



BBVA



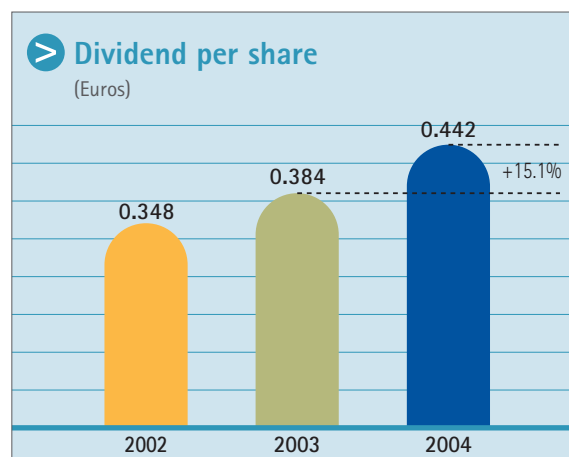
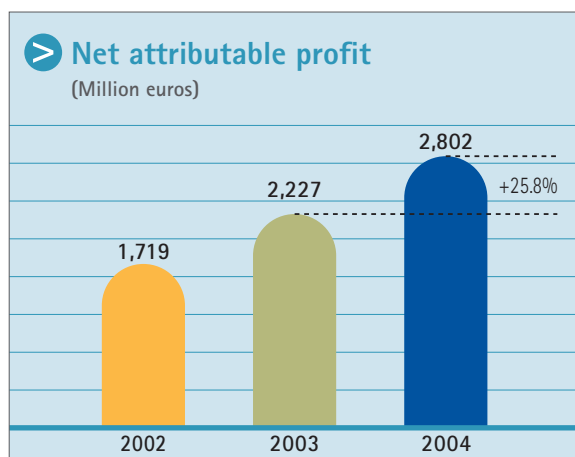
Annual Report **2004**

"The success of BBVA's strategy, one focused on profitable growth, is evident in 2004's results."

Francisco González, Chairman and CEO

adelante.

> Highlights



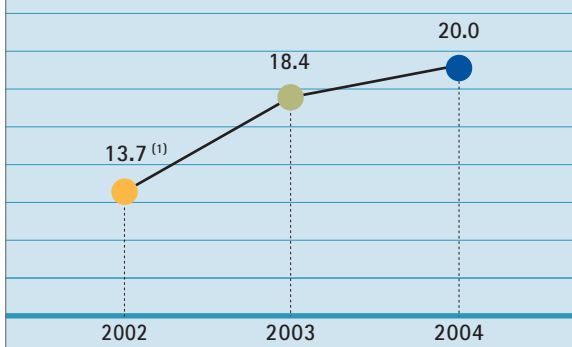
> BBVA Group Highlights (Consolidated figures)

	31-12-04			31-12-03	31-12-02
	US \$ ⁽¹⁾	Euros	Δ%		
BALANCE SHEET (million euros)					
Total assets	423,712	311,072	8.3	287,150	279,542
Total lending (gross)	237,844	174,615	13.9	153,271	146,413
On-balance-sheet customer funds	271,719	199,485	9.1	182,831	180,570
Other customer funds managed	169,580	124,499	10.1	113,075	108,815
Total customer funds managed	441,299	323,984	9.5	295,905	289,385
Shareholders' funds ⁽²⁾	21,189	15,556	25.4	12,410	12,354
INCOME STATEMENT (million euros)					
Net interest income	8,793	7,069	4.9	6,741	7,808
Core revenues	12,996	10,448	4.4	10,004	11,476
Ordinary revenues	13,748	11,053	3.7	10,656	12,241
Operating profit	6,766	5,440	11.1	4,895	5,577
Pre-tax profit	5,161	4,149	8.8	3,812	3,119
Net attributable profit	3,485	2,802	25.8	2,227	1,719
DATA PER SHARE AND MARKET CAPITALIZATION					
Share price	17.78	13.05	19.2	10.95	9.12
Market capitalization (million euros)	60,274	44,251	26.4	34,995	29,146
Net attributable profit	1.03	0.83	19.2	0.70	0.54
Book value	6.25	4.59	18.1	3.88	3.87
Dividend	0.60	0.442	15.1	0.384	0.348
PER (Price/earnings ratio; times)		15.8		15.7	17.0
P/BV (Price/book value ratio; times)		2.8		2.8	2.4

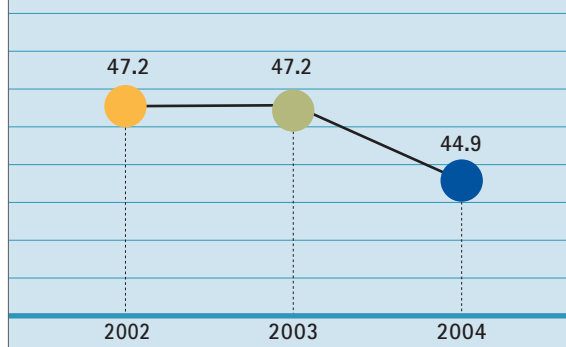
(1) Exchange rates used - Balance sheet: 0.734160 euros/US\$ 1 (31-12-04).
- Income statement: 0.804013 euros/US\$ 1 (2004 average).

(2) After distribution of fiscal year earnings.

> ROE (Percentage)



> Efficiency ratio (Percentage)



(1) Excluding 4Q02 extraordinary writedowns: 17.1%.

> BBVA Group Highlights (Consolidated figures)

	31-12-04	31-12-03	31-12-02
SIGNIFICANT RATIOS (%)			
Operating profit/ATA	1.79	1.75	1.93
ROE (Net attributable profit / Average equity)	20.0	18.4	13.7
ROA (Net profit/Average total assets)	1.05	1.04	0.85
RORWA (Net profit / Risk weighted average assets)	1.79	1.74	1.48
Efficiency ratio	44.9	47.2	47.2
NPL ratio (Nonperforming assets/Total risks)	0.95	1.37	1.85
NPL coverage ratio	247.2	184.9	169.2
CAPITAL ADEQUACY RATIOS (BIS regulations) (%)			
Total	12.5	12.7	12.5
Core capital	6.0	6.2	5.9
TIER I	8.1	8.5	8.4
OTHER INFORMATION			
Number of shares (million)	3,391	3,196	3,196
Number of shareholders	1,081,020	1,158,887	1,179,074
Number of employees	84,117	86,197	93,093
• Spain	30,765	31,095	31,737
• America ⁽³⁾	51,370	53,100	59,293
• Rest of the world	1,982	2,002	2,063
Number of branches	6,848	6,924	7,504
• Spain	3,375	3,371	3,414
• America ⁽³⁾	3,293	3,353	3,886
• Rest of the world	180	200	204

(3) Including those relating to the BBVA Group's banking and pension fund management activities in all the Latin-American countries in which it is present.



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> Letter from the Chairman

Dear Shareholder

2004 has been a splendid year for BBVA. We have returned an attributable profit of €2,802m, registering an increase of 25.8% on 2003, which constitutes a record for our Group. I think it is important to stress that these results are due to the ongoing improvement in our efficiency, our pace of business activity and our risk profile, all of which lay down very solid foundations for the future.

The results posted in 2004 and the excellent forecasts for 2005 mean that we can significantly increase our shareholders' remuneration. The Board of Directors is therefore submitting a proposal to the Annual General Meeting for a dividend applicable to business year 2004 of €0.442 per share, 15.1% up on the prior year, which represents the highest figure the Group has ever paid.

Yet in all probability, the most salient feature of the 2004 results is that they reflect the success of the Group's strategy we launched in 2002: a sound strategy designed for profitable growth.

Since early 2002, we have worked hard to implement it, following two basic approaches: the first has meant a profound transformation of the Group's structures, involving each and every one of its spheres of business.

On the one hand, we have embraced an advanced and demanding system of Corporate Governance, based on the strictest ethical



principles and consistent with the most demanding rules and recommendations both at home and abroad. Our Corporate Governance places special emphasis on ensuring that the Group strictly complies with its commitments to all its stakeholders, whilst safeguarding the interests of all our shareholders.

This has meant the appointment of a large majority of independent directors, who make up at least two-thirds of the Board, accounting for 100% in those Board Committees we deem to be crucial, such as Audit & Compliance and Appointments. In contrast to other models of Corporate Governance, in which certain Directors hold large, albeit always minority, shares of the capital, whilst also being free to pursue other significant economic or financial activities, the BBVA model provides much greater assurance for avoiding conflicts of interest and upholding the legitimate rights of each and every one of our shareholders.

Our model, adopted by the world's leading companies, is more conducive to the Group's continuous improvement, and more suited to the open, competitive and global environment in which we operate.

In tandem with Corporate Governance, we have completely overhauled our Corporate Culture, to ensure compliance with stringent principles of ethics and integrity in all our activities, focusing our business on customers and adopting a more determined approach to encouraging and fostering innovation.

In addition, over these past three years we have introduced a management structure that is more straightforward, more streamlined, and more flexible, with closer ties to the business itself, giving our three major business units more freedom to design and apply ambitious strategic plans for profitable growth.

Finally, we have enlarged the Group's management team and reduced the bureaucracy

involved, whereby those with responsibility in the Bank have greater autonomy and greater career prospects; in short, the aim is to retain and reinforce the considerable talent we have in BBVA and attract even more.

Our other approach to business has meant strengthening the Group. Since 2002, we have been constantly improving our productivity, which was already one of the highest in the sector. In 2004, our efficiency ratio has improved by 2.3 points, falling to 44.9%.

The improvement in efficiency has been a major driving-force behind the Group's increased profitability. In 2004, BBVA's return on equity amounted to 20%, 1.6 points up on 2003.

This greater profitability has been achieved without increasing risk; on the contrary, over these two years we have upheld our high levels of solvency (6% in core capital and 12.5% for the BIS ratio) and we have even improved on the already high quality of our portfolio: our nonperforming loan ratio has fallen by half since 2002, and now stands below 1%, and we have increased our coverage ratio by almost 80 points, up to 247%. Of even greater significance in the medium to long-term is that in recent years we have undertaken a major change in our business mix, allocating an ever-increasing portion of shareholders' funds to our core businesses (Retail Banking Spain and Portugal, Wholesale Banking and The Americas). Within the latter, we have clearly increased the specific weight of the United States, Mexico and Chile, which have a minor relative risk. Precisely as we intended, the Group has improved its risk profile. This is reflected in our ratings, which are on a par with the world's leading private financial institutions.

Ever since we announced our new strategy, we have been saying that 2004 would be the year in which its results would be clearly seen, in terms of profitable growth.

Although this impact was already apparent in 2003, it has been in 2004 that conclusive proof has been forthcoming. In 2004, BBVA has

accelerated both in Spain and in The Americas. In Spain, our growth rate has risen by almost 50% in retail banking, achieving figures approaching 10% in customer funds and 20% in loans. Whilst in The Americas, our growth has been spectacular, both in customer funds, which have risen by 14%, and, especially in lending, which has done so by 26%. This growth has largely been due to Bancomer, ratifying the success of our strategic commitment to Mexico.

Together with the expansion of our current lines of business, we are reinforcing our potential for profitable future growth with non-organic operations. These are operations that do not pursue size merely for the sake of size, but rather the creation of value for our shareholders in the short and long terms, in pursuance of our strategy. Our aim with these operations is to exploit our deployment in high growth areas strengthening our position and to use our skills to access new markets with major potential.

Along these lines, in 2004 we have invested €4.3 billion in Mexico and the United States. Besides the purchase of 40% of BBVA Bancomer, the leading financial group in Mexico and the largest privately owned financial institution in Latin America, we have acquired Hipotecaria Nacional, the largest mortgage provider in its segment in Mexico, thereby enabling us to achieve a market share of 26% and fully exploit the enormous growth potential for the financing of housing in that country.

In the United States, we have purchased banks in California (Valley Bank) and in Texas (Laredo National Bankshares), in what constitutes the beginning of major expansion in the USA, driven by our significant presence amongst the Hispanic population, the largest minority in the USA, with 40 million people, and experiencing rapid growth both financially and in demographics.

In short, in 2004 BBVA has reinforced its position of leadership amongst Europe's major financial groups, in efficiency, profitability and

"Our Corporate Governance model ensures that the legitimate rights of each and every one of our shareholders are upheld."

risk management. It has taken major strides forward in its strategy, strengthening its prospects for profitable and sustained growth.

The market is acknowledging this: in 2004, the BBVA share has recorded a rise of 19.2%, outperforming all international reference indices and all our peers and competitors in Europe. Accordingly, with dividend included, the overall profitability for our shareholders over the past business year has amounted to 22.9%.

2005 will see a continuation of our strategy in all our lines of business.

With regard to Retail Banking Spain and Portugal, we are launching an expansion programme in the branch network, concentrating on new areas of urban development, with young population growth, and we are going to dedicate a major effort to the segment of businesses and SME's, in which we are already clear leaders, and in which there is considerable potential.

In Wholesale Banking, 2005 is to be the year in which our customer franchise model is deployed in Latin America, and we are going to reinforce such activities as project finance, which are essential for opening new markets, especially those in Asia.

In The Americas, we are going to focus on credit expansion, particularly in Mexico, with highly ambitious goals in consumer lending and mortgages. Likewise, 2005 is to be a key year in the construction of our franchise in the United States, which is an area of the utmost importance to our future.

In 2004 we have proved our ability to grow more, and more profitably. Yet we are not going to ease up. We are operating within an

environment of far-reaching changes, which require us to be continuously improving. Hence the reason why BBVA is committed to innovation as the path to leadership. We have designed a Strategic Innovation Plan that is to be implemented over the next three years.

BBVA is stronger than ever. This strength has its roots in the solid foundations of efficiency, profitability and excellent risk management that, together with clear strategic planning, are allowing us to create more value for our shareholders and to be regarded as a leader in the European and global financial industry.

Through our customers' trust, our employees' effort and, of course, our shareholders' support, in 2005 we shall again improve upon our results, in both quality and quantity, and we are going to take great strides towards our goal of making BBVA one of the handful of benchmark institutions in the global financial industry of the 21st century.


10 February 2005.

Francisco González Rodríguez





The success of a strategy

- > A consistent strategy
 - > Growth, the key to 2004
 - > 2004 results: records, recurrence and solidity
 - > Laying the foundations for the future
 - > Market recognition
 - > A promising future
- 



> A consistent strategy

January 2005 marked the third anniversary of the launch of a new project by BBVA, founded on three basic concepts: profitable growth, management of diversity and value creation.

In order to build BBVA on these premises, a new strategy was established for the Group, which has been consistently implemented, step by step. The strategy involves two separate phases: in the first, the priority was to strengthen and transform the structure of the Group, while the second addresses growth.

The central themes of the first phase, intended to reinforce BBVA's basic foundations were productivity management (through improvements in efficiency), advances in profitability and financial solvency (for their importance as competitive advantages) and advances in managing the risk inherent to the business.

At the same time, a structural transformation was also needed, to match the Group's new circumstances of internationalisation and diversity. This required a series of actions: the establishment of new principles of corporate governance, in accordance with more demanding criteria of transparency; the drawing up of an ethical code and a code of conduct for all BBVA employees; modifications to the organisational structure to give the Group a more flexible structure, with greater autonomy for business areas, and a greater orientation towards the

current and future needs of society and business; the demarcation and introduction of a new corporate culture, essential in a group as diversified and decentralised as BBVA; and the transformation of the model used for administering management resources to meet the Group's real circumstances, with the business areas playing a particularly important role.

At the end of 2003, BBVA stood at the forefront of European banking in terms of efficiency, profitability and solvency; it also boasted the highest coverage ratio, one of the lowest nonperforming loan rates and high capital ratios.

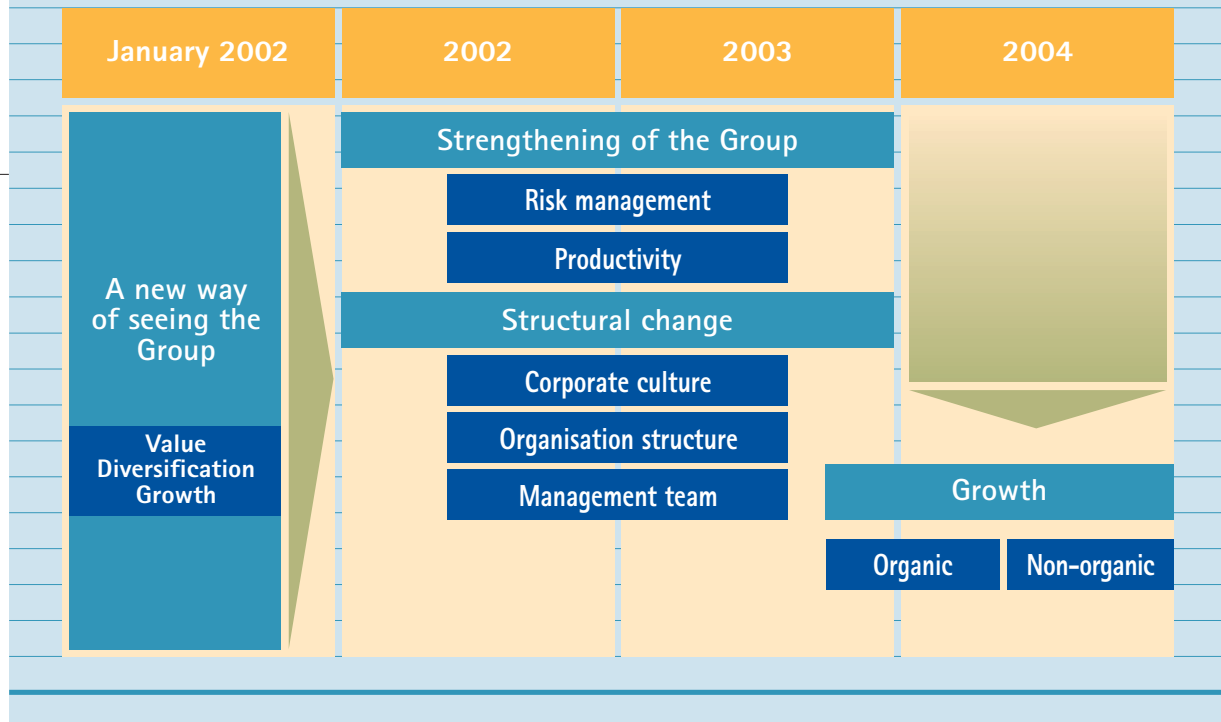
These solid bases, developed during 2002 and 2003, laid the foundations for the second phase of the strategy growth plan: high-quality, profitable and value-accretive growth.

> Growth, the key to 2004

This growth, which was already underway by the second half of 2003, was extended and consolidated during 2004. It took the form of both organic and non-organic expansion, two complementary approaches to growth which BBVA has undertaken in parallel.

In organic terms, important progress was made in extending the Group's activities. This growth first began to be seen in 2003 and accelerated further in 2004. There were very

> Strategy designed in 2002



positive advances in the Group's two main markets, Spain and Latin America, with significant growth in commercial productivity.

In Spain, a recovery of business has led to a general strong increase in Retail Banking: total net lending in 2004 rose 20.0% and total customer funds were up 10.1%. In Mexico, lending climbed 37.6% and customer funds were also up by 11.4%. In both countries, these rises are very much higher than in 2003.

In terms of non-organic growth, BBVA works on the premise that any acquisition must meet two basic requirements: it must fit in with the defined strategy plan and it must generate value. The year's two key operations in the field of non-organic expansion were good examples, firstly strengthening the Group's competitive position in Mexico through the purchase of the minority interests in BBVA Bancomer and the acquisition of Hipotecaria Nacional, and

secondly breaking into the US market with the acquisition of Laredo National Bancshares and Valley Bank.

This combination of organic and non-organic growth formed an essential part of the Group's strategy for generating value. Their purpose is to increase BBVA's capacity for profitable medium- and long-term growth.

> 2004: records, recurrence and solidity

Against a macroeconomic backdrop of recovery –although some uncertainties still remain unresolved– 2004 was an excellent year for BBVA. The Group had a net attributable profit of €2,802m, the largest in its history.

This was based on a recurrence in the Group's performance and a strong growth in activity which has been progressively passed on to profits. Operating profit, for example, stood at €5,440m, rising 11.1% on the previous year, and was backed by strong performance from the Group's three business areas: Retail Banking Spain and Portugal, Wholesale and Investment Banking and The Americas.

Retail Banking Spain and Portugal passed the test of 2004 with flying colours, showing strong growth in its activities. There was a year-on-year increase in total net lending of 20.0%, driven by residential mortgages, which grew at a rate of 25.3%, and SME and business lending, up 19.7%. This was reflected in the income statement, with net attributable profit rising to €1,410m, a growth of 13.8% on the previous year.

Wholesale and Investment Banking also had a good year with net attributable profit of €515m, 10.1% up on the figure for 2003. During the year, the area consolidated its franchise model, combining its global overview with a local approach in each of the countries in which the group operates.

The Americas saw record net attributable profit of €1,239m, an increase of 70.8% on the previous year, or 91.4% in local currency. The results in this area were further boosted by excellent performance in Mexico, which accounted for 68% of the area's net attributable profit, and saw strong increases in all sections of the income statement, with a net

attributable profit of €841m, more than twice the figure for 2003.

The year's results once again demonstrate BBVA's capacity to generate recurrent profits, driven by its ambition and vocation for leadership in all business areas in which it operates.

This capacity for generating profit is also reflected in improved rates of return: ROE came to 20.0% in 2004, compared to 18.4% in 2003, and ROA rose from 1.04% to 1.05% in the same period. At €0.442 per share, the proposed dividend is also 15.1% more than that paid out in 2003.

The efficiency ratio also improved, falling to 44.9% from the 47.2% figure for 2003, on the back of a growth in income –the Group's ordinary revenues grew 3.7% in euro and 9.3% at a constant exchange rate –and controlled costs, which in Retail and Wholesale Banking fell 0.5% and 1.9% respectively. In The Americas, costs rose by 6.7% in local currency, below inflation rates in most countries.

BBVA's systematic work over recent years in the area of risk control, which forms an essential part of its business, has resulted in the development of a very solid and consistent risk management model. The reduction in non-performing assets, together with an increase in total net lending, led to a reduction in the NPL ratio to 0.95% at 31 December 2004 (compared to 1.37% a year before) and an increase in the coverage ratio to 247.2% (184.9% at 31-12-03).

In terms of capital ratios, the BBVA Group closed the year with a notable degree of solidity.

> Total investment in 2004: €4.3 billion



Shaping a leading franchise in the North American Latin market

Core capital stood at 6.0%, Tier I capital at 8.1% and the BIS ratio at 12.5%.

> Laying the foundations for the future

Paralleling its activity during the year, the Group has generated new ideas and new projects for growth, as well as identifying new segments and markets in which to demonstrate its commercial and management capabilities.

These include operations of non-organic growth, which reinforce the Group's presence in Mexico and the United States. With a clear strategic focus, these ventures have begun generating value right from the outset and demonstrate the BBVA Group's investment strength.

Mexico is a key market for BBVA. The Group has a clear commitment to Mexico (classified as investment grade), the largest economy in Latin America. Here it has the largest and best franchise outside Spain, forming one of BBVA's main levers of growth.

At the beginning of 2004, BBVA launched a bid to buy out all the minority interests in Bancomer, at a cost of \$4.1 billion. The operation, which ties in with BBVA's vision of growth, was structured in such a way as to maintain the Group's solvency intact. It involved no operational risk, since BBVA had already been running Bancomer for nearly four years. The success of the operation was reflected in the favourable reaction from the market to the capital increase of nearly €2 billion made to finance part of the operation, which was subscribed in record time.

In line with the strengthening of the Group's position on the Mexican market, BBVA also



announced the acquisition of 100% of Hipotecaria Nacional, the country's largest private institution specialising in the mortgage business. At date of purchase, it had 79 offices and 950 employees. The investment, realised in January 2005, came to \$356m, and will consolidate BBVA Bancomer's position as the leader of the Mexican private mortgages market.

The other area of international expansion was the Group's entry into the US market. During the second quarter of the year, the Group announced the purchase of Valley Bank, California through BBVA Bancomer, for an amount of \$16.7m. The acquisition will allow the Group to offer banking services on the US Hispanic market and promote its wire transfer business, in which Bancomer Transfer Services is already a leader.

In September, BBVA expanded further onto the US Hispanic market when it announced that it was buying Laredo National Bancshares in Texas for \$850m. The institution has assets of \$3.4 billion, 49 offices, 1,896 employees, a customer base of 110,000 and a market share of 23% on the border between Texas and Mexico. It is anticipated that this operation will be closed during the first quarter of 2005.

In order to develop the strategy on the US individuals and SME market, a specific business unit has been set up which will take charge of all the Group's businesses in this region, which includes BBVA Puerto Rico and Bancomer Transfer Service (BTS).

These operations of non-organic expansion have entailed a total disbursement of €4.3

billion. They have a clear strategic direction and highlight the Group's capacity for growth.

However, the foundations for future growth have not only been laid by seeking opportunities on other markets and businesses through acquisitions. BBVA's business units worked actively throughout the year in defining, developing and implementing organic projects with one common purpose: to ensure future growth.

Amongst the many projects involved, some of the most important were, in Retail Banking Spain and Portugal, the development of the personal financial services plan, which enabled clear improvements to be made in the main business indices in the area and important advances in commercial productivity, and the "Customer" Project, which led to an important fall in the number of complaints received in 2004. Important advances in the area of Wholesale and Investment Banking, including extension of the market franchise to Latin America; the launch of Palladium Equity Partner III, a fund that invested \$500m in Hispanic companies in the USA; and the launch of Anida, a brand through which BBVA is promoting a new strategy in the real estate area.

Finally, developments in The Americas include the creation of a technology centre in Monterrey, which will serve the entire group in Latin America, the boosting of Finanzia Mexico's new strategy and the progress made in Chile in the strategy of seeking potential synergies between the businesses of banking, insurance and pensions.

> Market recognition

These positive results have been reflected in the market perception of the Group. By the end of the year, the BBVA share price had risen to €13.05, an increase of 19.2% on the price at 31 December 2003, and the highest of all the major European banking groups. This figure was well above the Euro Stoxx 50's rate of 6.9%, the Euro Stoxx Banking rate of 10.9% (these rates represent the general average of the market and the sector in the Euro Zone). As a result, the Group closed the year with a market capitalisation of €44,251m an increase of €9,256m (26.4%).

The value of BBVA stock increased progressively throughout the year and as the solidity and consistency of the Group's strategy plan were confirmed, market confidence in the management's results also rose, with successive upward revisions of profit forecasts by market analysts.

BBVA was awarded numerous prizes of major international prestige during the year, including: "Best bank in Latin America in 2004" (The Banker), "Best bank in Spain in 2004" (The Banker), "Best bank in Latin America" (Lafferty), "BBVA Bancomer: Best bank in Mexico" (Lafferty), "Best bank in Europe" (Lafferty) and "Best Internet bank in Spain, Chile, Peru and Venezuela" in 2004 (Global Finances).

> A promising future

It has been an extraordinary year for BBVA, but 2004 should not be seen in isolation; rather, these results form an integral part of the strategy defined at the beginning of 2002.


This is a strategy with a very clearly defined business model which is being implemented in a consistent fashion. This is the key to its success and enables it to face the short, medium and long term future with great confidence.

The growth experienced by BBVA in recent years will continue in the future. The business areas have now reached a high cruising speed and are also developing new plans and projects for growth, which will ensure continuity over coming years.

The Group's positive prospects augur well for a promising future ahead; promising for the BBVA's staff, with the assurance of a wide range of opportunities in the framework of a leading international financial group; promising for its customers, through a wide range of products and fast and effective service, tailor-made to their needs; and promising for its shareholders, who can be sure of a profitable investment in a stable, solid and transparent institution with a great capacity to generate profits.



> Financial report

- > Earnings
 - > Balance sheet and business activity
 - > Capital base
 - > The BBVA share
- 



International economic activity showed clear signs of strength during the second half of 2003 and the first months of 2004. China and the United States firmly established themselves as the engines driving worldwide economic growth, helping other regions – especially Asia and Latin America – achieve surprising growth figures themselves. Only Europe, with its weak domestic demand, was left behind in the process.

The cyclical moment of activity exposed the need for measures that would normalise monetary conditions. By the start of the year, these conditions remained incredibly lax. The size of the potential interest rate increases, along with the impact these could have on other financial assets, especially on those that could well be overvalued, became key to the following months.

Within this context, there was an observable increase in inflation abated by the index-linked bonds. Deflationary fears from earlier years were forgotten, while pressures for price increases mounted. Anticipating the corresponding adjustment in monetary conditions, long-term interest rates linked to the U.S. debt curve began to recover. By spring, said rates were significantly higher than German interest rates. Such improvements in the interest rate differential, together with a brighter outlook for U.S. economic activity, sparked a recovery in the dollar, which had begun the year at the lowest level since 1996.

Some uncertainties, however, began to arise in emerging markets. These markets had benefited from a process in which the search for profitability had lowered their risk premiums to minimum levels. Latin America particularly benefited from the healthy economic activity, as well as from increases in the prices of the raw materials the region exports. Yet fears of the impact of a less favourable international liquidity position were soon felt. Nevertheless, the greater macroeconomic solidity shown by

these countries, the fact that many had advanced their issuing time-table (thus largely covering the year's financial needs) and the expected gradual increase in U.S. interest rates raised hopes that any risk premium increase would be limited.

Encouraging U.S. employment data in the spring led to greater expectations for the start of a rising trend in that economy's interest rates, which in turn set off a moderate recovery in the interest rate differentials of emerging countries. Finally, the Federal Reserve confirmed market expectations by raising its reference rate at its June meeting.

Those expectations changed significantly over the second half of the year. In spite of the fact that Fed continued to adjust the rates upward at each of the four following meetings, long-term rates did not go up. In fact, they began to drop – the first time this had happened since the beginning of the Seventies. This served to reactivate the search for profitability, leading to a drop in risk premiums in the credit market, as well as in emerging economies. Latin America in particular reached levels not seen since 1997.

The main cause behind this situation, as reflected in financial markets, can be found in the surprising rise in oil prices. These reached historical highs as the result of such basic factors as cyclical demand pressures and restrictions on supply, along with current events and geopolitical tensions. This immediately sparked worries about the possibility that such high prices would cut short the growth trend in world economic activity – following the pattern of earlier recessions. This time, though, prices stayed far below historical highs in real terms. The price increases had been gradual. They were not primarily the result of supply factors, but rather of higher demand. Meanwhile, regulatory and institutional changes from recent years helped to limit the effect of these price increases on other economic variables. With the

international inflationary situation relatively under control, central banks were able to maintain the expansive monetary conditions.

In any case, the high oil prices served once again to focus attention on the weaknesses underlying the economic expansion. Specifically, it increased concerns over the insufficient level of domestic savings in the U.S., as reflected in a growing current account deficit, the financing for which was confronting an uncertain environment. Other factors served to heighten this worry. Firstly, it became clear that in spite of three consecutive years of economic expansion in the U.S., coupled with an improved employment situation, there was no visible recovery in investment flows into the U.S. This raised doubts about the sustainability of financing the current deficit. Secondly, the re-election of Bush in the November presidential elections confirmed the difficulty of reducing the government deficit. This in turn aggravated the problem of insufficient domestic savings.

Doubts about financing the current U.S. deficit pushed the dollar, which had remained relatively stable since spring, into a general trend of depreciation (an average of 10% for the financial year against the euro, moving from an average of 1.13 in 2003 to 1.24 in 2004).

In Europe, the increased value of the euro, combined with higher oil prices led to a more moderate growth outlook for foreign demand, a figure that until that point had shown greater dynamism. Economic activity forecasts were lowered, while the much awaited upward trend for interest rates was postponed. Accordingly, official European interest rates, which had fallen to 2% in June 2003, not only went unchanged throughout 2004. Indeed, the end year forecast was for interest rates to remain at that level at least until mid-2005. On balance, the average European three-month interest rate stood at 2.1% - below the previous year's 2.3% figure.

Within this context, long-term yields showed an average of 4.1% - practically the same level as the year before - yet with a distinct profile. Yields increased throughout 2003, while in 2004 they were somewhat higher during the first half-year (when optimism about a worldwide economic recovery pushed the average interest rate to 4.3%) than in the second half (when they averaged 4%). The differential with the U.S., which had favoured Europe by 10 basis points in 2003, changed course, favouring U.S. bonds by an average of 20 basis points in 2004.

The low interest rate environment in Europe continued to benefit the Spanish economy. With an inflation rate above that of the European average, Spain was able to work with very low real interest rates. The Spanish economy grew at a rate slightly above 2.5% in 2003 fuelled by sectors such as consumption and construction investment - both highly sensitive to monetary expansion. This environment of growth combined with low interest rates was highlighted by dynamic credit activity, especially in the mortgage sector, which reached growth levels unseen since the beginning of the Nineties.

The table on the next page details the exchange rates as of 31 December in 2004 and 2003 (used to convert the balance sheets and business aggregates to euros) and in the cumulative average exchange rates for each of the last two years (used to convert the income statements in local currency to euros), with the variations over the preceding years.

The depreciation of Latin American currencies and the U.S. dollar against the euro in recent years is having a significant effect on the conversion to euros of the results obtained by the Group's subsidiaries in The Americas. For this reason, in order to facilitate the analysis of the changes in the different income statement captions excluding exchange rate depreciation effects, the balance sheets include a column with

> Exchange rates ⁽¹⁾

	Year-end exchange rates				Average exchange rates			
	31-12-04	Δ% on previous year	31-12-03	Δ% on previous year	2004	Δ% on previous year	2003	Δ% on previous year
Mexican peso	15.1823	(6.5)	14.1882	(22.7)	14.0382	(13.0)	12.2131	(25.0)
Argentine peso	4.0488	(8.1)	3.7195	(4.8)	3.6664	(9.0)	3.3363	(9.5)
Chilean peso	759.30	(1.4)	748.50	0.9	757.58	2.9	779.42	(16.1)
Colombian peso	3,205.13	9.5	3,508.77	(14.4)	3,257.33	(0.3)	3,246.75	(26.5)
Peruvian new sol	4.4745	(2.1)	4.3810	(15.9)	4.2399	(7.2)	3.9347	(15.4)
Venezuelan bolivar	2,610.97	(22.6)	2,020.20	(28.1)	2,341.92	(21.9)	1,828.15	(39.2)
U.S. dollar	1.3621	(7.3)	1.2630	(17.0)	1.2438	(9.1)	1.1312	(16.4)

(1) Expressed in currency/euro

year-on-year percentage variations at constant exchange rates (calculated by applying average 2004 exchange rates to the results from 2003) where relevant.

A comparative look at the average exchange rates for 2004 and 2003 shows that the Mexican peso – the currency having the greatest effect on the Group's account statements – has depreciated by 13% against the euro. Other currencies that have also dropped significantly against the euro include the Venezuelan bolivar (-21.9%), the Argentinean peso (-9.0%) and the Peruvian sol (-7.2%), along with the U.S. dollar (-9.1%). The Chilean peso, on the other hand, has increased in value by 2.9%.

Key indicators in the balance sheet and other Group activities were also greatly affected in 2004 by final interest rate variations from the 31-12-03 figure. As such, variations calculated

at constant exchange rates are used when these are significant.

The income statement analysed in this Annual Report is the consolidated public account. The 2003 Annual Report also included a profit and loss account that included the results obtained in Argentina and Brazil by the equity method. Such Report referred to changes in business aggregates with these two countries excluded, in order to isolate their impact on the Group's financial statements. This impact is hardly relevant for 2004, given the progressive normalisation of Argentina's financial situation, and the fact that the effects from the sale of BBV Brazil to Bradesco were included in 2003. Similarly, the business figures and results from the Group's subsidiaries in Argentina are included in the Americas business area, instead of in Corporate Activities.

> Earnings



- > Net interest income
- > Core revenues
- > Ordinary revenues
- > Operating profit
- > Industrial portfolio
- > Provisions and extraordinary items
- > Profit and its distribution

In 2004, the BBVA Group obtained €2,802m in net attributable profit, an all-time BBVA record and 25.8% more than the 2003 figure of €2,227m. This percentage rises to 30.4% if group earnings for the region are adjusted to the impact of Latin American currency depreciation.

Earnings per share, which reached €0.83, grew at a slightly lower rate (19.2%). This was due to a capital increase of almost €2 billion to finance the takeover of Bancomer. Return on equity (ROE) meanwhile, rose by 20.0%, compared with 2003's 18.4% increase.

The important increase in the Group's 2004 net attributable profit is mainly due to the positive performance of operating profit, and therein reflects improved fundamentals. In absolute terms the increase in operating profit is similar to the rise in net attributable profit. Thus the intermediate items on the statement have almost zero effect.

Operating profit came to €5,440m. This was 11.1% higher than the €4,895m obtained in 2003 (17.3% at constant exchange rates), and represents 1.79% of total average return on assets, in comparison to the 2003 figure of

> Consolidated income statement (Million euros)

	2004	Δ%	Δ% at constant exchange rate	2003	2002
Financial revenues	12,466	(0.6)	5.0	12,537	17,234
Financial expenses	(6,101)	(2.5)	2.7	(6,260)	(9,784)
Dividends	704	51.6	52.4	464	358
NET INTEREST INCOME	7,069	4.9	10.5	6,741	7,808
Net fee income	3,379	3.6	9.4	3,263	3,668
CORE REVENUES	10,448	4.4	10.1	10,004	11,476
Net trading income	605	(7.1)	(3.6)	652	765
ORDINARY REVENUES	11,053	3.7	9.3	10,656	12,241
Personnel costs	(3,184)	(2.4)	1.7	(3,263)	(3,698)
General expenses	(1,779)	0.6	7.2	(1,768)	(2,074)
GENERAL ADMINISTRATIVE EXPENSES	(4,963)	(1.3)	3.6	(5,031)	(5,772)
Depreciation and amortization	(453)	(11.2)	(7.2)	(511)	(631)
Other operating income and expenses (net)	(197)	(10.0)	(1.7)	(219)	(261)
OPERATING PROFIT	5,440	11.1	17.3	4,895	5,577
Net income from companies accounted for by the equity method	360	(6.1)	(3.7)	383	33
Memorandum item: correction for payment of dividends	(437)	36.9	37.8	(319)	(242)
Amortization of goodwill	(582)	(9.0)	(9.0)	(639)	(679)
Net income from Group transactions	592	7.0	7.0	553	361
Net loan loss provisions	(931)	(27.1)	(24.1)	(1,277)	(1,743)
Net securities writedowns	-	-	-	-	3
Net extraordinary income (loss)	(730)	n.m.	n.m.	(103)	(433)
PRE-TAX PROFIT	4,149	8.8	14.2	3,812	3,119
Corporate income tax	(957)	4.6	10.3	(915)	(653)
NET PROFIT	3,192	10.2	15.4	2,897	2,466
Minority interests	(390)	(41.7)	(36.7)	(670)	(747)
• Preferred shares	(190)	(11.4)	(11.4)	(214)	(276)
• Minority interests	(200)	(56.0)	(50.2)	(456)	(471)
NET ATTRIBUTABLE PROFIT	2,802	25.8	30.4	2,227	1,719

1.75%. The figures throughout the year followed a rising path, with ever higher year-on-year rates of increase (9.0% in January-September, 7.7% over the first half-year and 5.2% in the first quarter).

This healthy growth in operating profit is the result of an increase in net interest income and net fee income (core revenues increased by 4.4% in euros and by 10.1% at constant exchange

rates) and in reduced expenses (which decreased by 1.3% in euros, while increasing only 3.6% at constant exchange rates), given that net trading income figures were lower than in 2003.

This all combined to improve BBVA's cost/income ratio to 44.9% from the previous year's 47.2%, a figure that has been one of the best among large European banks over recent years.



Consolidated income statement (Expressed as a % of ATA)

	2004	2003	2002
NET INTEREST INCOME	2.33	2.42	2.70
Net fee income	1.11	1.17	1.27
CORE REVENUES	3.44	3.58	3.97
Net trading income	0.20	0.23	0.27
ORDINARY REVENUES	3.64	3.82	4.24
General administrative expenses	(1.64)	(1.80)	(2.00)
Other operating expenses	(0.21)	(0.26)	(0.31)
OPERATING PROFIT	1.79	1.75	1.93
Net income from companies accounted for by the equity method	0.12	0.14	0.01
Net income from Group transactions	0.20	0.20	0.13
Total net writedowns ⁽¹⁾	(0.78)	(0.69)	(1.01)
Other extraordinary income (loss)	0.04	(0.04)	0.02
PRE-TAX PROFIT	1.37	1.37	1.08
Corporate income tax	(0.32)	(0.33)	(0.23)
NET PROFIT	1.05	1.04	0.85
MEMORANDUM ITEM:			
Average total assets (million euros)	303,250	279,245	288,712

(1) Including provisions to special reserves.

Net profit saw a year-on-year increase of 10.2% (15.4% at constant rates). Meanwhile, the reduction of minority shareholders

resulting from the takeover of Bancomer led to the mentioned increase of 25.8% in net attributable profit.

> Consolidated income statement: quarterly evolution

	2004				2003			
	4Q	3Q	2Q	1Q	4Q	3Q	2Q	1Q
Financial revenues	3,294	3,129	3,111	2,932	2,994	2,978	3,190	3,375
Financial expenses	(1,667)	(1,526)	(1,516)	(1,392)	(1,408)	(1,372)	(1,653)	(1,827)
Dividends	181	139	240	144	132	69	161	102
NET INTEREST INCOME	1,808	1,742	1,835	1,684	1,718	1,675	1,698	1,650
Net fee income	856	873	826	824	815	850	792	806
CORE REVENUES	2,664	2,615	2,661	2,508	2,533	2,525	2,490	2,456
Net trading income	236	95	110	164	149	100	206	197
ORDINARY REVENUES	2,900	2,710	2,771	2,672	2,682	2,625	2,696	2,653
Personnel costs	(825)	(780)	(785)	(794)	(835)	(799)	(800)	(829)
General expenses	(485)	(428)	(432)	(434)	(471)	(435)	(442)	(420)
GENERAL ADMINISTRATIVE EXPENSES	(1,310)	(1,208)	(1,217)	(1,228)	(1,306)	(1,234)	(1,242)	(1,249)
Depreciation and amortization	(113)	(115)	(112)	(113)	(124)	(129)	(130)	(128)
Other operating income and expenses (net)	(53)	(41)	(51)	(52)	(43)	(55)	(62)	(59)
OPERATING PROFIT	1,424	1,346	1,391	1,279	1,209	1,207	1,262	1,217
Net income from companies accounted for by the equity method	51	153	72	84	98	170	89	26
Memorandum item: correction for payment of dividends	(139)	(68)	(128)	(102)	(105)	(32)	(114)	(68)
Amortization of goodwill	(86)	(183)	(181)	(132)	(208)	(130)	(170)	(131)
Net income from Group transactions	234	51	62	245	159	116	78	200
Net loan loss provisions	(217)	(200)	(223)	(291)	(223)	(207)	(524)	(323)
Net securities writedowns	-	-	-	-	-	-	-	-
Net extraordinary income (loss)	(490)	(52)	(70)	(118)	(200)	(52)	246	(97)
PRE-TAX PROFIT	916	1,115	1,051	1,067	835	1,104	981	892
Corporate income tax	(75)	(313)	(260)	(309)	(185)	(357)	(164)	(209)
NET PROFIT	841	802	791	758	650	747	817	683
Minority interests	(98)	(98)	(103)	(91)	(162)	(175)	(164)	(169)
• Preferred shares	(43)	(44)	(52)	(51)	(46)	(48)	(56)	(64)
• Minority interests	(55)	(54)	(51)	(40)	(116)	(127)	(108)	(105)
NET ATTRIBUTABLE PROFIT	743	704	688	667	488	572	653	514

> Net interest income

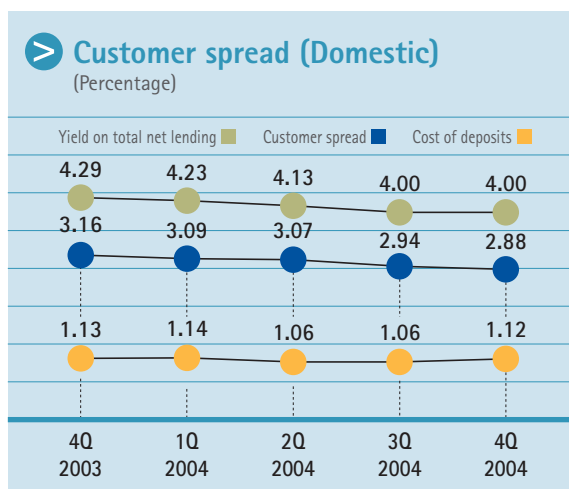
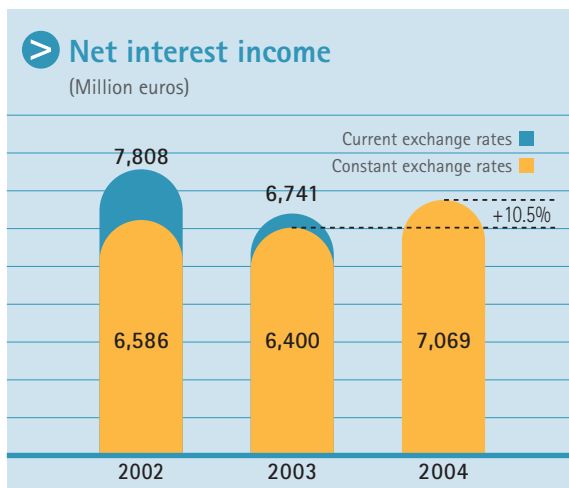
Net interest income for 2004 rose to €7,069m showing a 4.9% increase on the previous year (a 10.5% increase at constant exchange rates). This figure includes increases in core net interest income (financial revenues less financial expenses), as well as in dividend returns.

In the domestic market, low interest rates have continued to put downward pressure on

the customer spread (yield on loans less costs of deposits), given that, although funds costs dropped to 1.09% during the year (from 1.25% in 2003), returns on lending suffered even greater decreases. This is basically due to the re-pricing of mortgages, a consequence of falling interest rates in 2003, although the yield on lending had stabilised by the last quarter of 2004.

Within this environment, the business areas related to Retail Banking Spain and Portugal, along with Wholesale and Investment Banking have focused their efforts on optimising price management and on growth in lending and funds volumes. These efforts have helped compensate for the impact of low interest rates, while attaining increases in the net interest income of 3.9% and 10.0%.

In Mexico, the decreases in interest rates that had continued well into 2003 gave way to an upward trend in 2004, which produced average rates slightly higher than the previous year (7.2% against 6.8% in 2003). In this context, BBVA Bancomer continued to put priority on increasing business volume in the most profitable areas (consumer loans, credit cards and cash and cash equivalents) and on price management. This helped in attaining an increase in net interest income of 26.8% in pesos (+10.3% in euros), rates that have continued to grow quarter after quarter. In the rest of the Group's banks in The Americas, reduced interest rates in Venezuela and the low level of same in Chile put downward pressure on profits, although increases in business volume and price management have, on an aggregate level, helped the banks raise their net interest income by 4.1% (16.8% at constant exchange rates). The entire area, then, showed a growth rate of 8.0% at current exchange rates, and 22.8% at constant rates.



> Breakdown of yields and costs

	2004		2003		2002	
	% of ATA	% Yield/Cost	% of ATA	% Yield/Cost	% of ATA	% Yield/Cost
Credit entities	9.3	3.90	10.3	4.02	9.4	5.25
• Euros	3.8	2.03	3.8	2.12	3.3	2.69
• Foreign currencies	5.5	5.20	6.5	5.10	6.1	6.62
Total net lending	54.2	4.85	53.0	5.42	51.3	7.40
• Euros	43.4	3.97	40.9	4.54	35.7	5.33
- Domestic	40.2	4.07	37.1	4.62	32.6	5.43
- Other	3.2	2.69	3.8	3.81	3.1	4.29
• Foreign currencies	10.8	8.37	12.1	8.38	15.6	12.10
Securities portfolio	27.8	4.78	27.9	4.87	29.8	6.03
• Fixed-income securities	24.3	4.50	24.4	4.88	26.2	6.38
- Euros	15.4	3.00	14.4	3.28	14.0	4.22
- Foreign currencies	8.9	7.09	10.0	7.16	12.2	8.87
• Equity securities	3.5	6.67	3.5	4.79	3.6	3.45
- Investments accounted for by the equity method	2.0	7.25	2.5	4.69	2.5	3.44
- Other investments	1.5	5.90	1.0	5.05	1.1	3.45
Non-interest earning assets	8.7	-	8.8	-	9.5	-
AVERAGE TOTAL ASSETS	100.0	4.35	100.0	4.66	100.0	6.09
Credit entities	21.8	2.74	19.7	3.29	20.8	4.54
• Euros	13.3	2.05	12.0	2.45	11.4	3.49
• Foreign currencies	8.5	3.82	7.7	4.58	9.4	5.81
Customer funds	63.5	2.12	65.2	2.35	64.2	3.70
• Customer deposits	48.3	1.92	51.0	2.16	52.6	3.59
- Euros	28.5	1.26	30.4	1.55	28.4	2.19
- Domestic deposits	18.8	1.09	19.2	1.25	18.4	1.55
- Other	9.7	1.60	11.2	2.07	10.0	3.38
- Foreign currencies	19.8	2.87	20.6	3.05	24.2	5.24
• Debt and other marketable debt securities	15.2	2.76	14.2	3.06	11.6	4.17
- Euros	13.8	2.56	12.1	2.88	8.4	3.84
- Foreign currencies	1.4	4.78	2.1	4.12	3.2	5.04
Shareholders' funds	4.7	-	4.4	-	4.4	-
Other non-interest bearing liabilities	10.0	-	10.7	-	10.6	-
AVERAGE TOTAL LIABILITIES	100.0	2.01	100.0	2.24	100.0	3.39
NET INTEREST INCOME/ATA		2.33		2.42		2.70

> Core revenues

Net fee income in 2004 reached €3,379m, a 3.6% increase over the previous year (+9.4% at constant rates). The most outstanding performers were mutual and

pension fund fees (which accounted for more than 30% of the total), with a year-on-year increase of 10.4% at constant rates, along with managed portfolios (+16.1%), underwriting and placement (+12.9%), credit cards and debit cards (+9.9%) and purchase/sale of securities (+8.0%).

> Net fee income (Million euros)

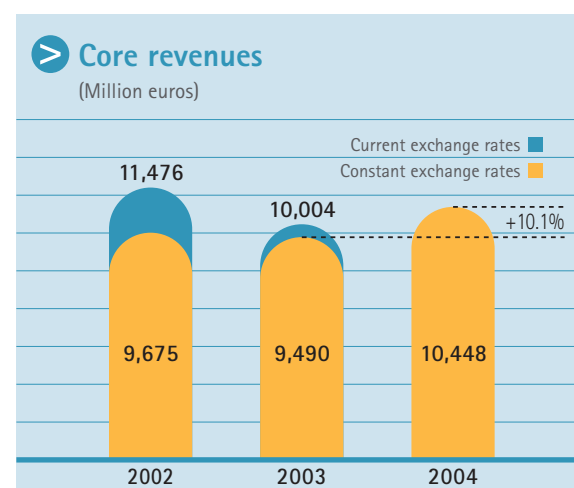
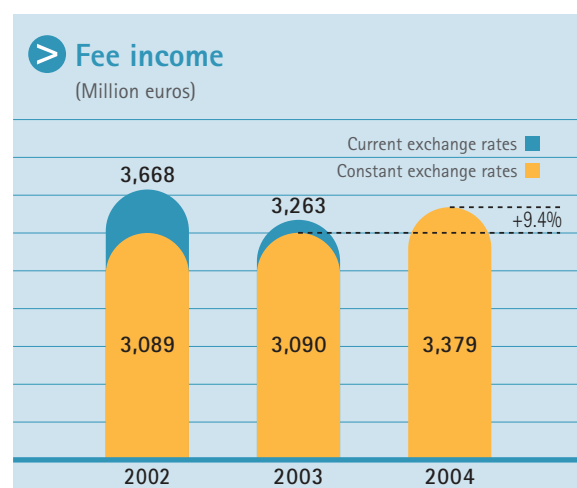
	2004	Δ%	2003	2002
NET FEE INCOME	3,379	3.6	3,263	3,668
Collection and payment services	1,371	(1.1)	1,387	1,470
• Credit and debit cards	594	1.1	588	582
• Other collection and payment services	777	(2.7)	799	887
Asset management	1,159	7.3	1,080	1,239
• Mutual and pension funds	1,062	6.9	994	1,132
• Managed portfolios	97	12.9	86	107
Other securities services	468	2.3	457	567
• Purchase/sale of securities	135	4.7	129	135
• Underwriting and placement	67	12.7	59	134
• Administration and custody services	266	(1.1)	269	298
Other fees	381	12.3	339	393

The Retail Banking Spain and Portugal area showed higher levels of activity that produced year-on-year growth in fee income of 11.6%. This was homogeneously distributed between mutual and pension funds (+10.7%) and all other items (+12.1%). Wholesale and Investment Banking also showed a healthy year-on-year increase (+24.0%), with positive evolution both in wholesale business and in markets.

