QUARTERLY REPORT

January-September 2006

BBVA

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BBVA GROUP HIGHLIGHTS

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(Consolidated figures)

	30-09-06	30-09-06 excluding one-offs (1)	Δ% (2)	30-09-05	31-12-05
BALANCE SHEET (million euros)					
Total assets	403,184		7.6	374,867	392,389
Total lending (gross)	248,606		19.5	208,121	222,413
On-balance sheet customer funds	272,072		12.3	242,282	259,200
Other customer funds	136,351		(3.1)	140,691	142,707
Total customer funds	408,423		6.6	382,973	401,907
Equity	19,271		14.0	16,908	17,302
Shareholders' funds	15,967		28.3	12,446	13,036
INCOME STATEMENT (million euros)					
Net interest income	6,084	6,084	16.8	5,209	7,208
Core revenues	9,987	9,987	17.3	8,511	11,756
Ordinary revenues	11,663	11,140	18.4	9,407	13,024
Operating profit	6,610	6,087	23.1	4,946	6,823
Pre-tax profit	6,032	4,758	15.2	4,130	5,592
Net attributable profit	4,457	3,300	21.0	2,728	3,806
DATA PER SHARE AND MARKET CAPITALIZATION					
Share price	18.25		25.1	14.59	15.08
Market capitalization (million euros)	61,883		25.1	49,473	51,134
Net attributable profit	1.31	0.97	21.0	0.80	1.12
Book value	4.71		28.3	3.67	3.84
PER (Price/earnings ratio; times) (3)	13.7			13.0	13.4
P/BV (Price/book value; times)	3.9			4.0	3.9
SIGNIFICANT RATIOS (%)					
Operating profit/ATA	2.26	2.08		1.84	1.87
ROE (Net attributable profit/Average equity)	45.2	35.8		35.5	37.0
ROA (Net profit/ATA)	1.49	1.20		1.09	1.12
RORWA (Net profit/Risk weighted average assets)	2.54	2.03		1.88	1.91
Efficiency ratio	39.4	41.2		43.2	43.2
Efficiency ratio including depreciation and amortization	42.3	44.3		46.6	46.7
NPL ratio	0.82			0.98	0.94
NPL coverage ratio	275.8			246.5	252.5
CAPITAL ADEQUACY RATIOS (BIS Regulation) (%)					
Total	11.5			12.7	12.0
Core capital	6.0			5.8	5.6
TIER I	7.7			7.8	7.5
OTHER INFORMATION					
Number of shares (million)	3,391			3,391	3,391
Number of shareholders	896,103			1,012,975	984,891
Number of employees	96,369			91,770	94,681
• Spain	31,230			31,188	31,154
• America (4)	63,424			58,643	61,604
• Rest of the world	1,715			1,939	1,923
Number of branches	7,465			7,208	7,410
• Spain	3,631			3,510	3,578
• America (4)	3,675			3,526	3,658
• Rest of the world	159			172	174

N.B.: Non-audited figures. Consolidated quarterly accounts for the Bank and the Group's companies follow International Financial Reporting Standards accepted by the European Union, also considering the Bank of Spain Circular 4/2004.

(1) Capital gains on BNL, Repsol and Andorra, and the related taxes in the second quarter of 2006.
(2) Percentage changes in the profit and loss and earnings per share excluding the one-off operations in the second quarter of 2006.
(3) The 2006 P/E is calculated taking into consideration the median of the analysts' estimates (October 2006).
(4) Includes those related to the BBVA Group's banking, pension fund managers and insurance companies in all the American countries in which it is present.

Relevant events

In the third quarter of 2006, BBVA maintained the high cruising speed of recent periods. The higher level of business in the main markets where the Group operates did not affect the excellent level of asset quality. This led to higher revenues and new improvements in the cost/income ratio and in profitability (which were already high). The highlights of the BBVA Group in the third quarter and in the nine months to September are summarised below:

- Net attributable profit in the third quarter of 2006 came to €1,121m. This is 22.5% higher than the €914m obtained in the same period last year. Once again, the increase is supported by operating profit, which rose 19.7% to €2,035m.
- As a result, net attributable profit for the first nine months comes to €4,457m. Excluding extraordinary items of €1,157m in the second quarter (capital gains on the sale of holdings in BNL, Repsol and Andorra, and the related tax charges), profit comes to €3,300m, an increase of 21.0% over the figure of €2,728m for the same period last year. Earnings per share are €0.97 (€0.80 last year) and ROE stands at 35.8% (35.5%).
- The increase in net attributable profit is driven by operating profit, which was €6,087m for the first nine months, excluding the Repsol capital gain. The year-on-year increase in this case is 23.1% (22.2% at constant exchange rates) and this percentage is slightly higher than the first half figure.
- Operating profit was supported, in turn, by higher recurrent revenues. Net interest income was up 16.8% (on higher volume and thanks to defence of spreads). Net fee income and insurance rose 14.2% and ordinary revenues, excluding one-off items, increased 18.4%.
- Operating expenses including depreciation increased more slowly, at 11.5%.
- As a result, the cost/income ratio including depreciation stands at 44.3% (excluding the Repsol capital gain) and this represents an improvement of 2.3 percentage points compared to the figure of 46.6% at the end of September last year, with improvements in all business areas.
- Lending continues to grow strongly and, in view of the moderate increase in non-performing loans, this brings the NPL ratio to 0.82% (an improvement over the figure of 0.98% at 30-Sep-05). Higher generic provisions, a consequence of the increase in lending, pushed coverage to 275.8% (246.5% a year earlier) and generic provisions rose to €4,642m, compared to €3,712m at 30-Sep-05.
- At 30-Sep-06 the group's capital base remained sound with core capital at 6.0% (compared to 6.0% at 30-Jun-06 and 5.8% at 30-Sep-05). Tier I stands at 7.7% and the BIS ratio is 11.5%.
- On 10th October the Group paid a second interim dividend of €0.132 against 2006 results. This was the same amount as the July dividend and 15% higher than the corresponding dividends last year.
- Lending by Retail Banking in Spain and Portugal increased 18.6% year-on-year (evenly divided among the different types), customer funds grew 8.7% and spreads improved. Thus net interest income rose 8.0% and, together with higher net fee income and insurance (up 11.1%) plus cost control caused operating profit to rise 12.8%. Net attributable profit gained 11.1% to €1,085m in the year to September.

- BBVA announced the acquisition of the remaining 50% it did not already own of the Italian finance company, Advera, which was set up in 2004 via a joint venture with BNL. It will now be called BBVA Finanzia SpA and will become the Group's platform for development of consumer finance business in that country. It will incorporate Maggiore Fleet, one of the main independent fleet hire companies in Italy, whose acquisition is valued at €67m. Telefónica exercised its option to sell its 33% stake in Uno-e to BBVA for €148.5m.

- The Wholesale Businesses Area set a new record for ordinary revenues in the third quarter. Cumulative results in the year to September are growing steadily with ordinary revenues up 25.1%, operating profit up 26.3% and net attributable profit up 42.8% to €953m. The Group opened representative offices in Taipei and Seoul as part of its Asian expansion.

- In the Mexico & USA Area, lending and customer funds were up 26.4% and 11.6%, respectively, in local currencies. Higher spreads helped net interest income to increase 30.2% at constant exchange rates and, together with net fee income and insurance (up 19.8%) and costs which grew more slowly, operating profit rose 39.8% and net attributable profit climbed 37.7% (up 40.3% at current exchange rates), to €1,360m.

- At Texas Regional Bancshares' AGM, 99% of shareholders voted in favour of BBVA's takeover. The operation now only requires approval from the US authorities.

- In the South America Area, higher business volume (lending was up 33.2% and customer funds were up 24.4% at constant exchange rates) led to an increase in net interest income (up 26.5%). Together with net fee income and insurance (up 17.2%) and high net trading income, this boosted operating profit 40.1%. Net attributable profit rose 37.3% to €417m (at current exchange rates the increase was the same).

ECONOMIC ENVIRONMENT

In the third quarter of 2006 the international economy continued to grow. Following their correction in the second quarter, stock exchanges recovered, encouraged by good earnings reports. Oil prices fell and the upward cycle of interest rates in the US came to an end. During the quarter the Federal Reserve held its benchmark rate at 5.25% while the US economy slowed. At the same time, long-term rates declined significantly, creating a negative slope in some sections of the yield curve and the US 10-year bond fell below the Fed's benchmark rate.

INTEREST RATES
(Quarterly averages)

	2006			2005			
	3Q	2Q	1Q	4Q	3Q	2Q	1Q
Official ECB rate	2.91	2.57	2.33	2.08	2.00	2.00	2.00
Euribor 3 months	3.22	2.90	2.61	2.34	2.13	2.12	2.14
Euribor 1 year	3.62	3.32	2.95	2.63	2.20	2.19	2.33
Spain 10 year bond	3.89	3.98	3.51	3.38	3.23	3.36	3.64
USA 10 year bond	4.89	5.06	4.56	4.48	4.20	4.15	4.29
USA Federal rates	5.25	4.90	4.44	3.97	3.43	2.92	2.45
TIIE (Mexico)	7.31	7.38	8.02	9.10	9.88	10.05	9.40

EXCHANGE RATES [1]

	Year-end Exchange Rates				Average Exchange Rates	
	30-09-06	Δ% on 30-09-05	Δ% on 30-06-06	Δ% on 31-12-05	Jan.-Sep. 06	Δ% on Jan.-Sep. 05
Mexican peso	13.9895	(6.9)	3.6	(9.7)	13.5792	1.9
Argentine peso	3.9483	(11.5)	(0.2)	(9.1)	3.8437	(4.6)
Chilean peso	681.20	(5.7)	2.2	(10.9)	661.38	8.9
Colombian peso	3.030.30	(9.1)	(0.3)	(11.1)	2.958.58	(0.3)
Peruvian new sol	4.1177	(2.1)	0.8	(1.8)	4.0971	0.5
Venezuelan bolivar	2.717.39	(4.9)	0.5	(6.8)	2.673.80	(1.1)
U.S. dollar	1.2660	(4.9)	0.4	(6.8)	1.2447	1.4

(1) Expressed in currency/euro.

In the European Union, the economy is growing faster and the main international agencies are revising their growth forecasts for this year upwards. At the start of August, the European Central Bank lifted its reference rate a quarter point to 3% (and now, in October, it added a further rise to 3.25%). The increase was reflected in short-term market rates and one-month euribor increased to 3.7% in September. At longer terms, rates have fallen (although less than US bonds) and this caused the yield curve to flatten significantly. The Spanish economy grew slightly faster and growth was more balanced. Private consumption continues to moderate and external demand is higher following improvements in other European economies.

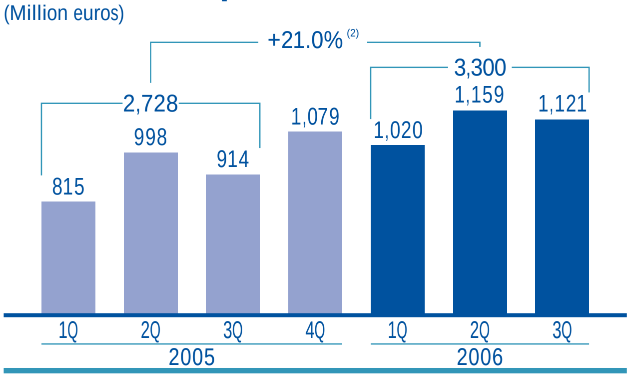
Latin America is also growing, with rising stock markets and more stable interest rates. In Mexico the TIIE has remained at around 7.3% since the end of April, ending the downward trend that commenced a year earlier (at 30-Sep-05 it was 9.5%).

During the third quarter the exchange rates that have a greater impact on BBVA's financial statements remained largely stable against the euro. The Mexican peso appreciated 3.6% and the Chilean peso 2.2%. Over the last 12 months all these currencies depreciated against the euro. Therefore the impact of exchange rates on year-on-year changes in the Group's balance sheet at 30-Sep-06, is negative. On the other hand, the impact on the income statement, which depends on the changes in average rates during the first nine months of 2006 and 2005, is slightly positive overall (although far less so than in previous quarters). This is because the Mexican peso appreciated 1.9% against the euro, the Chilean peso appreciated 8.9% and the US dollar 1.4%. These changes more than offset the falls of 4.6% in the Argentine peso and 1.1% in the Venezuelan bolivar.

Earnings

In the third quarter of 2006, the BBVA Group generated net attributable profit of €1,121m. This was an increase of 22.5% over the figure of €914m for the same quarter last year and it also compares favourably with the €1,159m obtained in the second quarter this year (after taking out capital gains associated with BNL, Repsol and Andorra, together with the related tax charge). Moreover, the second quarter of 2006 included dividends that were much higher than usual due to timing differences. As customary in recent years, the higher results were supported by operating profit, which came to €2,035m, an increase of 19.7% compared to the same quarter last year.

Net attributable profit (1)
(Million euros)



(1) Excluding results of one-off transactions in the second quarter 2006.
(2) At constant exchange rates: +20.2%.

CONSOLIDATED INCOME STATEMENT

(Million euros)

	Jan.-Sep. 06	Jan.-Sep. 06 excluding one-offs (1)	∆% excluding one-offs (1)	Jan.-Sep. 05	Memorandum item: ∆% at constant exchange rates excluding one-offs (1)
Core net interest income	5,860	5,860	16.6	5,026	15.8
Dividends	224	224	21.8	183	21.8
NET INTEREST INCOME	6,084	6,084	16.8	5,209	16.0
Income by the equity method	222	222	181.8	79	182.1
Net fee income	3,198	3,198	11.3	2,875	10.3
Income from insurance activities	483	483	38.4	349	38.9
CORE REVENUES	9,987	9,987	17.3	8,511	16.5
Net trading income	1,676	1,153	28.8	895	28.5
ORDINARY REVENUES	11,663	11,140	18.4	9,407	17.6
Net revenues from non-financial activities	87	87	(20.9)	110	(20.6)
Personnel costs	(2,945)	(2,945)	12.4	(2,620)	11.8
General expenses	(1,732)	(1,732)	10.9	(1,562)	10.1
Depreciation and amortization	(347)	(347)	7.3	(323)	6.5
Other operating income and expenses	(116)	(116)	76.5	(66)	73.3
OPERATING PROFIT	6,610	6,087	23.1	4,946	22.2
Impairment losses on financial assets	(1,063)	(1,063)	90.4	(558)	88.5
• Loan loss provisions	(1,045)	(1,045)	96.7	(531)	94.7
• Other	(18)	(18)	(33.0)	(27)	(33.5)
Provisions	(481)	(481)	46.3	(329)	46.0
Other income/losses	967	215	198.3	72	201.6
• From disposal of equity holdings	939	187	n.m.	19	n.m.
• Other	28	28	(47.4)	53	(46.6)
PRE-TAX PROFIT	6,032	4,758	15.2	4,130	14.4
Corporate income tax	(1,383)	(1,266)	4.9	(1,207)	4.3
NET PROFIT	4,648	3,491	19.4	2,924	18.6
Minority interests	(192)	(192)	(2.2)	(196)	(2.8)
NET ATTRIBUTABLE PROFIT	4,457	3,300	21.0	2,728	20.2

(1) Capital gains on BNL, Repsol and Andorra, and the related taxes in the second quarter of 2006.

CONSOLIDATED INCOME STATEMENT: QUARTERLY EVOLUTION

(Million euros)

	2006			2005			
	3Q	2Q [1]	1Q	4Q	3Q	2Q	1Q
Core net interest income	1,999	1,928	1,933	1,890	1,785	1,701	1,539
Dividends	35	172	17	109	41	121	22
NET INTEREST INCOME	2,033	2,100	1,950	1,999	1,826	1,822	1,561
Income by the equity method	152	29	41	43	28	28	23
Net fee income	1,048	1,042	1,108	1,065	1,022	954	899
Income from insurance activities	186	148	149	138	130	123	96
CORE REVENUES	3,420	3,320	3,248	3,245	3,006	2,926	2,579
Net trading income	319	422	412	372	255	341	299
ORDINARY REVENUES	3,739	3,741	3,659	3,617	3,261	3,267	2,878
Net revenues from non-financial activities	12	56	19	15	43	40	28
Personnel costs	(993)	(963)	(989)	(982)	(910)	(872)	(838)
General expenses	(570)	(574)	(588)	(599)	(551)	(532)	(479)
Depreciation and amortization	(115)	(104)	(128)	(125)	(117)	(105)	(102)
Other operating income and expenses	(38)	(41)	(38)	(49)	(27)	(9)	(31)
OPERATING PROFIT	2,035	2,116	1,936	1,878	1,699	1,789	1,457
Impairment losses on financial assets	(408)	(358)	(297)	(296)	(234)	(202)	(123)
• Loan loss provisions	(395)	(357)	(293)	(282)	(227)	(187)	(118)
• Other	(13)	(1)	(4)	(14)	(7)	(15)	(5)
Provisions	(139)	(207)	(135)	(125)	(75)	(123)	(131)
Other income/losses	69	124	22	5	15	57	(1)
• From disposal of equity holdings	50	118	20	10	3	13	4
• Other	19	6	2	(5)	13	45	(4)
PRE-TAX PROFIT	1,557	1,676	1,526	1,461	1,406	1,522	1,203
Corporate income tax	(377)	(461)	(429)	(315)	(418)	(451)	(337)
NET PROFIT	1,180	1,215	1,097	1,147	988	1,070	866
Minority interests	(59)	(55)	(77)	(68)	(73)	(72)	(50)
NET ATTRIBUTABLE PROFIT	1,121	1,159	1,020	1,079	914	998	815

(1) Excluding the one-off operations in the second quarter of 2006.

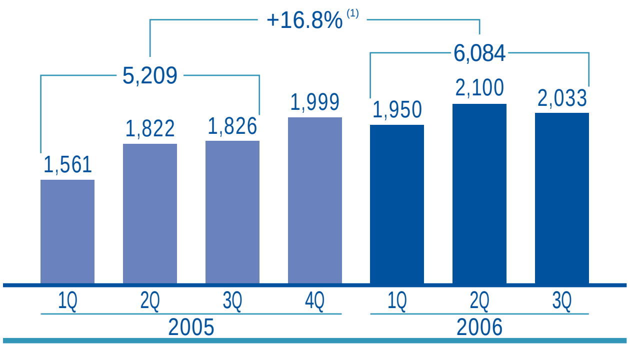
As a result, net attributable profit for the first nine months is €4,457m, climbing 63.4% over the figure of €2,728m for the same period last year. Excluding €1,157m of profit on extraordinary items in the second quarter of 2006, net attributable profit rose 21.0% to €3,300m. At constant exchange rates the increase is 20.2%, beating the figure of 17.5% for the first half. The impact of exchange rates on the cumulative income statement is currently very small and for this reason the following part of the report will rarely mention variations at constant rates but they continue to appear in the customary additional column of the attached table.

Recurrent earnings increased faster than expenses (ordinary revenues were up 18.4%) and this led to a further improvement in the cost/income ratio. Without the Repsol capital gains, cumulative operating profit came to €6,087m, a rise of 23.1% over the €4,946m obtained in the first nine months of 2005 (22.2% at constant exchange rates and compared to 21.9% in the first half of 2006). Including one-off items, operating profit came to €6,610m and the year-on-year increase was 33.6%. The increase in loan-loss provisions was mainly of those generic in nature, linked to the greater volume of business, as the non-performing loan (NPL) ratio remained low.

NET INTEREST INCOME

In the third quarter of 2006, net interest income came to €2,033m, a year-on-year rise of 11.3%. If dividends of €35m are excluded, the figure comes to €1,999m - a record quarter for the Group. For the year to September the figure is €6,084m, an increase of 16.8% over the €5,209m generated in the same period last year. And after discounting dividends of €224m, the net figure is €5,860m and the increase is 16.6%. The improvements were mainly due to higher lending and customer funds in the most important markets where the Group operates, and to improved customer spreads in Spain and Mexico.

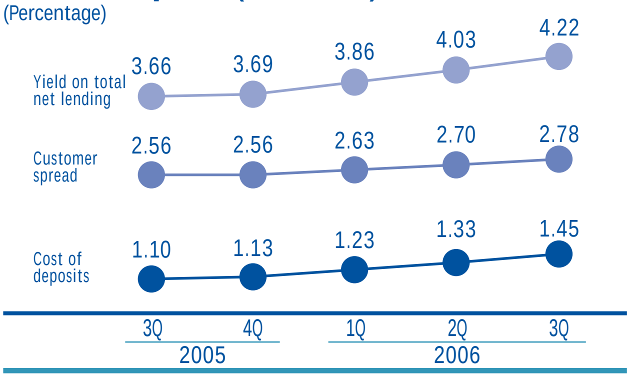
Net interest income
(Million euros)



(1) At constant exchange rates: +16.0%.

