares information by country, where each country contains banking, and pensions and insurance activities. Owing to its relevance, we show the complete income statement for Mexico (which combines the statements of Bancomer and of the pension and insurance activities in that country). Lastly, to complete the geographic vision, business in Europe would be the aggregate of Retail banking in Spain and Portugal and Wholesale and Investment banking.

Thus the present composition of the group's main business areas is as follows:

### > Retail Banking in Spain and Portugal

This includes retail business, asset management and private banking conducted by the group in Spain and Portugal. Consequently it covers individual customers and SMEs in the Spanish market, the Finanzia/Uno-E

group (e-banking business, consumer finance, distribution of cards and renting), the private banking business, the mutual and pension fund managers, the insurance business and BBVA Portugal. It also includes the depository services for the area's customers, which were included under Wholesale Banking in 2004.

### > Wholesale and Investment Banking

This covers the business that the group conducts with large companies and institutions through corporate banking (whether domestic or international) and institutional banking. It also incorporates the trading floors in Spain, Europe and New York, the origination and distribution of equities and the depository (for the area's customers) and custodial services. It includes

business and real estate projects if they are not associated with a group interest in large companies.

### > The Americas

This area covers the activity and results of the group's banks in Latin America and their subsidiary undertakings, including pension managers, insurance companies and international private banking.

The information on each area and on the units it contains consists of the income statement and a series of key indicators. In the case of units in the Americas area, we provide the year-on-year percentage changes calculated at constant exchange rates as well as at current rates.

## > Net attributable profit by business area (Million euros)

	1H 05	Δ%	1H 04
Retail Banking in Spain and Portugal	793	12.5	705
Wholesale and Investment Banking	280	29.1	217
The Americas	823	62.7	506
Corporate Activities	(82)	n.m.	83
<b>BBVA GROUP NET ATTRIBUTABLE PROFIT</b>	<b>1,813</b>	<b>20.1</b>	<b>1,510</b>

## > ROE and Efficiency (Percentage)

	ROE		Efficiency including depreciation and amortization	
	1H 05	1H 04	1H 05	1H 04
Retail Banking in Spain and Portugal	33.1	33.2	44.4	47.1
Wholesale and Investment Banking	24.9	19.3	30.9	31.3
The Americas	32.4	23.5	46.9	49.8
<b>BBVA GROUP</b>	<b>35.6</b>	<b>35.2</b>	<b>46.7</b>	<b>48.8</b>

## &gt; Income statement (Million euros)

	Retail Banking in Spain and Portugal			Memorandum item:					
	1H 05	Δ%	1H 04	Financial Services			Asset Management and Private Banking		
	1H 05	Δ%	1H 04	1H 05	Δ%	1H 04	1H 05	Δ%	1H 04
<b>NET INTEREST INCOME</b>	<b>1,528</b>	<b>5.5</b>	<b>1,448</b>	<b>1,499</b>	<b>5.7</b>	<b>1,418</b>	<b>18</b>	<b>15.1</b>	<b>15</b>
Net income from equity method	1	(58.4)	1	-	n.m.	-	1	(11.8)	1
Net fee income	768	7.1	718	705	6.8	660	116	6.7	108
Income from insurance activities	150	14.1	131	-	-	-	-	-	-
<b>CORE REVENUES</b>	<b>2,447</b>	<b>6.5</b>	<b>2,299</b>	<b>2,203</b>	<b>6.0</b>	<b>2,078</b>	<b>134</b>	<b>7.6</b>	<b>125</b>
Net trading income	49	101.3	24	45	110.2	21	2	88.1	1
<b>ORDINARY REVENUES</b>	<b>2,497</b>	<b>7.5</b>	<b>2,323</b>	<b>2,248</b>	<b>7.1</b>	<b>2,100</b>	<b>136</b>	<b>8.2</b>	<b>126</b>
Net revenues from non-financial activities	14	12.6	13	14	14.7	13	-	-	-
Personnel and general administrative expenses	(1,116)	2.4	(1,090)	(1,031)	2.2	(1,010)	(39)	7.0	(36)
Depreciation and amortization	(48)	(12.8)	(55)	(41)	(16.1)	(49)	(2)	4.4	(2)
Other operating income and expenses (net)	24	16.1	21	25	15.1	22	(1)	13.0	(1)
<b>OPERATING PROFIT</b>	<b>1,371</b>	<b>13.1</b>	<b>1,212</b>	<b>1,216</b>	<b>13.0</b>	<b>1,076</b>	<b>95</b>	<b>8.7</b>	<b>87</b>
Impairment losses on financial assets (net)	(212)	17.4	(180)	(210)	23.5	(170)	(3)	63.7	(2)
• Loan loss provisions	(215)	19.0	(180)	(210)	23.4	(170)	(3)	63.8	(2)
• Other	3	n.m.	-	-	-	-	-	-	-
Provisions (net)	1	n.m.	(4)	2	n.m.	(1)	-	(99.5)	-
Other income/losses (net)	54	4.3	52	56	4.8	53	-	(50.0)	(1)
• From disposal of equity holdings	8	n.m.	-	8	n.m.	-	-	(100.0)	-
• Other	46	(11.6)	52	48	(10.7)	53	-	(50.1)	(1)
<b>PRE-TAX PROFIT</b>	<b>1,214</b>	<b>12.5</b>	<b>1,080</b>	<b>1,063</b>	<b>11.0</b>	<b>957</b>	<b>91</b>	<b>8.2</b>	<b>84</b>
Corporate income tax	(419)	12.2	(373)	(368)	10.7	(332)	(32)	8.6	(29)
<b>NET PROFIT</b>	<b>796</b>	<b>12.6</b>	<b>707</b>	<b>695</b>	<b>11.2</b>	<b>625</b>	<b>60</b>	<b>7.9</b>	<b>55</b>
Minority interests	(3)	56.9	(2)	(2)	109.8	(1)	-	(20.0)	(1)
<b>NET ATTRIBUTABLE PROFIT</b>	<b>793</b>	<b>12.5</b>	<b>705</b>	<b>693</b>	<b>11.0</b>	<b>624</b>	<b>59</b>	<b>8.2</b>	<b>55</b>

## &gt; Relevant business indicators (Million euros and percentages)

	30-06-05	Δ%	30-06-04	30-06-05	Δ%	30-06-04	30-06-05	Δ%	30-06-04
Loans to customers <sup>(1)</sup>	117,052	20.5	97,137	112,895	21.0	93,301	963	12.7	855
Customer deposits	56,778	10.7	51,282	53,327	10.6	48,215	1,416	3.6	1,367
• Deposits	56,708	10.7	51,205	53,288	10.7	48,158	1,385	2.7	1,348
• Assets sold under repurchase agreement	70	(8.7)	77	38	(33.3)	58	31	66.5	19
Off balance sheet funds	58,934	9.8	53,685	45,520	8.8	41,820	12,539	12.2	11,171
• Mutual funds	44,618	9.0	40,916	38,339	7.8	35,575	5,677	16.7	4,862
• Pension funds	14,316	12.1	12,768	7,181	15.0	6,245	6,862	8.8	6,309
Other placements	7,075	18.5	5,968	6,581	18.9	5,534	494	13.8	434
Customer portfolios	10,221	22.6	8,335	1,495	54.4	968	8,726	18.4	7,367
Equity	7,912	15.0	6,878	6,678	16.6	5,728	403	19.1	339
• Shareholders' funds	5,070	15.4	4,392	4,269	16.6	3,662	270	27.3	212
• Other eligible funds	2,842	14.3	2,486	2,409	16.6	2,067	133	5.4	126
Total assets <sup>(2)</sup>	124,000	20.3	103,119	118,594	20.9	98,093	2,067	5.0	1,969
ROE (%)	33.1		33.2	34.4		35.4	48.0		52.3
Efficiency ratio (%)	42.5		44.8	43.5		45.7	28.3		28.7
Efficiency incl. Depreciation and amortization (%)	44.4		47.1	45.3		48.0	29.8		30.2
NPL ratio (%)	0.67		0.88	0.67		0.89	0.04		0.03
Coverage ratio (%)	301.4		236.2	300.3		235.1	n.m.		n.m.

(1) Excluding NPLs.

(2) Excluding insurance.

The Retail Banking Area for Spain and Portugal uses a solid business model (the Services Plan) to manage three classes of customers in different ways. The three approaches are: personal financial services (for individuals), commercial financial services (businesses, retailers, self-employed and SMEs) and special financial services (Finanzia, Finanzia Autorenting, Finanziamento Portugal, Advera in Italia and Uno-e). The Retail Banking Area is an extensive banking franchise that generates value for customers. In order to obtain an overall view of each segment, it integrates the distribution network (3,490 branches, including 108 in Portugal) with product creation (mutual funds, pension funds, insurance and cards) and the alternative channels (mortgage banking, phone banking, Internet banking, e-banking and the prescription unit).

The progress we made in personalising marketing efforts while consolidating growing volumes of business in an efficient manner helped operating profit to grow 13.1% year-on-year (11.3% in the first quarter). Net attributable profit rose 12.5% to €793m and ROE now stands at 33.1%.

The positive performance of operating profit was mainly due to net interest income, which rose 5.5% on sustained growth of business activity in all the area's units. This was aided by more stable spreads between yield on loans and the cost of deposits, despite greater competition.

At 30-Jun-05 lending came to €117 billion, rising 20.5% year-on-year (19.9% at 31-Mar-05). Growth was widely spread and balanced across units and business lines. Mortgages grew 24.3% (residential mortgages were up 22.8% and developers 33.1%). Lending to companies rose 22.6% and consumer finance increased 12.8% (32.0% at Finanzia and Uno-e).