In The Americas, the drop in fee income in euros (-1.5%) was the result of local currency

depreciation. Fees actually grew by 9.5% if applied in constant rates. This increase, together with the containment of costs, means that the recurrency ratio, which measures these two items, rose to 81.6% from the 2003 figure of 78.7%. Fee income in Mexico increased by 6.2% in pesos (but dropped by 7.6% in euros), producing a recurrency ratio of 84.7%.

Adding net interest income to fee income produces a core revenue figure of €10,448m, 4.4% above the 2003 figure (10.1% higher at constant rates).



> **Ordinary revenues**

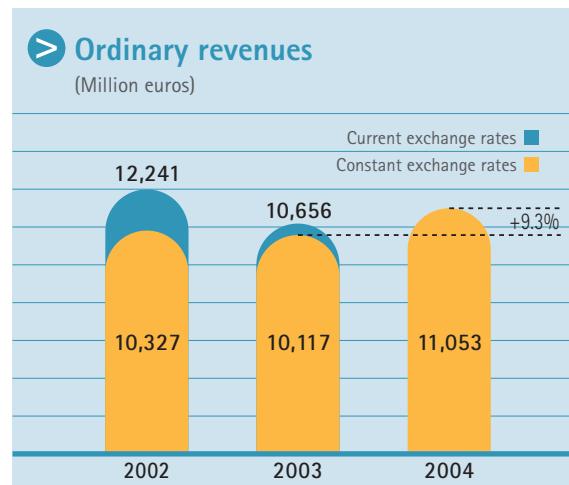
Net trading income reached €605m, a 7.1% drop from the previous year (a 3.6%

decrease at constant rates). This was primarily due to the evolution of Global Markets and Distribution unit and in Mexico.

If we add said net trading income to the core revenues, ordinary revenues for 2004 reached €11,053m, representing a year-on-year increase of 3.7% (a figure that rises to 9.3% at constant exchange rates). It is worth nothing that these revenue figures continued a rising trend (that started in 2003) throughout the year, with ever higher year-on-year growth rates as reflected in current as well as constant exchange rates.

> **Operating profit**

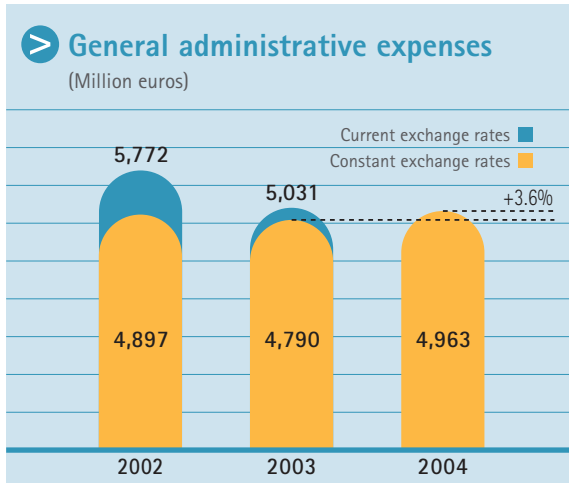
For one more year, BBVA managed to keep its operating expenses under control. General administrative expenses fell by 1.3% in euros (they



rose by 3.6% at the constant rate). This was the result of flat domestic activity and an increase of 6.7% (converting to a 5.1% drop in euros) in The Americas in local currency terms. For the Group as a whole, personnel costs fell by 2.4%, with general expenses increasing by 0.6%. These figures change to +1.7% and +7.2% respectively at constant exchange rates. Moreover, depreciation and amortisation fell by 11.2%, while other net

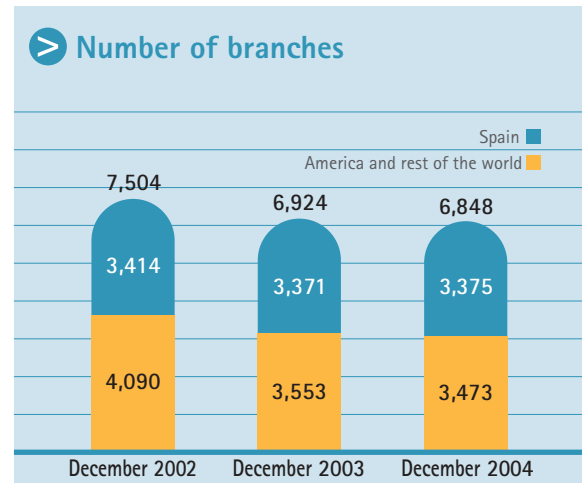
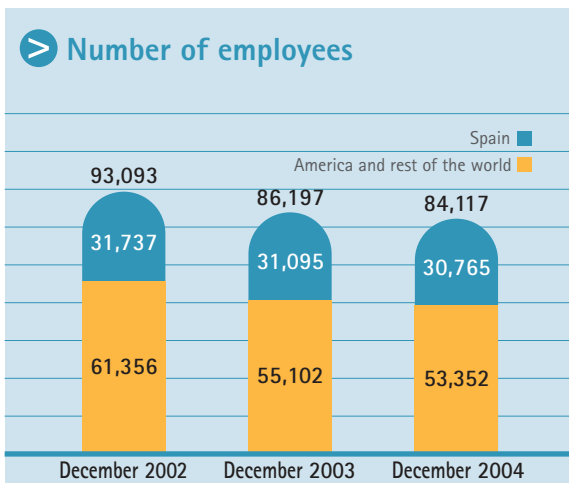
> **General administrative expenses (Million euros)**

	2004	Δ%	2003	2002
PERSONNEL COSTS	3,184	(2.4)	3,263	3,698
Wages and salaries	2,416	(1.7)	2,458	2,744
• Fixed compensation	1,903	(2.4)	1,951	2,241
• Variable compensation	513	1.3	507	503
Employee welfare expenses	542	(5.2)	571	625
• Of which: pension funds	112	(17.0)	135	133
Training expenses and other	226	(3.3)	234	329
GENERAL EXPENSES	1,779	0.6	1,768	2,074
Premises	358	(1.3)	362	454
IT	408	10.1	370	390
Communications	178	(10.5)	199	261
Advertising and publicity	142	5.7	135	158
Corporate expenses	71	5.2	68	84
Other expenses	480	(1.1)	485	561
Levies and taxes	142	(4.5)	149	166
TOTAL GENERAL ADMINISTRATIVE EXPENSES	4,963	(1.3)	5,031	5,772



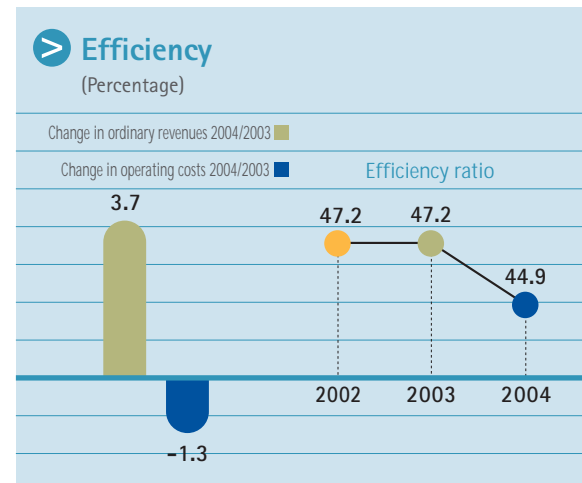
operating expenses were down by 10.0% (-7.2% and -1.7% respectively at constant rates). If we add these figures to personnel costs and general expenses, we can see that total operating expenses fell by 2.6%, while increasing only 2.5% at constant rates.

As of 31-12-04, the Group workforce stood at 84,117 people, reducing headcount in 2,080 on the year before (a 2.4% drop). Workforce decreases were mainly concentrated in The Americas (down 1,730 employees or a 3.3% drop, with the most noteworthy decreases occurring in Mexico and Venezuela, along with El Salvador, the result of the sale of pension management and insurance companies). Meanwhile there was a net reduction of 330 people in Spain, due to a combination of an early retirement policy and of hiring a significant number of young university graduates.



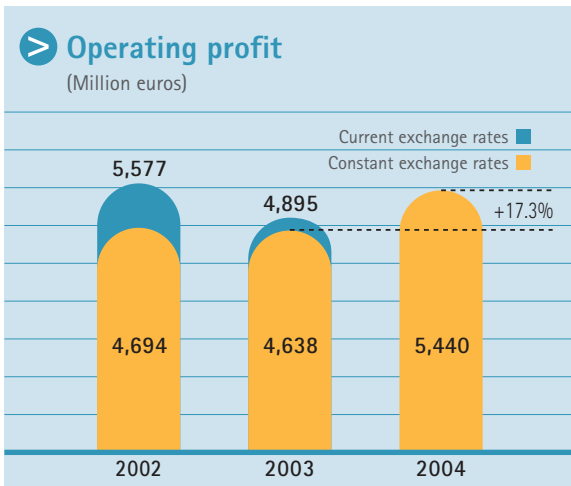
The Group's branch network showed little change in 2004, with selective closings compensating for new openings in areas of expansion. As of 31-12-04, the branch network comprised 6,848 outlets of which 3,375 in Spain, another 3,293 in The Americas and 180 in the rest of the world.

The growth in ordinary revenues and the containment of operating expenses enabled the BBVA Group to once again improve the efficiency ratio, which stood at 44.9%, 2.3 points below 2003's 47.2% figure, and to remain, in terms of this highly significant index, one of the leading European banks. Progress was made in all business areas: Retail Banking Spain and Portugal's efficiency ratio reached 41.8%, 2.9 percentage points better than the 2003 figure of 44.7%.



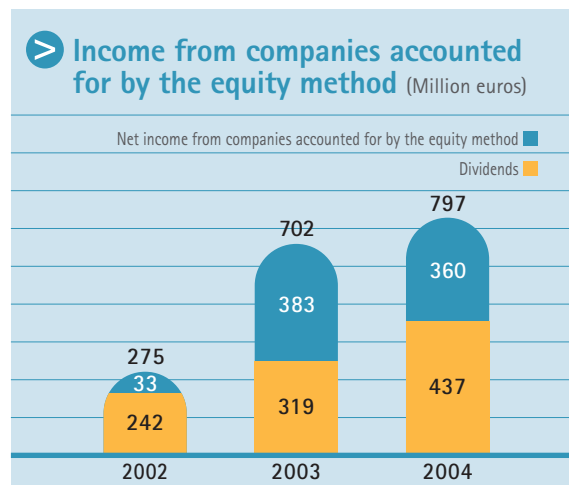
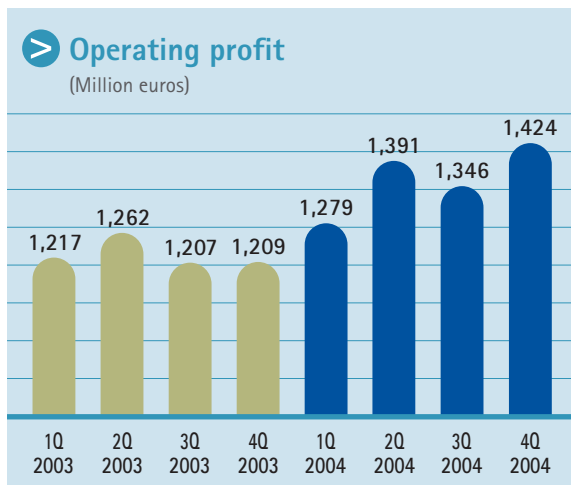
Wholesale and Investment Banking produced an efficiency ratio of 29.9% (1.8 points below the previous year's 31.7% figure), while The Americas business area posted a 42.1% efficiency ratio, improving by 3.4 percent over 45.5% figure from 2003. Mexico attained an efficiency figure of below 40%. Its 39.1% efficiency ratio represents a 3.1 point improvement over the previous year's 42.2%.

Similarly, the evolution of revenues and expenses also enabled operating profit to reach €5,440m, which represents an increase of 11.1% over the €4,895m generated in 2003 (+17.3% at constant rates). It is worth noting that the year-on-year operating profit figures have been systematically growing since the second quarter of 2003.



As with the efficiency ratio, all the business areas contributed to the improvement in operating profit. Retail Banking Spain and Portugal grew by 13.3%, while Wholesale and Investment Banking increased by 7.2%. For the first time in recent years, The Americas business area overcame the effect of currency depreciation, posting an increase of 11.6% (26.0% at constant exchange rates). These gains were mainly due to the good performance in Mexico (11.2% in euros and 27.9% at constant rates), as well as in the rest of the area (12.2% and 22.6%, respectively). Furthermore the ALCO unit (through the management of balance positions and of structural interest rate and currency risks) and the Large Industrial Corporations unit (through the active management of the industrial portfolio) also reported significant increases in net trading income and dividends, thus contributing to the growth in operating profit.

> Industrial portfolio
 Industrial Portfolio Income from companies accounted for by the equity method amounted to €797m in 2004, representing a year-on-year increase of 13.4% over the previous year's €702m. This figure includes a €96m adjustment made after the





Income from companies accounted for by the equity method (Million euros)

	2004	Δ%	2003	2002
Dividends	437	36.9	319	242
Net income from companies accounted for by the equity method	360	(6.1)	383	33
TOTAL INCOME FROM COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD	797	13.4	702	275
Industrial investments	355	21.9	291	77
Financial entities and insurance companies	355	(11.9)	403	180
Real estate companies and other	87	n.m.	8	18

publication of the definitive 2002 earnings for such companies as Telefónica and Terra. €437m of the cited €797m were collected as dividends (36.9% more than in 2003, mostly from insurance and real estate companies). This means that the €360m included within the income from companies carried by the equity method is 6.1% less than the previous year. It should be pointed out that a charge for €37m was made in the last quarter of 2004, in order to bring to zero the 2004 contribution of BNL in line with the income statement said institution announced for 2004.

The management of the industrial portfolio contributed €592m to income from Group transactions in 2004 – a 7.0% increase over the €553m figure from 2003. The year's most important operation was the first quarter sale of Banco Atlántico, which generated a gain of €218m. In addition, capital gains on interests held by the Large Industrial Corporations unit reached €150m, while those corresponding to the business and real estate interests of the Wholesale Banking unit (which include Gamesa, Acerinox, Grubarges and Vidrala) added €138m. Retail Banking, with its less significant figures, included the sale of its interests in Direct Seguros, as well as pension management and insurance companies in El Salvador in The Americas. The main transactions in 2003 were the sale of the holding in Crédit Lyonnais as

part of the tender offer launched by Crédit Agricole, which resulted in a gain of €343m, and the divestments of industrial portfolio holdings in the last few months of the year to partially finance the acquisition of shares of Bancomer held by minority shareholders.

> Provisions and extraordinary items

The Group earmarked €931m for loan-loss provisions, in comparison to the €1,277m figure for 2003. This amount included €285m for increasing coverage of exposure associated with the country-risk in Argentina, from 50% to 75%. It also included other provisions related to that country with simultaneous release of special funds, included under extraordinary items. A reduction in nonperforming loans (NPL) within the Group allowed specific provisions to be reduced while coverage for the statistical loan-loss provision and general-purpose provision was increased to €600m, the latter due to growth in lending. Accordingly, statistical provisions reached a total of €1,397m, while general-purpose provisions reached €1,496m.

Amortisation of goodwill accounted for €582m during the year. This figure was less than the 2003 figure of €639m, which included extraordinary items of €119m (€49m from

Bradesco and €70m from Gas Natural). Of the amount provided in 2004, €243m was for amortisation of goodwill at Bancomer (where the period of amortisation has been extended from 10 years to 20 years), and €193m for Banca Nazionale del Lavoro, of which €145m is for the early cancellation (made in the last quarter) of all goodwill related to this entity.

Net extraordinary items, meanwhile, generated a deduction of €730m. This included €572m (€372m net of tax) booked in the fourth quarter for early retirement of 1,372 employees during the year. In previous years this was charged against reserves in accordance with a Bank of Spain authorisation.

> Profit and its distribution

Pre-tax profit for 2004 reached €4,149m, representing a year-on-year growth rate of 8.8% (+14.2% at constant exchange rates). After deducting provisions for corporate income tax (€957m), net profit came to €3,192m, some 10.2% more than 2003 (15.4% at constant exchange rates), a record figure for BBVA. The three business areas all showed

significant year-on-year gains: 12.3% in the case of Retail Banking, 8.3% in Wholesale Banking, and 24.6% in The Americas when calculated in euros (rising to 40.3% in local currencies).

Under this heading, the figures for Mexico are 28.9% and 48.2%, respectively, as calculated before the impact of the takeover described below.

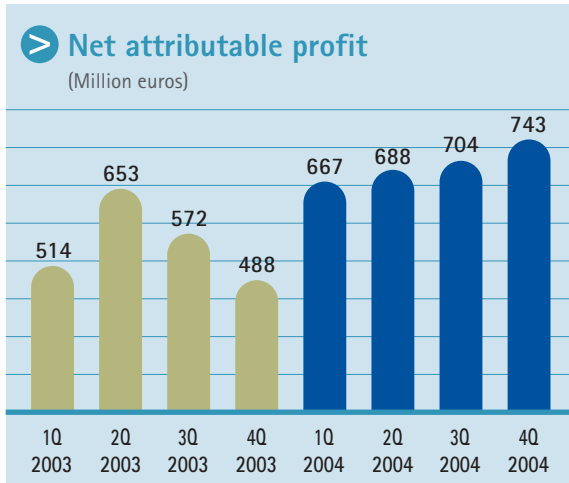
Of this amount, €390 corresponded to minority interests. This figure was 41.7% less than in 2003, due mainly to the decline in minority interests at Bancomer following the takeover bid in the first quarter of 2004. It was also due to the exchange rate effect as well as to the reduction in the cost of preferred shares resulting from the redemption of former issues and to the lower interest rates on new issues made during the year.

Therefore, the Group's net attributable profit in 2004 came to €2,802m, rising 25.8% over the figure of €2,227m in the previous year. This percentage would be 30.4% at constant exchange rates, the highest such figure in the history of BBVA. It should also be noted that the amounts generated in each quarter have followed a rising trend; the €743m in the fourth quarter is also a record high for BBVA.

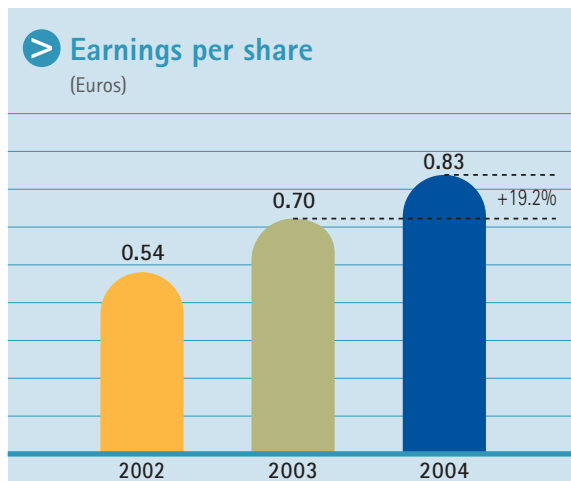
> Net attributable profit (Million euros)

	2004	Δ%	2003	2002
PRE-TAX PROFIT	4,149	8.8	3,812	3,119
Corporate income tax	(957)	4.6	(915)	(653)
NET PROFIT	3,192	10.2	2,897	2,466
Minority interests	(390)	(41.7)	(670)	(747)
• Preferred shares	(190)	(11.4)	(214)	(276)
• Minority interests	(200)	(56.0)	(456)	(471)
NET ATTRIBUTABLE PROFIT	2,802	25.8	2,227	1,719
Dividends	1,497	20.1	1,247 ⁽¹⁾	1,109
Reserves	1,305	33.2	980	610

(1) Including the final dividend paid to the new shares issued in the capital increase made in February 2004.

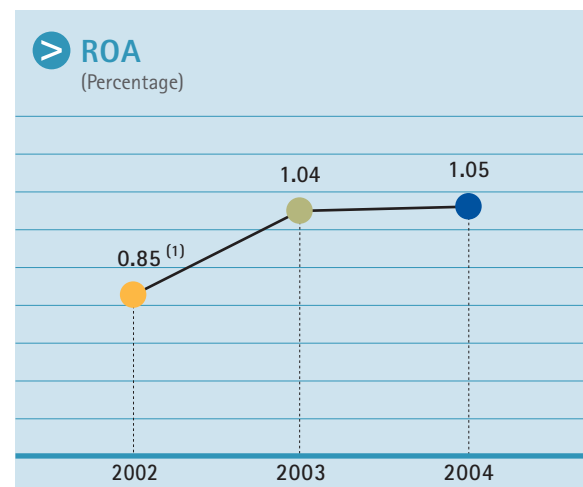


All business areas have contributed to increasing the Group's net attributable profit, showing double-digit year-on-year growth figures: 13.8% in Retail Banking Spain and Portugal (€1,410m), 10.1% in Wholesale and Investment Banking (€515m) and 70.8% in The Americas. The latter's contribution has now reached €1,239m, with €841m corresponding to Mexico (more than double the 2003 figure) and €398m to the rest of the area (up 24.8%). Using the constant exchange rate, the increase in The Americas business area reaches 91.4% (138.2% for Mexico and 35.4% for the rest). On the other hand, the Corporate Activities area produced a loss of €363m, compared with losses of €206m in 2003.

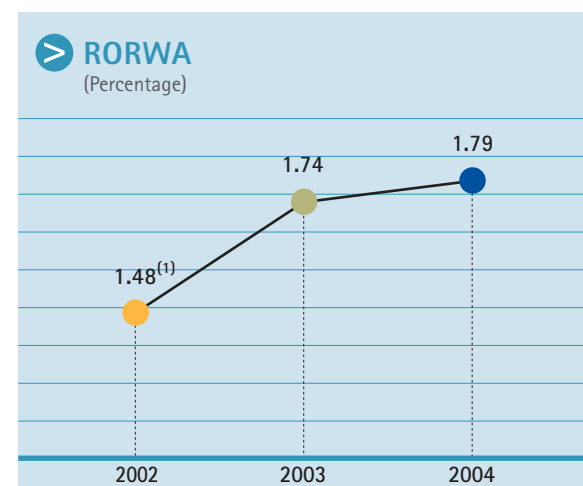


Earnings per share therefore rose to €0.83 (another record high for BBVA), compared to the 2003 figure of €0.70 which is an increase of 19.2%. This is less than the rise in net attributable profit due to the capital increase of €1,999m in February 2004.

The growth in net income led to a 20.0% rise (compared to 18.4% in 2003) in return on equity (ROE) despite higher equity due to the abovementioned capital increase. Thus BBVA continues to be one of the top banks in the euro zone in regard to this ratio. Return on assets (ROA) stands at 1.05%, while the return on risk-weighted assets (RORWA) is 1.79%. These are both improvements over the 2003 figures of 1.04% and 1.74%, respectively.

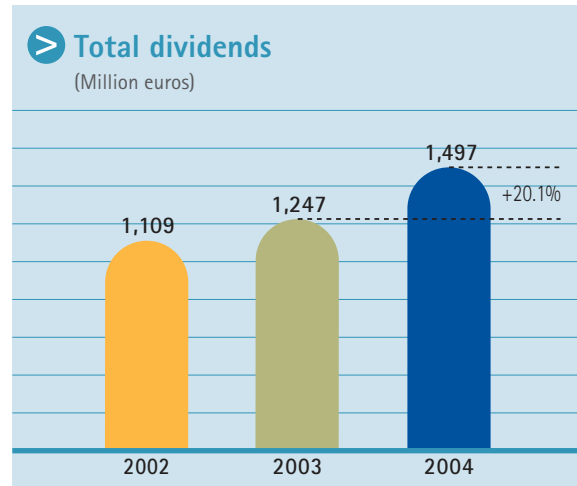


(1) Excluding 4Q02 extraordinary writedowns: 1.00%.



(1) Excluding 4Q02 extraordinary writedowns: 1.74%.

The dividend paid against the 2004 profit that the Board of Directors plans to propose to the General Shareholders Meeting amounts to €0.442 per share, a 15.1% increase over the €0.384 paid against the 2003 profit. This dividend per share figure means that the total amount to be distributed to the shareholders is €1,497m (a 20.1 percent increase over the 2003 figure of €1,247m), with a pay out ratio of 53.4%.



> Balance sheet and business activity



- > Lending
- > Customer funds
- > Other balance-sheet items

A look at the key 2004 indicators for the BBVA Group confirms a general acceleration in business activity, with greater increases in the main captions than those shown by the Group in Spain and The Americas in 2003 (in current as well as in constant exchange rates).

In the domestic market, growth in lending volume has been boosted by the financing of home purchases and business and SMEs segments. The year also saw increases in the main types of funds under management, including transaction and term deposits, along with mutual and pension funds.

Improved overall economic performance in Latin America allowed for an increase in lending in all countries. Growth rates in customer funds were also higher in most countries than in 2003.

Similarly, both markets continued to show an increase in the quality of the assets managed by the Group, with a drop in nonperforming loans that, together with an increase in lending, led to a substantial decrease in the NPL ratio and a coinciding improvement in the coverage ratio.

In order to correctly analyse the variations in the balance-sheet aggregates and the Group's business activity, the impact of the depreciation of the American currencies against the euro must be taken into account. After the sharp falls in their values in 2002 and 2003, variations were more subdued from 31-12-03 to 31-12-04. The most noteworthy of these were the depreciations in the Mexican peso (down

6.5%), the Venezuelan bolivar (down 22.6%), the Argentinean peso (down 8.1%) and the U.S. dollar (down 7.3%). The Columbian peso, on the other hand, increased in value against the

euro by 9.5%. The following comments refer to a constant exchange rate where relevant.

As of 31 December 2004, the BBVA Group's total assets amounted to €311 billion, an 8.3%



Consolidated balance sheet (Million euros)

	31-12-04	Δ%	31-12-03	31-12-02
Cash on hand and deposits at Central Banks	10,122	24.8	8,110	8,050
Due from credit entities	16,176	(22.6)	20,907	21,476
Total net lending	170,248	14.4	148,827	141,315
Fixed-income securities portfolio	70,959	(1.3)	71,881	68,901
• Government debt securities	18,370	(3.0)	18,945	19,768
• Debentures and other debt securities	52,589	(0.7)	52,936	49,133
Equity securities portfolio	12,620	29.6	9,740	10,071
• Accounted for by the equity method	6,354	(4.4)	6,648	7,064
• Other investments	6,266	102.6	3,092	3,007
Goodwill in consolidation	5,229	41.1	3,707	4,257
Property and equipment	3,782	(0.2)	3,790	4,634
Treasury stock	18	(72.2)	66	98
Accumulated losses at consolidated companies	3,821	5.8	3,611	3,650
Other assets	18,097	9.6	16,511	17,090
TOTAL ASSETS	311,072	8.3	287,150	279,542
Due to credit entities	65,336	6.1	61,570	56,119
On-balance-sheet customer funds	199,485	9.1	182,831	180,570
• Deposits	147,051	4.3	141,049	146,560
• Marketable debt securities	44,326	28.9	34,382	27,523
• Subordinated debt	8,108	9.6	7,400	6,487
Other liabilities	20,533	6.2	19,342	19,221
Net profit for the year	3,192	10.2	2,897	2,466
Minority interests	4,435	(18.3)	5,426	5,674
Capital	1,662	6.1	1,566	1,566
Reserves	16,429	21.5	13,518	13,926
TOTAL LIABILITIES AND EQUITY	311,072	8.3	287,150	279,542
Other customer funds managed	124,499	10.1	113,075	108,815
• Mutual funds	51,041	11.6	45,752	43,582
• Pension funds	41,490	3.7	40,016	36,563
• Customer portfolios	31,968	17.1	27,307	28,670
Contingent liabilities	21,653	30.0	16,652	18,157
MEMORANDUM ITEM:				
Average total assets	303,250	8.6	279,245	288,712
Average risk-weighted assets	177,909	7.1	166,050	166,163
Average shareholders' funds	14,044	16.4	12,069	12,531

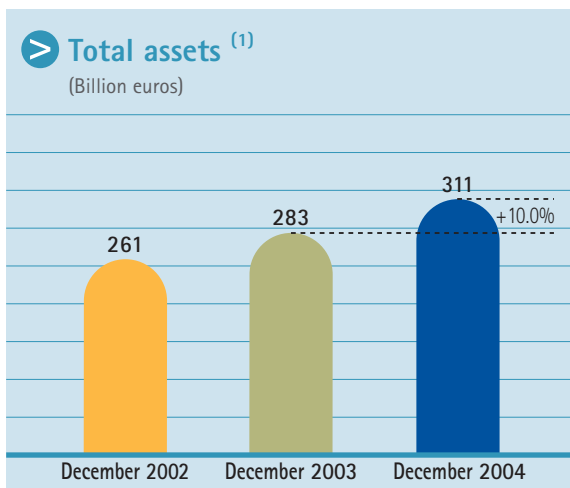
increase over the 2003 figure of €287 billion. If calculated without the effect of exchange rate variations, this increase rises to 10.0%.

Latin American assets make up 22.4% of the total. This figure is lower than the 2003 year-end figure of 24.0%, as well as that from 2002 which had been 29.1%. This means that the weight of assets in Spain and the rest of the world has increased accordingly, representing 77.6% (as opposed to 76.0% at the end of 2003 and 70.9% at the close of 2002). Within Latin America, the assets relating to investment-grade countries (Mexico, Chile and Puerto Rico) represented

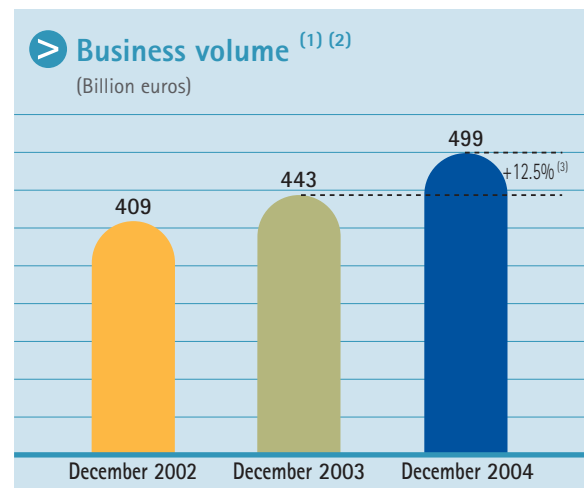
17.6% of the Group's total assets at the close of 2004. Lower rated countries, meanwhile, account for only 4.8% (compared with 6.7% two years before).

Business volume, calculated as the sum of gross lending and total customer funds under management, amounted to €499 billion, an 11.0% increase over the 2003 figure of €449 billion (12.5% using constant rates). Both of these increases far outstrip those shown in 2003 (3.1% at current rates and 8.4% at constant rates).

Within this aggregate, total lending to customers increased by 13.9% (14.9% at constant



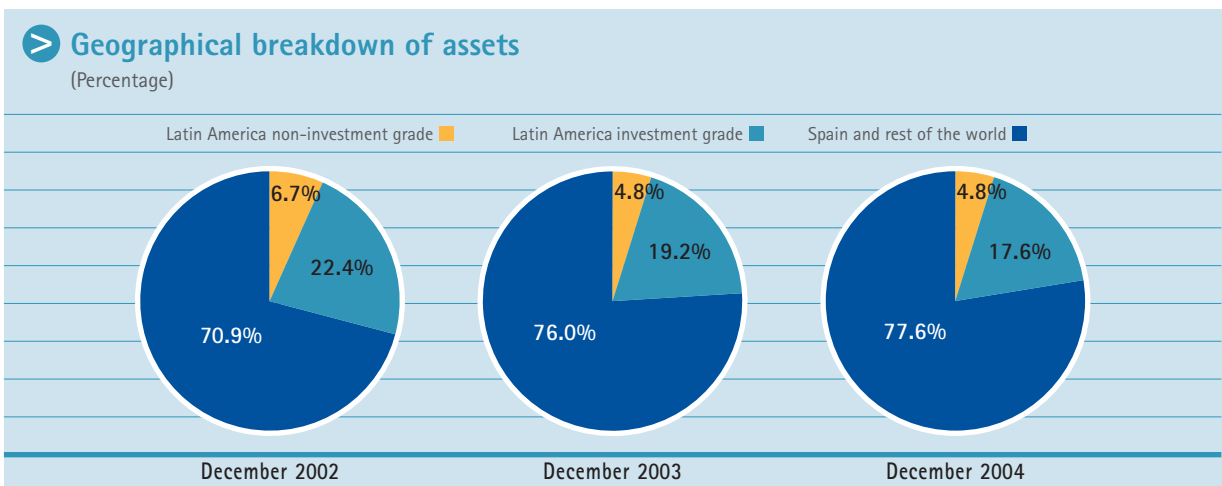
(1) At constant exchange rates.



(1) Total gross lending plus total customer funds.

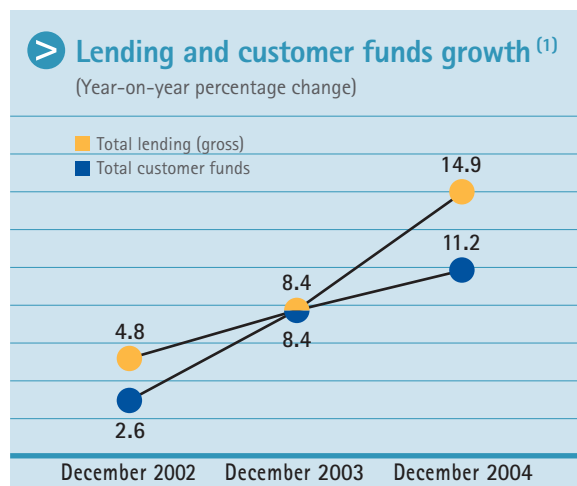
(2) At constant exchange rates.

(3) Increase of 14.9% in lending and 11.2% in funds under management.



rates), while total customer funds managed (including on-balance-sheet customer funds, mutual and pension funds and customer

portfolios) rose by 9.5% (11.2% at constant rates). Note that all of these figures are higher than those from the preceding two years, a clear indicator of the Group's accelerated business activities in recent years.



(1) At constant exchange rates.

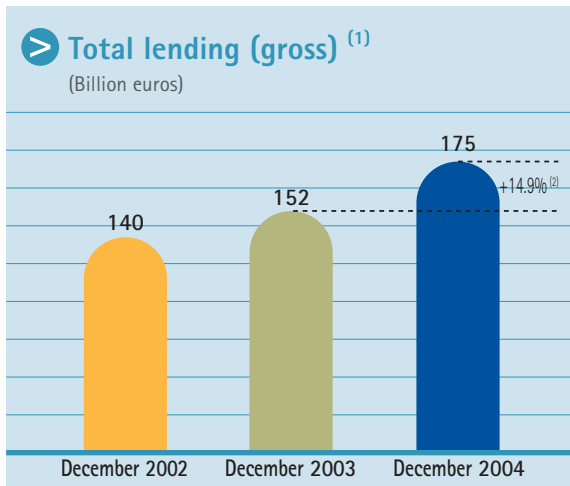
> Lending

Total lending reached €175 billion by the end of the year, compared with €153 billion from 2003.

The aforementioned 13.9% increase surpassed the year-on-year growth from quarter to quarter for the eighth straight time. The use of constant exchange rates also shows a growing trend: up 4.8% at the end of 2002, up 8.4% twelve months later, and up 14.9% as of 31-12-04.

> Total lending (Million euros)

	31-12-04	Δ%	31-12-03	31-12-02
Public sector	15,376	15.3	13,334	12,506
Other domestic sectors	116,781	15.0	101,532	89,539
• Secured loans	64,691	21.7	53,166	44,912
• Commercial loans	9,231	11.1	8,309	8,093
• Other term loans	34,937	5.2	33,222	30,821
• Credit card debtors	1,067	(0.9)	1,076	993
• Other	1,669	10.8	1,507	1,278
• Financial leases	5,186	22.0	4,252	3,442
Non-domestic sector	40,638	13.7	35,732	40,895
• Secured loans	12,300	17.4	10,473	12,069
• Other loans	28,338	12.2	25,259	28,826
Nonperforming loans	1,820	(31.9)	2,673	3,473
• Public sector	107	54.6	69	56
• Other domestic sectors	648	(11.6)	734	771
• Non-domestic sectors	1,064	(43.1)	1,870	2,646
TOTAL LENDING (GROSS)	174,615	13.9	153,271	146,413
Loan loss provisions	(4,367)	(1.7)	(4,444)	(5,098)
TOTAL NET LENDING	170,248	14.4	148,827	141,315
MEMORANDUM ITEM:				
Securitized loans	3,991	54.3	2,587	2,911
Customer loans (gross) including securitized balances	178,606	14.6	155,858	149,324



(1) At constant exchange rates.

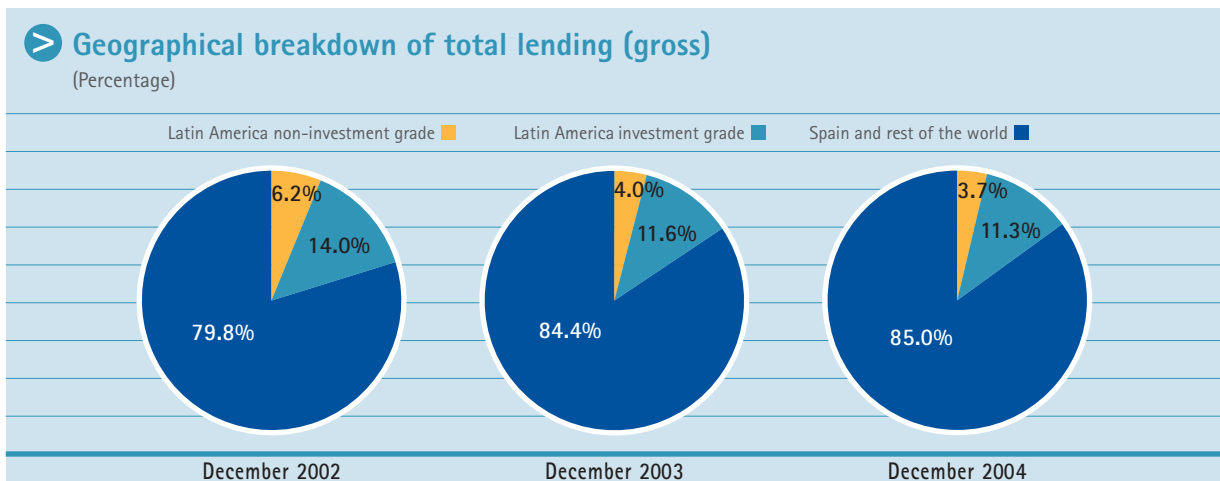
(2) Including securitized loans: +15.6%.

Moreover, with lending growing faster in proportion to the balance sheet as a whole, it has claimed ever growing weight there to 54.7% at the end of 2004 in comparison to 51.8% at the close of 2003 and 50.6% at the close of 2002.

Two securitisation operations were carried out in the fourth quarter of 2004. One of these involved €1 billion of automobile finance and the other, also €1 billion, entailed loans to SMEs. These amounts were accordingly removed from the Group's balance sheet. Together with similar operations by BBVA and BCL in previous years, the total volume of securitisation to €3,991m. If these are taken into consideration, the rate of increase in lending is 14.6% in euros and 15.6% at constant exchange rates.

€15 billion out of the Group's €175 billion in lending at 31-12-04 went to the public sector (a year-on-year increase of 15.3%). The Group is a leader in the domestic market in this business segment. Lending to other domestic sectors came to €117 billion (+15.0%), while €41 billion went to non-residents (a year-on-year increase of 13.7% in euros and 17.9% at constant rates). Meanwhile, less than €2 billion went to nonperforming assets, which decreased by 31.9% over the 2003 year-end figure.

Lending recovery in the Latin American market, together with the diminished effect from currency depreciation, meant that the lowered rate of non-resident lending as a percentage of the total shown in earlier years was less evident in 2004. By year's end, such loans accounted for 23.9% of total lending (compared with 24.5% at the end of 2003 and 29.7% on 31-12-02), while lending to residents (government and other sectors) accounted for 76.1% (75.5% at the end of 2003 and 70.3% at the close of 2002). According to geographic zone, loans in Latin America represented 15.0% of total Group lending by the end of 2004 (15.6% and 20.2%, respectively, in 2003 and 2002). Most of these correspond to Mexico, Chile and Puerto Rico – investment grade countries – which account for 11.3% of the total (11.6% and the end of 2003 and 14.0% at the close of 2002). Only 3.7% of total Group lending in 2004 was located in



countries with lower-than-investment-grade ratings. This is a drop from the 4.0% of such loans in 2003, and 6.2% in 2002.

Lending to other domestic sectors came to €117 billion, with an annual increase of 15.0% (16.2% if securitised loans are included). Growth was therefore higher than in 2003 (13.4%) and in 2002 (8.9%).

As in other years, secured loans continued in their role as the main growth factor in this area, increasing by 21.7% to €64 billion (22.3% with securitised loans). This was due to the buoyant market in financing

unsubsidised housing, while financing under Government-Subsidised Housing schemes fell slightly. As a result, secured loans accounted for 55.4% of total lending to other domestic sectors, in comparison to the previous year's figure of 52.4%.

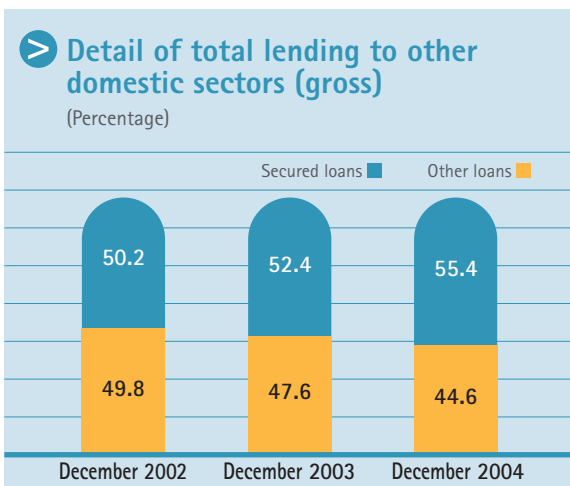
As for other loan types, financial leasing increased by 22.0% (the third straight year with growth rates of over 21%), commercial loans by 11.1% and other loans by nearly 8% with securitisation. It is also worth noting that retail banking, SME and business financing grew by close to 20% compared with the 15% rate from the year before, representing an important contribution to lending growth.

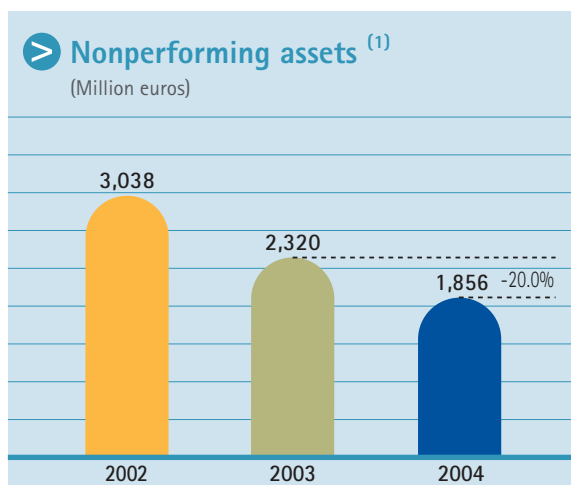
Lending to non-domestics came to €41 billion by the end of 2004, an increase of 13.7% over the 2003 figure of €36 billion at current exchange rates and 17.9% at constant rates. This is in contrast to the decline recorded in 2003. Thanks to selective growth in some countries in previous years, the improved economic situation in Latin America opened the way to a more general increase in lending in 2004. In Mexico, the loan portfolio as a whole grew by 15.8% in pesos (37.6% in reference to manageable loans, excluding the historical mortgage portfolio), with the growth rate having accelerated throughout the year. While the primary growth factors in 2003 were consumer loans and credit cards, these were joined in 2004 by business and mortgage loans. A look at the other countries shows noteworthy increases (using local currencies) of 91.4% in Venezuela, 28.1% in Columbia, 16.9% in Chile and 14.8% in Peru.

The important level of lending growth in 2004 was compatible with a significant improvement in asset quality. Nonperforming assets during the year declined 31.9% to €1,820m, compared to €2,673m at 31-12-03. Nonperforming loans (including contingent liabilities but excluding country risk) also declined by 20.0% to €1,856m. Combined



(1) Including securitized loans: +16.2%.





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

with the increase in lending, these declines helped in attaining important improvements in all asset quality indicators.

Thus the NPL ratio, defined as nonperforming assets (including contingent liabilities but excluding group 5 country risk) divided by total risk, fell to 0.95% at the end of the year, from 1.37% at 31-12-03 and 1.85% at 31-12-02. This ratio has so far

declined for eight quarters running. The NPL ratio for lending alone has fallen even faster, to 1.04% from 1.74% in December 2003 and 2.37% in December 2002. It stood at a record low of 0.55% for loans to other resident sectors in Spain at the end of 2004 (0.72% at 31-12-03 and 0.85% at 31-12-02). This is below average for the sector.

Nonperforming assets are decreasing in all business areas while total lending is increasing. Therefore there is a general decline in the NPL ratio. In Retail Banking Spain and Portugal it stood at 0.61% on 31-12-04 (compared to 0.85% and 0.99%, respectively, at the close of 2003 and 2002). In Wholesale and Investment Banking it is 0.19% (compared to 0.50% on 31-12-03 and 0.76% on 31-12-02). The figure for The Americas dropped to 3.18% at the end of 2004 (4.46% and 5.44% in December of 2003 and 2002). The latter NPL figure was due to improvements in Mexico (2.60%, 3.72% y 3.96% on the same dates) along with all the other banks in the region (4.17%, 5.91% and 7.89% at the close of 2004, 2003 and 2002, respectively).

Variations in nonperforming assets (Million euros)

	4Q04	3Q04	2Q04	1Q04
BEGINNING BALANCE ⁽¹⁾	2,002	2,045	2,150	2,320
Net variation	(146)	(43)	(105)	(170)
+ Entries	401	464	450	485
- Outflows	(375)	(418)	(357)	(390)
- Write-offs	(172)	(89)	(198)	(265)
PERIOD-END BALANCE (1)	1,856	2,002	2,045	2,150
MEMORANDUM ITEM:				
• Nonperforming loans	1,820	1,952	1,995	2,135
• Country risk (group 5)	(10)	(25)	(26)	(86)
• Nonperforming contingent liabilities	46	75	76	101

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



Risk management (Million euros)

	31-12-04	Δ%	31-12-03	31-12-02
TOTAL RISK EXPOSURE ⁽¹⁾				
Nonperforming assets	1,856	(20.0)	2,320	3,038
Total risks	196,258	15.8	169,466	163,924
Provisions	4,587	6.9	4,290	5,142
NPL ratio (%)	0.95		1.37	1.85
NPL coverage ratio (%)	247.2		184.9	169.2
CREDIT RISK				
NPL ratio (%)	1.04		1.74	2.37
NPL coverage ratio (%)	240.0		166.3	146.8
Coverage ratio including secured loans (%)	263.3		184.2	166.1
MEMORANDUM ITEM:				
Foreclosed assets	324	(13.3)	373	500
Foreclosed asset provisions	167	(17.3)	202	260
Coverage (%)	51.7		54.2	52.0

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

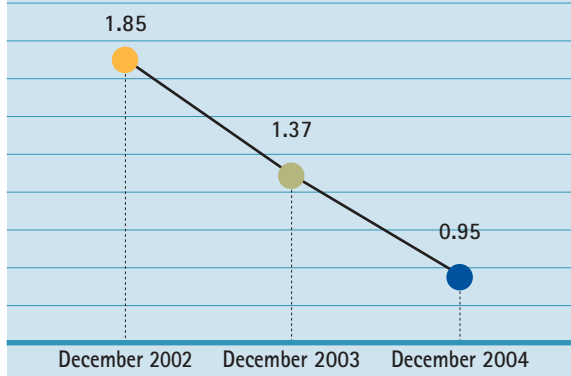
Thanks to the fact that the abovementioned reduction in NPL risk has been accompanied by an increase in provision funds, mostly from the higher amount of general-purpose and statistical provisions, the coverage level rose to 247.2% by the end of the year (compared to 184.9% on 31-12-03 and 169.2% on 31-12-02).

The increase in coverage applies to all business areas: in Retail Banking it rose to 379.4% (from a figure of 269.5 at the end of 2003), the Wholesale Banking figure increased to 723.4% (from 233.8% the year before) and that of The Americas rose to 145.2% (from 140.5%).



Nonperforming loan ratio ⁽¹⁾

(Percentage)

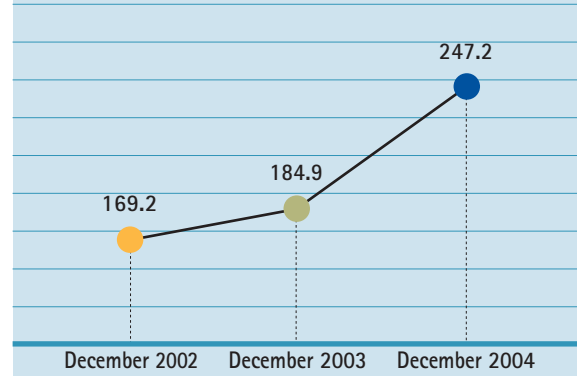


(1) Nonperforming assets/Total risks.



Coverage ratio

(Percentage)

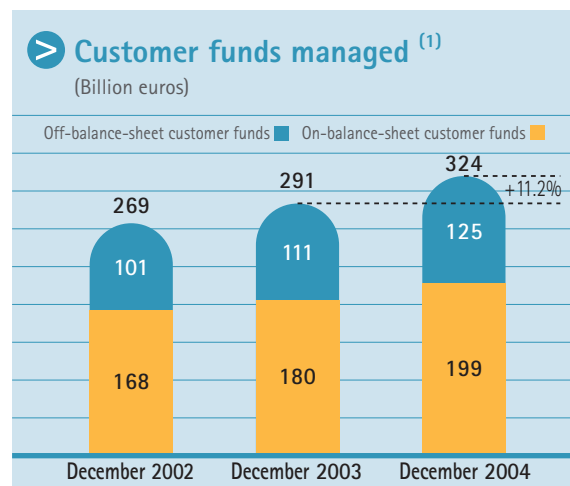


> Customer funds

Total customer funds managed by the Group, including on-balance-sheet funds,

mutual funds, pension funds and customer portfolios increased to €324 billion in 2004, a 9.5% improvement over the 2003 figure of €296 billion (+11.2% at constant rates). Both percentage increases are higher than those shown in 2003 (2.3% at current rates, and 8.4% at constant rates).

Of this amount, customer funds on the balance sheet came to €199.5 billion, 9.1%



(1) At constant exchange rates.

> Customer funds managed (Million euros)

	31-12-04	Δ%	31-12-03	31-12-02
ON-BALANCE-SHEET CUSTOMER FUNDS	199,485	9.1	182,831	180,570
DEPOSITS	147,051	4.3	141,049	146,560
Public sector	4,850	(40.2)	8,115	9,264
Other domestic sectors	72,372	9.8	65,917	64,221
• Current accounts	21,441	7.9	19,874	20,430
• Savings accounts	18,236	6.4	17,144	15,078
• Time deposits	19,532	11.8	17,466	16,944
• Assets sold under repurchase agreement	13,163	15.1	11,433	11,769
Non-domestic sector	69,829	4.2	67,017	73,075
• Current and savings accounts	25,812	5.2	24,536	24,870
• Time deposits	39,962	5.9	37,747	40,268
• Assets sold under repurchase agreement and other accounts	4,055	(14.3)	4,734	7,937
MARKETABLE DEBT SECURITIES	44,326	28.9	34,382	27,523
Mortgage bonds	19,143	63.0	11,741	8,777
Other marketable securities	25,183	11.2	22,641	18,746
SUBORDINATED DEBT	8,108	9.6	7,400	6,487
OTHER CUSTOMER FUNDS MANAGED	124,499	10.1	113,074	108,815
Mutual funds	51,041	11.6	45,752	43,582
Pension funds	41,490	3.7	40,016	36,563
Customer portfolios	31,968	17.1	27,306	28,670
TOTAL CUSTOMER FUNDS MANAGED	323,984	9.5	295,905	289,385

more than the 2003 figure of €183 billion. Off-balance-sheet funds accounted for the remaining €124.5 billion, a year-on-year increase of 10.1% over the €113 billion on 31-12-03. Using constant rates, on-balance-sheet funds showed an increase of 10.9%, while off-balance-sheet funds rose by 11.6%. All of these rates represent an improvement over those from 2003.

