QUARTERLY REPORT

January-September 2004

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Contents

BBVA Group Highlights

BBVA GROUP HIGHLIGHTS
(CONSOLIDATED FIGURES))

	30-09-04	30-09-03	Δ%
BALANCE SHEET (million euros)			
Total assets	310,333	284,816	9.0
Total lending (gross)	170,067	150,217	13.2
On-balance-sheet customer funds	195,899	179,369	9.2
Other customer funds managed	123,009	112,032	9.8
Total customer funds managed	318,908	291,401	9.4
Shareholders' funds (including profit for the year)	15,659	13,141	19.2
INCOME STATEMENT (million euros)			
Net interest income	5,261	5,023	4.7
Core revenues	7,784	7,471	4.2
Ordinary revenues	8,153	7,974	2.2
Operating profit	4,016	3,686	9.0
Pre-tax profit	3,233	2,977	8.6
Net attributable profit	2,059	1,739	18.4
DATA PER SHARE AND MARKET CAPITALIZATION			
Share price	11.08	8.86	25.1
Market capitalization (million euros)	37,571	28,315	32.7
Net attributable profit	0.61	0.54	12.4
Book value	4.62	4.11	12.3
PER (Price/earnings ratio; times) (1)	14.1	12.7	
P/BV (Price/book value ratio; times)	2.4	2.2	
SIGNIFICANT RATIOS (%)			
Operating profit/ATA	1.78	1.78	
ROE (Net attributable profit / Average equity)	19.7	19.2	
ROA (Net profit/Average total assets)	1.04	1.08	
RORWA (Net profit/Risk weighted average assets)	1.79	1.83	
Efficiency ratio	44.8	46.7	
NPL ratio (Nonperforming assets/Total risks)	1.05	1.52	
NPL coverage ratio	235.8	180.2	
CAPITAL ADEQUACY RATIOS (BIS regulations) (%)			
Total	12.0	12.5	
Core capital	6.0	6.1	
TIER I	8.0	8.2	
OTHER INFORMATION			
Number of shares (million)	3,391	3,196	
Number of shareholders	1,117,771	1,179,013	
Number of employees	84,617	85,687	
• Spain	30,820	30,975	
• America (2)	51,831	52,666	
• Rest ot the world	1,966	2,046	
Number of branches	6,936	6,916	
• Spain	3,372	3,347	
• America (2)	3,378	3,371	
• Rest of the world	186	198	

N.B.: Non-audited data. Consolidated statements follow generally accepted accounting principles of Bank of Spain Circular 4/91 and later Circulars.

(1) The 9M04 PER is calculated taking into consideration the median of the analysts' estimates (October 2004).
(2) Including those relating to the BBVA Group's banking and pension fund management activities in all the Latin-American countries in which it is present.

BBVA Group in January-September 2004

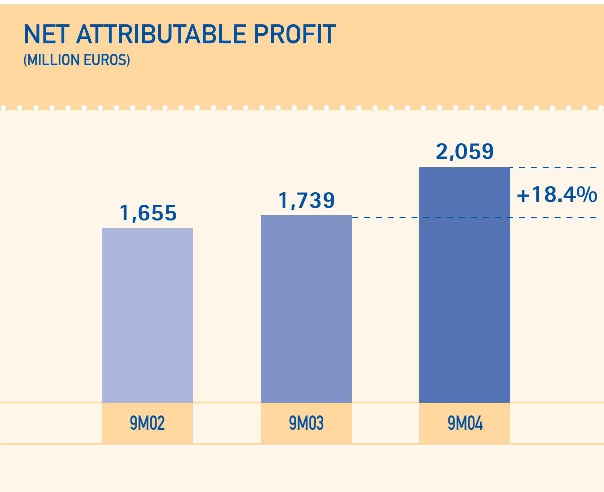
In recent months economic activity in the European Union continued to recover while the United States was relatively stable. Latin America consolidated growth at a level that was noticeably higher than the average in recent years with all the main countries performing well. However oil prices – which have constantly hit new highs – continue to be the main source of concern. In this context the Federal Reserve increased its reference rate twice in the third quarter to 1.75% while the European Central Bank held its rate steady at 2.0%. Market rates in the euro zone for periods up to 12 months have remained unchanged while longer term rates have declined marginally. Thus the slope of the 3-12 month curve has flattened. On the other hand Mexico short-term rates continued the uptrend seen in prior quarters.

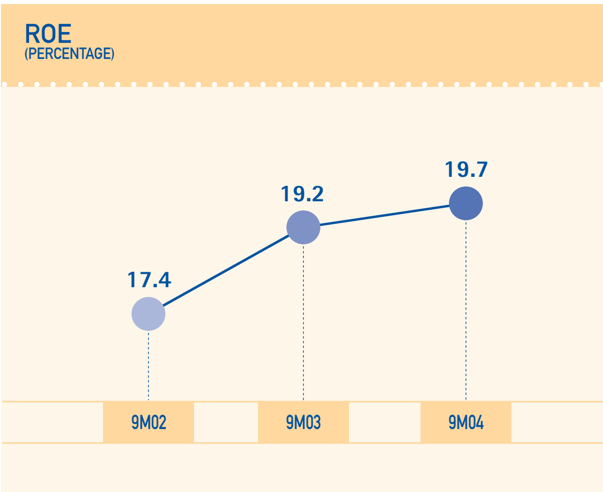
Currency markets were mainly flat in the third quarter. Currencies in Mexico, Argentina and Venezuela declined slightly against the euro and the US dollar, and increased in Chile, Peru and Colombia. However, over the last 12 months most of these currencies have depreciated and this can be seen in the table on the next page. It shows the exchange rates at 30-Sep-04 (which are used to convert the balance sheet and business figures into euros) and the average rates for the first nine months of the year (used to convert the income statement). The Mexican peso is the currency that has the greatest effect on the Group's accounts. It has depreciated by approximately 9.1% against the closing rate on 30-Sep-03 and by 14.2% against the average exchange rate for the first nine months of 2003. The Venezuelan bolivar and the Argentine peso have depreciated by more than 21% and 8%, respectively. On the other hand the Chilean peso has appreciated by 5%.

As usual, the year-on-year percentage variations at constant exchange rates are given in this report. This is done to facilitate analysis of the different items on the income statement by eliminating the effect of exchange rates. Likewise, comments on business activity refer to variations calculated at constant exchange rates where this is relevant.

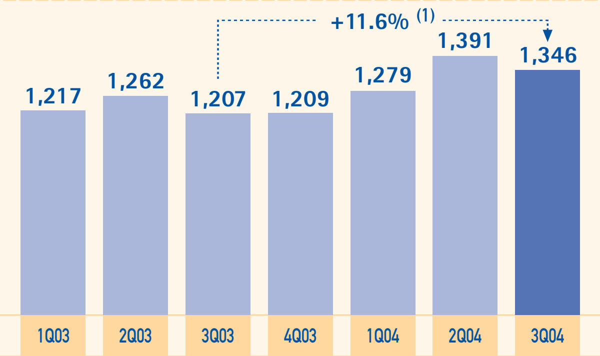
The most relevant aspects of the BBVA Group in the first nine months of 2004 are summarised below:

- Attributable net income in the third quarter (704 million euros) was 23.2% higher than the same period in 2003 and is the highest figure since the second quarter of 2001. Thus cumulative attributable net income from January to September 2004 came to 2,059 million euros – a year-on-year increase of 18.4% (an increase of 22.6% at constant exchange rates).
- Earnings per share increased 12.4% while ROE stands at 19.7% (19.2% in the same period of 2003) and ROA is 1.04%.
- The Group continues to enjoy high quality results. The growth in attributable net income is based on the positive trend in operating profit while the effect of the intermediate items on the income statement is largely neutral.





OPERATING PROFIT
(MILLION EUROS)



(1) At constant exchange rates: +17.9%.

- The year-on-year growth in operating profit continues to accelerate: the 1,346 million euros generated in the third quarter exceeded those of the same period in 2003 by 11.6% at current exchange rates and by 17.9% at constant rates. Thus the cumulative figure for the first nine months of 2004 (4,016 million euros) grew 9.0% at current exchange rates and 15.6% at constant rates (7.7% and 14.5%, respectively, in the first half).
- Cumulative net interest income in the first three quarters came to 5,261 million euros, 4.7% more than the same period in 2003 (or 10.8% more at constant rates). This was due to faster business growth – especially in lending activities in Spain and in the Americas.
- Net fee income came to 2,523 million euros. Year-on-year this was 3.0% higher at current exchange rates and 9.4% higher at constant rates, ie, similar to the first half year.
- Operating expenses were contained and fell 1.9% at current exchange rates while they increased 3.4% at constant rates. Together with increased revenues this meant that the cost/income ratio improved to 44.8%, compared to 46.7% in the first nine months of 2003. Although the cost/income ratio improved in all business areas, the improvement was especially significant in Mexico, where it fell below 40%.
- Retail banking in Spain and Portugal continued the upward trend of recent quarters with year-on-year increases of 19.2% in lending activities and 9.2% in customer funds (deposits, mutual funds and pension funds). The equivalent figures at 30-Jun-04 were 18.0% and 8.9%, respectively. With operating expenses flat, operating profit grew by 11.5% (11.0% in the first half).
- Lending and deposits in terms of average balances improved in the Wholesale and Investment Banking Area and additionally fee income grew 18.7%. In the year to September attributable net income climbed 11.5% year-on-year.
- The Americas had another record quarter in terms of operating profit and attributable income. At current exchange rates operating profit grew at 6.4% year-on-year (it declined 2.4% in the first half). At constant exchange rates the increase of 21.3% was nearly double the figure at 30th June (11.2%). A decisive contribution to this positive performance was due to the increase of 20.9% in net interest income – boosted by the increase in business activity (22.7% in lending and 11.4% in traditional deposit-taking)

EXCHANGE RATES (1)

	End of period Exchange Rates			Average Exchange Rates	
	30-09-04	Δ% on 30-09-03	Δ% on 30-06-04	9M04	Δ% on 9M03
Mexican peso	14.1543	(9.1)	(0.9)	13.8133	(14.2)
Argentine peso	3.7165	(8.8)	(3.1)	3.6037	(8.5)
Chilean peso	758.15	1.5	2.0	754.15	5.0
Colombian peso	3,246.75	3.7	0.7	3,267.97	(1.9)
Peruvian new sol	4.1477	(2.2)	1.8	4.2235	(8.4)
Venezuelan bolivar	2,380.95	(21.8)	(2.1)	2,293.58	(21.3)
U.S. dollar	1.2409	(6.1)	(2.0)	1.2250	(9.2)

(1) Expressed in currency/euro.

and by changes in interest rates. Profit after tax rose by 33.2% and attributable net income climbed 79.9% (60.0% at current rates) due to lower minority interests in Bancomer.

- Mexico showed an increase of its operating profit at current rates for the period January-September and all earnings figures on the income statement grew faster. Lending grew faster (up 28.0% in peso terms) and customer funds grew at the same rate (12.6%). Both activities focus on the most profitable areas. Therefore operating profit grew 21.9% (double the figure of 10.9% for the first half year) and net income climbed 42.5%. Attributable net income came to 580 million euros – nearly double the amount for Jan-Sep 2003.
- The Group's asset quality continues to be high. At the end of the quarter non-performing loans stand at 1.05%. This is lower than Jun-04 (1.11%) or the level of twelve months earlier (1.52%). Coverage now stands at 235.8% (223.4% at 30-Jun-04 and 180.2% at 30-Sep-03).
- The capital base also continues to be solid. Core capital at 30-Sep-04 was 6.0% – reaching the target for year end. Tier I was 8.0% and the BIS ratio 12.0%.
- The second interim dividend of 0.10 euros per share was paid on 11th October. Like the first interim dividend it represents an increase of 11.1% over interim dividend payments in 2003.

One of the cornerstones of the BBVA Group's strategy is the quest for profitable growth, whether organic or otherwise. Thus in September an agreement was reached in Mexico to acquire Hipotecaria Nacional, the largest private enterprise specialising in mortgages, for $375m. This operation consolidates the Group's leadership in the private mortgage market in Mexico – a sector with high growth potential.

An agreement was also reached in September to acquire Laredo National Bancshares (LNB) for $850m. LNB is a financial group based in Texas and a leader in the area of the Mexican frontier. It has $3.4 billion in total assets and 110,000 customers. It is expected that this operation and that of Hipotecaria Nacional will be concluded in the first quarter of 2005. These operations are subject to approval by the relevant authorities and they will contribute to the Group's expansion in the US Hispanic market.

A new US retail business unit has been set up under the Americas Area to develop BBVA's strategy in this market. It will comprise LNB, Valley Bank (it operates in southern California and the actual acquisition process has ended in October), Bancomer Transfer Services (the leader in US remittances to Mexico) and BBVA Puerto Rico.

The success of the Group's strategy in the main markets in which it operates has been recognised by *The Banker*, which designated BBVA as the best bank in Spain and Latin America in 2004. In the case of Spain, the key feature in this evaluation was the strong advance in commercial banking, where BBVA has an innovative strategy and novel products. These contributed to its high ranking in European banking circles in terms of earnings per share, cost efficiency and profitability. In Latin America the magazine pointed to successful strategic decisions such as the increased stake in BBVA Bancomer, which is yielding record results, the integration of franchises (demonstrated by the fact that one third of the Group's managers are Latin-Americans) and the mature approach of the regional strategy as witnessed by the sale of the Brazilian subsidiary.

Income for the period

Attributable net income in the third quarter (704 million euros) was 23.2% higher than the 572 million euros obtained in same period last year and this is the highest figure since the second quarter of 2001. This increase – like that of the first half – is the fruit of growing recurrent earnings. The neutral effect of the intermediate lines on the income statement means the increase in operating profit is similar (in absolute terms). Likewise, the third quarter results mean that ordinary revenues and operating profit have grown faster in the first nine months than in the first half year – at both current and constant exchange rates.

Operating profit in the third quarter rose to 1,346 million euros, a year-on-year increase of 11.6% (17.9% at constant exchange rates). This was higher than the corresponding figures (7.7% and 14.5%, respectively) in the first half. It brings cumulative operating profit for the first nine months to 4,016 million euros – 9.0% higher at current rates and 15.6% higher at constant rates than the same period in 2003.