Total customer funds under management by the area (deposits, mutual and pension funds, and intermediation on various

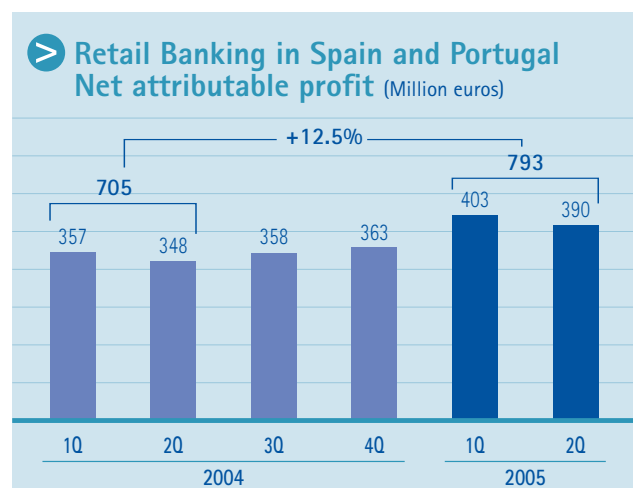
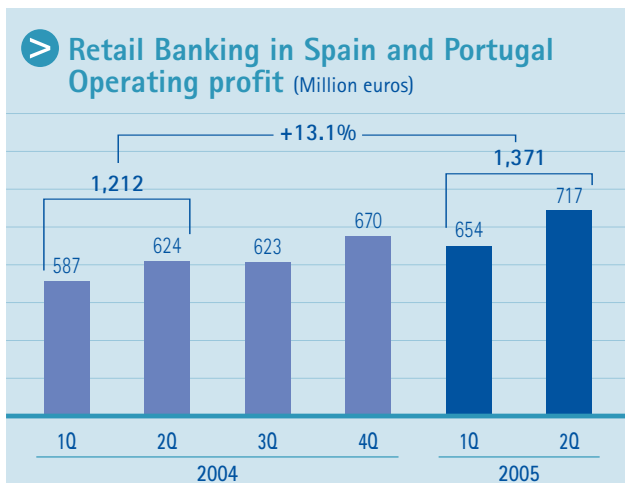
products) grew 10.7% (8.2% at 31-Mar-05). This included the gathering of stable savings, which increased 12.4%. Term deposits were up 20.8% (35.9% in insurance products); mutual and pension funds increased 9% and 12.1%, respectively; and placement of fixed-income securities rose 18.5%.

Net fee income and insurance activity grew 8.2% in aggregate (6.6% in the first quarter). Net fee income in the first half grew 7.1% to €768m supported by fees related to banking services (these were up 9.6% and included an increase of 12.5% in credit cards). Fees on mutual and pension funds came to €330m (up 3.8%). The increase in insurance business together with claim management brought its contribution to €150m (up 14.1%).

Higher revenues were complemented by trading income which doubled on the distribution of treasury products in the SMEs and retailer segments. Thus ordinary revenues increased 7.5% to €2.5 billion. The above results together with containment of operating costs (up 2.1% net of recoveries, and up 1.4% including amortisation) meant the cost/income ratio with amortisation further improved to 44.4% compared to 47.1% in the first half of 2004. This was achieved in the context of the branch network expansion plan for Madrid and the Mediterranean area (87 new branches in the last year).

As a result, operating profit grew faster. It increased 13.1% to €1.37 billion and is the main factor supporting the increased profit (up 12.5%). This absorbed an increase in loan provisioning related to the higher lending volume (mainly generic provisions). The non-performing loan ratio improved to 0.67% (0.88% in June 2004) and coverage increased to 301.4% (236.2% a year earlier).

Retail banking closed the quarter with an improvement in profitability due to higher revenues in all business lines and greater efficiency.



## > FINANCIAL SERVICES

The income statement for the financial services unit reflects the results obtained by personal, commercial and special financial services, which are about 90% of the area's total. It shows that operating profit and net attributable profit grew 13% and 11%, respectively. This was due to the growing trend of net interest income, net fee income and trading income following the introduction of products of higher value for customers and greater efficiency. Lending and customer funds increased 21.0% and 10.3%, respectively (20.1% and 8.2% in March 2005).

### > Personal Financial Services

In the individual customer segment, BBVA increased the sale of products by 32.5% – particularly lending and customer funds as well as credit cards.

Mortgages increased 24.3% compared to 30-Jun-04 with an 11.2% increase in new operations, bringing the total to €12.5 billion. Residential mortgages were €7.45 billion (up 9.7% following the launch of Easy Mortgage with bundling) and developer finance was €5.06 billion (up 13.7% and increasing the loan portfolio of the specialised mortgage-banking unit 29.9%). In the first half, the unit booked €1.86 billion of consumer finance (up 12.9%) supported by the launch of BBVA's "Instant Credit" in April and the car loan campaign in June and July.

Developments in customer funds included the launch of "Cuentas Claras" at the end of May. By making a fixed monthly payment, customers receive a comprehensive basket of banking products and services, household assistance, legal services and consumer protection. This innovative offer provides personalisation of services because the customer can choose the best system according to her or his needs. It also enhances transparency (there is a single contract with complete information on tariffs and services) and global services. The bank's recent campaign (*Quincena del Libretón BBVA*) entailed 500,000 gifts and captured €1.3 billion in saving deposits.

Stable customer funds reflect the positive impact of a broader range of mutual funds and term deposits. The managed fund portfolio is a product that takes customers' profiles, amounts and time horizons into account. Some 5,610 contracts worth €323m have already been signed. Furthermore the three new guaranteed equity funds (*BBVA Extra 5 Acciones II & III* and *BBVA 100 Ibox Positivo*) and the four new guaranteed fixed-income funds (*Planes Renta*), captured €450m and €300m, respectively, in the quarter. Term deposits include the *Depósito Doble Creciente* that combines a conservative profile with a 100% guarantee of original capital and gains in the Ibox 35. There is also a new

version of *Doble Depósito* that reduces the investment period and the *Depósitos Crecientes* at 3 and 5 years. As a result, deposit and mutual fund gathering in the quarter came to nearly €1.5 billion, about 40% more than the first quarter. Lastly, insurance products marketed through the network captured €446m. They included the rollout of *BBVA Vida Ágil*; a new financed single-premium policy for mortgage payment protection that integrates with the *Easy Mortgage*; a simplified household policy related to *Cuentas Claras*; and the launch of a card payment protection policy.

In means of payment, the invoicing generated by retail purchases increased 13.4%. In terms of channels other than the branch network, the prescription unit (which complements Finanzia's activities) increased sales by 26% in the first half (36.4% in the retailer-equipment and mortgage segment). Growth of transactions at BBVAnet, an on-line banking service, remained high with an average of 13 million operations and queries per month. The bank launched a new system of security keys without cost to customers. This was the *Coordenadas* card and it reinforces BBVA's leadership in Internet banking. This position has been confirmed by AQ Metrix, an independent external firm, for six quarters running. Lastly, the number of self-service points increased 105 last year, to 4,646.

### > Commercial Financial Services

This unit services SMEs, micro-firms, the self-employed and retailers. It has a specialised sales force of nearly 3,000 staff located at the 213 branches of the SME banking unit and the 1,630 branches in the retail banking network. BBVA has launched a quality plan to help consolidate its leadership. The plan fixes goals and performance is evaluated through customer surveys.

Lending exceeds €40 billion (up 23%) following a uniform advance in all business lines. In the 2005 ICO campaign, the bank started mass sale of interest-rate coverage. It covered 2,552 operations (20% financed with these funds). The unit invoiced €3.76 billion in leasing, renting and confirming. This was 17.2% more than the first half of 2004. Furthermore, a new flow of recurrent revenues was consolidated through the distribution of a wide range of treasury products. These were first implemented for SME banking in 2004 and extended to the retail banking network in 2005.

Through the retail banking network BBVA has introduced a campaign focused on POS terminals. The goal is to develop new lines of revenue. So far it has captured 5,456 retailers which have purchased the DCC system. This allows retailers to accept payments in the customers own currency.

Regarding customer funds, €692m was captured via fixed-income funds used to manage the liquidity of companies



and people or groups with high assets (*BBVA Cash* and *BBVA Corto Plus Empresas*). Lastly, marketing of products that protect companies' assets, their activity and their directors, resulted in 34,960 policies and €11m in premiums at 30-Jun-05.

### > Special Financial Services

Lending at this unit reached €3.05 billion (up 22.3% over 30-Jun-04). In the first half of 2005 sales were €1.49 billion, a year-on-year increase of 29%. Operations included car purchase loans (€567m and up 20%), equipment finance (€237m and 16%), 7,200 vehicle renting contracts (up 24%), a 52% increase in lending associated with universal credit cards (Visa and Mastercard) and a 32% increase in consumer finance.

Funds under management increased 6.7% to €994m: 5.9% in deposits, 24.0% in mutual funds and 21.3% in pension funds. In terms of associate banking projects, Iberdrola's *Plan Quieres* started in the first quarter. It was followed in the second quarter by SAFA's *Productos Financieros*, under which tailor-made financial services are made available to chemists. At 30th June, the first project has 1,809 associates and the second is handling €2 billion in volume.

### > ASSET MANAGEMENT AND PRIVATE BANKING

At 30-Jun-05 this unit was handling €70.5 billion of business (up 11%). In the first half, net attributable profit was €59m (up 8.2%).

Continuing its policy of innovation, in the second quarter the BBVA asset management unit extended its product range. It added two types of deposit (*Depósito Doble Creciente* and *Doble Depósito*) and seven guaranteed funds of which three are equity funds (*BBVA Extra 5 II & III* and *BBVA 100 Ibex Positivo*) and four are new income plans. It also added two funds of funds (*BBVA MF Europa del Este* and *BBVA Monetario Dinámico*).

With the launch of new real estate funds, total gathering of funds in the first half came to €1.82 billion (€1.05 billion in equity funds and €636m in fixed income). This brought assets under management to €43.24 billion (up 7.2%). The figure increases to €44.71 billion (up 8.5%) if the €1.47 billion from the real estate investment fund are added. This fund was the most profitable in the sector (up 3.24% in the first half). As a result, BBVA was the manager with the highest net contributions in the first half (€1.3 billion).

The Spanish pensions and institutional management unit handled assets of €14.05 billion. This was 11.9% higher than in June 2004

(an increase of 14.9% in individual pension plans and 8.5% in group pension plans) and extended the bank's leadership. Following the marketing success of the protection plans, BBVA now manages €7.62 billion in individual pension plans and has significantly advanced its market position, lifting fee income 9.9 basis points in the last year. In terms of group pension plans it was awarded management of eight new plans, bringing assets to €6.43 billion.