While in 2003 growth in total customer funds was mainly concentrated in off-balance sheet items, in 2004 it was more even, with greater increases in deposits due to the recovery in fixed deposits. This helped to slow down the decreasing weight of fixed deposits as a percentage of total deposits seen in recent years. Transactional deposits represented 52.4% of total deposits in December 2004, in comparison to a figure of 52.7% on 31-12-03 and 51.3% at the end of 2002.

In the domestic market, deposits by other residential sectors came to €72 billion. This was 9.8% higher than at the end of 2003, when the increase was 2.6%. Deposits (excluding repurchase agreements) grew 8.7% to €59 billion (+3.9% in 2003), with increases of 7.2% in current and savings accounts (7.9% in current accounts, which reached €21 billion, and 6.4% in savings accounts, at €18 billion) and 11.8%

in term deposits (at €19.5 billion). Moreover, the aggregate of deposits, mutual funds and pension funds grew at an annual rate of 10.6% (7.3% in 2003).

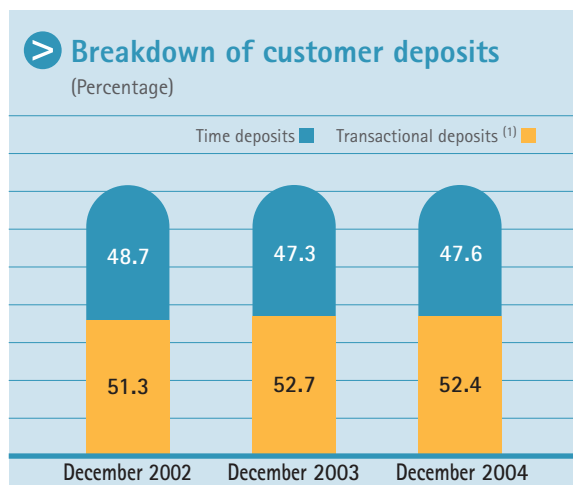
Assets sold under repurchase agreement amounted to €13 billion, up 15.1% from the end-2003 figure. Public sector deposits, meanwhile, totalled €5 billion, a figure that was affected by the lower balance awarded in the Treasury auction, compared to the figure at 31-12-03.

Deposits by non-residents were €70 billion, with year-on-year increases of 4.2% at current exchange rates and 8.7% at constant rates. These surpassed the figures for 2003 (-8.3% and +6.0% respectively). Transactional deposits grew by 5.2% and fixed deposits by 5.9% (both figures in euros). At constant rates, transactional deposits increased by 11.4%, and fixed deposits by 9.3%.

In Mexico, total deposits increased by 9.2% in pesos. This percentage rises to 11.4% if traditional branch network deposit taking and repos are included. As for other countries, Venezuela showed a 40% increase (in local currency), while Chile and Columbia had 20% increases.

Marketable debt securities rose to €44 billion, a 28.9% increase over the 2003 figure of €34 billion. Of this figure, €19 billion corresponds to mortgage bonds issued over the year, which grew by 63%. The other €25 billion was accounted for by marketable debt securities (up 11.2% from the 31-12-03 figure). Subordinated debt totalled €8 billion, a 9.6% increase due to the issue of a €1 billion subordinated debt in October, and to the registered maturities.

The off-balance-sheet customer funds (mutual funds, pension funds and customer portfolios) managed by the Group reached €124.5 billion at 31-12-04, a 10.1% increase over the 2003 figure of €113 billion. This increase rises to 11.6% without the impact of



(1) Current accounts and savings accounts.

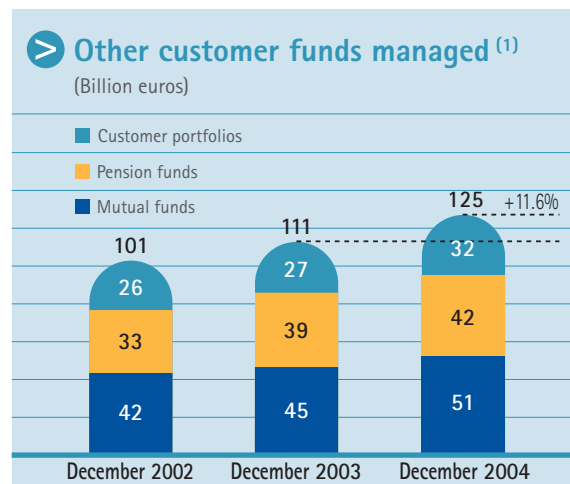
> Other customer funds managed (Million euros)

	31-12-04	Δ%	31-12-03	31-12-02
SPAIN	69,006	13.9	60,596	55,243
MUTUAL FUNDS	42,212	13.3	37,245	33,377
Mutual Funds (ex Real Estate)	41,070	12.0	36,673	33,059
• Money market	12,019	12.7	10,666	10,201
• Fixed-income	13,592	22.9	11,057	12,471
Of which: Guaranteed	7,963	42.0	5,609	6,504
• Balanced	2,444	2.1	2,393	3,197
Of which: International funds	1,832	(19.9)	2,288	2,557
• Equity	12,606	4.9	12,019	6,577
Of which: Guaranteed	9,606	7.2	8,957	3,742
International funds	1,961	(19.2)	2,426	2,370
• Global	409	(24.1)	538	613
Real Estate investment trusts	1,142	99.7	572	318
PENSION FUNDS	13,501	10.6	12,208	11,028
Individual pension plans	7,320	14.2	6,413	5,596
Corporate pension funds	6,181	6.7	5,795	5,432
CUSTOMER PORTFOLIOS	13,293	19.3	11,143	10,838
REST OF THE WORLD	55,493	5.7	52,478	53,572
Mutual funds	8,829	3.8	8,507	10,205
Pension funds	27,989	0.7	27,808	25,535
Customer portfolios	18,675	15.5	16,163	17,832
OTHER CUSTOMER FUNDS MANAGED	124,499	10.1	113,074	108,815

Latin American currency depreciation. Both of these figures are higher in all relevant business activities than the 3.9% and 10.0% shown the year before.

Over half of these funds (€69 billion) were contributed by Spain. This figure represents an increase of 13.9% over the 2003 figure of €61 billion. Mutual funds account for €42.2 billion of this (+13.3%), pension funds €13.5 billion (+10.6%) and managed customer portfolios €13.3 billion (+19.3%).

Within the mutual funds aggregate, securities funds grew by 12.0%, compared to the 11.0%



(1) At constant exchange rates.

sector average. With this figure, BBVA Gestión increased its market share by 16 basis points over the year, reaching 18.7% by 31-12-04. This was the result of consulting work by the branch network, along with the launching of innovative new funds highlighted by the ten Plan Renta funds, the Triple Óptimo I and II funds and the 100-Ibex line of funds. Meanwhile, the BBVA Propiedad real estate fund doubled its holdings during year, reaching €1,142m.

BBVA maintained its leadership position in pension funds in the Spanish market, capturing a 19.6% share in 2004. The Group managed €7.3 billion in individual pension plans recording an annual growth rate of 14.2% attained with the notable support of the Planes BBVA Protección products. Corporate and associated plans combined for €6.2 billion (+6.7% from 2003). These results were highlighted by BBVA being awarded deposit and management of the central government employees' pension fund. This fund, which began at €63m, is the biggest according to number of participants (530,000).

Off-balance-sheet funds from the other countries in which the Group operates amounted to €55.5 billion, recording year-on-year increases of 5.7% and 8.9% in current euros and at constant exchange rate respectively. Of this amount, €28 billion

pertain to pension funds. BBVA is a Latin American leader in this area, with a market share of 26,0% of assets, €18.7 billion in managed customer portfolios and €8.8 billion in mutual funds.

> Other balance-sheet items

By the end of the year, the fixed-income securities portfolio had suffered a 1.3% drop from the 2003 figure.

This decrease was primarily centred in Mexico, being basically due to the depreciation of the peso against the euro (the constant exchange rate dropped slightly in Mexico while rising 0.9% in the Group as a whole. Within this portfolio, the ALCO interest rate hedging portfolios reached €22.987 billion.

On the other hand, the equity securities portfolio rose by 29.6%, mostly due to market operations, given that there were no significant changes in the equities portfolio.

Goodwill rose to €5,229m which represents 41.1% more than at the end of 2003, due to the fund from the acquisition of the minority holdings of BBVA Bancomer. This operation also explains the 18.3% decrease in the minority interests on the liability side of the balance-sheet.



Goodwill in consolidation (Million euros)

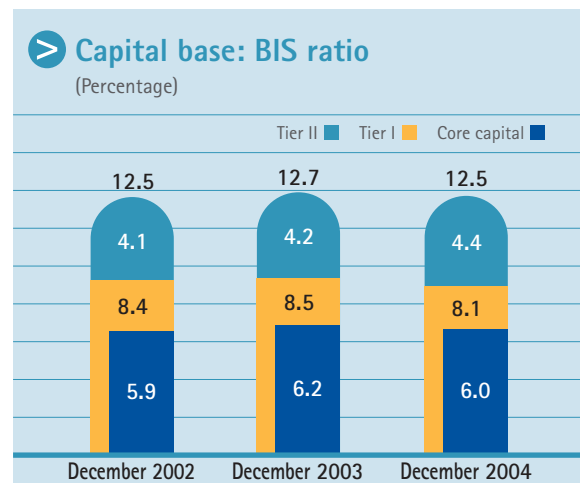
	31-12-04	Δ%	31-12-03	31-12-02
Global and proportional integration method	4,436	67.3	2,651	2,871
• Banks in America	3,848	96.2	1,961	2,077
• Pension fund management companies in America	379	(15.3)	447	515
• Other	209	(13.9)	243	279
Companies accounted for by the equity method	793	(24.9)	1,056	1,386
GOODWILL IN CONSOLIDATION	5,229	41.1	3,707	4,257

> Capital base



Capital base management in financial year 2004 enabled the Bank to provide itself with the resources needed to fund the growth of its business and undertake major investments while maintaining solvency levels in accordance with the targets set.

As of 31st December 2004, the capital base of the BBVA Group stood at €22,647m in accordance with the criteria of the Bank of International Settlements (BIS), 4.9% up on the figure for 31-12-03, with a surplus of €8,157m over the equity required under the said criteria. Core capital was €10,910m, representing 6.0% of risk-weighted assets, while Tier 1 assets represented 8.1% and the BIS ratio stood at 12.5%.



> Capital base (BIS regulations) (Million euros)

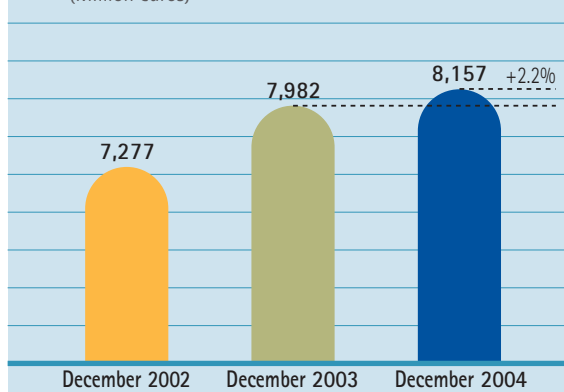
	31-12-04	Δ%	31-12-03	31-12-02
CAPITAL (TIER I)	14,708	2.2	14,392	13,680
Capital stock	1,662	6.1	1,566	1,566
Reserves (after the distribution of results) ⁽¹⁾	13,735	28.0	10,734	10,709
Minority interests	4,586	(21.4)	5,837	6,120
• Preferred shares	3,798	(2.4)	3,891	4,075
• Other	788	(59.5)	1,946	2,045
Deductions	(5,275)	40.9	(3,745)	(4,715)
OTHER ELIGIBLE CAPITAL (TIER II)	7,939	10.4	7,192	6,646
Subordinated debt	7,077	11.8	6,328	4,848
Revaluation reserves and other	1,713	7.7	1,590	2,583
Deductions	(851)	17.2	(726)	(785)
CAPITAL BASE	22,647	4.9	21,584	20,326
Minimum capital requirement (BIS regulations)	14,490	6.5	13,602	13,049
CAPITAL SURPLUS	8,157	2.2	7,982	7,277
MEMORANDUM ITEM:				
Risk-weighted assets	181,131	6.5	170,024	163,110
BIS RATIO (%)	12.5		12.7	12.5
CORE CAPITAL	6.0		6.2	5.9
TIER I (%)	8.1		8.5	8.4
TIER II (%)	4.4		4.2	4.1

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

In 2004 the acquisition of the minority interests in Bancomer and the increase in business resulted in further requirements for capital, which were covered with an increase in capital and attributable profit generated.

The operation with the greatest impact on the Group's capital base in 2004 was the acquisition in March of 39.5% of the BBVA Bancomer financial group in Mexico, which resulted in significant changes in the capital base structure, especially in core equity. On the one hand goodwill increased by €2,103m, and

> Capital surplus (Million euros)



minority interests dropped by €1,210m. On the other hand, in order to maintain solvency targets an increase in capital of 195 million shares was undertaken that brought about an increase in equity of €1,999m. The excellent reception enjoyed by this increase in capital on the market is worthy of note: the offer opened on 4th February and was placed within four hours, with demand exceeding supply by 1.7 times.

The increase in the Group's business also resulted in further capital requirements, since risk-weighted assets increased by 6.5% on the year-end figure for 2003. Attributable profit in 2004 up 25.8% on the previous year and a reduction of the pay-out ratio, which stands at 53.4%, enabled the Group to provide itself with the equity necessary to offset these further capital requirements while at the same time maintaining a growing dividend (15.1% more per share than that paid out against profits for 2003) which places the dividend yield at 3.39%.

To optimise the cost structure of the capital base, on the one hand preferred shares in BBVA International Ltd. were amortised in June (€700m of series B, with a 6.24% coupon) and December (€1 billion of series C, with a 5.76% coupon), and on the other hand there were two issues of preferred securities by BBVA Capital Finance, a wholly-owned subsidiary of the group based in Spain, to the

tune of €500m in June and €1,125m in December, both distributed through the Bank's branch network. With these operations the weight of preferred shares in Tier I equity fell to 25.8% by the year-end, 1.2 points less than on 31-12-03.

In regard to Tier II equity, €1 billion in subordinated debt was issued in October, destined for institutional investors and maturing in 2019, and September saw the maturity of \$100m in subordinated debt issued by BBVA Capital Funding in 1995. Tier II equity was thus increased to 4.4%.

Rating

In 2004 the leading rating agencies confirmed the ratings assigned to BBVA, so the Group maintained its position as one of the best rated among the leading banks in Europe, and among the largest Spanish banks.

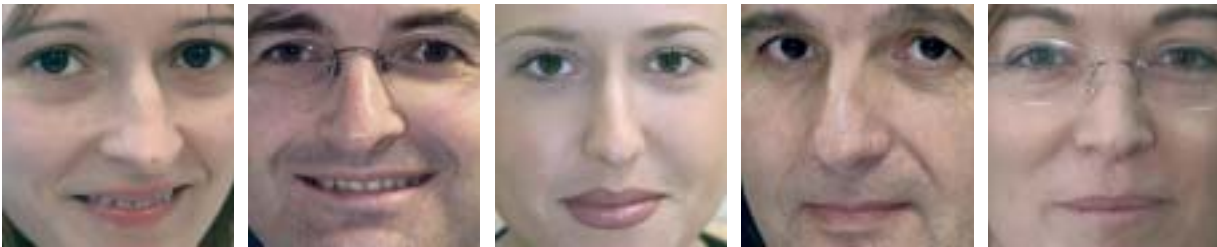
Favourable financial trends, a strong presence on the domestic market, the excellent quality of the assets managed and a high efficiency level are the main factors that lie behind the positive ratings awarded to BBVA, which were not modified by the various non organic growth operations carried out in the year (acquisition of the minority interests in BBVA Bancomer and agreements to purchase 100% of Hipotecaria Nacional and Laredo National Bancshares).



Ratings

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

> The BBVA share

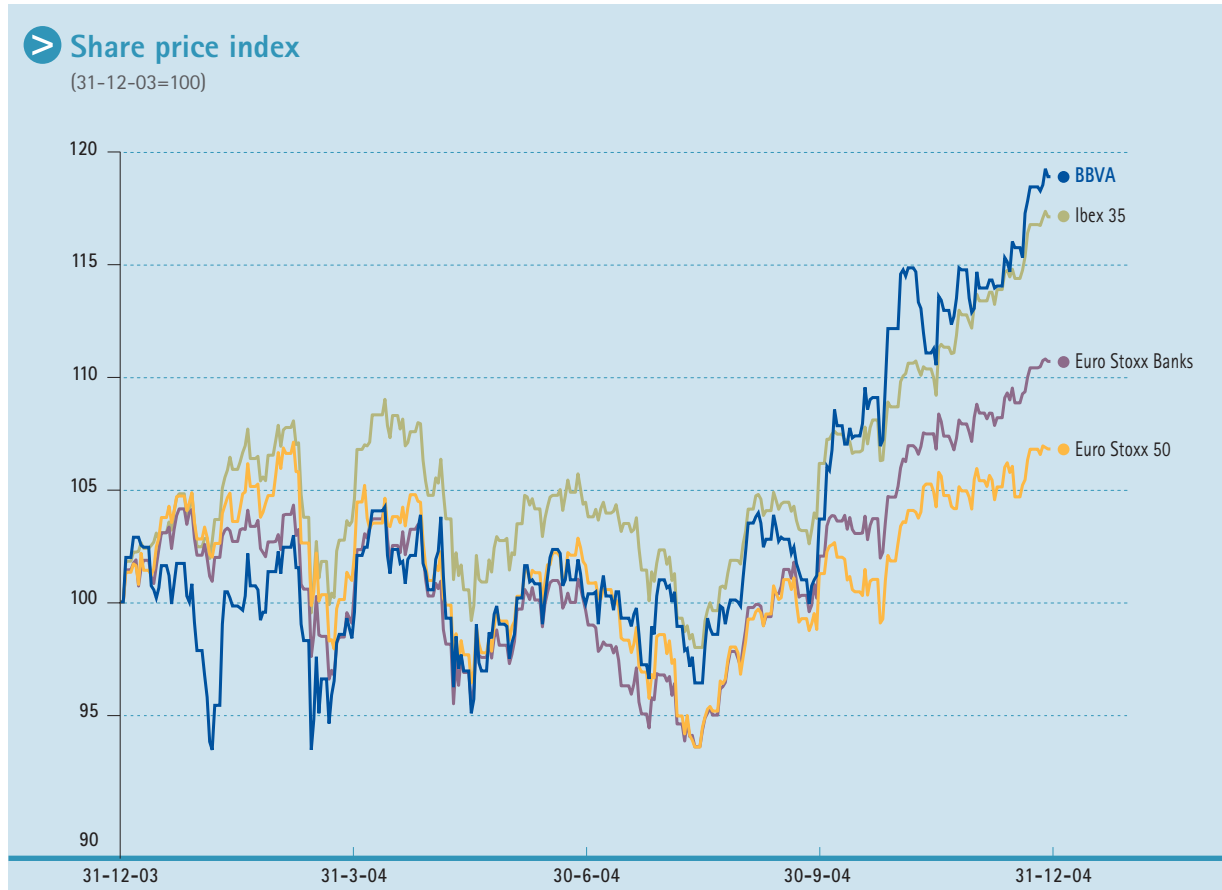


In 2004 the variation in the BBVA share was the most positive of the leading European banks, with a rise of 19.2% from 31-12-03. This was well above the 6.9% rise in the Euro Stoxx 50 index and the 10.9% in Euro Stoxx Banks (indices that represent the general market average and that of the banking sector in the euro zone). It also outperformed the 17.4% rise in the Ibx 35 index. This increase in share price and the capital increase mean that BBVA's market capitalisation at the year-end was €44,251m. This is an increase of €9,256m, or 26.4%, from 31-12-03. In terms of market value, BBVA is the third largest bank in the Euro Stoxx 50.

2004 saw a continuation of the recovery in international stock markets that began in

2003, following falls in 2000-2002. The consolidation of economic growth in the USA, improvements in emerging countries, low





interest rates and increased corporate profits offset the impact of geo-political risk and increases in oil prices, and in the last quarter of the year there were considerable rises on the leading stock markets.

In this context the good performance of the Spanish stock market is noteworthy, with increases backed by a domestic economy growing above the European average rate and by exposure to economies in Latin American countries which in turn experienced strong growth in the year.

The BBVA share price benefited from this, and from the confirmation of improvements in retail banking in Spain, the excellent performance of activities and results in Latin America and the good reception afforded by the market to the various non organic operations carried out over this time.

At the year-end the share price stood at 13.05 and the price to earnings ratio at 15.8. Book value per share rose from €3.88 on 31-12-03 to €4.59, so the price/book multiple remains at 2.8. EPS was €0.83 in 2004, an increase of 19.2% on the previous year, lower than the increase in attributable profit as a result of the increase in shares originating from the capital increase in February 2004 to purchase the minority interests in BBVA Bancomer.

In regard to shareholder remuneration stemming from 2004 earnings, three dividends of €0.10 each per share were paid, in July and October 2004 and January 2005. After adding the additional dividend of €0.142 per share that the General Meeting of Shareholders will be asked to approve, the total dividend received by shareholders against 2004 earnings

> The BBVA share

	31-12-04	31-12-03	31-12-02
Number of shareholders	1,081,020	1,158,887	1,179,074
Number of shares issued	3,390,852,043	3,195,852,043	3,195,852,043
Daily average number of shares traded	36,013,282	32,436,618	24,392,253
Daily average trading (million euros)	403.45	297.86	272.21
Maximum price (euros)	13.11	10.99	14.21
Minimum price (euros)	10.15	6.83	7.06
Closing price (euros)	13.05	10.95	9.12
Book value per share (euros)	4.59	3.88	3.87
Market capitalization (million euros)	44,251	34,995	29,146

> Share performance ratios

	31-12-04	31-12-03	31-12-02
Price/Book value (times)	2.8	2.8	2.4
PER (Price/Earnings; times)	15.8	15.7	17.0
Yield (Dividend/Price; %)	3.39	3.51	3.82

will be €0.442 per share. This is 15.1% higher than the €0.384 paid out against 2003 results. The pay-out is thus 53.4% and the yield, calculated on the share price at the year-end, will be 3.39%.

On the medium- and long-term investment horizon, BBVA continues to stand out as one of the companies with the greatest shareholder value generating capacity, as can be seen in the accompanying table, which shows the return

obtained by investors on BBVA shares over the past 8 years for each purchase and sale date (considering share price changes, reinvestment of dividends and paybacks). For 1997-2004 as a whole, annual average return on BBVA shares was 16.3%, which means that anyone who invested in BBVA shares on 31-12-96 had more than tripled their capital by 31-12-04, while the Ibex 35 index gained 76% in the same period.

> Total Shareholders' return on BBVA share (1997-2004) ⁽¹⁾

	Average annual return at the end of each period (%)								Δ% cumulative 2004
	1997	1998	1999	2000	2001	2002	2003	2004	
1996	97.6	69.6	46.0	37.4	26.2	14.0	15.3	16.3	233.6
1997		47.1	26.1	22.1	13.1	2.3	5.6	7.9	70.6
1998			8.1	11.3	3.6	(6.6)	(1.2)	2.5	15.9
1999				14.5	1.5	(11.0)	(3.4)	1.4	7.2
2000					(10.1)	(21.6)	(8.7)	(1.6)	(6.4)
2001						(31.6)	(7.9)	1.4	4.1
2002							23.9	23.4	52.2
2003								22.9	22.9

(1) Considering share price variations, reinvestment of dividends and nominal refunds.

At year-end 2004, BBVA had 1,081,020 shareholders. Holdings are highly diversified, with no individual shareholders owning as much as 5% of the share capital. 95.3% of shareholders own less than 4,501 shares, representing 14.8% of the capital, and the average holding per shareholder is 3,137 shares, which works out to an average amount at the year-end of €40,934. 40.1% of the capital is held by individual investors, 58.8% by institutional investors and the remaining 1.1% by members of the Board of Directors. Non-resident shareholders account for 49.0% of the share capital, a slightly higher figure than at year-end 2003, which breaks down as follows: 22.4% in mainland Europe, 6.1% in the UK, 20.1% in the USA and 0.4% in the rest of the world.

BBVA shares are traded on the Spanish electronic market, on the major European markets and on the New York Stock Exchange (as ADS's represented by ADR's). The BBVA share is listed in the Ibx 35 and Euro Stoxx 50 reference indices, with weightings of 12.8% and 2.9% respectively.

The BBVA share is characterised by its high liquidity, and was traded on all 251 days of the 2004 stock exchange calendar. During the year 9,040 million BBVA shares were traded on the electronic market, 11.5% more than in 2003, representing 266.6% of the share capital. The daily average volume of trading was 36 million shares, 1.06% of the Bank's share capital, representing a mean daily cash volume of €403m, 35.4% up on the previous year.



Shareholder structure (31-12-04)

Number of shares	Shareholders		Shares	
	Number	%	Number	%
Up to 150	412,489	38.1	33,645,136	1.0
151 to 450	321,867	29.8	84,591,245	2.5
451 to 1,800	230,312	21.3	200,199,582	5.9
1,801 to 4,500	65,651	6.1	183,737,934	5.4
4,501 to 9,000	25,376	2.3	159,076,256	4.7
9,001 to 45,000	21,243	2.0	377,297,226	11.1
More than 45,000	4,082	0.4	2,352,304,664	69.4
TOTAL	1,081,020	100.0	3,390,852,043	100.0

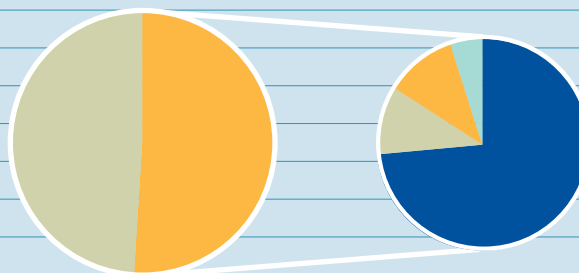


Shareholder structure

(31-12-04)

Domestic 51.0%

Non-Domestic 49.0%



Individuals 37.5%

Financial entities 5.4%

Institutions 5.6%

Employees 2.5%



> Risk management

- > Overall risk map
- > Credit risk management
- > Risk management in market areas
- > Structural risk management
- > Structural exchange rate risk
- > Liquidity risk
- > Structural risk management of the equity portfolio
- > Operational risk management



BBVA Group considers risk management to be a basic area to facilitate the stable generation of value for shareholders.

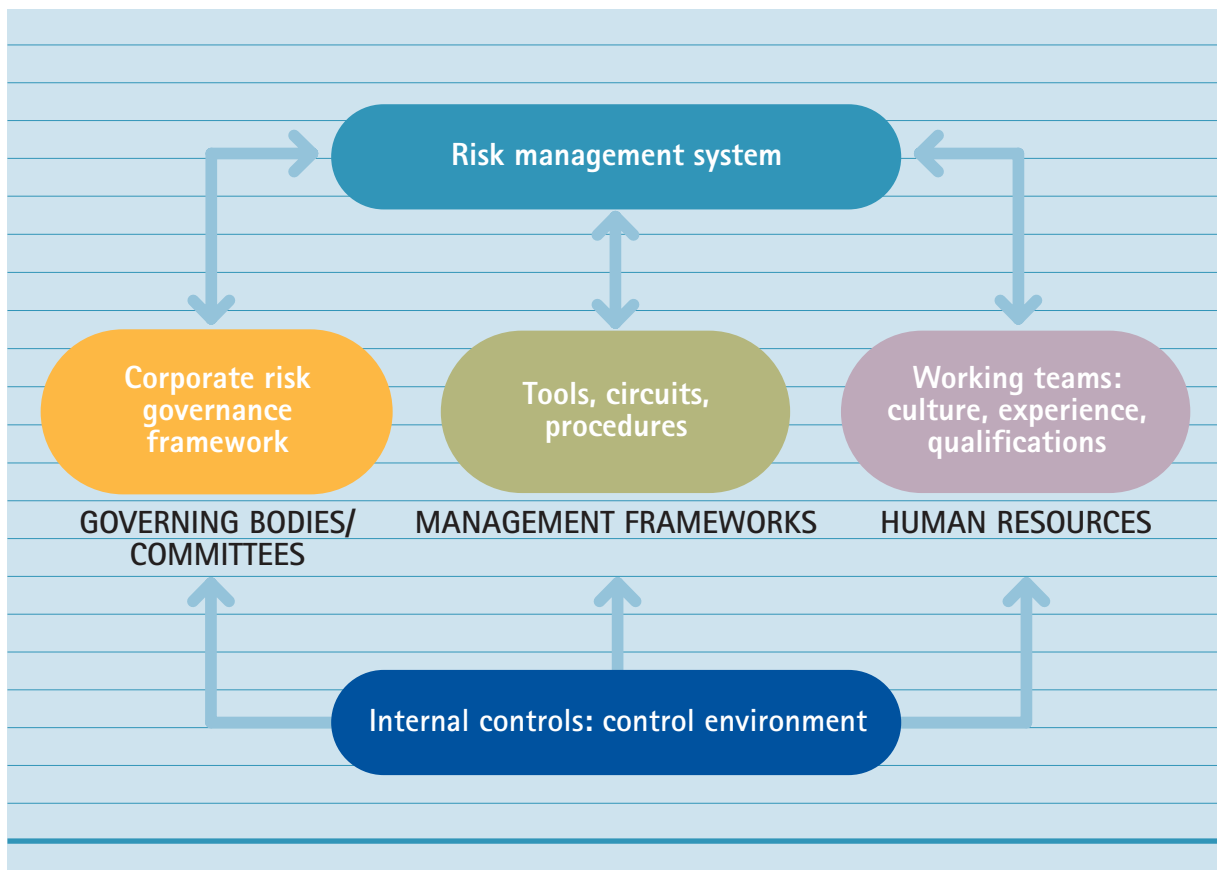
The Group has therefore devoted considerable resources to configure a risk management system that on the one hand meets the need for identifying, measuring, assessing and monitoring, in a consistent and homogeneous way, all types of risk that may be incurred by a diversified and internationally active banking group such as BBVA, and on the other hand meets the future capital requirements laid down by Basel II.

Risks are classified as credit risk (counterparty), market areas risk (considering joint measurements of market and credit risks in these activities), structural risk (including liquidity, equity, interest and exchange rate risks) and operational risk.

The fundamental objectives of the risk management system at the BBVA Group are to meet the specific needs of customers and to preserve the solvency of the Group according to the risk profile expectations approved in its business strategies.

This system aims for an integrated management of all the risks involved in the different businesses and activities, based on an in-depth knowledge of each individual type of risk and of the potential relationships between them.

The system also rests on a corporate risk management structure featured by a clear separation of functions and responsibilities, on a set of tools, circuits and procedures that make up the different management structures, on a system of in-house checks that ensure proper operation and right management orientation, and on a highly qualified staff.



Corporate management structure

The Board of Directors is the top level body that defines the Group's risk policy and approves, when necessary, the non delegated credit risk operations or financial programmes, with no limit as to their amount. It also authorizes transaction limits and delegation of faculties for credit, market and structural risks.

These tasks are handled by the Executive Committee, which is answerable to the Board.

The remit of the Board's Risks Committee, as a specialized body, includes:

- Assessing risk management at the Group in terms of its risk profile and capital map, broken down by businesses and areas of activity.
- Assessing general risk policies, which means establishing limits by types of risk or business, resources, procedures and management systems, structures and processes.
- Approving individual or group risks that could affect the financial solvency of the bank, in line with the delegation structure established.
- Analysing and approving credit risks, if necessary, in terms of maximum exposure per customer or per group.
- Monitoring the different risks of the Group and ensuring that they do not stray from the defined Group profile.
- Following the recommendations of regulatory and tutoring bodies and implementing them in the Group's risk management structure.
- Analysing the Group's risk control systems.

The Assets & Liabilities Committee (ALCO) is charged with the active management of structural risks involving liquidity, interest rates and exchange rates, and of the structure of BBVA's own resources.

The Internal Risks Committee, made up of the corporate heads of risk management at the

Group, handles the development and implementation of the risk management model at BBVA and assures that in day-to-day operations the risks, that the Group takes on, fit in with the objectives defined in the profile by the Group's top management bodies.

The Technical Operations Committee analyses and approves financial transactions and programmes, as the case may be, at its level of attributions, and refers those that are beyond its remit up to the Risks Committee.

Tools, circuits and procedures

The Group has set up management structures to meet the needs arising from the different types of risk.

Seeing risk management as a continuous process has led the Group to form the management processes for each risk with measuring tools for its admission, assessment and monitoring, and to define appropriate circuits and procedures, which are set down in manuals alongside the relevant management criteria.

The activities carried out include:

- Calculating the risk exposures of the portfolios, considering mitigating factors (netting, collateral, etc.).
- Calculating probability of default (PD), loss given default (LGD), and expected loss for each portfolio, assigning a PD to new operations (rating and scoring).
- Measuring the value at risk in portfolios under different scenarios using historical and Monte Carlo simulations.
- Setting limits on potential losses depending on the different risks incurred.
- Determining the potential impact of structural risks on the profit and loss statement.
- Setting limits and alerts to assure the liquidity of the Group.
- Identifying and quantifying operational risks by business lines and thus facilitating

their mitigation through corrective actions.

- Defining efficient circuits and procedures in line with the objectives established.

In short, risk management is understood as a whole implementing it via an integrated management structure.

Working Teams

To manage an effective overall risk management structure the right team of experts and the right skill levels are needed.

With this in mind, the Risks area works jointly with Human Resources to implement a skill management programme that has now been in place for three years. This programme provides skill maps for the whole Risks area and draws up training plans tailored to needs, people and targets pursued.

Internal Control

The development, implementation and continuous improvement of a risk management system calls for controls and indicators to ensure that management structures function properly and that progress is made in the deployment of the model in line with the objectives set. Best practices in risk management are also identified and adopted.

To that end the Group has set up an independent internal risk control function that,

in line with the recommendations of regulators, establishes working plans with business areas that can plug any identified gaps, ensuring that the Group's risk management is conducted in line with the best available practices.

New Capital Accord (Basel II)

In June 2004 the Basel Committee on Banking Supervision approved the New Capital Accord (Basel II), which is to serve as a reference for national regulators in the development of new standards for calculating capital. It is to be applied by financial institutions as from its entry into force at the end of December 2006. The Accord is a historic opportunity to encourage improvement in risk management in financial systems and to bring the concepts of economic capital and regulatory capital closer together.

The Group has been working in this direction for some years now, and with a view to duly meeting the regulations, has drawn up a Master Plan for Basel II. Under this plan multidisciplinary teams from Risks, Systems and Operations, Accounting and Consolidation, Management Information Services (MIS), Financial Management and business areas are working to construct and implement tools, historical databases and other components needed to make full use of the advanced risk management models considered in the new regulation.

> Overall risk map

Economic capital is a measure of the maximum losses that can be incurred with a

set confidence level (99.9%), in line with the target level of solvency.

Measurements of economic capital fit into management accounting by business units and their intrinsic valuation.

In accordance with progress in the RAR (Risk-Adjusted Return) project, highly detailed calculations are now available for economic capital by credit risk, at the transaction level at our parent company and subsidiaries in Spain, and at the aggregate, overall level in the rest of the Group. In 2005 transactional level calculations will be available in Mexico, Colombia and Peru, which means that more than 80% of our risk will be covered. By 2006 the system will be extended to Argentina, Chile, Puerto Rico and Venezuela.

The accompanying graph shows the distribution of economic capital by business areas as of December 2004 in attributable terms (net of minority interests).

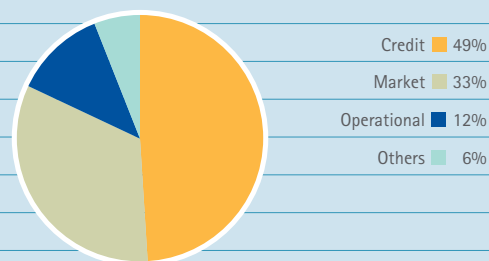
Retail Banking Spain and Portugal represents 34%, with 52% of that figure accounted for by Commercial Banking and 27% by SME Banking. The Americas represents 27% of the economic capital with Mexico absorbing 57% of it.

Wholesale and Investment Banking account for 15% of capital, while Corporate Activities, which includes holdings in industrial and financial firms and the management of structural balance-sheet risk, accounts for the remaining 24%.

By type of risk, credit risk at 49% continues to account for the largest portion of risk capital use as per the Group's business portfolio. The level is similar to that of 2003. Market risk, which includes the structural balance-sheet risk associated with movements in interest and exchange rates along with equities portfolio risk, stands at 33% of total capital, while operational risk stands at 12%. The remaining 6% is accounted for by fixed assets and use of capital deriving from the activities of the Group's insurance companies.

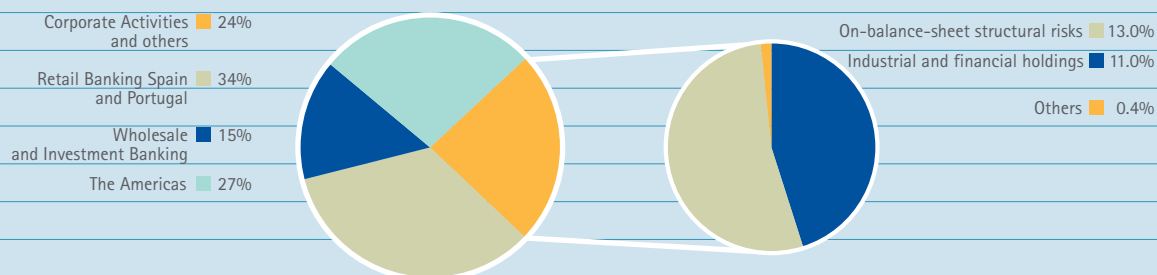
> Map of the BBVA Group's economic capital. Distribution by risk types

(Data in attributable terms: 31-12-04)



> Map of the BBVA Group's economic capital. Distribution by areas

(Data in attributable terms: 31-12-04)



> Credit risk management

Changes over time in credit risk exposure and quality

As of 31.12.04 the BBVA Group's overall credit risk exposure stood at €351 billion, 9.5% up on the previous year-end.

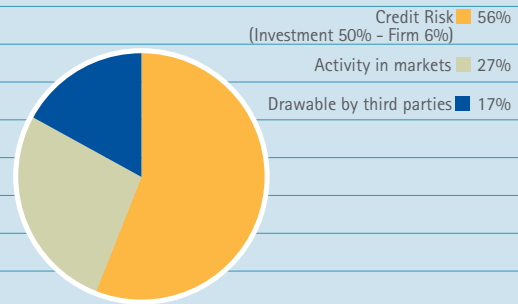
Customer lending (56% of the total including contingent liabilities) and credit lines drawable by third parties (17%) were up by 15.8% and 15.1% respectively, while potential exposure to credit risk in market operations (27% of the total) was down by 4.0%.

Credit risk in Retail Banking Spain and Portugal rose by 1.7 points in the year to 57.4% of the Group's total risk, while that of Wholesale and Investment Banking decreased by 1.2 points to 27.7% of the total.

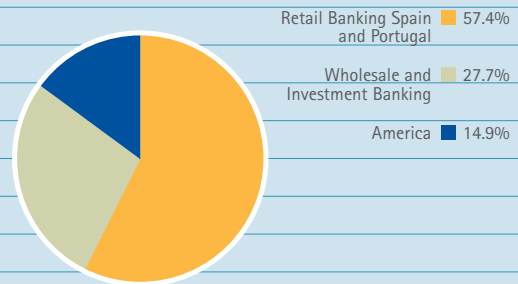
In 2004 there were no significant changes in the distribution of risk by geographical areas. Thus, the Group in Spain (including branches abroad, mainly in Europe) accounted for 82.6%, the rest of Europe for 3.0% and exposure in Latin American countries for 14.4% (10.7% in investment grade countries).

> Exposure. Customer risk

(31-12-04)

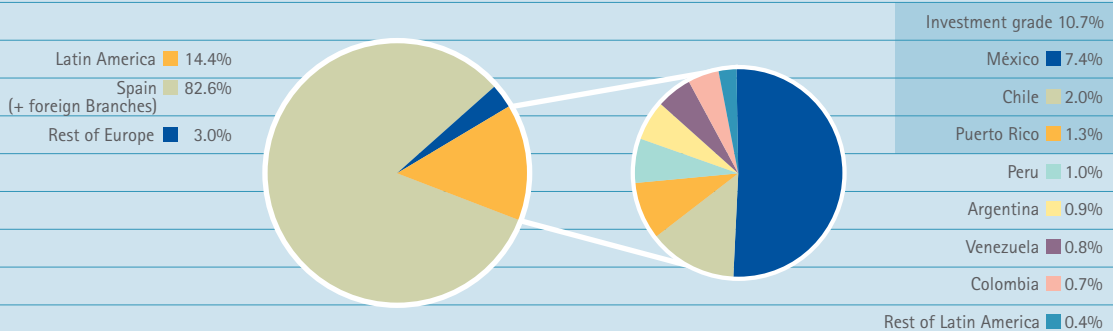


> Exposure. Gross credit risk by business areas. (31-12-04)

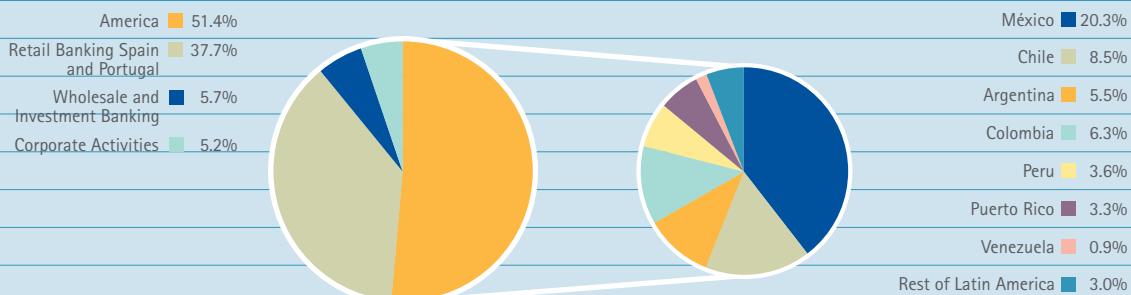


> Exposure. Gross credit risk by geographical areas

(31-12-04)



> Nonperforming loans by business areas (31-12-04)



The trend in the Group's fundamental credit risk quality indicators in the year was once again favourable. The balance of nonperforming assets dropped by 20% to €1,856m, with decreases spread across all business areas.

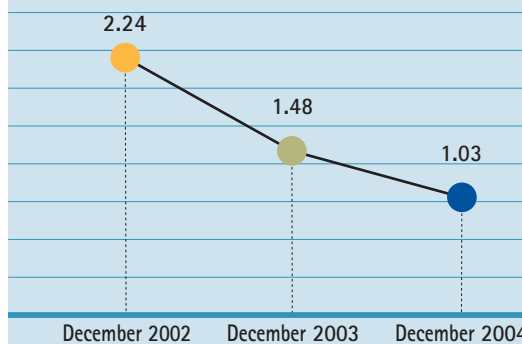
This decrease is due to a further reduction in the ratio of new nonperforming loans to total lending amount from 1.48% in 2003 to 1.03% in 2004, and to an improvement in the recovery rate to 36.6% of the critical mass (total of impaired loans plus new entries in the year), as opposed to 28.6% in the previous year.

As a result of the above, the non-performing loans (NPL) rate at year-end 2004 (including contingent liabilities and excluding sovereign risk group 5) was 0.95%, 42 basis points down on the figure as of 31-12-03.

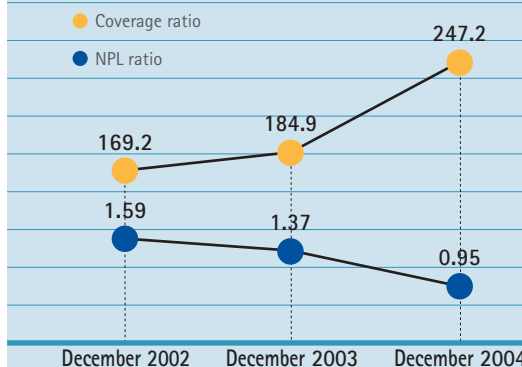
All business areas contributed to the reduction: Retail Banking Spain and Portugal decreased its NPL rate by 24 basis points to 0.61%, with a new record low in its rate of new nonperforming loans; Wholesale and Investment Banking achieved a major reduction in its rate to 0.19%, while the Americas has an NPL rate of 3.18%, 128 basis points below the figure for the previous year-end.

The BBVA Group's coverage ratio increased to 247.2% by 31-12-04, 62 percentage points above the figure at the previous year-end.

> New nonperforming loans/lending (Percentage)



> NPL ratio and coverage (Percentage)



Credit risk profile

Two measures are used to determine and identify the Group's credit risk profile: expected loss and economic capital (by credit risk). To facilitate the admission, quantification and management of credit risk rating and scoring tools are used.

Under the new Basel regulations the use of internal models to measure credit risk and calculate insolvency risk coverage (as per Bank of Spain circular 4/2004) will be permitted only if those models are first approved by the supervisor. To that end, BBVA submitted its consumer loan, mortgage loan, large corporates and SME credit rating models to the Bank of Spain for approval in 2004.

The Group has historical PD and LGD databases capable of storing detailed information on all operations in each of its business areas. This means that precise estimates are now available for the inputs of the probabilities of default, LGD and exposure at default (EAD), as required under the new Basel regulations.

This forms the basis for calculating expected loss and capital (economic and regulatory) under common premises across all the Group's banks. Under the new regulations the concept of "expected loss" will be a key component in calculating provisions and capital (insofar as it is calculated net of expected loss). Likewise, it will be possible to make risk-adjusted valuations of operations.

In this context, the BBVA Group aspires to be among the banks that use internal models from the onset of the implementation of Basel II.

BBVA Master Scale. BBVA has a master scale that is intended to facilitate the uniform classification of the Group's risk portfolios. Two

versions exist: the narrow version, which classifies outstanding risks in 13 categories, and the broad version, which breaks them down into 34 categories.



BBVA Master scale (Narrow version)

Master Scale Rating	Default probability (in basis points)		
	Average	Minimum	Maximum
AAA	1	0	2
AA	3	2	5
A	7	5	11
BBB+	14	11	17
BBB	20	17	24
BBB-	31	24	39
BB+	51	39	67
BB	88	67	116
BB-	150	116	194
B+	255	194	335
B	441	335	581
B-	785	581	1,061
CCC	2,122	1,061	4,243

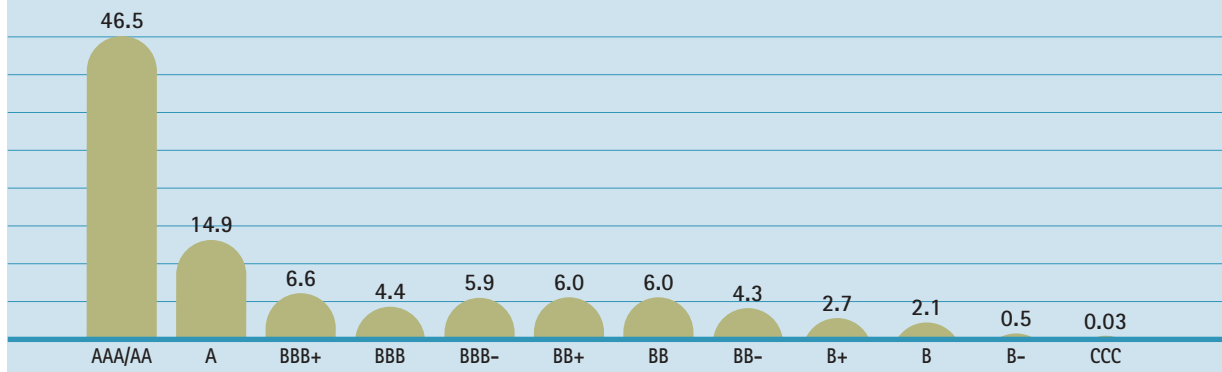
Applying this master scale, the distribution of ratings weighted by exposure for the parent bank and its subsidiaries in Spain, including companies, financial entities, institutions and sovereign borrowers, reveals that 61% of our credit risk exposure is concentrated in A-rated or higher buckets.

If we exclude sovereign loans, 45% of exposure is still rated at A or above, and 69% at BBB- or above.

The charts also show the distribution of ratings in the corporate sector.

> Distribution by ratings⁽¹⁾

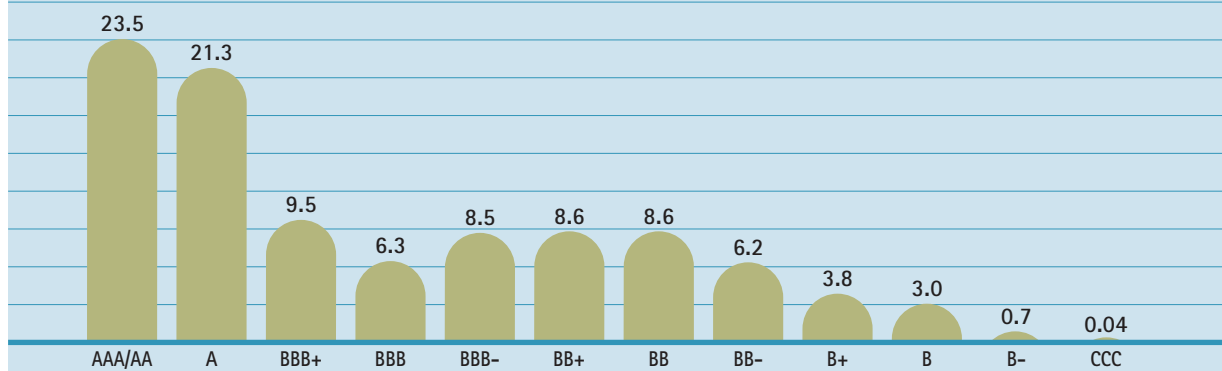
(Exposure 31-12-04. Percentage)



(1) Activities of parent bank and subsidiaries in Spain. SME's, financial firms, institutions and sovereign risks.

> Distribution by ratings⁽¹⁾ excluding sovereign risks

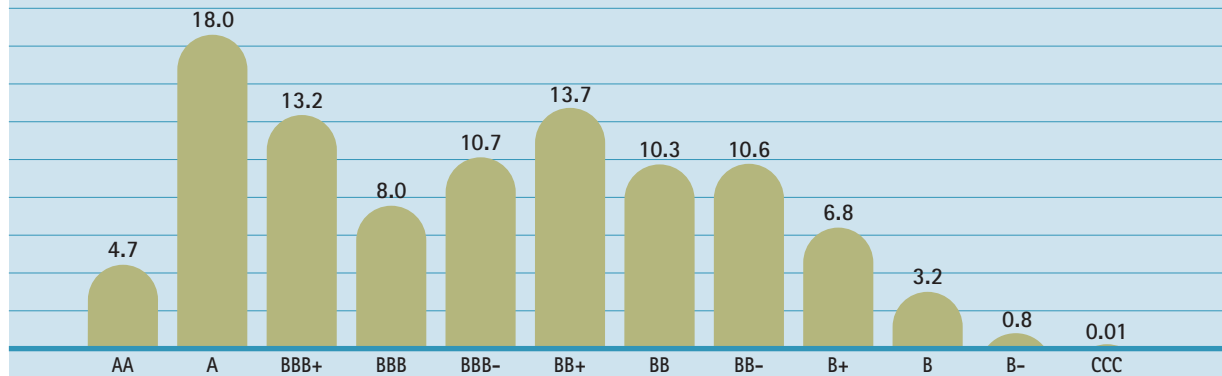
(Exposure 31-12-04. Percentage)



(1) Activities of parent bank and subsidiaries in Spain. SME's, financial firms and institutions.

> Distribution by ratings of the SME portfolio⁽¹⁾

(Exposure 31-12-04. Percentage)



(1) Activities of parent bank and subsidiaries in Spain. Includes firms invoicing over €5m.