By business areas, cumulative operating profit in Retail Banking in Spain and Portugal grew 11.5% and in Wholesale and Investment Banking it grew 5.7%. Despite the impact of currency depreciation, the Americas Area recorded a positive variation (6.4%) for the first time in recent years. Calculated at constant exchange rates the figure is 21.3%. This improvement was the result of increases of 4.5% in Mexico and 10.1% in the rest of this area (21.9% and 20.1%, respectively, at constant rates).

The positive trend in operating profit stems from increases in net interest income and net fee income and from cost-containment because net trading income was in fact lower than last year.

Net interest income in the third quarter came to 1,742 million euros, 4.0% higher than the same period in 2003 (up 9.8% at constant exchange rates). The cumulative figure for the first nine months comes to 5,261 million euros with a year-on-year increase of 4.7% (10.8% at constant rates).

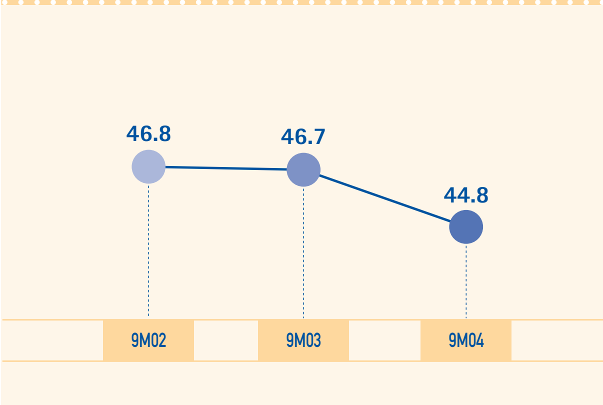
In Retail Banking in Spain and Portugal the year-on-year increase in net interest income between January and September was 2.7% (slightly higher than the first half year) while Wholesale banking maintained the same high growth rate (12.3%). In the Americas it increased 5.4% at current exchange rates and 20.9% at constant rates (0.6% and 15.5%, respectively, in the first half).

Net fee income in the third quarter came to 873 million euros. This was the highest figure since the fourth quarter of 2002. The cumulative amount to September is 2,523 million euros, 3.0% higher than the same period last year (9.4% at constant exchange rates and in line with the first half). There were increases of 11.6% in Retail Banking in Spain and Portugal, 18.7% in Wholesale and Investment Banking, and 10.6% at constant rates in the Americas. Attention is drawn to fee income from mutual and pension funds, which make up about one third of the total. These rose by 12.3% at constant exchange rates year-on-year. Commissions on securities rose by 14.4% and fees from credit and debit cards increased 10.3%.

Core revenues in the third quarter therefore came to 2,615 million euros, 3.5% higher than the same period in 2003 (up by 9.6% at constant exchange rates). The cumulative figure for the first nine months comes to 7,784 million euros, an increase of 4.2% at current rates (10.4% at constant rates). Net trading income declined 4.7% year-on-year in the quarter and by 26.6% in the first nine months. Despite this, ordinary revenues in the third quarter grew 3.2% in current euros compared to the same period in 2003 and 9.1% at constant rates. This was higher than the corresponding figures (1.8% and 7.7%, respectively) for the first half. This brought the cumulative amount for Jan-Sep to 8,153 million euros, an increase of 2.2% at current rates (8.2% at constant rates).

Control of operating expenses continues to be a constant concern in the BBVA Group. They have fallen 2.1% during the quarter and 1.9% year-to-date at current rates (3.3% and 3.4%, respectively, at constant exchange rates). In Retail Banking and in Wholesale Banking expenses were practically flat while in the Americas they

EFFICIENCY RATIO
(PERCENTAGE)



increased by 6.5% in the year to September in local currency terms. Thanks to this and to higher revenues, the cost/income ratio for the first three quarters of 2004 now stands at 44.8%, 0.1 points better than the first half and 1.9 points better than the 46.7% recorded for the first nine months of 2003. Improvements were seen in all business areas. The ratio for Retail Banking in Spain and Portugal is 42.7% (45.1% for the same period in 2003). In Wholesale Banking it is 29.0% (30.1%) and in the Americas 42.4% (44.9%).

The contribution of companies carried by the equity method came to 607 million euros in the first nine months. The year-on-year increase of 21.7% continues to be influenced by extraordinary adjustments in 2003 following restatement of the 2002 results of Telefónica and Terra. After discounting dividends received, net earnings from companies carried by the equity method came to 309 million euros, a year-on-year increase of 8.3%.

Net income on Group transactions came to 358 million euros in the first nine months of 2004, 9.0% less than the same period last year. The most significant transaction in the third quarter was the sale of the 17.1% stake in Vidrala with capital gains of 19 million euros. This adds to the gains generated in the prior quarters through the sale of interests in Banco Atlántico, Direct Seguros and Acerinox.

The Group earmarked 714 million euros for loan-loss provisions in the year to September compared to 1,054 million euros in the same period of 2003, which included 285 million euros for increasing coverage of exposure associated with Argentinean country risk, from 50% to 75%. It also included other provisions related to that country with simultaneous write-back of special funds included under extraordinary results. Therefore the aggregate of loan provisioning and extraordinary results is similar to the first nine months of 2003. Amortisation of goodwill came to 496 million euros, 15.2% more than the same period last year. This was mainly due to the higher amortisation associated with Bancomer.

Corporate income tax increased faster than earnings before taxes during the period due mainly to deductions generated in 2003. These lowered the basis of comparison while results attributable to minority interests declined 42.6% due to their reduction in Bancomer after the take-over, to the exchange-rate effect and to the decline in the cost of preferred stock.

Thus Group's attributable net income rose to 2,059 million euros, an increase of 18.4% over the 1,739 million obtained in the first nine months of 2003. This figure rises to 22.6% at constant exchange rates. Both growth rates are better than those recorded in the first half (16.1% at current rates and 20.1% at constant rates). Net income of 704 million euros generated in the third quarter of 2004 exceeded that of the same period in 2003 by 23.2%.

Following the capital increase of 1,999 million euros in February, earnings per share in the first nine months came to 0.61 euros, a year-on-year increase of 12.4% and an improvement over the 10.6% recorded at the end of the first half. Return on equity rose to 19.7% compared to 19.2% for the first nine months of 2003 and return on assets was 1.04%.

Balance sheet and business activity

Total Group assets at 30th September 2004 came to 310 billion euros. At current exchange rates this was 9.0% more than a year previous. Business activity, expressed as the sum of lending and total customer funds under management, rose to 489 billion euros. The year-on-year increase was 10.7% at current rates and 12.6% at constant rates. This was higher than the 8.8% and 11.9%, respectively, recorded at 30-Jun-04.

Lending continued to grow strongly reaching 170 billion euros at 30-Sep-04. This was 13.2% higher than at 30-Sep-03 (14.5% higher at constant exchange rates). The year-on-year increases at 30-Jun-04 were 12.2% and 14.3%, respectively.

Lending to other resident sectors, which now amounts to 113 billion euros, increased 17.2%. For the seventh successive quarter this figure has grown faster than the previous quarter. This solid performance started with an increase of 8.9% at the end of 2002 and 13.4% at the end of 2003. At the end of June the quarter-on-quarter growth was 16.8% and it reached the above figure of 17.2% at the end of September. This trend mainly reflects the important growth in secured loans which increased by 23.5% at 30-Sep-04. Other term loans, which are 32% of the total, increased 9.3% while leasing grew 20.1% and commercial loans 12.8%.

Public sector lending has increased 18.5% in the last twelve months to 14.5 billion euros. At the same time lending to non-residents increased 5.2% (9.6% at constant exchange rates) to 40 billion euros compared to a 3.6% increase at the end of June.

The solid gains in lending activity were accompanied by significant improvements in asset quality. In the last twelve months non-performing assets have fallen 33.8% to 1,952 million euros. Therefore the NPL ratio at 30-Sep-04, defined as doubtful loans, including contingent liabilities and excluding group 5 country risk, divided by total risk, declined to 1.05% compared to 1.11% at 30-Jun-04 and 1.52% at 30-Sep-03. (The overall ratio for lending has fallen even further, from 1.96% at the end of September 2003, to 1.15%.)

All business areas contributed to this reduction in the NPL ratio as a result of the decrease of non-performing assets in all areas and the increase in total lending. The ratio in Retail Banking in Spain and Portugal stands at 0.62% (0.90% at 30-Sep-03), in Wholesale and Investment Banking it is 0.28% (0.67% at 30-Sep-03) and 3.66% in the Americas (4.76%). The figure for the latter area was due to improvements in Mexico and at other banks in the region.

As the decline in NPLs has been accompanied by increases in provisions, coverage rose to 235.8% at the end of the quarter from 223.4% at 30-Jun-04 and 180.2% at 30-Sep-03.

Total customer funds under management by the Group came to 319 billion euros at 30-Sep-04 with year-on-year increases of 9.4% in current euros and 11.6% at constant exchange rates. They grew faster than the 7.1% and 10.7%, respectively, recorded at the end of June.

Customer funds on the balance sheet came to 196 billion euros, 9.2% more than at 30-Sep-03 (11.5% more at constant rates). Of this figure, 7 billion euros are Public Sector debits and 71 billion euros relate to other resident sectors. This is a year-on-year increase of 5.7%, which rises to 6.8% for deposits (compared to 1.5% at 30-Jun-04). It was supported by current and savings accounts, which grew 12.6% in aggregate. Non-resident deposits totalled 70 billion euros, increasing 1.5% at current exchange rates and 7.0% at constant rates – including transactional deposits which grew 17.8% in local currency terms. Growth in marketable debt securities was also higher (25.4%). In the third quarter 3 billion euros were issued in “Cédulas Hipotecarias” (covered bonds), complementing a similar issue in March.

The volume of off-balance sheet funds (mutual funds, pension funds and customers' portfolios) grew to 123 billion euros at the end of September. In current euros this was a year-on-year increase of 9.8% (an increase of 11.8% at constant exchange rates). It exceeded the corresponding figures at 30-Jun-04 (7.0% and 10.5%, respectively).

Of this figure, Spain accounts for 67 billion euros with an increase of 14.6% compared to 30-Sep-03. The main component is provided by mutual funds with 41.6 billion euros (a year-on-year increase of 16.2%). This rate of growth is considerably higher than the average for the banking system. In absolute terms BBVA has increased its assets and its market share more than other market players in the last year: 8 basis points in the third quarter and 77 basis points in the last twelve months, achieving growth of 19.09%. Pension funds came to 12.6 billion euros and managed portfolios were 12.5 billion – growing 10.2% and 14.0%, respectively, since September 2003.

In other countries where the Group operates, off-balance sheet funds came to 56 billion euros with year-on-year increases of 4.6% at current exchange rates and 8.6% at constant rates (an improvement over the decline of 2.7% and increase of 4.0%, respectively, at 30-Jun-04). Of this figure, 28 billion euros are pension funds, 19 billion are managed portfolios and 9 billion euros are mutual funds.

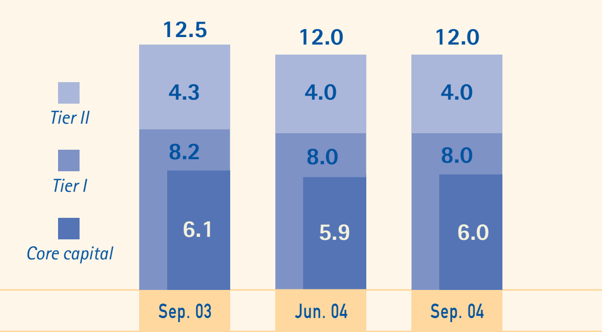
Capital base

At 30 September 2004 the capital base of the BBVA Group was 21,857 million euros based on the standards set by the Bank for International Settlements (BIS) with a capital base surplus (above the BIS requirements) of 7,260 million euros.

Core capital increased to 10,925 million euros and thus the ratio now stands at 6.0%, compared to 5.9% recorded at 30-Jun-04 and 5.7% at 31-Mar-04, following the acquisition of the minority interests of Grupo Financiero Bancomer. This improvement is the consequence of improved recurrent results which have achieved in just two quarters the target set for the end of 2004. After incorporating other core equity, Tier I, which represents 66.9% of the capital base, was 8.0%.

Tier II stands at 4.0% and, together with Tier I, this brings the BIS ratio to 12.0%.

CAPITAL BASE: BIS RATIO
(PERCENTAGE)



The BBVA share

In the third quarter of 2004 the world's main stock-exchanges declined compared to the levels at the end of June. The falls in the most important indices in the main economic centres were varied: Euro Stoxx 50 (–3.0%), S&P (–2.3%) and Nikkei (–8.7%).

The BBVA share price rose 0.9% during the third quarter, outperforming the above indices. The Euro Stoxx Bank index, which best represents the banking sector in the Euro area, rose 0.4% and the Ibex 35 fell 0.6%. BBVA also outperformed the share price of its main Spanish rivals.

Over the last twelve months the BBVA share has risen 25.1%. This is higher than Euro Stoxx Bank (17.8%), the Euro Stoxx 50 (13.8%) and the Ibex 35 (19.8%). The positive trend in the share price and the capital increase carried out in February 2004 to finance the buyout of the other Bancomer shareholders, mean that BBVA's market cap has grown 32.7% in this period to 37.6 billion euros at 30-Sep-04. This makes BBVA the second largest financial group in the euro zone by market value.

During the third quarter the variation in the BBVA share price, expressed as the percentage difference between maximum and minimum trades, was 9%. The average number of shares traded daily was 35 million – slightly higher than the previous quarter – and thus turnover was 386 million euros compared to 375 million euros in the second quarter.

In regard to shareholder remuneration, a first interim dividend against 2004 results was paid on 12th July and the second on 11th October. Both of these dividends were 0.10 euros per share. This is an increase of 11.1% over the corresponding interim dividends paid last year.