In fact, in business conducted with domestic customers in Spain, customer spreads have grown in 2006 and in the third quarter they reached 2.78%, an increase of 8 basis points compared to the end of the second quarter (2.70%). This is because the increase in market rates is largely added to interest rates on loans, which rose to 4.22% in the third quarter, 19 basis points higher than the second quarter (4.03%). However, the cost of deposits (1.45%) increased less, by 12 basis points compared to the second quarter (1.33%).

Customer spread (Domestic)
(Percentage)



In Mexico, interest rates remained on hold in recent months. The average TIIE in the third quarter (7.31%) was similar to the second quarter (7.38%) but considerably lower than the third quarter of 2005 (9.88%). Despite this, with the growth of some lending products with higher margins, BBVA Bancomer managed to sustain the reduction of the yield on loans below the reduction of the cost of deposits, and thus customer spread in the latest quarter edged up, to 12.59%. This compares favourably with the second quarter of 2006 (12.17%) and with the third quarter of 2005 (11.63%). The higher spread together with the sharp jump in business volume (lending rose 30.7%), led to higher net interest income, up 30.8% in the first nine months in local currency terms. In the South America Area, lending and customer funds also grew, boosting net interest income 26.5% at constant exchange rates.

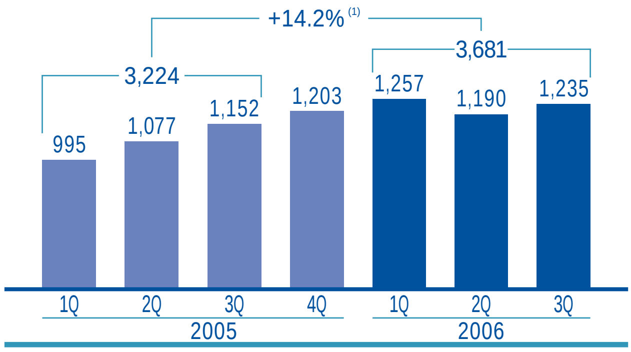
ORDINARY REVENUES

Cumulative net fee income to September came to €3,198m, a year-on-year increase of 11.3% and insurance revenues contributed €483m (up 38.4%). Together, these items came to €3,681m, with an increase of 14.2% compared to the same period last year (€3,224m). By business area, Retail Banking in Spain and Portugal was up 11.1%, Wholesale Businesses 11.6%, Mexico & USA 22.0% and South America 18.3%.

Net income from companies carried by the equity method were €222m for the year to September compared to €79m for the same period last year. This was mainly due to Corporación IBV's greater contribution, which more than offset BNL's smaller input following its divestment in May.

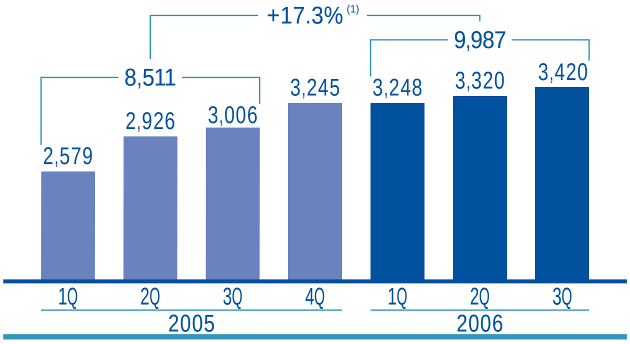
Core revenues, which are the sum of net interest income, net fee income, insurance and income by the equity

Fee income + Insurance
(Million euros)



(1) At constant exchange rates: +13.4%.

Core revenues
(Million euros)



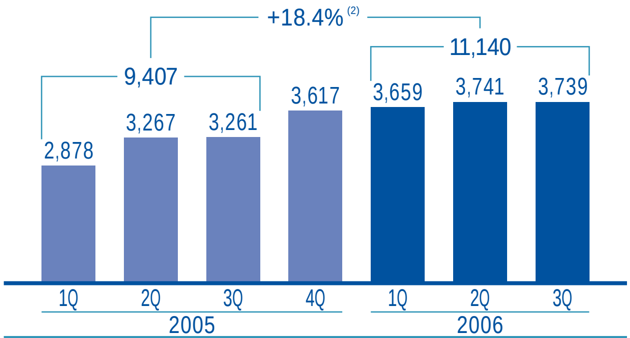
(1) At constant exchange rates: +16.5%.

method, came to €3,420m in the quarter - another new record. This brings the figure for the first nine months to €9,987m, with a rise of 17.3% compared to the same period last year (€8,511m).

Net trading income contributed €319m in the third quarter and €1,676m in the first nine months. Of this figure, €523m was capital gains booked in the second quarter following the sale of the Group's interest in Repsol YPF. Excluding these capital gains (because they are considered extraordinary items) net trading income came to €1,153m with an increase of 28.8% over the first nine months of 2005 (€895m). Wholesale Businesses, Mexico and South America (particularly Argentina) made important contributions.

Ordinary revenues are the sum of core revenues and net trading income. In the third quarter they came to €3,739m and in the year to September they total €11,663m. Excluding the Repsol capital gains, the figure is €11,140m, a rise of 18.4% compared to the first nine months of 2005 (€9,407m). Net gains on non-financial activities contributed €87m, which was lower than the same period last year (€110m) because

Ordinary revenues (1)
(Million euros)



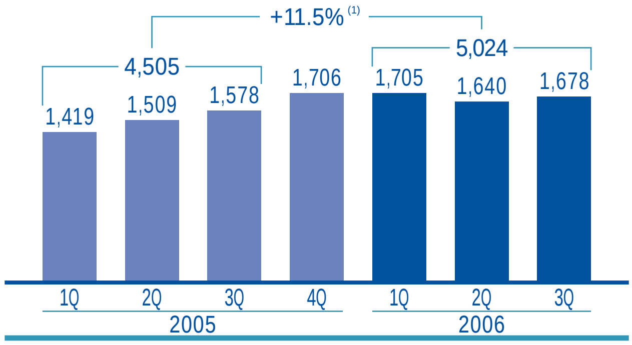
(1) Excluding Repsol capital gains in the second quarter 2006.
(2) At constant exchange rates: +17.6%.

of seasonality related to real estate business. As a result, the Group's total revenues in the first nine months of 2006 came to €11,227m without extraordinary items. This was a year-on-year increase of 18.0% (23.5% if the Repsol capital gains are included).

OPERATING PROFIT

Operating expenses continue to increase more slowly than revenues. Personnel costs were up 12.4%, general expenses 10.9% and depreciation increased 7.3%. As a result, cumulative expenses for the year to September came to €5,024m, a rise of 11.5% year-on-year. In Spain the increase was 6.6% and in the Americas 17.5% (15.9% at constant exchange rates) in a context of intense retail activity and strong business growth in all areas where the Group operates.

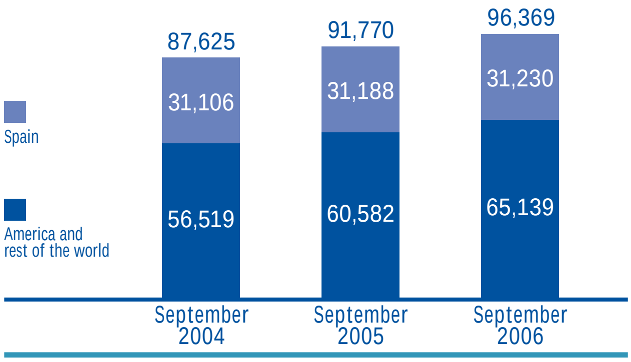
General administrative expenses + depreciation & amortization (Million euros)



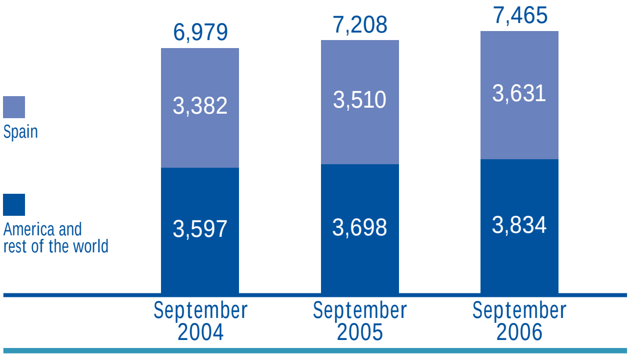
(1) At constant exchange rates: +10.8%.

At 30-Sep-06 the Group had 96,369 employees. In the third quarter, the numbers fell slightly in Spain and increased in the Americas, where the incorporation of Forum in Chile added 381 employees. At 30-Sep-06 there were 7,465 branches, a similar figure to the previous quarter.

Number of employees

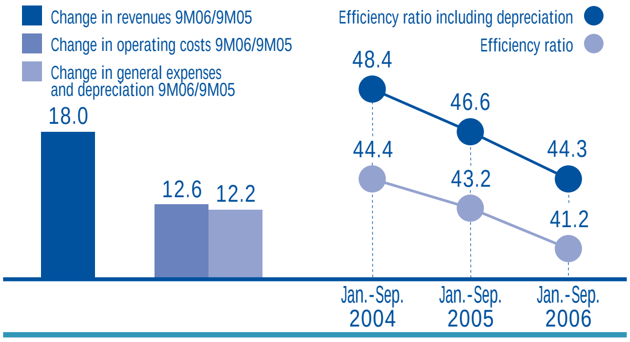


Number of branches



Efficiency (1)

(Percentages)



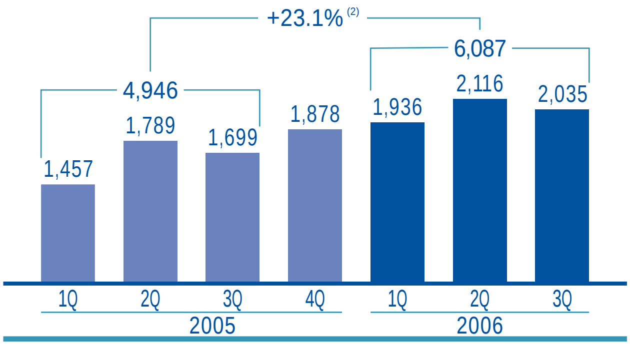
(1) Excluding Repsol capital gains in the second quarter 2006.

The increase in the Group's revenues (ordinary revenues plus sales, net of non-financial activities) was 18.0% excluding the Repsol capital gains. This figure exceeds the 12.2% increase in administrative expenses net of recovered costs plus depreciation. Therefore the cost/income ratio improved to 44.3% (46.6% at the same point last year) with gains in all areas.

The changes in revenues and expenses also helped operating profit to maintain its high cruising speed. In the third quarter operating profit came to €2,035m, an increase of 19.7% over the same period last year (€1,699m). The cumulative amount for the first nine months came to €6,087m excluding Repsol capital gains (up 23.1% compared to €4,946m for the same period in 2005). At constant exchange rates the rise is 22.2% (slightly higher than the first half). Counting Repsol capital gains, operating profit comes to 6,610m and the year-on-year increase is 33.6% (32.7% at constant rates). By business area, Retail Banking in Spain and Portugal grew 12.8%, Wholesale Businesses 26.3%, Mexico & USA 42.4% (39.8% at constant exchange rates) and South America 40.7% (40.1% at constant rates).

Operating profit (1)

(Million euros)



(1) Excluding Repsol capital gains in the second quarter 2006.
(2) At constant exchange rates: +22.2%.

EFFICIENCY

(Million euros)

	Jan.-Sep. 06	Jan.-Sep. 06 excluding one-offs (1)	Δ% excluding one-offs (1)	Jan.-Sep. 05	2005
Ordinary revenues	11,663	11,140	18.4	9,407	13,024
Net revenues from non-financial activities	87	87	(20.9)	110	126
TOTAL REVENUES	11,750	11,227	18.0	9,517	13,149
Personnel costs	(2,945)	(2,945)	12.4	(2,620)	(3,602)
General expenses	(1,732)	(1,732)	10.9	(1,562)	(2,160)
Recovered expenses	48	48	(30.9)	70	76
GENERAL ADMINISTRATIVE EXPENSES (NET)	(4,629)	(4,629)	12.6	(4,113)	(5,687)
EFFICIENCY RATIO (Costs/revenues, %)	39.4	41.2		43.2	43.2
Depreciation and amortization	(347)	(347)	7.3	(323)	(449)
GENERAL ADMINISTRATIVE EXPENSES (NET) + DEPRECIATION AND AMORTIZATION	(4,976)	(4,976)	12.2	(4,436)	(6,135)
EFFICIENCY INCLUDING DEPRECIATION AND AMORTIZATION	42.3	44.3		46.6	46.7

(1) Repsol capital gains in the second quarter of 2006.

PROVISIONS AND OTHERS

In the year to September, the Group set aside €1,045m for loan-loss provisions. This was 96.7% more than the €531m provided in the same period last year. The increase is linked to the rise in lending to customers, which requires higher contributions to generic provisions. In the first nine months, these came to €788m, compared to €474m in 2005. As a result, total provisions stand at €4,642m, which is 25.0% higher than last year (€3,712m).

Other provisions were €481m, which is 46.3% higher than the first nine months of 2005 (€329m). The biggest item is the provision of €261m for early retirements (€216m in the same period last year).

Other gains and losses include capital gains on the sale of holdings in other companies and these contributed €939m (€19m in the first nine months of 2005). The major items are the divestment of Banca Nazionale del Lavoro (€568m) and Banc Internacional de Andorra (€183m).

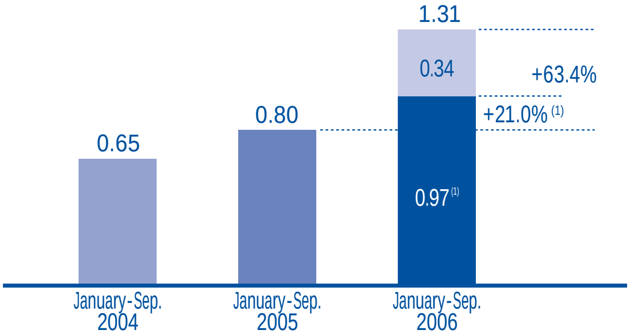
ATTRIBUTABLE PROFIT

The pre-tax profit of €1,557m in the third quarter brings the cumulative amount to €6,032m (€4,758m without the extraordinary items in the second quarter, compared to €4,130m for the first nine months of 2005). Following provisions for corporate tax, net profit excluding extraordinary items comes to €3,491m, a year-on-year increase of 19.4%. After deducting €192m for minority interests, the net attributable profit of the BBVA Group for the first nine months of 2006 is €3,300m. This figure is 21.0% higher than the €2,728m obtained in the same period last year (20.2% higher at constant exchange rates). Including the €1,157m obtained in extraordinary operations in the second quarter, cumulative net attributable profit for the year to September comes to €4,457m, a year-on-year increase of 63.4%.

By business area, Retail Banking in Spain and Portugal contributed €1,085m (up 11.1% year-on-year), Wholesale Businesses €953m (up 42.8%), Mexico & USA €1,360m (up 40.3% in euros and 37.7% at constant exchange rates), South America €417m (up 37.3% at either constant or current rates) and Corporate Activities €642m (–€189m in the same period last year).

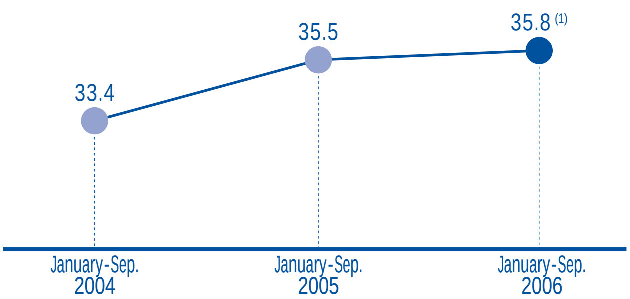
Earnings per share were €0.33 in the third quarter and €0.97 in the first nine months excluding extraordinary items (€1.31 per share if they are included). In the same period last year the figure was €0.80 per share. Return on equity (ROE) without extraordinary items is 35.8% and the return on total assets (ROA) is 1.20%, compared to 35.5% and 1.09%, respectively, for the first nine months of 2005.

Earnings per share
(Euros)



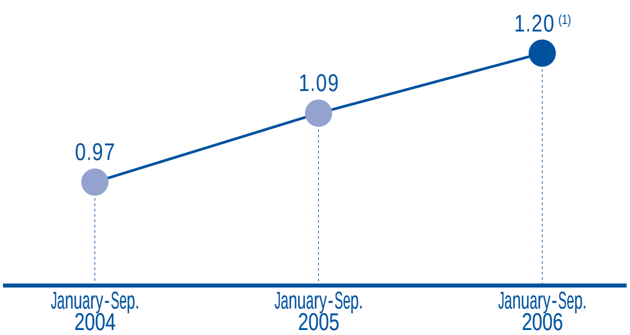
(1) Excluding results of one-off transactions in the second quarter.

ROE
(Percentage)



(1) Excluding results of one-off transactions in the second quarter.

ROA
(Percentage)



(1) Excluding results of one-off transactions in the second quarter.

Business activity

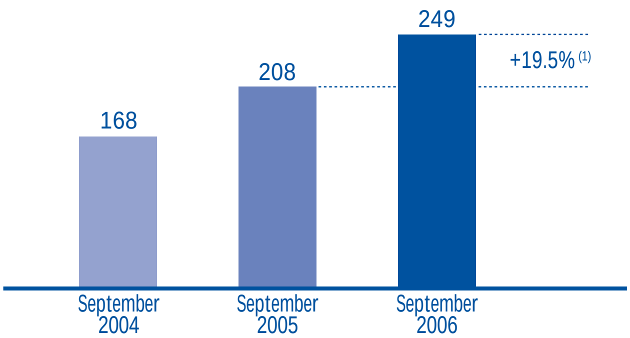
In the third quarter of 2006 the Group's business grew faster than the second quarter. Lending to customers continues to perform strongly in Spain where the growth of the main types (residential mortgages, consumer finance, SMEs and small businesses) is reasonably balanced, and in the Americas where nearly all countries are growing fast - especially loans to private individuals and SMEs. In terms of customer funds, in Spain the increase mainly occurred in funds reported on the balance sheet whereas in the Americas, current and savings accounts lead the way. When analysing variations, depreciation of the main currencies in the Americas against the euro in the last 12 months must be taken into account. The Mexican peso depreciated 6.9%, the Argentine peso 11.5%, the Colombian peso 9.1%, the Chilean peso 5.7%, the Venezuelan bolivar and the US dollar 4.9%.

LENDING TO CUSTOMERS

At 30-Sep-06, lending to customers came to nearly €249 billion, compared to €208 billion 12 months earlier. The increase was 19.5% (20.9% at constant exchange rates) and in both cases the figures are higher than those at 30-Jun-06.

Of the above amount, the domestic private sector accounts for €159 billion, rising 19.7% above the figure of €133 billion at 30-Sep-05. As in recent quarters, secured loans are now growing more slowly at 15.8% (19% in the case of residential mortgages) and they reached a total of €88 billion. For the first time in recent years the relative importance of this type of loan is

Total lending (gross)
(Billion euros)

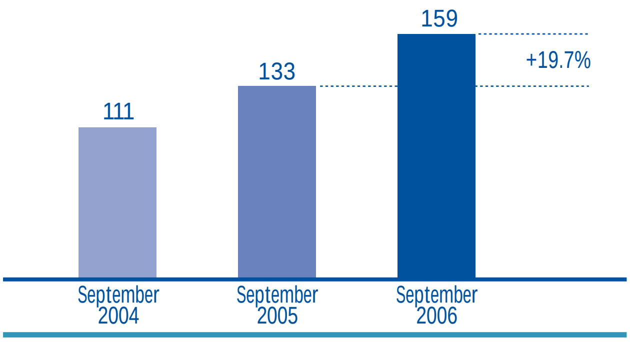


(1) At constant exchange rates: +20.9%.