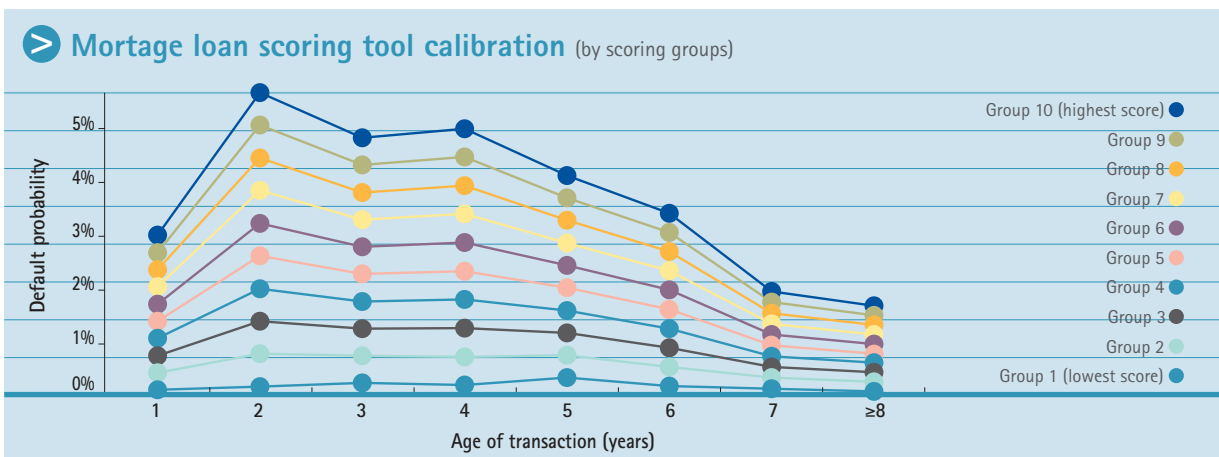
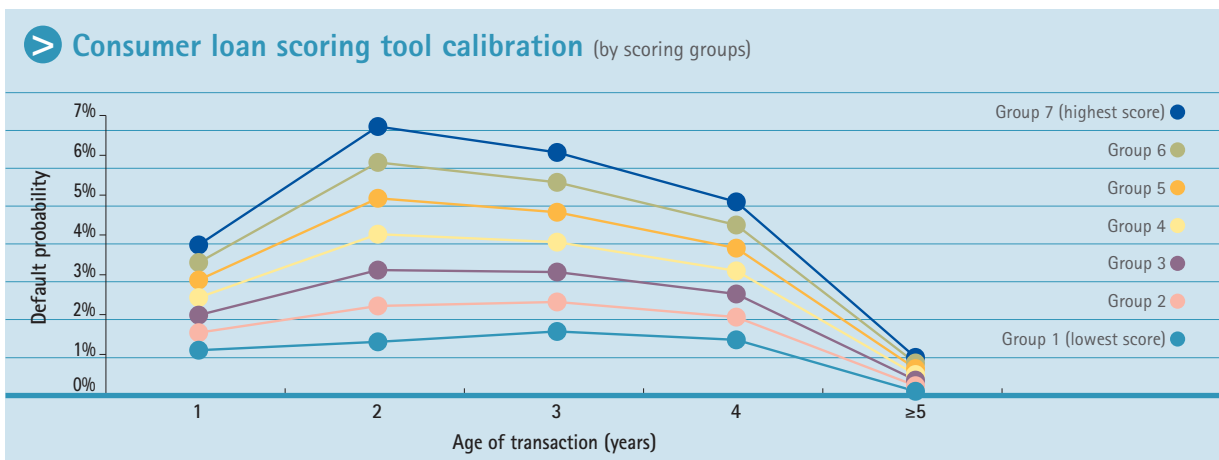
Probability of default. Basel II distinguishes between two segments for calculating capital: retail (consumer loans, mortgages, small businesses, etc.) and non retail transactions (SME's, banks, sovereign, etc.). BBVA has credit rating tools that clearly distinguish between these two segments and their components.

Each credit risk measurement tool enables a score to be obtained for operations in line with their credit quality. It is only possible to link this score with a probability of default if a broad historical database, that enables performance to be inferred, is available. The implementation of the RAR project has allowed the probability of default to be calculated incorporating all possible defaults in each operation, plus the

whole recovery process (not just the first default). In this way definitions of default are consistent with the databases for LGD and actual credit performance is reflected more adequately.

Scorings. The graphs below show default probability curves for each scoring group of the tool (known as tool “calibration”), as the time period for each transaction progresses, in the consumer and mortgage retail businesses of BBVA Spain.

It can be observed that the probability of default in these two business segments is highest around the second year as from the formalising of the loan, and that higher default rates are found in the worst-scored groups.



Ratings. The rating tools in place at the Group allocate a score (and a probability of default via calibration) to each customer in accordance with specific quantitative and qualitative data adjusted to each segment.

The mean probability of default profile associated with scores in the SME business rating (firms with sales between €5m and €150m) is shown in the following graph.

Large corporates (with sales of more than €150m) have, obviously, a low default rate.

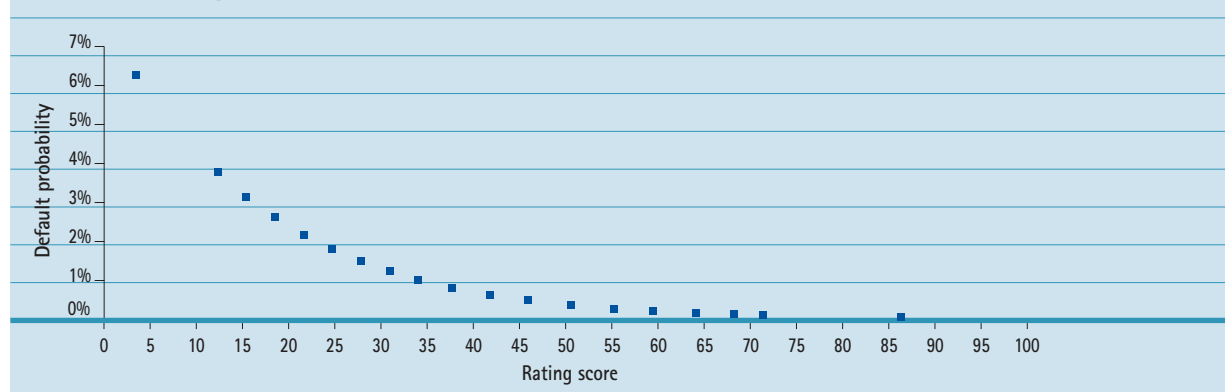
LGD. The LGD (loss-given default) rate is defined as final loss expressed as a percentage of risk exposure in the event of default. It is the counterpart of the recovery rate, which can be

calculated as the difference between 100% and the LGD rate. One of BBVA's priorities is to obtain as precise an estimate of this rate as possible and to minimise it via the most efficient recovery mechanisms.

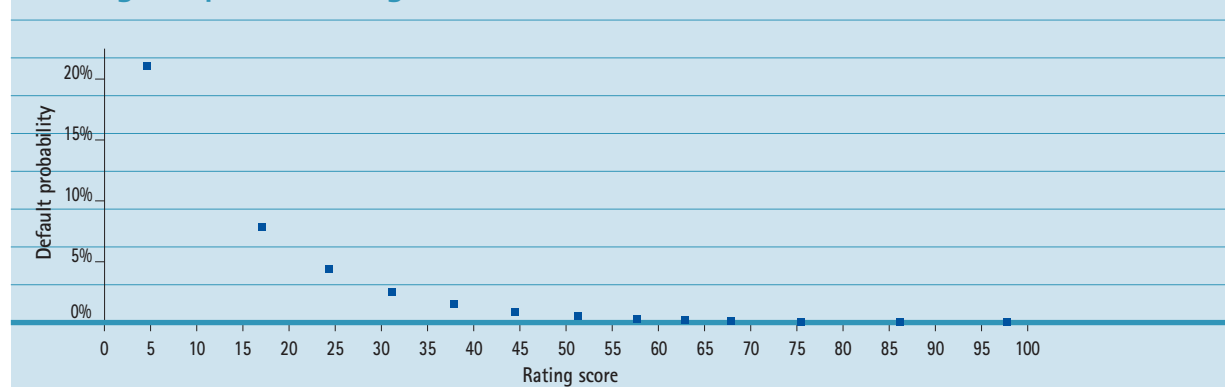
LGD is calculated by the "Workout LGD" method, which is based on discounting the flows of the defaulted exposure that has been recovered at different times as a result of the recovery process.

The methods used by the BBVA Group to estimate LGD differ according to the type of product in question. For retail product exposure the approach used is contract-based, and for other products it is customer-based.

➤ SME rating tool calibration



➤ Large corporates rating tool calibration

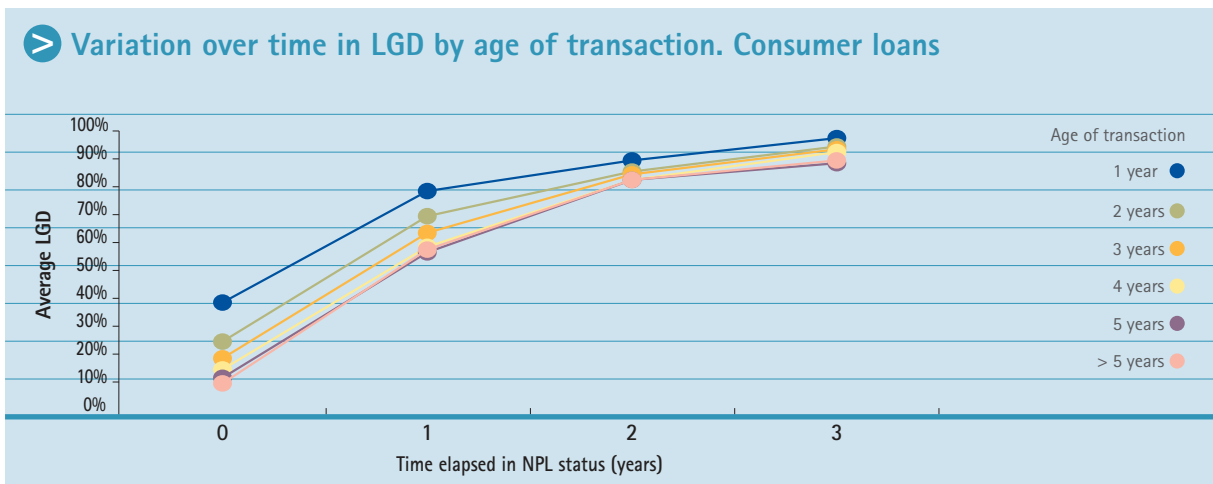
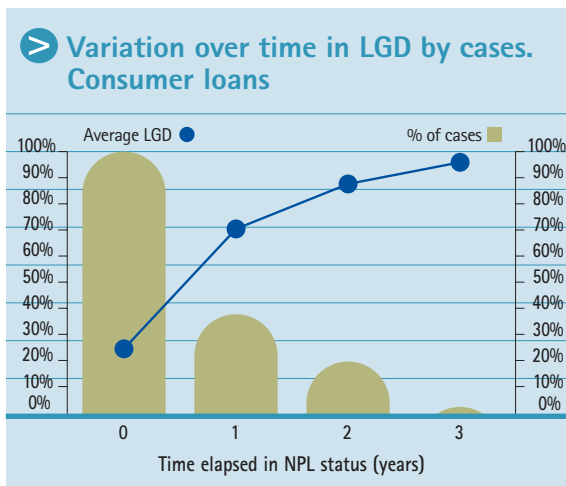
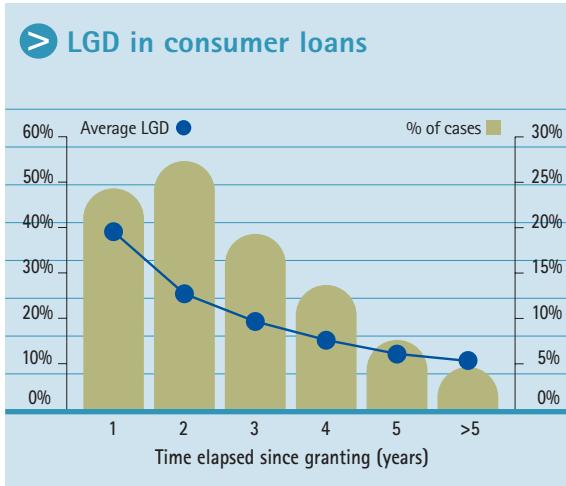


a) Consumer loans

As shown in the first graph below, the longer the time elapsed from the granting to the default of the loan, the lower the associated LGD is.

Recovery processes are taking effect, and defaulted exposure is tending to decrease. The second graph shows the trend in LGD over the time in which a transaction remains in default as from the original default date (known as the debt ratio). As in the previous graph, the left-hand axis is for the line of the graph and the right-hand axis for the bars (representing the percentage of the sample that exceeds each time frame for default periods). It can be seen that LGD increases as default periods increase.

The lines in the third graph correspond to different times as from the date of granting of the loan. It can be observed that both the age of the transaction and the time elapsed at default are jointly significant for the estimation of LGD. The Group therefore adjusts LGD calculations taking into account the levels of these two axes for each operation in the portfolio of consumer loans.



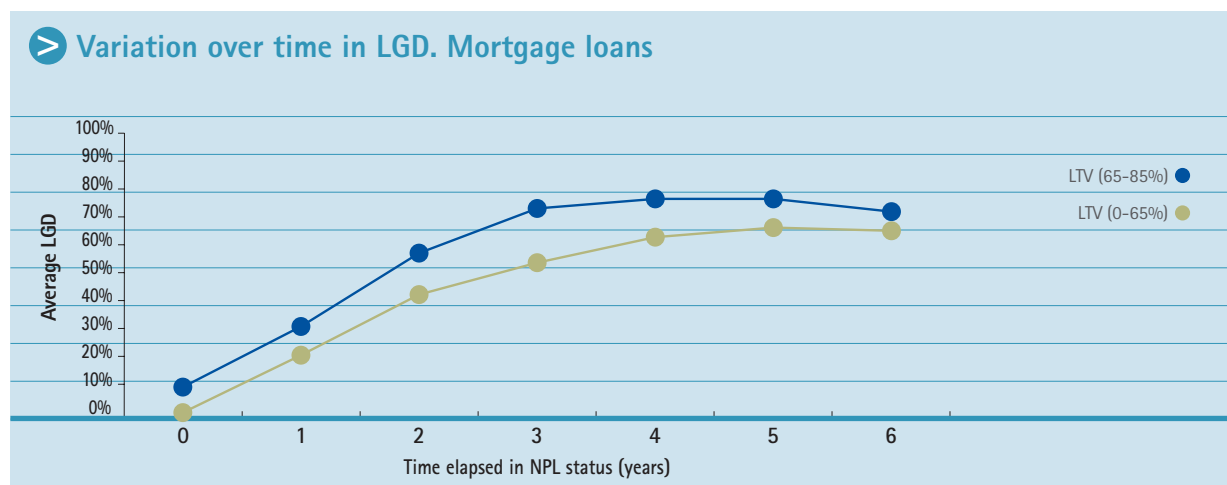
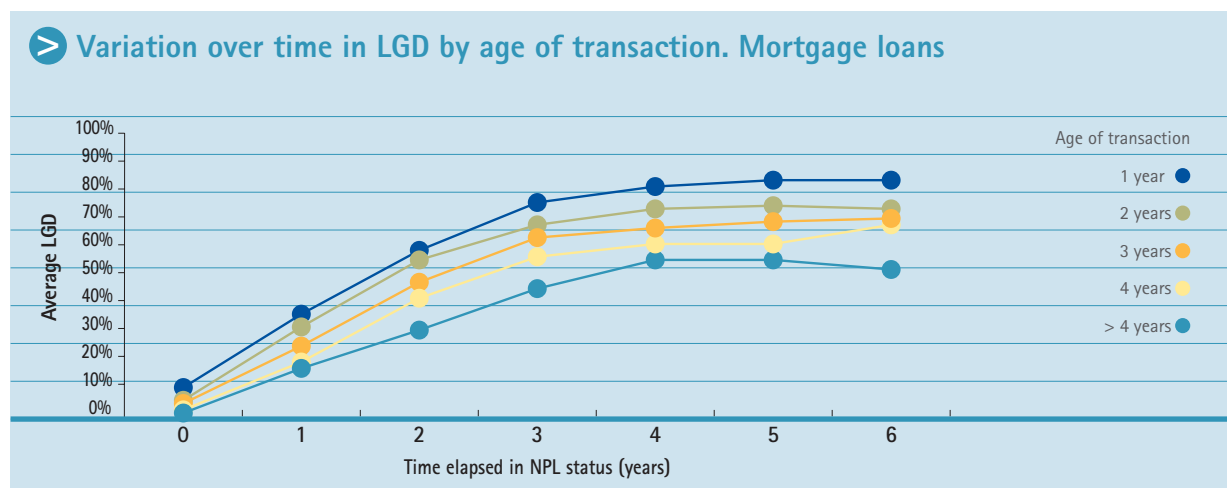
b) Residential mortgage

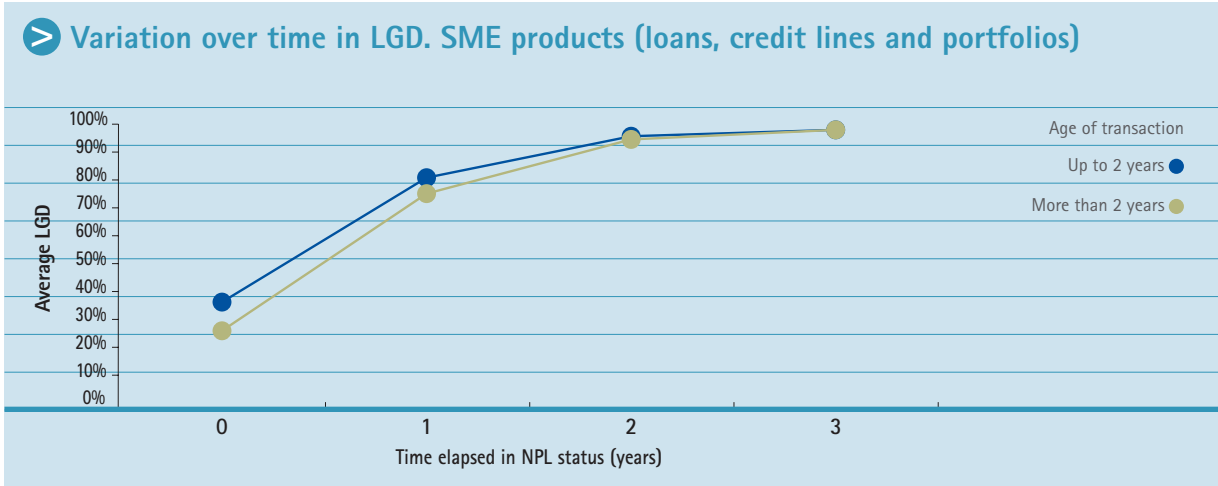
The first graph shows the age of the transaction at the time of default and how long the transaction remains in default after that time. The lines on the graph correspond to different times from the granting of the loan. As with consumer loans, both factors are significant in estimating LGD, both separately and jointly.

The loan to value ratio (LTV) is a characteristic feature of mortgage loans which may be expected to influence the LGD. The graph shows how LGD varies as

a function of LTV according to how long the loan remains in default. The lines on the graph correspond to different LTV's (expressed in percentages): it can be seen that the higher the LTV is, the greater the LGD is.

Just as the significant factors were taken into account in estimating LGD for consumer loans with personal guarantee (personal term loans), so the BBVA Group also adjusts LGD in view of the three elements indicated above for each transaction in its mortgage loan portfolio.



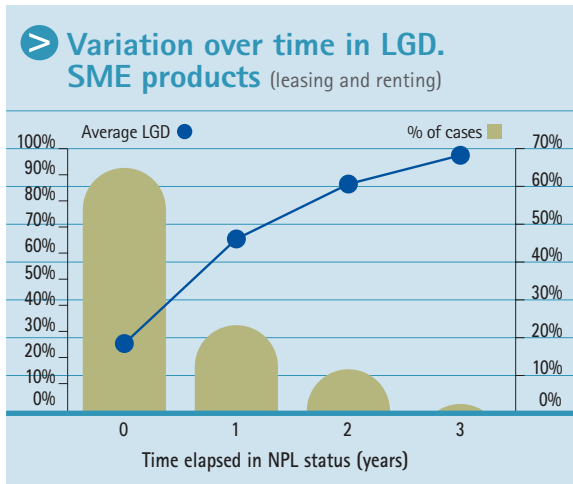


c) SME products

The graphs below show the LGD studies conducted for some typical corporate products (loans, credit lines, portfolios, leasing and renting), using a customer-based approach. The first graph shows the variations in LGD of loans, credit lines and portfolio products without collateral in line with the time elapsed from the granting of each transaction to the time of default by the customer, and how long the customer remains in default as from that time. The lines of the graph represent different times from the granting. It can be observed that LGD is affected by both factors at the same time.

The second graph shows the trend in LGD according to how long the customer remains in default from the initial default date on leasing and renting products. It can be seen that LGD increases as the time the customer remains in default increases.

At the BBVA Group different LGD rates are adjusted and attributed depending on the significant lines and whether or not there is collateral.



Exposure at the time of default. Exposure at the time of default is another of the inputs needed to calculate the expected loss on the Group's operations. All credit risk parameters are estimated automatically on the basis of the same data infrastructure.

Adjustment to the economic cycle. 2004 saw a renovation of the method used to adjust expected losses from credit risk in the Group's various portfolios to the economic cycle. These calculations must be performed for estimates of expected losses and economic capital adjusted to the economic cycle to be drawn up. In calculating coefficients of adjustment to the economic cycle, the conditions prevailing in the calibration period of the credit rating tools are linked with those expected in the future.

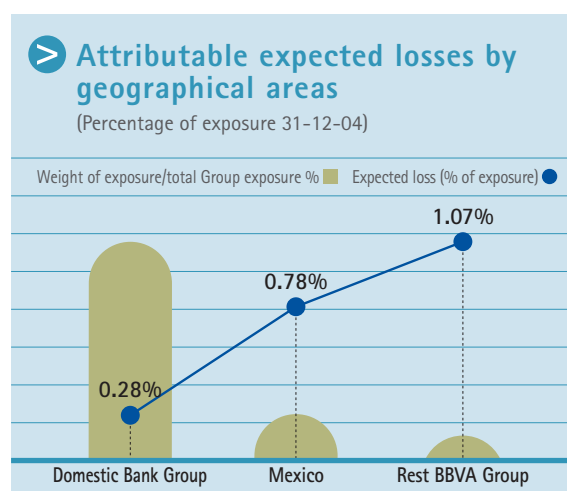
This method is supplemented by a stress analysis on expected losses. The stress of underlying risk factors for the different categories of homogeneous credit risk is worked out. It can thus be determined to what extent future expected loss could be affected by scenarios of economic downturn, high interest rates or, in the specific case of the mortgage portfolio, corrections in the real-estate market.

Expected losses. In 2004 the BBVA Group's expected losses were once again adjusted in line with the new information provided by the historical risk databases. It is important to emphasize that the expected losses indicated below have been adjusted upwards in line with the economic cycle as discussed above.

The breakdown of the Group's expected losses as a percentage of exposure shows that the domestic banking Group accounts for 76% of total exposure and has an expected loss of 0.28% of that exposure. Mexico and the rest of the Group have expected losses of 0.78% and 1.07%, respectively.

The expected loss attributable to the main business areas by exposure – Wholesale and Investment Banking accounts for 35% of exposure and Retail Banking Spain and Portugal for 41% – was 0.07% and 0.47%, respectively. The Americas (not including Mexico) had an expected loss of 1.27% of exposure.

Finally, the expected loss rates and economic capital for the main portfolios of the parent bank in Spain are also detailed.



Risk statistics for main portfolios of BBVA, S.A.

Portfolios	Exposure ⁽¹⁾		Expected losses		Economic capital: credit	
	Million euros	Million euros	%	Million euros	%	
Consumer loans	4,790.81	47.10	0.98	191.72	4.00	
Mortgage loans	44,901.69	78.72	0.18	553.85	1.23	
SME's ⁽²⁾	16,816.40	66.77	0.40	539.31	3.21	
Corporates ⁽³⁾	31,440.25	29.77	0.09	632.41	2.01	

(1) Includes off-balance-sheet positions to which the corresponding conversion factors are applied.

(2) Billing between €5m and €150m.

(3) Billing in excess of €150m.

> Risk management in market areas

The BBVA Group manages credit risk and market risk jointly in market areas or treasuries activities

through the Central Risk Unit in those areas.

This Unit sets suitable limits on the business activity carried out. These limits are approved by the Executive Committee. In market risks the limit structure determines an overall VaR (Value-at-Risk) per business unit, plus specific sub-limits by types of risk, activities and trading floors.

Limits are also set on losses and other control measures such as delta sensitivity. The proactive management of this limit structure is supplemented by a broad range of indicators and alerts that automatically activate procedures designed to deal with situations that could have negative repercussions on the activities of the business area.

The measurement model used is VaR, considering a covariance matrix with a confidence level of 99% and a time horizon of one day. Also considered are basis risk, spread, convexity and other risks associated with option positions and structured products. This means that the maximum loss that could be incurred by portfolios as a result of upsets in equity markets and in interest and exchange rates is measured.

In addition, periodic settlement VaR calculations are made in some portfolios, taking into account the liquidity conditions on financial markets at any given time.

Finally, the market risk measurement model incorporates back-testing or ex-post comparison, which helps ensure the precision of the risk measurements made.

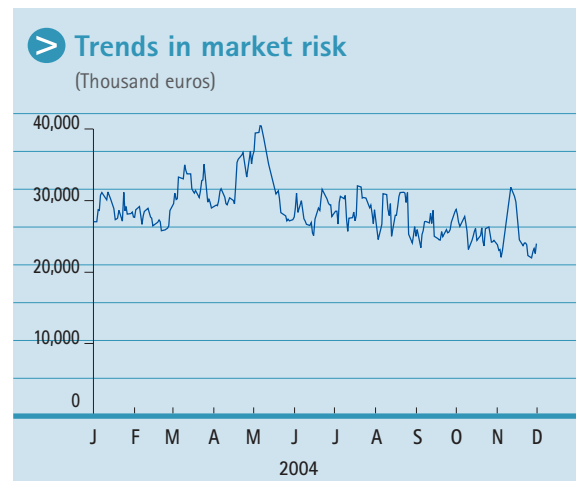
Stress-testing is also carried out, with periodical calculations of exposure to loss of each business unit, considering the impact of financial crises in the past and potential scenarios and predictions for the future.

The Group has continued to implement its new risk measurement platform, which is now fully operational in the Investment Banking area. This platform enables market risk to be integrated with credit risk, and uses the historical simulation and Monte Carlo methods, applying full valuation to optional products, with the consequent increase in the accuracy of risk estimations. It is intended to extend this platform shortly to the Group's Latin American units, starting with Mexico.

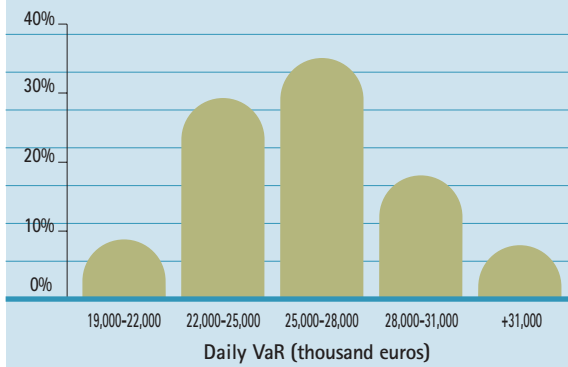
Market Risk in 2004

Increases in geopolitical risk levels, especially in the first half of the year (the Madrid train bombings and subsequent terrorist attacks) and rises in the price of oil, which reached record levels in October, affected the financial markets because of the resulting uncertainty as to the continuation of economic growth. In spite of this the main mature markets closed the year with rises on their stock exchanges, or at least with no significant losses, while in emerging markets spreads for sovereign risk were cut back, government debt showed a positive yield and stock markets rose considerably.

Against this backdrop, the trend of market risk in the market areas of the BBVA Group over the year was characterised by an

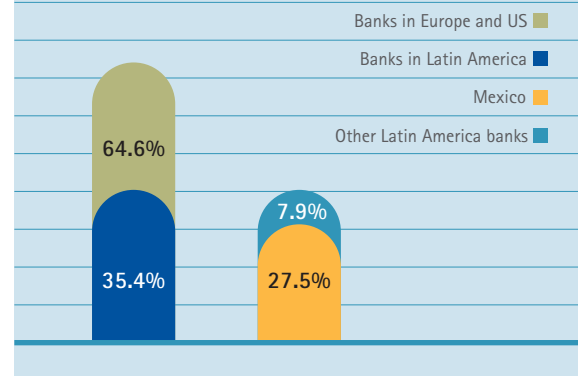


Market risk frequency distribution



Market risk by geographical areas

(Average 2004)



increasing risk profile in the early months of the year with maximum levels in May as a result of prevailing uncertainty in the financial markets, followed by a slow decrease in the subsequent months.

The market risk of the BBVA Group in 2004, in terms of VaR, was €26.25m on average.

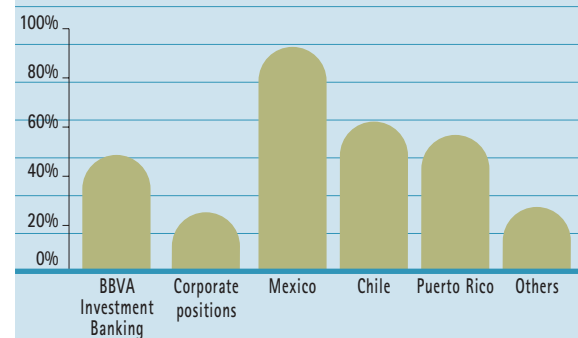
The main risk in the Group is interest rate risk (66% of the total at year-end), which includes both the systematic risk and the specific risk linked to spreads. Vega and correlation risks account for 12% and 8% of the total respectively, equity risk for 9% and currency risk for 5%.

By geographical areas, 64.6% of market risk is accounted for by banking in Europe and the US and 35.4% by the Group's Latin American banks. 27.5% is concentrated in Mexico.

Average use of limits by the Group's main business units was 41%.

Average use of limits in 2004. Main business units

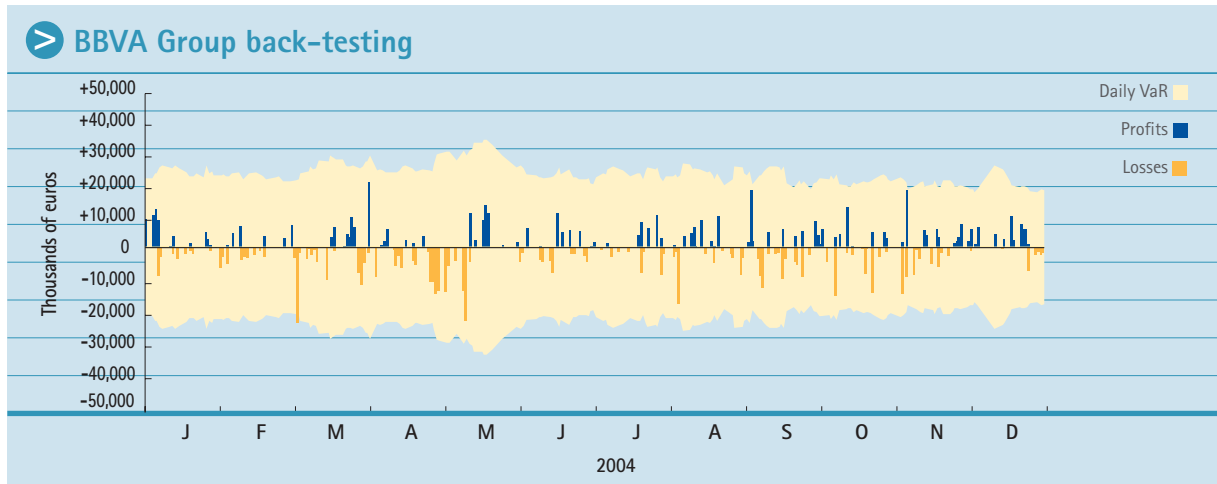
(Percentage)



Market risk by risk factors (Thousand euros)

Risk	31-12-04	Daily VaR		
		Average	Maximum	Minimum
Interest ^(*)	15,868	19,806	32,075	13,211
Exchange rate ^(*)	1,070	1,446	3,792	440
Equity ^(*)	2,161	3,295	7,137	1,270
Vega and correlation	4,941	5,134	6,880	4,003
TOTAL	21,703	26,250	38,127	19,692

(*) Includes gamma risk of fixed-income, exchange rate and equity options, respectively.



Back-testing for the Group's market risk in 2004, which runs day to day comparisons between the results of revaluation of positions and the level of risk estimated via the model, confirms that the risk management model works correctly.

Credit risk in market activities

Credit risk in OTC financial instruments is calculated by considering the daily marking to market of the positions held, plus an estimate of maximum expected increase in value through to maturity.

2004 saw the introduction of a new measurement system based on Monte Carlo simulation for all operations. This method has entailed substantial improvements in regard to counterparty risk, since:

- It takes into account the portfolio effect, considering the possibility of correlation between the different market variables, and thus reflecting the offsetting effect of transactions.
- It incorporates the term effect, so portfolios comprising short- and long-term operations are dealt with jointly.

- It accurately measures the risk in operations with counterparties with whom legal netting and collateral contracts are set (ISDA, CSA, CMOF, etc.).
- It enables exotic products to be measured adequately.

The equivalent maximum credit risk exposure to counterparties was €12,641m as of 31-12-04, down 14% from the previous year's figure.

The policy of entering into netting and collateral agreements was extended, and these agreements now represent a significant proportion of total exposure.

The net market value of the instruments mentioned above in the portfolio at year-end was €503m, with a mean residual term of 101 months. The gross replacement value is €11,707m.

The table below shows the distribution by residual term of equivalent maximum exposure amounts for OTC financial instruments.

The counterparty risk assumed in this activity is with organisations with top credit ratings (89% of them rated A- or higher).

> OTC derivatives. Equivalent maximum exposure (Million euros)

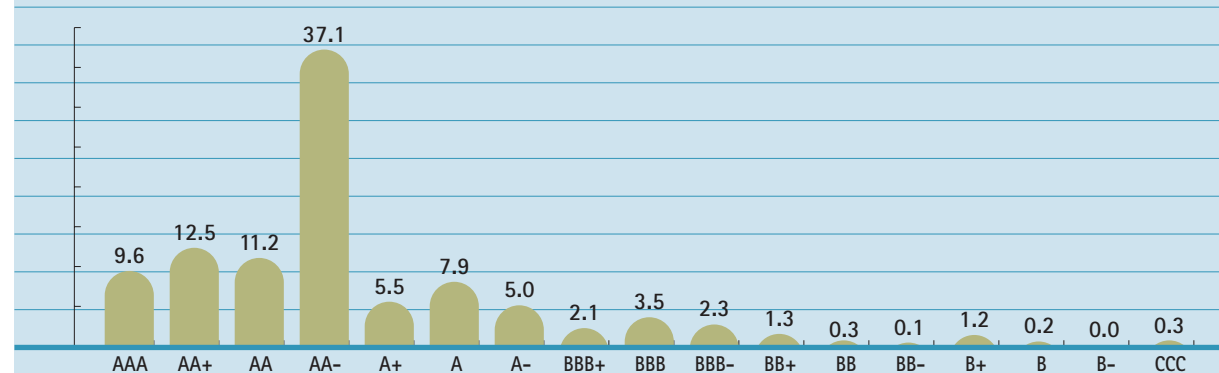
OTC financial instruments	Gross replacement value	Net replacement value	Equivalent maximum exposure	Weighted average term (months)
IRS	8,573	1,227	9,352	78
FRA's	7	(3)	12	2
Interest rate options	804	173	940	113
OTC interest rate diversification			(15)	
TOTAL OTC INTEREST RATE	9,383	1,397	10,289	98
Forward FX	419	(699)	501	18
Currency swaps	735	156	956	63
Currency options	276	(100)	229	26
OTC exchange rate diversification			(161)	
TOTAL OTC EXCHANGE RATE	1,430	(643)	1,525	56
OTC equity	328	(500)	509	25
Fixed income and others	566	249	461	136
OTC equity and others diversification			(40)	
TOTAL OTC EQUITY AND OTHERS	894	(251)	930	149
TOTAL DIVERSIFICATION			(103)	
TOTAL	11,707	503	12,641	101

> Distribution by residual terms. Maximum exposure in OTC financial instruments

Type of product	Up to 6 months	Up to 1 year	Up to 3 years	Up to 5 years	Up to 10 years	Up to 15 years	Up to 25 years	Over 25 years	Maximum exposure
OTC interest rate	10,289	9,730	8,549	4,936	2,924	1,003	919	300	10,289
OTC exchange rate	1,525	1,312	870	477	281	85	24	20	1,525
OTC equity and others	930	842	612	381	247	217	209	104	930
Total diversification	(103)				(8)	(9)	(8)		(103)
TOTAL	12,641	11,884	10,031	5,794	3,444	1,296	1,144	424	12,641

> Distribution of equivalent maximum exposure by ratings

(Percentage)



> **Structural risk management**

The exposure of a financial institution to variations in market interest rates is a risk

inherent to banking, but at the same time an opportunity to create economic value. The main source of structural interest risk lies in the difference between maturity and repricing dates (depending on whether fixed- or variable-rate positions are involved). This is affected by the curve risk, entailing changes in the slope and form of the interest rate structure over time, and the basis risk due to imperfect correlation between variations in interest rates on different instruments with similar characteristics.

Control of structural interest risk at the BBVA Group is based on the setting of a limit structure authorised year by year by the Executive Committee which enable the adequacy of risk to be compared to in-house policies and targets set. The graph below shows the average use of limits in 2004: no limits were exceeded.

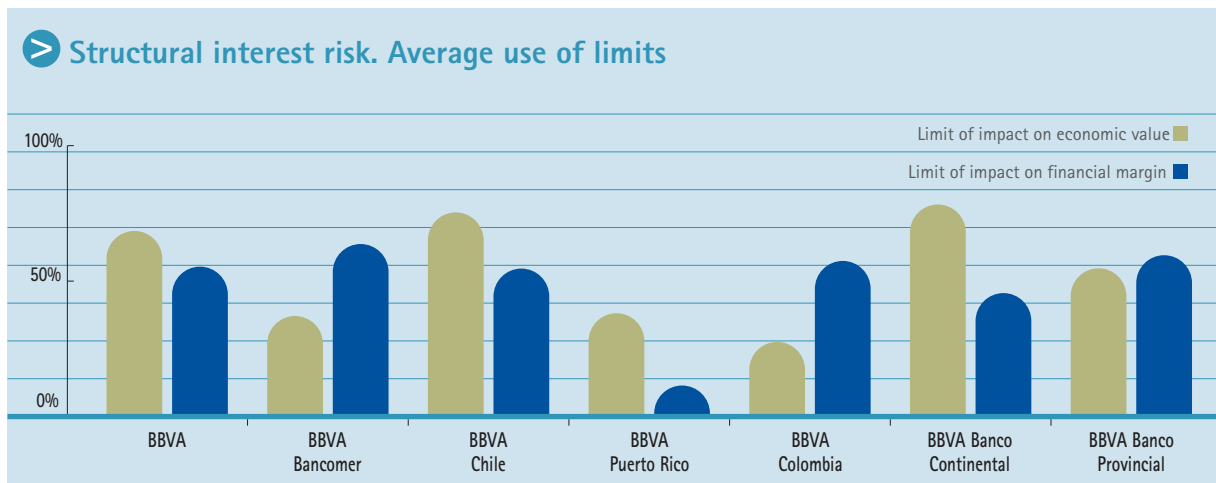
Structural interest risk at the BBVA Group is actively managed and continuously monitored by the Assets and Liabilities Committee (ALCO) in line with the basic principles laid down by the Basel Committee in its 2004 consultative paper “Principles for the Management and Supervision of Interest Rate

Risk”. To that end, the Group has provided itself with a number of tools and an organisational structure with clear allocation of responsibilities, thus guaranteeing that control and management functions are independent.

The purpose of structural interest risk management is two-fold: to reduce the impact of interest rate variations on net interest income and to protect the economic value of the Group. To that end financial instruments such as Treasury bills and bonds (issued by Spain and other euro-zone countries) and derivatives (interest rate swaps, options, future, etc.) are used.

The on-balance-sheet gap table shows BBVA Group’s distribution of maturities or repricing dates of the sensitive asset and liability aggregates on the balance sheet in euros, grouped by market type.

Measurement of structural interest rate risk involves projections of net interest income for one- and two-year horizons, in line with current interest rates and the changes over time envisaged in the balance sheet. The economic value of BBVA is calculated as the net present value of the expected future flows on the balance sheet. Subsequently, considering different market interest rate scenarios, curve simulations are performed that reflect other types of movement, such as changes in slope and curvature or parallel movements of





Matrix of maturities or repricing dates in the consolidated balance sheet in euros. Ex Treasury (Thousand euros)

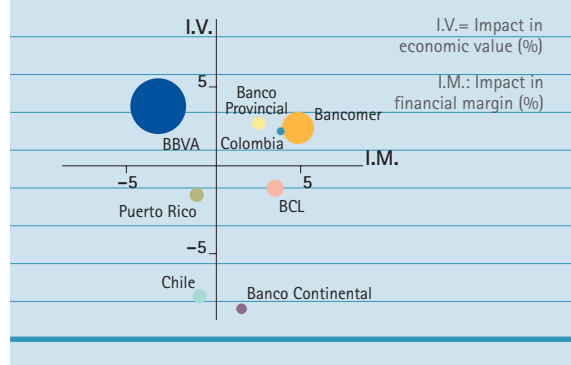
	Balance	1-6 months	6-12 months	1-3 years	3-10 years	+10 years
ASSETS						
Money market	25,092,563	24,262,924	779,230	45,306	4,701	402
Lending	127,653,979	81,628,561	30,886,633	8,590,969	5,534,263	1,013,554
Securities portfolio	29,004,366	8,694,671	1,730,102	9,361,349	6,543,634	2,674,610
TOTAL SENSITIVE ASSETS	181,750,908	114,586,155	33,395,965	17,997,623	12,082,598	3,688,567
LIABILITIES						
Money market	17,580,556	16,837,607	593,677	77,813	1,284	70,175
Customers deposits	72,403,744	24,913,854	2,118,051	11,828,823	33,543,016	-
Wholesale financing	45,948,337	20,297,422	132,770	3,926,540	20,439,328	1,152,277
Other sensitive liabilities	40,750,561	35,454,596	1,817,797	1,522,565	1,017,040	938,563
TOTAL SENSITIVE LIABILITIES	176,683,198	97,503,479	4,662,295	17,355,741	55,000,668	2,161,015
ON-BALANCE-SHEET GAPS	5,067,709	17,082,676	28,733,670	641,882	(42,918,071)	1,527,552
OFF-BALANCE-SHEET GAPS	20,503	(23,402,436)	1,561,595	4,648,118	17,439,846	(226,621)
TOTAL GAPS	5,088,212	(6,319,760)	30,295,265	5,290,000	(25,478,224)	1,300,931

different scales, calculating a distribution of impacts on net interest income and economic value that enables maximum negative variations to be calculated with a confidence level of 99%. This gives the economic capital by structural interest risk and enables risk to be managed on the basis of the balance between expected results and economic value.

The accompanying graph shows the risk levels of the main financial institutions of the Group, which remained stable throughout 2004.

In 2004 the principal aim of structural risk management was to reduce the impact on net interest income of the lower absolute level of interest rates. As part of the active management carried out, the ALCO unit holds structural coverage positions at year-end worth €22,987m. This portfolio generated ordinary revenues of €372m in 2004.

BBVA Group structural interest risk profile



> Structural exchange rate risk

Structural exchange rate risk refers to the potential losses in value of strategic and permanent positions as a result of adverse movements in exchange rates. BBVA's exposure to this risk arises mainly from its Latin American franchise.

Structural exchange rate risk is managed by the ALCO on the basis of regular measurements by the Risk area using an exchange rate scenario simulation model that takes into account both past trends and forecasts over a one-year time frame. These forecasts cover various market performance scenarios, including crisis scenarios, to which probabilities of occurrence are assigned. A distribution of annual results from exchange rate variations is thus obtained that provides the maximum potential loss with a confidence level of 99%.

These calculations determine not just the economic capital from structural exchange rate risk but also the contribution of the different positions to that risk. This allows management to be based on the balance between contribution to risk and expected results for each position.

The ALCO actively manages structural exchange rate risk with two objectives: to minimise the impact of currency depreciation on the Group's profit and loss statement and to protect the Group's asset value by reducing the effect of exchange rate variations on reserves.

In 2004 structural exchange rate risk was managed in the context of a significant depreciation of the US dollar against the euro, and of stability of Latin American currencies against the dollar. Active exchange rate risk management enabled the year to be closed with equity coverage standing at 47% (mainly centred on Mexico and Chile) and with a significant proportion of the 2004 results from Latin American units also covered.

> Liquidity risk

Liquidity risk is managed and monitored at the BBVA Group to ensure

that payment obligations will be met without having to obtain funds on burdensome terms.

Liquidity is monitored both from a short-term viewpoint (basically up to 90 days) and from the medium- and long-term structural position on an independent basis, i.e. with monitoring and management functions kept separate.

Liquidity risk is monitored by the Risks area, which is responsible for taking regular measurements, for developing tools and valuation models and for monitoring authorised limits.

The limit structure authorised by the Executive Committee provides a common framework, a basic instrument whose purposes include anticipating any future liquidity problems.

In addition, payment and collection flow simulations are analysed to assess the repercussion of hypothetical liquidity crisis scenarios at BBVA. These analyses form part of the crisis situation liquidity monitoring model as outlined in the Contingency Plan, which lays down responsibilities and the actions to be taken in the event of system-wide or specific liquidity stresses.

The Assets & Liabilities Committee (ALCO) is responsible for ensuring in the medium- and long-term that the resources needed to carry on the business are available. To that end it analyses the credit gap, establishes wholesale financing needs and draws up an issues plan suited to those needs. The ALCO also monitors the liquidity situation of the organisation and its medium-term liquidity profile.

Financing policy is based on the principle of diversification of sources of financing and maturity periods for debt issued depending on the average maturity of the credit assets to be financed. To that end, various types of financial instruments are used, including straight bonds, mortgage bonds, securitisation, etc.

In 2004 BBVA issued straight and subordinate bonds worth €6.5 billion, mortgage-backed securities €9.4 billion, plus

€2 billion in two securitisation processes on portfolios of loans for car purchases and loans for SME's. At the same time, BBVA maintains a debt security issue programme with a maximum of €10 billion.

> Structural risk management of the equity portfolio

Structural risk on the equity portfolio refers to the potential loss in value of positions in shares and other equity instruments due to variations in

share values or equity indices. The BBVA Group's exposure to this type of structural risk arises basically from its holdings in industrial and financial firms with medium- and long-term investment horizons.

The Risks area effectively measures and monitors structural risk on equity, monitoring compliance with the risk limits and policies of the various business units as approved by the Executive Committee. Risk limits on equity positions in the investment portfolio are established in terms of the use of economic capital attributable to a predetermined activity or portfolio. These limits on economic capital are supplemented by limits on investment and concentration. Depending on the nature of the positions, stop-loss limits are also laid down by strategy and by portfolio, reinforced by a system of results-related early warning signals to detect any surpassing of limits as soon as possible. In addition, regular stress testing and back-testing are carried out.

Favourable trends in equity markets in 2004 resulted in an increase in the value of exposure for the risk assumed which was offset by disinvestment, by active management through derivative instruments and by the reducing effect arising from increased diversification, so that risk levels remained stable.

> Operational risk management

The Basel Committee on Banking Supervision defines "operational risk" as risk that may

result in losses as a result of human error, unsuitable or faulty internal processes, system failure or external causes. In-house, it is defined as risk that is neither credit nor market nor technical (insurance) risk. This definition includes strategic and regulatory risk.

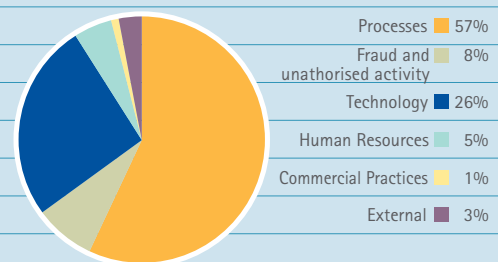
In 2004 the Group continued to implement a broad range of tools created in-house (Ev-Ro, TransVaR, SIRO, CORO and RepTool) to identify, measure, evaluate and mitigate risks of this type.

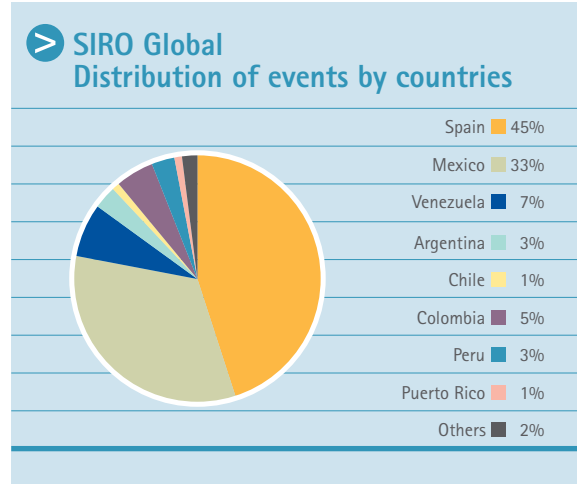
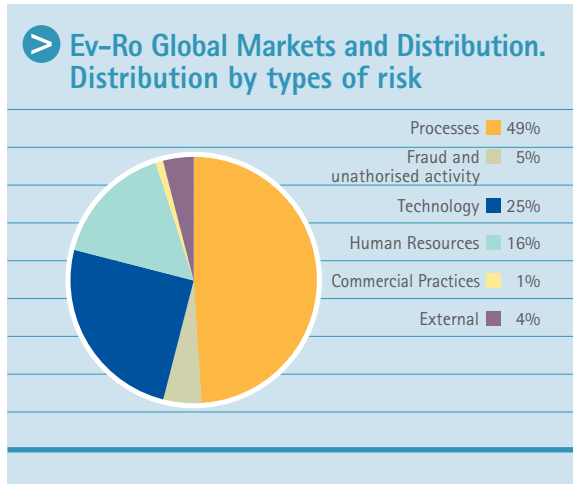
At BBVA, operational risk is managed in two ways: qualitatively (detecting exposure to risk before it manifests itself in events) and quantitatively (learning from events when they occur).

The tools used by the Group to manage operational risk are the following:

- 1) **Ev-Ro:** This is a tool for the identification and valuation of operational risk factors by business or support areas. The information obtained is used to draw up risk maps and as the starting point for mitigation processes, with particular emphasis on the most significant aspects. This tool is implemented at 250 of the Group's units, i.e. more than 80% of the total. 20% of the risk factors detected

> Ev-Ro. BBVA Insurance Spain. Distribution by types of risk

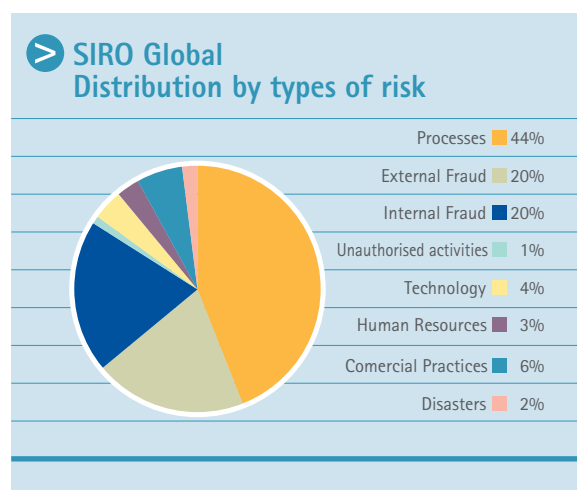




are considered as requiring priority action for mitigation, and action is being taken accordingly.

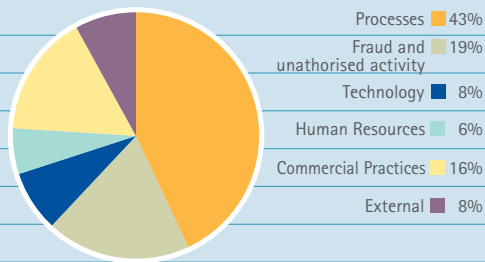
As an example, the two accompanying graphs summarise the distribution by types of operational risk at BBVA Insurance Spain and Global Markets and Distribution.