Income statement

CONSOLIDATED INCOME STATEMENT
(MILLION EUROS)

	9M04	Δ%	9M03	Memorandum item: Δ% at constant exchange rates
Financial revenues	9,172	(3.9)	9,543	1.9
Financial expenses	(4,434)	(8.6)	(4,852)	(3.3)
Dividends	523	57.4	332	58.7
NET INTEREST INCOME	**5,261**	**4.7**	**5,023**	**10.8**
Net fee income	2,523	3.0	2,448	9.4
CORE REVENUES	**7,784**	**4.2**	**7,471**	**10.4**
Net trading income	369	(26.6)	503	(23.7)
ORDINARY REVENUES	**8,153**	**2.2**	**7,974**	**8.2**
Personnel costs	(2,359)	(2.8)	(2,428)	1.6
General expenses	(1,294)	(0.2)	(1,297)	6.8
GENERAL ADMINISTRATIVE EXPENSES	**(3,653)**	**(1.9)**	**(3,725)**	**3.4**
Depreciation and amortization	(340)	(12.1)	(387)	(7.8)
Other operating income and expenses (net)	(144)	(18.3)	(176)	(10.7)
OPERATING PROFIT	**4,016**	**9.0**	**3,686**	**15.6**
Net income from companies accounted for by the equity method	309	8.3	285	10.1
Memorandum item: correction for payment of dividends	(298)	39.5	(214)	41.2
Amortization of goodwill	(496)	15.2	(431)	15.2
Net income from Group transactions	358	(9.0)	394	(9.1)
Net loan loss provisions	(714)	(32.2)	(1,054)	(28.8)
Net securities writedowns	–	–	–	–
Net extraordinary income (loss)	(240)	n.m.	97	n.m.
PRE-TAX PROFIT	**3,233**	**8.6**	**2,977**	**14.1**
Corporate income tax	(882)	20.8	(730)	27.9
NET PROFIT	**2,351**	**4.6**	**2,247**	**9.6**
Minority interests	(292)	(42.6)	(508)	(37.4)
• Preferred shares	(147)	(12.6)	(168)	(12.6)
• Minority interests	(145)	(57.3)	(340)	(51.3)
NET ATTRIBUTABLE PROFIT	**2,059**	**18.4**	**1,739**	**22.6**

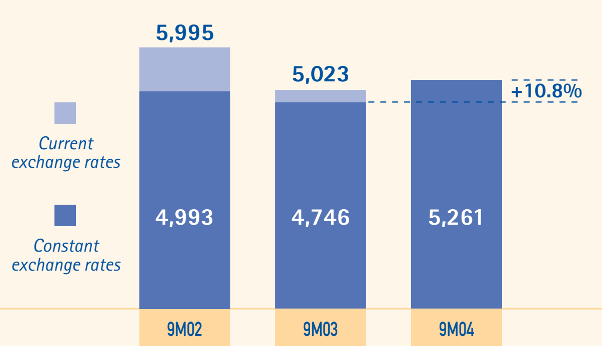
CONSOLIDATED INCOME STATEMENT: QUARTERLY EVOLUTION
(MILLION EUROS)

	2004			2003			
	3Q	2Q	1Q	4Q	3Q	2Q	1Q
Financial revenues	3,129	3,111	2,932	2,994	2,978	3,190	3,375
Financial expenses	(1,526)	(1,516)	(1,392)	(1,408)	(1,372)	(1,653)	(1,827)
Dividends	139	240	144	132	69	161	102
NET INTEREST INCOME	1,742	1,835	1,684	1,718	1,675	1,698	1,650
Net fee income	873	826	824	815	850	792	806
CORE REVENUES	2,615	2,661	2,508	2,533	2,525	2,490	2,456
Net trading income	95	110	164	149	100	206	197
ORDINARY REVENUES	2,710	2,771	2,672	2,682	2,625	2,696	2,653
Personnel costs	(780)	(785)	(794)	(835)	(799)	(800)	(829)
General expenses	(428)	(432)	(434)	(471)	(435)	(442)	(420)
GENERAL ADMINISTRATIVE EXPENSES	(1,208)	(1,217)	(1,228)	(1,306)	(1,234)	(1,242)	(1,249)
Depreciation and amortization	(115)	(112)	(113)	(124)	(129)	(130)	(128)
Other operating income and expenses (net)	(41)	(51)	(52)	(43)	(55)	(62)	(59)
OPERATING PROFIT	1,346	1,391	1,279	1,209	1,207	1,262	1,217
Net income from companies accounted for by the equity method	153	72	84	98	170	89	26
Memorandum item: correction for payment of dividends	(68)	(128)	(102)	(105)	(32)	(114)	(68)
Amortization of goodwill	(183)	(181)	(132)	(208)	(130)	(170)	(131)
Net income from Group transactions	51	62	245	159	116	78	200
Net loan loss provisions	(200)	(223)	(291)	(223)	(207)	(524)	(323)
Net securities writedowns	–	–	–	–	–	–	–
Net extraordinary income (loss)	(52)	(70)	(118)	(200)	(52)	246	(97)
PRE-TAX PROFIT	1,115	1,051	1,067	835	1,104	981	892
Corporate income tax	(313)	(260)	(309)	(185)	(357)	(164)	(209)
NET PROFIT	802	791	758	650	747	817	683
Minority interests	(98)	(103)	(91)	(162)	(175)	(164)	(169)
• Preferred shares	(44)	(52)	(51)	(46)	(48)	(56)	(64)
• Minority interests	(54)	(51)	(40)	(116)	(127)	(108)	(105)
NET ATTRIBUTABLE PROFIT	704	688	667	488	572	653	514

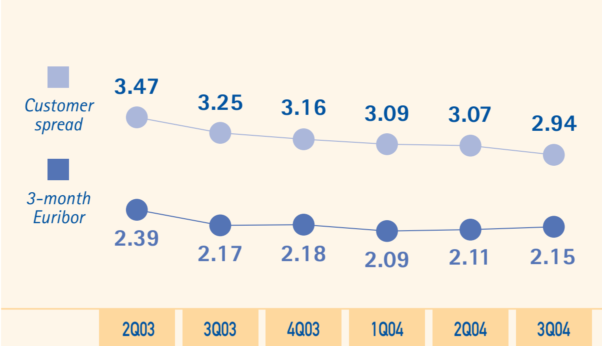
BREAKDOWN OF YIELDS AND COSTS

	3Q04		2Q04		1Q04	
	% of ATA	% Yield/Cost	% of ATA	% Yield/Cost	% of ATA	% Yield/Cost
Credit entities	8.6	3.90	10.2	3.76	10.3	3.60
• Euros	3.2	2.01	4.3	2.13	4.4	1.74
• Foreign currencies	5.4	5.02	5.9	4.94	5.9	4.99
Total net lending	55.0	4.79	52.6	4.88	53.0	4.88
• Euros	44.0	3.87	42.1	4.01	42.2	4.15
- Domestic	41.0	4.00	39.0	4.13	38.3	4.23
- Other	3.0	2.20	3.1	2.52	3.9	3.40
• Foreign currencies	11.0	8.46	10.5	8.35	10.8	7.71
Securities portfolio	27.3	4.50	28.7	4.99	28.6	4.50
• Fixed-income securities	23.6	4.43	25.2	4.43	25.3	4.29
- Euros	15.5	2.98	16.1	2.89	15.3	2.95
- Foreign currencies	8.1	7.22	9.1	7.15	10.0	6.34
• Equity securities	3.7	4.90	3.5	9.00	3.3	6.08
- Investments accounted for by the equity method	2.0	4.55	2.1	7.91	2.2	6.54
- Other investments	1.7	5.30	1.4	10.67	1.1	5.19
Non-interest earning assets	9.1	–	8.5	–	8.1	–
AVERAGE TOTAL ASSETS	**100.0**	**4.26**	**100.0**	**4.39**	**100.0**	**4.26**
Credit entities	22.6	2.58	22.3	2.81	21.0	2.81
• Euros	14.0	2.00	13.5	2.14	12.8	1.98
• Foreign currencies	8.6	3.52	8.8	3.83	8.2	4.12
Customer funds	62.8	2.11	63.3	2.04	64.2	1.99
• Customer deposits	47.3	1.94	48.7	1.85	50.0	1.79
- Euros	26.8	1.25	29.4	1.23	30.2	1.29
- Domestic deposits	18.7	1.06	18.2	1.06	18.8	1.14
- Other	8.1	1.68	11.2	1.50	11.4	1.53
- Foreign currencies	20.5	2.84	19.3	2.79	19.8	2.55
• Debt and other marketable debt securities	15.5	2.65	14.6	2.68	14.2	2.71
- Euros	14.2	2.44	13.2	2.47	12.7	2.54
- Foreign currencies	1.3	4.84	1.4	4.71	1.5	4.18
Shareholders' funds	4.7	–	4.7	–	4.7	–
Other non-interest bearing liabilities	9.9	–	9.7	–	10.1	–
AVERAGE TOTAL LIABILITIES	**100.0**	**1.99**	**100.0**	**1.99**	**100.0**	**1.93**
NET INTEREST INCOME/ATA		**2.27**		**2.40**		**2.33**

NET INTEREST INCOME
(MILLION EUROS)

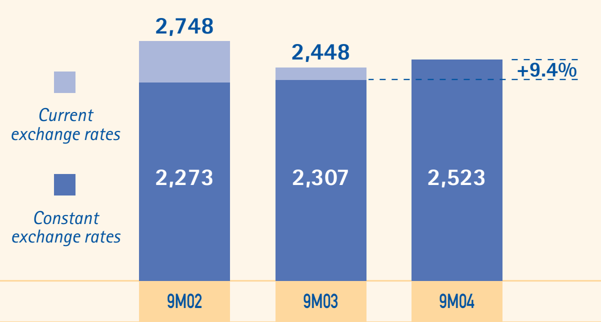


CUSTOMER SPREAD (DOMESTIC) (1)
(PERCENTAGE)

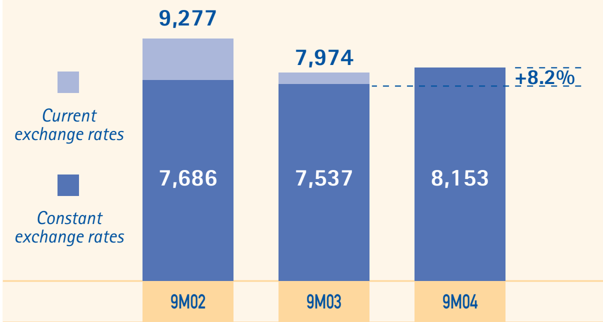


(1) Return on total net lending less costs of deposits.

FEE INCOME
(MILLION EUROS)



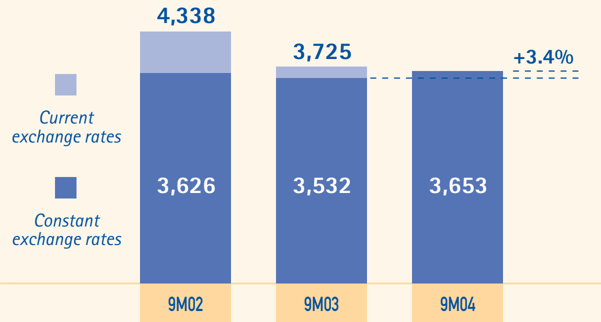
ORDINARY REVENUE
(MILLION EUROS)



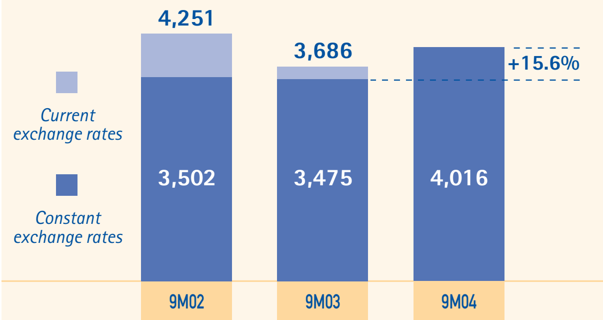
NET FEE INCOME
(MILLION EUROS)

	9M04	Δ%	9M03
NET FEE INCOME	**2,523**	**3.0**	**2,448**
Collection and payment services	1,018	(1.2)	1,029
• Credit and debit cards	436	0.7	433
• Other collection and payment services	582	(2.5)	596
Asset management	883	8.6	813
• Mutual and pension funds	814	8.2	752
• Managed portfolios	69	13.1	61
Other securities services	345	1.7	340
• Purchase/sale of securities	98	10.4	89
• Underwriting and placement	47	(1.8)	47
• Administration and custody services	200	(1.3)	204
Other fees	277	4.1	266

GENERAL ADMINISTRATIVE EXPENSES
(MILLION EUROS)



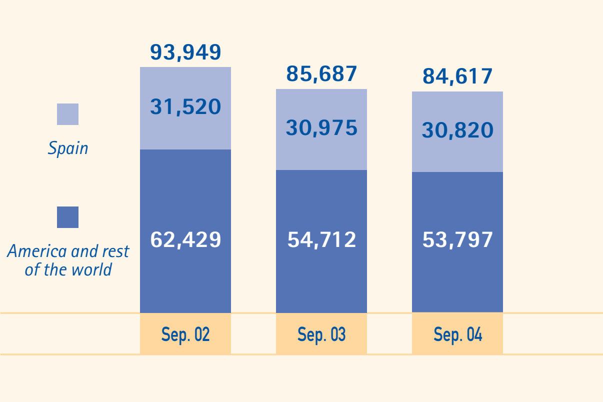
OPERATING INCOME
(MILLION EUROS)



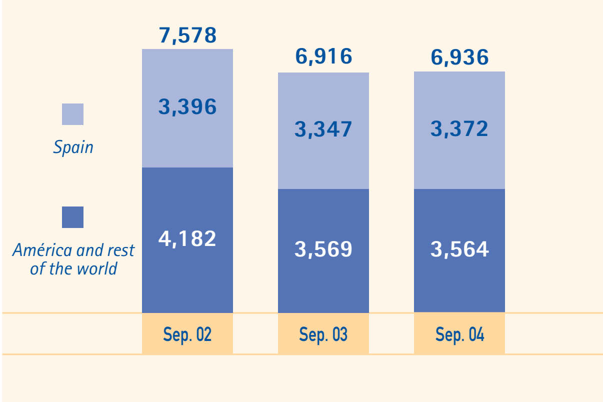
GENERAL AND ADMINISTRATIVE EXPENSES
(MILLION EUROS)