The private banking business in Spain manages €14.8 billion (up 9.4% over 30-Jun-04). Of this amount €8.43 billion was handled by BBVA Patrimonios (up 14.5%) and €8.29 billion by Personal Banking (up 5.3%). The unit extended personalisation and improved customer service. Activity included *Altitude Dynamic*, a guaranteed capital structure based on hedge funds with two different formats (bonds and deposits) as well as a loyalty programme (*Rewards Infinite BBVA*) for holders of the VISA Infinite card.

### > EUROPEAN INSURANCE

This unit consists of various separate insurance companies that provide direct insurance, reinsurance and insurance brokering in Spain and Portugal. They mainly market their products through different parts of the area's network although they also use external channels for group insurance.

The direct insurance business for life products, multiple risk, home policies and construction are concentrated in BBVA Seguros. Total net issue was €1.03 billion, some 45.6% more than the first half of 2004. BBVA Seguros continues to lead in life insurance in the *bancassurance* sector, increasing its market share by 480 basis points in the last 12 months. In the first half the year-on-year increases were as follows: 141.8% in payment protection insurance, bringing premiums to €108m; 29.4% in income insurance (€478m); 17.1% in home insurance policies (€64m); and 90.8% in collective welfare insurance. Apart from the policies, the unit also brokered premiums worth €92m, an increase of 21.4% over the first half of 2004.

### > BBVA PORTUGAL

This unit continues to record significant increases in commercial activity and in lending (up 10.7%). This includes an increase of 43.2% in mortgages and 16.6% in SMEs. Customer funds gathering rose 17.8%: 13.2% in deposits, 25.7% in mutual funds and 27% in other off-balance sheet funds. Higher marketing productivity, cost control and lower non-performing loans helped operating profit to grow 24.5% year-on-year and brought net attributable profit to €6m.

## &gt; Income statement (Million euros)

	Wholesale and Investment Banking			Memorandum item:					
	1H 05	Δ%	1H 04	Wholesale Banking			Markets		
				1H 05	Δ%	1H 04	1H 05	Δ%	1H 04
<b>NET INTEREST INCOME</b>	<b>211</b>	<b>(0.8)</b>	<b>213</b>	<b>230</b>	<b>4.5</b>	<b>220</b>	<b>(10)</b>	<b>n.m.</b>	<b>1</b>
Net income from equity method	23	(17.0)	28	-	n.m.	-	-	-	-
Net fee income	110	13.6	97	86	8.0	79	28	46.5	19
Income from insurance activities	-	-	-	-	-	-	-	-	-
<b>CORE REVENUES</b>	<b>344</b>	<b>2.0</b>	<b>337</b>	<b>316</b>	<b>5.5</b>	<b>300</b>	<b>18</b>	<b>(11.8)</b>	<b>20</b>
Net trading income	178	29.7	137	32	80.0	18	157	27.8	123
<b>ORDINARY REVENUES</b>	<b>522</b>	<b>10.0</b>	<b>474</b>	<b>348</b>	<b>9.7</b>	<b>318</b>	<b>175</b>	<b>22.1</b>	<b>143</b>
Net revenues from non-financial activities	48	18.7	41	-	-	-	-	-	-
Personnel and general administrative expenses	(173)	9.7	(158)	(88)	4.1	(85)	(70)	14.1	(61)
Depreciation and amortization	(4)	1.0	(3)	(2)	(5.3)	(2)	(1)	(17.6)	(1)
Other operating income and expenses (net)	18	n.m.	(2)	18	n.m.	(1)	-	(94.7)	-
<b>OPERATING PROFIT</b>	<b>412</b>	<b>17.0</b>	<b>352</b>	<b>277</b>	<b>20.5</b>	<b>229</b>	<b>104</b>	<b>29.3</b>	<b>80</b>
Impairment losses on financial assets (net)	(38)	(57.5)	(91)	(36)	(55.3)	(81)	-	(99.8)	(10)
• Loan loss provisions	(38)	(57.7)	(91)	(36)	(55.2)	(81)	-	(99.8)	(10)
• Other	-	-	-	-	-	-	-	-	-
Provisions (net)	4	(18.8)	5	3	(45.6)	5	-	25.8	-
Other income/losses (net)	15	(49.6)	29	3	(57.6)	7	-	n.m.	(3)
• From disposal of equity holdings	7	(62.7)	20	-	-	-	-	-	-
• Other	7	(19.8)	9	3	(57.6)	7	-	n.m.	(3)
<b>PRE-TAX PROFIT</b>	<b>392</b>	<b>32.7</b>	<b>295</b>	<b>247</b>	<b>52.5</b>	<b>162</b>	<b>104</b>	<b>54.9</b>	<b>67</b>
Corporate income tax	(110)	42.7	(77)	(75)	41.9	(53)	(31)	96.3	(16)
<b>NET PROFIT</b>	<b>281</b>	<b>29.2</b>	<b>218</b>	<b>172</b>	<b>57.7</b>	<b>109</b>	<b>73</b>	<b>42.3</b>	<b>52</b>
Minority interests	(2)	58.1	(1)	-	n.m.	-	(2)	n.m.	-
<b>NET ATTRIBUTABLE PROFIT</b>	<b>280</b>	<b>29.1</b>	<b>217</b>	<b>172</b>	<b>57.7</b>	<b>109</b>	<b>72</b>	<b>39.1</b>	<b>52</b>

## &gt; Relevant business indicators (Million euros and percentages)

	30-06-05			30-06-04			30-06-05			30-06-04		
	30-06-05	Δ%	30-06-04	30-06-05	Δ%	30-06-04	30-06-05	Δ%	30-06-04	30-06-05	Δ%	30-06-04
Loans to customers <sup>(1)</sup>	42,280	5.8	39,959	41,066	11.2	36,938	1,210	(58.2)	2,893			
Customer deposits	52,186	(2.2)	53,371	19,783	15.9	17,075	32,371	(10.8)	36,296			
• Deposits	36,999	11.4	33,206	19,768	15.8	17,066	17,199	6.6	16,139			
• Assets sold under repurchase agreement	15,187	(24.7)	20,165	15	79.6	8	15,172	(24.7)	20,157			
Off balance sheet funds	693	(9.1)	762	679	(9.8)	753	14	44.4	10			
• Mutual funds	690	(9.3)	760	676	(10.0)	751	14	44.4	10			
• Pension funds	3	72.3	2	3	72.3	2	-	-	-			
Customer portfolios	4,189	2.3	4,093	4,189	2.3	4,093	-	-	-			
Equity	3,652	0.5	3,632	2,361	12.8	2,093	687	(3.7)	714			
• Shareholders' funds	2,319	0.3	2,312	1,510	12.8	1,339	435	(4.9)	457			
• Other eligible funds	1,333	0.9	1,321	850	12.8	754	253	(1.6)	257			
Total assets	171,560	8.8	157,713	53,098	5.1	50,532	129,801	10.1	117,875			
ROE (%)	24.9		19.3	24.0		16.9	31.4		23.0			
Efficiency ratio (%)	30.3		30.6	25.2		26.7	40.1		42.9			
Efficiency incl. Depreciation and amortization (%)	30.9		31.3	25.8		27.4	40.5		43.6			
NPL ratio (%)	0.26		0.34	0.29		0.36	-		-			
Coverage ratio (%)	488.0		393.9	479.4		370.9	-		-			

(1) Excluding NPLs.



Wholesale and Investment Banking comprises the domestic and international global corporate banking units, institutional banking and the global markets and distribution unit (including the trading floors in Europe and New York), equity and bond distribution and the custodial services. This area also includes the business and real estate projects unit, and global transaction services.

The second quarter of the year results witnessed substantial gains in the main margins for this area compared to the same period last year and the first quarter of 2005. Attributable net profit rose to €168m with an increase of 28.7% over the second quarter of 2004, which was the highest that year. Higher operating profit (up 18.5% year-on-year) and lower loan provisioning, contributed to the increase in net profit.

In cumulative terms the first half-year recorded net attributable profit of €280m, up 29.1%. Operating profit grew 17.0% to €412m and loan provisioning (limited to generic provisions) declined 57.7%. The cost/income ratio including amortisation stands at 30.9% after improving 0.4 points over the first half of 2004. ROE rose to 24.9% (19.3% in the first half of 2004).

Despite the usual adjustments between net interest income and net trading income, due to accounting and valuation criteria for certain market positions, net interest income before dividends grew 7.3% year-on-year. Helped by a 13.6% increase in net fee income and 29.7% in net trading income, ordinary revenues exceeded those of last year by 10%. If the net results of non-financial activities (arising from the area's real estate activities) are included, the increase in total revenues rises to 10.7%. It should also be noted that the increase in general expenses is mainly due to the incorporation of new business and real estate projects and the consolidation of Altura Markets. Without these the recurrent growth of expenses would be around 3%.

In terms of business activity in the area as a whole, lending grew 5.8% year-on-year and deposits 11.4%. However, in the banking business the increases were 11.2% and 15.8%, respectively. Moreover, asset quality continued to improve as non-performing loans fell to 0.26%, compared to 0.34% in June 2004.

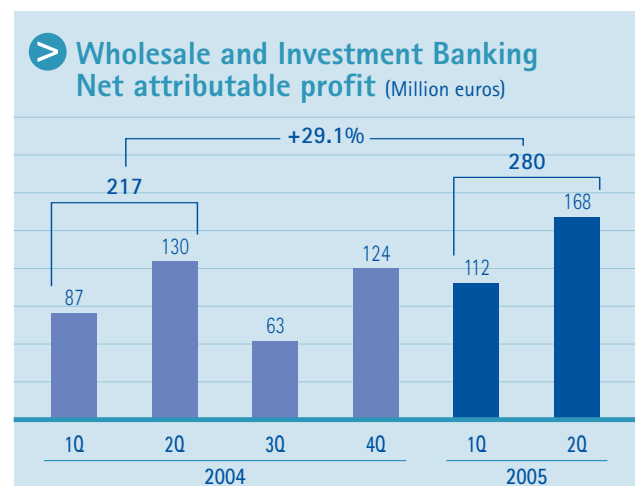
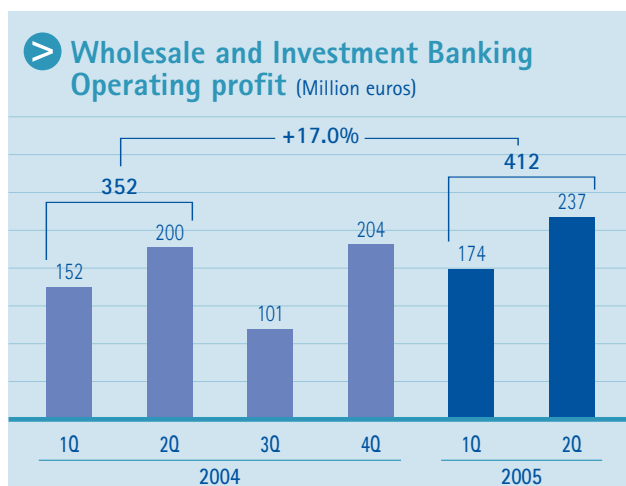
## > WHOLESALE BANKING

In the first half year, wholesale banking (consisting of the global corporate banking and institutional banking units) recorded net attributable profit of €172m. This was 57.7% more than the same period last year and all margins on the income statement improved significantly over the first quarter of 2005. Recurrent business performed well and this was reflected in the 20.5% increase in operating profit, to €277m.