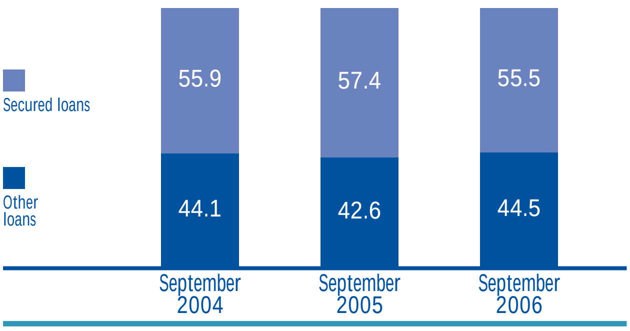
TOTAL LENDING
(Million euros)

	30-09-06	Δ%	30-09-05	30-06-06	31-12-05
Public sector	15,004	(4.4)	15,700	15,448	16,088
Other domestic sectors	159,092	19.7	132,909	152,252	139,232
• Secured loans	88,319	15.8	76,287	85,368	79,128
• Commercial loans	12,565	11.0	11,321	11,937	12,671
• Other term loans	47,628	32.0	36,080	43,946	38,273
• Credit card debtors	1,211	13.9	1,063	1,332	1,237
• Other	2,500	20.3	2,079	2,873	1,694
• Financial leases	6,869	13.0	6,079	6,796	6,229
Non-domestic sector	72,179	26.1	57,256	66,242	64,747
• Secured loans	22,501	14.5	19,653	20,898	21,824
• Other loans	49,678	32.1	37,603	45,344	42,923
Non-performing loans	2,331	3.3	2,256	2,214	2,346
• Public sector	129	6.7	121	120	121
• Other domestic sectors	893	7.9	827	830	795
• Non-domestic sectors	1,309	0.1	1,308	1,264	1,430
TOTAL LENDING (GROSS)	248,606	19.5	208,121	236,156	222,413
Loan loss provisions	(6,041)	14.8	(5,263)	(5,689)	(5,563)
TOTAL NET LENDING	242,565	19.6	202,858	230,467	216,850

Total lending to other domestic sectors (gross) (Billion euros)



Detail of total lending to other domestic sectors (gross) (Percentage)



beginning to decline although it still accounts for 55.5% of domestic private-sector loans. Small and medium enterprise finance is growing faster (at around 20%) and so are consumer finance and credit cards (at more than 20%). These segments include other term loans (up 32.0%), commercial loans (up 11.0%), leasing (up 13.0%) and credit cards (up 13.9%). The domestic sector is complemented by lending to the public sector, which stands at €15 billion, a decline of 4.4% compared to 30-Sep-05.

Lending to non-resident customers came to €72 billion, climbing 26.1% over the figure of €57 billion at 30-Sep-05. At constant exchange rates the increase is 31.7%. Growth spread to most of the countries in the Americas where the Group operates (30% in Mexico and more than 20% in Chile, Colombia, Peru and Venezuela in local currencies). International wholesale banking also grew well.

Lastly, non-performing loans (NPLs) increased 3.3% to €2.3 billion. Lending volumes increased much faster, so the Group's NPL ratio improved once again. This is examined in greater detail in the chapter on risk management.

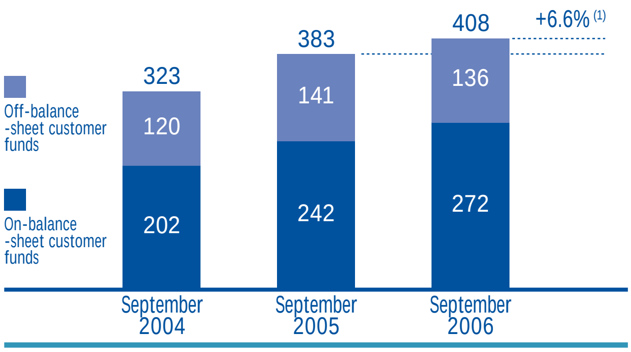
● CUSTOMER FUNDS

Total customer funds, on and off the balance sheet, stand at €408 billion at 30-Sep-06, an increase of 6.6% over the figure of €383 billion a year earlier (8.7% at constant exchange rates).

In particular, customer funds on the balance sheet rose to €272 billion, growing 12.3% over the figure of €242 billion at 30-Sep-05 (14.1% at constant rates). The main component was customer deposits, which came to €185 billion, an increase of 11.3% (13.8% at constant rates). Marketable debt securities came to €74 billion (up 19.2%) and subordinate liabilities (subordinate debt and preference securities) declined to €13 billion (down 7.2%).

Off-balance sheet customer funds, which comprise mutual funds, pension funds and customers' portfolios, came to €136 billion at 30-Sep-06. This was a drop of 3.1% from the figure of €141 billion a year earlier (down 0.7% at constant exchange rates). Of this amount, Spain accounts for €75 billion with a year-on-year increase of 0.6% because growth mainly occurred in funds reported on the balance sheet. The other countries where the Group operates accounted for the remaining €61 billion. The year-on-year decline of 7.3% (down 2.2% at constant exchange rates) is explained by sale of Banc Internacional in Andorra. At 30-Sep-05, this bank contributed €7,444m to these categories of customer funds.

Customer funds
(Billion euros)



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

CUSTOMER FUNDS (1)

(Million euros)

	30-09-06	∆%	30-09-05	30-06-06	31-12-05
ON-BALANCE-SHEET CUSTOMER FUNDS	272,072	12.3	242,282	261,868	259,200
DEPOSITS	184,888	11.3	166,128	173,402	182,635
Public sector	13,370	70.4	7,848	6,189	9,753
Other domestic sectors	85,259	13.5	75,132	82,409	79,755
• Current and savings accounts	47,519	19.9	39,640	45,094	41,274
• Time deposits	23,592	26.5	18,653	22,160	20,435
• Assets sold under repurchase agreement	7,294	(38.7)	11,907	8,176	12,029
• Other	6,854	38.9	4,932	6,979	6,017
Non-domestic sector	86,259	3.7	83,148	84,804	93,127
• Current and savings accounts	33,070	8.5	30,466	32,352	35,118
• Time deposits	44,148	(4.7)	46,315	39,135	47,814
• Assets sold under repurchase agreement and other accounts	9,041	42.0	6,367	13,317	10,195
MARKETABLE DEBT SECURITIES	74,449	19.2	62,434	75,687	62,842
Mortgage bonds	33,074	30.8	25,294	32,880	26,927
Other marketable securities	41,375	11.4	37,140	42,807	35,915
SUBORDINATED DEBT	12,735	(7.2)	13,720	12,779	13,723
OTHER CUSTOMER FUNDS	136,351	(3.1)	140,691	130,332	142,707
Mutual funds	58,545	1.1	57,883	57,020	59,002
Pension funds	53,500	3.1	51,914	50,776	53,959
Customer portfolios	24,306	(21.3)	30,894	22,536	29,746
TOTAL CUSTOMER FUNDS	408,423	6.6	382,973	392,200	401,907

(1) Year-on-year changes are affected by the sale of Andorra.

In Spain, the figure that best represents customer funds is the aggregate of domestic private-sector deposits (excluding repurchase agreements and other such accounts) plus mutual and pension funds. At 30-Sep-06, this aggregate came to €133 billion, rising 11.8% in the last 12 months. The rate of growth has stepped up compared to 30-Jun-06 (when it was 7.9%). Of the total amount, deposits account for €71 billion, with an increase of 22.0%. The main component was current and savings accounts, which surged 19.9% to nearly €48 billion.

The more stable forms of customer funds (time deposits, mutual funds and pension funds) grew 7.7% year-on-year to €85 billion. Time deposits continue to grow fastest, rising 26.5% to €24 billion, whereas mutual funds were stable at €46 billion. Pension funds rose 7.7% to €15.5 billion (individual plans were up 9.9%).

At the end of the third quarter, domestic public-sector debits were more than €13 billion, an increase of 70.4%. This is influenced by the amounts allocated in the Treasury's liquidity auctions; without those, the increase was 9.0%.

In the case of non-resident customers, the aggregate figure used above for the domestic sector (deposits excluding repurchase agreements and other such accounts, plus mutual and pension funds) came to €128 billion, an increase of 1.2%. At constant exchange rates the increase was 6.5% (or 9.2% if the repurchase

OTHER CUSTOMER FUNDS

(Million euros)

	30-09-06	∆%	30-09-05	30-06-06	31-12-05
SPAIN	75,431	0.6	74,965	73,206	74,619
MUTUAL FUNDS	46,154	0.1	46,103	45,631	46,340
Mutual Funds (ex Real Estate)	44,047	(0.8)	44,407	43,616	44,507
• Monetary and short term fixed-income	15,567	(13.8)	18,053	15,531	18,353
• Long-term fixed income	1,985	2.2	1,942	1,828	1,891
• Balanced	1,714	(19.8)	2,137	1,812	2,064
• Equity	3,942	12.8	3,493	3,705	3,626
• Guaranteed	17,273	(5.0)	18,190	16,640	17,725
• Global	3,566	n.m.	592	4,100	848
Real Estate investment trusts	2,107	24.3	1,696	2,015	1,833
PENSION FUNDS	15,499	7.7	14,391	15,082	15,091
Individual pension plans	8,599	9.9	7,824	8,348	8,395
Corporate pension funds	6,900	5.1	6,567	6,734	6,696
CUSTOMER PORTFOLIOS	13,778	(4.8)	14,471	12,493	13,188
REST OF THE WORLD [1]	60,920	(7.3)	65,726	57,126	68,088
Mutual funds	12,391	5.2	11,780	11,389	12,662
Pension funds	38,001	1.3	37,523	35,694	38,868
Customer portfolios	10,528	(35.9)	16,423	10,043	16,558
OTHER CUSTOMER FUNDS	136,351	(3.1)	140,691	130,332	142,707

(1) Year-on-year changes are affected by the sale of Andorra.

agreements placed through the branch network in Mexico are included). Once again, the most active component was current and savings accounts, which grew 8.5% to €33 billion (up 14.7% at constant exchange rates). These are of particular interest owing to their lower cost.

Other more stable types account for the remaining €95 billion (down 1.1% in euros and up 3.9% at constant exchange rates). Of this figure, €38 billion is pension funds (up 1.3% at current rates and up 8.3% at constant rates) and €12 billion is mutual funds (up 5.2% and 10.7%). Time deposits represent €44 billion and their decline of 4.7% (–1.2% at constant rates) continues to be driven by Mexican strategy in recent quarters. This policy encourages a shift to assets sold under repurchase agreements (and therefore not included here) and to mutual funds.

Risk management

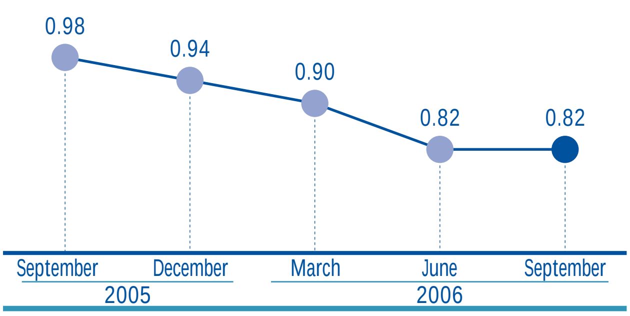
LENDING RISK

The strong growth in lending, experienced in all business areas, is proving compatible with the continued high quality of the loan portfolio. At 30-Sep-06, total exposure with customers (including contingent liabilities) rose to €287 billion. This was an increase of 21.9% over the figure of €235 billion a year earlier. However, non-performing loans (NPLs), which came to €2,361m, increased at a much slower pace, rising only 2.7% from €2,299m at 30-Sep-05.

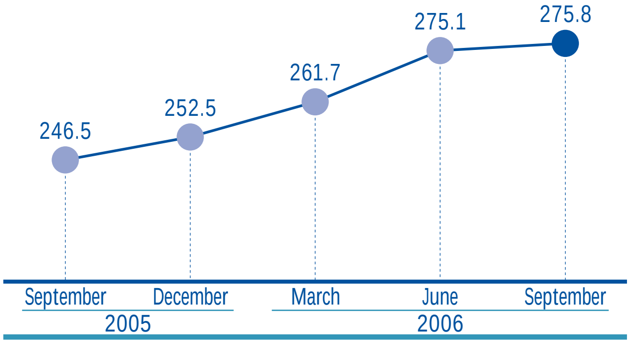
Thus the ratio of the two figures (the NPL ratio) improved to 0.82% from 0.98% a year earlier. The present level is similar to 30-Jun-06 although in recent quarters consumer finance, credit cards and SME lending are growing in importance. These forms of lending are more profitable but entail higher NPL ratios than, say, mortgages. The improvement in the NPL ratio extended to all business areas. At 30-Sep-06, it was 0.64% in Retail Banking in Spain and Portugal (0.69% a year earlier), 0.22% in Wholesale Businesses (0.34%), 2.16% in Mexico and the United States (2.17%) and 2.92% in South America (3.83%).

The important provisions booked in the quarter are mainly of a generic nature (as a result of increased lending). They brought total coverage to €6,510m at 30-Sep-06, an increase of 14.9% year-on-year. Of this

Non-performing loan ratio
(Percentage)



Coverage ratio
(Percentage)



CREDIT RISK MANAGEMENT
(Million euros)

	30-09-06	Δ%	30-09-05	30-06-06	31-12-05
TOTAL RISK EXPOSURE [(1)]					
Non-performing assets	2,361	2.7	2,299	2,240	2,382
Total risks	286,576	21.9	235,099	272,196	252,275
Provisions	6,510	14.9	5,667	6,161	6,015
NPL ratio (%)	0.82		0.98	0.82	0.94
NPL coverage ratio (%)	275.8		246.5	275.1	252.5
MEMORANDUM ITEM:					
Foreclosed assets	268	(19.8)	334	270	363
Foreclosed asset provisions	130	(16.2)	156	126	170
Coverage (%)	48.7		46.6	46.7	46.8

(1) Including contingent liabilities.

VARIATIONS IN NON-PERFORMING ASSETS

(Million euros)

	2006			2005	
	3Q	2Q	1Q	4Q	3Q
BEGINNING BALANCE (1)	2,240	2,325	2,382	2,299	2,264
Net variation	121	(85)	(57)	83	35
Entries	715	607	598	622	520
Outflows	(433)	(454)	(436)	(455)	(357)
Write-offs	(191)	(163)	(156)	(228)	(155)
Exchange rate differences and other	30	(75)	(63)	144	27
PERIOD-END BALANCE (1)	2,361	2,240	2,325	2,382	2,299
MEMORANDUM ITEM:					
• Non-performing loans	2,331	2,214	2,297	2,346	2,256
• Non-performing contingent liabilities	30	26	28	36	43

(1) Including contingent liabilities.

amount, 71.3% (€4,642m) is generic provisions, which grew 25% year on year. The ratio of provisions to non-performing loans (coverage) stands at 275.8%, compared to 246.5% at 30-Sep-05 and 275.1% at 30-Jun-06. All business areas have high coverage ratios. The rate is 275.4% for Retail Banking in Spain and Portugal (268.5% at 30-Sep-05), 722.7% in Wholesale Businesses (477.8%), 258.2% for Mexico and USA (270.5%) and 120.5% in South America (103.4%).

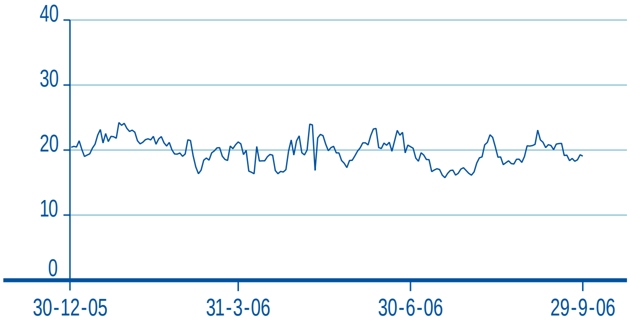
MARKET RISK

The market risk (measured by value-at-risk or VaR) of BBVA's trading book in the third quarter fell compared to the previous quarter. Furthermore, the average weighted consumption of limits at 30-Sep-06 stood at moderate levels (36%). Daily VaR fluctuated between €15.8m and €23.0m although most days the range was smaller. Average risk in the quarter came to €18.9m and at 30-Sep-06 it was €19.1m.

Europe and the USA accounted for 69.4% of average risk in the third quarter. This was 1 percentage point less than the previous quarter. Latin America accounted for 30.6% and most of this was Mexico (20.6%) and Chile.

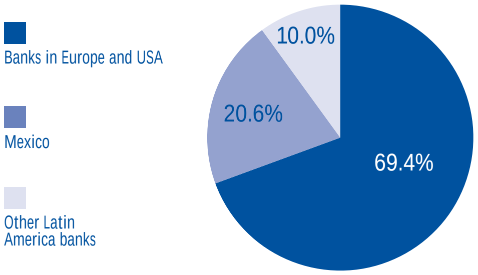
Trends in market risk

(VaR, million euros)



Market risk by geographical areas

(Average third quarter 2006)



MARKET RISK BY RISK FACTORS

(Third Quarter 2006. Million euros)

	30-09-06	Daily VaR		
		Average	Maximum	Minimum
Interest (1)	12.4	11.8	15.6	9.2
Exchange rate (1)	1.6	1.1	1.8	0.6
Equity (1)	3.8	3.7	5.3	2.1
Vega and correlation	5.0	4.8	5.9	4.1
Diversification effect	(3.7)	(2.5)	-	-
TOTAL	19.1	18.9	23.0	15.8

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

Capital base

According to the rules of the Bank for International Settlements (BIS), the capital base of the BBVA Group at 30-Sep-06 was €27,804m, an increase of 5.4% over the end of the previous quarter. Risk-weighted assets came to €242,045m, an increase of 4.1% over 30-Jun-06. Therefore, the BIS Ratio stands at 11.5% (compared to 11.3% at 30-Jun-06 and 12.7% at 30-Sep-05). The surplus amount above the 8%-level of risk-weighted assets required by BIS rules, came to €8,440m, a rise of 8.5% compared to 30-Jun-06.

Core capital grew 5.4% over the level at 30-Jun-06, to €14,584m, and now represents 6.0% of risk-weighted assets (similar to 30-Jun-06).

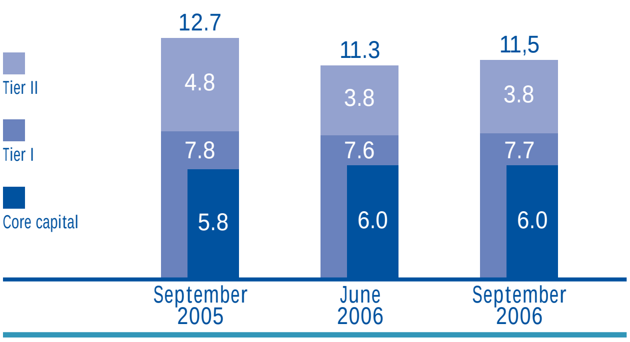
As a result, Tier I rose to €18,609m at 30-Sep-06, which is 7.7% of risk-weighted assets (against 7.6% in the previous quarter). In terms of preference shares and after receiving authorisation from the Bank of Spain, the Group redeemed an issue of US$240m on 24th July 2006. Later, on 31st August the Group issued a further

CAPITAL BASE (BIS REGULATION)

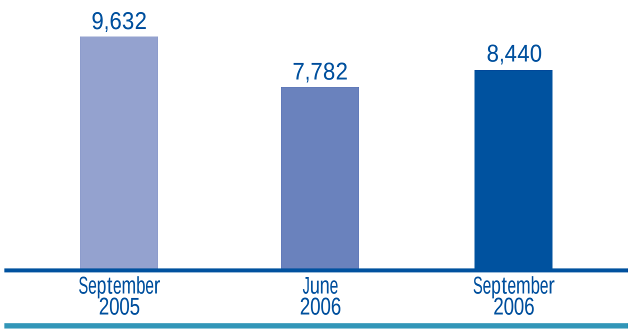
(Million euros)

	30-09-06	30-06-06	31-12-05	30-09-05
Called-up share capital	1,662	1,662	1,662	1,662
Reserves	10,913	10,832	9,517	9,548
Minority interests	698	761	889	897
Deductions	(3,146)	(2,751)	(3,723)	(2,796)
Net attributable profit	4,457	3,336	3,806	2,728
CORE CAPITAL	14,584	13,840	12,151	12,038
Preference shares	4,025	3,714	4,128	4,122
CAPITAL (TIER I)	18,609	17,554	16,279	16,160
Subordinated debt	7,534	7,787	7,996	7,913
Valuation adjustments and other	1,697	1,112	2,563	2,771
Deductions	(36)	(76)	(793)	(709)
OTHER ELIGIBLE CAPITAL (TIER II)	9,195	8,823	9,766	9,975
CAPITAL BASE	27,804	26,377	26,045	26,135
Minimum capital requirement (BIS Regulation)	19,364	18,595	17,351	16,504
CAPITAL SURPLUS	8,440	7,782	8,694	9,632
RISK-WEIGHTED ASSETS	242,045	232,436	216,890	206,296
BIS RATIO (%)	11.5	11.3	12.0	12.7
CORE CAPITAL (%)	6.0	6.0	5.6	5.8
TIER I (%)	7.7	7.6	7.5	7.8
TIER II (%)	3.8	3.8	4.5	4.8

Capital base: BIS ratio
(Percentage)



Capital surplus
(Million euros)



€500m earmarked for institutional investors with an early redemption option at ten years and a 1% increment in the coupon from the tenth year onwards if it does not redeem the issue. After these operations, the ratio of preference shares to Tier I is 21.6%.