	9M04	Δ%	9M03
PERSONNEL COSTS	2,359	(2.8)	2,428
Wages and salaries	1,766	(2.3)	1,807
• Fixed compensation	1,428	(3.3)	1,477
• Variable compensation	338	2.2	330
Employee welfare expenses	420	(5.5)	445
• Of which: pension funds	95	(15.5)	113
Training expenses and other	173	(1.5)	176
GENERAL EXPENSES	1,294	(0.2)	1,297
Premises	264	(3.2)	273
IT	303	12.9	269
Communications	135	(10.5)	150
Advertising and publicity	104	5.0	99
Corporate expenses	50	4.0	48
Other expenses	337	(1.8)	344
Levies and taxes	101	(12.2)	114
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	3,653	(1.9)	3,725

NUMBER OF EMPLOYEES



NUMBER OF BRANCHES

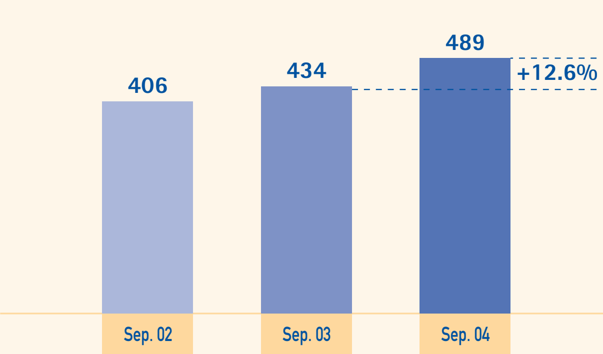


Balance sheet and activity

CONSOLIDATED BALANCE SHEETS
(MILLION EUROS)

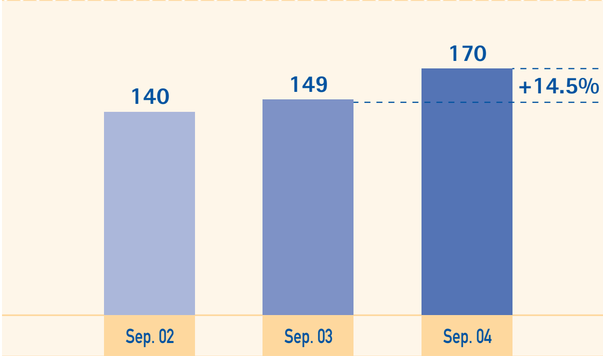
	30-09-04	∆%	30-09-03	30-06-04
Cash on hand and deposits at Central Banks	8,757	(9.2)	9,640	9,186
Due from credit entities	23,611	14.9	20,543	23,441
Total net lending	165,558	13.8	145,494	161,266
Fixed-income securities portfolio	71,161	(1.7)	72,371	78,478
• Government debt securities	18,881	2.0	18,512	20,600
• Debentures and other debt securities	52,280	(2.9)	53,859	57,878
Equity securities portfolio	9,782	8.0	9,056	13,150
• Accounted for by the equity method	5,561	(13.7)	6,446	7,732
• Other investments	4,221	61.7	2,610	5,418
Goodwill in consolidation	5,384	36.0	3,959	5,572
Property and equipment	3,830	(4.4)	4,004	3,826
Treasury stock	88	44.9	61	73
Accumulated losses at consolidated companies	3,525	0.9	3,493	3,518
Other assets	18,637	15.1	16,195	17,886
TOTAL ASSETS	**310,333**	**9.0**	**284,816**	**316,396**
Due to credit entities	69,895	10.1	63,468	75,028
On-balance-sheet customer funds	195,899	9.2	179,369	195,986
• Deposits	148,244	5.6	140,355	150,125
• Marketable debt securities	40,459	25.4	32,264	38,649
• Subordinated debt	7,196	6.6	6,750	7,212
Other liabilities	19,932	5.5	18,898	21,546
Net profit for the year	2,351	4.6	2,247	1,549
Minority interests	4,366	(17.7)	5,304	4,363
Capital	1,662	6.1	1,566	1,662
Reserves	16,228	16.2	13,964	16,262
TOTAL LIABILITIES AND EQUITY	**310,333**	**9.0**	**284,816**	**316,396**
Other customer funds managed	123,009	9.8	112,032	119,872
• Mutual funds	50,650	12.5	45,014	50,404
• Pension funds	41,140	5.1	39,160	39,670
• Customer portfolios	31,219	12.1	27,858	29,798
Contingent liabilities	20,002	27.0	15,745	19,143
MEMORANDUM ITEM:				
Average total assets	302,041	9.0	277,117	300,308
Average risk-weighted assets	175,607	6.7	164,536	173,414
Average shareholders' funds	13,978	15.3	12,124	13,784

BUSINESS VOLUME (1) (2)
(BILLION EUROS)



(1) Total gross lending plus total customer funds.
(2) At constant exchange rates.

TOTAL LENDING (GROSS) (1)
(BILLION EUROS)

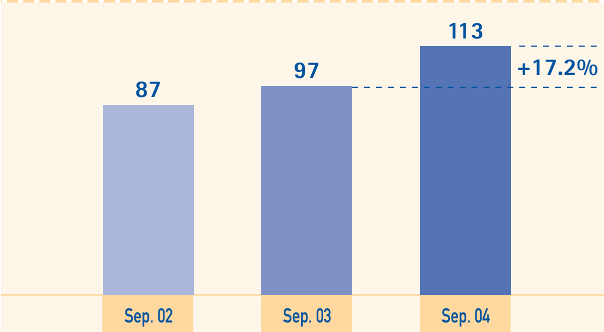


(1) At constant exchange rates.

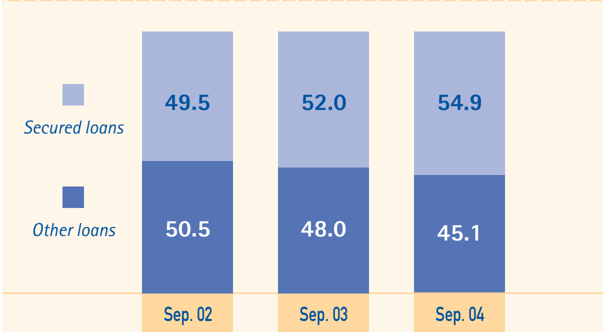
TOTAL LENDING
(MILLION EUROS)

	30-09-04	Δ%	30-09-03	30-06-04
Public sector	14,493	18.5	12,233	14,370
Other domestic sectors	113,408	17.2	96,798	110,169
• Secured loans	62,209	23.5	50,357	59,336
• Commercial loans	8,022	12.8	7,111	7,800
• Other term loans	35,827	9.3	32,790	35,009
• Credit card debtors	1,003	-	1,003	1,018
• Other	1,411	(1.1)	1,426	2,171
• Financial leases	4,936	20.1	4,111	4,835
Non-domestic sector	40,214	5.2	38,238	39,100
• Secured loans	11,995	10.0	10,902	11,971
• Other loans	28,219	3.2	27,336	27,129
Nonperforming loans	1,952	(33.8)	2,948	1,995
• Public sector	85	27.5	67	82
• Other domestic sectors	624	(13.9)	725	620
• Non-domestic sectors	1,243	(42.4)	2,156	1,293
TOTAL LENDING (GROSS)	170,067	13.2	150,217	165,634
Loan loss provisions	(4,509)	(4.5)	(4,723)	(4,368)
TOTAL NET LENDING	165,558	13.8	145,494	161,266

TOTAL LENDING TO OTHER DOMESTIC SECTORS (GROSS)
(BILLION EUROS)



DETAIL OF TOTAL GROSS LENDING TO OTHER DOMESTIC SECTORS
(PERCENTAGE)

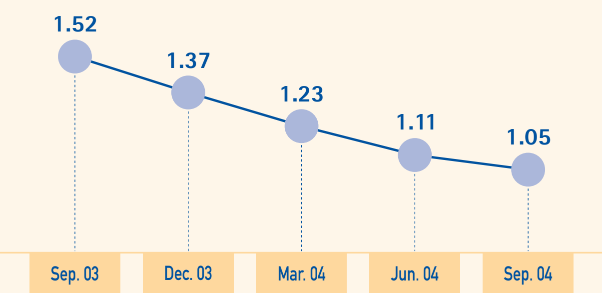


VARIATIONS IN NONPERFORMING LOANS
(MILLION EUROS)

	3Q04	2Q04	1Q04	4Q03
BEGINNING BALANCE [1]	2,045	2,150	2,320	2,520
Net variation	(43)	(105)	(170)	(200)
+ Entries	464	450	485	460
- Outflows	(418)	(357)	(390)	(424)
- Write-offs	(89)	(198)	(265)	(236)
PERIOD-END BALANCE [1]	2,002	2,045	2,150	2,320
MEMORANDUM ITEM:				
• Nonperforming loans	1,952	1,995	2,135	2,673
• Country risk (group 5)	(25)	(26)	(86)	(457)
• Nonperforming contingent liabilities	75	76	101	104

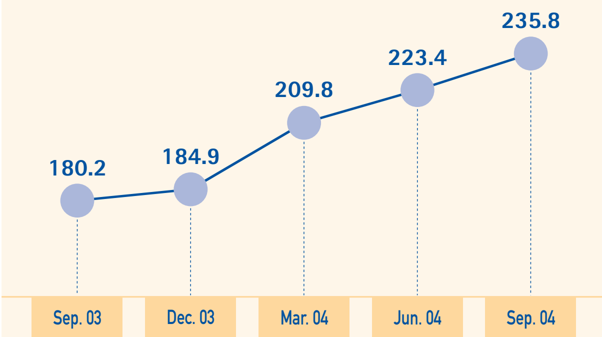
(1) Including contingent liabilities but excluding country risk (group 5).

NONPERFORMING LOAN RATIO [1]
(PERCENTAGE)



(1) Nonperforming assets/Total risks.

COVERAGE RATIO
(PERCENTAGE)



RISK MANAGEMENT
(MILLION EUROS)

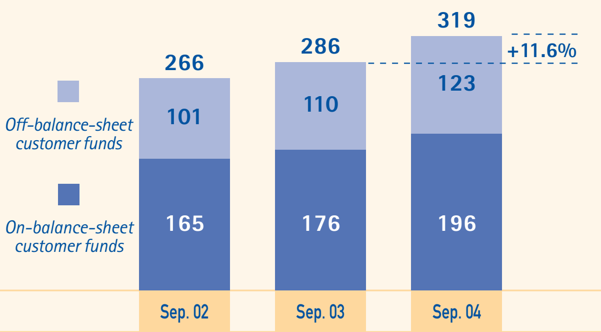
	30-09-04	Δ%	30-09-03	30-06-04
TOTAL RISK EXPOSURE [1]				
Nonperforming assets	2,002	(20.6)	2,520	2,045
Total risks	190,044	14.9	165,415	184,751
Provisions	4,721	4.0	4,540	4,569
NPL ratio (%)	1.05		1.52	1.11
NPL coverage ratio (%)	235.8		180.2	223.4
CREDIT RISK				
NPL ratio (%)	1.15		1.96	1.20
NPL coverage ratio (%)	231.0		160.2	218.9
Coverage ratio including secured loans (%)	253.9		178.0	236.8
MEMORANDUM ITEM:				
Foreclosed assets	365	(8.8)	400	364
Foreclosed asset provisions	189	(5.5)	200	197
Coverage (%)	51.9		50.1	54.0

(1) Including contingent liabilities but excluding country risk (group 5).

CUSTOMER FUNDS MANAGED
(MILLION EUROS)

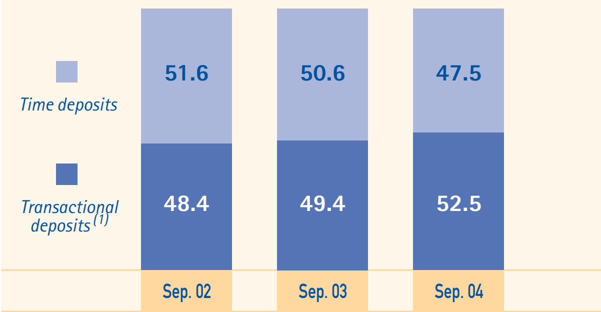
	30-09-04	∆%	30-09-03	30-06-04
ON-BALANCE-SHEET CUSTOMER FUNDS	195,899	9.2	179,369	195,986
DEPOSITS	148,244	5.6	140,355	150,125
Public sector	6,738	80.2	3,739	6,065
Other domestic sectors	71,103	5.7	67,247	73,180
• Current accounts	21,580	15.5	18,678	21,670
• Savings accounts	17,446	9.2	15,969	18,015
• Time deposits	18,579	(3.6)	19,279	17,640
• Assets sold under repurchase agreement	13,498	1.3	13,321	15,855
Non-domestic sector	70,403	1.5	69,369	70,880
• Current and savings accounts	25,653	10.0	23,316	25,832
• Time deposits	39,879	(0.5)	40,060	39,970
• Assets sold under repurchase agreement and other accounts	4,871	(18.7)	5,993	5,078
MARKETABLE DEBT SECURITIES	40,459	25.4	32,264	38,649
Mortgage bonds	16,229	38.3	11,732	14,726
Other marketable securities	24,230	18.0	20,532	23,923
SUBORDINATED DEBT	7,196	6.6	6,750	7,212
OTHER CUSTOMER FUNDS MANAGED	123,009	9.8	112,032	119,872
Mutual funds	50,650	12.5	45,014	50,404
Pension funds	41,140	5.1	39,160	39,670
Customer portfolios	31,219	12.1	27,858	29,798
TOTAL CUSTOMER FUNDS MANAGED	318,908	9.4	291,401	315,858

CUSTOMER FUNDS MANAGED (1)
(BILLION EUROS)



(1) At constant exchange rates.

BREAKDOWN OF CUSTOMER DEPOSITS
(PERCENTAGE)



(1) Current accounts and savings accounts.