### > Global Corporate Banking

Net attributable profit at this unit was €119m, more than double the first half of 2004. The improvement was due to growth in recurrent revenues. Ordinary revenues grew 13.6% helped by an 18.1% rise in lending (14.2% on average balances) and by action taken to defend spreads and higher cross-selling. Higher revenues together with cost containment led to an improvement of more than two points in the cost/income ratio and operating profit rose 29.9% year-on-year. The increase in profit was also supported by lower loan provisioning following smaller generic provisions.

In the second quarter BBVA was the leader and underwriter of a €6 billion syndicated loan over six years for Telefónica. It was also the mandated lead arranger of loans for France Telecom, Endesa, Lagardere, Iberdrola, Essilor, Celsa and Eroski. In bond origination services the main issues led by



BBVA in the quarter were those of Iberdrola (first issue since 2003), BMW Finance NV and Caixa Catalunya.

The bank's Asian growth strategy was enhanced by the opening of a branch in Tokyo in June and by a representative office in Shanghai.

### > Institutional Banking

The institutional banking unit performed positively in the second quarter with a 19% year-on-year increase in operating profit. This was aided by the notable rise in net trading income on greater contributions from the distribution of derivatives and market products to customers. In cumulative terms, operating profit in the half-year grew 1.5% over the same period of 2004, which contained extraordinary items in net interest income (basically fee income on loan cancellations). Attributable net income rose 4.4% to €53m.

During the quarter BBVA signed a new €150m line of credit with the public broadcasting entity in Spain (RTVE) and it acted as agent for a €700m syndicated loan for Corporación de Reservas Estratégicas de Petróleo (CORES).

The Spanish Ministry of Culture awarded BBVA a 3-year contract for payroll services at its central offices. Other agreements were signed with the regional government of Extremadura (renewable energy projects), with the authorities in Aragon region (modernisation of tourist marketing) and with the authorities in Cordoba (investment in provincial entities).

### > GLOBAL MARKETS AND DISTRIBUTION

In the half-year the global markets and distribution unit generated net attributable profit of €72m, an increase of 39.1% over the same period in 2004. This was due to management of the bank's own positions and to greater activity with customers.

In terms of proprietary trading, interest-rate positioning strategy played an important role. In the case of customer activities, these focused mainly on dollar/euro forex hedging as a result of increased volatility.

Although the greater part of the results is spread over a large number of customers, we wish to draw attention to two particular operations. These were the placement of €100m in European Investment Bank bonds and an 8-year, €80m asset swap for the Caixa General de Depósitos.

During the second quarter BBVA participated in practically all operations in the Spanish equity market. It is also the leader in the currency market, in private fixed-income and in trading on the electronic continuous market. Furthermore, BBVA was chosen as best bank in the Spanish derivatives market on winning a prize given by Risk España (a specialist magazine) for "best advice on risk management and derivatives". In the same poll, Altura was chosen as "best derivatives broker of the year".

### > BUSINESS AND REAL ESTATE PROJECTS

This unit actively manages a portfolio of companies and real estate businesses with a book value of €1.13 billion at 30-Jun-05 and latent capital gains of €827m. This is an increase of €100m since the end of 2004. The main holdings are Corporación IBV, Iberia, Tubos Reunidos, Técnicas Reunidas, Anida Grupo Inmobiliario, Duch and Unitaria Inmobiliaria.

Attributable net profit in the first half was €51m, compared to €63m in the same period last year. The change was mainly due to exercising an option to sell Grubarges Inversion Hotelera in 2004, which generated capital gains of €19m. Operating profit was €51m, generated mainly by contributions from holdings and the sale of real estate assets.

Under the strategic business projects plan, the bank acquired TB Corporation through Palladium Equity Partners LLC. TB is the parent company of the Taco Bueno restaurant chain with 136 outlets in Texas, Oklahoma and Kansas and turnover of more than \$140m. Subject to the usual approvals by regulators, we expect to close this transaction in the third quarter.

### > GLOBAL TRANSACTION SERVICES

This unit covers a wide range of services, including electronic banking for companies and institutions, payment brokering, factoring, confirming, and trade finance.

At 30-Jun-05 BBVA had nearly 69,000 companies and institutions that were users of its electronic banking system in Spain. In the half year they made 97 million payment and collection transactions (up 9.3% over the first half of 2004), worth €193.4 billion (up 21.2%). Furthermore there has been a year-on-year increase of nearly 10% in the volume of international collections and disbursements brokered in Spain.

As part of its awards for excellence in 2005 by the magazine Trade Finance, BBVA was chosen as "best international bank in trade finance for Latin America" for the first time.

## > Income statement (Million euros)

	1H 05	Δ%	Δ% at constant exchange rate	1H 04
<b>NET INTEREST INCOME</b>	<b>1,757</b>	<b>25.0</b>	<b>29.7</b>	<b>1,406</b>
Net income from equity method	(1)	(61.2)	(61.7)	(3)
Net fee income	951	10.6	13.4	860
Income from insurance activities	100	22.5	29.1	81
<b>CORE REVENUES</b>	<b>2,807</b>	<b>19.7</b>	<b>23.8</b>	<b>2,344</b>
Net trading income	70	10.2	15.0	63
<b>ORDINARY REVENUES</b>	<b>2,876</b>	<b>19.5</b>	<b>23.5</b>	<b>2,408</b>
Net revenues from non-financial activities	5	150.8	175.2	2
Personnel and general administrative expenses	(1,251)	14.6	18.4	(1,092)
Depreciation and amortization	(99)	(8.0)	(6.1)	(108)
Other operating income and expenses (net)	(77)	8.6	12.3	(71)
<b>OPERATING PROFIT</b>	<b>1,454</b>	<b>27.7</b>	<b>32.3</b>	<b>1,138</b>
Impairment losses on financial assets (net)	(122)	(29.8)	(28.4)	(174)
• Loan loss provisions	(103)	(40.6)	(39.3)	(174)
• Other	(19)	-	-	-
Provisions (net)	(85)	3.7	8.2	(82)
Other income/losses (net)	34	n.m.	n.m.	3
• From disposal of equity holdings	-	(91.0)	(91.0)	1
• Other	34	n.m.	n.m.	3
<b>PRE-TAX PROFIT</b>	<b>1,280</b>	<b>44.5</b>	<b>50.3</b>	<b>886</b>
Corporate income tax	(343)	32.3	36.9	(259)
<b>NET PROFIT</b>	<b>937</b>	<b>49.6</b>	<b>55.9</b>	<b>627</b>
Minority interests	(114)	(5.3)	(0.0)	(121)
<b>NET ATTRIBUTABLE PROFIT</b>	<b>823</b>	<b>62.7</b>	<b>69.1</b>	<b>506</b>

## > Relevant business indicators (Million euros and percentages)

	30-06-05	Δ%	Δ% at constant exchange rate	30-06-04
Loans to customers <sup>(1)</sup>	35,318	49.4	40.9	23,642
Customer deposits <sup>(2)</sup>	58,655	23.1	16.4	47,631
• Deposits	55,191	23.9	17.2	44,542
• Assets sold under repurchase agreement	3,464	12.1	5.2	3,089
Off balance sheet funds	43,424	22.0	13.3	35,585
• Mutual funds	9,957	14.7	8.5	8,685
• Pension funds	33,467	24.4	14.7	26,900
Customer portfolios	17,671	11.6	8.8	15,831
Equity	6,182	15.5	8.8	5,351
• Shareholders' funds	5,519	16.6	9.3	4,734
• Other eligible funds	663	7.4	5.2	617
Total assets <sup>(3)</sup>	88,178	16.3	9.6	75,832
ROE (%)	32.4			23.5
Efficiency ratio (%)	43.4			45.3
Efficiency incl. Depreciation and amortization (%)	46.9			49.8
NPL ratio (%)	2.79			4.18
Coverage ratio (%)	182.4			163.6

(1) Excluding NPLs and Bancomer's old mortgage portfolio.

(2) Excluding deposits and repos issued by Bancomer's Markets unit.

(3) Excluding insurance.

The Americas Area consists of all the activities conducted by the BBVA group's twelve banks, nine pension managers and various insurance companies on that continent. It also manages international private banking. The most significant item in the first half was the incorporation of Hipotecaria Nacional (in January) and Laredo National Bancshares (in May).

In the positive economic environment of the region as a whole, BBVA America maintained its upward trend. The most obvious evidence of this was net attributable profit, which came to €823m in the first half. This represents a year-on-year increase of 62.7% (69.1% at constant exchange rates). The year-on-year rate of increase is still affected by the group's takeover bid for the minority interests of BBVA Bancomer in the first quarter of 2004. However net profit, which is not affected by the bid, also presents a considerable year-on-year increase. It was 49.6% higher at current rates and 55.9% higher at constant rates.