Other eligible capital mainly includes subordinate debt and revaluation reserves. It stands at €9,195m and thus Tier II is 3.8%, unchanged from 30-Jun-06. During the third quarter and after receiving authorisation from the Bank of Spain, the Group redeemed in advance an issue of €500m of subordinate debt. In addition, BBVA Bancomer issued 2,500m Mexican pesos at ten years and BBVA Puerto Rico made two issues of $30m and $37m, which mature in 2016, with an early redemption option from the fifth year onwards. BBVA Colombia issued 89 billion Colombian pesos at five years. All these are eligible as Tier II in accordance with BIS rules.

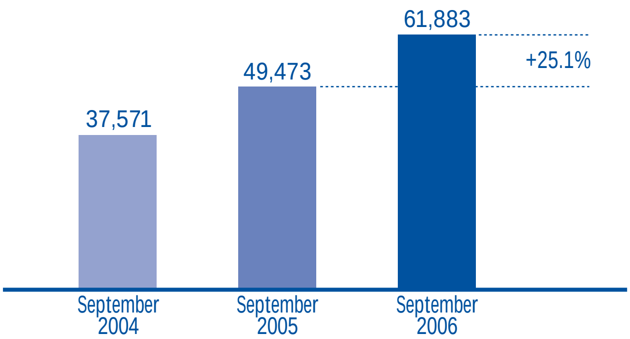
RATINGS

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

The BBVA share

Stock markets recorded substantial gains in the third quarter of 2006. The IBEX 35 climbed 12.0% during the quarter, and the Stoxx 50 and S&P 500 increased 5.1% and 5.2%, respectively. Falling oil prices, lower upward pressure on US interest rates, high business volume and the strength of the cyclical recovery in Europe helped indices to break higher. As a result, 2006 is looking very positive for share prices and this is even more evident in the Spanish market. In the first nine months of the year, the IBEX 35 was up 20.5% and it established new record highs at the end of September.

Market capitalization
(Million euros)



In Europe, the banking sector contributed to the global bonanza, outpacing the general indices -the Stoxx Banks index grew 8.7% in the third quarter. Against this background, BBVA's share price performed extremely well (up 13.5% in the quarter). It grew faster than the banking sector as a whole and faster than the market average. Over the last twelve months the increase (25.1%) is also greater than the Group's benchmark indices at industry level (the Stoxx Banks index is up 21.7%) and at global level (the Stoxx 50 is up 8.9% and the IBEX 35 is up 19.6%).

BBVA's results in the second quarter of 2006 once again exceeded analysts' expectations. They were favourably impressed by the strength of the figures, the persistence of growth in retail banking, the improvements in customer spreads, the performance of wholesale businesses and the strong situation in Mexico and other Latin-American businesses. They also applauded the Group's prudent policy on provisions (especially in the case of Mexico) and the high asset quality.

Following the second quarter results, most analysts continue to see BBVA as a growth stock, whose adjusted earnings per share should grow faster than the European average over the next two years.

Share price index
(30-9-05=100)

THE BBVA SHARE

	30-09-06	30-06-06	31-12-05	30-09-05
Number of shareholders	896,103	926,768	984,891	1,012,975
Number of shares issued	3,390,852,043	3,390,852,043	3,390,852,043	3,390,852,043
Daily average number of shares traded	32,555,339	32,338,859	31,672,354	32,658,243
Daily average trading (million euros)	540.65	530.59	423.86	424.87
Maximum price (euros)	18.37	17.75	15.22	14.63
Minimum price (euros)	14.78	14.78	11.87	11.87
Closing price (euros)	18.25	16.08	15.08	14.59
Book value per share (euros)	4.71	4.49	3.84	3.67
Market capitalization (million euros)	61,883	54,525	51,134	49,473

SHARE PERFORMANCE RATIOS

	30-09-06	30-06-06	31-12-05	30-09-05
Price/Book value (times)	3.9	3.6	3.9	4.0
PER (Price/Earnings; times) (1)	13.7	12.1	13.4	13.0
Yield (Dividend/Price; %) (2)	3.51	3.98	3.52	3.64

(1) The 30-9-06 P/E is calculated taking into consideration the median of the analysts' estimates (October 2006).
(2) Dividend yield at 30-9-06 is calculated taking into consideration the median of analysts' estimates (October 2006).

On 30-Sep-06 BBVA's shares closed at €18.25, putting the market capitalisation at €61,883m (up 25.1% compared to a year earlier). During the third quarter the share price has varied between a low of €15.67 and a high of €18.37. The latter figure equates to a market cap of more than €62,290m - an all-time high for the Group. The daily average number of shares traded during the quarter was about 33m, representing a daily average of €560m.

The first and second interim dividends against 2006 earnings were paid on 10th July and 10th October, respectively. In both cases the gross amount was €0.132 per share (up 15% compared to 2005).

BUSINESS AREAS

Information by area is a fundamental tool for monitoring and controlling the Group's various businesses. In this section we report and discuss the more significant aspects of the business activities and earnings of the Group's different business areas, together with those of their main units.

The breakdown by business area starts at the lowest level where all the initial accounting data for the business in question are kept. Management classifies and combines data from these units in accordance with a defined structure by the Group to arrive at the picture for the principal units and, finally, for the entire area itself. Likewise, the Group's individual companies also belong to different business areas according to their type of activity. If a company's activities do not match a single area, the Group assigns them and its earnings to a number of relevant units.

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

- Capital: the Group allocates economic capital commensurate with the risks incurred by each business (CeR). This is based on the concept of unexpected loss at a certain level of statistical confidence, depending on the Group's targets in terms of capital adequacy. These targets are applied at two levels: the first is core equity, which determines the allocated capital. The Bank uses this amount as a basis for calculating the return generated on the equity in each business (ROE). The second level is total capital, which determines the additional allocation in terms of subordinate debt and preference shares. The CeR calculation combines lending risk, market risk (including structural risk associated with the balance sheet and equity positions), operational risk and fixed asset and technical risks in the case of insurance companies.

  Shareholders' equity, as calculated under BIS rules, is an extremely important reference to the entire Group. However, for the purpose of allocating capital to business areas the Bank prefers CeR. It is risk-sensitive and thus linked to the management policies for the individual businesses and the business portfolio. This procedure anticipates the approach likely to be adopted by the future Basel II rules on capital. These provide an equitable basis for assigning capital to businesses according to the risks incurred and make it easier to compare returns.

  In this report the above method of allocating capital is applied to all business units without exception (in previous years, capital was assigned to most units in the Americas based on book value).

- Internal transfer prices: management uses rates adjusted for maturity to calculate the margins for each business. It also revises the interest rates for the different assets and liabilities that make up each unit's balance sheet.

- Assignment of operating expenses: the Bank assigns direct and indirect costs to the business areas except for those where there is no close and defined relationship, ie, when they are of a clearly corporate or institutional nature for the entire Group.

- Cross-business register: in some cases, and for the correct assignment of results, consolidation adjustments are done to eliminate double accounting produced by the incentives given to boost cross-business between units.

In the breakdown of information, the top level comprises the business areas. They are broken down into their main operating units and information is provided for these as well. The arrangement of the areas is different to that in 2005 and reflects the new structure adopted in December 2005.

- **Retail Banking in Spain and Portugal:**
  - Financial services
  - Asset management and private banking
- **Wholesale Businesses:**
  - SMEs and corporations
  - Global businesses
- **Businesses in Mexico and the United States:**
  - Banking businesses
  - Pensions and insurance
- **Businesses in South America:**
  - Banking businesses
  - Pensions and insurance

Apart from the above units, all areas contain an extra unit (see information by segment in the section on financial statements) composed by other businesses as well as eliminations and unassigned items.

The Corporate Activities area handles the Group's general management functions. These mainly consist of structural positions for interest and exchange rates, liquidity and shareholders' funds. It also includes the industrial portfolio management unit and financial shareholdings. The Group's companies in Andorra have also been reported under this area until their disposal.

The second level is geographic. The section on financial statements gives information by country in the Americas in which each contains banking, pensions and insurance activities. Owing to its relevance, we show the complete income statement for Mexico (which combines the statements of Bancomer and of the pension and insurance activities in that country). Lastly, to complete the geographic breakdown, business in Europe comprises Retail Banking in Spain and Portugal and Wholesale Businesses.

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

Retail Banking in Spain and Portugal: this includes the financial services unit, ie, individual customers, small companies and businesses in the domestic market, plus consumer finance provided by Finanzia and Uno-e, mutual and pension fund managers, private banking, the insurance business and BBVA Portugal.

Wholesale Businesses: this area consists of the corporate banking unit, including SMEs (previously reported under Retail Banking), large companies and institutions in the domestic market. Global Businesses covers the global customers unit, investment banking, treasury management and distribution. The area also takes care of business and real estate projects.

Mexico and the United States: this area includes the banking, insurance and pension businesses in Mexico and the United States (including Puerto Rico).

South America: this consists of banking, insurance and pension businesses in South America.

The information on each area and on the units it contains consists of an income statement and balance sheet -with details of the main items such as inter-area positions and the allocation of economic capital. There is also a series of key indicators including lending to customers, customer deposits, off-balance sheet customer funds, ROE, cost/income ratio, non-performing loans and coverage ratios. We also provide the income statement and balance sheet for Corporate Activities. This show the liquidity assigned to the other areas and their capital allocations (under assets) as well as the Group's funding and equity accounts (under liabilities).

The figures for 2005 have been recalculated based on the same criteria and area structure to provide a uniform year-on-year comparison. As usual, in the case of units in the Americas, we provide the year-on-year percentage changes calculated at constant exchange rates as well as at current rates.

NET ATTRIBUTABLE PROFIT BY BUSINESS AREA

(Million euros)

	January-Sep. 06	Δ%	January-Sep. 05
Retail Banking in Spain and Portugal	1,085	11.1	977
Wholesale and Investment Banking	953	42.8	667
Mexico and USA	1,360	40.3	970
South America	417	37.3	304
Corporate Activities	642	n.m.	(189)
BBVA GROUP NET ATTRIBUTABLE PROFIT	4,457	63.4	2,728

ROE AND EFFICIENCY

(Percentage)

	ROE		Efficiency including depreciation and amortization	
	January-Sep. 06	January-Sep. 05	January-Sep. 06	January-Sep. 05
Retail Banking in Spain and Portugal	34.9	34.7	45.9	47.6
Wholesale and Investment Banking	31.8	25.2	24.8	28.4
Mexico and USA	48.9	43.7	38.1	43.1
South America	35.4	33.7	49.0	52.3
BBVA GROUP	35.8 (1)	35.5	44.3 (1)	46.6

(1) Excluding the one-off operations in the second quarter of 2006.

Retail Banking in Spain and Portugal

INCOME STATEMENT
(Million euros)

	Retail Banking in Spain and Portugal			Memorandum item: Financial Services			Memorandum item: Asset Management and Private Banking		
	Jan.-Sep. 06	∆%	Jan.-Sep. 05	Jan.-Sep. 06	∆%	Jan.-Sep. 05	Jan.-Sep. 06	∆%	Jan.-Sep. 05
NET INTEREST INCOME	2,106	8.0	1,950	2,069	8.0	1,915	21	10.3	19
Income by the equity method	1	(24.6)	1	1	n.m.	-	-	(98.9)	1
Net fee income	1,159	8.7	1,066	1,083	10.0	985	195	9.6	178
Income from insurance activities	279	22.2	228	-	-	-	-	-	-
CORE REVENUES	3,545	9.2	3,245	3,152	8.7	2,899	216	9.0	198
Net trading income	50	14.0	44	34	20.2	28	7	60.2	5
ORDINARY REVENUES	3,595	9.3	3,289	3,186	8.8	2,927	223	10.2	203
Net revenues from non-financial activities	24	18.2	20	21	12.3	19	-	-	-
Personnel and general administrative expenses	(1,625)	4.1	(1,560)	(1,461)	3.5	(1,412)	(68)	2.9	(67)
Depreciation and amortization	(77)	0.5	(77)	(63)	0.1	(63)	(5)	(8.3)	(5)
Other operating income and expenses	11	(71.7)	37	11	(69.9)	37	-	n.m.	-
OPERATING PROFIT	1,927	12.8	1,709	1,694	12.3	1,508	150	14.2	131
Impairment losses on financial assets	(266)	19.3	(223)	(255)	15.8	(220)	(7)	n.m.	(2)
• Loan loss provisions	(265)	16.7	(227)	(252)	14.3	(221)	(7)	n.m.	(2)
• Other	(1)	n.m.	4	(3)	n.m.	1	-	(100.0)	-
Provisions	-	(99.8)	(3)	(1)	n.m.	1	-	n.m.	(1)
Other income/losses	11	(23.6)	14	14	(22.3)	18	(2)	83.0	(1)
PRE-TAX PROFIT	1,671	11.7	1,496	1,452	11.1	1,307	140	10.3	127
Corporate income tax	(583)	13.0	(516)	(506)	12.0	(452)	(47)	14.0	(41)
NET PROFIT	1,088	11.0	980	945	10.6	855	93	8.5	86
Minority interests	(3)	(4.0)	(4)	(2)	(16.7)	(3)	(1)	47.9	(1)
NET ATTRIBUTABLE PROFIT	1,085	11.1	977	943	10.7	852	92	8.2	85

BALANCE SHEET
(Million euros)

	Retail Banking in Spain and Portugal			Memorandum item: Financial Services			Memorandum item: Asset Management and Private Banking		
	30-09-06	∆%	30-09-05	30-09-06	∆%	30-09-05	30-09-06	∆%	30-09-05
Cash and balances at Central Banks	1,430	16.9	1,224	1,360	17.3	1,159	14	(37.4)	22
Financial assets	12,153	(6.5)	12,998	555	5.6	526	311	(27.4)	429
Loans and receivables	114,626	18.6	96,648	106,915	18.1	90,494	2,625	40.8	1,864
• Due from banks	2,230	2.6	2,173	16	(90.8)	171	1,260	20.7	1,044
• Loans to customers	111,967	18.6	94,407	106,516	17.9	90,315	1,365	66.5	820
• Other	429	n.m.	69	383	n.m.	9	1	191.4	-
Inter-area positions	-	-	-	-	-	-	-	-	-
Property, plant and equipment	1,207	9.1	1,107	1,072	9.9	975	14	(19.0)	18
Other assets	2,366	27.3	1,858	812	24.0	655	86	(26.0)	116
TOTAL ASSETS / LIABILITIES AND EQUITY	131,783	15.8	113,835	110,713	18.0	93,809	3,051	24.6	2,448
Deposits by Central Banks and banks	6,492	20.7	5,381	3,424	8.0	3,169	335	0.3	334
Due to customers	56,410	18.3	47,673	53,397	19.8	44,570	1,061	0.8	1,052
Marketable debt securities	83	63.7	51	56	13.0	50	27	n.m.	1
Subordinated debt	2,388	6.3	2,246	1,970	12.2	1,756	116	(31.4)	169
Inter-area positions	43,958	20.0	36,631	42,729	18.4	36,102	974	214.9	309
Other liabilities	18,203	2.3	17,800	5,644	12.8	5,005	321	16.5	275
Minority interests	17	(69.0)	56	6	(88.2)	48	11	44.0	8
Shareholders' funds	4,231	5.9	3,997	3,488	12.2	3,109	206	(31.4)	300

RELEVANT BUSINESS INDICATORS

(Million euros and percentages)

	Retail Banking in Spain and Portugal			Memorandum item: Financial Services			Memorandum item: Asset Management and Private Banking		
	30-09-06	∆%	30-09-05	30-09-06	∆%	30-09-05	30-09-06	∆%	30-09-05
Customer lending (1)	112,688	18.6	95,020	107,215	18.0	90,888	1,380	67.8	823
Customer deposits (2)	59,616	17.6	50,678	56,447	19.2	47,354	1,117	(1.5)	1,134
• Deposits	59,579	17.7	50,639	56,426	19.2	47,336	1,101	(1.1)	1,114
• Assets sold under repurchase agreement	37	(4.7)	39	21	10.3	19	16	(18.7)	20
Off-balance-sheet funds	61,383	2.2	60,066	49,556	1.2	48,980	10,795	6.1	10,176
• Mutual funds	45,634	0.4	45,453	41,114	(0.5)	41,321	3,804	8.8	3,495
• Pension funds	15,749	7.8	14,613	8,442	10.2	7,659	6,991	4.6	6,681
Other placements	7,114	0.1	7,105	7,085	-	7,082	30	30.9	23
Customer portfolios	17,812	15.0	15,495	7,404	38.6	5,343	10,408	2.5	10,152
Total assets (3)	118,694	18.3	100,360	110,713	18.0	93,809	3,051	24.6	2,448
ROE (%)	34.9		34.7	36.8		39.1	62.6		40.1
Efficiency ratio (%)	43.8		45.3	44.3		45.8	30.7		32.9
Efficiency incl. depreciation and amortization (%)	45.9		47.6	46.3		47.9	32.8		35.4
NPL ratio (%)	0.64		0.69	0.65		0.70	0.01		-
Coverage ratio (%)	275.4		268.5	274.0		267.8	n.m.		n.m.

(1) Gross lending excluding NPLs. (2) Includes collection accounts and individual annuities. (3) Excluding insurance.

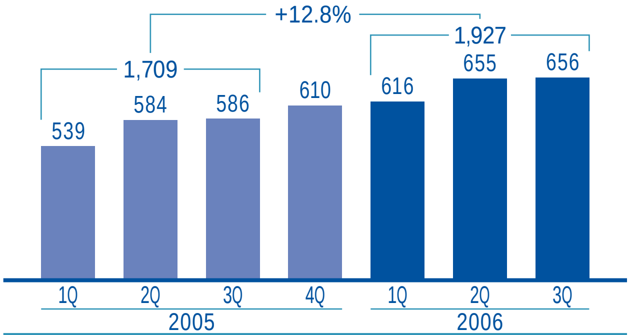
The Retail¬ Banking Area for Spain and Portugal provides distinctive services with a high degree of personalisation to private individuals and small businesses (including professional practices, the self-employed, retailers and farmers). It also includes consumer finance (Finanzia and Uno-e), asset management and the private banking unit (incorporating international private banking), European insurance business and BBVA Portugal. The area handles its own development, launch and distribution of new products and services.

Increased marketing productivity in this area continues to boost business volume and this is complemented by suitable pricing policies for all products. This resulted in higher net interest income and higher revenues from other sources. As a result, ordinary revenues rose 9.3% year-on-year in the first nine months of 2006. Costs rose more slowly (up 3.9%) and therefore operating profit increased 12.8% to €1,927m. The higher volume of business also required a 16.7% increase in generic loan provisions. Thus, net attributable profit came to €1,085m (up 11.1%) and ROE stands at 34.9% (34.7% a year earlier).

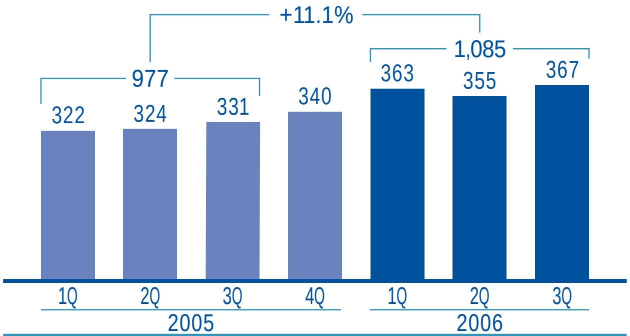
At 30-Sep-06, loans to customers totalled €112,688m, rising 18.6% year-on-year with contributions from all the main lending segments. Non-performing loans remain low and the NPL ratio is 0.64 (0.69% at 30-Sep-05). Coverage is high, at 275.4% (268.5% at 30-Sep-05) owing to the above increase in provisions.

Total customer funds rose 8.7% year-on-year to €128,077m at 30-Sep-06. Funds reported on the balance sheet increased 17.7% to €59,579m, with substantial

Retail Banking in Spain and Portugal
Operating profit (Million euros)



Retail Banking in Spain and Portugal
Net attributable profit (Million euros)



rises in all main business lines. Transactional deposits gained 13.4% and time deposits climbed 32.0%. These are proving to be the main forms of saving in 2006 because mutual funds remain steady (up 0.4%).

Increased business activity and a 5-basis point improvement in the customer spread compared to the second quarter, lifted net interest income 8.0% to €2,106m for the first nine months. Moreover, the quarterly figures reveal an upward trend: €680m, €705m and €721m so far this year. The higher business volumes also affected net fee income, which came to €1,159m (up 8.7% year-on-year), and income from the insurance business (up 22.2% to €279m). As a result, core revenues grew 9.2% and together with net trading income (up 14.0%), they brought ordinary revenues to €3,595m (up 9.3%).

Expenses rose at a slower pace (3.9% including depreciation) despite expanding the network by 75 branches since September 2005. Therefore the cost/income ratio improved further, bringing the ratio to 45.9%, (47.6% for the first nine months of last year).

● FINANCIAL SERVICES

Financial services include business with private individuals and small businesses, and the consumer finance unit. In the year to September, it generated net attributable profit of €943m (up 10.7%), supported by operating profit which rose 12.3% to €1,694m. Lending increased 18.0% and funds under management 9.4% (funds reported on the balance sheet rose 19.2%).