OTHER CUSTOMER FUNDS MANAGED
(MILLION EUROS)

	30-09-04	Δ%	30-09-03	30-06-04
SPAIN	66,785	14.6	58,281	66,181
MUTUAL FUNDS	41,613	16.2	35,818	41,198
Mutual Funds (ex Real Estate)	40,625	15.0	35,314	40,339
• Money market	11,956	10.8	10,788	11,837
• Fixed-income	13,140	13.8	11,552	12,758
Of which: Guaranteed	7,427	23.7	6,005	6,973
• Balanced	2,668	2.5	2,602	2,622
Of which: International funds	1,954	(21.7)	2,496	2,545
• Equity	12,548	27.9	9,808	12,630
Of which: Guaranteed	9,601	37.9	6,961	9,538
International funds	1,997	(13.8)	2,316	2,125
• Global	313	(44.5)	564	492
Real Estate investment trusts	988	95.8	504	859
PENSION FUNDS	12,644	10.2	11,475	12,555
Individual pension plans	6,667	14.2	5,836	6,632
Corporate pension funds	5,977	6.0	5,639	5,923
CUSTOMER PORTFOLIOS	12,528	14.0	10,988	12,428
REST OF THE WORLD	56,224	4.6	53,751	53,691
Mutual funds	9,037	(1.7)	9,196	9,206
Pension funds	28,496	2.9	27,685	27,115
Customer portfolios	18,691	10.8	16,870	17,370
OTHER CUSTOMER FUNDS MANAGED	123,009	9.8	112,032	119,872

GOODWILL IN CONSOLIDATION
(MILLION EUROS)

	30-09-04	Δ%	30-09-03	30-06-04
Global and proportional integration method	4,355	66.0	2,624	4,508
• Banks in America	3,755	96.8	1,908	3,878
• Pension fund management companies in America	382	(17.8)	464	402
• Other	218	(13.2)	252	228
Companies accounted for by the equity method	1,029	(22.9)	1,335	1,064
GOODWILL IN CONSOLIDATION	5,384	36.0	3,959	5,572

Capital base

CAPITAL BASE (BIS REGULATIONS)
(MILLION EUROS)

	30-09-04	30-06-04	30-09-03
CAPITAL (TIER I)	**14,620**	**14,049**	**13,875**
Capital stock	1,662	1,662	1,566
Reserves [1]	12,527	12,567	10,295
Minority interests	4,511	4,454	5,303
• Preferred shares	3,695	3,700	3,561
• Other	816	754	1,742
Deductions	(5,463)	(5,651)	(4,454)
Net attributable profit	2,059	1,355	1,739
Dividends	(676)	(338)	(574)
OTHER ELIGIBLE CAPITAL (TIER II)	**7,237**	**7,024**	**7,270**
Subordinated debt	6,291	6,181	5,245
Revaluation reserves and other	1,631	1,600	2,849
Deductions	(685)	(757)	(824)
CAPITAL BASE	**21,857**	**21,073**	**21,145**
Minimum capital requirement	14,597	14,071	13,534
CAPITAL SURPLUS	**7,260**	**7,002**	**7,611**
MEMORANDUM ITEM:			
Risk-weighted assets	182,462	175,884	169,175
BIS RATIO (%)	**12.0**	**12.0**	**12.5**
CORE CAPITAL	**6.0**	**5.9**	**6.1**
TIER I (%)	**8.0**	**8.0**	**8.2**
TIER II (%)	**4.0**	**4.0**	**4.3**

(1) Not including revaluation reserves, since these are considered as TIER II.

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 BBVA share

THE BBVA SHARE

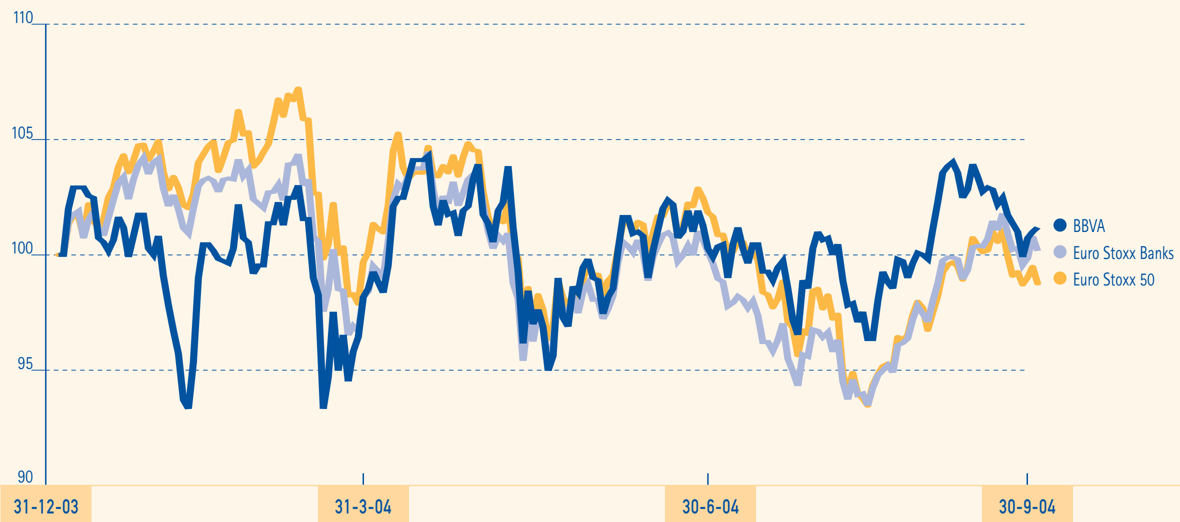
	30-09-04	30-06-04	30-09-03
Number of shareholders	1,117,771	1,132,490	1,179,013
Number of shares issued	3,390,852,043	3,390,852,043	3,195,852,043
Daily average number of shares traded	35,629,208	35,887,982	32,177,422
Daily average trading (million euros)	390.30	392.21	288.70
Maximum price (euros)	11.48	11.48	10.39
Minimum price (euros)	10.15	10.15	6.83
Closing price (euros)	11.08	10.98	8.86
Book value per share (euros)	4.62	4.53	4.11
Market capitalization (million euros)	37,571	37,232	28,315

SHARE PERFORMANCE RATIOS

	30-09-04	30-06-04	30-09-03
Price/Book value (times)	2.4	2.4	2.2
PER (Price/Earnings; times) (1)	14.1	14.2	12.7
Yield (Dividend/Price; %) (2)	3.88	3.92	4.33

(1) PER at 30-9-04 is calculated on the profit median estimated by analysts (October 2004).
(2) Dividend yield at 30-9-04 is calculated using the median of analysts' estimates (October 2004).

SHARE PRICE INDEX
(31-12-03=100)



Business areas

This section reports the activity and results of the BBVA Group broken down into business areas. The contribution of each area is then discussed separately.

The presentation of information by area is a basic tool for controlling and monitoring the different businesses. Preparation starts with the low-level business units where all the initial accounting data are kept. These units are then classified and combined in accordance with the defined structure of the areas to arrive at the composition of each one. Likewise, the Group's companies are also assigned to a business area depending on their activity. If this activity is too diverse, then the area is broken down into the corresponding units as necessary.

Once the composition of each area has been defined, the necessary management adjustments inherent in the model are applied. These adjustments include a charge for the use of equity via the allocation of economic capital commensurate with the risks incurred by each business. Capital requirements are assessed 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 relative risk in each area. This amount is used as a basis to determine the return generated on the equity of each business (ROE). Following this, other equity eligible funds issued by the Group (subordinate debt and preferred stock) are assigned together with their associated costs. There is one exception to this system of allocating equity. The Americas Area (except for Argentina and international private banking that follow the above mentioned method) continues to book equity based on a hypothetical consolidated subgroup in each country. Thus the core equity figures used correspond to the BBVA Group's interest in each case. Amounts associated with minority interests are recorded under *Other eligible funds*.

The internal transfer charges are adjusted for maturity and interest rate revision period for the different assets and liabilities that make up each unit's balance sheet. This is part of the permanent improvement process for management information by business area.

Direct and indirect expenses are assigned to areas except for those items where there is no close and defined link to the businesses in question, ie, when they are clearly of a corporate or institutional nature in the context of the overall Group.

Lastly, it should be noted that the procedure followed to balance the activities of each business (Retail, Wholesale and the Americas) does not include the elimination of intergroup transactions that affect different areas. It is considered that these are an integral part of the activity and operation of each business. Thus, intergroup eliminations arising from the consolidation process are assigned to the Corporate Activities Area. This means that certain items on its balance sheet may contain negative amounts.

In regard to the composition of the business areas it should be noted that given the continuing normalisation of the financial situation in Argentina and therefore of the financial statements of Group companies in that country, these statements are now incorporated in the Americas Area. In previous years, Argentina was reported under Corporate Activities by the equity method. The figures for previous periods in these two areas, which are presented for comparative purposes, incorporate these modifications and have been prepared using uniform criteria.

Consequently the composition of the Group's 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 includes individual customers and SMEs in the domestic market, the Finanzia/Uno-E group (e-banking business, consumer finance, distribution of cards and renting), BBVA Portugal, the private banking business, the mutual fund and pension managers and the results of the insurance business.

- **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 rooms in Spain, Europe and New York, the origination and distribution of equities and the depository and custodial services. Business and real estate projects not associated with Group interests in large companies is also included.

- **The Americas:** this area covers the activity and results of the Group's subsidiaries in Latin America and their subsidiary undertakings, including pension managers, insurance companies and international private banking. As mentioned above, the Group's companies in Argentina are also included in this area.

- **Corporate Activities:** this contains the Group's holdings in large industrial companies and in financial entities, as well as the activities and results of support units such as the Assets and Liabilities Committee (ALCO). The area also includes those items which, due to their nature, cannot be assigned to other business areas. Examples of these items are country risk provisions and the write-off of goodwill (except in the case of interests held by the business and real estate projects unit which comes under the Wholesale and Investment Banking Area).

NET ATTRIBUTABLE PROFIT BY BUSINESS AREA
(MILLION EUROS)

	9M04	Δ%	9M03
Retail Banking in Spain and Portugal	1,026	12.3	914
Wholesale and Investment Banking	377	11.5	338
America	866	60.0	541
Corporate Activities	(210)	n.m.	(54)
BBVA GROUP NET ATTRIBUTABLE PROFIT	**2,059**	**18.4**	**1,739**

ROE AND EFFICIENCY RATIO
(PERCENTAGE)

	ROE		Efficiency ratio	
	9M04	9M03	9M04	9M03
Retail Banking in Spain and Portugal	31.7	30.5	42.7	45.1
Wholesale and Investment Banking	22.6	22.3	29.0	30.1
America	25.8	21.8	42.4	44.9
BBVA GROUP	19.7	19.2	44.8	46.7

Retail Banking in Spain and Portugal

INCOME STATEMENT
(MILLION EUROS)

	Retail Banking Spain and Portugal			Memorandum item: Commercial and SME Banking		Memorandum item: Asset Management and Private Banking	
	9M04	Δ%	9M03	9M04	Δ%	9M04	Δ%
NET INTEREST INCOME	2,476	2.7	2,411	2,193	1.3	32	5.7
Net fee income	1,191	11.6	1,067	1,006	11.0	169	14.7
CORE REVENUES	3,667	5.4	3,478	3,199	4.2	201	13.2
Net trading income	39	15.7	33	36	18.6	1	96.6
ORDINARY REVENUES	3,706	5.5	3,512	3,235	4.3	202	13.4
Personnel costs	(1,058)	1.9	(1,038)	(960)	1.8	(37)	(6.3)
General expenses	(524)	(3.7)	(544)	(456)	(3.9)	(22)	(5.7)
GENERAL ADMINISTRATIVE EXPENSES	(1,582)	-	(1,582)	(1,417)	(0.1)	(59)	(6.1)
Depreciation and amortization	(78)	(10.5)	(87)	(69)	(10.6)	(3)	5.9
Other operating income and expenses	(34)	(11.3)	(39)	(32)	(13.2)	(1)	(6.9)
OPERATING PROFIT	2,012	11.5	1,804	1,718	9.5	139	24.8
Net income (loss) from companies accounted for by the equity method	(14)	n.m.	13	2	n.m.	1	(10.9)
Amortization of goodwill	-	-	-	-	-	-	-
Net income (loss) from Group transactions	27	n.m.	-	-	-	-	-
Net loan loss provisions	(420)	13.5	(370)	(362)	7.0	(4)	10.8
Net extraordinary income (loss)	12	95.9	6	17	103.0	(3)	61.6
PRE-TAX PROFIT	1,619	11.4	1,454	1,374	11.0	133	24.2
Corporate income tax	(540)	13.1	(477)	(465)	13.0	(45)	27.4
NET PROFIT	1,079	10.5	976	908	10.1	88	22.6
Minority interests	(53)	(15.1)	(62)	(42)	(20.9)	(3)	(38.6)
NET ATTRIBUTABLE PROFIT	1,026	12.3	914	866	12.2	85	27.5

BALANCE SHEETS
(MILLION EUROS)

	30-09-04	Δ%	30-09-03	30-09-04	Δ%	30-09-04	Δ%
Total net lending	103,642	19.2	86,923	96,849	19.4	871	16.8
Securities portfolio	634	19.9	529	14	59.3	177	(37.0)
Liquid assets	2,037	(11.5)	2,302	1,106	(2.3)	245	41.0
Inter-area positions	17,000	8.2	15,710	15,779	10.3	832	(26.3)
Property and equipment and intangible assets	659	0.8	654	548	1.8	10	18.2
Other assets	1,059	42.6	743	554	19.3	66	70.8
TOTAL ASSETS/LIABILITIES AND EQUITY	125,032	17.0	106,861	114,851	17.7	2,201	(7.4)
Deposits	51,563	2.6	50,252	47,779	3.0	1,235	(3.2)
Debt securities	6	-	6	-	-	-	-
Equity	7,766	10.5	7,027	6,629	14.0	369	(35.6)
• Shareholders' funds	4,498	11.3	4,043	3,823	14.0	217	(36.3)
• Other eligible funds	3,268	9.5	2,984	2,806	14.0	152	(34.7)
Liquid liabilities	4,095	22.0	3,358	31	(66.4)	1	(81.2)
Inter-area positions	56,629	34.7	42,047	56,101	34.7	347	8.6
Other liabilities	4,972	19.2	4,172	4,311	17.4	249	23.2
OTHER CUSTOMER FUNDS MANAGED							
• Mutual funds	41,363	16.7	35,449	35,986	15.1	4,846	28.4
• Pension funds	12,858	10.1	11,678	6,283	14.2	6,354	6.3
• Customer portfolios	8,271	17.8	7,023	1,026	42.3	7,245	15.0

SIGNIFICANT RATIOS
(PERCENTAGE)

	30-09-04	30-09-03	30-09-04	30-09-04
ROE	31.7	30.5	31.8	47.8
Efficiency ratio	42.7	45.1	43.8	29.2
NPL ratio (Nonperforming assets/Total risks)	0.62	0.90	0.59	0.03
Coverage ratio	369.4	254.8	384.1	n.m.