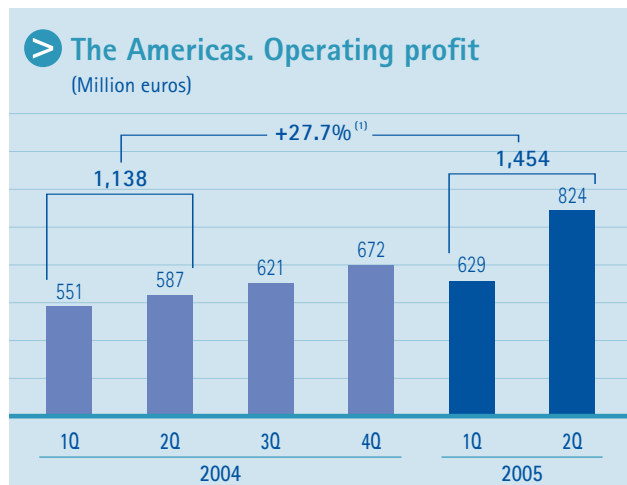
The key to this excellent performance is in the faster growth of revenues, especially net interest income. This climbed to €1.76 billion in the first half, an increase of 29.7% at constant exchange rates. (All rates given from here on are also calculated at constant exchange rates.) The increase in net interest income was mainly due to a sharp jump in business activity translated into a substantial positive volume effect in most countries. Lending grew at 40.9% year-on-year performing strongly in all areas, particularly those related to retail business. Customer funds increased their rate of growth to 15.2% over June 2004. Deposits grew 17.2% and mutual funds also recorded a significant recovery. On a like-for-like basis, ie, excluding Hipotecaria Nacional, Laredo and Valley Bank, lending increased 22.7% and customer funds 10.8%.

Net fee income increased 13.4% year-on-year to €951m. This was supported by fee income related to traditional banking business, although other sources (especially pension funds and securities) also grew strongly. The surge in business activity was also reflected in insurance revenues which contributed €100m, 29.1% more than in the first half of 2004. Net trading income in the first half came to €70m (up 15%). In the second quarter this overcame the negative impact caused by interest rate fluctuations in the first months of the year.

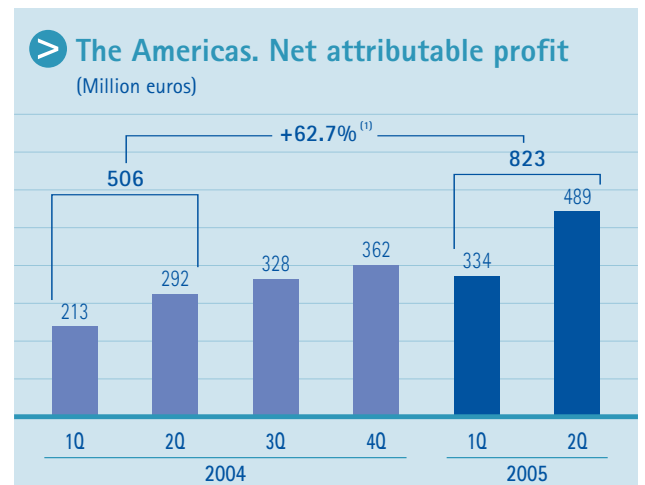
Expenses (including amortisation) came to €1.35 billion in the first half with an increase of 16.1% over the same period last year. The decisive factor here was the important marketing activity that led to the higher business growth and the incorporation of new units (without which the increase would have been limited to 11.1%). Despite the increase in expenses, the cost/income ratio (including amortisation) continued to improve to 46.9% compared to 49.8% in the first half of 2004.

The area also recorded progressive improvement in asset quality as shown by the decline in non-performing loans (NPLs) whose year-on-year balance fell 5.1% (despite the addition of new units). This meant the NPL ratio continued to fall, reaching 2.79% at 30-Jun-05, compared to 4.18% on the same date last year. The improvement in NPLs led to a 39.3% reduction in loan provisioning. Despite this there was no reduction in the level of coverage, which increased to 182.4% (163.6% at 30-Jun-04).

The combination of these factors meant that the area continued to improve profitability. ROE in the first half climbed to 32.4%, significantly higher than the figure of 23.5% in the same period last year.



(1) At constant exchange rates: +32.3%.



(1) At constant exchange rates: +69.1%.

## > Income statement (Million euros)

Memorandum item	Banks in America				Of which: Mexico				Pensions and Insurance			
	1H 05	Δ%	Δ% <sup>(1)</sup>	1H 04	1H 05	Δ%	Δ% <sup>(1)</sup>	1H 04	1H 05	Δ%	Δ% <sup>(1)</sup>	1H 04
<b>NET INTEREST INCOME</b>	<b>1,723</b>	<b>25.5</b>	<b>30.4</b>	<b>1,372</b>	<b>1,150</b>	<b>34.3</b>	<b>39.3</b>	<b>856</b>	<b>7</b>	<b>(21.4)</b>	<b>(18.2)</b>	<b>9</b>
Net income from equity method	-	(84.3)	(84.5)	(3)	-	(96.6)	(96.5)	(3)	(1)	(24.0)	(24.5)	(1)
Net fee income	650	15.0	18.9	565	436	13.0	17.2	386	201	4.8	6.3	191
Income from insurance activities	-	-	-	-	-	-	-	-	142	10.8	14.5	128
<b>CORE REVENUES</b>	<b>2,373</b>	<b>22.6</b>	<b>27.2</b>	<b>1,935</b>	<b>1,586</b>	<b>28.0</b>	<b>32.7</b>	<b>1,239</b>	<b>349</b>	<b>6.5</b>	<b>8.9</b>	<b>327</b>
Net trading income	49	10.9	17.8	44	(1)	n.m.	n.m.	2	17	40.8	41.9	12
<b>ORDINARY REVENUES</b>	<b>2,421</b>	<b>22.3</b>	<b>27.0</b>	<b>1,979</b>	<b>1,585</b>	<b>27.8</b>	<b>32.5</b>	<b>1,241</b>	<b>366</b>	<b>7.7</b>	<b>10.1</b>	<b>339</b>
Net revenues from non-financial activities	(2)	n.m.	n.m.	-	(2)	n.m.	n.m.	-	7	78.9	86.8	4
Personnel and general administrative expenses	(1,042)	19.1	23.5	(875)	(621)	21.2	25.7	(512)	(182)	2.2	4.4	(179)
Depreciation and amortization	(85)	(9.2)	(7.1)	(93)	(56)	(0.7)	3.0	(57)	(7)	(27.8)	(26.7)	(9)
Other operating income and expenses (net)	(73)	(3.2)	0.3	(75)	(55)	(7.3)	(3.9)	(59)	6	15.4	19.9	6
<b>OPERATING PROFIT</b>	<b>1,220</b>	<b>30.3</b>	<b>35.5</b>	<b>936</b>	<b>851</b>	<b>38.9</b>	<b>44.1</b>	<b>612</b>	<b>190</b>	<b>18.0</b>	<b>20.7</b>	<b>161</b>
Impairment losses on financial assets (net)	(127)	(26.3)	(24.8)	(172)	(82)	(41.7)	(39.5)	(141)	-	n.m.	n.m.	(1)
• Loan loss provisions	(108)	(36.9)	(35.6)	(172)	(74)	(47.3)	(45.4)	(141)	-	(100.0)	(100.0)	(1)
• Other	(18)	n.m.	n.m.	-	(8)	n.m.	n.m.	-	-	-	-	-
Provisions (net)	(83)	5.5	10.3	(79)	(60)	120.0	128.2	(27)	(1)	281.2	245.4	-
Other income/losses (net)	27	21.2	30.1	22	-	(97.4)	(97.3)	(19)	8	n.m.	n.m.	(17)
• From disposal of equity holdings	-	-	-	-	-	-	-	-	-	(100.0)	(100.0)	1
• Other	27	21.2	30.1	22	-	(97.4)	(97.3)	(19)	8	n.m.	n.m.	(18)
<b>PRE-TAX PROFIT</b>	<b>1,037</b>	<b>46.5</b>	<b>53.1</b>	<b>708</b>	<b>709</b>	<b>66.3</b>	<b>72.4</b>	<b>426</b>	<b>198</b>	<b>37.6</b>	<b>41.3</b>	<b>144</b>
Corporate income tax	(291)	35.6	40.5	(215)	(219)	96.1	103.4	(112)	(57)	16.1	18.9	(49)
<b>NET PROFIT</b>	<b>746</b>	<b>51.2</b>	<b>58.6</b>	<b>493</b>	<b>490</b>	<b>55.7</b>	<b>61.4</b>	<b>315</b>	<b>140</b>	<b>48.9</b>	<b>53.2</b>	<b>94</b>
Minority interests	(74)	(17.8)	(11.8)	(90)	(1)	(97.5)	(97.4)	(32)	(19)	80.0	84.8	(11)
<b>NET ATTRIBUTABLE PROFIT</b>	<b>672</b>	<b>66.6</b>	<b>73.9</b>	<b>403</b>	<b>489</b>	<b>72.7</b>	<b>79.1</b>	<b>283</b>	<b>121</b>	<b>45.0</b>	<b>49.2</b>	<b>84</b>

## > Relevant business indicators (Million euros and percentages)

	30-06-05	Δ%	Δ% <sup>(1)</sup>	30-06-04	30-06-05	Δ%	Δ% <sup>(1)</sup>	30-06-04	30-06-05	Δ%	Δ% <sup>(1)</sup>	30-06-04
Loans to customers <sup>(2)</sup>	33,914	53.4	44.1	22,110	17,407	73.1	60.9	10,058	-	-	-	-
Customer deposits <sup>(3)</sup>	55,150	25.7	18.3	43,860	31,607	15.6	7.5	27,351	-	-	-	-
• Deposits	51,686	26.8	19.3	40,772	29,033	18.3	9.9	24,552	-	-	-	-
• Assets sold under repurchase agreement	3,464	12.1	5.2	3,089	2,575	(8.0)	(14.5)	2,799	-	-	-	-
Off balance sheet funds	7,544	18.3	9.9	6,377	6,396	19.4	11.1	5,355	33,457	24.4	14.7	26,891
• Mutual funds	7,544	18.3	9.9	6,377	6,396	19.4	11.1	5,355	-	-	-	-
• Pension funds	-	-	-	-	-	-	-	-	33,457	24.4	14.7	26,891
Customer portfolios	6,940	24.0	15.6	5,597	6,940	25.9	17.1	5,512	-	-	-	-
Equity	5,371	25.8	18.6	4,268	3,190	27.1	18.2	2,511	789	(5.2)	(12.3)	832
• Shareholders' funds	4,956	25.8	18.2	3,939	3,183	27.3	18.3	2,501	755	(1.5)	(8.8)	767
• Other eligible funds	415	26.2	23.6	329	7	(24.9)	(30.2)	9	34	(48.3)	(52.8)	65
Total assets	82,349	17.6	10.5	70,020	51,509	10.2	2.5	46,748	-	-	-	-
ROE (%)	30.0			23.1	32.8			27.3	31.6			22.1
Efficiency ratio (%)	43.1			44.2	39.2			41.3	48.9			52.0
Efficiency incl. Depreciation and amortization (%)	46.6			48.9	42.8			45.8	50.7			54.6
NPL ratio (%)	2.92			4.49	2.38			3.81	-			-
Coverage ratio (%)	180.5			161.3	277.3			244.2	-			-

(1) At constant exchange rate.