Financial services for individuals

Marketing productivity increased 14.7% with an average of 30.2 products per account manager each month. This illustrates the level of high activity with private individuals and is the result of constant product innovation and diversification.

During the quarter, customer funds increased €1,075m following the launch of various products such as *Depósito Triple 6*, the *106 Doble 6* guaranteed fund, *Depósito Triple 10* and BBVA's guaranteed equity funds (*Extra 10* and *BBVA 110 Ibex*).

BBVA was the first bank in Spain to launch an exchange-traded fund *(Acción Ibex 35 ETF)* which combines the diversification of a traditional fund with the flexibility of shares because it is listed and traded in real time on the stock market.

Consumer finance rose 20.7% year-on-year to €9,527m thanks to €3,988m of new loans signed in the first nine months (a year-on-year increase of 44.6%). The upward trend, which started at the beginning of the year, strengthened in the third quarter with the launch of a new product called *Préstamo Inmediato PIDE*. In just three months it has captured €370m, nearly 35% of new loans, because it is very accessible to customers. They can obtain a loan at any time of day, 365 days a year via the alternative channels. The total amount requested through ATMs, Línea BBVA and BBVAnet accounts for 45% of new PIDE loans.

Mortgages for non-regulated housing exceed €69 billion (up 19.0% year-on-year). The operations closed in the year to September come to €19,661m (up 5.5%). Marketing in the third quarter focused on *Hipoteca Fácil Plus* which, like other BBVA products for private individuals, continues to become more personalised and flexible with solutions that offset the rise in interest rates: possibility of financing 100% over 40 years, repayment of up to 30% can be postponed until the end of the period, variable-interest mortgages can be changed to fixed interest, two repayments a year can be suspended and the duration of a loan can be extended or shortened.

Financial services for small businesses

Management's focus on small companies, micro-firms, the self-employed and the farming sector is increasing the level of business in all lending and saving products.

Lending totals nearly €18,000m, growing 20.4% year-on-year thanks to the *Negocios 3x3* campaign. This includes different types of loans, leasing, loans with different maturities, discounted bills and the *ICO Pymes 2006* line. Invoicing is up 63% and the number of operations increased 69% compared to the 2005 campaign. Furthermore, long-term vehicle leasing plans (including maintenance) increased 16.7%. The sharp growth in lending, together with the upward trend in interest rates, increased the demand for products that offset interest-rate risk, especially in the case of loans secured by a mortgage.

The campaign to attract organisations with payrolls resulted in a 15% increase in the number of SMEs and small businesses that pay salaries through BBVA. Lastly, issue of BBVA Solred Mastercard cards increased 28%, thanks to telemarketing.

Consumer Finance

This unit manages online banking, consumer finance and vehicle loans, credit card distribution and leasing plans (including maintenance) that are conducted via Uno-e, Finanzia, Finanzia Autorenting and Finanziamento Portugal. In the third quarter of 2006, Telefónica ceased to be a shareholder of Uno-e, as provided in earlier agreements. The growth in business volume in the first nine months of 2006 helped operating profit to grow 16.1% year-on-year, to €85m. The net attributable profit of €38m represents a decline of 4.5% compared to the previous figure, which included €8m from the sale of a subsidiary in 2005.

At 30-Sep-06, lending totalled €3,729m (up 15.0% year-on-year) and new loans approved in the year to September came to €2,408m (up 10.1%). Vehicle loans rose 11.4% to €1,888m (with €700m in new loans signed during the period) and the number of vehicles under fleet hire came to 34,382 (up 20.7%). Equipment finance (including equipment-leasing plans) came to €998m (up 27.4%) with an increase of 23.6% in new business. New consumer finance arranged through Uno-e came to €904m (up 16.8%) and the balance rose to €835m (up 27.9%). In Portugal, BBVA Finanziamento signed €143m in new finance in the year to September and the balance rose to €345m (up 12.9%).

Customer funds under direct management or brokered came to €1,408m, rising 16.5% year-on-year (deposits rose 12.3% and mutual funds increased 57.3%).

● ASSET MANAGEMENT AND PRIVATE BANKING

At 30-Sep-06, total assets managed by this unit came to €78,770m, up 3.7% compared to a year earlier. Operating profit came to €150m (up 14.2%) and net attributable profit was €92m (up 8.2%).

By the end of September, the mutual funds under management came to €46,154m (up 0.1% year-on-year). Of this amount, financial mutual funds account for €44,047m. The average fee on the latter has increased 4.6 basis points since December 2005, to 1.269% (although the sector average has fallen 0.6 basis points). The assets of the real estate fund came to €2,107m (up 24.3%). And, in an environment characterised by rising stock markets and a growing demand for deposits, managed portfolios of funds continue to dominate with 55,412 portfolios and €3,130m at 30-Sep-06.

The assets managed in the Group's pension business in Spain increased 7.7% year-on-year to €15,499m. Of this amount, individual plans account for €8,599m (up 9.9%) and group schemes account for €6,900m (up 5.1%).

In terms of private banking in Spain, BBVA Patrimonios handles €11,013m in customer funds (up 23% year-on-year). In addition, international private banking manages assets of €6,104m.

● EUROPEAN INSURANCE

This unit handles the insurance business in Spain and Portugal. In the first nine months of 2006 it contributed €294m to the area's income statement. Of this amount, €279m came from policies issued by the Group (up 22.2%) and €15m was brokerage fees on the policies of other companies. The unit's net attributable profit came to €136m (up 20.9%).

BBVA Seguros continues to lead the life insurance business in Spain with a 17.2% market share at 30-Jun-06 (the latest figure available). Premiums grew 21% and there are more than 1.5 million policyholders. Premiums on household multiple risk policies rose 12% year-on-year and there were more than 825,000 customers at 30-Sep-06.

Premiums issued in the year to September came to €1,020m of which 44% are risk premiums (life and non-life) generating underwriting margins of 67.1% for the Group, and the rest are premiums on private savings policies and group schemes.

● BBVA PORTUGAL

Lending grew 23.5% year-on-year supported by mortgages (up 35.4%) and small company loans (up 19.2%). Customer funds include mutual funds (up 12.5%) and pension funds (up 15.5%). The bank launched new products such as *Depósito Multigestión Dinámica BBVA*, *Depósito Plus BBVA* and *Depósito Creciente Trimestral* 4% BBVA. The 16.3% rise in net interest income and containment of costs (up 4.1%) helped operating profit to jump 38.3% and brought net attributable profit to €9m. This was more than twice the figure for the same period last year.

Wholesale and Investment Banking

INCOME STATEMENT

(Million euros)

	Wholesale and Investment Banking			Memorandum item: Corporate and Business Banking			Memorandum item: Global Wholesale Banking and Markets		
	Jan.-Sep. 06	Δ%	Jan.-Sep. 05	Jan.-Sep. 06	Δ%	Jan.-Sep. 05	Jan.-Sep. 06	Δ%	Jan.-Sep. 05
NET INTEREST INCOME	776	3.9	746	672	7.8	623	108	(7.3)	117
Income by the equity method	198	n.m.	34	(1)	n.m.	-	-	(100.0)	-
Net fee income	359	11.6	322	213	7.4	199	153	18.9	129
Income from insurance activities	-	-	-	-	-	-	-	-	-
CORE REVENUES	1,332	20.9	1,102	884	7.6	822	261	6.3	246
Net trading income	434	40.0	310	107	48.2	72	364	35.2	269
ORDINARY REVENUES	1,767	25.1	1,412	992	10.9	894	625	21.4	515
Net revenues from non-financial activities	64	(23.8)	83	-	(100.0)	-	1	194.9	-
Personnel and general administrative expenses	(454)	7.0	(424)	(230)	3.8	(222)	(208)	12.1	(185)
Depreciation and amortization	(9)	(0.2)	(9)	(5)	(3.2)	(5)	(3)	15.1	(3)
Other operating income and expenses	3	(87.1)	23	4	(14.4)	5	(1)	(25.2)	(1)
OPERATING PROFIT	1,370	26.3	1,085	760	13.1	672	414	26.9	326
Impairment losses on financial assets	(267)	76.1	(152)	(149)	42.9	(104)	(119)	160.3	(46)
• Loan loss provisions	(267)	76.1	(152)	(149)	42.8	(104)	(119)	160.3	(46)
• Other	-	(100.0)	-	-	(100.0)	-	-	-	-
Provisions	9	23.3	7	-	n.m.	1	2	(43.0)	3
Other income/losses	157	n.m.	15	4	96.3	2	(1)	n.m.	2
PRE-TAX PROFIT	1,270	32.8	956	615	7.7	571	295	3.5	286
Corporate income tax	(313)	9.5	(286)	(214)	7.7	(199)	(81)	3.6	(78)
NET PROFIT	956	42.7	670	401	7.8	372	214	3.4	207
Minority interests	(3)	22.4	(3)	-	(100.0)	-	(2)	(20.2)	(3)
NET ATTRIBUTABLE PROFIT	953	42.8	667	401	7.8	372	212	3.7	205

BALANCE SHEET

(Million euros)

	Wholesale and Investment Banking			Memorandum item: Corporate and Business Banking			Memorandum item: Global Wholesale Banking and Markets		
	30-09-06	Δ%	30-09-05	30-09-06	Δ%	30-09-05	30-09-06	Δ%	30-09-05
Cash and balances at Central Banks	1,303	(7.0)	1,401	499	(8.5)	546	804	(5.8)	854
Financial assets	39,583	6.3	37,247	3,423	7.6	3,183	34,893	5.5	33,083
Loans and receivables	148,684	24.4	119,562	64,564	12.4	57,430	83,803	35.5	61,845
• Due from banks	60,001	27.5	47,057	3,861	18.3	3,264	55,876	28.2	43,584
• Loans to customers	86,577	21.3	71,358	60,450	11.6	54,161	26,129	52.0	17,194
• Other	2,106	83.7	1,146	254	n.m.	5	1,798	68.5	1,067
Inter-area positions	-	-	-	-	-	-	7,284	(64.6)	20,558
Property, plant and equipment	89	(4.2)	93	70	(10.0)	78	11	2.9	10
Other assets	1,952	(71.8)	6,925	194	(62.0)	509	1,230	(79.7)	6,049
TOTAL ASSETS / LIABILITIES AND EQUITY	191,611	16.0	165,226	68,751	11.3	61,746	128,024	4.6	122,399
Deposits by Central Banks and banks	77,324	16.7	66,281	4,998	17.4	4,258	72,121	16.4	61,945
Due to customers	60,051	9.6	54,789	21,357	20.9	17,665	38,690	4.2	37,115
Marketable debt securities	6,606	(13.3)	7,616	6,606	(13.5)	7,636	(1)	(97.2)	(19)
Subordinated debt	2,273	8.7	2,091	1,173	(4.8)	1,233	852	29.7	657
Inter-area positions	22,938	n.m.	5,730	29,715	16.5	25,505	-	-	-
Other liabilities	18,381	(26.4)	24,975	2,817	(13.5)	3,258	14,861	(31.0)	21,524
Minority interests	29	1.6	28	-	(33.3)	-	13	69.1	8
Shareholders' funds	4,010	7.9	3,715	2,084	(4.8)	2,190	1,487	27.3	1,168

RELEVANT BUSINESS INDICATORS

(Million euros and percentages)

	Wholesale and Investment Banking			Memorandum item: Corporate and Business Banking			Memorandum item: Global Wholesale Banking and Markets		
	30-09-06	Δ%	30-09-05	30-09-06	Δ%	30-09-05	30-09-06	Δ%	30-09-05
Customer lending (1)	86,919	21.7	71,410	60,233	11.6	53,970	26,687	53.1	17,435
Customer deposits (2)	61,668	9.0	56,559	23,629	19.2	19,820	38,015	3.6	36,704
• Deposits	45,705	10.1	41,522	23,573	19.2	19,773	22,109	1.8	21,715
• Assets sold under repurchase agreement	15,963	6.2	15,037	57	19.6	47	15,906	6.1	14,989
Off-balance-sheet funds	2,153	8.2	1,991	2,026	2.4	1,978	127	n.m.	13
• Mutual funds	2,087	7.6	1,939	1,960	1.7	1,926	127	n.m.	13
• Pension funds	66	28.4	51	66	28.4	51	-	-	-
Customer portfolios	1,172	(73.3)	4,385	-	-	-	1,172	(73.3)	4,385
Total assets	191,611	16.0	165,226	68,751	11.3	61,746	128,019	4.6	122,399
ROE (%)	31.8		25.2	24.4		24.6	20.9		23.6
Efficiency ratio (%)	24.3		27.8	22.4		23.8	33.3		36.0
Efficiency incl. depreciation and amortization (%)	24.8		28.4	22.9		24.4	33.8		36.6
NPL ratio (%)	0.22		0.34	0.36		0.39	0.03		0.25
Coverage ratio (%)	722.7		477.8	485.5		430.5	n.m.		621.9

(1) Gross lending excluding NPLs. (2) Includes collection accounts.

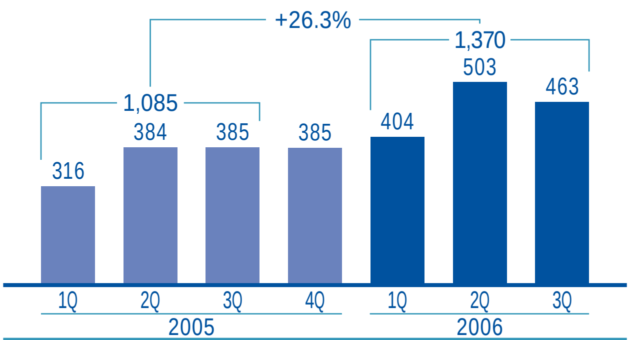
The Wholesale Businesses Area comprises corporate and business banking (SME banking, Iberian corporate banking, institutions banking, transactional services and product management), the global business unit (global customers and investment banking), global markets and distribution, and Asia. It also handles the private equity business (which the Group conducts under the Valanza brand) and the real estate business (through its subsidiary, Anida).

In the third quarter this area obtained net attributable profit of €330m, a year-on-year increase of 34.1%. This was mainly due to the positive performance of operating profit (up 20.3%). As a result, cumulative net attributable profit in the first nine months came to €953m (up 42.8% year-on-year) and ROE stands at 31.8%, compared to 25.2% for the same period last year.

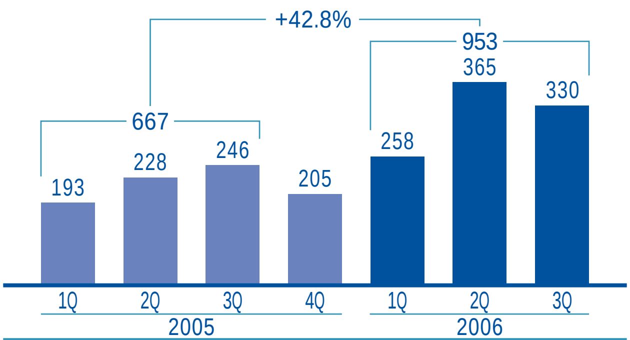
Lending continues to perform well, rising 21.7% year-on-year to €86,919m. Deposits increased 10.1% to €45,705m (in the banking businesses they grew 16.9%). The higher level of activity was accompanied by action to maintain spreads, an increase in net fee income and earnings carried by the equity method. The latter include accrual in the quarter of capital gains on the sale of an 11% stake in Gamesa via Corporación IBV (50% BBVA Group). The above activities caused core revenues to climb 20.9% in cumulative terms. After adding net trading income (which increased 40.0% due to the activities of the Markets unit and the sale of cash management products to the area's customers), ordinary revenues rose 25.1% year-on-year to €1,767m.

This increase in revenues, together with a much lower increase in operating expenses, meant the cost/income

Wholesale and Investment Banking
Operating profit (Million euros)



Wholesale and Investment Banking
Net attributable profit (Million euros)



ratio including depreciation improved further to 24.8% (the ratio was 28.4% at the same point last year). Thus operating profit rose 26.3% to €1,370m. Lastly, cumulative provisions increased 76.1% owing to higher lending, although the NPL ratio remains low at 0.22% (0.34% at 30-Sep-05). As a result, coverage increased to 722.7% (477.8%).

CORPORATE AND BUSINESS BANKING

The third quarter of 2006 was the unit's best in the last two years in terms of the main items on the income statement. Good results in lending and customer funds and action to defend customer spreads, plus net fee income and net trading income, boosted ordinary revenues in the first nine months by 10.9% to €992m. As a result, operating profit came to €760m (up 13.1%). Despite higher loan-loss provisions, the unit's net attributable profit rose to €401m (up 7.8%).

Lending increased 11.6% year-on-year to €60,233m, supported mainly by SME Banking, and customer deposits came to €23,573m (up 19.2%).

The unit's new organisation model was unveiled in July. This completes the transformation of the value chain, which started in December 2005 with the inclusion of SME Banking. The new model simplifies the structure at the top with a single chain of command for the three units, instead of three. It also creates seven new regional offices (Centre, Catalonia, North, North-West, South, East and Canary Islands).

SME Banking

This unit manages €33,130m in loans (up 19.8% year-on-year) and customer funds of €9,649m (up 15.8%). Higher volumes, price management and net trading income on the sale of market products to customers boosted ordinary revenues. As a result, operating profit grew 15.8% to €534m and net attributable profit rose 12.3% to €265m.

During the period, the ICO-Pymes 2006 credit line closed. Once again, BBVA achieved the greatest market share (18.3%), thus consolidating its leadership in the Spanish SME segment. Furthermore, the Catalan Finance Institute renewed an agreement allowing BBVA to finance Catalan SMEs under favourable terms. Lastly, the unit maintains its strategy of increasing the offer of new products.

Iberian Corporate Banking

Lending stands at €8,733m (up 15.8% year-on-year) and customer deposits came to €3,303m (up 20.2%). Higher business volume, an increase in net fee income and distribution of market products to customers helped ordinary revenues to grow 14.5% and operating profit rose 15.8% to €121m. After higher provisions, net attributable profit came to €68m (up 6.3% year-on-year).

Institutions Banking

In the third quarter, this unit achieved year-on-year growth of 29.5% in operating profit. This was mainly driven by an increase in cross-selling operations and higher business volume. As a result, the income statement for the year to date shows operating profit came to €114m (up 4.0% year-on-year). Net attributable profit comes to €75m, which is slightly higher than the first nine months of 2005. In terms of business, lending came to €18,238m (down 2.8% year-on-year) and deposits rose 19.6% to €11,958m.

The unit has strengthened its position as the yardstick for the public sector. During the quarter it renewed its agreement with the Ministry of Defence and it signed a leasing plan with the Catalan health department covering the supply of medical equipment. Other innovative leasing plans included artificial turf for various sporting installations and a fleet of buses for Malaga's transport corporation. Moreover, Gobernalia Global Net won a tender to renew UNESCO's web sites in Catalonia and a similar one for a solid-waste management organisation in Murcia.

Transactional Services and Product Management

During the quarter, the transactional services unit continued to develop electronic banking for SMEs, institutions and corporates. In Latin America it already has some 7,000 customers (compared to 220 a year ago) and in the year to September it handled €5 billion in orders. The Group's strategy with this product was recognised by *Global Finance* (a trade publication), which awarded BBVA Cash America a prize for Best Corporate/Institutional Internet Bank in Chile, Colombia and Venezuela. During the quarter, this product was made available through the branches in

New York, Hong Kong, Milan and Brussels, allowing customers to operate in a more global manner.

In the first nine months, BBVA Factoring handled €13,554m in factoring and confirming (up 6% year-on-year). Furthermore, it signed more than 30,500 new leasing operations worth €2,099m, bringing the outstanding balance to €6,131m (up 11%), and new comprehensive leasing plans worth €385m (up 17%).

GLOBAL BUSINESSES

In the first nine months this unit generated operating profit of €414m, a rise of 26.9% year-on-year, thanks to increases in banking business and market operations. As a result, the cost/income ratio fell to 33.8%, an improvement of 2.8 points over the same period a year earlier. After higher provisions (€73m more than the first nine months of 2005), which were due to the increase in business, net attributable profit came to €212m (up 3.7% year on year).

Global Customers & Investment Banking

In the third quarter, buoyant business, defence of spreads and the increase in net fee income generated the highest ordinary revenues in the last two years. They grew 33.0%, bringing cumulative operating profit to €215m (up 32.8% year-on-year). After higher provisions (€97m more than the first nine months of 2005), which were due to the increase in lending, net attributable profit came to €63m.

Corporate finance operations included BBVA's role as financial adviser to Arcelor during Mittal's takeover bid. In terms of structured finance, BBVA acted as mandated lead arranger and bookrunner in financing Cementos Portland Valderrivas's acquisition of 73.6% of Uniland, making it the leader in the Spanish cement market. Furthermore, *Infrastructure Journal* (an industry publication) ranked BBVA third worldwide in financing of infrastructure projects (based on first-half figures). Lastly, equity origination operations included BBVA's role as global co-ordinator and manager of all tranches of the IPO of Bolsas y Mercados Españoles's shares, in which BBVA placed 23%.