Retail Banking in Spain and Portugal includes business with customers who are individuals, retailers or small and medium enterprises plus the management of investment and pensions funds, and insurance products. It also includes the special financial services unit (Finanzia and Uno-e) and it conducts the e-banking business, consumer finance, the distribution of cards and renting.

In the third quarter this area consolidated the upward trend in results. Operating profit for the first nine months of 2004 rose to 2,012 million euros, an increase of 11.5% over the same period in 2003 (11.0% in the first half and 8.1% in the first quarter). This was due to greater activity in lending and customer funds, to the action taken to defend customer spreads, to the positive trend in net fee income and to the zero increase in expenses. The performance in operating profit carried over to attributable net income which grew 12.3% to 1,026 million euros. This brought the ROE to 31.7% compared to 30.5% for the first nine months of 2003.

At 30-Sep-04 total lending was nearly 104 billion euros and year-on-year growth accelerated to 19.2% (18.0% at 30-Jun-04). Lending to individuals performed well especially in residential mortgages, increasing by 24.4% (23.3% in June). This also applies to consumer loans (up 14.5%) and SMEs and small businesses lending (which surged 20.0%).

Total customer funds managed by the area (deposits, mutual funds and pension funds) also grew faster – 9.2% year-on-year (8.9% in June). During the first nine months of 2004 they increased by 6,105 million euros (3,865 million euros in the same period last year). There was considerable activity in the sale of mutual funds. This was general in nature and not focused on a particular product or type. It was the result of the innovative products and personalised customer service. Mutual funds grew 15.0% year-on-year compared to 10.4% for the banking system as a whole. Thus BBVA Gestión is the fund manager with the greatest gain in market share (an increase of 56 basis points since December 2003 and 77 basis points in the last 12 months) bringing market share at 30-Sep-04 to 19.09%. Stable funds (mainly time deposits, mutual funds and pension funds) increased 10.5% compared to 30-Sep-03 while transactional deposits grew 7.9%.

The high levels of business activity and monitored pricing of assets and liabilities led to a year-on-year increase in net interest income of 2.7% in the year to date. Net fee income grew 11.6%, confirming the significant and growing recovery observed since the beginning of the year. This applied to mutual and pension funds as well as other fee income (12.3% and 11.1%, respectively). Thus in the first nine months of the year core revenues and ordinary revenues grew 5.4% and 5.5%, respectively.

The area recorded a new improvement of 2.4 points in the cost/income ratio which fell to 42.7%. This demonstrates the positive performance of revenues together with stable costs. Furthermore, the percentage of costs covered by fee income (the recurrency ratio) increased 7.8 percentage points to 75.3%.

Up to September, 420 million euros have been booked to loan-loss provisions. This is 13.5% more than the same period last year and it took the form of generic provisions based on the sharp increase in business activity and increases in statistical reserves. The non-performing loan ratio continued to improve, to 0.62% at 30-Sep-04 (0.90% a year earlier), and it remains below average for the banking sector. Coverage increased to 369.4%, compared to 254.8% at 30-Sep-03, following the 17.8% decline in non-performing assets and the 19.2% increase in reserves. As a result attributable net income now stands at 1,026 million euros as mentioned above.

The results in Commercial and SME Banking, which together represent more than 84% of Retail Banking in Spain and Portugal exhibited the same trends: strong revenues and fee income, and a new improvement in the cost/income ratio. Operating profit grew 9.5% and attributable net income grew 12.2% to 866 million euros.

With regards to the individuals segment, residential mortgage loans grew strongly. In the third quarter some 3.2 billion euros in new mortgages was concluded. Cumulative turnover for the year came to nearly 10 billion euros, increasing 44.2% compared to the same period last year. Including developers, the total volume of mortgages signed came to 16.4 billion euros. This was 44.8% higher than the first nine months of 2003. In addition, the *Mutua Solred BBVA* card for customers of the Mutua Madrileña insurance company was launched in the third quarter following an agreement between this insurer and the Repsol Group.

As part of the Commercial Financial Services Plan, the sales force that specialises in SMEs and small businesses was extended, now covering a total of 1,640 branches. At 30-Sep-04 lending activity was growing at more than 20% (22% in leasing and more than 35% in renting, factoring and confirming). During the quarter a multirisk policy was launched for SMEs and small businesses and a life policy for business owners. Furthermore a new vendor agreement was signed with Ausa that extends renting of construction equipment to SMEs. Another agreement was signed with Michelin providing preferential financial conditions to customers of its finance network.

With regard to mutual funds BBVA Gestión has exceeded its target market share. The positive figures mentioned above reflect the success of the seven *Planes Renta* where total sales climbed to 1,730 million euros in the year-to-date. The BBVA *Triple Óptimo* I and II funds booked 900 million euros, the BBVA *4-100 Ibex* I and II funds nearly 300 million euros and the BBVA *Vencimiento 2009* fund nearly 400 million euros. It should also be noted that BBVA Gestión continues to be the leader in terms of fee income with 1.351% at 30-Sep-04. This is 10 basis points higher than the weighted average of the top 12 managers (which handle 80% of assets in this sector). Moreover BBVA Propiedad (a real-estate investment fund) achieved assets of 988 million euros, 95.8% more than at 30-Sep-03, and a return of 6.9%. This is 60 basis points above the banking system average in this category.

Total assets in the pension funds managed by the Group in Spain rose to 12.64 billion euros – with year-on-year growth of 10.2% (14.2% in individual plans and 6.0% in plans for employees and associates). According to the latest data (June 2004), BBVA continues to lead in this sector with an overall 19.9% market share. In individual pension plans the market share is 17.2% and the average fee income has increased 6 basis points since the beginning of the year thanks to the *Planes Protección*. In the case of plans for employees and associates, market share continues to rise and now stands at 23.5%. It should be remembered that in July BBVA won a tender for management and custody of the central government employee pension scheme in competition with the main Spanish financial institutions. This plan has an initial value of 55 million euros and some 530,000 participants. It increases the number of beneficiaries of employee pension plans by 75% (at 31-Dec-03 there were some 700,000). Thus the pension unit is now servicing more than 1,300,000 participants and beneficiaries.

At 30-Sep-04 the private banking unit was managing 12.77 billion euros. This is an increase of 6.4% over the end of 2003. Of this amount, 6.84 billion euros are managed by BBVA *Patrimonios* which has received net contributions of 644 million euros in 2004 – this is 10.5% higher than the amount of stable funds under management at 31-Dec-03. Apart from the funds transferred to BBVA *Patrimonios*, the personal banking unit directly manages 5.93 billion euros. Its campaigns attracted 335 million euros up to September, 5.2% more than the stable funds at 31-Dec-03.

The increased activity carried over to the income statement of the asset management and private banking unit. Year-on-year it increased attributable net income by 27.5% to 85 million euros – boosted by net fee income (up 14.7%) and cost cutting (costs were down 6.1%). Total assets under management by the unit exceeded 64 billion euros, growing 14.1% year-on-year.

In the insurance business, BBVA Seguros had net income before tax of 153 million euros. This was 9% higher than a year earlier. It maintained its leadership in *bancassurance* with regard to life policies. There were a number of marketing initiatives in the third quarter. They included the single premium policy financed through a mortgage which improved the percentage of life insurance policies sold in connection with mortgage operations to more than 65%. The *Keyman* product range, aimed at businesses, sold more than 8,000 life insurance policies in the quarter. In addition the campaign to bundle life and home insurance succeeded in increasing year-on-year activity by more than 25%.

The Special Financial Services unit increased lending to 2,973 million euros at 30-Sep-04 after generating 447 million euros in new finance in the quarter. This was an increase of 17.6% year-on-year and brought cumulative turnover to 1,685 million euros. The increase extended to all products. Vehicle finance rose 40%, equipment 20% and equipment renting 26%. In vehicle renting, purchases climbed 125% to 8,885 units. Funds managed by this unit rose to 955 million euros due to growth in off-balance sheet funds and the launch of *Doble Tipo*, a 6-month deposit that gathered more than 40 million euros in the third quarter. Uno-e obtained operating profit of 12 million euros in the quarter (compared to a 7-million euro deficit in the first nine months of 2003). Pre-tax profit came to 8 million euros (compared to a 10-million euro loss in 2003).

BBVA Portugal, with a year-on-year increase of 43% in mortgage loans and 20.5% in mutual funds, again increased its market share by 22 basis points in total lending and by 27 basis points in mutual funds over the last 12 months. Operating profit grew by 22.9% thanks to net interest income (up by 3.4%), net fee income (up by 9.1%) and cost control (a 3.4% increase). The attributable net income is 5 million euros.

Wholesale and Investment Banking

INCOME STATEMENT
(MILLION EUROS)

	Wholesale and Investment Banking			Memorandum item: Wholesale Banking		Memorandum item: Markets	
	9M04	Δ%	9M03	9M04	Δ%	9M04	Δ%
NET INTEREST INCOME	583	12.3	519	375	(1.0)	138	40.8
Net fee income	162	18.7	136	121	17.0	44	22.2
CORE REVENUES	744	13.6	655	496	2.8	182	35.8
Net trading income	22	(74.7)	88	28	76.1	9	(84.9)
ORDINARY REVENUES	767	3.1	744	524	5.2	190	(0.2)
Personnel costs	(149)	1.7	(147)	(85)	(2.7)	(56)	9.6
General expenses	(73)	(5.3)	(77)	(36)	0.3	(34)	(10.3)
GENERAL ADMINISTRATIVE EXPENSES	(222)	(0.7)	(224)	(120)	(1.8)	(90)	1.2
Depreciation and amortization	(5)	(44.1)	(9)	(3)	(11.9)	(1)	(69.3)
Other operating income and expenses	(3)	(13.0)	(4)	(3)	(3.0)	(1)	16.4
OPERATING PROFIT	537	5.7	507	398	7.8	98	1.9
Net income (loss) from companies accounted for by the equity method	22	(37.4)	35	(9)	n.m.	–	–
Amortization of goodwill	(2)	(3.2)	(2)	–	–	–	–
Net income (loss) from Group transactions	81	156.2	32	–	–	–	–
Net loan loss provisions	(150)	58.3	(95)	(132)	53.6	(15)	n.m.
Net extraordinary income (loss)	7	n.m.	(2)	11	n.m.	(4)	(83.3)
PRE-TAX PROFIT	495	4.0	476	267	(6.5)	80	9.7
Corporate income tax	(93)	(12.0)	(106)	(81)	(4.0)	(2)	(86.7)
NET PROFIT	401	8.6	369	186	(7.5)	78	28.5
Minority interests	(25)	(21.7)	(32)	(17)	(26.3)	(5)	(2.2)
NET ATTRIBUTABLE PROFIT	377	11.5	338	170	(5.2)	73	31.3

BALANCE SHEETS
(MILLION EUROS)

	30-09-04	Δ%	30-09-03	30-09-04	Δ%	30-09-04	Δ%
Total net lending	41,025	2.2	40,161	38,668	5.1	2,231	(30.2)
Securities portfolio	30,135	8.0	27,916	3,334	(10.9)	25,482	9.7
Liquid assets	52,748	27.0	41,518	6,661	(44.6)	45,979	57.0
Inter-area positions	45,191	5.5	42,842	–	–	45,088	5.3
Property and equipment and intangible assets	44	(4.2)	46	39	(2.5)	5	(19.3)
Other assets	7,308	9.3	6,689	537	6.9	6,704	9.5
TOTAL ASSETS/LIABILITIES AND EQUITY	176,453	10.9	159,172	49,240	(7.3)	125,489	19.9
Deposits	53,783	11.8	48,122	17,907	(7.4)	35,875	24.9
Debt securities	5,153	(15.9)	6,129	5,153	(15.9)	–	–
Equity	3,937	9.4	3,599	2,338	4.3	834	28.0
• Shareholders' funds	2,304	9.2	2,109	1,248	4.2	496	27.9
• Other eligible funds	1,633	9.6	1,489	1,090	4.4	337	28.0
Liquid liabilities	79,933	14.3	69,913	8,170	(4.4)	71,442	16.4
Inter-area positions	24,634	5.8	23,274	14,131	(8.8)	10,075	38.4
Other liabilities	9,012	10.8	8,135	1,541	13.6	7,264	9.8
OTHER CUSTOMER FUNDS MANAGED							
• Mutual funds	742	(4.5)	777	727	(6.5)	16	n.m.
• Pension funds	2	2.2	2	2	2.2	–	–
• Customer portfolios	4,257	7.4	3,965	4,257	7.4	–	–

SIGNIFICANT RATIOS
(PERCENTAGE)

	30-09-04	30-09-03	30-09-04	30-09-04
ROE	22.6	22.3	18.8	21.2
Efficiency ratio	29.0	30.1	23.0	47.4
NPL ratio (Nonperforming assets/Total risks)	0.28	0.67	0.30	–
Coverage ratio	469.7	177.6	435.8	–

Wholesale and Investment Banking comprises the domestic and international global corporate banking units, institutional banking, and the global markets and distribution unit that includes the trading rooms in Europe and in New York, equities and bond distribution and the depository and custodial services. It also includes the business and real estate projects unit, and global transaction services.