- 2) **TransVaR:** This is a monitoring tool for indicators or variables that characterise the processes of each area and are linked to the causes of operational risk. TransVaR is in place at around 50% of business units. Experience shows that operational risk is effectively reduced at areas that use this tool.
- 3) **SIRO:** This is a set of databases of operational risk events classified by risk type and business line. They are located in each country and upload every month into a central database called SIRO Global, where their information is consolidated. This tool was effectively implemented in Spain in January 2002 and in Latin America in July that same year. In 2004 interfaces were developed that make for better information capture and quality. The accompanying graphs show the distribution by countries and risk types of operational risk events on a cumulative basis from the outset to 31-12-04.

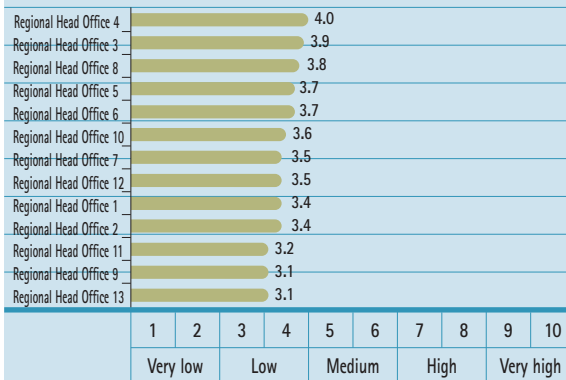


- 4) **CORO:** This is a new self-assessment tool that uses the scoring technique to measure operational risk at units with large numbers of branches. The self-assessment comprises 287 questions and 35 basic data to enable weighting to be established. This method is used to measure the level of operational risk on a scale of 0 to 10 (with 0 being the minimum and 10 the maximum) and to identify risk factors. CORO was implemented in 2004 in Commercial Banking Spain. Results based on a statistical sample with a guaranteed confidence level of 95% and a margin of error of 1% show a score for Commercial Banking of 3.5 out of 10, equivalent to an overall operational risk rating of "low".

> CORO Commercial Banking: Distribution weighted by types of risk



> CORO Commercial Banking: Risk level by Regional head Offices



5) **RepTool:** This is a reputational risk management tool. Reputational risk is always the result of events caused by other types of risk. RepTool is used to identify reputational risk factors so that they can be mitigated. In 2004 it was implemented in Special Financial Services (Finanzia and Uno-e) and in International Private Banking, and work has begun to implement it in Global Corporate Banking.

ORX (Operational Risk Exchange)

To obtain more information for risk modelling, BBVA became a founder member of the ORX International Consortium, which currently includes 18 front line international banks. Each

quarter, the members of the Consortium anonymously access a database of operational risk events with a minimum amount of €20,000, containing information dating back to January 2002. ORX guarantees quality information, which is obtained from its members, and applies standards that ensure consistency of criteria in classification and valuation of events.

The management model

Operational risk management is in place in all business and support areas. Corporate tools are used in these units as sources of information on risks, events and causes and the starting point for mitigation plans.

In the Risks area the Central Operational Risk Unit designs and manages the implementation of tools at the Group. Each subsidiary bank has Operational Risk units that perform the same task in their own jurisdiction. Each business and support area has an Operational Risk Manager who manages this risk in that area. There is also an Operational Risk Committee, which meets periodically to analyse the information available and determine the most appropriate mitigation plans.

BBVA distinguishes between the following types of operational risk:

> Types of operational risk

Type	Origin
Processes	Human failure, operational errors.
Fraud and unauthorised activity	Criminal acts. Unauthorised internal activities
Technology	Technological failures of hardware, software and communications
Human resources	Failures in human resource policy, health & safety at work, etc.
Commercial practices	Product defects and improper sales practices
Disasters	Events (natural, accidental or provoked)
Suppliers	Nonfulfilment of services contracted



> Business Areas

- > Retail Banking Spain and Portugal
- > Wholesale and Investment Banking
- > The Americas
- > Corporate Activities





FLATRON

BLP	Active	Cancel	Holdings	Monitor	Alerts	Bloomberg			
Ticker	Last	Chg	Volume	Ticker	PCT Chg	Last	Ticker	Last	PCT Chg
ROX	118.00	+0.11	290791	BBK	+0.04	8711.00	INLA 30M CONDUCTOR BOND	43.00	-0.01
OEI	112.80	+0.20	142001	AVX SM	+0.05	98.70	INADAG COMPOSITE BOND	110.00	-0.01
DUI	108.30	+0.01	170547	AVX SM	+0.05	98.70	ISAP 30M BOND	110.00	-0.01
Q 1	108.30	+0.01	170547	AVX SM	+0.05	98.70	INADAG 100 1000M BOND	110.00	-0.01
JR	111.10	+0.01	1772	AVX SM	+0.05	98.70	ISAP 30M BOND	110.00	-0.01
US24	111.10	+0.01	1772	AVX SM	+0.05	98.70	ISAP 30M BOND	110.00	-0.01
TY24	111.10	+0.01	1772	AVX SM	+0.05	98.70	ISAP 30M BOND	110.00	-0.01
FY24	111.10	+0.01	1772	AVX SM	+0.05	98.70	ISAP 30M BOND	110.00	-0.01
TY24	109.20	+0.01	37414	AVX SM	+0.05	98.70	ISAP 30M BOND	110.00	-0.01
FY24	109.20	+0.01	37414	AVX SM	+0.05	98.70	ISAP 30M BOND	110.00	-0.01
ND24	107.00	+0.01	42	AVX SM	+0.05	98.70	ISAP 30M BOND	110.00	-0.01
D24	104.00	+0.01	171	AVX SM	+0.05	98.70	ISAP 30M BOND	110.00	-0.01
SP24	1178.40	+0.01	298	AVX SM	+0.05	98.70	ISAP 30M BOND	110.00	-0.01
GR	4137.00	+0.01	1028	AVX SM	+0.05	98.70	ISAP 30M BOND	110.00	-0.01
VGI	2850	+0.01	142001	AVX SM	+0.05	98.70	ISAP 30M BOND	110.00	-0.01
GOODE	481.80	+0.01	1028	AVX SM	+0.05	98.70	ISAP 30M BOND	110.00	-0.01
BEK	8711.00	+0.01	298	AVX SM	+0.05	98.70	ISAP 30M BOND	110.00	-0.01
QF	8711.00	+0.01	298	AVX SM	+0.05	98.70	ISAP 30M BOND	110.00	-0.01
Z 1	8711.00	+0.01	298	AVX SM	+0.05	98.70	ISAP 30M BOND	110.00	-0.01
NR	10000.00	+0.01	6700	AVX SM	+0.05	98.70	ISAP 30M BOND	110.00	-0.01
VDAX	14.00	+0.01	1028	AVX SM	+0.05	98.70	ISAP 30M BOND	110.00	-0.01
VIX	13.00	+0.01	1028	AVX SM	+0.05	98.70	ISAP 30M BOND	110.00	-0.01
AID	100.00	+0.01	1028	AVX SM	+0.05	98.70	ISAP 30M BOND	110.00	-0.01
BURCH	44.10	+0.01	1028	AVX SM	+0.05	98.70	ISAP 30M BOND	110.00	-0.01
LHO	200.00	+0.01	1028	AVX SM	+0.05	98.70	ISAP 30M BOND	110.00	-0.01
CRY	201.00	+0.01	1028	AVX SM	+0.05	98.70	ISAP 30M BOND	110.00	-0.01
JYU	138.00	+0.01	1028	AVX SM	+0.05	98.70	ISAP 30M BOND	110.00	-0.01
SPBU	800.00	+0.01	1028	AVX SM	+0.05	98.70	ISAP 30M BOND	110.00	-0.01
SUR	1320.00	+0.01	1028	AVX SM	+0.05	98.70	ISAP 30M BOND	110.00	-0.01
FY	101.00	+0.01	1028	AVX SM	+0.05	98.70	ISAP 30M BOND	110.00	-0.01
BURCH	1310.00	+0.01	1028	AVX SM	+0.05	98.70	ISAP 30M BOND	110.00	-0.01
OSP	1300.00	+0.01	1028	AVX SM	+0.05	98.70	ISAP 30M BOND	110.00	-0.01
OF	1300.00	+0.01	1028	AVX SM	+0.05	98.70	ISAP 30M BOND	110.00	-0.01
DXY	82.00	+0.01	1028	AVX SM	+0.05	98.70	ISAP 30M BOND	110.00	-0.01
BOV98	8000.00	+0.01	1028	AVX SM	+0.05	98.70	ISAP 30M BOND	110.00	-0.01

LG

11:00 Sanyo Aims to Buy EU1.25 Billion Stake in Lender BNP Paribas
11:00 SANYO SHARES FALL ON PLAN TO BUY BNP PARIBAS FOR EU1.25 BLN
11:00 ANADOLU ANNOUNCES TARGET PRICES FOR AIRLINES IN 2007 (P/WR) 50000 5 11.20 11.20 11.20
11:00 BNP Paribas CEO Cheung announces recommendations & "voting" cards 50000 6 11.20 2218261 11.20 11.20
11:00 SANYO SHARES TO RESUME TRADING AT 11:30 3111 3111 3111 3111 3111
11:00 European Stocks Drop, Faced by News, Compass and Renault 7025 4 11.20 11.20 11.20 11.20
11:00 SANYO SHARES ALLIANCE TO FALL AS MUCH AS 10% 3111 3111 3111 3111 3111
11:00 Sanyo Chief in Talks With Bank Families on BNP, FT Reports 2748 4 11.20 11.20 11.20 11.20

This chapter breaks down the BBVA Group's business activities and earnings into the different lines of business that contribute to the said earnings.

Information by areas is a fundamental tool for controlling and monitoring the different business areas. This information is drawn up starting from the units at the lowest level, where all the accounting data related to the different business areas that they manage are recorded. Subsequently, they are classified and aggregated in line with the existing area structure, in order to establish the composition of each area. The companies making up the Group are likewise assigned to the different business areas depending on their activity and, whenever necessary, are segmented and their activity allocated to a variety of units if required by the diversity of their business.

Once the composition of each area has been established, the management adjustments inherent to the model are made. These adjustments include the allocation of equity, with the assignment of economic capital based on the risks incurred by each business, evaluating capital needs and credit, market and operational risk. The first stage is to quantify the volume of equity strictly speaking (capital and reserves) assigned to the risks of each business area. This amount serves as a reference to determine the Return on Equity (ROE) of each business; subsequently, this is followed by the allocation of the remaining capital base resources issued by the Group (eligible subordinated debt and preferred shares), as well as the costs associated therewith. There is one exception to this equity allocation system. In the Mexico and The Americas units (except in the cases of Argentina and International Private Banking, where an allocation of economic capital is made), BBVA has maintained the book equity that would derive from setting up a consolidated sub-group in each country. Thus, the strict equity figure corresponds to the BBVA Group's share holding, while the minority interests are recorded under Other eligible funds.

In relation to the internal transfer prices used to calculate the liquidity mismatches of each business and within the framework of a process of continuous improvement in management information, rates adjusted to the expiry and review terms of the rates of the different assets and liabilities making up the balance of each unit are used.

Direct and indirect expenses are allocated to the business areas, except for markedly corporate or institutional expenses for the Group as a whole, which are not closely and clearly linked to the businesses.

Lastly, worthy of mention is the fact that the method used to calculate the volume of business for each area (Retail, Wholesale and The Americas) does not imply the elimination of inter-group transactions affecting different areas, as they are considered an integral part of the activity and management of each business. Accordingly, the inter-group eliminations arising from the consolidation process are allocated to the Corporate Activities area.

As far as the composition of the business areas is concerned, worthy of mention is the fact that The Americas area includes the financial statements of the Group's companies in Argentina, which, in former years, was included by the equity method in the Corporate Activities area, given the process of gradual normalization of the financial situation in the said country. The figures for these two areas corresponding to previous financial years, offered for comparative purposes, include these modifications and were drawn up following homogeneous criteria.

Therefore, the composition of the Group's business areas is as follows:

- **Retail Banking Spain and Portugal**
This includes the retail banking, asset management and private banking businesses engaged in by the Group in Spain and Portugal. As a result, it combines the private customer and SME segments in the domestic market, the

Finanzia/Uno-e Group (engaged in e-banking, consumer financing, card product distribution and renting activities), BBVA Portugal, the Private Banking business, mutual and pension fund managers and the results of the insurance business.

- **Wholesale and Investment Banking**

This covers the Group's business activities with large companies and institutions through national and international corporate banking as well as institutional banking. It likewise includes the trading room businesses located in Spain, Europe and New York, the equity distribution and origination business and the security deposit and custody service business, as well as the business and real estate project businesses that are not conducted through the Group's holdings in large corporations.

- **The Americas**

This covers the activity and earnings of the Group's subsidiary banks in Latin America and of that of their investees, including pension management companies and insurance

companies, as well as the International Private Banking business. As already mentioned, the Group's companies in Argentina are also included in this area.

- **Corporate Activities**

This includes the holdings in large industrial corporations and in finance entities, as well as the activities and results of support units, such as the ALCO area. In addition, this caption also encompasses such items as, by their nature, cannot be assigned to the business areas, such as country risk writedowns and goodwill amortization (except for those related to the stakes held by the Business and Real Estate Project Unit, included in the Wholesale and Investment Banking area).

This organization of the different areas is in keeping with the current internal organization established for the management and monitoring of the different business areas within the BBVA Group. The figures referring to the financial years 2002 and 2003, offered for purposes of comparison, were drawn up following similar criteria.

> Net attributable profit by business area (Million euros)

	2004	Δ%	2003	2002
Retail Banking in Spain and Portugal	1,410	13.8	1,239	1,266
Wholesale and Investment Banking	515	10.1	468	382
The Americas	1,239	70.8	725	726
Corporate Activities	(363)	76.3	(206)	(656)
BBVA GROUP NET ATTRIBUTABLE PROFIT	2,802	25.8	2,227	1,719

> ROE and efficiency ratio (Percentage)

	ROE			Efficiency ratio		
	2004	2003	2002	2004	2003	2002
Retail Banking in Spain and Portugal	32.0	30.9	33.6	41.8	44.7	44.8
Wholesale and Investment Banking	23.1	23.0	19.5	29.9	31.7	35.6
The Americas	27.8	22.2	20.2	42.1	45.5	44.9
BBVA GROUP	20.0	18.4	13.7	44.9	47.2	47.2

> Retail Banking Spain and Portugal



- > 2004: The consolidation of the Financial Services Plan
- > Personal Financial Services
- > Commercial Financial Services
- > Special Financial Services
- > Asset Management and Private Banking
- > BBVA Portugal
- > European Insurance

Retail Banking Spain and Portugal is the Group area that, with a consolidated business model, the Financial Services Plan, manages three customer segments, albeit with differentiated approaches: Personal Financial Services (private individuals) Commercial Financial Services (businesses, retailers, self-employed, small and medium-sized enterprises) and Special Financial Services (through the business pursued by Finanzia and Uno-e).

In order to provide a global view of each segment, Retail Banking encompasses the distribution networks (3,397 branches, of which 104 are located in Portugal), the product

generation units (mutual and pension funds, insurance and card distribution), as well as the supplementary channels (mortgage banking, telebanking, internet banking, e-banking and prescription).

In 2004, the consolidation of the Financial Services Plan launched in 2002 made a significant contribution to the sustained increase in business volumes and to the growth in profits that characterised the business year in Retail Banking.

Total net lending and overall customer funds managed (including mutual and pension funds) recorded year-on-year growth of 20.0% and

> Income statement (Million euros)

	Retail Banking Spain and Portugal				Memorandum item:			
	2004	Δ%	2003	2002	Commercial and SME Banking	Δ%	Asset Management and Private Banking	Δ%
NET INTEREST INCOME	3,348	3.9	3,221	3,189	2,952	2.2	44	6.8
Net fee income	1,647	11.6	1,476	1,510	1,389	11.1	230	12.4
CORE REVENUES	4,995	6.3	4,697	4,699	4,342	4.9	274	11.4
Net trading income	54	21.5	44	46	50	25.1	1	(0.5)
ORDINARY REVENUES	5,048	6.5	4,741	4,745	4,392	5.1	275	11.4
Personnel costs	(1,405)	1.0	(1,391)	(1,386)	(1,272)	0.7	(51)	(0.9)
General expenses	(703)	(3.5)	(728)	(738)	(610)	(3.8)	(30)	(2.7)
GENERAL ADMINISTRATIVE EXPENSES	(2,108)	(0.5)	(2,119)	(2,124)	(1,882)	(0.8)	(81)	(1.6)
Depreciation and amortization	(102)	(10.8)	(114)	(123)	(90)	(10.8)	(4)	4.8
Other operating income and expenses	(46)	6.4	(44)	(51)	(44)	8.5	(1)	21.6
OPERATING PROFIT	2,792	13.3	2,465	2,447	2,377	10.9	189	18.1
Net income (loss) from companies accounted for by the equity method	(26)	n.m.	8	(6)	2	n.m.	-	-
Amortization of goodwill	-	-	-	1	-	-	-	-
Net income (loss) from Group transactions	29	n.m.	(1)	-	-	n.m.	1	n.m.
Net loan loss provisions	(580)	17.8	(492)	(433)	(490)	9.0	(4)	(4.8)
Net extraordinary income (loss)	9	n.m.	(10)	5	18	n.m.	(3)	32.1
PRE-TAX PROFIT	2,225	12.9	1,970	2,014	1,906	13.2	182	19.0
Corporate income tax	(743)	14.2	(650)	(666)	(647)	15.0	(62)	21.5
NET PROFIT	1,482	12.3	1,320	1,348	1,259	12.2	121	17.8
Minority interests	(72)	(11.4)	(81)	(82)	(58)	(16.5)	(4)	(38.7)
NET ATTRIBUTABLE PROFIT	1,410	13.8	1,239	1,266	1,201	14.1	116	22.0

> Balance sheet (Million euros)

	31-12-04	Δ%	31-12-03	31-12-02	31-12-04	Δ%	31-12-04	Δ%
Total net lending	109,591	20.0	91,295	80,152	102,601	20.4	839	9.7
Securities portfolio	579	8.1	535	210	14	52.9	28	(81.4)
Liquid assets	2,233	9.1	2,048	3,718	1,247	4.0	380	198.5
Inter-area positions	18,585	9.5	16,975	16,565	17,243	11.4	933	(26.4)
Property and equipment and intangible assets	660	0.1	659	663	548	0.9	10	(0.8)
Other assets	1,059	9.3	969	777	535	2.1	130	105.8
TOTAL ASSETS / LIABILITIES AND EQUITY	132,707	18.0	112,481	102,085	122,187	18.6	2,319	(2.6)
Deposits	54,197	4.4	51,888	52,581	50,288	4.6	1,277	(0.8)
Debt securities	6	-	6	11	-	-	-	-
Equity	8,126	14.0	7,130	6,792	6,931	16.0	407	(25.0)
• Shareholders' funds	4,707	14.1	4,125	3,903	3,998	16.0	240	(25.6)
• Other eligible funds	3,419	13.8	3,005	2,889	2,933	16.0	167	(24.2)
Liquid liabilities	4,262	22.6	3,477	2,701	32	29.4	1	(60.7)
Inter-area positions	60,460	33.6	45,257	35,593	59,972	33.9	300	0.5
Other liabilities	5,656	19.8	4,723	4,407	4,964	19.2	335	34.1
OTHER CUSTOMER FUNDS MANAGED								
• Mutual funds	41,988	13.8	36,912	32,732	36,303	12.7	5,117	20.9
• Pension funds	13,731	10.5	12,422	11,240	6,869	14.1	6,623	7.1
• Customer portfolios	8,768	21.8	7,199	12,331	1,224	70.7	7,544	16.4

> Significant ratios (Percentage)

	31-12-04	31-12-03	31-12-02	31-12-04	31-12-04
ROE	32.0	30.9	33.6	32.3	48.9
Efficiency ratio	41.8	44.7	44.8	42.8	29.5
NPL ratio (Nonperforming assets/Total risks)	0.61	0.85	0.99	0.58	0.04
Coverage ratio	379.4	269.5	213.9	389.6	n.m.

10.1%, respectively. In tandem with this, the proper management of the prices of loan and deposit products within a scenario of all-time low interest rates, the positive trend in fees and in profits from net trading income, as well as the drop in expenses, triggered an increase in operating profit of 13.3% in the year (11.5% in the first nine months, 11% in the first half and 8.1% in the first quarter).

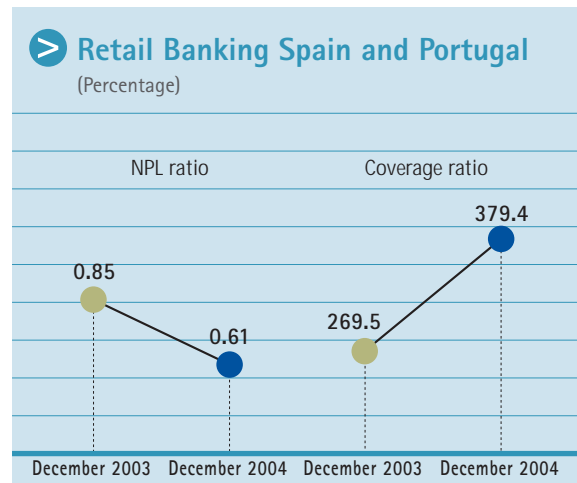
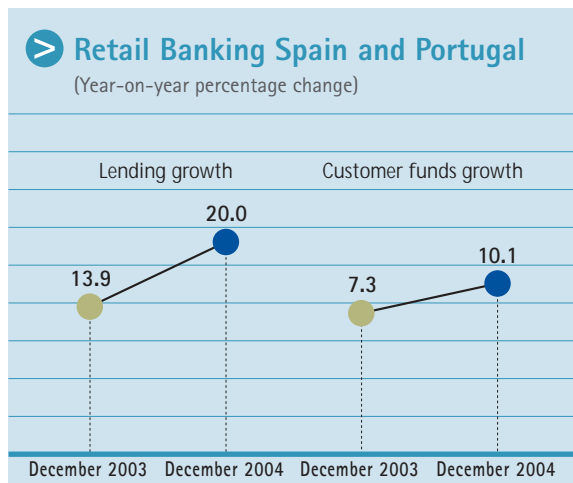
This growth in operating profit is reflected in net attributable profit, which rose by 13.8%, to €1.41 billion, despite the 17.8% increase earmarked for net loan loss provisions, due to the major increase in business and in statistical coverage of loan losses, as specific loss provisions were reduced in keeping with the drop in the NPL ratio. The net attributable profit for Retail Banking accounted for 50% of the total profit returned by the Group and posted an ROE of 32.0%, as opposed to 30.9% in 2003.

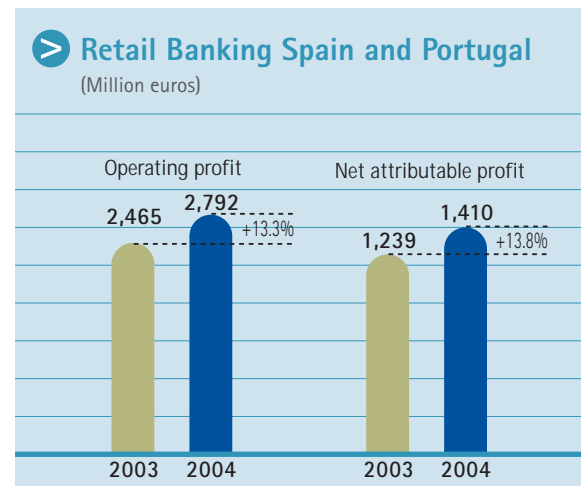
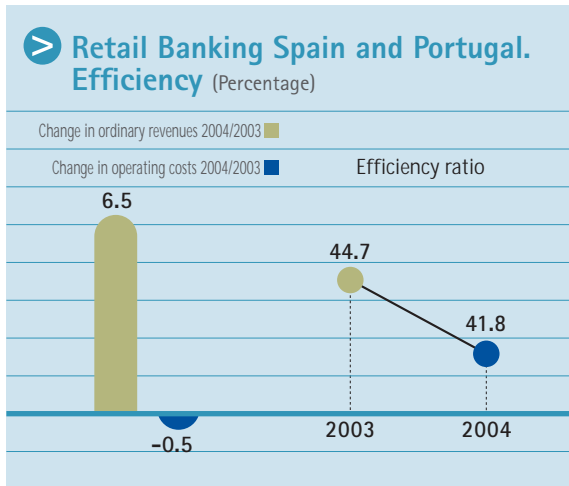
Within an environment of fierce competition and with a lower level of average base rates on the domestic market, Retail Banking posted an increase of 3.9% in net interest income, thanks to the significant boost given to its levels of business and the defence of its spreads.

Total net lending, which rose to €109,591m as of 31-12-04, recorded a year-on-year increase of 20.0%, with a constant rate of acceleration,

of 13.9% as of 31-12-03 and 18.0% at 30-6-04, as a result of a highly favourable performance both in the segment of personal banking as well as in companies and businesses. Thus, the former recorded growths of 25.3% in market mortgages and 16.2% in consumer loans and, regarding the latter, of 19.8% in companies and 22.0% in businesses. This generalised and balanced growth in lines of business has meant improving the market share for many of them, especially mortgage lending for the acquisition of housing and other specialised products for the companies' segment (leasing, factoring).

The total customer funds managed by the area (largely deposits, mutual and pension funds), €115,399m as of 31-12-04, rose by €10,591m over the business year, as opposed to €7,122m in 2003, that is, an increase of 48.7%, the result of a growing trend in deposits collected during the year. It is worth noting that, in mutual funds, the launch of ground-breaking products and the customer-tailored service meant that at 31-12-04, a figure was attained for the volume of assets under management of €42,212m (+13.3%), of which €41.070m corresponded to negotiable mutual funds, which grew by 12.0%, as opposed to 11.0% for the system, whereby BBVA Gestión increased its share by 16 basis points over the year, rising to 18.7%. As for pension funds, they recorded an increase of 10.6%, a clear sign of the





success of the *Protección* Plans. In addition, term deposits collected, as well as the sustained demand for savings products within the insurance sphere, which posted an increase of 37.3%, placed the growth of the sum of stable funds in the year at 11.0%. Furthermore, transaction deposits increased by 7.9% (4.6% in 2003).

Fees recorded an increase of 11.6% over the year, 10.7% in mutual and pension funds and 12.1% in all other kinds, in response to the increase in business. The aggregate of net interest income and fees provided core revenues of €4,995m, an increase of 6.3%. The income from net trading income increased by 21.5%, boosted by foreign trade activity and the distribution of treasury products in the SME segment.

A figure of €5,048m was thereby obtained for ordinary revenue, a 6.5% increase on the previous year. This positive performance by revenues, coupled with a 0.5% drop in administration expenses, meant a fresh improvement in efficiency of 2.9 points, to 41.8%. Likewise, the proportion of expenses covered by fees (recurrency ratio) increased 8.4 points, to 78.1%.

The increase in lending and the 14.3% drop in nonperforming loans meant that the NPL ratio had pursued a downward path, standing at the close at 0.61% (0.85% as of 31-12-03), a level that continues to be lower than average for the

sector. This meant a significant reduction in specific provisions, which was more than offset by the increase in statistical and general-purpose provisions, whereby the increase in loan loss provisions rose the level of coverage to 379.4% (269.5% as of 31-12-03).

Profits for the different units in the area reveal similar characteristics: a sharp rise in margins, increased efficiency and greater loss provisioning with a fall in nonperforming loans. Commercial Banking and SME Banking returned a joint net attributable profit of €1,201m (€976m and €225m, respectively), with a year-on-year increase of 14.1%. These profits, which accounted for 85% of those for the area (69% Commercial Banking and 16% SME Banking), reflected the positive performance of the commercial business of its distribution networks within the framework of management guidelines and the objectives of Personal and Commercial Financial Services. With increases in invoicing above 30%, Special Financial Services (*Finanzia/Uno-e*) returned a net attributable profit of €26m.

The management models for all the other units in the area likewise applied the general guidelines of personalisation and differentiation of customers in their commercial dealings. Besides designing specific products and those with value added for private individuals, small businesses, companies,

the self-employed etc, and distributed through the area's various commercial networks, Asset Management & Private Banking managed the upper segment of personal customers. For its part, BBVA Seguros (Insurances) successfully expanded its standing catalogue of products, whereby it reinforced its position of leadership in individual risk life assurance policies, increasing its lead over its closest competitor. Finally, BBVA Portugal, by posting business growth that outperformed that of the market in the second year of application of the 2003-2005 Master Plan, achieved significant improvement in quotas in mutual funds and mortgage loans.

reinforced as the basic reference and, at the same time, the development of supplementary channels continued. Furthermore, over 1,500 managers were awarded certificates by EFPA –European Financial Planning Association– thereby providing the credentials required for customer guidance.

Progress in the quality of service, with the culmination of the Customer Project, is reflected in the trend in complaints lodged with external bodies. Thus, in the 2003 Report by the Complaints Department of the Bank of Spain published in November 2004, BBVA is noteworthy for having reduced its number by 24% (as opposed to an average increase of 23.9% for the sector). Additionally, the number

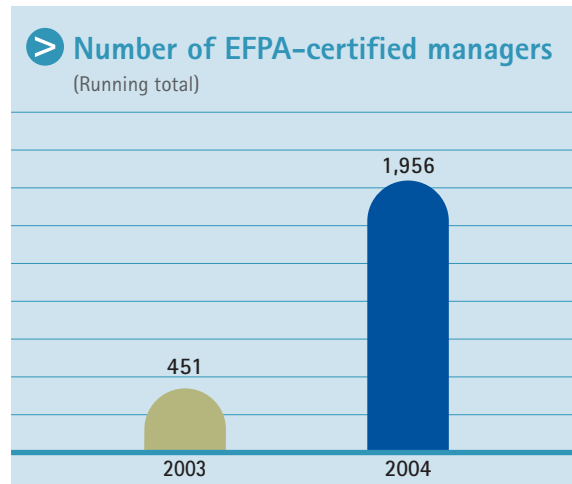
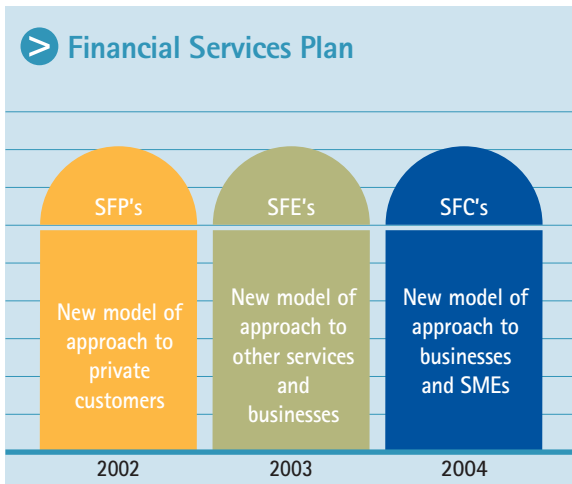
> **2004: The consolidation of the Financial Services Plan**

In 2004, the significant progress made in terms of customer relations, the improvement in the quality of the service, as well as the scope for innovation, within the framework of the Financial Services Plan, resulted in a significant increase in commercial activity, as shown by close to two million products sold (representing an increase of over 30% with regard to 2003) and over 800,000 new customers won.

In 2004, with the aim of improving the level of relations, the role of the branch office was



(1) Overall sales per manager (september 2003 = 100).



of complaints lodged with the Bank of Spain in business year 2004 fell by another 25%.

BBVA's scope for innovation has been a constant throughout the year and likewise acknowledged in the numerous prizes won, amongst which are such highlights as those awarded by *Expansión/Standard & Poor's* to five mutual funds and one pension fund, as well as those awarded to the commercial campaigns for the *Hipoteca Fácil* (Easy Mortgage) by EAE or to the Infinite Visa Card by the *New York Festival Marketing Directo*.

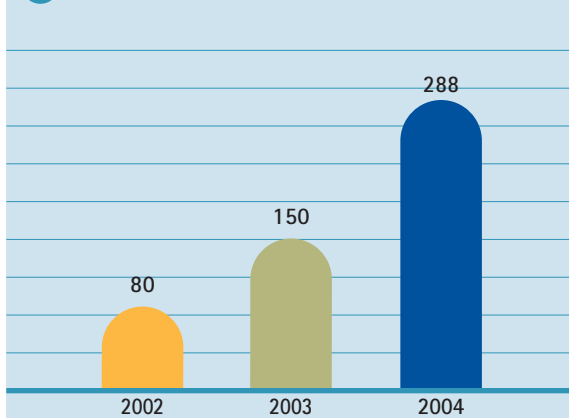
> Personal Financial Services

The Personal Financial Services Plan (SFP's) meant, through a customised offer and greater value added for

customers, expanding the product catalogue, with criteria of flexibility in loan financing, a high level of guidance in the saving schemes and innovative proposals regarding means of payment.

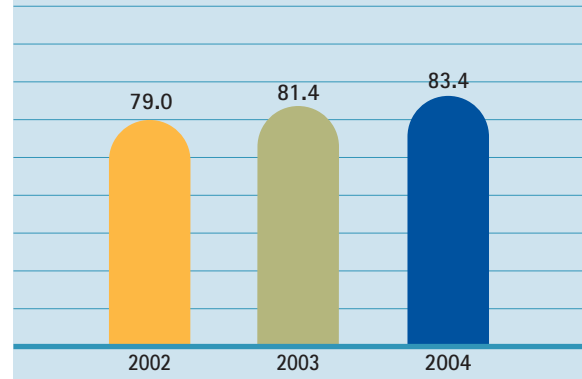
Commercial Banking pursued its business within the framework of SFP's, with a staff of 21,102 employees and 3,180 branch offices. Of these, as per the plan established, 288 branches, including all the major ones, now feature structures that have been adapted to the new business model (138 have undergone this transformation in 2004). In

> Number of SFP branches



> Quality of service ⁽¹⁾

(Scale of 0 to 100)

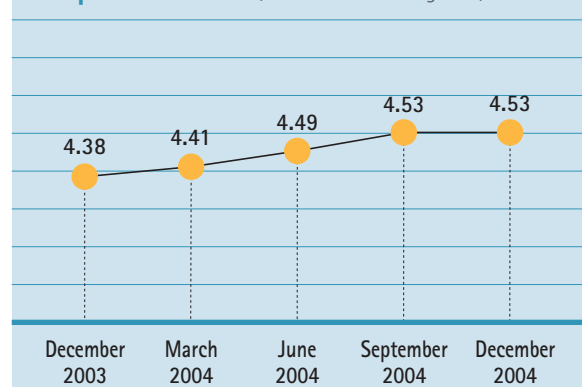


(1) Customers' assessment of the treatment and service received (Quarterly survey on quality of service).

addition, commercial overlaps were eliminated by means of the branch reorganisation scheme, with 50 integrations in the year. Furthermore, guidelines were laid down for implementing major growth plans in two of the more dynamic geographical areas (Madrid Plan and Mediterranean Plan).

Commercial Banking achieved a 20.5% increase in lending, as a result of the favourable reception amongst the customer base of, amongst other products, the *Hipoteca Fácil* (Easy Mortgage) with final quota, which provides the option whereby payment of a maximum of 20% of the total sum of the loan may be deferred until expiry, reducing the amount of the monthly repayments. This boosted the arrangement of new

> Number of product families per customer (Private customer segment)



transactions on purchase loans up to €13,646m in the year, with a year-on-year increase of 39.8%, amounting to a stock of 800,000 mortgages.

In addition, Mortgage Banking, a unit specialising in the financing of real estate projects, recorded growth of 24.5% in its loan portfolio, having financed the development of over 50,000 new homes. Special mention should also be made of the strict quality control of loans, resulting in a 30% drop in nonperforming loans, as opposed to the increase of more than 30% recorded by the sector as a whole.

Including the development business, BBVA arranged market mortgages for a sum of €21,836m, an increase of 38.8% on 2003.

Furthermore, the first quarter witnessed the introduction of the BBVA Families Plan with the *Préstamo Nacimiento* (Birth Loan), at zero-percent interest and exempt of fees, designed for mothers who have had or adopted a child within the past 6 months, with arrangement made of operations amounting to more than €48m.

Regarding the attraction of new customer funds, commercial activities were performed throughout the year which, through the segmented offer of products to the customer base, led both deposits and, especially, mutual and pension funds to record growth of 7.1% and 12.9% respectively (2.6% and 11.6% in 2003). Specifically, it is worth mentioning the relaunch of the provision of mutual and pension funds, the enlargement of the range of term deposits, the two savings campaigns and the promotion of the range of risk insurances.

Regarding mutual funds, Commercial Banking distributed new products designed by the Asset Management unit for the private customer segment, managing to attract a significant amount of customer funds. Highlights amongst these are the ten Renta (Income) Plans (€2.2 billion), the BBVA Maturity 2009 Fund, linked to a long-term deposit (€400m) and six equity guaranteed funds (€1.65 billion), with the following breakdown: Triple Optimum I and II (900), BBVA Ibex 4-100 I and II (300) and BBVA Funds 103-100 Ibex I and

II (450). Concerning pension funds, a sum of over €700m was attracted, the majority through the BBVA *Protección* schemes.

As far as term deposits are concerned, the first half of the year saw the launch of the growing deposits range, and in the last quarter, it was the turn of the Double Deposit, a ground-breaking product that combines a fixed rate of interest with a variable yield that depends on the performance of the stock markets; this new product attracted deposits close to €900m, of which 50% were recorded in the mutual funds managed by the Group. Transaction deposits increased by 8.3%, boosted by the two *Quincenas del ahorro* (savings fortnights), whereby funds amounting to around €2.5 billion were attracted, with the delivery of over one million gifts, recording an increase in current accounts of 6.1%.

Regarding the insurance business, the European Insurance unit increased its offer for private customers, by means of such products as single-premium insurances on mortgage loans, the upgrading of the *Vida 15* product and the widespread application in life and home insurance of the reimbursement of part of the premium as a no-claims bonus.

As regards means of payment, in 2004 BBVA has reinforced its already outstanding position. On the one hand, through the marketing of the *Tarjeta Diez* (Ten Card) which, with over 700,000 units distributed, helped to raise the total number of cards issued to nearly 7 million and increased invoicing in retail outlets by 14% and the corresponding fees by 13%; and, on the other hand, through partnership schemes with other companies, targeting the segment of car owners, such as the Master Solred and Cobranded cards, the latter designed for holders of the *Mutua Automovilística*. Finally, the Mobipay system of payments involving mobile phones, by means of agreements with such sectors as public transport, surpassed 100,000 registered customers, which represents a market share exceeding 50% for the sum total of institutions marketing this service.

Regarding alternative channels to the branch office network, the Prescription unit, set up in 2003 as a complementary model to optimise the sales capacity of Commercial Banking, with 391 managers specialising in consumer, mortgage, business and brokerage markets, reached billing worth €4,505m, a 41% increase on the prior year. A highlight of its growth plan for 2005 is the major commitment to the segment of retailers and businesses.

Elsewhere, BBVA continues to be at the sharp end of the development of new channels, through the creation of tools that reinforce and further the scope for customer relations, contributing to the enhanced efficiency of our services through the migration of transactions. Accordingly, BBVANet, an internet banking service, increased its business by 40.7%, up to 86 million operations, positioning itself for five quarters in a row as the best internet banking service in Spain according to the appraisal of the specialist external body AQ Metrix.

For its part, Telebanking, through the BBVA Line, exceeded 6 million transactions and has strengthened its commercial activity through a centralised telemarketing platform, whereby it recorded a 20% increase in the sale of products. Finally, the year witnessed an increase of 123 new units in the deployment of ATM's, bringing the total to 4,568 units at the close of the same, and their functions were improved and upgraded, with a highlight being the online deposit of money.

> Commercial Financial Services

The last quarter of 2004 saw the implementation of the new BBVA approach to the business and

companies segment, Commercial Financial Services (SFC's), which includes SME's, retailers and the self-employed, in order to further their growing contribution to Retail Banking's business and profits. The keys to this new approach were a customised service of the utmost quality, the provision of a comprehensive

range of products, as well as continuous information and guidance for customers.

To this end, BBVA deploys, on the one hand, a network of 213 branches for SME Banking, which is the unit specialising in SME management, being staffed by close to 1,000 managers, and on the other, 1,629 branches for Commercial Banking and 2,379 specialised managers who, in turn, are backed up by the experts who design and adapt the various products to cater for customer requirements. In addition, central support structures have been set up to enhance the scope for innovation through the provision of items of value added for customers.

2004 recorded a figure of 137,000 new customers won, of whom 15,600 corresponded to the SME Banking unit and 121,400 to Commercial Banking, with a highlight in the latter being the 40% rise in new retailers assigning card billing and the implementation of an external management plan, whereby the business saw an increase of 5,200 customers, of whom 20% were new. In order to continue improving in 2005, the additional impetus of this plan is upheld.

Net total lending throughout the year recorded sustained growth figures that outperform the average for the sector, finally recording at 31-12-04 over €36 billion, a 20% increase on the close for 2003. Highlights are the 25% increase in billing for leasing and of over 30% in renting, factoring and confirming.

BBVA once again led the field in the marketing of ICO lines for SME's, this institution's major lending activity (€3 billion), distributing 23.8% of said amount amongst its clients, that is, €716m, in the form of 12,333 operations. This meant an improvement in the market share of 410 basis points in 2004.

The credit card business saw an enlargement of the catalogue in order to cater for the singular needs of SME's, with customised designs such as the restaurant, prepayment and travel cards, amongst others, and the committed promotion continued of the Iberia Visa Card, both in its Business and Corporate formats, managing to

almost double the number of cards issued, which stood close to 84,000 at year end. Moreover, there was a 26% increase in retail invoicing, with the installation of sales point terminals for over 95,000 customers, with a significant percentage of these terminals complying with the European standard for the use of smart cards with EMV chip, as well as value added features developed by the Means of Payment unit, such as currency exchange or wireless terminals, of special interest to restaurants or home delivery sales.

Special mention should be made of those actions that furthered the joint management between the area of Markets and SME Banking, with distribution, through the network, of treasury services and products for SME's designed to cater for interest and exchange rate risks, as well as for optimising the company's cash-flow management, with over 1,300 operations made in 2004 involving 800 customers.

Highlights regarding customer funds, were, amongst other products distributed within the framework of SFC's, the attraction of €791m through five highly competitive mutual funds, distributed by the SME Banking network and designed by the Asset Management unit to enable SME's to optimise their cash-flow management.

The marketing of insurance products in this customer segment was particularly important. Accordingly, with the distribution of products that safeguard companies' assets (Segurpyme and Segurleasing), their business and the people managing them (Keyman and Keyman Plus), 7,000 client companies covered part of their risks with BBVA, achieving a total output of 41,270 policies and €14.5m in premiums.

> Special Financial Services

Special Financial Services, which pursues its business through Finanzia and Uno-e, has the following as its

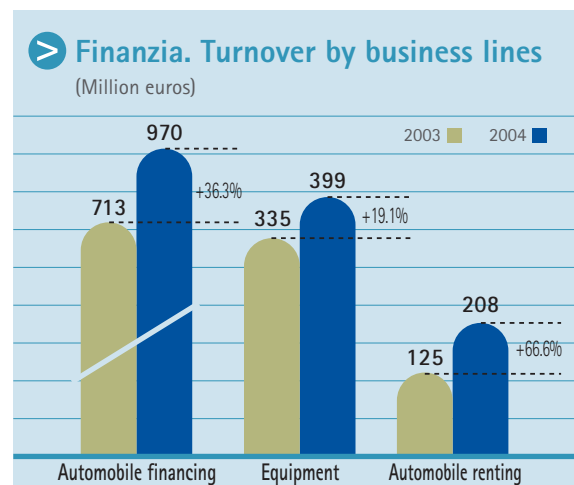
main lines of business: the financing of cars, consumer items and equipment, e-banking, the

management of means of payment and the renting business for cars and equipment. The workforce is made up of 885 employees, the distribution network consists of 37 branches and the customer base numbers 2.4 million.

Total net lending and customer funds managed, at 31-12-04, amounted to €3,123m, and €941m, respectively, and the NPL ratio improved by 81 base points in the business year, up to 1.47%, with a coverage ratio of 162.7%.

Finanzia

In 2004 Finanzia, which carries out its business through partnership agreements with leading distributors, manufacturers and importers, obtained operating profit of €43m and net attributable profit of €20m. Total net lending amounted to €2,593m (a 19.6% increase), with total yearly billings rising to €1,577m which means a 34.4% increase on the 2003 figure. This included significant billing levels and increases in all income statement items, including a 36.3% jump in automobile financing, and a 19.1% rise in the equipment business (with equipment renting rising by 19.6%), an increase in the market share that captured fully 8.6% of total market purchases.



Finanzia also manages the Portuguese firm BBVA Finanziamento. A business repositioning was carried out here, stimulating growth in the most profitable areas. This was highlighted by a year-on-year increase of 36% in auto lending (74% of total lending). The market share in automobiles reached 4%, with a decrease in the nonperforming loans ratio of 425 points to 2.6%.

Uno-e

Uno-e Bank, S.A. had a pre-tax profit of €12.5m in 2004, compared with the previous year's loss of €7.6m. These results included healthy performance in all income statement items, with ordinary revenues of €59m and operating profit of €20m.

Funds managed as of 31-12-04 amounted to €923m, with noteworthy growth in mutual funds (41.4%) due to promotion of the domestic and international funds supermarket, and to the advisory services offered to customers through the new Uno-e Personal unit. In addition, securities deposits rose to €145m, 14.5% more than at the close of 2003. It is worth noting that the return on the funds marketed by Uno-e surpassed market returns in each of their respective categories, with return on recommended fund portfolios rising 11.4% above the Ibex. 2004 also saw the start-up of a new savings product called *Doble Tipo*, which was able to attract €61m.

Loans rose to €529m, representing a yearly growth rate of 13.0%. This area was highlighted by the launching of the pilot phase of *Hipoteca Uno-e* (Uno-e Mortgage), which is expected to undergo substantial development in 2005. An agreement was also reached with the El Corte Inglés retailing firm for the sale of personal loans in their Insurance Centres. Means of payment billing rose to €462m, an increase of 22%. In addition, the launching of the Uno-e mini-card led to a 28% jump in purchases. The year was

also highlighted by the healthy earnings from cross-selling products, with a four-fold increase in personal loan and mortgage sales.

> Asset Management and Private Banking

This unit, which showed a healthy level of activity and earnings in 2004, is the result of a reorganisation of private banking

activity carried out in 2003, part of a general transformation in retail business activities. The goal was to bring product creation closer to the distribution networks, thus obtaining an overall view of the high-income segment of individual customers. Together with departments that focus primarily on designing and managing products, the other parts of Retail Banking, Personal Banking and BBVA Patrimonios, the unit has direct responsibility for managing this customer segment.

Total assets managed by the unit reached €66 billion by the end of 2004 –an annual increase of 14.4%. Attributable profit rose by 22.0% to €116m, thanks to a 12.4% increase in fees and a 1.6% decrease in operating expenses.

The unit showed a high level of innovation in 2004. Working within the framework of the Financial Services Plan, it increased the real estate fund catalogue through the design of different products. Boasting a higher value and tailored to the different demands of distinct customer segments, this catalogue is distributed through area networks and channels. Worth mentioning in this context are the ten Renta Plans funds (with which the customer obtains periodical returns and 100% capital guarantee), the BBVA *Triple Óptimo* and the 100-Ibex line of funds (which maximise investment returns and security) along with special SME funds – the assets for which increased by 54.9%. These figures mean that BBVA captured one out of every four mutual fund euros in the system,

while growing in six of the seven categories. It closed out the year with managed assets of €41.07 billion, representing an annual increase of 12.0% (compared with the 11.0% growth rate shown by the sector). This helped the Group obtain 16 basis market share points in reaching 18.7%. This growth had no effect on the year's average fees, which closed out the year at 1.378%, down 0.4% from 2003. On another hand, the BBVA real estate mutual fund attracted €527m, doubling its assets to €1,142m. By 31-12-04, total BBVA mutual funds in Spain had risen to €42,212m – a 13.3% jump.

The Spanish Pension Fund unit managed €13,501m in assets, a year-on-year increase of 10.6% (14.2% in individual plans and 6.7% in corporate and associated plans) comprising close to 1.9 million participants.

A look at individual pension plans reveals the success of the *BBVA Protección* products. Meanwhile, the €413m corporate plan figure includes a first €63m deposit from the central government employees' pension fund, the largest in Spain in terms of number of participants (530,000), awarded to BBVA in July in a public tender in competition with the country's main financial entities. To get an idea of what management of this fund entails, we need only note that the fund itself implied an increase of 70% in the total number of participants in corporate pension plans throughout the system as of 30-09-04 (736,986 people, according to Inverco data).

All of this has helped BBVA maintain its leadership in the pension fund business in Spain, with a market share of 19.6% (almost 6 percentage points above its closest competitor).

Working through its BBVA Patrimonios and Personal Banking areas, BBVA's private banking business manages total assets of €13.5 billion, 12.6% more than at the end of 2003.

BBVA Patrimonios accounts for €7,363m (up 18.7%) of this figure. Its business strategy is aimed at strengthening the customer value offer,

using a team of specialists directly accessible to those customers. These specialists offer comprehensive guidance and risk identification tailored to each customer's particular needs. Agreements have also been made with different Group networks that have helped attract €664m. Products worth noting include the launching of the Visa Infinite credit card, the marketing of the Real State Deal SII Real Estate investment trust (which helps to optimise estate assets through improved investment diversification), and the SICAV BBVA & Partners European Absolute Return (one of the first alternative management products authorised by the CNMV).

With a staff of 276, Personal Banking provides customised advisory services to over 60,900 medium-high income customers. The area manages total assets of €7,867m (up 7.5% from the 31-12-03 figure) of which €6,155m directly, and the rest through BBVA Patrimonios. This unit has improved its value offer to its customer base by, on the one hand, marketing funds from the main foreign management firms, and on the other, by increasing the number of managed portfolios to 1,979. The latter was achieved by applying decentralisation criteria and by lowering the amount needed for marketing from €300,000 to €60,000.

> BBVA Portugal

2004 was the second year of the 2003-2005 Master Plan which is aimed at refocusing growth strategy towards value-added customers. The year closed with significant growth in business and profits.

The marketing of the *Hipoteca Cuota Final* product, a pioneer in the Portuguese market, boosted the yearly growth figure for mortgage lending to 43%, helping the managed lending figure towards an increase of 21.3% (increasing the market share by 23 basis points).

Funds under management rose by 16.6%, led by a 20% growth rate in mutual funds (and an increased market share of 24 basis points). The market share in guaranteed equity funds rose by 16%, while that of Special Mutual Funds (FEI) rose by 12%. BBVA Gest launched five new mutual funds, highlighted by *BBVA Inmobiliario*, the most profitable of its category. The funds manager also launched new structured deposit products, along with mixed deposits that combine fixed deposits with mutual funds.

An increase of 2.2% in net interest income (in a highly competitive setting), along with a 10.8% rise in fees (thanks to the healthy performance of mutual fund and insurance fees) helped operating profit grow by 21.9%. Thus, in spite of higher provisions for increased activity, attributable profit reached €8m (compared with €6m in 2003).

> European Insurance

The European Insurance unit comprises several entities, with separate

legal identities, that manage the insurance business in Spain and Portugal. Activities include direct insurance (through BBVA Seguros) for life insurance, savings, multi-peril, home and construction insurance, as well as reinsurance and insurance brokering through BBVA Correduría and BBVA Broker.

With the focus on “Insurance Solutions”, European Insurance enlarged its catalogue in

2004 with a complete offer of insurance products for individual customers, SMEs, companies and free-lance professionals. These products were marketed through the various networks, as well as by the Retail Banking Prescription unit. Similarly, certain other products such as group insurance policies were available through other external distribution channels.

BBVA Seguros is a leader in the issuing of premiums in the bancassurance segment, having attained a market share of 19.8% in life insurance after increasing total issuing by 49.6% in 2004. This strong growth rate was centred on policies linked to loans, as well as on the so-called “happy ending insurance policies”, the first products with a 50% refund of premiums paid if the insured maintains the contract for 15 years. BBVA Seguros also holds second place in group insurance policies, with a market share of over 23%, issuing €363m in premiums in 2004. The market share rose to 20% in multiperil home insurance after obtaining an increase in premiums of over 18% at €105m. Altogether, non-life insurance premiums reached €121m.