Global Markets and Distribution

This unit's operating profit came to €211m (up 29.3%), boosted by net trading income (up 38.5%). This came from management of its positions and the greater volume of business conducted with customers. Net attributable profit came to €167m, an increase of 38.0% year-on-year.

In July, BBVA launched the first fund traded on a Spanish exchange: Acción Ibex 35 ETF. The Group beat its competitors thanks to close co-operation between the Retail Banking area and the Global Markets and Distribution unit. The latter advises the traded fund, providing it with liquidity. It contributes its know-how as a market creator in a large number of equity-related derivatives. The market for commodity-related derivatives, which commenced operations recently, has started to take shape. This quarter witnessed the first international contracts with customers in Chile and Britain and the first exotic options in this market started to appear. This indicates an important improvement in the market's ability to structure and manage this type of product.

Asia

BBVA continued to pursue expansion in Asia, which plays a key role in its future plans. During the quarter, the Bank opened representative offices in Taipei and Seoul. Together with its branches in Hong Kong, Tokyo and Singapore, the offices in Beijing and Shanghai (whose conversion to branches is being processed) and the forthcoming openings in Mumbai and Sydney, the new offices make BBVA the biggest Spanish-Latin-American bank in Asia.

VALANZA

This unit manages a portfolio of 49 holdings with assets of €1,475m and latent capital gains of more than €560m. In the year to date it has generated €304m in net attributable profit. This is an increase of €252m over the same period in 2005 and is mainly due to the contribution of Corporación IBV and the Técnicas Reunidas IPO.

ANIDA

After spending more than €90m on acquisitions, Anida now has a portfolio of land with planning permission totalling more than 4 million square metres of construction. Net attributable profit came to €63m, up 30.9% over the first nine months of 2005.

Mexico and USA

INCOME STATEMENT
(Million euros)

	January-Sep. 06	Δ%	Δ% at constant exchange rate	January-Sep. 05
NET INTEREST INCOME	2,548	32.6	30.2	1,922
Income by the equity method	(4)	n.m.	n.m.	-
Net fee income	1,035	18.6	16.5	872
Income from insurance activities	230	39.8	37.2	164
CORE REVENUES	3,809	28.7	26.4	2,958
Net trading income	186	50.0	47.2	124
ORDINARY REVENUES	3,995	29.6	27.3	3,082
Net revenues from non-financial activities	(2)	82.9	79.6	(1)
Personnel and general administrative expenses	(1,431)	16.3	14.2	(1,231)
Depreciation and amortization	(90)	(6.3)	(7.9)	(96)
Other operating income and expenses	(85)	8.0	6.0	(79)
OPERATING PROFIT	2,385	42.4	39.8	1,675
Impairment losses on financial assets	(441)	105.4	101.7	(215)
• Loan loss provisions	(434)	121.8	117.9	(196)
• Other	(7)	(63.2)	(63.9)	(19)
Provisions	(72)	51.8	49.0	(47)
Other income/losses	38	n.m.	n.m.	(8)
PRE-TAX PROFIT	1,910	35.9	33.5	1,405
Corporate income tax	(548)	26.7	24.4	(433)
NET PROFIT	1,362	40.0	37.5	973
Minority interests	(2)	(34.4)	(35.6)	(3)
NET ATTRIBUTABLE PROFIT	1,360	40.3	37.7	970

BALANCE SHEET
(Million euros)

	30-09-06	Δ%	Δ% at constant exchange rate	30-09-05
Cash and balances at Central Banks	5,498	12.2	20.5	4,901
Financial assets	17,794	14.3	22.3	15,569
Loans and receivables	35,578	1.4	8.6	35,083
• Due from banks	5,987	(3.2)	3.9	6,183
• Loans to customers	28,734	16.2	24.3	24,725
• Other	858	(79.5)	(77.9)	4,174
Inter-area positions	-	-	-	-
Property, plant and equipment	983	(7.2)	(0.6)	1,059
Other assets	3,722	(24.1)	(18.6)	4,905
TOTAL ASSETS / LIABILITIES AND EQUITY	63,574	3.3	10.7	61,516
Deposits by Central Banks and banks	9,609	18.5	26.8	8,111
Due to customers	39,109	0.4	7.5	38,962
Marketable debt securities	922	5.3	10.7	875
Subordinated debt	2,065	16.2	24.7	1,777
Inter-area positions	11	(39.2)	(34.7)	19
Other liabilities	8,042	(4.2)	2.7	8,392
Minority interests	8	(1.2)	6.0	8
Shareholders' funds	3,808	12.9	21.1	3,372

RELEVANT BUSINESS INDICATORS

(Million euros and percentages)

	30-09-06	∆%	∆% at constant exchange rate	30-09-05
Customer lending [1]	26,901	18.2	26.4	22,759
Customer deposits [2]	37,392	(0.5)	6.5	37,596
• Deposits	30,672	(10.2)	(3.8)	34,138
• Assets sold under repurchase agreement	6,720	94.3	108.7	3,458
Off-balance-sheet funds	17,482	13.3	21.8	15,424
• Mutual funds	9,345	31.2	41.0	7,122
• Pension funds	8,137	(2.0)	5.3	8,302
Other placements	2,534	(1.7)	5.6	2,578
Customer portfolios	5,322	(2.8)	4.4	5,475
Total assets [3]	61,172	2.8	10.0	59,530
ROE (%)	48.9			43.7
Efficiency ratio (%)	35.9			39.9
Efficiency incl. depreciation and amortization (%)	38.1			43.1
NPL ratio (%)	2.16			2.17
Coverage ratio (%)	258.2			270.5

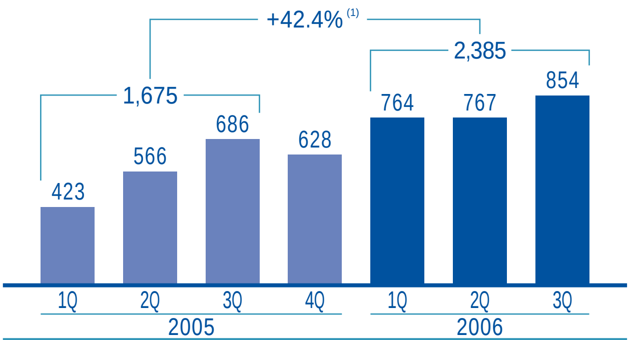
(1) Gross lending excluding NPLs and Bancomer's old mortgage portfolio. (2) Excluding deposits and repos issued by Bancomer's Markets unit. (3) Excluding insurance.

This business area covers the banking, insurance and pension businesses in Mexico and the United States (including Puerto Rico).

As mentioned in the section on relevant events, over the last 12 months the Mexican peso and the US dollar fell against the euro with a small positive effect on the year-on-year comparisons of items on the euro income statement and a negative effect on the balance sheet. The attached tables contain columns with year-on-year changes at constant exchange rates. These are the figures referred to in the following remarks because they are more appropriate for assessing business performance.

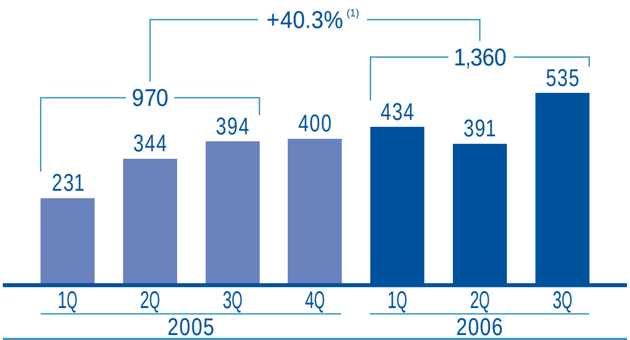
In the first nine months of 2006, the area generated net attributable profit of €1,360m. This was 37.7% higher than the same period of 2005. ROE now stands at 48.9% (43.7% at the same point last year). These earnings continue to be the result of intense business activity. Lending (up 26.4%) and customer funds (up 11.6%) boosted net interest income, which increased 30.2%. Revenues from net fee income and insurance rose 19.8%, bringing ordinary revenues to €3,995m (up 27.3%). The high level of activity had a lesser impact on expenses including depreciation (up 12.6%). As a result the cost/income ratio improved to 38.1% (43.1% last year) and operating profit came to €2,385m (up 39.8%). The increase in provisions was mainly of those generic in nature, due to the higher level of business activity and because since July 2005 the group has been making provisions against the consumer finance and mortgage portfolios based on expected loss. At 30-Sep-06 the NPL

Mexico and USA
Operating profit (Million euros)



(1) At constant exchange rates: +39.8%.

Mexico and USA
Net attributable profit (Million euros)



(1) At constant exchange rates: +37.7%.

ratio stood at 2.16% (2.17% at 30-Sep-05) and the coverage was 258.2%.

BANKING BUSINESS

The net attributable profit obtained by banking business in the first nine months of 2006 came to €1,249m, a year-on-year increase of 40.6%. The most relevant aspects of the different units are commented below.

BBVA Bancomer

The Mexican economy produced a positive surprise, exceeding 5% growth in the first half. This was the highest figure in five years and it was supported by exports, consumption and investment. Inflation rebounded following an increase in the price of certain volatile products. The temporary nature of the rebound and the possibility of a return to more normal rates of economic growth convinced the Mexican central bank to hold rates. As a result interest rates remain at 7% (8.25% at the end of 2005).

On 30-Sep-06 the Mexican peso closed at 14.0 per euro. This was a nominal depreciation of 6.9% over the last 12 months. However, in terms of average exchange rates, the first nine months of 2006 recorded an appreciation of 1.9% compared to the same period in 2005. Despite this, the variations are smaller than those of recent quarters.

BBVA Bancomer's net interest income in the first nine months of 2006 came to €2,362m with a year-on-year increase of 30.8%. This was mainly due to lending to private individuals and price management, which in an environment of moderately falling interest rates, helped to increase yields.

Lending stands at €22,153m, an increase of 30.7% year-on-year. Lending to companies increased 8.0%, especially medium-size companies (up 29.3%). The consumer finance portfolio surged 63.9% (credit cards lending grew 73.1% and payroll, personal and car loans 49.4%). The mortgage portfolio (excluding the old portfolio) rose 52.2%.

Customer funds, including deposits, mutual funds and repos, increased 12.1% to €43,112m. Current and savings accounts (up 16.4%) continue to perform well whereas balances in time deposits (down 29.6% year-on-year) shifted to repos (up 113.0%) and mutual funds (up 41.0%).

Net fee income in the year to September came to €889m, an increase of 21.6% year-on-year. This was supported by fees generated by the growing number of credit and debit cards, and investment companies. Net trading income contributed €170m (up 46.9%). As a result, ordinary revenues came to €3,417m, a year-on-year rise of 28.8%. Operating expenses including depreciation grew at a slower pace (10.0%) to €1,225m, bringing the cost/income ratio to 35.8%, an improvement of 6.2 percentage points from the figure of 42.0% a year earlier.

Operating profit came to €2,136m, which was 44.2% higher than the first nine months of 2005. The 135.8% increase in loan-loss provisions, bringing the total to €409m, is related to the important growth in lending to private individuals. Despite this and thanks to strict control of asset quality, the NPL ratio was 2.16% at 30-Sep-06, compared to 2.27% a year earlier. Coverage came to 284.1% (292.2% at 30-Sep-05).

Therefore net attributable profit for the first nine months of 2006 came to €1,207m, a year-on-year increase of 41.8%, and ROE stands at 51.1% (45.1% at the same point last year).

One of the strategic goals in 2006 is to promote products that link customers more closely with the bank. For this reason a large-scale campaign was launched in September to capture salary payments. As a result, the number of customers whose salaries are credited to an account with BBVA Bancomer increased by 10%. In the third quarter, commercial banking opened 14 new branches and installed 90 new ATMs. Furthermore, the productivity of the branch network increased 16% in the year to September, compared to the same period of 2005.

The mortgage-banking unit launched a number of innovative products. They included an alliance with the housing institute for government employees (FOVISSSTE) under which the bank will provide housing finance in general terms or secured by employees' salaries. It also signed three new agreements with developers to speed up mortgage processing for the buyers and launched a system of bridging finance for house owners who are moving or upgrading. This allows customers to purchase a new dwelling without the need to sell their old homes first.

SME Banking opened two new branches, bringing the total to 120 at 30-Sep-06. In addition, it implemented a

INCOME STATEMENT

(Million euros)

	Memorandum item: Banking businesses				Of which: BBVA Bancomer				Pensions and Insurance			
	Jan.-Sep. 06	Δ%	Δ% (1)	Jan.-Sep. 05	Jan.-Sep. 06	Δ%	Δ% (1)	Jan.-Sep. 05	Jan.-Sep. 06	Δ%	Δ% (1)	Jan.-Sep. 05
NET INTEREST INCOME	2,553	32.9	30.5	1,921	2,362	33.2	30.8	1,773	2	(60.2)	(61.0)	4
Income by the equity method	(4)	n.m.	n.m.	-	(4)	n.m.	n.m.	-	-	-	-	-
Net fee income	966	21.7	19.5	794	889	23.9	21.6	717	130	(4.1)	(5.8)	136
Income from insurance activities	-	-	-	-	-	-	-	-	180	41.8	39.2	127
CORE REVENUES	3,516	29.5	27.1	2,716	3,247	30.4	28.0	2,490	311	16.9	14.8	266
Net trading income	179	52.1	49.4	118	170	49.6	46.9	114	7	10.2	8.2	6
ORDINARY REVENUES	3,695	30.4	28.1	2,833	3,417	31.2	28.8	2,604	318	16.8	14.6	273
Net revenues from non-financial activities	-	-	-	-	-	-	-	-	(2)	n.m.	n.m.	3
Personnel and general administrative expenses	(1,322)	15.4	13.4	(1,145)	(1,154)	14.3	12.3	(1,009)	(149)	24.1	21.9	(120)
Depreciation and amortization	(88)	(7.6)	(9.2)	(95)	(71)	(15.4)	(16.9)	(83)	(2)	94.3	90.8	(1)
Other operating income and expenses	(57)	0.3	(1.5)	(57)	(57)	(0.6)	(2.4)	(57)	21	70.5	67.4	12
OPERATING PROFIT	2,227	45.0	42.4	1,535	2,136	46.8	44.2	1,454	186	12.0	10.0	166
Impairment losses on financial assets	(441)	105.4	101.7	(215)	(416)	119.7	115.6	(189)	-	-	-	-
• Loan loss provisions	(434)	121.8	117.9	(196)	(409)	140.2	135.8	(170)	-	-	-	-
• Other	(7)	(63.2)	(63.9)	(19)	(7)	(63.7)	(64.3)	(19)	-	-	-	-
Provisions	(72)	51.7	49.0	(47)	(70)	58.5	55.6	(44)	-	-	-	-
Other income/losses	35	n.m.	n.m.	(7)	34	n.m.	n.m.	(8)	2	n.m.	n.m.	(1)
PRE-TAX PROFIT	1,750	38.1	35.6	1,267	1,684	38.9	36.3	1,213	189	13.9	11.8	166
Corporate income tax	(500)	27.2	24.9	(393)	(477)	26.7	24.4	(377)	(57)	17.3	15.2	(49)
NET PROFIT	1,250	43.1	40.5	874	1,207	44.4	41.7	836	131	12.5	10.4	117
Minority interests	(1)	(37.9)	(39.1)	(1)	(1)	(43.0)	(44.0)	(1)	(1)	(32.4)	(33.7)	(2)
NET ATTRIBUTABLE PROFIT	1,249	43.2	40.6	873	1,207	44.5	41.8	835	130	13.3	11.2	115

BALANCE SHEET

(Million euros)

	Memorandum item: Banking businesses				Of which: BBVA Bancomer				Pensions and Insurance			
	30-09-06	Δ%	Δ% (1)	30-09-05	30-09-06	Δ%	Δ% (1)	30-09-05	30-09-06	Δ%	Δ% (1)	30-09-05
Cash and balances at Central Banks	5,498	12.2	20.5	4,901	5,448	12.4	20.8	4,847	-	1.3	8.8	-
Financial assets	15,911	13.7	21.6	13,995	13,314	19.8	28.7	11,113	2,355	19.9	28.8	1,964
Loans and receivables	35,562	1.4	8.6	35,071	29,942	0.3	7.8	29,843	56	24.7	33.9	45
• Due from banks	5,979	(3.2)	3.8	6,179	5,269	(7.9)	(1.1)	5,722	47	28.3	37.8	37
• Loans to customers	28,734	16.2	24.3	24,725	23,966	19.5	28.4	20,061	-	(100.0)	(100.0)	1
• Other	850	(79.6)	(78.1)	4,168	708	(82.6)	(81.3)	4,061	8	16.9	25.6	7
Inter-area positions	7	n.m.	n.m.	1	6	n.m.	n.m.	1	-	-	-	-
Property, plant and equipment	975	(7.4)	(0.8)	1,052	823	(7.0)	(0.1)	884	6	17.0	25.7	5
Other assets	2,232	(45.6)	(41.6)	4,100	1,594	(58.5)	(55.4)	3,838	162	(8.2)	(1.4)	176
TOTAL ASSETS / LIABILITIES AND EQUITY	60,184	1.8	9.0	59,120	51,127	1.2	8.7	50,526	2,579	17.7	26.5	2,190
Deposits by Central Banks and banks	9,610	18.5	26.8	8,108	8,184	23.5	32.6	6,629	-	100.0	114.9	-
Due to customers	39,153	0.4	7.6	38,996	33,923	(0.2)	7.3	33,976	-	-	-	-
Marketable debt securities	922	5.3	10.7	875	109	n.m.	n.m.	-	-	-	-	-
Subordinated debt	709	(36.8)	(32.2)	1,122	576	(44.5)	(40.4)	1,037	-	-	-	-
Inter-area positions	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	6,197	(9.7)	(3.2)	6,860	5,109	(16.1)	(9.8)	6,088	2,363	20.0	28.9	1,969
Minority interests	2	(63.6)	(60.9)	6	2	(59.6)	(56.6)	6	6	242.8	268.3	2
Shareholders' funds	3,590	13.9	22.1	3,152	3,224	15.6	24.2	2,790	210	(4.4)	2.7	219

(1) At constant exchange rate.

RELEVANT BUSINESS INDICATORS

(Million euros and percentages)

	Memorandum item: Banking businesses				Of which: BBVA Bancomer				Pensions and Insurance			
	30-09-06	Δ%	Δ% (1)	30-09-05	30-09-06	Δ%	Δ% (1)	30-09-05	30-09-06	Δ%	Δ% (1)	30-09-05
Customer lending (2)	26,901	18.2	26.4	22,759	22,153	21.6	30.7	18,215	-	-	-	-
Customer deposits (3)	37,392	(0.5)	6.5	37,596	31,233	(1.2)	6.1	31,626	-	-	-	-
• Deposits	30,672	(10.2)	(3.8)	34,138	24,602	(13.0)	(6.5)	28,281	-	-	-	-
• Assets sold under repurchase agreement	6,720	94.3	108.7	3,458	6,631	98.2	113.0	3,345	-	-	-	-
Off-balance-sheet funds	9,345	31.2	41.0	7,122	9,345	31.2	41.0	7,122	8,137	(2.0)	5.3	8,302
• Mutual funds	9,345	31.2	41.0	7,122	9,345	31.2	41.0	7,122	-	-	-	-
• Pension funds	-	-	-	-	-	-	-	-	8,137	(2.0)	5.3	8,302
Other placements	2,534	(1.7)	5.6	2,578	2,534	(1.7)	5.6	2,578				
Customer portfolios	5,322	(2.8)	4.4	5,475	5,322	(2.8)	4.4	5,475	-	-	-	-
Total assets	60,184	1.8	9.0	59,120	51,127	1.2	8.7	50,526	-	-	-	-
ROE (%)	47.3			42.4	51.1			45.1	91.7			71.7
Efficiency ratio (%)	35.8			40.4	33.8			38.8	47.0			43.6
Efficiency incl. depreciation and amortization (%)	38.2			43.8	35.8			42.0	47.7			43.9
NPL ratio (%)	2.16			2.17	2.16			2.27	-			-
Coverage ratio (%)	258.2			270.5	284.1			292.2	-			-

(1) At constant exchange rate. (2) Gross lending excluding NPLs and Bancomer's old mortgage portfolio. (3) Excluding deposits and repos issued by Bancomer's Markets unit.

plan to increase the efficiency of the branch network. This reduces the time staff spends on administration activities so they can focus on sales. The wholesale banking unit participated as placement leader in the secondary public offer of Consorcio ARA, one of Mexico's leading builders. This operation, worth 2,557m pesos, is the first since the market entered a volatile period in May 2006.