Lending handled by this area rose to 41,025 million euros with a year-on-year increase of 2.2%. In terms of average balances the increase was 3.7% compared to 3.2% at the end of June. Institutional Banking was the unit that grew most (9.7%). Asset quality also continues to improve as shown by the non-performing loan ratio of 0.28% which compares favourably with 0.67% at 30-Sep-03, while coverage climbed to 469.7% from the figure of 177.6% a year earlier. Deposits and off-balance sheet funds in this area increased 10.2% over the amount at 30-Sep-03 (7.9% on average balances). Both figures were higher than the 3.4% and 4.8%, respectively, recorded at the end of June.

In the first nine months of the year net interest income increased 12.3% over the same period in 2003 while net fee income grew 18.7%. This brought the increase in core revenues to 13.6%. However, lower net trading income (mainly in the Global Markets unit although partly compensated by higher dividends) meant that ordinary revenues increased by only 3.1% to 767 million euros. This increase, together with the 0.7% decline in general expenses, resulted in a 1.1 point improvement in the cost/income ratio to 29.0% compared to 30.1% for the first nine months of 2003. Operating profit rose to 537 million euros, a year-on-year increase of 5.7%.

Items below the operating profit line on the income statement include income from group transactions related to Business and Real Estate Projects (which was higher than a year earlier). They also include a 58.3% increase in loan-loss provisions that was mainly due to transfers to general provisions and statistical reserves by the global corporate banking unit. Thus attributable net income for this area came to 377 million euros which was 11.5% higher than the first nine months of 2003. ROE was 22.6%, also comparing favourably with the figure of 22.3% a year earlier.

Wholesale Banking, which includes Global Corporate Banking and Institutional Banking, achieved an operating profit of 398 million euros in the year to September. This was 7.8% higher than the same period in 2003 (4.0% higher in the first half). Revenues grew faster, especially fee income, and cost reductions were deeper. After the loan-loss provisions mentioned above, attributable net income came to 170 million euros.

The strategy at Global Corporate Banking continues to focus on moderate growth in lending, on action to defend customer spreads and on the achievements in fee income (which grew 15.8%). Operating profit for the first nine months came to 271 million euros, up 4.1% over the same period a year ago, and attributable net income came to 91 million euros.

Lending operations led by BBVA in the third quarter included joint underwriting of finance for the take-over of Fomento de Construcciones y Contratas S.A. (controlled by Veolia Environment) by Dominum Dirección y Gestión S.A., finance for the Real Ocaña-La Roda tollway with a total value of 522 million euros and a four-year, $600m syndicated loan for Codelco.

Mandates in the area of fixed-income securities included an issue of 200 million euros of subordinate debt by Eroski, a ten-year 1 billion euro issue by Repsol International Finance SA and underwriting of a four-year 500 million euro issue by KBC IFIMA NV. Attention is drawn to a two-year 150 million euro issue by Paccar Financial Europe BV. This was the first time the financial arm of this US truck manufacturer tapped the euro market.

In the first nine months of the year Institutional Banking generated attributable net income of 78 million euros – 21.3% higher than the same period in 2003. Increases in lending activities and funds under management (with year-on-year growth of more than 8% on average balances), together with action to defend spreads, higher fee income and cost control, brought the cost/income ratio to 19.3%. This was a 4.4 point improvement over the first nine months of 2003 and operating profit grew 16.5%.

In the third quarter Institutional Banking won a competitive tender to manage the current accounts of the

Spanish State Council and of the Spanish National Transplant Centre. Furthermore a co-operation agreement was signed with AECEMCO – an organisation that co-ordinates and represents special employment centres and promotes integration of the handicapped. This will help BBVA in its commitment to corporate social responsibility.

In addition, the Institutional Banking unit and the European Investment Bank signed a new general loan agreement for 200 million euros. This will be used to finance investments by regional governments – in line with the goals of the European Union.

In the first nine months the Global Markets and Distribution unit achieved attributable net income of 73 million euros, an increase of 31.3%. Operating profit was 98 million euros, which was slightly higher than the first nine months of 2003, although trading income was lower.

The third quarter saw continued sales of dynamically-managed products linked to international hedge funds. Furthermore BBVA was appointed as the co-ordinator of the Cintra IPO. This company is a subsidiary of the Ferrovial group. BBVA is also the underwriter for a share issue by Arcelor (the steel producer). In the OTC market, BBVA continued to be the leader with a cumulative market share of 11.35% at 30-Sep-04, according to stock-exchange figures.

In regard to the Transactional Services unit, attention is drawn to the Dealogic league tables for trade finance in the first half of 2004. BBVA is in first place world-wide based by number of mandates and fourth by amount insured (second in Latin America). For the third year running Global Finance ranked BBVA as the Best Trade Finance Bank in Spain.

In factoring and confirming, BBVA consolidated its leadership with a market share of 35.5% according to figures for end of June published recently by the Spanish Factoring Association. Year-on-year growth was 22.3% for the nine months to September.

Electronic banking in Spain is used by nearly 64,000 companies and institutions. In the first nine months of 2004 activity grew 9.8% by number of transactions and 35.7% by volumes. Moreover, BBVA was recognised by Global Finance as the best Internet bank in Spain for companies and institutions.

In the first nine months of the year the Business and Real Estate Projects unit achieved attributable net income of 165 million euros, a year-on-year increase of 60.8%. This was generated by improvements in dividends from associate companies, in net trading income and in group operations. In the third quarter the bank sold its 17.1% stake in Vidrala with capital gains of 19 million euros.

This unit is currently handling a portfolio of 113 investments with a book value of 927 million euros. There are latent capital gains of 801 million euros. By sector, 43.2% of the book value is in the real estate sector and 27.4% in market services.

In the third quarter, BBVA's real estate developer, Anida, continued with the rotation and value adding generation of its portfolio of projects. Turnover reached 68 million euros and it has invested in various property projects entailing 300,000 m2 of construction in Madrid, Cáceres and Zaragoza.

Furthermore, the Yucatan Project was launched in July. The aim is to invest in new real estate projects and in partnerships with developers, through a local office and the creation of Mexican subsidiaries of Anida.

America

INCOME STATEMENT
(MILLION EUROS))

	9M04	Δ%	Δ% at constant exchange rates	9M03
NET INTEREST INCOME	2,268	5.4	20.9	2,152
Net fee income	1,284	(1.5)	10.6	1,303
CORE REVENUES	3,552	2.8	16.9	3,455
Net trading income	80	(59.5)	(55.1)	197
ORDINARY REVENUES	3,632	(0.5)	13.0	3,652
Personnel costs	(857)	(7.1)	5.1	(923)
General expenses	(684)	(4.5)	8.4	(717)
GENERAL ADMINISTRATIVE EXPENSES	(1,541)	(6.0)	6.5	(1,640)
Depreciation and amortization	(153)	(14.6)	(4.9)	(179)
Other operating income and expenses	(106)	(5.2)	9.6	(112)
OPERATING PROFIT	1,831	6.4	21.3	1,721
Net income (loss) from companies accounted for by the equity method	42	0.4	13.1	41
Amortization of goodwill	-	-	-	-
Net income (loss) from Group transactions	1	(94.2)	(94.5)	13
Net loan loss provisions	(214)	(42.6)	(33.5)	(373)
Net extraordinary income (loss)	(212)	19.2	35.7	(178)
PRE-TAX PROFIT	1,447	18.2	33.7	1,225
Corporate income tax	(413)	19.3	35.1	(346)
NET PROFIT	1,035	17.7	33.2	879
Minority interests	(169)	(50.1)	(42.9)	(338)
NET ATTRIBUTABLE PROFIT	866	60.0	79.9	541

BALANCE SHEETS
(MILLION EUROS)

	30-09-04	Δ%	Δ% at constant exchange rates	30-09-03
Total net lending	27,632	4.7	11.9	26,387
Securities portfolio	20,706	(19.7)	(12.5)	25,795
Liquid assets	17,425	(14.4)	(6.9)	20,366
Inter-area positions	422	2.3	4.6	413
Property and equipment and intangible assets	1,830	(14.5)	(8.2)	2,141
Other assets	4,524	(33.7)	(28.0)	6,823
TOTAL ASSETS/LIABILITIES AND EQUITY	72,540	(11.5)	(4.2)	81,924
Deposits	49,564	0.6	8.7	49,245
Debt securities	1,972	33.5	41.8	1,478
Equity	5,331	6.3	13.6	5,015
• Shareholders' funds	4,642	43.2	52.5	3,242
• Other eligible funds	688	(61.2)	(58.2)	1,772
Liquid liabilities	9,031	(41.8)	(36.8)	15,528
Inter-area positions	742	16.4	18.9	637
Other liabilities	5,900	(41.1)	(35.7)	10,022
OTHER CUSTOMER FUNDS MANAGED				
• Mutual funds	8,545	(2.8)	3.3	8,787
• Pension funds	28,280	2.9	5.5	27,480
• Customer portfolios	18,691	9.2	13.6	17,123

SIGNIFICANT RATIOS
(PERCENTAGE)

	30-09-04	30-09-03
ROE	25.8	21.8
Efficiency ratio	42.4	44.9
NPL ratio (Nonperforming assets/Total risks)	3.66	4.76
Coverage ratio	151.5	151.3

This business area comprises the ten banking companies that the BBVA Group manages on the American continent, plus its insurance companies in seven countries and pension fund managers in ten. The area also includes the Group's international private banking business in Andorra, Miami and Switzerland.

The year 2004 is proving positive and economic growth in the region will be around 5% – the highest figure in the last six years. The situation is boosting banking activity. However, interest rates vary widely across the continent. They are significantly higher in some countries and at a minimum level or in decline in others. This has a positive impact on net interest income in countries such as Mexico and a negative impact due to the price effect in countries such as Venezuela and Chile. With regard to exchange rates, it should be noted that although the overall effect of variations in local currencies against the dollar, and of the dollar against the euro, is negative, the result is less pronounced than last year.

The overall situation has been highly favourable for the area's results. Thus in the first nine months of the year attributable net income rose to 866 million euros, a year-on-year surge of 60% in current euros and practically 80% at constant exchange rates. Even net income before minority interests (which eliminates the effect of the Bancomer take-over at the beginning of the year) grew by 33.2% at constant exchange rates. Unless otherwise indicated, all variations below are calculated at constant exchange rates. Furthermore year-on-year growth has improved progressively for all revenue figures on the income statement – whether at current or constant exchange rates.

Net interest income grew 20.9% (15.5% in the first half) and as mentioned above, this is the result of the uneven price effect depending on the country in question and it is also the result of greater business activity. Recovery of lending activity, which had been established as one of the main goals for the year, is growing faster month-by-month. Lending handled by all the Group's banks in the region (excluding the old Bancomer mortgage portfolio and non-performing assets) increased by 22.7% on final balances at the end of September (the figure being 17.0% on average balances) – compared to 15.8% and 12.5%, respectively, at 30-Jun-04. This increase was particularly strong in credit cards, consumer loans and mortgages. With regard to customer funds (traditional fund gathering, repos placed through the branch network and mutual funds) year-on-year growth of 11.4% was maintained in September. In the case of deposits, growth was 13.2% and it was more than 20% in current and savings accounts. This indicates a significant structural improvement.

Fee income grew by 10.6% but net trading income declined by 55.1% to 80 million euros due to the negative effect of interest rate hikes – especially in Mexico.

Operating expenses, including amortisation, grew 5.4% and in most countries this was lower than the inflation rate. As a result, operating profit increased 21.3%, which was a clear improvement compared to 11.2% in the first half. For the first time in recent years, the increase is greater than the impact of currency depreciation. Thus in current euros terms, the growth rate of 6.4% was positive. Furthermore the fastest-growing part of operating profit consists of recurrent earnings. Excluding net trading income, these earnings are growing at more than 30%. The cost/income ratio (personnel and general expenses over ordinary revenues) stands at 42.4%, which is 0.8 points lower than the first half and 2.5 points lower than the first nine months of 2003. The recurrency ratio, which measures the percentage of general expenses covered by fee income, was 83.3%. This is 0.9 points more than in June and 3.9 points more than last year.

The strong performance of items above the operating profit line on the income statement is complemented by an improvement below the line. The provisions made in past years allow for a reduction in 2004 and this year is also favoured by a clear improvement in non-performing loans. These declined from 4.76% a year earlier to 3.66%. Thus the aggregate of provisions and extraordinary items fell 10.3% and pre-tax profit therefore rose 33.7%. After deducting taxes and minority interests this results in the figures for attributable net profit given above. ROE was 25.8% (21.8% in the first nine months of 2003).