With regard to the total funds under management, BBVA Seguros’ technical provisions amounted to €9 billion, the second highest figure in the bancassurance sector with a market share of 14%. Pre-tax profit rose 10% to €197m. After discounting the fees paid to the commercial network, the attributable profits for the European Insurance unit reached €93m, a 34.4% increase over the 2003 figure.

> Wholesale and Investment Banking



- > Global Corporate Banking
- > Institutional Banking
- > Global Markets and Distribution
- > Business and Real Estate Projects
- > Global Transaction Services

The Wholesale and Investment Banking area comprises the Global Corporate Banking units, for domestic as well as international activity, Institutional Banking, the Global Markets and Distribution unit along with the trading room businesses throughout Europe and in New York, the distribution of fixed income and equity securities and the security deposit and custody service business. It likewise includes the Business and Real Estate Projects, Management Positions and Global Transactions Services units.

The area aims at offering an overall service to its customers, in the main, large corporates, public- and private-sector institutions, financial entities and institutional investors. Wholesale Banking, which encompasses Global Corporate Banking and Institutional Banking, uses a full-relationship

business model, whereby each customer is assigned a global accounts manager, whose task is to cater for the needs of the customer worldwide, supported by teams of product specialists. Likewise centred on the customer, Global Markets and Distribution uses a franchise business model to obtain recurring income which lends stability to the income statement and strives to maintain a global view of business.

The sound position of the BBVA Group in the Wholesale Banking and Investment Banking business has, in recent financial years, resulted in an increase in the generation of earnings. In 2004, the area's net attributable profit amounted to €515m, 10.1% up on the €468m earned in 2003, when it in turn grew by 22.5%. This meant that ROE reached 23.1% in 2004.

> Income statement (Million euros)

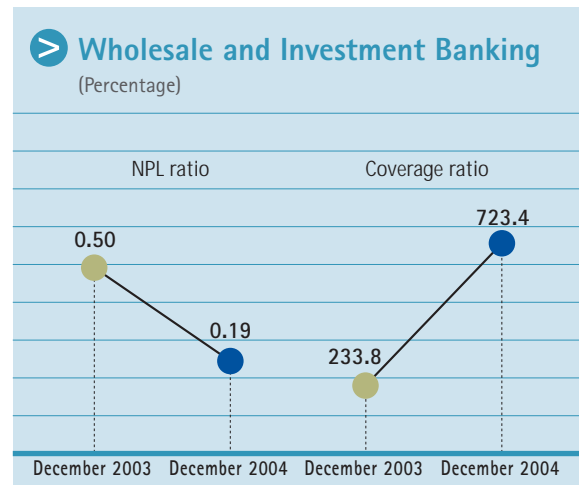
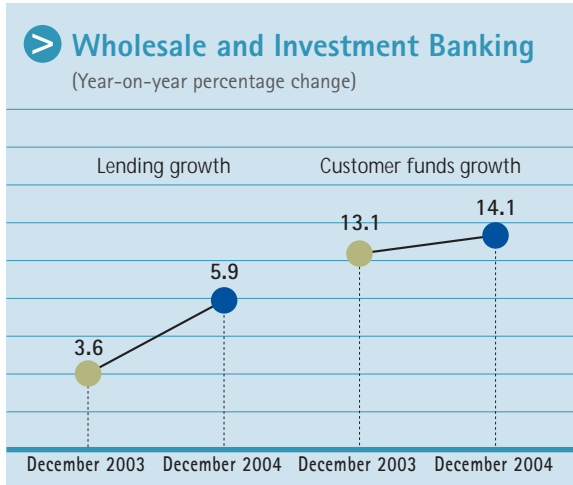
	Wholesale and Investment Banking				Memorandum item:			
	2004	Δ%	2003	2002	Wholesale Banking		Markets	
					2004	Δ%	2004	Δ%
NET INTEREST INCOME	746	10.0	678	718	497	(1.7)	163	29.7
Net fee income	220	24.0	177	209	158	16.3	66	44.1
CORE REVENUES	966	12.9	856	927	655	2.1	229	33.6
Net trading income	51	(58.7)	123	(5)	35	60.7	30	(60.6)
ORDINARY REVENUES	1,017	3.9	979	922	690	4.0	258	4.8
Personnel costs	(203)	(0.9)	(205)	(212)	(114)	(2.8)	(77)	4.1
General expenses	(101)	(3.7)	(105)	(117)	(48)	1.0	(48)	(9.0)
GENERAL ADMINISTRATIVE EXPENSES	(304)	(1.9)	(310)	(329)	(162)	(1.7)	(125)	(1.3)
Depreciation and amortization	(6)	(31.4)	(9)	(12)	(4)	(12.8)	(2)	(53.7)
Other operating income and expenses	(5)	(6.0)	(5)	(1)	(4)	(0.8)	(1)	13.9
OPERATING PROFIT	701	7.2	654	580	519	6.2	130	13.7
Net income from companies accounted for by the equity method	34	(47.7)	65	21	(16)	n.m.	-	-
Amortization of goodwill	(2)	(4.3)	(2)	(5)	-	94.1	-	-
Net income from Group transactions	138	n.m.	32	88	-	n.m.	-	-
Net loan loss provisions	(214)	50.1	(143)	(141)	(191)	5.1	(18)	82.0
Net extraordinary income (loss)	16	(58.1)	37	9	15	35.8	(3)	(87.9)
PRE-TAX PROFIT	672	4.4	644	552	328	(12.8)	110	33.3
Corporate income tax	(121)	(10.1)	(135)	(124)	(102)	(8.6)	(7)	(49.4)
NET PROFIT	551	8.3	509	428	226	(14.6)	103	50.1
Minority interests	(36)	(12.6)	(41)	(46)	(23)	(22.7)	(9)	35.9
NET ATTRIBUTABLE PROFIT	515	10.1	468	382	204	(13.6)	94	51.6

> Balance sheet (Million euros)

	31-12-04				31-12-03				31-12-02			
	31-12-04	Δ%	31-12-03	31-12-02	31-12-04	Δ%	31-12-04	Δ%	31-12-04	Δ%	31-12-04	Δ%
Total net lending	41,672	5.9	39,366	38,002	40,671	9.3	768	(52.4)				
Securities portfolio	28,950	14.1	25,364	27,416	3,280	(3.9)	24,757	19.2				
Liquid assets	46,614	6.3	43,835	34,767	7,516	(16.3)	38,989	12.4				
Inter-area positions	45,892	4.6	43,857	41,502	-	n.m.	45,840	3.1				
Property and equipment and intangible assets	45	(1.2)	45	22	39	(0.1)	5	(7.8)				
Other assets	7,099	14.9	6,177	7,581	391	0.1	6,671	16.3				
TOTAL ASSETS / LIABILITIES AND EQUITY	170,271	7.3	158,644	149,290	51,898	5.1	117,029	9.1				
Deposits	51,042	3.7	49,203	43,513	20,881	14.6	30,160	(1.4)				
Debt securities	5,839	11.1	5,255	4,369	5,839	11.1	-	-				
Equity	3,731	8.1	3,451	3,253	2,349	5.7	784	32.7				
• Shareholders' funds	2,155	7.6	2,003	1,940	1,252	5.5	463	31.7				
• Other eligible funds	1,576	8.9	1,447	1,313	1,097	6.0	322	34.2				
Liquid liabilities	75,887	9.4	69,376	59,321	6,716	(20.1)	69,171	13.5				
Inter-area positions	23,817	1.4	23,486	30,850	14,521	4.8	8,825	(0.9)				
Other liabilities	9,955	26.4	7,873	7,984	1,591	12.5	8,088	29.4				
OTHER CUSTOMER FUNDS MANAGED												
• Mutual funds	753	(2.7)	774	680	732	(3.2)	21	15.6				
• Pension funds	3	84.0	2	2	3	84.0	-	-				
• Customer portfolios	4,525	14.7	3,944	1,211	4,525	14.7	-	-				

> Significant ratios (Percentage)

	31-12-04			31-12-03			31-12-02		
	31-12-04	31-12-03	31-12-02	31-12-04	31-12-03	31-12-02	31-12-04	31-12-03	31-12-02
ROE	23.1	23.0	19.5	16.7	20.0				
Efficiency ratio	29.9	31.7	35.6	23.5	48.5				
NPL ratio (Nonperforming assets/Total risks)	0.19	0.50	0.76	0.20	-				
Coverage ratio	723.4	233.8	148.5	674.2	-				

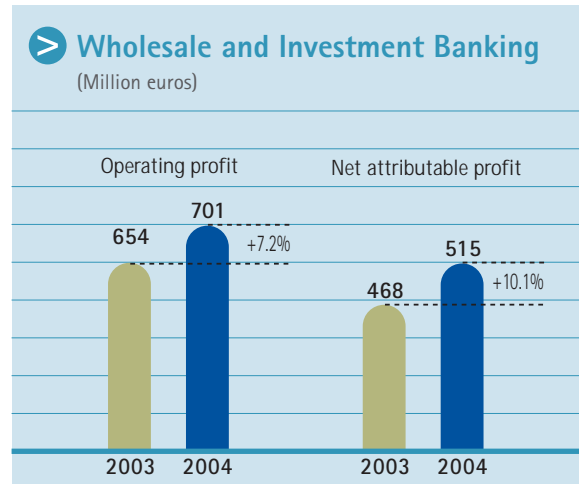
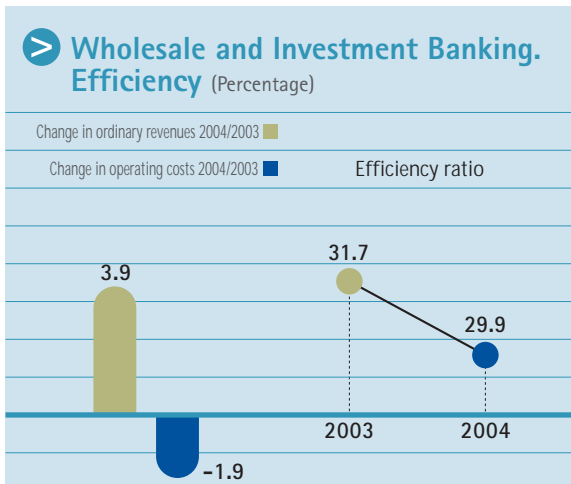


At the close of the financial year, the area was managing €41,672m in loans, with a year-on-year growth of 5.9%, rising to 9.3% if Markets activity is excluded. The drop of 57.6% in nonperforming loans implies significant improvement in risk quality, as the nonperforming loan ratio was 0.19%, as opposed to 0.50% as at 31-12-03, and coverage rose to 723.4%, up from 233.8% the previous year. As for funds (deposits and mutual funds), they recorded a year-on-year growth of 14.1%, leveraged by the more comfortable liquidity position of customers.

The net interest income of Wholesale and Investment Banking rose by 10.0% during the course of the financial year, despite the fact that the earnings from the international business component of Global Corporate Banking were

adversely affected by the weakness of the US dollar against the euro. Service fees increased by 24%, with both Wholesale Banking, backed by the growth in contingent liabilities, and Global Markets, despite the slackening experienced by the capital markets activity (syndications and fixed-income security origination) showing a positive trend as well as an increase in earnings from significant one-off transactions. Core revenues thus rose to €966m, implying a year-on-year growth of 12.9%. Poorer net trading income, particularly in the case of the markets activity, restricted growth in ordinary revenues to 3.9%.

General administrative expenses fell by 1.9%, with reductions in personnel costs as well as in other administration expenses, and in all the area's units. This reduction, together with the



aforementioned behaviour of ordinary revenues, enabled the efficiency ratio to improve by 1.8% to 29.9%, and operating profit increased by 7.2% to €701m.

Gross contribution, accounted for by the equity method, of the business and real estate projects was up 23.9% on 2003, although net revenues dropped as a consequence of the higher dividends collected. Likewise, the rotation of the portfolio resulted in considerable earnings in the course of the year, of particular note being the capital gains on the sale of holdings in Acerinox, Vidrala, Grubarges and Gamesa. Consequently, the “net income from Group transactions” and “net extraordinary income” captions –in which some of these transactions were recorded– together amounted to €153m, more than twice that of 2003.

Net loan loss provisions took up €214m, up 50.1% on 2003 due, mainly, to the general-purpose and statistical provisions made in Global Corporate Banking as there was an increase in the limits contracted and in contingent liabilities, and specific provisions decreased as a result of drop in the nonperforming loans ratio.

Consequently, Wholesale and Investment Banking reported a pre-tax profit of €672m and the already mentioned €515m in net attributable profit.

> Global Corporate Banking

Global Corporate Banking caters for large Spanish corporations and multinationals. 2004 saw the

completion of the implementation of its new organizational structure aimed at improving the capacity to satisfy customer needs with an integral offer of products and services which, likewise, cater for the characteristics peculiar to each local market. All these activities are carried out with a coordinated dialogue with BBVA as the only interlocutor. The quality of BBVA's response both globally and locally is the key to the trust which large corporations have placed in the Group and

enables fruitful and long-lasting relationships to be built.

The unit is present in 15 countries in the four continents in its customer and product units:

- **Global and Investment Banking:** it responds to the needs of BBVA's most global customers and groups together the Capital Markets, Fixed-Income Security Origination and Corporate Finance product units, which serve the different areas of the Group.
- **Corporate Banking Ibérica:** it specializes in Spanish and Portuguese corporations, and has branches in Madrid, Bilbao, Barcelona, Palma de Mallorca, Lisbon and Porto.
- **Corporate Banking Europe and Asia:** it caters for European and Asian markets from its branches in London, Paris, Milan, Frankfurt, Tokyo, Hong Kong and Beijing.
- **Corporate Banking America:** from its New York branch, it manages the wholesale business of the United States and that of Group's banks in Latin America.

According to a study carried out during the last quarter of 2004 by a consulting firm of renowned prestige, BBVA serves 74% of the large corporations in the Latin American markets in which it is present, and is leader (the first or second ranking bank) in 43% of the same, making it the Group with the most significant market penetration. It is important to remember that, according to a similar study drawn up in Spain in 2003, BBVA served 97% of the large corporations in the country and was leader, in the sense mentioned above, of 80% of the same. These data imply BBVA's clear position of leadership in all the markets in which it is present.

Global Corporate Banking managed loans in excess of €21.6 billion and customer funds of €10 billion. In 2004, operating profit rose by 2.9%, backed by fee income (+15.6%) and the control of general administrative expenses (+1.9%), bringing the efficiency ratio to 25.1%. However, and as a consequence of the significant increase in lending, the said greater provisions to the general-purpose

and statistical funds meant that attributable profit, amounted to €100m.

The Capital Markets unit encompasses the syndicated loan and structured financing transaction activities. In 2004, the market for syndicated loans recorded high liquidity which meant that a considerable number of companies chose to avail of the situation to reschedule future maturity dates.

In this environment, BBVA maintained its position as leader in the syndicated loan market in Spain (Dealogic), with a considerable advantage over its main rivals, both with regard to the number of transactions performed and volume insured. The most significant transactions led in Spain were those carried out by Telefónica, Iberdrola, Enagas, Red Eléctrica de España and Ferrovial. At the same time, BBVA saw an increase

in its activity in international markets, particularly in France, Italy, the United Kingdom and Germany.

As far as structured financing is concerned, BBVA continued to play a key role in the Spanish market, securing first place in the world ranking drawn up by Dealogic and leading in the most significant financing transactions: Ocaña-La Roda Motorway, extension of the Port of Malaga (first project-finance for a harbour terminal under construction), the Biovent wind farm, restructuring of the EHN debt and rescheduling of Auna. Similarly, BBVA was the leading Spanish bank in the oil and gas sector as it led transactions such as the financing to the sum of \$8 billion, of the Qatargas II natural gas liquefaction plant the largest liquefaction plant built to date, and its associated regasification plant in the United Kingdom (South Hook).

> Syndicated loans and fixed-income securities. The most significant transactions in 2004

Spain December 2004 EUR 2,000,000,000  Syndicated loan Mandated Lead Arranger	Spain July 2004 EUR 3,000,000,000  Syndicated loan Mandated Lead Arranger	France April 2004 EUR 16,000,000,000  Syndicated loan Mandated Lead Arranger	France June 2004 EUR 10,000,000,000  Syndicated loan Mandated Lead Arranger	Italy July 2004 EUR 1,200,000,000  Syndicated loan Mandated Lead Arranger
Holland October 2004 EUR 2,750,000,000  Syndicated loan Mandated Lead Arranger	Brazil March 2004 USD 260,000,000  Syndicated loan Financial Advisor & Arranger	Mexico October 2004 MXP 2,300,000,000  Syndicated loan Mandated Lead Arranger	Mexico December 2003 USD 2,330,000,000  Syndicated loan Mandated Arranger	Mexico July 2004 USD 2,450,000,000  Syndicated loan Mandated Arranger
Peru July 2004 USD 135,000,000  Syndicated loan Mandated Lead Arranger	Chile December 2004 USD 600,000,000  Syndicated loan Mandated Arranger	Spain June 2004 EUR 5,000,000,000  Bonds Joint Bookrunner	Spain March, June & Nov. 2004 EUR 3,000 + 3,000 million Mortgage Covered Bonds   EUR 1,000,000,000 Public Covered Bonds (Cédulas) Joint Bookrunner	Spain October 2004 EUR 1,000,000,000  Bonds Joint Bookrunner
Spain October 2004 EUR 1,200,000,000  Bonds Joint Bookrunner	Belgium November 2004 EUR 800,000,000  Bonds Bookrunner	Spain July 2004 EUR 200,000,000  Preferred securities Joint Lead	Italy October 2004 EUR 1,000,000,000  Bonds Join Bookrunner	Spain October & Nov. 2004 EUR 1,000,000,000  EUR 1,000,000,000  Securitisations Joint Bookrunner 

> Structured financing and Corporate Finance. The most significant transactions in 2004

Spain May 2004 EUR 50,000,000  Acquisition financing Mandated Lead Arranger	USA October 2004 USD 4,400,000,000  Acquisition financing Arranger	France September 2004 EUR 410,000,000  Acquisition financing Joint Lead Arranger	United Kingdom July 2004 USD. 1,083,000,000  Acquisition financing Lead Arranger	Spain June 2004 EUR 4,500,000,000  Long Term Facilities Mandated Lead Arranger
Spain December 2004 EUR 522,000,000 Ocaña-La Roda  Project Finance Mandated Lead Arranger	Spain January 2004 EUR 361,000,000 Biovent  Project Finance Mandated Lead Arranger	Qatar December 2004 USD 8,000,000,000 Qatargas II  Project Finance Mandated Lead Arranger	United Kingdom December 2004 GBP 651,000,000 South Hook  Project Finance Mandated Lead Arranger	Spain October 2004 EUR 21,000,000 Financial advisor for the sale of  to SERESA
Spain September 2004  Independent expert in acquisition of the brand 	Spain September 2004 EUR 265,000,000 Financial advisor for the acquisition of 43.03% of  to  Minority shareholders	Spain June 2004 EUR 173,000,000  Financial advisor in the sale of the real estate complex and construction of new head offices. Contract awarded to: 	Chile March 2004 USD 297,800,000  Advisor on tendering for Justice Centre in Santiago	Ecuador January 2004 USD 90,000,000  Financial advisor to the Government of Ecuador in the awarding of the operating licence for Guayaquil Airport

BBVA was also engaged in a broad range of activities in the capital markets in Latin America, attaining first place in the Project Finance ranking (Dealogic) and second place in the ranking for syndicated loans (Loan Pricing Corporation). It was a year of intense activity for the syndicated loans and structured financing markets (particularly in Chile and Mexico) and BBVA was involved in the most significant transactions. Of particular note was its participation as mandated lead arranger in the syndicated loans to Pemex, Telmex and Codelco and the financing of the Sistema Carretero del Oriente of the State of Mexico.

As regards Fixed-Income Security Origination, BBVA acted as joint book runner for 19 public sector transactions, involving corporate customers (among whom the Repsol International Finance S.A. bond issue of €1 billion for 10 years), public sector bodies and financial issuers. This BBVA unit was likewise involved in Eroski's subordinated financial contributions issues, in which BBVA was the sole book runner, BBVA mortgage backed securities, BCL public covered bonds, as well as the Euro Note programmes, in which BBVA insured

and disintermediated in excess of €1.5 billion. Furthermore, in conjunction with the Capitals Markets unit, the "BBVA Autos 1" and "BBVA-3 FTPYME" were securitized.

Corporate Finance is in charge of global business advisory services and mergers and acquisitions and caters for large and medium-sized enterprises, institutions, mutual funds and privatisation agencies. Activity in this line of business in 2004 was marked by a still sluggish market but one in which signs of recovery were beginning to show, especially in Latin America. Against this backdrop, BBVA acted as financial advisor in some of the major transactions in Spain and in certain significant international transactions.

> Institutional Banking

Institutional Banking, the unit that caters for public and private sector institutions, has a network of 41 branches located in Spain, Portugal and Belgium. This unit manages the Group's relations with the Central Government, Autonomous Community Governments, Local

Authorities and their dependent bodies and agencies, as well as with private institutions such as associations, foundations, NGOs and insurance companies. The Group operates in these markets under the BBVA brand name and through Banco de Crédito Local (BCL), an entity specializing in long-term financing.

Total lending managed by the unit rose by 5.6% in 2004, enabling BBVA to maintain its leadership in loans to public authorities in Spain, with a share of 39.1% of the banks and savings banks market, according to the latest available data.

In 2004 the unit improved on all its income-statement headings for 2003. Net interest income grew by 4.2% and net fee income by 21.5%, which together with the greater trading income gave rise to a 7.6% increase in ordinary revenues with respect to the previous year. Given that general administration expenses dropped by 10.6%, the unit's efficiency ratio improved by 4.1% with regard to 2003 reaching 20%, and the operating profit grew by 13.9%. Net attributable profit amounted to €104m, up 24.7% on 2003.

In the course of 2004, Institutional Banking submitted 44 bids for tenders launched by Central Government. The new contracts awarded included the selection by State Lotteries and Bets of BBVA as one of its treasurer banks, the total and exclusive management of the treasury of the Official Gazette of Spain and the designation by the European Commission as its treasurer bank in Spain.

Likewise, throughout the year, the unit entered into collaboration agreements with a variety of associations, such as those signed with the Spanish Association of Foundations, the Business Association of Special Employment Offices, COCEMFE (Spanish Coordinating Confederation of the Physically Handicapped) and with the Spanish Federation of Municipalities and Provinces (FEMP).

Due to the nature of its long-term wholesale financing activities, BCL raises funds through the capital markets. In this sense, in the course of 2004, it issued several series of senior debt to the

total value of €1,750m and, in the month of June, it issued a second series of BCL public covered bonds to the value of €1 billion, the only one of its kind (fixed-income securities guaranteed by loans and credits granted by the issuer to the public sector) in Spain in the course of 2004. This type of issues are currently made on the account of a fixed-income security programme for €6 billion which BCL has registered in the Comisión Nacional del Mercado de Valores (CNMV, Spanish Securities and Investments Board).

BCL has ownership interests in several companies, such as Gobernalia Global Net, Tribugest, Servitecsa and Foro Local S.L., creating a different offer that the Bank makes available to its customers. Gobernalia Global Net has gained widespread recognition for the implementation of new technology solutions based on free software for public authorities and institutions.

Tribugest, Gestión de Tributos, S.A., the company resulting from the merger between Afina, S.A. and Tribugest, S.A., began its business activity in 2004, combining customers and services from both companies. The BBVA Group has a 40% holding in the company, which promises to be the leading company in providing services to the local sectors in areas such as tax management and collection, land registry management, property management, notifications and consultancy.

> Global Markets and Distribution

Global Markets and Distribution continues to aim its strategy at the development of

customer-related activities which affords over 70% of its earnings, as opposed to activity performed for its own account. The success of this policy became apparent in 2004 when financial markets were affected by episodic instability. The year's operating profit rose to €130m, showing a year-on-year growth of 13.7%, due to net fee income (+44.1%) and the drop in general administration expenses (-1.3%), as net trading income decreased as a consequence of the fluctuations experienced by

the long-term interest rate markets, with trends opposite to expected fundamentals. Net attributable profit amounted to €94m, up 51.6% on 2003.

Following the integration of its stock-exchange-member broker-dealer company at the end of 2003, the equity spot business was positive for BBVA in 2004, in both the secondary market, in which it is leader in the Spanish continuous market with a share of 11%, and in the primary market, in which it acted as book runner in BBVA's capital increase, by means of insured accelerated bookbuilding, to finance the public offer on 40.6% of BBVA Bancomer's capital, and in the case of the public bid by Banco Sabadell to finance the purchase of Banco Atlántico. In addition, it was the global coordinator of the bid in Cintra's (Grupo Ferrovial) and Fadesa's initial public offerings.

In the Latin American equity market, BBVA was classified as market-maker in Latibex, with an aim to make its investment in Latin American securities more efficient for the Group's customers.

In derivative trading, despite the fact that the market was characterized in 2004 by downward trends, BBVA's activity grew and was named the second best rated bank in the Spanish market (and the only Spanish bank among the first five) in the trading of these products (Greenwich, 2004). As regards capacity for innovation and the development of new products, worthy of mention is the intense activity associated with the dynamic management transactions on equity securities, with capital guaranteed on maturity and profitability linked to international hedge funds.

The fixed-income securities business also grew and was supported in the main by cross selling transactions, by means of which the customers (companies and institutions) of other units within the Group were offered schemes for a more efficient management of their risks. One of the significant innovative activities in this business was the issue of the first synthetic CDO (collateralised debt obligations) integrally designed and managed by BBVA.

The independent analysis society BBVA Research was set up in September. Its independent

criteria ensure it can offer a more complete service by combining an integral view of the markets (credit, equity, currencies, interest rates, technical/quantitative and fundamental analysis) and the geographical focus (Europe and Latin America).

BBVA is placed among the "Top 5" in the best bank in Latin American currencies category by the ranking published by the FX Week weekly publication. BBVA is, moreover, the only Spanish bank in the Eonia Swap Index, which is calculated on the basis of the quotations of a group of European banks (the European Overnight Index Average (EONIA) market is the most liquid of the derivative markets, with monthly trading volumes of approximately half a billion euro. Likewise, BBVA is included in the DJ iTraxx loan derivatives index, as a market-maker with the capacity to establish the composition of the indexes, just like the other 25 great investment banks making up this consortium.

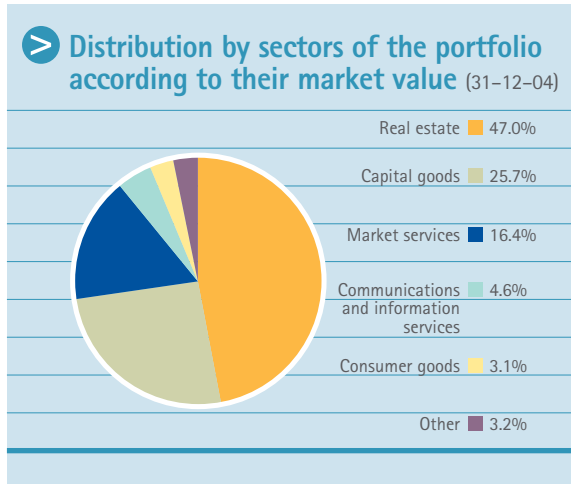
BBVA is likewise the undisputed leader in other financial assets markets such as the Spanish commercial paper market (AIAF) with a share of 29.7%, trading volume for maturity transactions (medium- and long-term) with a share of 21.0% (AIAF) and the Treasury Bills market (SENAF) with a share of 17.9%.

> Business and Real Estate Projects

The aim of the Business and Real Estate Projects unit is to create value in the medium and long term by actively

managing its portfolio of enterprises and real estate business, with an approach based on four key elements: profitability, rotation, liquidity and optimisation of the use of economic capital.

The unit manages a portfolio of 116 investments with a book value as of 31-12-04 of €841m and unrealised gains of €859m (as opposed to the €749m at the end of 2003). Of particular significance among the different sectors involved are the real estate sector, which accounts for 47%, the capital goods sector for 25.7% and the market services sector for 16.4% of its market value.



The unit obtained an operating profit of €98m in 2004, more than twice that of 2003, which was due to the dividends from investees, as well as to trading income and cost control. Adding net income from companies accounted for by the equity method and Group transactions, its net attributable profit rose to €255m, implying a year-on-year growth of 49.4%.

Disinvestments totalling over €550m were made in 2004, generating gross gains of €250m. The most significant of these transactions were the sale of 3% of Gamesa (resulting in gains of €53m), 5% of Acerinox (gains of €35m) 33.3% of Grubarges (€26m) and 17.2% of Vidrala (€19m).

Business Projects launched its new medium-term strategy directed at its transformation into a private equity unit. Investments totalling €1.025m are planned for the coming years, with clear geographical diversification (70% in Spain, 15% in Mexico, 10% in the USA and 4% in the rest of Latin America) and a mixed model of management implying the launch of its own products (funds), leveraging its differential capacities in the market, and of co-managed products relying on its brand name and its investment capacity.

The first step was made in the last quarter with the launch of Palladium Equity Partners III, L.P., the largest private equity fund directed at medium-sized private enterprises in the Hispanic market of the United States, which has strengthened BBVA's strategy following its recent entry to California

and Texas. It will be managed by Palladium Equity Partners and will start business activity with equity of up to \$290m, on condition that the fund will ultimately amount to at least \$500m. BBVA has undertaken to invest 24.9% of the fund, up to a maximum of \$150m, depending on the ultimate size of the same.

The real estate business launched a new brand, Anida, and a strategy plan is currently being applied. The aim is to become one of the three most important companies in the sector in profits, profitability and efficiency in 2007. Anida expects to make an average annual investment of €250m in the next two years, with a ROE of 40%. Its business plan envisages focusing on land development (75%) and housing development (25%), in keeping with its policy of association with different partners through the so-called *Fórmula Partner*.

In the course of 2004, and on the basis of this strategy, Anida invested over €125m on different real estate projects in Madrid, Zaragoza and Malaga, with buildability of over 850,000 m². Likewise, the unit divested itself of projects that were at the mature stage, with total buildability of 400,000 m², giving rise to a turnover of €300m and gross gains of €100m. Anida currently has a property development portfolio of 3 million m² buildable land and almost 4,000 dwellings under management.

The Anida Mexico Project was also launched with the opening of an office in Mexico D.F. and the creation of Anida's Mexican subsidiaries, the research for investment in new property projects and associations with local developers having got underway. The project availed of BBVA Bancomer's strength within the country.

> Global Transaction Services

The Global Transaction Services unit supports the specialised management of corporate and

institutional transaction business both in the wholesale area and in the Group's other areas.

In Spain over 64,000 companies and institutions had used BBVA's electronic banking services by the close of 2004, implying a year-on-year increase of 8% in the number of active users. 179 million charging or payment transactions were made, almost 10% up on 2003. In this context, Global Finance singled BBVA as the best internet bank in Spain with its BBVA net c@sh product for corporations and institutions.

In Latin America, the Group saw an increase of 17.2% in the number of documents transmitted through e-banking by corporations and institutions, rising from 35.4 million in 2003 to 41.5 in 2004. As in Spain, Global Finance considered the Group's banks in Peru and Venezuela as the best on-line banks for corporations and institutions in 2004.

Factoring and confirming activities continued to gain ground as one of the most efficient channels for the financing of the working capital of Spanish companies and institutions. BBVA Factoring grew by 24.4%, as opposed to 21.1% recorded by the rest of the sector, in 2004. This further strengthened its position as leader of the activity in Spain, with a market share of 35.9% (up 96 basis points on 2003), according to data published by the Spanish Association of Factoring.

In the traditional business of foreign trade (international means of payment) in Spain, BBVA intermediated a volume of collections and payments amounting to €91.2 billion in 2004, up 10.2% on 2003. According to the latest Balance of Payments data published, this would imply that BBVA has reached a market share of 18.7%, with an increase of 52 basis points with respect to the same date in the previous year. Despite the negative impact of the application of the EC Directive on transfrontier transfer rates within the European Union, this increase in business resulted in rise of 3.7% in income which totalled €132m.

As regard buyer's credit transactions (the financing of exports of capital goods to emerging countries covered by export credit insurance agencies within the framework of the "OECD Agreement"), BBVA maintained its leading role in

the domestic market and continued to increase its stake in the financing of Italian, Japanese, Scandinavian and Central European exports. The forfaiting business likewise gained a firm foothold in the Spanish market, with a growth of 18.7% with respect to 2003. In this respect, the Global Finance magazine awarded BBVA its prize for "The Best Trade Finance Bank in Spain" for the fourth consecutive year.

As regards our international presence, and as a consequence of the growing efforts to open up and bring Latin American and Asian markets nearer, BBVA secured the top position in the world for the number of trade finance transactions in the course of 2004, according to the ranking published by the Trade Finance Magazine (source: Dealogic league tables). This was a first for Spanish banking. It attained fourth position in terms of volume and in Latin America, the Group secured first place for the number of transactions and second for their value.

➤ Outstanding rankings in 2004

- N° 1 Trade Finance (n° operations)
> World-wide (Dealogic 2004)
- N° 1 Syndicated loans
> Spain (Dealogic 2004)
- N° 2 Syndicated loans
> Latin America (Dealogic 2004)
- N° 1 Project Finance
> Spain (Dealogic 2004)
- N° 1 Project Finance
> Latin America (Dealogic 2004)
- N° 1 Loans to Public Administrations
> Spain (2004)
- N° 1 Electronic market
> Spain (Sociedad de Bolsas 2004)
- N° 1 Commercial paper market
> Spain (AIAF 2004)
- N° 1 Treasury bills held to maturity
> Spain (SENAF 2004)
- N° 1 Factoring & Confirming
> Spain (AEF 2004)

> The Americas



- > Mexico
- > Argentina
- > Chile
- > Colombia
- > Panama
- > Paraguay
- > Peru
- > Puerto Rico
- > Uruguay
- > Venezuela
- > Other countries
- > International Private Banking

The Americas area manages the BBVA Group's banks, pension fund managers and insurance companies in the region, and is also in charge of its international private banking business.

In 2004 the area contributed €1,239m, 44% of the Group's net attributable profit. It handles nearly a third of all customer funds, nearly €106 billion, through 3,300 branches employing over 51,000 staff. However, the best indicator of the scale of the BBVA Group's operations in the Americas is that it is the largest financial group –in terms both of banks and pension fund managed– in all the countries in which it operates

put together; BBVA Bancomer is not only the largest bank in Mexico but the largest anywhere in Spanish-speaking America. The largest concentration of the Group's American investments is in Mexico, which accounts for over two thirds of the profits from banking and insurance in the area, and over half of its earnings from pensions.

The economic conditions under which the area operated in 2004 were much more favourable than in previous years. GDP for the region grew by almost 6%, the highest figure of the last six years. Inflation remains relatively moderate

BBVA's presence in the Americas (31-12-04)

	Banks	Pension fund management companies	Insurance companies
Argentina	●	●	●
Bolivia		●	
Chile	●	●	●
Colombia	●	●	●
Ecuador		●	
United States	●		
Mexico	●	●	●
Panama	●	●	
Paraguay	●		
Peru	●	●	
Puerto Rico	●		●
Dominican Republic		●	
Uruguay	●		
Venezuela	●		●

whereas trends in interest rates have been uneven: some countries experiencing a rise and others a fall, to record lows in some cases. In Mexico, for example, increased interest rates helped generate net interest income, whereas in Venezuela and Chile the price effect was clearly negative.

Latin American currencies have fallen less against the dollar than in previous years, and in some cases have actually rallied, although a drop in the dollar's value against the euro impacted on the area's contribution to consolidated profits.

Against this backdrop, the banks business has focused its attention on restoring growth in lending, where after years of restrictions, the conditions are now clearly more favourable. Other key features have not been ignored, however, with adaptation to new risk management practices, technological advances and cost control.

The area's strategy was also reflected in one-off transactions, which sought to complement strong growth potential of existing businesses with non-organic growth, as part of a clearly established approach. Important examples in Mexico were the buying-out of minority holdings

in Bancomer and the purchase of Hipotecaria Nacional in Mexico, to improve the Group's positioning within the promising mortgages segment, while in the US the acquisition of Laredo National Bancshares in Texas and Valley Bank in California, integrated into the area's new US unit—are intended to harness the Group's complete advantages in specific customer segments of great potential.

The most important developments in the pensions and insurance business involved integrating management of the assurance and insurance business (the assurance policies of the pension fund managers are administered through the Group's insurance companies), reinforcing technical support for all companies (pension fund managers and insurance) and boosting the commercial dynamic between banks and insurance. In El Salvador, the group disposed of its pension fund manager and insurance company.

Finally, the International Private Banking unit, which offers advice on investments and asset management for high-income international customers, completed the process, begun in late 2002, of improving its management model. All of its customers have now been segmented, its offices in Latin America have been closed down and its private banking business in the Cayman Islands has ceased. The unit's activities are now limited to its centres in Andorra, Zurich and Miami. It



(1) Latest available data.

maintains a high level of internal control, capable of meeting the strictest international regulations.

The Americas area's results for the year were particularly satisfactory. Net attributable profit climbed 70.8% to €1,239m, but even taking net profit –prior to the impact of the purchase of minority holdings in Bancomer– at a constant exchange rate, in order to offset currency depreciation, the area saw growth of 40.3%.

The best results were posted by the banks and insurance company business; International Private Banking saw clear gains over previous years and the pension fund managers, operating in more difficult circumstances, made clear advances in returns.

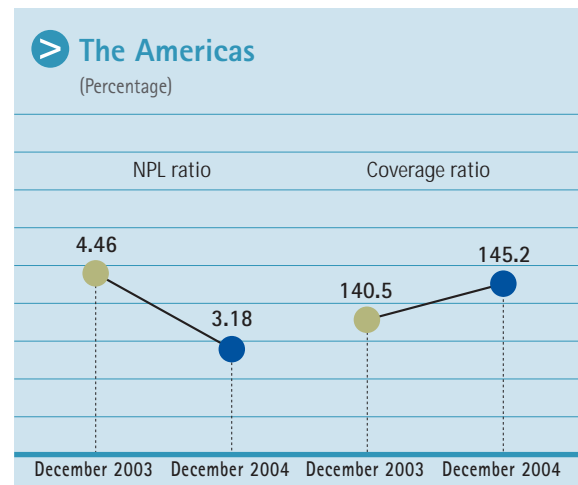
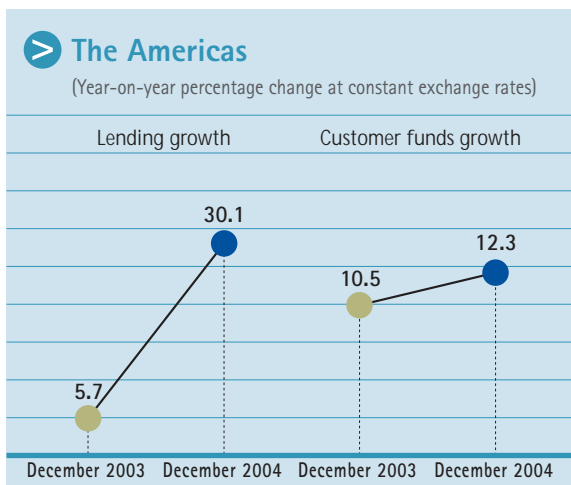
One important factor to be taken into account in analysing the area's results and activities is the impact of the depreciation of local currencies against the euro. To factor this in, the enclosed financial statements include columns showing year-on-year variations at fixed exchange rates. All discussions below are based on these figures, which are seen as being more pertinent for the purpose of analysing management performance.

Net interest income came to €3,065m, with a year-on-year growth of 22.8%. This was the result of a volume effect, which was positive for the market in general, and mixed but generally favourable price effects. Total lending managed by the Group's banks in the region (not including

Bancomer's old mortgage portfolio or nonperforming assets) saw a consistent rise each month in year-on-year growth rates, with an overall rise of 30.1% at close of year, particularly in the credit card, consumer finance and mortgage lines. Customer funds (traditional fund gathering, repos and mutual funds), saw year-on-year growth of 12.3%. Among the most important contributions to earnings were the sight and savings accounts where the final balance rose by 10.3% and average balances by 12.7%. The result has been a gain in market share in most countries.

Fee income came to €1,694m, an increase of 9.5%. Net trading income fell 25.3% to €168m, due to the negative effect of rises in interest rates, especially in Mexico. However this is more than made up for by favourable trends in net interest income. Operating expenses, including depreciation and amortization, rose 6.0%, well below the increase in ordinary revenues and below inflation rates in most countries. The resulting efficiency ratio of 42.1%, was up 3.4 percentage points on the 45.5% recorded in 2003, while the recurrency ratio (fee income as a percentage of general and personnel expenses), stood at 81.6%, 2.9 points up on the previous year.

A good picture of the upper section of the income statement can be gained from the performance of the operating profit, which rose 26.0% to €2.5 billion. This rate is much higher



> Income statement (Million euros)

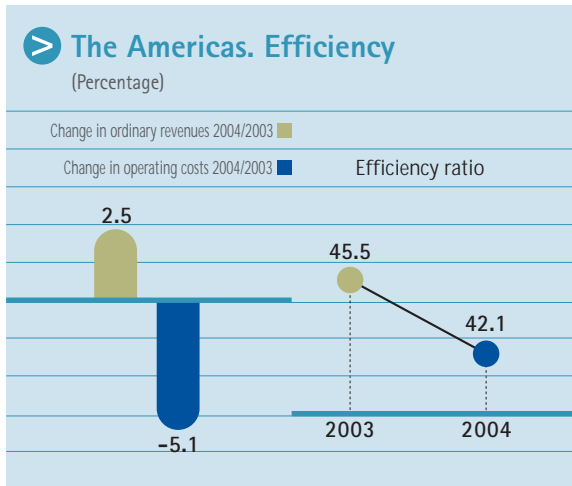
	2004	Δ%	Δ% at constant exchange rates	2003	2002
NET INTEREST INCOME	3,065	8.0	22.8	2,838	3,715
Net fee income	1,694	(1.5)	9.5	1,720	1,991
CORE REVENUES	4,759	4.4	17.7	4,558	5,705
Net trading income	168	(32.5)	(25.3)	249	378
ORDINARY REVENUES	4,927	2.5	15.4	4,807	6,083
Personnel costs	(1,139)	(6.2)	5.3	(1,214)	(1,535)
General expenses	(936)	(3.7)	8.4	(972)	(1,196)
GENERAL ADMINISTRATIVE EXPENSES	(2,075)	(5.1)	6.7	(2,186)	(2,731)
Depreciation and amortization	(210)	(10.0)	(0.6)	(234)	(302)
Other operating income and expenses	(142)	(3.1)	10.8	(147)	(188)
OPERATING PROFIT	2,500	11.6	26.0	2,240	2,863
Net income from companies accounted for by the equity method	83	2.3	15.6	81	12
Amortization of goodwill	-	-	-	-	-
Net income from Group transactions	22	61.7	58.8	14	(3)
Net loan loss provisions	(272)	(36.1)	(27.4)	(426)	(940)
Net extraordinary income (loss)	(306)	(1.9)	11.1	(311)	(345)
PRE-TAX PROFIT	2,027	26.9	42.8	1,598	1,586
Corporate income tax	(568)	33.1	49.8	(427)	(321)
NET PROFIT	1,459	24.6	40.3	1,171	1,264
Minority interests	(220)	(50.6)	(43.9)	(446)	(538)
NET ATTRIBUTABLE PROFIT	1,239	70.8	91.4	725	726

> Balance sheet (Million euros)

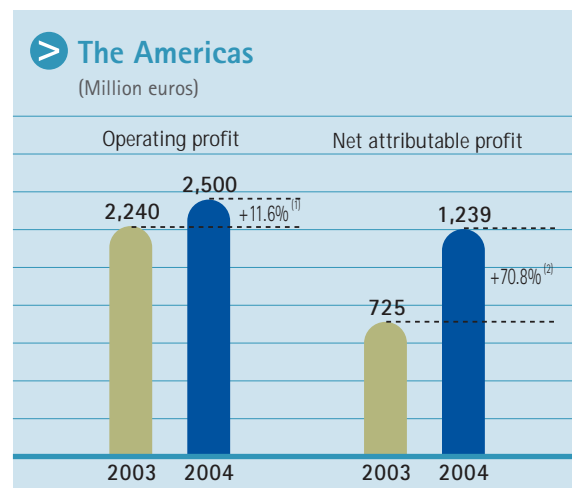
	31-12-04	Δ%	Δ% at constant exchange rates	31-12-03	31-12-02
Total net lending	27,849	8.0	14.1	25,793	29,762
Securities portfolio	24,268	(6.3)	(0.2)	25,902	29,169
Liquid assets	16,328	(7.1)	(0.8)	17,571	18,238
Inter-area positions	445	2.2	5.1	435	667
Property and equipment and intangible assets	1,768	(16.9)	(12.2)	2,128	2,531
Other assets	4,335	(31.2)	(26.7)	6,305	8,084
TOTAL ASSETS / LIABILITIES AND EQUITY	74,992	(4.0)	2.0	78,134	88,452
Deposits	49,110	3.3	9.9	47,540	56,126
Debt securities	1,990	45.6	53.3	1,367	1,647
Equity	4,965	8.2	14.4	4,590	4,880
• Shareholders' funds	4,315	39.4	47.1	3,095	3,337
• Other eligible funds	650	(56.5)	(53.8)	1,495	1,543
Liquid liabilities	12,351	(12.3)	(7.0)	14,086	13,623
Inter-area positions	596	(18.3)	(16.7)	729	790
Other liabilities	5,980	(39.1)	(34.9)	9,823	11,384
OTHER CUSTOMER FUNDS MANAGED					
• Mutual funds	8,299	2.9	7.4	8,066	9,561
• Pension funds	27,756	0.6	3.0	27,591	25,321
• Customer portfolios	18,675	15.5	18.6	16,164	15,128

> Significant ratios (Percentage)

	31-12-04	31-12-03	31-12-02
ROE	27.8	22.2	20.2
Efficiency ratio	42.1	45.5	44.9
NPL ratio (Nonperforming assets/Total risks)	3.18	4.46	5.44
Coverage ratio	145.2	140.5	164.3



(1) At constant exchange rates: +15.4%.
(2) At constant exchange rates: +6.7%.



(1) At constant exchange rates: +26.0%.
(2) At constant exchange rates: +91.4%.

than in recent years and more than compensates for the effect of exchange rates, so that even at current euro rates, it is up 11.6%, contrasting with a fall last year.

The lower end of the income statement also saw a good year, with a fall in provisioning requirements for loan losses and stability in extraordinary. Trends in loan-loss provisions were due to an improvement in asset quality, which was reflected in a fall in the NPL ratio to 3.18%, compared to 4.46% at 31-12-03; a rise in the coverage ratio to 145.2% and in the surpluses and recoveries from restructured debts in previous years.

As a result, pre-tax profit rose 42.8%, net profit by 40.3% and, following acquisition of the minority holdings in Bancomer, net attributable profit rose 91.4% to €1,239m, giving a ROE of 27.8%, compared to 22.2% for 2003.

> Performance by country

There follows a country-by-country assessment of major developments over the

year in the group's different business areas (banks, pension fund managers and insurance companies).

Mexico

BBVA reinforced its strategic commitment in Mexico during the year, successfully launching a take-over bid for 40.6% of BBVA Bancomer's equity not held by the Group in February, to give a resulting stake of 99.7%.

The recovery of the US economy in 2004, particularly in terms of industrial output, benefited business in Mexico, which had the highest rate of growth in GDP in the last three years (around 4%). This upturn in the economy has led to a moderate rise in prices (around 5%). The exchange rate proved volatile and the dollar ended the year trading at 11.15 pesos, with an average rate for the year of 11.29, a fall of 4.3% on 2003. Against the euro the peso fell by 13%. This volatility in the exchange rate, together with the upswing in US interest rates, forced the Bank of Mexico to implement a restrictive monetary policy which led to a rise in interest rates. The THIE, which had fallen below 5% at the beginning of 2004, closed the year at 8.9% (though the average for the year was 7.2%, only slightly higher than the 6.8% figure recorded in 2003). Long term interest rates experienced a sudden

increase in the second quarter, with a negative effect on market results in the banking sector.

Against this positive economic background, Bancomer has been able to further speed up the major advances of recent years, despite growing competition within the sector. Total net lending at 31/12/04 came to €13,539m, a year-on-year increase of 15.8%; however, excluding the old mortgage portfolio and nonperforming assets, the current loan portfolio was up 37.6% on December 2003. This means that Bancomer has retained its position as the Mexican market leader, with a market share of 28.6% amongst the six main financial institutions in the country.

The products that saw greatest growth were consumer loans and credit cards, which together increased by 62.8%, giving these sectors a 2.4 point gain in market share in 2004. One and a half million credit cards were issued during the year, with nearly half a million "Credición Nómina" loans, almost doubling the figure for 2003. Finanzia's new commercial strategy gave BBVA Bancomer a market share of more than 19% in the area of car loans, with more than 39,000 loans granted. This compares favourably with a market share in December 2003 of 12.8%. The Corporate and Institutional Banking area focused on granting loans to SMEs, with a

growth of 46% during the year. In addition to this boost to the loan portfolio of SMEs, the year also saw an upturn in lending for large corporations, bringing the overall commercial portfolio to around €5.9 billion by the end of the year, 28% up on the figure for 2003. 2004 also saw an important upturn for the mortgage portfolio, which had a very busy year, with input from new loans compensating for a fall in the old mortgage portfolio. The total balance of mortgages (not including UDI trusts) came to €865m, an increase of 22.9% on 31-12-03.

With a view to taking a more active part in the country's growing residential loans market, BBVA Bancomer bought Hipotecaria Nacional, one of the leading home financiers, particularly in the "social interest" and medium-level home sectors. The takeover in January 2005, served to complement BBVA Bancomer's offer in the area of mortgage loans with a new segment of customers and fresh opportunities for cross-selling.

Traditional deposits, repos and mutual funds closed the year with a balance of over €32.5 billion, 11.4% higher than the previous year. BBVA Bancomer also ranks first in deposits with a 32.7% market share. In 2004 the bank continued the policy of recent years of improving the mix of its deposits,



prioritising growth in low-cost ones. The balance of sight and savings accounts rose ahead of the rest of the sector, giving the bank a 9-basis-points increase in its market share. Much of this development is due to the success of the various “Savings Fortnights” organised during the year, which helped reinforce BBVA Bancomer's leadership in the field.

As part of a bid to offer well-differentiated products in the area of mutual funds, the bank launched the “Fondo Triple”, a guaranteed-return fund which has proved highly successful. BBVA Bancomer had a market share in mutual funds of 19.3%, 26 basis points higher than at the close of 2003.

In the business of wire transfers from the United States to Mexico, the subsidiary Bancomer Transfer Services (BTS) continued to extend its activities, increasing the volume of transactions by 17%. BTS has further reinforced its presence in the United States with the purchase of Valley Bank, a commercial bank based in California. This move is intended not only to extend this business geographically, but also to attract a segment of the population which traditionally has not had much banking involvement.

Favourable trends in recurrent revenues and moderation in expenses meant that the group's net attributable profit for Mexico came to €841m, a constant-exchange-rate increase of 138.2% on the previous year and a 107.3% rise at the current euro rate. Of this amount, €714m came from bank business, €72m from pension management and €55m from insurance companies.

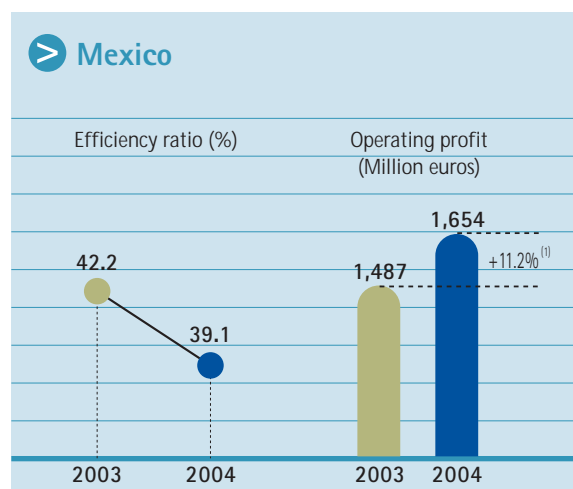
The increase in net interest income, 26.8%, was particularly satisfying: this was due to an acceleration in the pace of growth in the activity, the beneficial impact of rising interest rates, and good price management. Fee income was up 6.2%, with the most dynamic areas

being those associated with traditional bank business.