USA

In the first nine months, BBVA USA generated operating profit of €80m and net attributable profit of €35m, year-on-year increases of 6.8% and 5.5%, respectively. These figures are affected by developments at BBVA Puerto Rico and the new expansion plans for California and Finanzia in LNB. At the end of September, lending came to €4,748m (up 9.8%) and deposits stood at €6,159m (up 8.5%). At Texas Regional Bancshares' AGM, 99% of shareholders voted in favour of BBVA's takeover. The operation now only requires approval from the US authorities.

● PENSIONS AND INSURANCE

In the year to September, these businesses generated operating profit of €186m (up 10.0% year-on-year). Net attributable profit came to €130m (up 11.2%).

The pension business in Mexico continues with no clear sign of recovery. The main factors affecting employment have changed only slightly and competition has increased. There are a high number of defections from one company to another and fees are under considerable pressure. On the positive side, markets were more stable in the third quarter thanks to the easing of long-term interest rates. This favoured the recovery of financial results and regulatory ratios. The complex environment had a negative effect on **Afore Bancomer**, which obtained net attributable profit of €50m in the first nine months (down 14.8% compared to the same period last year).

Unlike the pension business, insurance in Mexico has performed well in recent quarters. The Group has three insurance companies in Mexico. The leading one is **Seguros Bancomer**, which issued €565m in premiums in the first nine months of 2006. This was an increase of 78.3% compared to the same period last year and the improvement extended to all business lines. The high level of business activity meant that net attributable profit of the three companies came to €79m, an increase of 38.4% year-on-year.

South America

INCOME STATEMENT

(Million euros)

	South America				Memorandum item: Banking businesses				Memorandum item: Pensions and Insurance			
	Jan.-Sep. 06	Δ%	Δ% (1)	Jan.-Sep. 05	Jan.-Sep. 06	Δ%	Δ% (1)	Jan.-Sep. 05	Jan.-Sep. 06	Δ%	Δ% (1)	Jan.-Sep. 05
NET INTEREST INCOME	953	26.7	26.5	752	945	26.7	26.3	746	8	21.2	25.7	7
Income by the equity method	3	n.m.	n.m.	(1)	4	n.m.	n.m.	-	(1)	(8.5)	(15.8)	(1)
Net fee income	603	20.1	18.0	502	320	21.0	21.0	265	193	10.3	6.4	175
Income from insurance activities	(6)	n.m.	215.7	2	-	-	-	-	88	31.4	35.2	67
CORE REVENUES	1,552	23.7	23.1	1,255	1,269	25.6	25.3	1,010	288	16.4	14.4	248
Net trading income	231	126.4	126.0	102	207	177.2	181.8	75	24	(12.1)	(16.3)	27
ORDINARY REVENUES	1,783	31.4	30.8	1,357	1,476	36.0	35.9	1,085	312	13.5	11.3	275
Net revenues from non-financial activities	4	(49.3)	(46.9)	9	-	-	-	-	4	(49.3)	(46.9)	9
Personnel and general administrative expenses	(811)	21.6	21.2	(667)	(638)	24.6	24.4	(512)	(156)	14.0	12.5	(137)
Depreciation and amortization	(65)	37.2	35.2	(47)	(57)	58.8	57.3	(36)	(8)	(28.1)	(30.6)	(12)
Other operating income and expenses	(34)	22.7	23.7	(28)	(32)	24.5	25.3	(26)	1	63.0	20.8	1
OPERATING PROFIT	877	40.7	40.1	623	749	46.4	46.5	511	153	12.8	10.2	135
Impairment losses on financial assets	(79)	121.2	111.0	(36)	(79)	88.6	80.7	(42)	-	(27.1)	(23.6)	-
• Loan loss provisions	(78)	181.3	163.5	(28)	(78)	129.6	117.1	(34)	-	-	-	-
• Other	(1)	(85.9)	(85.7)	(8)	(1)	(86.6)	(86.3)	(8)	-	(27.1)	(23.6)	-
Provisions	(47)	11.2	11.8	(42)	(38)	(7.3)	(6.6)	(41)	(9)	n.m.	n.m.	(1)
Other income/losses	(4)	n.m.	n.m.	30	1	(95.0)	(94.9)	22	(6)	n.m.	n.m.	9
PRE-TAX PROFIT	747	29.9	29.7	575	633	40.5	41.2	450	138	(3.3)	(5.1)	143
Corporate income tax	(157)	19.0	19.3	(132)	(131)	32.8	34.0	(98)	(34)	(17.2)	(18.2)	(42)
NET PROFIT	591	33.1	32.8	444	502	42.7	43.2	352	104	2.4	0.2	101
Minority interests	(173)	24.0	22.9	(140)	(149)	32.4	32.6	(112)	(25)	(10.3)	(14.5)	(28)
NET ATTRIBUTABLE PROFIT	417	37.3	37.3	304	354	47.5	48.2	240	79	7.2	5.9	74

BALANCE SHEET

(Million euros)

	South America				Memorandum item: Banking businesses				Memorandum item: Pensions and Insurance			
	30-09-06	Δ%	Δ% (1)	30-09-05	30-09-06	Δ%	Δ% (1)	30-09-05	30-09-06	Δ%	Δ% (1)	30-09-05
Cash and balances at Central Banks	2,401	16.7	23.8	2,057	2,401	16.7	23.8	2,057	-	25.6	36.4	-
Financial assets	3,824	(16.8)	(11.1)	4,595	3,103	(22.3)	(17.2)	3,992	961	32.7	44.5	724
Loans and receivables	19,813	31.3	39.7	15,087	19,478	32.8	41.1	14,667	435	(19.2)	(10.5)	538
• Due from banks	3,480	68.5	77.9	2,065	3,303	85.5	94.6	1,780	254	(33.0)	(26.3)	380
• Loans to customers	15,791	26.1	34.4	12,521	15,644	26.3	34.5	12,388	169	8.7	22.4	155
• Other	542	8.3	14.4	501	531	6.7	12.7	498	12	n.m.	n.m.	3
Inter-area positions	-	-	-	-	2	(17.5)	(13.6)	2	-	-	-	-
Property, plant and equipment	474	4.8	12.8	452	401	6.0	13.9	378	73	(1.3)	7.1	74
Other assets	2,082	17.0	23.7	1,779	1,145	26.3	37.8	906	256	(2.8)	6.4	264
TOTAL ASSETS / LIABILITIES AND EQUITY	28,594	19.3	26.9	23,971	26,529	20.6	28.3	22,002	1,725	7.8	18.2	1,600
Deposits by Central Banks and banks	1,944	37.4	46.4	1,415	1,918	36.6	45.6	1,404	49	37.5	45.9	36
Due to customers	20,341	18.1	25.8	17,219	20,452	18.1	25.8	17,310	-	(100.0)	(100.0)	-
Marketable debt securities	414	6.9	14.4	388	420	8.4	16.0	388	-	-	-	-
Subordinated debt	934	21.4	22.8	770	210	52.5	63.1	137	-	-	-	-
Inter-area positions	22	0.6	5.3	22	-	-	-	-	-	-	-	-
Other liabilities	2,622	21.7	30.7	2,154	1,562	39.5	46.8	1,120	1,327	10.4	21.0	1,202
Minority interests	683	7.3	12.2	637	607	11.8	16.7	543	76	(18.6)	(13.6)	94
Shareholders' funds	1,633	19.4	29.1	1,368	1,360	23.7	32.8	1,100	273	1.8	13.4	268

(1) At constant exchange rate.

RELEVANT BUSINESS INDICATORS

(Million euros and percentages)

	South America				Memorandum item: Banking businesses				Memorandum item: Pensions and Insurance			
	30-09-06	∆%	∆% [1]	30-09-05	30-09-06	∆%	∆% [1]	30-09-05	30-09-06	∆%	∆% [1]	30-09-05
Customer lending [2]	16,080	24.9	33.2	12,873	16,080	24.9	33.2	12,873	-	-	-	-
Customer deposits [3]	21,043	17.9	25.5	17,853	21,043	17.9	25.5	17,853	-	-	-	-
• Deposits	20,685	20.3	28.2	17,193	20,685	20.3	28.2	17,193	-	-	-	-
• Assets sold under repurchase agreement	358	(45.8)	(42.9)	660	358	(45.8)	(42.9)	660	-	-	-	-
Off-balance-sheet funds	31,019	2.2	9.1	30,365	1,471	3.0	10.0	1,428	29,548	2.1	9.1	28,937
• Mutual funds	1,471	3.0	10.0	1,428	1,471	3.0	10.0	1,428	-	-	-	-
• Pension funds	29,548	2.1	9.1	28,937	-	-	-	-	29,548	2.1	9.1	28,937
Customer portfolios	-	-	-	-	-	-	-	-	-	-	-	-
Total assets [4]	27,511	19.2	27.1	23,088	26,529	20.6	28.3	22,002	-	-	-	-
ROE (%)	35.4			33.7	36.2			32.9	39.2			42.2
Efficiency ratio (%)	45.4			48.8	43.2			47.2	49.4			48.4
Efficiency incl. depreciation and amortization (%)	49.0			52.3	47.0			50.5	52.0			52.5
NPL ratio (%)	2.92			3.83	2.95			3.87	-			-
Coverage ratio (%)	120.5			103.4	120.5			103.4	-			-

(1) At constant exchange rate. (2) Gross lending excluding NPLs. (3) Including marketable debt securities. (4) Excluding insurance.

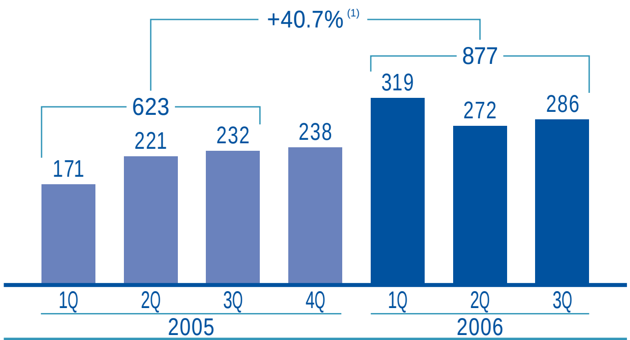
The South America area handles the banking, pension and insurance business conducted by the Group in Argentina, Bolivia, Chile, Colombia, Ecuador Panama, Paraguay, Peru, Dominican Republic, Uruguay and Venezuela. In the last 12 months the area incorporated Granahorrar in Colombia (December 2005) and Forum, a finance company in Chile (May 2006).

In the current positive economic environment, Latin America continues to grow strongly supported by stability of the main economic factors, the balanced fiscal policies adopted by most countries and relatively moderate levels of inflation. The high raw-material prices and relative abundance of global liquidity enhance the present conditions and important amounts of capital are flowing into the region. In the third quarter, interest rates eased after the volatility in the previous quarter, leading to improvements in stock markets and trading income across the sector.

Most currencies remained largely unchanged against the euro during the quarter. In the last 12 months, the effect of the exchange rate on balance sheets continues to be negative but the impact of average rates on the income statement is negligible. The attached tables contain columns with year-on-year changes for different items at constant exchange rates. Unless otherwise indicated, the following remarks refer to these figures.

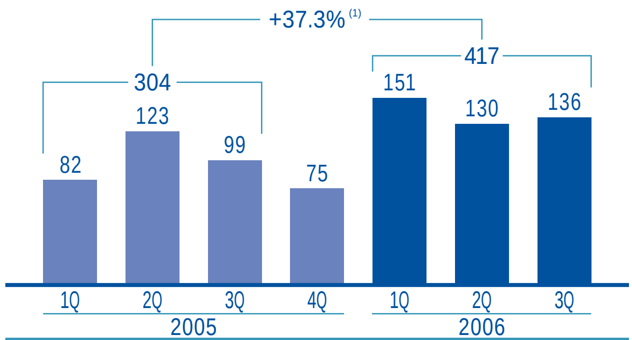
Against the backdrop of the region's positive economic situation, the South America area recorded a

South America
Operating profit (Million euros)



(1) At constant exchange rates: +40.1%.

South America
Net attributable profit (Million euros)



(1) At constant exchange rates: +37.3%.

substantial improvement in business volume and earnings during the third quarter. In the first nine months of the year net attributable profit jumped 37.3% year-on-year to €417m (at current exchange rates the increase is identical). As a result, ROE now stands at 35.4%, compared to 33.7% a year earlier.

The explanation for this high growth continues to lie with the greater level of business conducted with customers. This is especially true of lending, which grew 33.2% to €16,080m at the end of September. The balance sheets of all units in the area reflect its growing importance. Once again, transactions with private individuals (mortgages, consumer finance and credit cards) led the way with an increase of 54.2%. Total customer funds (measured by deposits and mutual funds) rose 24.4% to €22,514m. As in previous quarters, the area concentrated on maintaining spreads and increasing lower-cost funds. In recent quarters, some of the area's banks decided not to renew time deposits with high interest rates.

The buoyant level of business with customers had a highly positive volume effect, boosting earnings from recurrent revenues. This was particularly evident in net interest income, which rose 26.5% in the first nine months to €953m. Furthermore, the faster pace of business also favoured net fee income, which advanced 18.0% to €603m with increased contributions from all categories. The market stability mentioned above boosted net trading income to €231m for the year to September (up 126.0%). As a result, ordinary revenues came to €1,783m (up 30.8%).

The high level of banking activity at all the area's units, together with moderately high inflation in two of the main countries (Argentina and Venezuela) and the incorporation of Granahorrar, led to a rise in operating expenses. Including depreciation, they grew 22.1% compared to September last year. However, this increase was significantly lower than the rise in revenues and thus the cost/income ratio improved to 49.0% (52.3% last year). Operating profit for the year to date climbed 40.1% to €877m.

The increase in lending had no negative effect on asset quality thanks to the Group's traditional, prudent policy on risk control. The area's NPL ratio fell once more, to 2.92% at 30-Sep-06, compared to 3.83% a year earlier. Despite this improvement, the sharp rise in business led to considerable increases in generic provisions, which jumped 163.5% to €78m at the end of the third quarter. As a result, coverage now stands at 120.5% (103.4% a year earlier).

● BANKING BUSINESS

The banks in the South America area generated net attributable profit of €354m in the first nine months of 2006, rising 48.2% year-on-year. This was mainly due to the sharp increase in business volume and recurrent revenues. Significant events at the different banks are detailed below.

BBVA Banco Francés in Argentina contributed net attributable profit of €109m in the first nine months of the year (up 47.5%). This excellent result and the higher operating profit (up 71.0% to €243m in the first nine months) were due to improvements in all business lines, especially private-sector lending which grew 60.7% supported by business with private individuals and SMEs. Customer funds grew 11.2% with gains in all categories. The capital gains generated on the sale of public-sector assets in the first half also made a positive contribution.

At **BBVA Chile** net interest income improved to €126m despite the negative impact of higher interest rates. The year-on-year increase of 9.0% was supported by a 23.4% rise in lending. Net interest income was the main factor supporting operating profit, which increased 5.6% to €75m. The higher level of business this year also led to an increase in provisions, especially of a generic nature, and thus net attributable profit came to €25m (up 7.5%). Forum, a vehicle finance company in Chile, accounted for €3m of the above amount. It joined the Group half way through May.

BBVA Colombia, which merged with Granahorrar on 30th April, generated net attributable profit of €82m in the first nine months. This was twice the figure for the same period last year. This bank continues to demonstrate its considerable marketing capabilities. Lending and customer funds rose 72.9% and 64.6%, respectively, despite stiffer competition. Apart from net interest income, the positive volume effect is also boosting net fee income. The improvement in revenues was accompanied by a cost-cutting policy that started after the merger. This helped operating profit to reach €104m (up 58.1% year-on-year although this, and the above percentages, are enhanced by the incorporation of Granahorrar).

BBVA Banco Continental in Peru contributed net attributable profit of €41m in the year to September (up 10.7%). As in the previous cases, the key factor was the growth of business (lending rose 38.4%). This led to a 19.2% rise in net interest income despite the negative effect of higher interest rates. Net fee income also rose 15.7% and thus operating profit increased 14.1% year-on-year to €143m.

BBVA Banco Provincial generated net attributable profit of €64m in the first nine months. This was 50.2% higher than the equivalent figure last year. Lending was up 57.9%, supported by retail loans. Customer funds also performed well, especially private-sector deposits (mainly current and savings accounts) which jumped 75.9%. The higher volume of business and the unit's efforts to maintain customer spreads helped net interest income to continue increasing (up 39.1%) despite the limitations imposed by local finance authorities. With positive contributions from other sources of revenue (net fee income and net trading income) and expenses that rose in line with inflation (above 15% at 30-9-06 compared to last year), operating profit came to €143m (up 80.4%).

Other banks in the area also performed well in the period. Net attributable profit at **BBVA Panama** came to €17m (up 31.5%), **BBVA Paraguay** contributed €10m (up 19.6%) and **BBVA Uruguay** added €7m (compared to €1m in the first nine months of 2005).

● PENSIONS AND INSURANCE

The pension fund managers and insurance companies in the South America area generated €79m of net attributable profit in the year to September. This was 5.9% more than the same period last year. Brief comments on the performance of the main companies are given below.

In Chile, **AFP Provida** contributed €30m of net attributable profit in the year to September (up 44.9%) thanks to the higher level of activity, which helped in-flows to rise 13.5% and assets under management increased 12.3%.

In Argentina, **Consolidar AFJP** also enjoyed higher levels of activity, with a year-on-year increase of 29.3% in fund gathering and 17.8% in assets under management. Net attributable profit for the first nine months came to €3m.

Significant contributions to net attributable profit were made by **Horizonte Colombia** (€10m) and **Horizonte Perú** (€5m - despite the strong competition in this country).

The **insurance** companies in the area obtained net attributable profit of €29m in the year to September, of which the Consolidar Group in Argentina contributed €17m. Buoyant business activity at all companies, especially in regard to bancassurance, led to a 41.6% increase in premiums.

Corporate Activities

INCOME STATEMENT
(Million euros)

	January-Sep. 06	∆%	January-Sep. 05
NET INTEREST INCOME	(299)	86.5	(160)
Income by the equity method	24	(46.8)	45
Net fee income	43	(61.9)	113
Income from insurance activities	(19)	(58.3)	(46)
CORE REVENUES	(251)	n.m.	(49)
Net trading income	774	145.9	315
ORDINARY REVENUES	523	96.4	266
Net revenues from non-financial activities	(2)	n.m.	-
Personnel and general administrative expenses	(356)	18.6	(300)
Depreciation and amortization	(105)	12.5	(93)
Other operating income and expenses	(10)	(46.8)	(19)
OPERATING PROFIT	50	n.m.	(147)
Impairment losses on financial assets	(9)	n.m.	68
• Loan loss provisions	-	(99.5)	72
• Other	(9)	122.3	(4)
Provisions	(372)	52.7	(244)
Other income/losses	765	n.m.	21
PRE-TAX PROFIT	434	n.m.	(302)
Corporate income tax	217	36.4	159
NET PROFIT	651	n.m.	(143)
Minority interests	(10)	(79.6)	(47)
NET ATTRIBUTABLE PROFIT	642	n.m.	(189)

BALANCE SHEET
(Million euros)

	30-09-06	∆%	30-09-05
Financial assets	23,003	(31.8)	33,745
Loans to customers	(504)	228.0	(154)
Liquidity transferred to the business areas	66,930	57.8	42,403
Property, plant and equipment	1,509	(2.3)	1,545
Other assets	3,464	(54.6)	7,623
Capital transferred to the business areas	13,683	9.9	12,452
TOTAL ASSETS / LIABILITIES AND EQUITY	108,086	10.7	97,614
Due to customers	8,977	19.9	7,486
Marketable debt securities	66,424	24.1	53,504
Subordinated debt	5,075	(25.8)	6,836
Other liabilities	12,639	(18.8)	15,560
Equity	14,971	5.2	14,229
• Minority interests	40	(78.8)	187
• Valuation adjustments	2,527	(28.7)	3,546
• Shareholders' funds	12,405	18.2	10,495

This area includes the results of two units: ALCO (the assets and liabilities committee) and Holdings in Industrial and Financial Companies. It also books the costs from central units that have a strictly corporate function and makes allocations to corporate and miscellaneous provisions, eg, for early retirement. Earnings from the Group's companies in Andorra were reported under this area until April, when the Group divested its holding there.

Year-on-year change in net interest income continued to reflect the narrower spread on ALCO portfolios caused by higher interest rates. Net trading income, meanwhile, rose to €774m (up from €315m Jan-Sept 2005), largely due to the €523m capital gains from disposal of the Repsol YPF holding. This pushed the year-to-date operating profit up to positive €50m by the end of September, compared with the negative €147m for the equivalent period in 2005.