(2) Excluding NPLs and Bancomer's old mortgage portfolio.

(3) Excluding deposits and repos issued by Bancomer's Markets unit.

## > BANKS IN THE AMERICAS

In the first half, BBVA America's banking business continued to grow strongly in activity as well as results. This brought overall net attributable profit of the banks to €672m, some 73.9% more than the first half of 2004. The performance of the individual banks is described below.

### > Mexico

The Mexican economy continued to grow in the second quarter thanks to the increasing strength of internal demand. Furthermore, inflation remained moderate and interest rates have been more or less stable since the end of March. These factors had a favourable effect on banking activity, especially lending. BBVA Bancomer is the leading Mexican bank and participated in this trend. It obtained net profit of €490m, a year-on-year increase of 61.4%. In terms of net attributable profit the increase was 79.1% because the group's larger holding after the takeover bid hardly had any effect on the first quarter results in 2004. Profit contributed by Hipotecaria Nacional was €27m. ROE now stands at 32.8%, compared to 27.3% in the first half of 2004.

Lending continued to grow strongly. The manageable loan portfolio grew 33.9% in like-for-like terms (excluding Hipotecaria Nacional). All types of loans performed well. Consumer finance and credit cards grew 71.9% year-on-year, loans to small and medium-size enterprises increased 39% while housing loans in pesos are growing at more than 40%. Funds under management (deposits, repos placed through the branch network and mutual funds) also performed well, growing 8% year-on-year (11% on average balances). Deposits grew 9.9% helped by current and savings accounts which increased 12.9% compared to June 2004 despite high interest rates. Moreover mutual funds grew 11.1% in the quarter.

The increase in activity, together with more stable interest rates in the second quarter, helped net interest income to maintain its upward trend. In the first half it rose to €1.15 billion with year-on-year growth of 39.3%. The high level of activity was also responsible for the 17.2% increase in net fee income, which rose to €436m. Services more closely related to transactional business continued to record the highest rates of growth. Stable interest rates in the second quarter led to a recovery in net trading income and compensated for the negative results in the first quarter. Expenses continue to reflect the incorporation of Hipotecaria Nacional and the higher level of commercial

activity. The latter led to an increase in expenses directly related to business activity. Despite this, the cost/income ratio (including amortisation) improved to 42.8%, compared to 45.8% in the first half of 2004.

As a result, operating profit rose 44.1% year-on-year to €851m. Non-performing loans (NPLs) continued to fall clearly (the NPL ratio improved to 2.38% compared to 3.81% at 30-Jun-04). This meant that provisioning requirements also fell, although this did not affect the level of coverage, which rose to 277.3% from 244.2% in June 2004.

### > Other countries

In Argentina, BBVA Banco Francés closed the first half with a high level of net attributable profit (€57m). It benefited from capital gains on divestment of public assets against which provisions had been made in the group's books, while taking advantage of higher prices. Thus the bank achieved its double objective of reducing the weight of the public sector on its balance sheet and its position in inflation-adjustable assets.

In terms of business activity, lending to the private sector increased 63% over June 2004 (although it started from a low base). Short-term finance operations also increased, focusing on companies but with increases in lending to individuals, including credit cards and personal loans. Deposits maintained the healthy trend of recent quarters, achieving year-on-year growth of 21.0%. These changes were reflected in net interest income (up 18.8%) and net fee income (up 55.3%). Treasury operations also provided a greater contribution in the period following the government debt swap. As a result, operating profit grew 43.5% year-on-year.

BBVA Chile continued to record high growth in lending and customer funds. This helped it to compensate an adverse environment, given the structure of the bank's balance sheet, and achieve growth of 8.8% year-on-year in net interest income. The high level of activity was also reflected in higher fee income (up 11.1%). It was accompanied by rigorous cost control and improvement in asset quality that in turn led to lower provisioning. Thus net attributable profit increased 89.3% to €15m in the first half.

BBVA Colombia generated net attributable profit of €24m in the half-year. This was a year-on-year increase of 51.9%. Lending increased 23.6% over June 2004,



including consumer finance and mortgages, and customer funds were up 22.9%. These increases together with a strict policy on cost of deposits, in a context of historically low interest rates in this country, led to an 8.6% increase in net interest income. Together with net fee income (up 14.9%) and cost control, this meant operating profit increased 56.5% over first half last year.

The **United States unit** achieved net attributable profit of €23m in the first half, including €5m contributed by **Laredo National Bancshares** since May. There was evident recovery at **BBVA Puerto Rico**. Lending grew 13.8% year-on-year, supported particularly by lending to individuals (mortgages, car purchase loans and consumer finance). The higher level of activity drove net interest income and net fee income higher, rising 8% and 13.8%, respectively, year-on-year. Together with the moderate increase in expenses, this led to net attributable profit of €15m, which was 7.1% higher than the same period last year.

In Peru, **BBVA Banco Continental** generated net attributable profit of €22m, an increase of 79.9%. This was mainly due to recurrent results together with some extraordinary items booked in the first half. Ordinary revenues grew 15.3%, supported by higher net interest income and treasury operations. They were further helped by lower provisions following the positive impact of substantial recoveries in the half-year. Activity continued to be strong with year-on-year growth of 22.1% in lending and 10.6% in customer funds.

**BBVA Banco Provincial** in Venezuela closed the half-year with net attributable profit of €29m, supported by strong growth in net fee income (up 31.2% year-on-year), by lower provisions and extraordinary items (including the sale of repossessed assets). Net interest income was flat in the first half. In a context of regulated interest rates the bank managed to compensate the negative price effect with higher volume. Thus lending doubled with respect to June 2004 and customer funds grew 70.1%.

In regard to the other banks, **Panama** and **Paraguay** generated net attributable profit of €8m and €4m, respectively, with small changes year-on-year. **Uruguay** generated net attributable profit of €1.4m, compared to a breakeven position a year earlier.

## > PENSION FUNDS AND INSURANCE

The pension fund managers and insurance companies in BBVA America contributed net attributable profit of €121m. This was a year-on-year increase of 49.2%. Brief comments on the performance of the main companies are provided below.

### > Pensions

Despite slower job growth in Mexico, revenues at **Afore Bancomer** in the first half continued to grow. Ordinary revenues came to €94m, which was 7.9% more than the first half of last year. Together with cost containment, this helped net attributable profit to rise 21.1% year-on-year, to €40m.

In Chile, **AFP Provida** generated net attributable profit of €14.4m in the first half supported by a strong year-on-year increase in net fee income (up 13.5%). This reflected the higher business volume with increased subscriptions, higher contributions from the results of regulatory ratios and lower operating expenses.

Other pension managers included **Consolidar AFJP** in Argentina, which generated net attributable profit in the first half of €3.5m. **Horizonte Perú** contributed €5.8m and **Horizonte Colombia** €4.1m. All the above units recorded important increases in commercial activity during the first half. This spilled over into higher contributions and therefore greater fee income. They also benefited from the positive financial performance in the period.

### > Insurance

Among the insurance companies, business was particularly positive at **Seguros Bancomer**, where premiums grew 50% year-on-year. The increase in activity meant that net attributable profit contributed by the insurance business in Mexico came to €32m in the first half, exceeding the same period last year by 44.6%.

## > INTERNATIONAL PRIVATE BANKING

Activity in international private banking continued to grow. Higher revenues together with lower expenses meant that net attributable profit rose to €38m, which was an increase of 10% over the first half last year. Of this amount, the private banking unit in Andorra contributed €21m (up 21.3%) and Switzerland contributed €12m (up 7.4%).



## Data per country (banking business, pensions and insurance) (Million euros)

Country	Operating profit				Net attributable profit			
	1H 05	Δ%	Δ% at constant exchange rate	1H 04	1H 05	Δ%	Δ% at constant exchange rate	1H 04
Mexico	954	34.8	39.8	708	561	64.8	71.0	340
Argentina	118	34.9	41.4	88	74	216.8	232.1	23
Chile	74	27.8	27.4	58	31	198.9	198.0	10
Colombia	54	67.7	52.6	32	32	65.4	50.5	19
United States <sup>(1)</sup>	49	10.6	15.9	44	23	21.1	26.9	19
Panama	15	27.8	33.8	12	8	0.1	4.8	8
Paraguay	5	(13.3)	(4.2)	6	4	(12.3)	(3.1)	5
Peru	84	29.6	27.3	65	27	64.7	61.7	17
Uruguay	-	n.m.	n.m.	1	1	n.m.	n.m.	-
Venezuela	56	(30.6)	(18.7)	81	30	(31.1)	(19.2)	44
Other countries <sup>(2)</sup>	2	(63.8)	(62.1)	4	1	46.0	53.0	1
<b>TOTAL</b>	<b>1,410</b>	<b>28.5</b>	<b>33.3</b>	<b>1,098</b>	<b>793</b>	<b>62.9</b>	<b>69.6</b>	<b>487</b>

(1) Includes Puerto Rico.

(2) Bolivia, Ecuador and Dominican Republic. In 2004 also includes El Salvador.