There was a moderate rise in operating expenses (up 8.1%), influenced by a higher degree of activity and the launch of new commercial drives. Notwithstanding, the greater increase in revenues brought the efficiency ratio up to 39.1%, up 3.1 points on the 42.2% figure for the previous year. The recurrency ratio stood at 84.7%.

Operating profit rose 27.9% to €1,654m, despite the impact of market instability on net trading income. Excluding this item, the most recurrent part of operating profit saw even more positive trends, with a year-on-year increase of 33.4%.

The lower end of the profit and loss account made a less negative contribution than in previous years. This was to a great extent due to an improvement in NPL, which fell to 2.60% from the 3.72% of December 2003 thanks to good risk management and the high coverage level attained (242.5%). Net profit grew 48.2%, while net attributable profit rose 138.2% as a consequence of the Group's increased stake in BBVA Bancomer.



(1) At constant exchange rate: +27.9%.

> Income statement (Million euros)

Memorandum item:	Mexico			Banking in America		
	2004	Δ%	Δ% at constant exchange rates	2004	Δ%	Δ% at constant exchange rates
NET INTEREST INCOME	1,991	10.3	26.8	1,013	4.1	16.8
Net fee income	1,014	(7.6)	6.2	323	12.4	22.9
CORE REVENUES	3,005	3.5	19.0	1,337	6.0	18.2
Net trading income	54	(50.1)	(42.7)	75	(23.8)	(15.9)
ORDINARY REVENUES	3,060	1.6	16.8	1,412	3.8	15.7
Personnel costs	(656)	(7.5)	6.3	(362)	(5.3)	4.9
General expenses	(541)	(4.0)	10.3	(335)	1.6	13.2
GENERAL ADMINISTRATIVE EXPENSES	(1,197)	(6.0)	8.1	(697)	(2.1)	8.7
Depreciation and amortization	(113)	(14.8)	(2.1)	(70)	(13.0)	(7.9)
Other operating income and expenses	(96)	(20.0)	(8.0)	(33)	17.7	30.2
OPERATING PROFIT	1,654	11.2	27.9	612	13.5	28.2
Net income from companies accounted for by the equity method	49	(14.7)	(1.9)	2	74.7	69.8
Amortization of goodwill	-	-	-	-	-	-
Net income from Group transactions	1	(43.0)	(34.5)	7	n.m.	n.m.
Net loan loss provisions	(231)	(42.4)	(33.8)	(38)	68.6	61.3
Net extraordinary income (loss)	(186)	7.3	23.3	(89)	(27.2)	(18.0)
PRE-TAX PROFIT	1,286	32.6	52.4	493	24.8	42.6
Corporate income tax	(407)	41.2	62.3	(120)	9.9	19.8
NET PROFIT	879	28.9	48.2	373	30.6	51.9
Minority interests	(38)	(86.4)	(84.3)	(120)	11.4	32.5
NET ATTRIBUTABLE PROFIT	841	107.3	138.2	253	42.2	63.2

> Balance sheet (Million euros)

	31-12-04	Δ%	Δ% at constant exchange rates	31-12-04	Δ%	Δ% at constant exchange rates
Total net lending	13,539	8.2	15.8	12,879	9.2	14.7
Securities portfolio	18,832	(7.2)	(0.7)	4,961	0.4	6.1
Liquid assets	9,467	(11.5)	(5.3)	3,911	13.7	29.3
Inter-area positions	109	(2.3)	4.6	22	n.m.	n.m.
Property and equipment and intangible assets	1,067	(14.2)	(8.2)	545	(28.1)	(25.0)
Other assets	2,942	(37.4)	(33.0)	1,166	(6.3)	(0.3)
TOTAL ASSETS / LIABILITIES AND EQUITY	45,957	(7.3)	(0.8)	23,485	5.9	12.8
Deposits	29,538	2.0	9.2	15,977	8.5	16.0
Debt securities	532	(31.0)	(26.2)	1,460	144.9	152.7
Equity	2,738	21.2	29.7	1,625	11.7	19.0
• Shareholders' funds	2,732	98.7	112.6	1,278	12.9	19.4
• Other eligible funds	6	(99.3)	(99.3)	346	7.4	17.6
Liquid liabilities	9,253	(10.1)	(3.8)	2,572	(15.5)	(11.9)
Inter-area positions	104	(27.9)	(22.9)	21	n.m.	n.m.
Other liabilities	3,793	(49.3)	(44.2)	1,830	(22.1)	(16.0)
OTHER CUSTOMER FUNDS MANAGED						
• Mutual funds	4,973	2.6	9.7	1,006	3.4	5.7
• Pension funds	6,435	7.1	14.6	-	-	-
• Customer portfolios	8,773	50.4	61.0	85	(41.8)	(27.0)

> Significant ratios (Percentage)

	31-12-04	31-12-04
ROE	30.4	19.4
Efficiency ratio	39.1	49.3
NPL ratio (Nonperforming assets/Total risks)	2.60	4.17
Coverage ratio	242.5	77.1

> Banking in America (Million euros)

Bank	Operating profit		Net attributable profit	
	2004	Δ% at constant exchange rates	2004	Δ% at constant exchange rates
BBVA Banco Francés (Argentina)	110	n.m.	29	n.m.
BBVA Chile	81	3.6	28	21.2
BBVA Colombia	53	52.2	32	280.3
BBVA Panamá	27	26.9	19	17.2
BBVA Paraguay	11	12.2	8	10.0
BBVA Banco Continental (Peru)	109	16.6	24	38.7
BBVA Puerto Rico	71	8.1	33	5.3
BBVA Uruguay	(2)	n.m.	(5)	(69.5)
BBVA Banco Provincial (Venezuela)	151	(10.1)	83	18.2
TOTAL	612	28.2	253	63.2

In the area of pension fund management and insurance, the group maintains a presence through Afore BBVA Bancomer in pensions, BBVA Pensiones Bancomer in the annuities business, BBVA Seguros Bancomer in insurance and Preventis-Meximed (recently merged with Vitamédica) in the area of health.

Afore BBVA Bancomer is the country's second-largest pension fund manager by participants and assets managed, with a 19.2% share of funds raised. Unlike the banking sector, this area did not have a particularly year, as a result both of a slow recovery of employment in Mexico and the volatility of the markets, which had a negative impact on the growth of income from pension fund managers. Under these difficult circumstances, Afore Bancomer increased its fee income slightly and enjoyed increases of 13.3% in net profit and 65.6% in net attributable profit, which now comes to €72m.

It was a very good year for BBVA's insurance companies in Mexico, which had a joint net attributable profit of €55m, 23.8% up on 2003. BBVA Seguros Bancomer experienced 15.8% growth in the volume of premiums managed, retaining its privileged position on the Mexican bancassurance market.

Argentina

The Argentinean economy again enjoyed a surprising 8% growth rate in 2004, backed by a strong upturn in investment. Inflation climbed to 6.1% and interest rates remained steady at an average of approximately 3%. The exchange rate oscillated between 2.85 and 3 pesos to the dollar, closing at similar levels to the previous year, and thus down against the euro.

In the financial system, increased liquidity resulting from a large tax surplus translated into increases in deposits. However, because this was mainly in the public sector –which is not allowed to deposit in private banks– the main beneficiaries were the public banks. The most outstanding feature of the year, however, was the recovery in credit: after falling for several years, credit levels rose by 25%, leading to the re-emergence of the intermediation business, which had been absent from the scene since the crash of late 2001.

Against this backdrop, BBVA Banco Francés reintroduced its traditional financial products and services during the year. As a result, as well as transactional activities, which still formed the core of its business in 2002 and 2003, the bank saw growing work in financial brokerage. Banco

Francés capitalised on its solid image on the local market and used a growth in deposits in the system to increase its market share by more than 1 percentage point to 10.7%, consolidating its position as the leading private bank in the country in terms of deposits.

Loans to the private sector rose 19.3% (centring on private loans and credit cards and, through financial trusts, export financing and new short-term credit lines for companies). Together with a range of actions geared towards reducing public sector exposure, this has led to an improvement in the asset mix.

The net result of these developments was a substantial improvement in the operating profit, based on the recomposition of net interest income, which benefited from low financing costs, a rise in the yield on index-linked assets and increased lending activity. The provision of transactional services, including means of payment and sale of insurance, led to a growth in fee income of 29.3%. Combined with effective cost control, the result was an improvement in the efficiency ratio to 47.7%.

Furthermore, the policy of renegotiating overdue bills led to a net recovery in provisions for the year. Together with an improvement in the operating profit, this offset the heavy burden involved in amortizing the fund paid out to cover judicial rulings against the bank (arising out of the difference between the legal exchange rate at that time and the 1.40-pesos-per-dollar used in converting deposits).

Finally, Banco Francés designed a standardisation plan to adapt to new legislation on capital introduced in January 2004, because although the bank met all the new requirements at a consolidated level, discrepancies still remained at an individual level. Among other measures, the plan included sale of the bank's subsidiary Banco Francés Cayman Ltd. to the BBVA Group and an increase in equity capital of 103,232,874 shares, through capitalisation of loans awarded by BBVA and payments in cash. Together, these measures

enabled the bank to finish the year with net assets of over 1.6 billion pesos, more than one billion pesos above the required minimum.

The BBVA-owned Consolidar Group is the largest group operating in the pensions and insurance business in Argentina. The year proved to be a complicated one for the sector as a whole, as a result of the process of restructuring default debt. BBVA has taken an active part in negotiations with the Argentinean government, spearheading proposals from the sector and seeking at all times to safeguard the interests of its participants.

The Consolidar Group is made up of: AFJP BBVA Consolidar, the second largest pension fund (in terms of both participants and assets managed), with a 17.3% share of funds raised; Consolidar Vida, a life assurance company which administers the pension policy, and which has seen a 56% growth in the volume of its premiums; the general insurance company BBVA Seguros; Consolidar Retiro, which provides coverage for the administering lifetime annuities; Consolidar ART for labour risks; the health insurance company BBVA Consolidar Salud and the clinics Santa Isabel and Bazterrica (the latter was acquired in 2004). Economic recovery in Argentina favoured business and revenues of all companies, and this was reflected in a general improvement in profits, with a joint net attributable profit of €17m for the year.

Chile

Chile's economy in 2004 was marked by an acceleration in business activity, with a growth in GDP of around 5.6%, backed by a dynamic export sector and recovery in internal demand. At the same time, a combination of an increased prices of raw materials and a rise in the value of the Chilean peso helped keep forecast inflation under control. Despite this, the interest rate rose 0.5 points following increases in US lending rates, to close the year at 2.25%.

The financial system saw considerable acceleration in the growth of loans from 5.7% in

2003 to around 13% in 2004, against a backdrop of record low interest rates. The year was also marked by strong competition resulting from aggressive commercial policies on the part of the large banks, following consolidation of their merger processes, and also as a result of niche strategies by new agents entering the market.

Against this background, BBVA Chile has met the targets established in its strategy plan, making use of solid competitive advantages to advance its position as an innovative and challenging bank with a good-value differentiated offer for its customers, and intensifying its drive to gain a further market share and consolidate its position as one of the key players in the Chilean banking system.

As a result, it closed the year with a growth in investment of 16.9% and a market share of 7.7%, i.e. gain of 0.6 percentage points. The consumer banking sector saw a rise of 16.9%, with mortgage loans and new products such as the Mini Visa performing particularly well. In the area of corporate banking, currently engaged in a process of repositioning, total net lending was up 5.1%, whereas in overall wholesale banking it rose 22.4%. Once again, BBVA was one of the banking system's reference points in this sector, taking advantage of the dimension and experience offered by its membership of the BBVA Group.

Products such as the PLUS time deposit have contributed to a year-on-year growth of 27.0% in funds, with the share in deposits rising 0.8 percentage points over the year to 8.6%.

This good performance was accompanied by a rise in profits, with a year-on-year increase in net attributable profit of 21.2%, to €28m. All areas of the income statement continue to perform well. Highlights included fee income (up 19.9%) and the fall in restructuring requirements, reflecting a continued improvement in the quality of the portfolio. The efficiency ratio again improved, to stand at 45.9%.

In Chile, the BBVA Group is also represented through: AFP BBVA Provida, the undisputed leader among Chilean pension fund managers, both in

terms of the number of participants and the assets managed, with a 31.7% share of funds raised; BBVA Seguros, which administers the pension policy, which experienced a 174% rise in the volume of its premiums; and the insurance broker CTS, which saw an 8% increase in the volume of premiums brokered to €23m.

In 2004, Provida made important advances in quantifying the actuarial risk deriving from its business and the establishment of the corresponding provisions, adopting a conservative criterion which went beyond statutory requirements. Despite the high rate of extraordinary provisions this required, Provida obtained a net attributable profit of €15m, in addition to the €3m obtained by the insurance companies.

Colombia

Colombia's growth rate accelerated to 3.8% in 2004, against a background of moderate inflation and relatively stable interest rates, which helped raise international confidence in the country.

In this context, and as the culmination of its "Plan Lider", BBVA Colombia (the bank's new name following a brand change in April) had the best year in its history. Total net lending exceeded €1.3 billion, with a year-on-year increase of 28.1% carried by all sectors (with market share gaining 1 percentage point over the year to 8.0%). In the consumer banking sector some of the most important products were the "Credición", which generated the highest turnover in its history, "easy mortgages" and credit cards (with the launch of the mini-sized cards). As predicted, given the country's economic resurgence, 2004 was also the year of companies, with new products such as the first card for SMEs, the "tarjeta de negocios" (business card), the agricultural credit campaign and the CDT business gift. The Wholesale Banking unit managed to position itself in second place in the structured finance and syndicated loans market.

Customer funds came to close to €1.8 billion, representing a growth of 24.9%. This is based on

low-cost products, particularly savings accounts, where BBVA Colombia saw a gain in market share of 36 basis points over the year.

The overall result of these developments was that BBVA Colombia had a net attributable profit for 2004 of €32m, the highest in its history. The key to this success was net interest income, which saw a year-on-year increase of 22.4% thanks to an acceleration in the growth of its activity and also a moderation in expenses. Consequently, despite a fall in net trading income, the efficiency ratio improved 2.7 points on 2003 and operating profit was up 52.2%.

The Group operates on the Colombian pensions market through AFP BBVA Horizonte Pensiones y Cesantías, the third largest manager of compulsory pensions, with an 18.2% share in funds raised and an 18.2% share of assets managed. Net attributable profit came to €7m, 24.2% more than in the previous year.

Finally, in the area of insurance, BBVA operated through two companies, BBVA Vida and BBVA Seguros Generales, which saw a rise of nearly 7% in premiums issued and generated net attributable profit of €5m, 52.4% up on 2003.

Panama

The growth rate of the Panamanian economy accelerated to 4%, allowing the banking sector to improve the quality of its credit portfolio and bolster its capital ratios.

BBVA Panama saw year-on-year increases of 14.7% in total net lending and 11.1% in customer funds. Particularly noteworthy was a strong growth in banking business with private individuals (45%), placing the institution among the top positions in the local ranking, thanks to the design of new products targeted at specific groups and the reinforcement of the structure designed for managing this sector.

A growth in activity in the most profitable sectors meant that, in a year marked by low interest rates, net interest income increased by

6.4%. Combined with a moderate rise in expenses, this meant that operating profit rose 26.9% and the efficiency ratio came to 23.3%, one of the lowest in the sector. As a result, BBVA Panama had net attributable profits of €19m, 17.2% up on 2003.

BBVA works the pensions market in Panama through two companies—BBVA Horizonte and Progreso—which manage a total of €263m, with a joint market share of 56.8%.

Paraguay

For the second year running, the economic scenario was marked by a sharp fall in interest rates, from 17% to a record low of 6%, against a backdrop of low inflation, stability of the guarani and a 2.7% increase in GDP.

In 2004, BBVA Paraguay focused its actions on strict management of prices to defend spreads and as a means of offsetting a negative price effect over the year, and on growth in lending, seeking to diversify its customer base for two purposes: to spread risk and optimise returns. By the end of the year the bank was the market leader in lending, with a 17.3% share and a year-on-year growth of 38.1%, and in third place in terms of deposits, with a 15.8% share and an increase of 39.4%.

The net result was a rise in all business revenues, with net attributable profit of €8m for the year, 10.0% higher than in 2003.

Peru

2004 was the third consecutive year of strong growth for the Peruvian economy, with GDP rising by around 4.5%. Inflation was kept under control and the sol rose against the dollar, as a result of which interest rates fell to record lows.

Against this background, Banco Continental enjoyed the greatest growth in the system both in terms of deposits, where it had a market share of 25.9%, up 1.5 percentage point for the year, and total net lending, where its share increased by 2.4

points to 20.8%, thus consolidating its position in both cases as the second largest bank in the country.

The result was net attributable profit of €24m (a year-on-year growth of 38.7%), due to a galvanising of activities, effective price management, a growth in fee income and effective cost control, not to mention the setting-up of the necessary provisions for loan restructuring.

Once again, the magazine *Global Finance* named the Banco Continental “Best Bank”, “Best Consumer Internet Bank” and “Best Corporate/ Institutional Internet Bank” in Peru.

For its part, AFP BBVA Horizonte, the country’s largest pension fund manager by number of participants, with a market share of 25.5%, and third by volume of assets managed, with a 25.9% share of funds raised, had a net attributable profit of €11m.

Puerto Rico

During 2004, Puerto Rico's economy showed clear signs of recovery, with economic growth of around 2.5%.

In a year of intense competition in the Puerto Rican bank sector, BBVA reacted with intense advertising campaigns and the design of new products and services. As a result, it performed exceptionally well for the second year running in commercial activities in the retail banking area. The car financing division (BBVA Auto) had a particularly good year, with over \$400m in new loans, 11% more than in 2003. The balance now stands close to \$1 billion. There was a boost to consumer loans with the introduction of a new financial product, the balloon credit. BBVA was also the first financial institution in Puerto Rico to launch the new mini-card, the BBVA Visa Mini. The number of loans awarded to SMEs in 2004 increased 478%. Finally, in a very active mortgage market, BBVA Puerto Rico increased its portfolio of mortgage loans by \$178m, nearly

40% up on 2003; in just over two years, its mortgage division (BBVA Mortgage) has managed to consolidate its position as a brand with strong market recognition.

With regard to asset/liability management, in September 2004 the bank issued \$150m in floating rate senior notes maturing in 2007 and \$50m in subordinated notes maturing in 2014.

Low interest rates and intense competition in the sector led to only moderate year-on-year growth in the main sources of income. Net interest income, for example, came to €136m, an increase of just 2.8% on 2003. However, thanks to an increase in fee income and cost containment, operating profit was up 8.1%. The existence of some atypical restructuring operations in the second half of the year brought net attributable profit to €33m, an increase of 5.3%.

The group also has an insurance brokerage in Puerto Rico, BBVA Seguros INC, with a volume of premiums brokered of €18m and a year-on-year growth of 17.8%.

Uruguay

Following successful renegotiation of the country's foreign debt in 2003, the macroeconomic variables in 2004 bode well for future development: GDP grew by around 10%, inflation was close to 9%, sovereign risk stood at the lowest level since the financial crisis of 2002 and the peso was revalued against the dollar. The financial system has benefited as a result, with an increase in deposits in private banks, despite a sharp fall in the liability-side interest rates, against a background of improved liquidity and a tentative rallying of lending.

In this context, BBVA Uruguay has gradually recovered its credit business, improving its position in the SME segment; by the end of the year it stood in fifth place in the private banking ranking, with a market share of 10.7%. In terms of customer funds, a strict pricing policy was

implemented which succeeded in reducing the average cost to below 1%, despite which the volume remained practically stable, putting the bank in fifth place with a share of 10.2%.

Despite the fact that the income statement is largely determined by trends in the exchange rate (since all liquid assets are invested in dollars) and inflation (because of the effect of monetary adjustment), both of which were unfavourable during the year, the bank managed to considerably reduce its losses to €5m in 2004, as compared to a €20m loss in 2003.

Venezuela

Following a sharp recession in 2003, with a fall in GDP of 9.2%, the Venezuelan economy rallied well in 2004, with growth of around 12.3%, closely associated with high oil prices. The strong input of foreign currencies resulting from oil exports and strict control of exchange rates have led to a major increase in liquidity, causing a significant fall in interest rates.

BBVA Banco Provincial's management in 2004 was conditioned by the need to adapt its strategic objectives to the economic situation of the country. In the consumer segment, the bank focused its work on increasing its share in the credit card sector and bolstering its leadership in car loans. It also sought to boost its presence in the SME sector. Wholesale banking continued to stand as a clear reference point in the market, where it is the first exchange operator in the country.

As a result, customer funds rose 47.9%, while lending, boosted by a rallying of the economy, grew by 91.4%. Net attributable profit stood at €83m, backed by strong growth in fee income (up 45.2%), greater net trading income, moderation in costs and the positive contribution of restructuring operations.

BBVA Seguros Provincial closed the year with a net attributable profit of €3m, a volume of

premiums issued of €6m and a volume of premiums marketed in bancassurance of €7m, with year-on-year growth of 11.8% and 13.7% respectively.

Other countries

In Bolivia, the group is represented by AFP BBVA Previsión, the largest pension fund manager in terms of assets and participants, with a 52.4% share in funds raised.

In the Dominican Republic, following completion of the merger between AFP BBVA Crecer and AFP Porvenir, the resulting company is now the second largest pension fund manager in the country in terms of both assets and participants, with a 21.5% share in funds raised.

In 2004, BBVA sold its pension fund manager and insurance company in El Salvador, where it had had interests since the pension system was privatised in 1997.

International Private Banking

The International Private Banking unit gives advice on investments and manages the assets of high-income international customers. 2004 saw the conclusion of a process for the implementation and improvement of a management model for the business, and the customer segmentation process begun in 2003 was completed. As a result, the area closed its offices in Latin America and all the unit's activities are being concentrated in the centres in Andorra, Zurich and Miami. This process is taking place against a fairly negative panorama for the private banking business, with reduced dynamism, further hampered by instability in the financial markets and the depreciation of the US dollar against the euro.

As a result, customer funds stood at €1.3 billion at the end of 2004. As for profit, the fees generated over the year grew 3.3% to €145m and net attributable profit for 2004 came to €68m.

> Corporate Activities



- > ALCO
- > Large Industrial Corporations
- > Financial Holdings

This area includes the Group's holdings in large industrial corporations and financial institutions, the activities and earnings of the central support units, such as the Assets and Liabilities Committee (ALCO), and any other items that cannot by their nature be assigned to any of the Group's business areas, such as the amortization of goodwill (except that associated with business and real estate projects, which is included in Wholesale Banking) and country-risk writedowns.

In 2004 this area saw an increase in net trading income to €333m, 41.2% up on the previous year. This trend reflects ALCO's active management of the structural portfolio of

interest rate risk and the exchange rate risk hedging positions, as well as the portfolio of shareholdings built up by the Large Industrial Corporations unit.

Earnings also include the dividends received, largely from shareholdings in industrial companies and financial institutions, which came to a total of €197m for the year. In turn, the caption "net income from companies accounted for by the equity method" includes income from holdings which are not accounted as dividends, which come to €268m, with an interannual increase of 17.6%.

In addition, management of the industrial portfolio brought profits on group transactions

> Income statement (Million euros)

	2004	Δ%	2003	2002
NET INTEREST INCOME	(91)	n.m.	4	185
Net fee income	(181)	63.6	(111)	(41)
CORE REVENUES	(271)	154.4	(107)	144
Net trading income	333	41.2	236	347
ORDINARY REVENUES	61	(52.5)	129	491
Personnel costs	(437)	(3.6)	(453)	(566)
General expenses	(39)	n.m.	37	(23)
GENERAL ADMINISTRATIVE EXPENSES	(476)	14.3	(416)	(589)
Depreciation and amortization	(135)	(12.0)	(153)	(195)
Other operating income and expenses	(4)	(84.0)	(24)	(21)
OPERATING PROFIT	(553)	19.1	(464)	(314)
Net income from companies accounted for by the equity method	268	17.6	228	7
Amortization of goodwill	(579)	(9.1)	(637)	(675)
Net income from Group transactions	404	(20.5)	508	276
Net loan loss provisions	135	n.m.	(216)	(229)
Net extraordinary income (loss)	(449)	n.m.	182	(99)
PRE-TAX PROFIT	(774)	94.0	(399)	(1,033)
Corporate income tax	475	60.2	296	458
NET PROFIT	(299)	191.6	(103)	(575)
Minority interests	(63)	(38.7)	(103)	(81)
NET ATTRIBUTABLE PROFIT	(363)	76.3	(206)	(656)

> Balance sheet (Million euros)

	31-12-04	Δ%	31-12-03	31-12-02
Total net lending	(4,145)	72.9	(2,398)	(1,028)
Securities portfolio	29,700	1.1	29,386	22,284
Liquid assets	(18,328)	14.4	(16,021)	(15,318)
Inter-area positions	19,951	143.2	8,205	8,401
Property and equipment and intangible assets	1,512	(3.6)	1,569	1,817
Other assets	11,369	63.7	6,947	5,676
TOTAL ASSETS / LIABILITIES AND EQUITY	40,059	44.7	27,688	21,833
Deposits	(4,904)	10.2	(4,451)	(685)
Debt securities	29,900	10.1	27,152	18,934
Equity	8,414	5.3	7,991	7,359
• Shareholders' funds	3,074	40.7	2,184	2,564
• Other eligible funds	5,340	(8.0)	5,806	4,796
Liquid liabilities	-	-	-	-
Inter-area positions	-	-	-	-
Other liabilities	6,649	n.m.	(3,004)	(3,776)

of €404m, of which €218m came from gains on sale of the holding in Banco Atlántico.

This area also included administration costs, amortizations and other operating expenses generated by the central corporate units and other expenses that were not assigned to the various units or business areas due to their institutional nature (corporate IT projects, changes in applications resulting from adaptation to new accounting standards, etc.). In 2004, these costs totalled €615m, 3.6% more than in 2003.

Amortization of goodwill associated with the industrial and financial holdings and the Group's investments in its Latin American subsidiaries amounted to €579m, 9.1% less than the previous year, when an extraordinary writeoff of goodwill of €119m was made (Bradesco and Gas Natural). Of the figure for 2004, €243m comes from the amortization of Bancomer's goodwill, whose amortization period was extended from 10 to 20 years, and €193m from the Banca Nazionale de Lavoro, of which €145m are related to the early cancellation of this institution's entire goodwill in the last quarter of the year.

At the same time, contrasting with the improved performance of loan loss provisions in 2004, the figures for 2003 include a provision of €285m for increased risk coverage with Argentina for country-risk purposes, as well as other provisions related to that country (with a simultaneous release of special funds included in extraordinary income).

In this area, a cost of €572m, related to early retirements (€372m net of tax) was entered in 2004 under the extraordinary income/loss caption. In the previous year, these had been charged to reserves in line with an authorisation from the Bank of Spain.

Consequently, the area reported losses of €363m, compared to losses of €206m in 2003.

It should be noted that because all eliminated inter-group transactions arising out of consolidation are posted to this area, certain items on its balance sheet have a negative balance. The balances of the activity of each business (Retail Banking, Wholesale Banking and The Americas) do not include the elimination of inter-group transactions that affect more than one area because these are considered to be an integral part of each business unit's management and activities.

> ALCO

The Assets and Liabilities Committee (ALCO) manages the

structural positions of interest rate and exchange rate, overall liquidity and the Group's own resources. In 2004, the ALCO unit obtained a net attributable profit of €238m, an 8.2% increase on 2003.

By managing the group's exchange rate risk, mainly due to its franchise in Latin America, by close of year the overall hedging of BBVA assets in The Americas stood at 47%, with perfect hedging of 48% in Mexico and 69% in Chile. These hedging levels do not take into account the long dollar positions held locally by some subsidiary banks. This hedging policy has made it possible to reduce the negative effect of exchange rate depreciation on reserves by €170m, at a financial cost of €47m net of taxes. In addition to its positive effect on Group reserves, in 2003 the hedging policy contributed €103m net of taxes to income from financial operations.

ALCO also actively manages interest rate risk. As of December 31, 2003, it held a portfolio of fixed-income assets of €22,987m, intended to offset or reduce the negative effect on the Group's net interest income of a fall in interest rates. This portfolio generated €310m of net interest income and €62m of net trading income.

> Large Industrial Corporations

The Large Industrial Corporations unit manages BBVA's principal industrial holdings in listed

companies in the telecommunications and energy sectors—chiefly Telefónica, Iberdrola and Repsol YPF. It also channels BBVA's investments in equity in these industries. In 2004 it had a net attributable profit of €408m, up 53.7% on the figure of €265m for the previous year.

The unit's objective is to maximize portfolio value using very strict management criteria of profitability, liquidity, rotation and use of economic capital. It is important to stress that management of the industrial portfolio continues to be a supplement to the Group's core banking business. From this standpoint, the industrial portfolio represents a capital reserve to meet new needs of the banking business.

Following these principles, in 2004, €689m of investments and €749m of divestments were made, which generated capital gains of €168m. It should be noted that €304m of these divestments were made in the month of January to partially finance, together with those made in late 2003, the acquisition of Bancomer's minority interests.

During 2004 the shareholdings were actively managed, backed by strategies of monetization and hedging via derivatives, giving profits from financial operations of €104m. Dividends amounted to €145m, to give a trading income of €230m, with interannual growth of 27.5%.

Net income from companies accounted for by the equity method came to €147m, twice that recorded in 2003. This figure was affected by the adjustment of €96m made following publication of final 2002 results of companies such as Telefónica and Terra.

As of December 31, 2004, the market value of the large industrial holdings portfolio amounted to €4,929m, with unrealized capital gains of €1,588m.

> Investment in Large Industrial Corporations (Percentage)

Company	31-12-04	31-12-03
Gas Natural	1.15	3.24
Iberdrola	5.48	5.36
Repsol	5.01	5.61
Sogecable	3.87	3.87
Telefónica	5.16	5.17

> Financial Holdings

At close of year this unit basically owned the shareholdings in Banca Nazionale del

Lavoro and Bradesco, having sold off its holdings in Banco Atlántico in the first quarter of 2004, with gains of €218m (in 2003 €343m were obtained from the divestment in Credit Lyonnais).

In 2004, dividends came to €17m, similar to the figure for the previous year, while net income from companies accounted for by the equity method fell by 82.2%, as a result of the sale of Credit Lyonnais in the first half of 2003 and Banco Atlántico at the beginning of 2004, together with the charge of €37m made in the fourth quarter of 2004 to set BNL's contribution for the year to zero.

This unit devoted €193m during the year to amortization of goodwill (compared to €65m in 2003), of which €145m came from the early settlement of BNL's entire goodwill in the last quarter of the year.



> Other areas and activities

- > Human Resources and Services
- > Intellectual capital
- > Systems and Operations
- > Innovation and Development





> Human Resources and Services

Human Resources

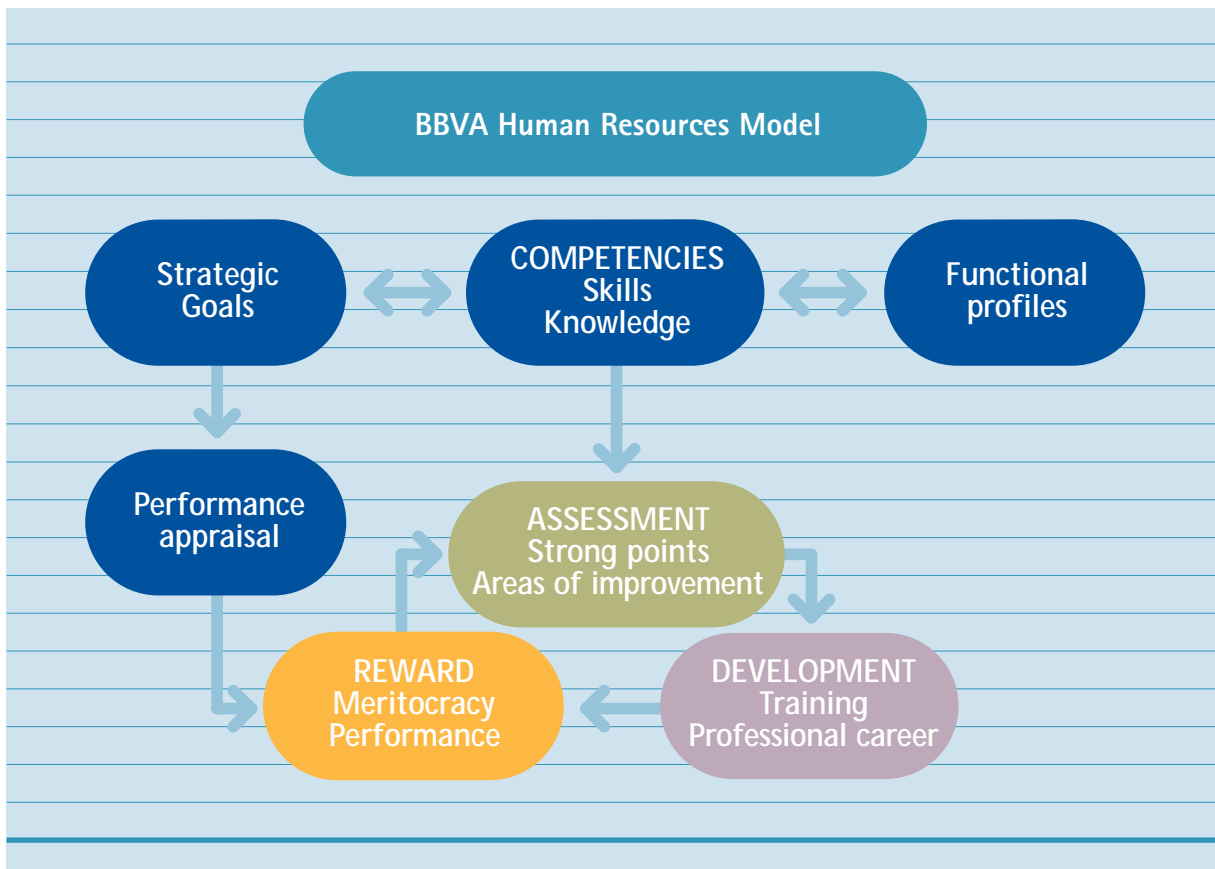
The Human Resources model in BBVA.

Human Resources contributes to providing BBVA with the most adequate team for its strategy and for the cultural vision of the Group: "Working towards a better future for people". To achieve this, BBVA has employed instruments throughout 2004 that have allowed it to recruit, value, develop and reward professionals in the most adequate manner at any moment in time.

Competencies and functional profiles. The Human Resources activity is based on a model for management of the knowledge and skills of the

people working in BBVA. To this end, all the competencies necessary for compliance with the strategy have been identified. Human Resources presents them grouped into functional profiles, that is to say: the set of skills and knowledge required by a position to be performed successfully. The model was expanded and consolidated throughout the entire Group in 2004.

The management team. The design of these profiles was decisive in the identification of the most relevant functions within the new schematic of BBVA's management team that, after being applied for one year, is now fully consolidated. The new qualifications and function appraisal schematic has dismissed the *ad personam* concept and introduced a flexibility factor, that allows the inclusion or elimination of functions in accordance with tactical needs. The management structure, designed on five levels, is based on the level of



execution of the strategy, the resources administered, business autonomy and the complexity of the function.

Recruiting. The competencies defined in the model mark the demands of the recruitment processes that are governed by the suitability of candidates for the skills and technical knowledge required for each position. Respect for diversity and equality of opportunities mark the selection processes, which adapt to a strict action code. The net reduction in staff in 2004 (2,080 headcount) was compatible with the inclusion of 2,502 new professionals, which were integrated in the Group by means of a welcoming plan that combines information – via different channels – with classroom training and practice in jobs.

Assessment of the professionals. Ensuring that the human team has the competencies BBVA needs at any moment requires a complex system of tools intended for assessing the extent to which the professionals adjust to the requirements of the function each one carries out.

The survey on management styles and the empowerment analysis for the management team were added in 2004 to the assessment systems already existing in 2003 (self-assessment of knowledge, basic yearly assessment, interviews on competencies, 180° assessment and assessment centre).

Professional development. The final objective of the Group assessment system is to favour professional development. Therefore, once assessed, people start their individual development plan, which is of a continuous nature.

The Group dedicated over €34m in 2004 to the training of its professionals. The training activity is performed combining the autonomy of each country in their specific programmes with the corporate training of the BBVA Business School. There are also strategic action lines

common to all the countries, such as international certification of the knowledge of the professionals of the Group on key issues in the financial business, through the following certificates: CFA (Chartered Financial Analyst), FRM (Financial Risk Management), CIA (Internal Auditors Certificate), BULATS (Business Language Testing Service) and EFPA (European Financial Planning Association), a qualification in which the Group stood out due to its results in Spain, with 1,956 certificates accumulated (1,505 of these in 2004) that rank it first in the sector.

The customer, the main focus of attention of the corporate culture of the Group, was the axis in a far-reaching training deployment, the “Commercial dynamising of the sales forces” programme, in which around 6,000 professionals participated in Spain alone. In the Americas, this training scheme was launched starting with the training of future trainers.

Within the BBVA Business School, the Management School, in collaboration with prestigious international business schools (IESE, INSEAD, CCL), designed programmes intended for the development of management skills for the management of persons. While clearly customer-oriented these programmes also aim at strengthening the workforce’s strategic vision. So far, 1,092 managers and technicians, from all the countries in which the Group operates, have had the chance to share experience and projects in these programmes, of which 493 did so throughout this year.

Also within the BBVA Business School, the Finance School has taken on fresh emphasis, with over 1,200 people attending specialised and very relevant programmes in 2004, such as those dealing with IAS and the Basel Regulations. On the other hand, the learning of languages, English in particular, was also extensive in the training of the School.

One of the highlights of the training process in BBVA is the collaboration of the most qualified professionals as monitors. Throughout 2004,

around 500 experts devoted part of their time to transmitting their knowledge and spreading the know how of the Group in different programmes.

To ensure that the development of the BBVA professionals is continuous, there are other learning systems, such as some knowledge management initiatives: BBVA communities and best practices. The corporate intranet (*espacio*) for instance, gathers relevant information and allows people to learn and work through more than 300 virtual fora, in some of which best practices are collected to be published in formats for easy consultation. Likewise, many professionals intervene on their own initiative in the daily opinion column of the intranet (*Tribuna*), disseminating knowledge on current issues to all the staff.

Performance appraisal. One of the objectives of the professional development is to achieve excellence in performance. To this end, the Group has shaped an appraisal system that is applied to the entire workforce and is aimed at recognising merit and differentiating exceptional performance. It is a key element of the BBVA management style since individual objectives, set annually, are an expression of the Group's strategy, its degree of achievement being measured through the various types of indicators duly weighted: business indicators that pertain to each area on the one hand, those related to the corporate culture in individual behaviour on another hand and finally, those that measure the internal and external customer service.

Compensation. The aforementioned tools allow a policy of compensation based on the performance and capacity of the people. Its objective is to reward the contribution of tangible results, watching over internal and external equity; such compensation policy is based on the degree of responsibility in the job, on each employee's professional development and on the level of achievement of the objectives

fixed at the beginning of every year. Thus, 53% of the professionals in the Group receive a variable remuneration, and the management team also has different means of differed remuneration.

The people who work in the Group and the corporate culture: The BBVA Experience. The entire Human Resources policy encourages the cultural development of the Group, supporting the transformation of the behaviour of the people who work in it and providing a response to the needs that they express as employees.

In order to sound out the situation of the cultural project, an intense policy of communication has been undertaken, through meetings of the Chairman, the COO and members of the Steering Committee with BBVA professionals. In 2004, in 54 sessions of a different nature (breakfasts and meetings at the Management School), around 900 professionals from throughout the Group were given the chance to listen to first-hand information, share concerns, identify barriers and propose solutions to the challenges put forward by The BBVA Experience. These fora, together with other resources, such as the internal customer survey, the employee satisfaction poll and the external customer survey, are taken as the base for the diagnostic on the development of the Group's cultural project, while they also provide feedback to propose organisational answers.

Furthermore, as an expression of the importance given to open and transparent communication, the Group offers various channels such as the Employee' Portal, within the corporate intranet, with information on human resources model, policies and activities which allows, by means of workflows, all the periodical processes that affect the staff to be carried out. Likewise, the Employee Care Service (SAE) has the task of replying to queries submitted by the professionals.

Further mention should be made of the Management Portal, a virtual meeting place where the members of the management team can consult relevant information and exchange ideas, practices and reflections that make their task easier as boosters of the BBVA cultural style.

Purchases

Standardization of processes and the establishment of an overall purchases and negotiation methodology continued to guide the Purchases unit's initiatives. The objectives of these initiatives are to reduce costs in order to continue improving efficiency, to speed up and give more transparency to processes and to improve the internal customer service. In 2004, the total volume of purchases handled exceeded €2 billion, of which 79% corresponded to expenses and the rest to investments.

During the year, the deployment of the corporate electronic procurement systems was extended to the entire BBVA Group in Spain (with implementation in Finanzia, Uno-e, Dinero Express, BBVA Foundation, BBVA Factoring and BBVA Patrimonios) and the purchases made by The Americas' Systems unit were included in these corporate applications. Likewise, the use of electronic negotiation tools in Spain was intensified and extended to almost all the countries in The

Americas, adding up more than 1,500 electronic negotiations (e-RFQ's and on-line auctions).

In order to get to know the perception of the suppliers and to identify the areas of improvement in their relationship with BBVA, two surveys were carried out on satisfaction, achieving a high response index and an overall satisfaction score of 3.7 out of 5.

Premises and Services

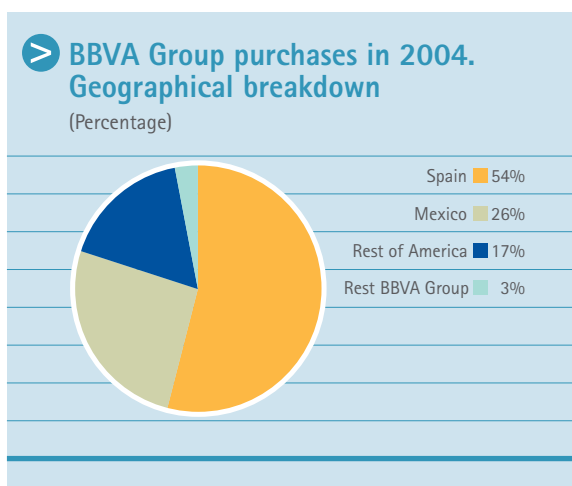
The mission of this unit is to contribute value as the result of integral management of property for the Group's own use and of the related general services, making an improvement in the quality of service to internal customers compatible with cost optimisation. In the year 2004, the unit handled €514m for general expenses in the Group and new investment projects worth €237m.

The plan for the adaptation of branches to Personal Financial Services (SFP) morphology continued in Spain. Furthermore, 64 new branches were completed within the Expansion Plan, of which 17 correspond to the Madrid Plan, the objective of which is to position BBVA in areas of the Madrid Autonomous Community where population is growing.

In Chile, the Shared Branch Plan (45 branches restructured in 2004) generated operating synergies through the integration of the Bank and AFP networks.

The change in brand name of the BBVA Colombia branches, together with the improvement and adaptation of the infrastructures in the commercial networks of BBVA Bancomer, BBVA Banco Francés, BBVA Banco Provincial and BBVA Colombia should also be highlighted.

Lastly, the refurbishment works carried out on singular buildings and offices have allowed the modernisation and improvement of their premises, together with the rationalisation of surface areas that freed around 88,000 m² in the Group.



> Intellectual capital

In BBVA's view, the measurement of intangible aspects is an important form of diagnosis for meeting its strategy and achieving its cultural project, while providing the market with information on relevant aspects which, given their nature, are not included in accounting results.

To this end, a series of indicators divided into three main groups are used: human capital, covering all that is related to the people working in the Group; structural capital, everything

related to processes and corporate culture; and relational capital, concerning the Group's relations with external bodies. Within each section, the indexes chosen are grouped in relation to the commitments undertaken regarding the main stakeholder groups (customers, shareholders, employees, suppliers and society), within the framework of the principles of the Group's corporate culture (The BBVA Experience).

> Human capital indicators

	2004	2003
EMPLOYEES		
Managing diversity as a competitive advantage, ensuring equal opportunities and respect for all individuals		
Employees (no.)	84,117	86,197
• Spain	30,765	31,095
• America	51,370	53,100
• Rest of the world	1,982	2,002
Average age of workforce	38.1	37.8
• Spain	41.6	41.7
• America	35.9	35.5
Men/women ratio (%)	57/43	58/42
• Spain	63/37	64/36
• America	53/47	53/47
University graduates (%)	47	46
• Spain	48	47
• America	46	45



Human capital indicators

	2004	2003
EMPLOYEES		
Average No. years experience of workforce	12.9	13.2
• Spain	18.2	19.6
• America	9.7	9.3
People who work in a country other than their own (expatriates) (no.)	302	224
Women in management team (%)	11.2	11.1
Promoting personal and professional development, reconciling the Group's and individuals' interests		
New recruits	2,502	2,447
• Young graduates	1,906	1,942
- Spain	1,177	1,241
- America	729	701
• Specialists	596	505
- Spain	193	188
- America	403	317
Number of CVs included in the recruiting process	73,305	80,153
People for whose post a functional profile has been defined (%)	97	90
Managers who have undergone 180° assessment (%)	100	100
Managers who have undergone assessment through assessment centre (%)	55	44
Employees who have carried out self-assessment of their knowledge (%)	74.1	70.8
Investment in training (thousand euros)	34,315	34,568
Hours of training given (thousand)	3,744	3,700
• Spain	1,639	1,710
• America	2,105	1,990
Hours of training per employee	45	43
• Spain	55	55
• America	40	37
Managers trained at the Management School (cumulative no.)	1,092	599
Steering Committee members committed to Management School training (%)	100	100
Professionals who have worked as internal monitors in the training of employees (no.)	502	490
Evaluation of employee satisfaction with training (mark out of 5)	4.1	4.2
Recognising merit, measured by achievement of results, customer service and overall vision of the Group		
Individuals promoted (% of total headcount)	13	26
Individuals with variable remuneration (%)	53	53
Variable/total remuneration (%)	12	11

> Structural capital indicators

	2004	2003
EMPLOYEES		
Creating a climate of trust based on an open relationship, team support and transparent communications		
Corporate culture fora on "The BBVA Experience" (number of sessions)	54	39
Participants in "The BBVA Experience" fora (no.)	878	800
Corporate channels for internal communication	15	14
• Virtual medium	7	6
• Paper medium	2	2
• Personal appearances	6	6
Number of annual internal communications in Spain	559	405
Satisfaction poll (labour climate; biennial)	2003	2001
Spain		
• Satisfaction index (%)	60.4	52.4
• Motivation index (%)	70.7	65.9
• Image index (%)	73.7	70.6
• Participation index (%)	47.5	38.6
BBVA Bancomer (Mexico)		
• Satisfaction index (%)	74.4	
• Motivation index (%)	84.3	
• Image index (%)	84.6	
• Participation index (%)	73.2	
Rest of Group		
• Satisfaction index (%)	68.3	
• Motivation index (%)	78.8	
• Image index (%)	78.0	
• Participation index (%)	72.9	
Stimulating the generation of ideas and the capacity to implement them		
Daily Corporate Intranet users (no.)	13,000	13,000
Corporate Intranet pages viewed daily (thousands)	2,576	1,900
Documents stored on the Intranet (thousands)	574	333
People contributing to development and maintenance of Intranet content (no.)	267	265
Intranetised processes (cumulative no.)	175	131
Intranet projects (no.)	264	179
Efficiency plans implemented (no.)	842	1,277
Encouraging teamwork within the framework of personal accountability which favours initiative and decision making by individuals		
Video conference rooms (no.)	252	236
Banks and fund managers which implemented internal customer survey (%)	100	100
Virtual work fora in operation (no.)	347	169
Positions added to the management team (no.)	193	
Positions removed from the management team (no.)	171	
Professionals making up the management team (no.)	1,729	1,707

> Relational capital indicators

	2004	2003
CUSTOMERS		
Winning the trust of customers through the fulfilment of commitments and ethical and transparent conduct		
Customers (millions)	35	35
Commercial network customer satisfaction index (no.) ⁽¹⁾	75.0	74.0
Spontaneous awareness index (1st mention, BBVA brand (%) ⁽¹⁾	14.1	14.2

(1) Source: FRS Ibérica, referring to Spain.

> Relational capital indicators

	2004	2003
Providing a proactive and customised service, knowing how to treat each customer in terms of their needs and potential		
Branches (no.)	6,848	6,924
• Spain	3,375	3,371
• America	3,293	3,353
• Rest of the world	180	200
Staff in management and front-office positions (%)	67	66
Countries where the Group operates (no.)	32	35
New channels		
• Calls handled by telebanking (millions)	79	106
• Customers using on-line services (thousands)	3,449	2,635
• ATMs and other self-service devices (no.)	14,231	10,797
Offering the best advice and the most efficient solutions with a service that goes beyond the purely financial business		
Public access websites with Group content (no.)	43	19
Network of Group's correspondent banks abroad (no.)	4,263	4,000

SOCIETY

Encouraging involvement in programmes closely related to social concerns		
BBVA Group foundations (no.)	5	5
Quetzal Route participants (cumulative no.)	8,350	8,000
Resources allocated by the Group and its foundations to social action (million euros)	38.3	35.3
Socially responsible investment funds (% of the total of investment funds managed)	2	2
Contributing to the establishment of stable financial systems in all the markets in which the Group operates		
Countries with economic study departments of the Group (no.)	9	9
Periodical publications issued by the Group's economic study departments (no.)	49	45
Expenditure on publications, sponsorship and collaborations with the Group's economic study departments (Thousand euros)	1,702	1,289
Acting in accordance with strict rules of ethical conduct, determining our way of understanding business		
Audits for verifying compliance with procedures for preventing money laundering (no.)	1,460	458
International awards and acknowledgements received by the Group in the course of the year (no.)	17	46

SUPPLIERS

Maintaining a mutually beneficial relationship within the framework of relations with partners, collaborating in the development of their personal and business projects		
Supplier satisfaction index (mark out of 5)	3.7	3.8

SHAREHOLDERS

Affording in the long-term a profitability rate higher than that of benchmarked competitors		
Shareholders (thousands)	1,081	1,159
Shares (millions)	3,391	3,196
Providing timely, comprehensive and accurate information		
Channels available to shareholders (no.)	12	10
Periodical publications issued annually for shareholders (no.)	21	10
Number of enquiries attended to by the Shareholders' Office (annual)	10,737	11,939

> **Systems and Operations**

The Systems and Operations unit's main task is to respond to the needs of the different

business areas. This involves providing the Group with technological infrastructure, the computer systems and operational support necessary for it to develop its activity. Projects are undertaken in the different areas to ensure customers' needs are attended to and to improve the Group's standards as regards processes and efficiency. The most significant of these projects undertaken in the course of 2004 are the following:

E-banking

The BBVA Group has continued to develop new internet banking solutions of great utility for customers, such as virtual correspondence, product personalization, the filing of tax return forms, warnings via SMS or "Your BBVA branch" service offered by Internet banking for companies and institutions.

The Cash Project is currently being developed to extend the Internet e-banking corporate product aimed at companies, corporations and institutions to all the Group's banks. It has started to be applied in Latin America, where it offers a wide range of payments and collections, and in Portugal. In Spain, on the other hand, Cash is already consolidated so the next challenge is to turn e-banking into a new

channel for relating to, and getting to know, customers and informing them of the latest value proposals to suit their individual needs.

A consequence of this strategy is that BBVA was named by Global Finance magazine as the best Internet banking service for residential customers and for companies and institutions in Spain (for the third consecutive year). The Group's companies in Chile, Peru and Venezuela were also awarded distinctions.