Below the operating profit line, allocations to provisions were boosted by increased charges for early retirements. €261m were added to these in the first nine months of 2006, as against €216 to September 2005. Also significant was the change in Other income/losses. This includes earnings from the sale of holdings in Banca Nazionale del Lavoro (€568m) and Banc Internacional de Andorra (€183m) in 2Q06, whereas in 2005 no significant disposals were booked to this item. Attributable profit for the first nine months of 2006 was €642m, up from the negative €189m for the equivalent period in 2005.

● ALCO

The Assets and Liabilities Committee (ALCO) administers the Group's interest and exchange rate structure as well as its overall liquidity and shareholders' funds.

Managing exchange-rate exposure on its long-term investments (basically stemming from its franchise in the Americas) helps BBVA to preserve its capital ratios and reserves, thus bringing stability to the income statement whilst controlling the cost of this risk management. At the end of September 2006, the Group was pursuing an active policy to hedge its investments in Mexico, Chile, Peru and the dollar area. In addition to corporate-level hedging, some subsidiary banks hold long dollar positions at local level. The exchange-rate exposure on expected 2006 earnings from Mexico and South America is managed in the same way. During the first nine months, exchange-rate hedging contributed €21.2m to 2006 earnings. Hedging policies are already being drawn up for 2007 earnings.

The ALCO unit also actively manages structural interest-rate exposure on the Group's balance sheet. This is done using both hedging derivatives and balance-sheet instruments. The fixed-income asset portfolio stood at more than €17 billion on 30th September 2006.

● HOLDINGS IN INDUSTRIAL AND FINANCIAL COMPANIES

This unit comprises the Group's portfolio of holdings in the telecommunications, media, electricity, oil and gas industries, as well as in the financial-services sector.

This portfolio acts as a repository of capital for future growth within the banking business. BBVA ensures the portfolio follows strict criteria for risk-control, economic capital consumption and return on investment, with diversification over different industries. It also applies dynamic monetisation and coverage management strategies to holdings.

At the end of September, the market value of the industrial and financial holdings portfolio stood at €6,653m, with unrealised capital gains of €2,652m before tax.

CORPORATE RESPONSIBILITY

The following is a review of the most significant events related to corporate responsibility of the BBVA Group in the third quarter of 2006.

Recognition and information transparency: El *Nuevo Lunes* declared BBVA the best Spanish institution in terms of accounting information and the *Institutional Investor* rated it top Spanish bank for investors and second in Europe. Furthermore, the Bank continues to form part of the FTSE4Good, DJSI and DJSI STOXX corporate-responsibility indices. In addition, BBVA Banco Continental (Peru) issued its first annual corporate-responsibility report. This bank achieved third place in *Latin Finance's* annual rankings of Latin-American banks, based on ethics, corporate responsibility and corporate governance.

Responsible business activities: in July, BBVA reaffirmed its commitment to the new Ecuador Principles. These principles encourage the application of social and environmental criteria when financing large projects in emerging countries and they are endorsed by the World Bank. Moreover, BBVA is the top bank worldwide for wind-farm finance according to *Project Finance International* and BBVA Patrimonios has taken on an ambitious project to encourage investment in photovoltaic panels. Another noteworthy event was the launch of a micro-business Visa card by BBVA Banco Provincial (Venezuela).

Employees: during the period, the Bank commenced an on-line course on the prevention of occupational risk, it continued the “smoke-free company campaign” and it organised the second international drawing competition for children of employees throughout the Group.

Community support: the third “new baby loan” campaign under BBVA's families plan closed in September. This loan is completely free and it helps to cover the costs associated with the birth or adoption of a child. More than 27,000 families have benefited so far. The Group also donated the gifts it received in Spain in 2005 to the Childhood Cancer Association. In July BBVA Chile announced interest-free loans for flood victims in the centre and south of the country. In Argentina, BBVA Banco Francés launched an NGO aid programme in conjunction with the Caritas Foundation.

Education: on 10th July the king and queen of Spain met members of the 21st BBVA *Ruta Quetzal*. This year's expedition ended officially on 28th July in a ceremony presided by the Spanish prime minister. In September, the Bank published details of the next expedition, which will travel through Mexico and Spain. On 30th September the first phase of the *Euro Solidario* project came to an end. Under this scheme, BBVA employees in Spain can opt to donate one euro from their monthly salaries for education projects in Latin America and their contributions are matched by the Bank. At present there are 4,890 participants and the amount contributed is now enough to finance the first project (rural schools in Peru). BBVA Bancomer has joined the *Bécalos* project of the Mexican Banking Association, which facilitates education through voluntary contributions made by customers at ATMs. Together with the Mexican secretary of public education, BBVA Bancomer organised a reception for 550 children who were the winners of the 2005-2006 Children's Knowledge Olympics.

Social science, health and the environment: the BBVA Foundation is constantly promoting awareness of these areas through courses, seminars, research grants and publications. The results of the research on malaria prevention in Mozambique in conjunction with the Clínic Hospital in Barcelona were a highlight of the quarter. In addition, the Health Research Foundation acknowledged BBVA's co-operation with the Spanish Cardiovascular Research Centre.

Culture: this area includes an important gift to the Prado Museum, an exhibition on Spanish art in the 20th century in Oviedo, the 19th Audiovisual Exhibition in Bilbao, the conclusion of restoration projects in Santiago and Valladolid and the start of a new one in Cadiz. And in the latest quarter, BBVA opened an exhibition on the writer, Arturo Uslar Pietri (Venezuela), and an art exhibition (Colombia).

Endorsement of corporate responsibility: the second publication on the elimination of occupational risk and first aid came out in September. This is part of a series produced by the Spanish Red Cross and BBVA to make SMEs aware of best practice. In Argentina the Bank presented the 17th Farmers' Initiative Prize, which is sponsored by BBVA Banco Francés.

CONSOLIDATED BALANCE SHEET

(Million euros)

	30-09-06	∆%	30-09-05	30-06-06	31-12-05
Cash and balances at Central Banks	9,811	(25.9)	13,239	10,224	12,341
Financial assets held for trading	45,505	2.2	44,544	44,017	44,012
Other financial assets at fair value	1,004	(27.3)	1,380	886	1,421
Financial assets available for sale	42,950	(18.8)	52,882	52,643	60,034
Loans and receivables	279,685	18.9	235,269	258,199	249,397
• Due from banks	31,847	27.2	25,037	19,973	27,470
• Loans to customers	242,565	19.6	202,858	230,467	216,850
• Other	5,273	(28.5)	7,374	7,759	5,076
Held to maturity investments	5,872	49.4	3,930	6,018	3,959
Investments in associates	1,026	(29.0)	1,447	771	1,473
Property, plant and equipment	4,262	0.1	4,256	4,235	4,383
Intangible assets	1,906	10.2	1,730	1,872	2,070
Other assets	11,163	(31.0)	16,190	11,370	13,299
TOTAL ASSETS	403,184	7.6	374,867	390,235	392,389
Financial liabilities held for trading	13,953	(28.8)	19,595	13,379	16,271
Other financial liabilities at fair value	654	(14.8)	767	648	740
Financial liabilities at amortised cost	343,739	11.5	308,348	333,585	329,505
• Deposits by Central Banks and banks	65,774	7.2	61,363	65,339	66,315
• Due to customers	184,888	11.3	166,128	173,402	182,635
• Marketable debt securities	74,449	19.2	62,434	75,687	62,842
• Subordinated debt	12,735	(7.2)	13,720	12,779	13,723
• Other	5,893	25.3	4,703	6,378	3,990
Liabilities under insurance contracts	10,134	(0.8)	10,215	9,701	10,501
Other liabilities	15,433	(18.9)	19,034	15,394	18,071
TOTAL LIABILITIES	383,913	7.3	357,959	372,707	375,087
Minority interests	777	(15.2)	916	766	971
Valuation adjustments	2,527	(28.7)	3,546	1,540	3,295
Shareholders' funds	15,967	28.3	12,446	15,222	13,036
EQUITY	19,271	14.0	16,908	17,528	17,302
TOTAL LIABILITIES AND EQUITY	403,184	7.6	374,867	390,235	392,389
MEMORANDUM ITEM:					
Contingent liabilities	37,969	40.7	26,978	36,040	29,862

CONSOLIDATED INCOME STATEMENT

(Million euros)

	January-Sep. 06	Δ%	January-Sep. 05
Core net interest income	5,860	16.6	5,026
Dividends	224	21.8	183
NET INTEREST INCOME	6,084	16.8	5,209
Income by the equity method	222	181.8	79
Net fee income	3,198	11.3	2,875
Income from insurance activities	483	38.4	349
CORE REVENUES	9,987	17.3	8,511
Net trading income	1,676	87.2	895
ORDINARY REVENUES	11,663	24.0	9,407
Net revenues from non-financial activities	87	(20.9)	110
Personnel costs	(2,945)	12.4	(2,620)
General expenses	(1,732)	10.9	(1,562)
Depreciation and amortization	(347)	7.3	(323)
Other operating income and expenses	(116)	76.5	(66)
OPERATING PROFIT	6,610	33.6	4,946
Impairment losses on financial assets	(1,063)	90.4	(558)
• Loan loss provisions	(1,045)	96.7	(531)
• Other	(18)	(33.0)	(27)
Provisions	(481)	46.3	(329)
Other income/losses	967	n.m.	72
• From disposal of equity holdings	939	n.m.	19
• Other	28	(47.4)	53
PRE-TAX PROFIT	6,032	46.0	4,130
Corporate income tax	(1,383)	14.7	(1,207)
NET PROFIT	4,648	59.0	2,924
Minority interests	(192)	(2.2)	(196)
NET ATTRIBUTABLE PROFIT	4,457	63.4	2,728

BREAKDOWN OF YIELDS AND COSTS

	3rd Quarter 06		2nd Quarter 06		1st Quarter 06		2005	
	% of ATA	% Yield/Cost	% of ATA	% Yield/Cost	% of ATA	% Yield/Cost	% of ATA	% Yield/Cost
Cash and balances at Central Banks	2.6	4.23	2.9	3.84	3.6	3.48	2.9	4.37
Financial assets and derivatives	25.4	3.75	27.4	4.52	27.7	3.68	32.0	3.72
• Fixed-income securities	20.6	4.47	22.5	4.70	23.1	4.34	27.4	4.05
- Euros	13.7	2.44	15.3	2.51	15.1	2.31	17.4	2.14
- Foreign currencies	6.8	8.57	7.2	9.34	8.1	8.15	9.9	7.39
• Equity securities	4.9	0.72	4.9	3.65	4.6	0.37	4.6	1.75
Due from banks	6.2	4.07	4.8	4.48	6.1	4.03	5.7	3.72
• Euros	3.8	3.17	2.6	3.38	3.5	3.06	2.9	2.59
• Foreign currencies	2.4	5.47	2.2	5.79	2.7	5.27	2.7	4.94
Loans to customers	59.9	5.98	58.4	5.78	56.0	5.69	53.0	5.39
• Euros	45.8	4.18	44.8	4.00	42.5	3.85	41.3	3.79
- Domestic	42.9	4.22	42.0	4.03	39.7	3.86	38.8	3.74
- Other	2.9	3.47	2.8	3.55	2.8	3.71	2.5	4.63
• Foreign currencies	14.1	11.85	13.5	11.68	13.5	11.49	11.7	11.06
Other assets	5.9	1.34	6.5	0.42	6.5	0.64	6.5	0.78
TOTAL ASSETS	100.0	4.97	100.0	4.97	100.0	4.62	100.0	4.43
Deposits by Central Banks and banks	16.6	3.83	16.9	3.78	16.2	3.35	17.8	3.36
• Euros	9.6	2.88	9.5	2.79	8.9	2.53	10.0	2.19
• Foreign currencies	7.0	5.13	7.4	5.03	7.3	4.35	7.8	4.86
Due to customers	44.5	3.07	43.7	2.98	45.0	3.00	43.7	2.79
• Euros	25.2	1.79	24.2	1.51	24.1	1.54	24.0	1.23
- Domestic	18.5	1.45	17.9	1.33	16.7	1.23	16.9	1.11
- Other	6.7	2.73	6.3	2.02	7.4	2.23	7.1	1.53
• Foreign currencies	19.3	4.75	19.5	4.82	20.9	4.69	19.7	4.68
Marketable debt securities and subordinated debt	22.4	3.56	22.6	3.29	21.0	3.01	18.9	2.74
• Euros	19.6	3.30	19.9	3.08	19.3	2.79	17.6	2.45
• Foreign currencies	2.8	5.38	2.7	4.88	1.8	5.41	1.3	6.61
Other liabilities	11.7	1.06	12.3	0.75	13.2	0.60	15.3	0.79
Equity	4.8	-	4.5	-	4.6	-	4.3	-
TOTAL LIABILITIES AND EQUITY	100.0	2.92	100.0	2.78	100.0	2.61	100.0	2.45
NET INTEREST INCOME/ATA		2.05		2.19		2.02		1.98

STATEMENT OF CHANGES IN EQUITY

(Million euros)

	Capital	Reserves	Profit for the year	Treasury shares	Valuation adjustments	Minority interests	Paid dividends	TOTAL EQUITY
BALANCE AT 31-12-04	1,662	7,428	2,923	(36)	2,107	738	(1,015)	13,805
Valuation adjustments					1,439	10		1,449
Profit retained		1,424	(1,424)					-
Dividends			(1,499)			(61)	237	(1,323)
Shares issued								-
Results of treasury shares traded				8				8
Profit for the year			2,728			196		2,924
Other		10				34		44
BALANCE AT 30-09-05	1,662	8,861	2,728	(27)	3,546	916	(778)	16,908
BALANCE AT 31-12-05	1,662	8,831	3,806	(96)	3,295	971	(1,167)	17,302
Valuation adjustments					(768)	(6)		(774)
Profit retained		2,006	(2,006)					-
Dividends			(1,801)			(85)	272	(1,613)
Shares issued								-
Results of treasury shares traded				26				26
Profit for the year			4,457			192		4,648
Other		(56)		32		(295)		(319)
BALANCE AT 30-09-06	1,662	10,781	4,457	(38)	2,527	777	(895)	19,271

INFORMATION BY SEGMENTS. January-September 2006

(Million euros)

Income Statements	Retail Banking in Spain and Portugal	Wholesale and Investment Banking	Mexico and USA	South America	Corporate Activities	TOTAL BBVA GROUP
Net interest income	2,106	776	2,548	953	(299)	6,084
Ordinary revenues	3,595	1,767	3,995	1,783	523	11,663
Operating profit	1,927	1,370	2,385	877	50	6,610
Pre-tax profit	1,671	1,270	1,910	747	434	6,032
Net attributable profit	1,085	953	1,360	417	642	4,457

Retail Banking in Spain and Portugal	Financial Services	Asset Mgt and Private Bkg	Other	TOTAL AREA
Net interest income	2,069	21	17	2,106
Ordinary revenues	3,186	223	186	3,595
Operating profit	1,694	150	84	1,927
Pre-tax profit	1,452	140	80	1,671
Net attributable profit	943	92	50	1,085

Wholesale and Investment Banking	Corporate and Business Banking	Global Wholesale Bkg and Markets	Other	TOTAL AREA
Net interest income	672	108	(5)	776
Ordinary revenues	992	625	150	1,767
Operating profit	760	414	197	1,370
Pre-tax profit	615	295	359	1,270
Net attributable profit	401	212	340	953

Mexico and USA	Banking businesses	Pensions and Insurance	Other	TOTAL AREA
Net interest income	2,553	2	(7)	2,548
Ordinary revenues	3,695	318	(18)	3,995
Operating profit	2,227	186	(28)	2,385
Pre-tax profit	1,750	189	(28)	1,910
Net attributable profit	1,249	130	(19)	1,360

South America	Banking businesses	Pensions and Insurance	Other	TOTAL AREA
Net interest income	945	8	-	953
Ordinary revenues	1,476	312	(5)	1,783
Operating profit	749	153	(25)	877
Pre-tax profit	633	138	(24)	747
Net attributable profit	354	79	(16)	417

INFORMATION BY SEGMENTS. January-September 2005

(Million euros)

Income Statements	Retail Banking in Spain and Portugal	Wholesale and Investment Banking	Mexico and USA	South America	Corporate Activities	TOTAL BBVA GROUP
Net interest income	1,950	746	1,922	752	(160)	5,209
Ordinary revenues	3,289	1,412	3,082	1,357	266	9,407
Operating profit	1,709	1,085	1,675	623	(147)	4,946
Pre-tax profit	1,496	956	1,405	575	(302)	4,130
Net attributable profit	977	667	970	304	(189)	2,728

Retail Banking in Spain and Portugal	Financial Services	Asset Mgt and Private Bkg	Other	TOTAL AREA
Net interest income	1,915	19	16	1,950
Ordinary revenues	2,927	203	159	3,289
Operating profit	1,508	131	70	1,709
Pre-tax profit	1,307	127	62	1,496
Net attributable profit	852	85	40	977

Wholesale and Investment Banking	Corporate and Business Banking	Global Wholesale Bkg and Markets	Other	TOTAL AREA
Net interest income	623	117	6	746
Ordinary revenues	894	515	3	1,412
Operating profit	672	326	87	1,085
Pre-tax profit	571	286	100	956
Net attributable profit	372	205	91	667

Mexico and USA	Banking businesses	Pensions and Insurance	Other	TOTAL AREA
Net interest income	1,921	4	(4)	1,922
Ordinary revenues	2,833	273	(23)	3,082
Operating profit	1,535	166	(27)	1,675
Pre-tax profit	1,267	166	(27)	1,405
Net attributable profit	873	115	(17)	970

South America	Banking businesses	Pensions and Insurance	Other	TOTAL AREA
Net interest income	746	7	(1)	752
Ordinary revenues	1,085	275	(3)	1,357
Operating profit	511	135	(24)	623
Pre-tax profit	450	143	(18)	575
Net attributable profit	240	74	(10)	304

THE AMERICAS. DATA PER COUNTRY (BANKING BUSINESS, PENSIONS AND INSURANCE)

(Million euros)

	Operating Income				Net attributable profit			
	Jan.-Sep. 06	Δ%	Δ% at constant exchange rate	Jan.-Sep. 05	Jan.-Sep. 06	Δ%	Δ% at constant exchange rate	Jan.-Sep. 05
Argentina	293	63.9	71.8	179	130	27.8	33.9	101
Chile	138	18.6	8.8	116	59	36.6	25.4	43
Colombia	124	35.1	35.5	92	96	80.8	81.3	53
United States (1)	80	8.4	6.8	74	35	7.0	5.5	32
Mexico	2,305	44.0	41.3	1,601	1,325	41.4	38.8	937
Panama	25	26.0	24.2	20	17	33.4	31.5	13
Paraguay	11	32.2	20.9	8	10	30.8	19.6	8
Peru	154	5.0	4.5	146	46	(2.6)	(3.1)	47
Uruguay	6	n.m.	n.m.	(1)	7	n.m.	n.m.	1
Venezuela	148	75.6	77.5	84	66	47.5	49.0	45
Other countries (2)	(21)	(2.4)	(2.2)	(21)	(13)	82.5	85.8	(7)
TOTAL	3,262	41.9	39.9	2,298	1,777	39.6	37.6	1,273

(1) Includes Puerto Rico.
(2) Bolivia, Ecuador and Dominican Republic. Additionally, it includes eliminations and other charges allocated from South America.

MEXICO (BANKING BUSINESS, PENSIONS AND INSURANCE). INCOME STATEMENT

(Million euros)

	January-Sep. 06	Δ%	Δ% at constant exchange rate	January-Sep. 05
NET INTEREST INCOME	2,357	32.9	30.5	1,773
Income by the equity method	(4)	n.m.	n.m.	-
Net fee income	955	20.4	18.2	794
Income from insurance activities	230	39.8	37.2	164
CORE REVENUES	3,538	29.6	27.2	2,731
Net trading income	177	47.5	44.8	120
ORDINARY REVENUES	3,716	30.3	27.9	2,851
Net revenues from non-financial activities	(2)	82.9	79.6	(1)
Personnel and general administrative expenses	(1,251)	15.2	13.1	(1,085)
Depreciation and amortization	(73)	(14.0)	(15.6)	(84)
Other operating income and expenses	(85)	7.3	5.3	(79)
OPERATING PROFIT	2,305	44.0	41.3	1,601
Impairment losses on financial assets	(416)	119.7	115.6	(189)
• Loan loss provisions	(409)	140.2	135.8	(170)
• Other	(7)	(63.7)	(64.3)	(19)
Provisions	(70)	58.5	55.6	(44)
Other income/losses	36	n.m.	n.m.	(9)
PRE-TAX PROFIT	1,856	36.6	34.1	1,359
Corporate income tax	(529)	26.3	24.0	(419)
NET PROFIT	1,327	41.2	38.6	940
Minority interests	(2)	(35.8)	(37.0)	(3)
NET ATTRIBUTABLE PROFIT	1,325	41.4	38.8	937

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