## Mexico (banking business, pensions and insurance). Income statement (Million euros)

	1H 05	Δ%	Δ% at constant exchange rate	1H 04
<b>NET INTEREST INCOME</b>	<b>1,153</b>	<b>34.5</b>	<b>39.5</b>	<b>857</b>
Net income from equity method	-	(96.6)	(96.5)	(3)
Net fee income	523	10.6	14.7	473
Income from insurance activities	98	9.0	13.0	90
<b>CORE REVENUES</b>	<b>1,774</b>	<b>25.1</b>	<b>29.8</b>	<b>1,418</b>
Net trading income	3	(25.0)	(22.2)	4
<b>ORDINARY REVENUES</b>	<b>1,777</b>	<b>25.0</b>	<b>29.6</b>	<b>1,421</b>
Net revenues from non-financial activities	-	n.m.	n.m.	1
Personnel and general administrative expenses	(716)	18.7	23.1	(603)
Depreciation and amortization	(57)	(0.3)	3.4	(57)
Other operating income and expenses (net)	(49)	(10.1)	(6.8)	(54)
<b>OPERATING PROFIT</b>	<b>954</b>	<b>34.8</b>	<b>39.8</b>	<b>708</b>
Impairment losses on financial assets (net)	(82)	(41.8)	(39.6)	(141)
• Loan loss provisions	(74)	(47.3)	(45.4)	(141)
• Other	(8)	n.m.	n.m.	-
Provisions (net)	(60)	120.0	128.2	(27)
Other income/losses (net)	(1)	(95.3)	(95.1)	(18)
• From disposal of equity holdings	-	-	-	-
• Other	(1)	(95.3)	(95.1)	(18)
<b>PRE-TAX PROFIT</b>	<b>812</b>	<b>55.5</b>	<b>61.3</b>	<b>522</b>
Corporate income tax	(249)	71.5	77.8	(145)
<b>NET PROFIT</b>	<b>563</b>	<b>49.4</b>	<b>54.9</b>	<b>377</b>
Minority interests	(2)	(94.5)	(94.3)	(37)
<b>NET ATTRIBUTABLE PROFIT</b>	<b>561</b>	<b>64.8</b>	<b>71.0</b>	<b>340</b>



This area includes the earnings of the ALCO's large industrial companies and financial holdings units. It also includes certain provisions such as early retirements and other corporate provisions and the costs of the strictly corporate central units.

The area's operating profit was almost neutral in the second quarter, at -€35m for the first six months of the year, compared to €17m in the same period last year. Ordinary revenues decreased by €44m, which includes an 11.9% increase in net trading income due to portfolio

## > Income statement (Million euros)

	1H 05	Δ%	1H 04
<b>NET INTEREST INCOME</b>	<b>(130)</b>	<b>266.4</b>	<b>(35)</b>
Net income from equity method	28	57.8	18
Net fee income	24	283.3	6
Income from insurance activities	(31)	61.1	(19)
<b>CORE REVENUES</b>	<b>(108)</b>	<b>258.4</b>	<b>(30)</b>
Net trading income	313	11.9	280
<b>ORDINARY REVENUES</b>	<b>206</b>	<b>(17.7)</b>	<b>250</b>
Net revenues from non-financial activities	1	-	-
Personnel and general administrative expenses	(181)	7.7	(168)
Depreciation and amortization	(56)	(3.1)	(58)
Other operating income and expenses (net)	(4)	(40.5)	(8)
<b>OPERATING PROFIT</b>	<b>(35)</b>	<b>n.m.</b>	<b>17</b>
Impairment losses on financial assets (net)	48	50.5	32
• Loan loss provisions	52	55.3	33
• Other	(4)	140.1	(2)
Provisions (net)	(174)	(59.9)	(435)
Other income/losses (net)	-	n.m.	272
• From disposal of equity holdings	-	(99.9)	242
• Other	(1)	n.m.	31
<b>PRE-TAX PROFIT</b>	<b>(162)</b>	<b>42.6</b>	<b>(114)</b>
Corporate income tax	84	(48.1)	163
<b>NET PROFIT</b>	<b>(78)</b>	<b>n.m.</b>	<b>49</b>
Minority interests	(4)	n.m.	34
<b>NET ATTRIBUTABLE PROFIT</b>	<b>(82)</b>	<b>n.m.</b>	<b>83</b>

## > Relevant business indicators (Million euros and percentages)

	30-06-05	Δ%	30-06-04
Structural portfolio	25,302	3.7	24,409
Industrial portfolio	6,281	9.6	5,732
Financial portfolio	2,032	112.5	956
Equity	3,531	1.7	3,472
• Shareholders' funds	2,098	1.1	2,076
• Other eligible funds	1,433	2.7	1,396

management by the large industrial companies unit and ALCO activity. Operating costs (including administrative costs, depreciation and others) were similar to last year, at €241m.

Provisions, €174m in the six month period, fell by €260m in comparison with the same period of 2004. €141m of this fall is due to lower early-retirement provisions this year and €124m from writing off provisions against Fobaproa notes (Mexico) in the first half of 2004. Finally, attention should be drawn to the fact that while there have been no recorded earnings from the sale of associated undertakings in the first 6 months, an entry of €242m was booked in 2004 for capital gains (Banco Atlantico and Direct Seguros). All in all, the area shows a negative result of €82m.

### > ALCO

The assets and liabilities committee (ALCO) administers the group's interest-rate and exchange-rates positions, group liquidity and shareholders' funds. In the first quarter of the year, the unit has obtained an attributable profit of €54m.

In its active interest-rate risk-management, ALCO keeps a portfolio of fixed-rate assets worth €25,302m at 30-06-05, with a view to offsetting or reducing the negative effect of falling or unchanged interest rates on the group's net interest income. This portfolio has contributed €132m in net interest income and €56m in net trading income in the year to date at 30-06-05. It also maintains other interest-rate hedging transactions through an options portfolio. These interest-rate risk-management derivatives have generated a net trading income of €27m.

By managing the group's exchange rate exposure, basically stemming from its franchise in Latin America, overall hedging of 48% of BBVA's equity in the Americas has been attained at the close of the first six months. Perfect hedging has been achieved for 36% of exposure in Mexico, 85% in Chile, 100% in the dollar zone and 35% in Peru. These hedging levels do not include the

long positions in dollars held by some affiliate banks at local level. The after-tax cost of this hedging in the first 6 months of the year was €32m. The positive impact of exchange rates on equity was over €600m.

### > LARGE INDUSTRIAL COMPANIES

This unit includes BBVA's biggest industrial holdings in listed telecommunications and energy companies, above all in Telefonica, Iberdrola and Repsol YPF. All these holdings are classified as available for sale.

At 30th of June 2005, the market value of the portfolio (including equity swaps) was €6,281m, with pre-tax capital gains of €1,946m.

Investments of €122m have been made in the second quarter, while €285m were divested; meanwhile operations to reduce financial exposure were made to the value of €169m. Dividends worth €78m were collected and net trading income amounted to €135m, giving an attributable profit of €169m.

Hence, an attributable profit of €260m was earned in the first six months, which more than doubles the €128m earned in the same period of 2004, including €79m in dividends and €265m in net trading income booked to the income statement.

### > FINANCIAL SHAREHOLDINGS

This unit mainly comprises the holdings in Banca Nazionale del Lavoro and in Bradesco. The market value of the portfolio at 30-June-05 was €2,032m, with underlying capital gains of €1,066m.

Attributable profits of €37m have been earned in the first 6 months, arising mainly from Bradesco dividends and the BNL results carried by the equity method. In the same period of 2004, profits were €210m, as they included the capital gains arising from the sale of the Banco Atlantico holding.

During the first half of 2005, the BBVA group's commitment to corporate social responsibility –an integral commitment including all its stakeholders– has continued to pick up pace. External acknowledgement of its progress is given in the listing of BBVA on the two main sustainability benchmarks used on the stock exchanges: the Dow Jones Sustainability and FTSE4Good indices.

Amongst the numerous initiatives rolled out during the first six months of this year, we can highlight all the efforts put into publicly disseminating the group's Code of Conduct and the publication of the 2004 Annual Report on Social Corporate Responsibility, the third such report the bank has published, on the occasion of its shareholders meeting. As happened last year, this report was awarded the highest rating (*"in accordance"*) from Global Reporting Initiative, a UN-sponsored body that publishes the most widely accepted guidelines on SCR reporting criteria world-wide. Only one other financial institution in the world apart from BBVA has earned this rating (a Canadian bank).

Within this over-arching commitment, the consolidation of a business strategy giving priority focus to sectors traditionally neglected by the finance industry merits special mention. This is being implemented both in the Americas (for immigrants, micro-firms and other low-

income brackets) and in Spain (Dinero Express), accompanied by a social-action line channelled through free loans for basic household needs.

Apart from all this, the group and its foundations (in Spain, Argentina, Mexico, Peru and Venezuela) have continued intense deployment of support for local communities. Over the six months of this year their genuine "passion for society" has generated numerous manifestations, particularly significant in the fields of aid to families, humanitarian causes, culture, education, research and the environment. One aspect of this last-mentioned interest is the environmentally-friendly vocation of Anida, the group's property developer. Under the slogan "Passion for life", it publicly declared its commitment to earmark 0.7% of its earnings for projects to improve the environment.

BBVA is also rolling out an ambitious corporate programme, "Passion for People", which firmly locates people in the centre of its interests. In this sense, it focuses on three groups: customers, management team and employees. This project has begun to be implemented in all countries where the group operates, through different plans intended to improve customer experiences, enhance relations between different business units and make the life of group employees more pleasant.