In the third quarter the Mexican economy confirmed the signs of recovery detected in previous quarters and forecast growth for 2004 was revised upwards. In

INCOME STATEMENT
(MILLION EUROS)

Memorandum item:	Mexico			Banking in America		
	9M04	Δ%	Δ% at constant exchange rates	9M04	Δ%	Δ% at constant exchange rates
NET INTEREST INCOME	1,458	5.6	23.1	765	5.6	18.5
Net fee income	779	(7.6)	7.7	235	11.9	22.2
CORE REVENUES	2,238	0.6	17.3	1,000	7.0	19.4
Net trading income	–	n.m.	n.m.	53	(42.6)	(36.6)
ORDINARY REVENUES	2,238	(2.6)	13.6	1,053	2.6	14.3
Personnel costs	(497)	(8.6)	6.6	(268)	(6.7)	3.6
General expenses	(380)	(8.7)	6.5	(244)	0.3	11.8
GENERAL ADMINISTRATIVE EXPENSES	(877)	(8.6)	6.5	(512)	(3.5)	7.3
Depreciation and amortization	(83)	(17.8)	(4.2)	(54)	(16.3)	(11.2)
Other operating income and expenses	(81)	(11.7)	2.9	(26)	26.8	40.5
OPERATING PROFIT	1,197	4.5	21.9	461	12.2	26.4
Net income (loss) from companies accounted for by the equity method	17	(24.6)	(12.1)	1	8.9	11.4
Amortization of goodwill	–	–	–	–	–	–
Net income (loss) from Group transactions	–	–	–	–	–	–
Net loan loss provisions	(197)	(43.1)	(33.6)	(15)	(41.0)	(36.9)
Net extraordinary income (loss)	(124)	33.3	55.4	(64)	(14.2)	(3.4)
PRE-TAX PROFIT	893	22.6	42.9	384	22.6	38.8
Corporate income tax	(276)	23.4	43.8	(106)	9.7	19.3
NET PROFIT	617	22.2	42.5	277	28.5	48.1
Minority interests	(37)	(82.3)	(79.3)	(91)	9.4	29.2
NET ATTRIBUTABLE PROFIT	580	94.8	127.1	186	40.4	59.5

BALANCE SHEETS
(MILLION EUROS)

	30-09-04	Δ%	Δ% at constant exchange rates	30-09-04	Δ%	Δ% at constant exchange rates
Total net lending	13,135	2.1	12.4	12,959	8.9	13.8
Securities portfolio	15,336	(24.8)	(17.3)	4,892	3.9	10.3
Liquid assets	10,405	(19.3)	(11.2)	3,869	0.8	15.0
Inter-area positions	132	29.0	41.9	29	37.3	68.3
Property and equipment and intangible assets	1,131	(12.0)	(3.1)	571	(21.6)	(18.2)
Other assets	2,997	(40.4)	(34.4)	1,342	(8.8)	(3.7)
TOTAL ASSETS/LIABILITIES AND EQUITY	43,136	(17.9)	(9.7)	23,662	4.4	11.1
Deposits	30,045	0.4	10.5	15,951	4.3	11.1
Debt securities	579	(30.9)	(24.0)	1,395	118.2	121.8
Equity	2,961	17.0	28.7	1,729	16.8	24.6
• Shareholders' funds	2,951	105.4	126.0	1,357	18.4	25.8
• Other eligible funds	9	(99.1)	(99.1)	372	11.4	20.5
Liquid liabilities	5,691	(51.8)	(46.9)	2,705	(5.4)	0.7
Inter-area positions	132	(1.3)	8.6	21	16.8	46.3
Other liabilities	3,728	(49.3)	(44.2)	1,862	(22.1)	(16.0)
OTHER CUSTOMER FUNDS MANAGED						
• Mutual funds	5,214	(4.2)	5.4	1,064	3.6	5.5
• Pension funds	6,661	3.7	14.1	–	–	–
• Customer portfolios	8,445	31.3	44.5	85	(79.3)	(73.8)

SIGNIFICANT RATIOS
(PERCENTAGE)

	30-09-04	30-09-04
ROE	28.0	19.2
Efficiency ratio	39.2	48.6
NPL ratio (Nonperforming assets/Total risks)	2.94	4.86
Coverage ratio	266.0	77.1

addition, the volatility of long-term interest rates was lower while short-term rates rose steadily and slowly. These factors indicate that economic activity in the country is clearly on the upturn and this is being translated into an expansion in lending without precedent in recent years.

In such a favourable environment, BBVA Bancomer maintained its high rate of growth in activity and results. It continues to position itself as the leading financial entity in Mexico. Cumulative net profit of the Group's Mexican subsidiaries in the first nine months of the year was 617 million euros, an increase of 42.5% compared to the same period in 2003 (22.2% in current euros). Moreover the Group's larger holding in BBVA Bancomer – 99.7% following the take-over in the first quarter of this year – helped attributable net profit to rise to 580 million euros, 127% more than the previous year (94.8% more at current exchange rates). Of this amount, 485 million euros are contributed by the banking business, 61 million by the pension fund manager and 34 million by the insurance companies.

Lending activity continues to grow vigorously. This is demonstrated by the performance of manageable lending (which excludes the old mortgage portfolio and NPLs). It grew faster year-on-year: 28.0% (24.6% on average balances) compared to 22.1% in June and 17.5% in March. This acceleration is across the board and affects all the main business lines. Consumer credit and credit cards are growing 52.5% year-on-year, loans to small and medium-sized enterprises increased by more than 50% while mortgage loans (excluding the old mortgage portfolio) are growing at 24.0%.

Total customer funds managed by BBVA Bancomer (traditional fund gathering, repos placed through the branch network and mutual funds) increased 12.6% compared to September 2003 despite year-on-year stability of repos and the negative effect of markets on the assets of mutual funds. The situation with deposits is much more positive with year-on-year growth of 15.8%. The best performers continue to be current and savings accounts in pesos and these grew around 17%. The growth in term deposits was somewhat lower (10.4%) compared to September last year. It can be seen that low cost liabilities continue to gain ground against other deposits and this helps to create a less onerous financial structure. The higher growth in business activity, the increase in short-term interest rates and an increasingly profitable balance sheet structure meant that net interest income rose to 1,458 million euros, which was 23.1% higher than the first nine months of 2003.

Net fee income came to 779 million euros, 7.7% more than the same period in 2003. The best performance continues to be provided by activities associated with transactional business (cards, account administration, cheques and payment orders). The high volatility of long-term interest rates, especially in the second quarter, had a very negative effect on markets in the entire Mexican financial sector. Because of this, BBVA Bancomer's trading income shows a substantial decline compared to last year's figures.

General expenses continued to be largely contained despite higher activity during the year. This, together with the sharp rise in revenues, meant that the cost/income ratio continued to improve and now stands at 39.2% (2.6 percentage points lower than the same period last year). Furthermore 88.8% of general expenses is now covered by net fee income, compared to 87.8% in the same period of 2003.

Operating profit rose to 1,197 million euros, a year-on-year increase of 21.9%. This is double the figure of 10.9% recorded at the end of the half year and is even positive (4.5%) in current euro terms.

The better economic climate in Mexico, together with appropriate risk management policies, meant that BBVA Bancomer continued to improve the non-performing loan ratio. At the end of September this stands at 2.94% (3.72% at 30-Sep-03) and coverage is 266.0%. This improvement in asset quality led to lower loan-loss provisioning requirements during the year.

The most relevant aspects of the other countries in the region for the first nine months of 2004 are summarised below:

In the year to September Banco Provincial de Venezuela obtained attributable net income of 64 million euros. This was an increase of 22.8% at constant exchange rates. This positive development was largely due to the 44.3% increase in net fee income, the higher returns from trading income and the positive effect of provisions and extraordinary items (mainly due to loan recoveries). These factors compensated for the decline in net interest income. Despite the sharp growth in business activity, interest income was affected by the significant decline in interest rates over the last twelve months.

In Chile, performance was also positive during the year. In the first nine months attributable net income grew 10.3% to 22 million euros. The sustained and important increase in activity helped the bank to compensate for the effect of an adverse interest-rate environment and to achieve a substantial increase in net fee income (17.6%). The strong performance of items above the operating profit line on the income statement is complemented by lower provisioning needs. AFP Provida generated attributable net income of 8 million euros despite an extraordinary charge to cover insurance costs that were higher than expected. These costs were associated with expired policies pending payment that were regularised ahead of time as a precaution. Aside from these factors, higher business activity and net fee income (up 22.3%) managed to offset lower contributions from regulatory ratios that were affected by market conditions.

Banco Continental de Peru achieved attributable net income of 19 million euros (up 41.0%) with positive performance in all items on the income statement. Revenues – net interest income plus fee income – grew 8.5%, expenses were flat and provisioning requirements were lower due to improvements in the quality of the portfolio. AFP Horizonte obtained attributable net income of 8 million euros.

In Argentina the positive performance of the manageable part of the Banco Francés income statement led to attributable net income of 18 million euros in the first nine months of the year. Strict control of the cost of liabilities and higher returns on assets pegged to inflation, together with much higher transactional business, led to a notable increase in net interest income and net fee income. These items were also helped by the gradual recovery in brokerage business and the growth in lending. The effect was aided by effective cost control and positive contributions in the form of loan recoveries. In the pensions and insurance area, the Consolidar Group generated attributable net income of 13 million euros.

The performance of BBVA Colombia in 2004 has confirmed the radical turnaround in recent years. It achieved the highest net attributable profit in its history: 25 million euros, compared to 4 million euros for the same period of 2003. The key to this change can be found in the surge in activity, which favoured all sources of revenue. Special attention is drawn to net interest income which grew 22.0% year-on-year and to the moderate advance in expenses. The Group's other companies in Colombia, AFP Horizonte and the insurance companies, contributed 8 million euros in attributable net income.

BBVA Puerto Rico probably faces the most challenging economic environment of any group company in Latin America. A slight rise in business activity has been accompanied by lower interest rates and higher provisioning associated with certain isolated operations. As a result, attributable net income came to 25 million euros – similar to 2003.

In other countries the Group obtained the following attributable net income for the first nine months of the year: 14 million euros in Panama (up 11.5%) and 6 million euros in Paraguay (up 12.6%). Uruguay reduced its loses to 6 million euros (14 million euros in 2003).

Lastly, international private banking continued to develop slowly but surely. It generated an attributable net income of 54 million euros.

Corporate Activities

INCOME STATEMENT
(MILLION EUROS)

	9M04	∆%	9M03
NET INTEREST INCOME	(66)	11.3	(59)
Net fee income	(114)	95.6	(58)
CORE REVENUES	(180)	53.0	(118)
Net trading income	229	23.7	185
ORDINARY REVENUES	49	(27.4)	67
Personnel costs	(295)	(8.0)	(320)
General expenses	(13)	n.m.	41
GENERAL ADMINISTRATIVE EXPENSES	(307)	10.0	(279)
Depreciation and amortization	(105)	(6.9)	(113)
Other operating income and expenses	-	n.m.	(22)
OPERATING PROFIT	(364)	4.8	(347)
Net income (loss) from companies accounted for by the equity method	259	32.3	196
Amortization of goodwill	(495)	15.3	(429)
Net income (loss) from Group transactions	249	(28.7)	349
Net loan loss provisions	70	n.m.	(216)
Net extraordinary income (loss)	(47)	n.m.	270
PRE-TAX PROFIT	(328)	85.2	(177)
Corporate income tax	164	(17.9)	199
NET PROFIT	(164)	n.m.	22
Minority interests	(45)	(40.5)	(76)
NET ATTRIBUTABLE PROFIT	(210)	n.m.	(54)

BALANCE SHEETS
(MILLION EUROS)

	30-09-04	∆%	30-09-03
Total net lending	(1,865)	(28.5)	(2,607)
Securities portfolio	29,427	9.4	26,889
Liquid assets	(23,502)	52.5	(15,408)
Inter-area positions	19,392	177.2	6,995
Property and equipment and intangible assets	1,542	(2.2)	1,576
Other assets	11,917	87.5	6,357
TOTAL ASSETS/LIABILITIES AND EQUITY	36,911	55.1	23,802
Deposits	(4,590)	43.8	(3,191)
Debt securities	26,761	13.8	23,509
Equity	7,362	7.0	6,884
• Shareholders' funds	2,832	9.7	2,581
• Other eligible funds	4,530	5.3	4,303
Liquid liabilities	-	-	-
Inter-area positions	-	-	-
Other liabilities	7,377	n.m.	(3,399)

This area comprises the Group's holdings in large industrial corporations and financial institutions; the activities and earnings of the central support units such as the Assets and Liabilities Committee; and other activities that, due to their nature, cannot be assigned to a particular business area. The latter include country-risk provisioning and amortisation of goodwill (except that related to business projects in the Wholesale Banking Area).

In the first nine months of 2004 the ordinary revenues of this area rose to 49 million euros compared to 67 million euros for the same period in 2003. After including corporate expenses, operating profit presented a deficit of 364 million euros, which was similar to the deficit of 347 million for the first nine months of 2003. However attributable net profit is 156 million euros lower than last year and this is mainly due to the greater amount earmarked for amortisation of goodwill (Bancomer) and the decline in capital gains.

The large industrial corporations unit mainly manages the bank's holdings in Telefónica, Repsol and Iberdrola, which make up 90% of the portfolio. Active management of the investments resulted in an increase of 40.6% in operating profit compared to the same period in 2003, rising to 133 million euros. The contribution of companies carried by the equity method also increased year-on-year. Thus the unit generated attributable net income of 232 million euros in the year to September compared to 161 million euros in the same period last year.

The financial stakes unit did not conduct any relevant operations in the third quarter, maintaining the holdings in BNL and Bradesco. In the first quarter of 2004 the holding in Banco Atlántico was sold with capital gains of 218 million euros while in 2003 the sale of the bank's interest in Crédit Lyonnais reported capital gains of 343 million euros. Lower taxes on the capital gains generated by the sale of Banco Atlántico explain the lower corporate taxes in 2004. Thus the attributable net profit for the first nine months of 2004 comes to 192 million euros and this is 31 million less than the same period a year earlier.

The Assets and Liabilities Committee administers the Group's interest rate and exchange rate positions, group liquidity and shareholders' equity. Ordinary revenues came to 322 million euros at 30-Sep-04 compared to 268 million euros at the same date last year. The higher figures are the result of active management of exchange-rate risk and of the structural portfolio associated with interest-rate risk. The size of the interest-rate portfolio at 30-Sep-04 was 23.2 billion euros.

The Corporate Activities Area includes personnel and administration expenses, depreciation and other operating expenses generated by headquarters. It also absorbs other costs of an institutional nature that cannot be assigned to a particular area (corporate IT costs, severance payments, etc). The aggregate of these concepts, 412 million euros in the year to 30-Sep-04, is similar to the same period last year.

Some 495 million euros were earmarked for amortisation of goodwill. This was 66 million euros more than the first nine months of 2003. The additional 120 million euros arising from the purchase of Bancomer were partly absorbed by the 39 million euros of early amortisation of Bradesco goodwill done in June 2003 and lower amortisation of various holdings (mainly Crédit Lyonnais, Gas Natural and Wafabank) following divestments.

Lastly, it should be pointed out that the business volume figures (for the Retail, Wholesale and the Americas areas) record intergroup transactions as an integral part of their activities and business management. All intergroup transactions eliminated during consolidation are assigned to the Corporate Activities Area and therefore some items on its balance sheet may contain negative amounts.

INVESTOR RELATIONS

- MADRID 28046 - Pº Castellana, 81 - 23rd floor
  Tel: 34-91 537 53 12
  Fax: 34-91 537 85 12
  e-mail: inversores@grupobbva.com

- NEW YORK - 1345 Av. of the Americas, 45th floor, NY 10105
  Tel: 1-212-728 16 60 - Fax: 1-212-333 29 05
  e-mail: julissa.bonfante@bbvany.com

INTERNET INFO (http://www.bbva.com)

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