## &gt; Consolidated balance sheet (Million euros)

	30-06-05	Δ%	30-06-04	31-03-05	31-12-04
Cash and balances at Central Banks	13,799	50.2	9,186	12,434	10,123
Trading portfolio assets	53,437	24.7	42,835	47,960	43,432
Other financial instruments at fair value	925	3.9	890	1,000	1,118
Financial instruments available for sale	52,315	(8.8)	57,357	51,774	58,053
Loans	231,303	21.2	190,905	207,651	197,483
• Due from banks	25,076	5.2	23,832	17,305	17,571
• Loans to customers	195,286	23.2	158,556	180,831	171,339
• Other	10,942	28.5	8,517	9,515	8,573
Fixed income portfolio held to maturity	3,519	81.1	1,943	3,404	2,195
Investments in associates	1,392	17.7	1,183	1,405	1,369
Property and equipment	4,249	15.1	3,692	3,982	3,939
Intangible assets	1,675	27.2	1,317	1,032	809
Other assets	15,078	(15.4)	17,821	14,961	14,223
<b>TOTAL ASSETS</b>	<b>377,694</b>	<b>15.5</b>	<b>327,129</b>	<b>345,603</b>	<b>332,743</b>
Trading portfolio liabilities	18,212	57.7	11,546	15,417	12,379
Other financial liabilities at fair value	775	(13.7)	899	794	834
Financial liabilities at amortised cost	310,616	14.0	272,484	282,960	271,179
• Deposits by Central Banks and banks	69,093	(6.2)	73,686	67,116	64,628
• Due to customers	168,204	13.3	148,428	153,323	149,030
• Marketable debt securities	59,666	50.1	39,750	49,519	45,503
• Subordinated debt	9,322	23.3	7,562	8,547	8,490
• Other	4,330	50.2	2,883	4,454	3,529
Insurance contract liabilities	9,680	22.2	7,919	9,723	8,840
Other liabilities	19,265	9.0	17,678	18,819	21,861
Loan capital	3,589	(3.0)	3,700	3,829	3,809
<b>TOTAL LIABILITIES</b>	<b>362,137</b>	<b>15.2</b>	<b>314,226</b>	<b>331,542</b>	<b>318,903</b>
Minority interests	837	20.2	697	750	746
Valuation adjustments	2,952	80.7	1,633	2,112	2,062
Shareholders' funds	11,767	11.3	10,573	11,198	11,032
<b>EQUITY</b>	<b>15,556</b>	<b>20.6</b>	<b>12,903</b>	<b>14,061</b>	<b>13,840</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>377,694</b>	<b>15.5</b>	<b>327,129</b>	<b>345,603</b>	<b>332,743</b>
<b>MEMORANDUM ITEM:</b>					
Contingent liabilities	24,640	28.7	19,143	22,984	21,653

## > Consolidated income statement (Million euros)

	1H 05	Δ%	1H 04
Core net interest income	3,224	11.7	2,887
Dividends	142	(1.5)	145
<b>NET INTEREST INCOME</b>	<b>3,367</b>	<b>11.1</b>	<b>3,031</b>
Net income by the equity method	51	15.0	44
Net fee income	1,853	10.2	1,681
Income from insurance activities	219	13.0	194
<b>CORE REVENUES</b>	<b>5,490</b>	<b>10.9</b>	<b>4,950</b>
Net trading income	611	20.9	505
<b>ORDINARY REVENUES</b>	<b>6,100</b>	<b>11.8</b>	<b>5,455</b>
Net revenues from non-financial activities	68	23.0	55
Personnel costs	(1,710)	6.5	(1,605)
General expenses	(1,011)	12.0	(903)
Depreciation and amortization	(206)	(7.8)	(224)
Other operating income and expenses (net)	(39)	(34.2)	(60)
<b>OPERATING PROFIT</b>	<b>3,201</b>	<b>17.7</b>	<b>2,719</b>
Impairment losses on financial assets (net)	(325)	(21.4)	(413)
• Loan-loss provisions	(304)	(26.0)	(411)
• Other	(20)	n.m.	(2)
Provisions (net)	(254)	(50.7)	(515)
Other income/losses (net)	102	(71.4)	357
• From disposal of equity holdings	16	(93.9)	262
• Other	86	(9.0)	94
<b>PRE-TAX PROFIT</b>	<b>2,724</b>	<b>26.9</b>	<b>2,147</b>
Corporate income tax	(788)	44.0	(547)
<b>NET PROFIT</b>	<b>1,936</b>	<b>21.0</b>	<b>1,600</b>
Minority interests	(123)	37.2	(89)
<b>NET ATTRIBUTABLE PROFIT</b>	<b>1,813</b>	<b>20.1</b>	<b>1,510</b>
<b>EARNINGS PER SHARE CALCULATION</b>			
Average ordinary shares in circulation (thousand)	3,390,852	1.1	3,353,352
Basic earnings per share	0.53	18.7	0.45
Diluted earnings per share	0.53	18.7	0.45

## > Statement of Changes in Equity (Million euros)

	Capital	Reserves	Profit for the year	Treasury shares	Valuation adjustments	Minority interest	Paid dividends	TOTAL EQUITY
<b>BALANCE AT 31-12-04</b>	<b>1,662</b>	<b>7,474</b>	<b>2,923</b>	<b>(10)</b>	<b>2,062</b>	<b>746</b>	<b>(1,015)</b>	<b>13,840</b>
Valuation adjustments					890	2		892
Profit retained		1,424	(1,424)					-
Dividends			(1,499)			(61)	627	(933)
Shares issued								-
Treasury stock				(245)				(245)
Profit for the year			1,813			123		1,936
Other		38				28		67
<b>BALANCE AT 30-06-05</b>	<b>1,662</b>	<b>8,936</b>	<b>1,813</b>	<b>(256)</b>	<b>2,952</b>	<b>837</b>	<b>(388)</b>	<b>15,556</b>

## > Reconciliation of equity due to application of new accounting regulation (Million euros)

<b>GROUP EQUITY AT 31-12-03</b>	<b>12,774</b>
<b>ADJUSTMENTS AFTER FIRST APPLICATION OF IFRS</b>	
Accrual of arrangement fees	(218)
Valuation of derivatives	(69)
Loan loss provisions (net)	(215)
Goodwill	(1,964)
Net provisions for pension fund	(906)
Valuation of pension fund liabilities externalized with Group companies	(394)
Valuation adjustments in assets linked to pension fund liabilities externalized with Group companies	265
Other (net)	(228)
Valuation adjustments	1,319
<b>EQUITY AT 1-01-04</b>	<b>10,364</b>
<b>MOVEMENTS DURING 1<sup>ST</sup> HALF 2004</b>	
Share capital increase	1,999
Dividend	(386)
Profit for the period	1,510
Buy-out of Bancomer minorities	(1,376)
Valuation adjustments	50
Other	45
<b>EQUITY AT 30-06-04</b>	<b>12,206</b>
<b>MOVEMENTS FROM 1-07-04 TO 31-12-04</b>	
Profit for the period	1,412
Valuation adjustments	429
Dividend paid	(1,015)
Other	63
<b>EQUITY AT 31-12-04</b>	<b>13,095</b>

## > Reconciliation of profit due to application of new accounting regulation (Million euros)

	1Q 04	2Q 04	1H 04	2004
<b>PROFIT ANNOUNCED IN 2004</b>	<b>667</b>	<b>688</b>	<b>1,355</b>	<b>2,802</b>
ADJUSTMENTS IFRS	24	131	155	121
• Accrual of arrangement fees	(11)	(14)	(26)	(46)
• Valuation of derivatives and financial assets	(8)	8	-	(25)
• Loan loss provisions	23	-	23	(8)
• Goodwill	121	172	293	344
• Provisions for pension fund	-	-	-	-
• Securities portfolio (associates)	(33)	41	7	(137)
• Other	(68)	(75)	(142)	(8)
<b>PROFIT ADJUSTED UNDER IFRS</b>	<b>691</b>	<b>819</b>	<b>1,510</b>	<b>2,923</b>

 Information by segments. 1<sup>st</sup> Half 2005 (Million euros)

**INCOME STATEMENTS**

	Retail Banking Spain and Portugal	Wholesale and Investment Banking	The Americas	Corporate Activities	TOTAL BBVA GROUP
Net interest income	1,528	211	1,757	(130)	3,367
Ordinary revenues	2,497	522	2,876	206	6,100
Operating profit	1,371	412	1,454	(35)	3,201
Pre-tax profit	1,214	392	1,280	(162)	2,724
Net attributable profit	793	280	823	(82)	1,813

**RETAIL BANKING SPAIN AND PORTUGAL**

	Financial Services	Asset Management and Private Banking	Rest of business	TOTAL AREA
Net interest income	1,499	18	12	1,528
Ordinary revenues	2,248	136	112	2,497
Operating profit	1,216	95	61	1,371
Pre-tax profit	1,063	91	61	1,214
Net attributable profit	693	59	41	793

**WHOLESALE AND INVESTMENT BANKING**

	Wholesale Banking	Global Markets and Distribution	Rest of business	TOTAL AREA
Net interest income	230	(10)	(9)	211
Ordinary revenues	348	175	(1)	522
Operating profit	277	104	31	412
Pre-tax profit	247	104	41	392
Net attributable profit	172	72	37	280

**THE AMERICAS**

	Banks in America		Pensions and insurance	Rest of business	TOTAL AREA
	Mexico	Rest of banks			
Net interest income	1,150	573	7	28	1,757
Ordinary revenues	1,585	836	366	89	2,876
Operating profit	851	369	190	43	1,454
Pre-tax profit	709	328	198	46	1,280
Net attributable profit	489	183	121	30	823



## > Information by segments. 1<sup>st</sup> Half 2004 (Million euros)

### INCOME STATEMENTS

	Retail Banking Spain and Portugal	Wholesale and Investment Banking	The Americas	Corporate Activities	TOTAL BBVA GROUP
Net interest income	1,448	213	1,406	(35)	3,031
Ordinary revenues	2,323	474	2,408	250	5,455
Operating profit	1,212	352	1,138	17	2,719
Pre-tax profit	1,080	295	886	(114)	2,147
Net attributable profit	705	217	506	83	1,510

### RETAIL BANKING SPAIN AND PORTUGAL

	Financial Services	Asset Management and Private Banking	Rest of business	TOTAL AREA
Net interest income	1,418	15	15	1,448
Ordinary revenues	2,100	126	98	2,323
Operating profit	1,076	87	49	1,212
Pre-tax profit	957	84	38	1,080
Net attributable profit	624	55	26	705

### WHOLESALE AND INVESTMENT BANKING

	Wholesale Banking	Global Markets and Distribution	Rest of business	TOTAL AREA
Net interest income	220	1	(9)	213
Ordinary revenues	318	143	14	474
Operating profit	229	80	42	352
Pre-tax profit	162	67	66	295
Net attributable profit	109	52	56	217

### THE AMERICAS

	Banks in America		Pensions and insurance	Rest of business	TOTAL AREA
	Mexico	Rest of banks			
Net interest income	856	516	9	25	1,406
Ordinary revenues	1,241	738	339	89	2,408
Operating profit	612	324	161	41	1,138
Pre-tax profit	426	282	144	34	886
Net attributable profit	283	120	84	19	506

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