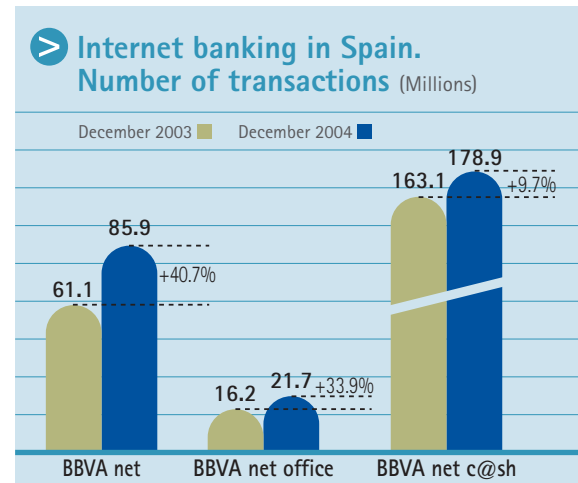
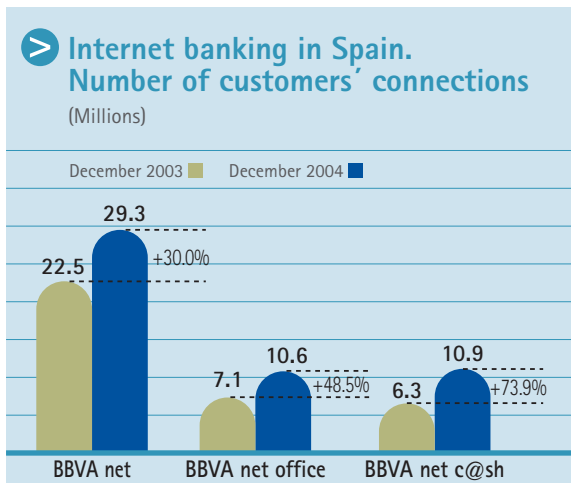
In addition, Aqmetrix (an independent company that analyses on a quarterly basis the Internet service in the Spanish finance services sector) has ranked BBVAnet first for five consecutive quarters, including all of 2004.

Market research SINFO project

It provides management systems with advanced infrastructure by means of a centralised database that can be used by the different business areas to carry out market research and marketing campaigns. Its technological environment was optimised and enhanced in 2004, the system's capabilities were multiplied and further progress was made to extend its use.

Electronic notary for e-mortgage

The pilot stage for the implementation of this system for completing the formalities required for mortgages has commenced. It was developed



in conjunction with the General Council of Notaries (CGN) and BBVA, and will speed up the process for signing the contract and modernize the processes required for completing the formalities for mortgage loans in Spain.

Extension of the new Treasury and Risks platform

The Treasury and Risks corporate platform was set up in 2004 in BBVA Bancomer, BBVA Provincial (Venezuela) and BBVA Colombia. It involved the installation of the front office systems, management, risk and price control. In addition to the advantages offered by the new platform (wider range of products supported and the consequent increase in the capacity to generate business, greater automation and homogenization of the processes for assessing transactions and portfolios), having a common platform in Spain and other treasury areas helps create synergies for operations and systems and fosters a common culture in these areas.

Implementation of the new NACAR multichannel architecture

July saw the completion of the plan for applying the new remote access channel architecture (NACAR) throughout the entire BBVA network in Spain. This technical architecture, which has been deployed in over 34,000 workstations in 4,000 branches and central departments, is a major leap forward towards multichannel and multiplatform systems, as it can be executed on different operating systems supporting all manner of applications (branches, Internet, etc.).

NACAR was likewise implemented in the branch network in Portugal and in AFP Provida in Chile, and its installation is planned for the near future in the Group's banks in The Americas and in the other fund management companies.

Pooling of data processing centres in The Americas

The physical pooling of the data processing centres of all of The Americas' banks and AFPs in

Monterrey (Mexico) will result in greater efficiency in investment transactions, raise the chances of making the best use of the most talented personnel and make the latest technology available at all times. In addition, it facilitates the offer of a wide range of global or regional products, and greater personalisation in service as it responds differently to the needs of the customers of each country.

The data processing centres already integrated, Bancomer itself and those of Puerto Rico, Peru and BBVA Chile, were joined by those of Colombia, Venezuela and Chile's AFP Provida in 2004.

Improved communication networks

An agreement was entered into with Telefónica in Spain for the deployment of broad band in the Group's entire network of branches and head offices. This is expected to be completed by the end of 2005. In The Americas, the communications network between the different countries and Mexico was reinforced in order to maximise the efficiency of the infrastructure for communications with the Regional Corporate Centre (CCR).

New Swift messenger service network and pooling in Mexico

BBVA tailored its Swift messenger service on launching its new Swiftnet infrastructure. This system enhances communications in Spain and abroad. In Latin America, this development took place within the framework of a pooling project in order to centralise in Mexico the instrument and equipment necessary for sending Swift messages from the Group's banks in Mexico, Argentina, Chile, Colombia, Panama, Peru, Puerto Rico and Venezuela.

Group's Logical Security Master Plan

This plan, applied throughout the Group, was launched in 2003 to protect information, its confidentiality, integrity and availability, as well as the transactions carried out using information systems. By the end of its second year, it guaranteed high levels of security and protection,

particularly in the case of transactions performed using any of the channels available to customers: branches, Internet, systems based on mobile telephones and telebanking.

BBVA Intranet

The use of the European model for all the Group's companies is currently being studied with an aim to making Intranet a place that gives expression to BBVA's single culture and in which processes and homogeneous approaches are applied, thus enabling employees to perceive it as a great multinational group.

Quality

The Operating Centre and the Data Processing Centre of Systems and Operations Europe are both certified to ISO 9001:2000 for their quality management system, a fruitful consequence of the organization's commitment to continuous improvement.

Quality of Service Agreements were laid down and applied in the different business units and in the Systems and Operations unit, and internal Delivery of Services Agreements are currently being drawn up in the Systems and Operations unit. These agreements are a confirmation of the internal commitment to quality for each process or service and help attain the ultimate objective which is to be capable of responding to the customer's needs and expectations.

Continuity Plans

BBVA's Corporate Continuity Plan contemplates planning and prevention in the event of possible interruptions in its business activities as a result of exceptional situations. The Plan, which takes in BBVA's three great markets and spheres of action (Europe, global business and The Americas), has begun to be deployed in all these areas.

In the field of the prevention of the continued operation of the Group's vital systems in the event

of improbable, high impact occurrences that could affect the normal operation of some of the data processing centres that BBVA has in Spain and The Americas, the mechanisms for safeguarding information and the recovery and continuity of technical operations have been strengthened with the development of recovery plans to back up branch, treasury and markets and internet activity, etc., within the framework of the Corporate Plan for Systems Recovery.

> Innovation and Development

Innovation as a lever for progress is one of BBVA's corporate culture principles. The

creation of an Innovation and Development department at the beginning of 2004 was aimed at fostering continuous improvement in the Organisation and in customer service as well as updating products and solutions, by means of efficient creativity and concern with the application of the most appropriate technology.

The Innovation and Development projects and actions are channelled through four units: Corporate Quality, Technological Innovation, Business Innovation and New Business Models.

Corporate Quality

The Corporate Quality unit's task consists in turning the corporate principle that sees "the customer as the core of our business" into a competitive advantage. To this end, it designs and co-ordinates global projects whose development varies according to each business unit and depends on the particular reality of the customer segments managed by the said units.

The Customer Project, implemented in former years in countries like Mexico, Spain and Peru to promote improved quality of service, was further consolidated in 2004. Furthermore, quality plans were set in motion in all business and support units. All in all, over 12,000 plans were developed in 2004, with efforts made to improve the quality of service to external as well as internal customers.

The Customer Care Model (MAC) has been in operation since March 2004 in Commercial Banking branches in Spain. This model standardises a high level of quality of service and it is to be applied progressively in all BBVA's outlets. In coming years, innovative formulas will be added in order to convey to the customer a series of feelings inspiring trust and confidence, at the local branch or through any of the channels of relation, such as the Internet or telebanking.

Corporate Quality likewise acts as an observatory for best practices and management methodologies, availing of active benchmarking in all manner of sectors and sanctioning those considered valid for the Group. Thus, for example, 2004 saw the completion of the stage of validation of the Six Sigma process management methodology, based on the experience of finance companies in the United States, and which the Productivity Unit of the Systems and Operations area has successfully implemented under the name of DMAS.

Another example of applied methodology is the INNOVA project, which got underway in 2003 and promises to be the channel through

which all employees can provide the Group with innovations in the shape of specific projects. Over 600 proposals for improvement were put forward in Spain in 2004 using the said method.

The Quality unit likewise designs and develops the circuits and policies used in relation to customer complaints. In this sense, Ministerial Command Order ECO/7344 of March 11 came into force on July 24 2004. It is concerned with reordering the routes used for making complaints in financial entities in Spain and regulates the customer defence system. The BBVA Group has had no difficulty in adapting to the new law, given that its circuit already fulfilled similar requirements. Worthy of mention among the most important changes is the redefinition of the Customer Services Department as an institution through which all formal complaints must be channelled before receiving a negative response and, in addition, the appointment of a person in charge of the department who reports directly to the Board of Directors.

BBVA has long maintained the Customer Ombudsman as an independent institution of renowned prestige. The person in charge –it is currently run by Juan Antonio Ortega



Díaz-Ambrona acts as higher authority in all cases and as primary authority in the case of significant sums. His rulings are totally binding for the Company.

The complaints circuit for all the Group's companies in Spain is provided by a computer application which is pioneer in the industry (GERE). It provides the route which the complaint must follow as well as all the necessary documents.

The trend for complaints in external bodies can be considered highly positive. Thus, those made to the Complaints Service of the Bank of Spain, which had dropped by 24% in 2003, decreased a further 25% in the course of 2004. In addition, according to the 2003 Report on the said Service, the percentage of rulings in favour of the claimant was 10% for BBVA, implying a drop of 43% with respect to the previous year.

In summary, BBVA's objective is to help customers express their dissatisfaction and provide solutions as quickly and as near as possible to them. With this aim in view, the Board of Directors ensures that the necessary resources are available both for the Customer Services Department and the Customer Ombudsman institution.

BBVA has continued with its work in promoting quality externally by attending and participating in the major specialised fora of the business world. Worthy of mention is BBVA's presidency in 2004 of the European Foundation for Quality Management (EFQM) and its role in the management of its transformation under the 2004-2006 strategy plan. Likewise, BBVA was elected a member of the National Council of the Spanish Association for Quality in 2004 and led the foundation of its finance companies committee. It took part in the assessment of the 9th edition of the *Principe Felipe* Awards for Quality and has continued with its partnership with Euskalit (Basque Foundation for the Promotion of Quality) and with the Ibero-American Foundation for Quality (Fundibeq).

Technological Innovation

The aim of this unit is to help make the most of the opportunities afforded by new technologies. Its activity consists in identifying, validating and applying the most appropriate technology for the Group's business areas as well as support areas, using the following work process:

1. Detecting new solutions through the continuous assessment of technology news in specialised media. The BBVA Intranet is a means for spreading daily news bulletins on technology and providing detailed analysis on the most interesting technologies.
2. Contrasting solutions and their contribution in value with the business or support areas, followed by their validation and the creation of models tailored to business needs.
3. Applying the technology selected and validated by developing pilot projects.

The Third Seminar on Technological Innovation was held in 2004 and was attended by the Chairman, the Chief Executive Officer and more than 130 executives from the entire Group. It summed up the most noteworthy advances made in the relation between technology and business. Likewise, new members from Latin America and other business areas joined the Technological Innovation Community, a permanent forum for the analysis and discussion of the outstanding events in the world of technology, such as digital identity, mobile localisation services and web services, among others.

Business Innovation

This unit is responsible for developing priority innovation projects with an aim to internally implementing methodology and tools that help generate new proposals of value in the banking business, in management and in corporate

culture, in order to strengthen BBVA's position and help attain the corporate goals laid down.

Together with this basic function of identifying, proposing and supporting the design of the broad outlines of strategic innovation projects, the unit is also concerned with doing research, analyses and assessments of the different agents in the market, reviewing the best practices of finance companies and others and monitoring the trends in the habits of consumers and of such sectors as are considered strategic. Last of all, it provides permanent support for the different business units with a view to pinpointing possible areas of improvement.

The necessary methodologies for work, analysis and research were developed in 2004 in order to be ready to undertake future measures on a global scale once the pilot trials on the different projects to be launched throughout 2005 have been completed.

New Business Models

This unit aims at exploring fresh opportunities of growth for the Group in three main lines:

1. Customer loyalty: based on the offer of differentiated non-financial services to individuals and SMEs (tourism, health, housing, etc.).
2. Winning over new customers: by means of a global offer (financial as well as non-financial), aimed at new customer segments,

as well as at new geographical markets (through alliances with leading companies in industry other than the finance industry in which BBVA can contribute its sectorial know-how).

An example related to new segments is the plan comprising the offer of global services to the social group formed by immigrants. This was designed in 2004 and is to be launched commercially in 2005. To this end, the Dinero Express brand is to be used. It is the company that currently manages the rapid remittance of money from Spain to most Latin American countries, where there are over 6,000 points of payment. The experience acquired in dealing with the immigrant customer, together with the familiarity with their needs regarding financial products and services, is a solid base from which to extend business relations with this customer segment.

3. Exploiting emergent assets and technology: it opens up new sources of income based on what BBVA already "possesses" (brand, branch network or processing capacity) and on what the new technology (mobility, biometry or geolocalisation) allows.

Market research on the needs of individuals and SMEs and their consumer patterns, market and sector analysis and analysis of the Group's assets have pointed to opportunities which, once prioritised and calendarised, make up the nucleus of the unit's strategy plan for the next two years.



> System of Corporate Governance





BBVA

express

Linia BBVA
Línea BBVA

BBVA net



BANCO BILBAO VIZCAYA ARGENTARIA, S.A. SYSTEM OF CORPORATE GOVERNANCE

BBVA's board of directors recognises the importance of a system of corporate governance for large institutions. This system should underpin the structure and operation of its corporate bodies for the benefit of the company and its stakeholders.

We conceive corporate governance as a dynamic process that must be periodically analysed in the light of how the company has evolved and the results obtained in developing its own standards. It must also take up new regulations and recommendations regarding best market practices as these arise, adapting these to the real situation it faces.

Last year, the BBVA board of directors adopted a set of regulations to bring together the principles and other elements comprising the bank's corporate governance system. They contain the standards that will apply to internal procedures and to the operation of the board and its committees, as well as the rights and duties of directors in carrying out their mission as expressed in the directors' charter. Shareholders and investors may find its full text on the company website (www.bbva.com).

The Annual General Meeting (AGM), 28th February 2004, approved the regulations governing the operation of the AGM and shareholders' rights with respect to General Meetings, establishing the possibility of voting and authorising proxy voting over remote media. This year's AGM will be the first one in which this will be practicable.

The board of directors has also approved a report on Corporate Governance in 2004, according to the guidelines laid down in recent legislation on the transparency of listed companies. The report can be found on the company's website.

The website was created as a way of facilitating information and communication with shareholders. There is a special direct-access area where they can find pertinent information on the Corporate Governance system in BBVA laid out in an orderly, easy-to-understand fashion.

Independent Directors

One of the characteristic elements of the bank's Corporate Governance system is to have a significant majority of independent directors on its governing bodies, especially on the board of directors.

Independent directors must satisfy the most stringent requirements from the various reports and recommendations, as reflected in the directors' charter. Candidates who may have a significant relationship with the group that could compromise their independence are not eligible.

The board of directors shall be composed such that at least two thirds of its members are independent directors, and there must always be a majority of independents on the executive committee, to ensure that all resolutions by the bank's governing bodies have the support of a significant number of independent directors.

The Audit and Compliance and the Appointments and Remuneration committees are composed exclusively of independent directors, complying with the requirements of the board regulations.



Audit and Compliance Committee

Another essential element in the BBVA Corporate Governance system is the board's Audit committee. This has appropriate powers and means to carry out the tasks delegated to it by the board regarding supervision of financial statements and the oversight for the entire BBVA group.

The members of this committee (independent directors, as explained above) have the skills and expertise required to carry out their job. Their chairman must also be suitably qualified in financial management and accounting procedures required by industry regulators.

The committee has other duties as well. It must enforce legal compliance, especially with respect to the group's ethics. Its mission is to ensure that its internal codes of ethics, general conduct and securities market transactions comply with prevailing standards and are suitable to the bank. It shall especially oversee the directors' compliance with the rules of corporate governance.

Following the general principles of corporate governance, the committee selects the external auditor for the bank and its consolidated group, and is involved in the process of hiring the auditing firm and determining its fees. It is also involved in this process for the auditors' subsidiaries in Spain and in any other countries where they operate. It has the duty of ensuring the independence of the external audit.

The Executive Chairman

The codes and recommendations on corporate governance posit different governance models. BBVA follows an Executive Chairmanship model. The chairman of the board of directors is thus the bank's Chief Executive Officer (CEO). There is also a Chief Operating Officer (COO).

The corporate governance regulations specify that the chairman of the board shall be the chairman of the company, with the attributes established in the bylaws and the board regulations, plus such powers as the board may confer on him to steer the company most effectively.

A specific age limit is established for this chairmanship, which the directors' charter sets at 65. This limit is below the maximum age for directorships.

Appointment of Directors

The board's Appointments and Remuneration committee, comprising only independent directors, assesses the qualifications of candidates to a bank directorship.

This committee must report to the board of directors on their assessment, focussing on the personal and professional qualities of the candidate and the needs of the company's governing bodies at any time.

To conserve the faculties commended to this committee, the 2004 AGM approved the elimination of requirements under the bylaws that used to impose conditions on candidacies, such that now there are none.

Age Limit for Directors

The BBVA's corporate governance system imposes an age limit of 70 years on members of the bank's board.

It stipulates that directors must present resignations on reaching this age, at the first meeting of the bank's board of directors after the AGM is held in which the current year's accounts are approved.

Performance of Directors

Directors are bound to be loyal, complying with duties imposed by law and by the bylaws and displaying allegiance towards corporate interests, understood as the company's best interests.

They participate in deliberations, discussions and debates on business put to their consideration, and dispose of sufficient information to be able to form criteria regarding the questions that the bank's governing bodies are empowered to deal with. They must receive this information with sufficient time in each case, and may even request additional information or further clarification after the board has sat. Directors' participation is to be encouraged in board meetings and deliberations.

Directors may suggest the board engage experts from outside the bank regarding business submitted to their consideration, whose special complexity or importance they deem to require outside help. They may also suggest any further training they require to be able to properly pursue their duties.

In particular, independent directors must meet without the executive directors as often as they see fit, usually before meetings of the bank's governing bodies.

Remuneration of Board Members

BBVA takes special care with this aspect, through its procedures to determine the remuneration of each and every bank director. As established in the board regulations, the amounts paid each year to each individual member of the board must be published in the annual information provided to the company's shareholders.

The board's Appointments and Remuneration committee also plays an essential role in this, since according to the bylaws, its members must determine the scope and amount of the remuneration, rights and economic rewards for executive directors, so these can be included in a written service agreement. Within the framework established under the bylaws, the committee proposes the system of remuneration for the board of directors as a whole, along with its different items, focus and settlement.

The remuneration of executive directors has been contractually established in this way, and the committee has proposed the pay system for the other board members. The board of directors has ratified its proposal, which is based on establishing the pay for non-executive members according to principles of responsibility, time availability and incompatibilities, as established under the directors' charter that forms part of the board regulations.

Conflicts of Interest

The rules comprising the BBVA directors' charter detail different situations in which conflicts of interest could arise between the BBVA group and its directors, their family members and organisations with which they are linked. They establish procedures for such cases, in order to avoid conduct contrary to the company's best interests.

These rules serve as guidelines for the directors' conduct, ensuring it reflects stringent ethical codes in keeping with applicable standards and the core values of the BBVA group.

Incompatibilities

Directors are also subject to a strict regime of incompatibilities in sitting on governing bodies of group companies or associated undertakings. Thus, no board members, except for executive directors with express authorisation, may take up directorships in subsidiaries or associated undertakings, when the directorship is linked to the group's shareholding in such company.

When someone has ceased to be director of the bank, he/she may not provide services to another financial institution in competition with the bank or its subsidiaries for two years, except with express authorisation from the board, which it may refuse to give on grounds of the company's best interests.

Directors' Resignation

Under certain circumstances, board members must place their directorship at the disposal of the board of directors and accept the board's decision on whether or not they are to continue to sit on it. Should the board decide against their continuity, they are obliged to present their formal resignation. Such circumstances would arise in the following cases:

- When they are subject to cases of incompatibility or prohibition established under prevailing regulations, under the bylaws or under the directors' charter.
- When significant changes occur in the professional situation or character by virtue of which they were appointed to the board.
- When they are in serious breach of their obligations as directors.
- When the director, acting as such, has caused severe damage to corporate assets or no longer displays the commercial and professional honour required to hold a directorship in the bank.

Analysis, Quantification and Approval of Risks

The board of directors holds final responsibility for supervising risk management in the group, periodically reviewing and ratifying the strategy behind the bank's risk policy.

In order to do this, the board has the Executive committee, to which it delegates approval of the group's risk strategy and policies, and the board's Risks committee, which periodically analyses and monitors risk management within the scope of the bank's governing bodies' powers.

Relations with Shareholders and Markets

As established under the regulations suitable measures should be taken to ensure the company discloses all information that may be relevant for investors, according to the principle of transparency that is to govern the company's activities on financial markets. This information must be correct and true.

Directors shall try to ensure that all shareholders have access to information that is substantially the same and within the same amount of time.

ANNUAL GENERAL MEETING

The General Meeting of Shareholders has its own specific regulations, approved by the AGM on 28th February 2004, governing the way it operates and the rights accorded to shareholders under the law and the company bylaws. Shareholders and investors may find its full text on the company website (www.bbva.com).

The notice of meeting for the AGM shall state the shareholders' right, as of the date of its publication, to immediately obtain at the registered offices, free of charge, any proposed resolutions, reports and other documents required by law and by the bylaws.

Once the notice of meeting has been published, documents relating to the AGM shall be hung on the company website, with information on the agenda, the proposals from the board of directors and any relevant information shareholders may need to issue their vote.

It shall also include necessary details regarding shareholder information services, indicating telephone numbers, email addresses, location and opening hours of offices.

The regulations also establish the procedures to be followed in the public call for proxies, in compliance with the law and the company bylaws.

They stipulate that the form of proxy must contain or be attached to the agenda, and include a request for voting instructions indicating the general way in which the proxy shall vote should no precise instructions be given.

They also regulate how directors should formulate the terms of proxy and the way they should exercise the shareholders' representation and vote, with regulations for cases where conflict of interests could arise.

The regulations also establish the most significant aspects related to the operation of the AGM, voting procedures for motions presented to them, how resolutions are to be adopted and other issues related to running an AGM.

The company's AGMs may be attended by anyone owning the minimum stock established in the bylaws, ie, 500 shares, providing that, five days before the date on which the AGM is to be held, their ownership is recorded on the pertinent registers and they retain at least this same number of shares until the AGM is actually held. Holders of fewer shares may group together until achieving the required number, appointing a representative.

The above notwithstanding, if holders of fewer shares than the bylaws establish for entitlement wish to attend, they may apply for an invitation to the AGM through the shareholders helpdesk, the website or any BBVA branch. It will be facilitated to them as long as the inevitable space constraints in the facilities where AGMs can be held allow this, given the very high number of shareholders in the company.

In accordance with the bylaws, the regulations state that voting rights on proposals regarding agenda items of any kind of general meeting of shareholders may be delegated or exercised by the shareholder by post, email or any other remote means of communication, provided the voter's identity is duly guaranteed.

Any shareholders entitled to attend may be represented at the AGM by another shareholder, using the form of proxy established by the company for each AGM that will be displayed on the attendance card.

The bank's board of directors, in order to facilitate communication with the company's shareholders regarding the unfolding of the AGMs, operates a permanent shareholders helpdesk to deal with their requests for information, clarification and questions.

THE BOARD OF DIRECTORS

Strictly speaking the Bank's structure consists of two corporate bodies. These are the board of directors and the Executive committee. Independent directors form a majority in both cases.

These are complemented by other board committees that help them carry out their duties, for example the Audit, Compliance and Appointments and Remuneration committees. These must be made up of independent directors.

In addition, the fact that BBVA is a financial institution means it must give added weight to the board of directors' role as the ultimate party responsible for periodic review of the bank's risk strategies and policies; it is supported in this task by a special Risk committee.

The board comprises the number of directors established in the company's bylaws and in any resolution adopted by the AGM.

Directorships can be executive or non-executive. Executive directors have been conferred general powers to represent the company on a permanent basis, while all other board members shall be considered external.

At any time at least two-thirds of the board must consist of independent directors. These are external directors who are not any of the following:

- A shareholder of the company or a director appointed by virtue of a special connection with a shareholder, when the holding in either case is greater than 3% of shares in capital stock with voting rights.
- Organisations that hold directorships in the bank or individuals who such organisations have designated as their representatives.
- Anyone who has been an executive director or member of the group's senior management or member of the firm that is or has been the company's auditors, unless three years have passed since they ceased to be so.
- Any party with a significant relationship to the company, either directly or as a partner, shareholder, manager or employee of a party that has such a relationship with the group, where this could compromise that person's independence.
- When there is a family relationship with any of the individuals mentioned above or any other circumstance which, in the judgement of the board of directors might compromise that person's independence.

Independent directors must comprise a majority of the bank's Executive committee and are the only directors entitled to sit on the Audit and Compliance committee and the Appointments and Remuneration committee.

An institutional director is an external director designated by virtue of her or his relationship with a party that is a significant shareholder of the company. A party with a significant holding shall mean a party with direct or indirect control of at least 5% of the share capital or of the voting rights of the bank or, even when less than 5%, one whose shareholding can exert notable influence on the company. To such effects, BBVA does not have institutional directors.

The above criteria –used to determine whether a person is an institutional director– shall also apply in the event of agreements or pacts between shareholders that oblige those concerned, by means of concerted action entailing voting rights, to adopt a common policy in regard to management of the company or whose goal is to influence it in a relevant manner.

Board members are elected for a five-year term. One fifth of the seats shall be renewed each year and directors may be re-elected indefinitely.

Directors must leave their posts at the age of 70. The chairman of the company shall stand down as chief executive officer on reaching 65 years, continuing as board member.

The bank's chief operating officer and other executive directors must resign from their executive duties at 62 years of age and follow the same rules regarding the timing of their resignations as established in the previous paragraph.

On 31 December 2004, the BBVA board comprised 15 members actively pursuing their duties, of which 3 are executive directors. The table below shows the identity of the members of the board of directors, the date on which they were appointed and the type of directorship they hold, in accordance with the board regulations:



Board of Directors

Full name ⁽¹⁾	Post on Board of Directors	Type of Directorship	Date of appointment	Date of re-election
González Rodríguez, Francisco	Chairman and CEO	Executive	28-01-2000	
Goirigolzarri Tellaache, José Ignacio	President and COO	Executive	18-12-2001	01-03-2003
Álvarez Mezquiriz, Juan Carlos	Director	Independent	28-01-2000	10-03-2001
Breeden, Richard C.	Director	Independent	29-10-2002	28-02-2004
Bustamante y de la Mora, Ramón	Director	Independent	28-01-2000	
Fernández Rivero, José Antonio	Director	External	28-02-2004	
Ferrero Jordi, Ignacio	Director	Independent	28-01-2000	
Knörr Borrás, Román	Director	Independent	28-05-2002	01-03-2003
Lacasa Suárez, Ricardo	Director	Independent	28-05-2002	01-03-2003
Loring Martínez de Irujo, Carlos	Director	Independent	28-02-2004	
Maldonado Ramos, José	Director & Secretary	Executive	28-01-2000	28-02-2004
Medina Fernández, Enrique	Director	Independent	28-01-2000	28-02-2004
Rodríguez Vidarte, Susana	Director	Independent	28-05-2002	01-03-2003
San Martín Espinós, José María	Director	Independent	28-01-2000	10-03-2001
Vilá Boix, Ángel (representing Telefónica de España, S.A.)	Director	External	17-04-2000	

(1) Mr. Gregorio Marañón y Bertrán de Lis presented his resignation from the board of directors on 30th January 2004. On 30th March 2004, Mr. Jaume Tomás Sabaté informed the board of directors of his resignation from his directorship, having reached the statutory age of retirement.

A brief profile of the current members of the BBVA board of directors is given below:

Mr. FRANCISCO GONZÁLEZ RODRÍGUEZ

Chairman and CEO

Born in Chantada (Lugo) in 1944.

Married.

Graduated in Economic and Business Sciences from Universidad Complutense de Madrid.

Professional Background

Francisco González has been Chairman and CEO of BBVA since January 2000.

Francisco González is currently a member of the European Financial Services Roundtable (EFR), Director of the Institute for International Finance (IIF), member of the Institut Européen d'Etudes Bancaires (IIEB), member of the International Monetary Fund's Capital Markets Consultative Group, member of the International Monetary Conference and Global Counsellor of The Conference Board, as well as being an active participant at other international fora.

He is also Chairman of the BBVA Foundation and Governor of the Red Cross, Foundation for Help Against Drug Addiction, Foundation for Terrorism Victims, the Guggenheim Museum in Bilbao, the Fine Arts Museum in Bilbao, Fundación Príncipe de Asturias, Real Instituto Elcano, Fundación Carolina, ESADE, FEDEA, Fundación de Estudios Financieros, Instituto de Estudios Económicos and Institut Europeu de la Mediterrània.

Prior to the merger between Banco Bilbao Vizcaya and Argentaria, Francisco González was Chairman of Argentaria from 1996 to 1999, when he led the integration, transformation and privatisation of a very diverse group of State-owned banks. During this period, Francisco González was also director of Endesa, Chairman of Banco Uno-e, Banco Hipotecario de España, Banco Exterior de España, Caja Postal and Banco de Crédito Local.

Before joining Argentaria, Francisco González founded the securities firm, FG Inversiones Bursátiles, which became the first independent brokers in Spain, and was later bought out by Merrill Lynch.

Francisco González is also a registered Spanish Stock Broker (number 1 of the new brokers appointed in 1980) and Trader for the Bolsa de Madrid. He has been member of the Executive Committee of the Bolsa de Madrid and the Executive Committee of Bancoval.

He began his professional career in 1964 as a programmer in an IT company. His ambitions to transform 21st-century banking with the support of new technology dates back to this time.

Mr. JOSÉ IGNACIO GOIRIGOLZARRI TELLAEHE

President and COO

Born in Bilbao (Vizcaya) in 1954.

Married.

Doctor in Economic and Business Science from Universidad de Deusto.

Professional Background

His professional career has always been linked to banking, and more specifically, to BBVA, which he joined in 1978, after having taught Strategic Planning at the Universidad Comercial de Deusto.

Main stages in BBVA:

- Joined the Banco de Bilbao in 1978, assigned to the Strategic Planning Area. Was member of BBV Holding (company that led the merger between BB and BV).
- In 1992, was appointed General Manager of the BBV.

- From 1993 to 1998, he directed Retail Banking for the BBV Group. From 1995 he has also directed the BBV-Americas Group, coinciding with the BBV Group's expansion in Latin America.
- In 1994 he became a member of the BBVA Management Committee.
- In 1999, BBV and Argentaria announced their merger. José Ignacio Goirigolzarri was appointed member of the BBVA Management Committee and head of the Latin-American businesses.
- Since 2000 has sat on the BBVA Bancomer Board.
- In April 2001, was appointed General Manager of the BBVA Group, in charge of Retail Banking. His responsibilities covered the following areas: Retail Banking in Spain, Retail Banking in the Americas, Pensions, Private Banking and e-Banking.

He was appointed President and Chief Operating Officer on 18th October 2001.

Mr. JUAN CARLOS ÁLVAREZ MEZQUÍRIZ

Director

Born in Cremenés (León) in 1959.

Married.

Graduated in Economic Science from the Universidad Complutense de Madrid.

Professional Background

1988 – Joined FISEG, Empresa Financiera de Servicios Generales.

1990 – General Manager of EL ENEBRO, S.A. (Grupo Eulen).

1993 – CFO, EULEN, S.A.

2002 – Managing Director of GRUPO EULEN, S.A.

He was appointed to his BBVA directorship on 28th January 2000.

Mr. RICHARD C. BREEDEN

Director

Born in the United States of America in 1949.

Married.

In 1972, graduated from Stanford University in International Relations and from Harvard Law School in 1975 as Counsel for the Defense. Has been director on nearly a dozen public and private companies, the securities market and various advisory groups. He is currently heading two companies listed on the New York Stock Exchange.

Professional Background

Richard C. Breeden has combined over eight years experience in serving the White House Administration as aide to the President of the United States and Senior Legal Advisor to the Vice-President, and President of the SEC (U.S. Securities and Exchange Commission) (1989-1993), with broad ranging professional experience as General Manager, Syndicate and Corporate Instructor.

Continuing his service for the Government, Coopers & Lybrand LLC appointed Mr. Breeden President of the company's International Financial Services for three years.

Since 1996, Mr. Breeden has specialised in advising companies on business restructuring and strategic consultancy regarding corporate governance, accounts and disclosure requirements. This year, Mr. Breeden founded the company, Richard C. Breeden & Co., of which he is CEO, operating from Greenwich.

In 2002, the Federal Court of the United States appointed him Corporate Instructor to head the SEC enquiry against WorldCom, Inc. for fraud.

He was appointed to his BBVA directorship on 29th October 2002.

Mr. RAMÓN BUSTAMANTE Y DE LA MORA

Director

Born in Madrid in 1948.

Married.

Graduated in Economic and Business Sciences from Universidad Complutense de Madrid.

Professional Background

1972 – IBERIA, L.A.E. Research Department.

1975 – BANCO COMERCIAL DE CATALUÑA. Accounts Director.

1976 – BANCA GARRIGA NOGUÉS. Accounts Director.

1986 – BANCA GARRIGA NOGUÉS. Deputy General Manager.

1986 – BANESTO. Various senior posts and responsibilities: Director of Territorial Norte; (1987) Director O.P. Madrid and Regional Director for Madrid; (1990) Deputy General Manager for Commercial and Marketing Strategy; (1992) Deputy General Manager for CEO; (1993) Managing Director at Bandesco.

1996 – ARGENTARIA. Senior Managing Director and Chairman of the Control Committee; Senior Managing Director of Retail Banking; non-executive Deputy Chairman; (1997) Chairman of Unitaria.

He was appointed to his BBVA directorship on 28th January 2000.

Mr. JOSÉ ANTONIO FERNÁNDEZ RIVERO

Director

Born in Gijón (Asturias) in 1949.

Married.

Graduated in Economic Sciences from the Universidad de Santiago.

Professional Background

1976 – Joined Arthur Andersen (Systems).

1977 – Joined Banco de Vizcaya, where he was Director of Administration and Control for the International Division.

1986 – Chairman of Management Committee, Banque de Gestion Financière, S.A. (Belgium).

1988-1989 – Deputy Director General for Planning and Control in Commercial Banking, and later Regional Director of Retail Banking.

In 1990 he joined Banco Exterior de España as Comptroller General, occupying the same post in Corporación Bancaria de España (Argentaria) from 1991 to 1995, where he was appointed Director General for Internal Control and Oversight. In 1997 he took over the duties of General Manager for Organisation, Systems, Operations, Human Resources, Purchases and Real Estate.

In 1999, after the merger with BBV, he was appointed General Manager of BBVA Systems and Operations.

Was appointed Group General Manager in 2001, with a wide range of responsibilities in different areas.

In 2003, he was appointed Deputy Chairman of Telefónica as BBVA's representative and member of its Audit and Regulation committees, member of the Board and the Executive Committee of Iberdrola, Director of Banco de Crédito Local, and Chairman of Adquira.

He was appointed to his BBVA directorship on 28th February 2004 and has chaired its Risks committee since 30th March 2004.

Mr. IGNACIO FERRERO JORDI

Director

Born in Barcelona in 1945.

Married.

Graduated in Law from Universidad de Barcelona.

Professional Background

Chairman of Board of Directors of NUTREXPA, S.A., 7th July 1997.

Chairman of the Board of LA PIARA, S.A., 10th July 1997.

Deputy Chairman of FEDERACIÓN DE INDUSTRIAS DE ALIMENTACIÓN Y BEBIDAS, 23rd April 1980.

Deputy Chairman of INSTITUTO DE LA EMPRESA FAMILIAR, 10th July 2000.

Member of Board and of Executive Committee of FOMENTO DEL TRABAJO NACIONAL, January 1997.

Member of the Board of MAZ (Mutua Accidentes de Zaragoza), 31st March 2000.

Member of Board of AECOC (Asociación Española de Codificación Comercial), 25th February 2003.

Member of Board of SODIGEI (Lladró), Sociedad de Desarrollo Industrial y Gestión de Inversiones, S.A., 7th November 2003.

Was appointed BBVA director on 28th January 2000. Has chaired its Appointments and Remuneration committee since May 2002 and been a member of its Audit and Compliance committee since June 2002.

Mr. ROMÁN KNÖRR BORRÁS

Director

Born in Sueca (Valencia) en 1939.

Married.

Commercial Management, Marketing and Advertising qualifications from various Institutes in Barcelona and San Sebastian.

Professional Background

1955-1961 – AREITIO, S.A. Business Group.

1961-1992 – KAS Business Group (Head of Advertising and PR; Sales and Marketing Manager; Deputy Chairman of KAS, S.A. and KNÖRR ELORZA, S.A.

Director and Chairman of ZUMOS DE NAVARRA, S.A.; Director and Chairman of MIKO, AVIDESA and CASTILLO DE MARCILLA; Director of S.A. DE ALIMENTACIÓN and Director of ALIMENTOS NATURALES, S.A.

Has also been Deputy Chairman of ASOCIACIÓN NACIONAL DE FABRICANTES DE ZUMOS, and member of the Management Committee of ASOCIACIÓN ESPAÑOLA DE ANUNCIANTES, and the Management Committee and Board of Directors of ASOCIACIÓN NACIONAL DE FABRICANTES DE BEBIDAS REFRESCANTES.

Also Chairman of CONSULNOR ALAVA, S.A. and Board member of PATRIMIX SIMCAVF, S.A.

From June 1994 to June 1999 was Chairman of SINDICATO EMPRESARIAL ALAVÉS.

Director of AGUAS DE SAN MARTÍN DE VERI, S.A., and MEDIASAL 2000, S.A., and Chairman of EUROKAS SIMCAVF, S.A. and CARBÓNICAS ALAVESAS, S.A.

Is currently Chairman of the Basque Industrial Confederation, (Confederación Empresarial Vasca or CONFEBASK) since July 1999, and member of Executive Committee and Management Board of Spanish Industrial Confederation (CEOE).

He was appointed to a BBVA directorship on 28th May 2002.

Mr. RICARDO LACASA SUÁREZ

Director

Born in Zaragoza in 1936.

Married.

Doctor in Industrial Engineering from la Escuela de Barcelona.

Professional Background

1962-1970 – Consultant Engineer at BEDAUX, S.A.E.

Joined BANCO POPULAR ESPAÑOL in 1970.

1970-1973 – Systems Department.

1973-1975 – IT Manager.

1975-1981 – Administrative Department Manager.

1981-1985 – Organisational Secretariat.

1985-1988 – Department of Banks and Subsidiaries.

1988-1995 – General Management, with responsibilities for banks and specialist companies, treasury and markets, international, personnel and media.

1995-1999 – Managing Director.

Was appointed Director of BBVA on 28th May 2002 and has chaired its Audit and Compliance committee since June 2002.

Mr. CARLOS LORING MARTÍNEZ DE IRUJO

Director

Born in Mieres (Asturias) in 1947.

Married.

Graduated in Law from Universidad Complutense de Madrid.

Professional Background

In 1971 joined J&A Garrigues, becoming Partner in 1977. Held posts as Director of M&A Department, Director of Banking and Capital Markets, and was involved in advisory services for big public companies. Since 1985, has been member of its Management Committee.

His activity has been focussed on mergers and acquisitions, advising big multinational corporations, and has been intensely involved in the legal coordination of some key global floats and placements, for Spanish and non-Spanish companies, representing arrangers and issuers.

More recently, he has focussed on consultancy services for listed companies in their big corporate operations, providing legal assistance at their General Shareholders Meetings.

He is a renowned specialist in Corporate Governance, having helped several public companies to restructure their organisation as new recommendations and regulations on good governance have been published in Spain. Was recently shortlisted by "The International Who's Who of Business Lawyers" as one of the most pre-eminent lawyers in Corporate Governance.

From 1984 to 1992 was member of the Governing Body of the Colegio de Abogados de Madrid (Madrid Law Association). Has worked with the Centro de Estudios Garrigues as a member of the Advisory Board for its Masters in Private Banking. He was appointed to his BBVA directorship on 28th October 2004.

Mr. JOSÉ MALDONADO RAMOS

Director and Company Secretary

Born in Madrid in 1952.

Married.

Graduated in Law from Universidad Complutense de Madrid, winning the extraordinary first Graduation Prize.

Professional Background

In 1978 passed the State exams to become a State Attorney.

Was appointed Technical General Secretary to the Ministry of Territorial Administration, the UnderSecretary of the same Department in 1982.

Has acted as Legal Secretary for various governing bodies on public companies, including: Astilleros y Talleres del Noroeste, S.A. (ASTANO); Aplicaciones Técnicas Industriales, S.A. (ATEINSA); Oleaginosas Españolas, S.A. (OESA); Camping Gas, S.A. y Aviación y Comercio, S.A. (AVIACO).

Has been Secretary of the Board and Director of Legal Services for Empresa Nacional para el Desarrollo de la Industria Alimentaria, S.A. (ENDIASA); Astilleros Españoles, S.A.; and Iberia Líneas Aéreas de España, S.A.. (ENDIASA); Astilleros Españoles, S.A.; and Iberia Líneas Aéreas de España, S.A.

Legal Counsel for Banco Exterior, S.A.; Legal Counsel for Banco Internacional de Comercio, S.A. and Banco Central Hispanoamericano S.A., as well as Director and Secretary of Sindibank, S.B.

Was appointed Director and Secretary General of ARGENTARIA in April 1997.

Was appointed Director and Company Secretary of BANCO BILBAO VIZCAYA ARGENTARIA, S.A. on 28th January 2000.

Mr. ENRIQUE MEDINA FERNÁNDEZ

Director

Born in La Puebla de Montalbán (Toledo) in 1942.

Married.

Graduated in Law from Universidad Complutense de Madrid.

Professional Background

1967 – Became a State Attorney.

Held posts in the Government's Tax and Courts Service in Cáceres; Directorate General for Administrative Judicial Review; and in the Supreme Court.

Head of the Technical Advisory Bureau for the Undersecretary of Finance and Director General for Territorial Planning.

In 1971, was appointed Director on the Board of Banco de Crédito a la Construcción.

From 1975 to 1981, held the post of Director and Secretary of the Board for Banco de Progreso.

From 1985 to 1989, held same posts in Corporación Financiera Alba.

From 1989 to 1991, in Banco Urquijo.

Deputy Chairman of Ginés Navarro Construcciones until it merged to become Grupo ACS.

He was appointed to his BBVA directorship on 28th January 2000.

Ms. SUSANA RODRÍGUEZ VIDARTE

Director

Born in Bilbao (Vizcaya) in 1955.

Married.

Doctor in Economic and Business Sciences from Universidad de Deusto.

Professional Background

Has mainly worked in the academic world.

Lecturer and researcher at Management Department, Faculty of Economic and Business Sciences. La Comercial de la Universidad de Deusto.

Held Chair in Business Economics and Management Control, with teaching activities in undergraduate and postgraduate programmes at La Comercial in Spain, Argentina and Chile.

Since 1996 has been Dean of the Economics and Business Sciences Faculty La Comercial de la Universidad de Deusto and since 2003, Director of Instituto Internacional de Dirección de Empresas. Is currently member of the Executive Committee of the Management Board of the Universidad de Deusto and its Academic Committee.

Member of Board of Governor of Fundación Deusto; of Fundación Luis Bernaola and the Management Board of Cluster del Conocimiento en Gestión Empresarial.

Joint Editor of Boletín de Estudios Económicos.

Member of Instituto de Contabilidad y Auditoría de Cuentas (Accountants and Auditors Institute).

Was appointed to her BBVA directorship on 28th May 2002.

Mr. JOSÉ MARÍA SAN MARTÍN ESPINÓS

Director

Born in Madrid in 1935.

Married.

Doctor in Engineering (Public Works) from E.T.S.I. de Caminos, Canales y Puertos de Madrid.

Professional Background

CONSTRUCCIONES SAN MARTÍN, S.A.: Managing Director and member of the Board.

INMOBILIARIA NAVARRA, S.A.: Chairman.

SAFINCA, S.A.: Director.

INMOBILIARIA COSMAR, S.A.: Chairman.

FIDAI, S.A.: Director.

ARESOL, S.A.: Deputy Chairman.

CONSTRUCCIONES INDUSTRIALES Y URBANAS, S.A.: Deputy Chairman.

SAN MARTÍN PROYECTOS INMOBILIARIOS, S.A.: Director.

S.A.I.D.E.: Director.

He was appointed to his BBVA directorship on 28th January 2000.

Mr. ÁNGEL VILÁ BOIX

Director

Born in Barcelona in 1964.

Married.

Graduated in Industrial Engineering from Universidad Politécnica de Cataluña.

MBA from Colombia University (New York).

Professional Background

Began his career as Financial Analyst at CITIBANK NA.

Consultant at MCKINSEY & CO.

Involved in business development in the FERROVIAL and PACSA groups.

In January 1997, joined the TELEFÓNICA Group as Deputy Comptroller General.

From January to August 1998 was General Manager of Finanzas, Control e Inversiones de Telefónica Internacional.

From September 1998 to September 1999, was General Manager for Corporate Development and Control in TELEFÓNICA, S.A.

In October 1999, joined GRUPO PLANETA as General Business Manager.

Re-joined TELEFÓNICA in May 2000 as General Manager of Corporate Development, sitting on the Group's Executive Committee.

Is member of the Boards of Directors of TERRA LYCOS and ENDEMOL.

Was appointed representative for Telefónica de España, S.A. on the BBVA Board of Directors on 7th March 2001.

The board of directors shall hold ordinary meetings once a month, and shall draw up a yearly schedule of its ordinary sessions to provide sufficient advance notice of them. During 2004 the board of directors met fourteen times; all its meetings were attended by its chairman.

Moreover, the board of directors must meet whenever the chairman or Executive committee consider it appropriate, or a meeting is requested by directors representing at least one quarter of the total number of board members appointed at any time. When this happens, the chairman shall convene the meeting within 15 days of receiving the request for the meeting.

The board will also be validly constituted when all its members are present and unanimously resolve to constitute a meeting.

The directors shall have access to any information or clarification they deem necessary or appropriate regarding the matters to be dealt with in the meeting. This must be received before or during the meeting.

The chairman shall encourage the directors to participate in the meetings and deliberations of the board and shall put business to vote when he considers them to have been debated sufficiently.

The meetings may be attended by group executives or other persons whose presence is considered appropriate to be able to deal more adequately with the business submitted to the board's consideration, if the chairman so decides.

Article 48 of the company bylaws establishes that the board of directors, in order to operate more efficiently, may create any committees it considers necessary to help it on those matters that fall within its sphere of competence.

The board of directors has thus set up the committees shown below, with the names of the members sitting on each of them:

> Board Committees

Full name	Executive Committee	Audit and Compliance	Appointments and Remuneration	Risks
González Rodríguez, Francisco	●			
Goirigolzarri Tellaeché, José Ignacio	●			
Álvarez Mezquíriz, Juan Carlos	●		●	
Breeden, Richard C.				
Bustamante y de la Mora, Ramón		●		●
Fernández Rivero, José Antonio				●
Ferrero Jordi, Ignacio		●	●	
Knörr Borrás, Román	●			
Lacasa Suárez, Ricardo		●		●
Loring Martínez de Irujo, Carlos		●	●	
Maldonado Ramos, José				●
Medina Fernández, Enrique	●			●
Rodríguez Vidarte, Susana		●		
San Martín Espinós, José María	●		●	
Vilá Boix, Ángel (representing Telefónica de España, S.A.)				

The Executive Committee

The board of directors may, according to the company bylaws, with two-thirds of its members voting in favour and its inscription in the Company Registry, appoint an Executive committee comprising board members of whom half plus one must be independent directors.

The board of directors has thus constituted an Executive committee to which it has delegated all its administrative powers, except those whose essential nature means that the law or the bylaws oblige them to be the board's responsibility.

On 31st December 2004, this committee comprised six members, of whom two were executive directors and four independent directors, as follows:

Chairman Mr. Francisco González Rodríguez

Chief Operating Officer Mr. José Ignacio Goirigolzarri Tellaeché

Members Mr. Juan Carlos Álvarez Mezquíriz
 Mr. Román Knörr Borrás
 Mr. Enrique Medina Fernández
 Mr. José María San Martín Espinós

The Executive committee deals with those matters from the board of directors that the board, pursuant to prevailing legislation and the company bylaws, resolves to delegate to it.

According to the company bylaws, the following are included amongst its powers: to formulate and propose general policy lines, the criteria to be followed in drawing up programmes and

establishing objectives; to examine proposals made in this respect, comparing and judging actions and results of activities carried out directly or indirectly by the company; to determine how much to invest in each of these; to agree or reject transactions, establishing how they should be done and under what conditions; to promote internal and external inspections and audits in each and every area in which the company operates; and, in general, to exercise such powers as the board of directors may entrust to it.

Specifically, the Executive committee is entrusted with evaluation of the bank's system of corporate governance. This shall be analysed in the context of the way the company has evolved, the results of its development and taking into account any standards that have been established or recommendations made regarding best market practices, adapted to the company's real circumstances.

The Executive committee shall hold ordinary meetings twice a month, although the board regulations state that it may meet as often as considered necessary by its chairman or by the person who exercises her or his functions, or at the request of a majority of its members.

During 2004, the Executive Committee has met 20 times.

The Audit and Compliance Committee

The BBVA Audit and Compliance committee is exclusively made up of independent directors who are not members of the bank's Executive committee. Their mission is to assist the board of directors in overseeing accounts and exercising control over the BBVA Group.

It shall have a minimum of four directors appointed by the board, all of them independent directors. One of these shall act as chairman, also appointed by the board.

On 31st December 2004, the BBVA Audit and Compliance Committee comprised the following members:

Chairman Mr. Ricardo Lacasa Suárez

Members Mr. Ramón Bustamante y de la Mora
Mr. Ignacio Ferrero Jordi
Mr. Carlos Loring Martínez de Irujo
Ms. Susana Rodríguez Vidarte

The scope of its functions is as follows:

- To supervise the extent, adequacy and effectiveness of the internal control systems and to ensure the accuracy, reliability, scope and clarity of the financial statements of the company and its consolidated group in the annual and quarterly reports. This also applies to the accounting and financial information required by the Bank of Spain or other regulatory bodies including those of countries where the group carries out its activities.
- To monitor compliance with applicable domestic or international standards regarding money laundering, conduct in the securities markets, data protection and the scope of the group's activities related to competition. It also ensures timely and suitable compliance with requests for information or action by official organisations with authority in these matters.

- To ensure that the internal codes of ethics and conduct and securities market operations, as they apply to group personnel, comply with legislation and are adequate for the bank's purposes.
- To carefully monitor compliance with the provisions of the BBVA directors' Charter and ensure directors comply with the applicable standards of conduct in the securities markets.

To ensure the accuracy, reliability, scope and clarity of the financial statements, the committee shall constantly monitor the process by which they are drawn up, holding frequent meetings with the bank executives responsible for them and the external auditor.

The committee shall also monitor the independence of external auditors. This entails the following two duties:

- Ensuring that the auditors' warnings, opinions and recommendations cannot be compromised.
- Establishing the incompatibility between the provision of audit services and the provision of consultancy, unless there are no alternatives in the market to the auditors or companies in the auditors' group of equal value in terms of their content, quality or efficiency. In such event, the committee must grant its approval, which can be done in advance by delegation to its chairman.

The committee shall also select the external auditor for the bank and its group, as explained above, and for all the group companies. It shall verify that the audit schedule is being carried out under the service agreement, with suitable periodicity, and that it satisfies the requirements of the competent authorities and the bank's governing bodies.

The Audit and Compliance committee shall meet as often as necessary to comply with its functions although an annual meeting schedule shall be drawn up in accordance with its duties. During 2004 the Audit and Compliance committee met twelve times.

The staff responsible for Comptrol, Internal Audit and Standards Compliance can be invited to attend the meetings and, at the request of these managers, other staff from these departments who have particular knowledge or responsibility in the matters contained in the agenda, can also be invited when their presence at the meeting is deemed advisable. However, only the committee members and the secretary shall be present when evaluating the results and conclusions of the meeting's content.

The committee may engage external consultants for relevant matters when it considers that, for reasons of specialisation or independence, these services cannot be provided by group experts or technical staff.

The committee may also request personal help and reports from any member of the management team when these are deemed necessary to comply with its functions in relevant matters.

The committee has its own specific regulations, approved by the board of directors. These are available on the bank's website and, amongst other things, regulate its procedures and conduct.

The Appointments and Remuneration Committee

The Appointments and Remuneration committee of the BBVA board of directors is entrusted with helping the board on issues regarding the appointment of bank directors and aspects of pay that the board may commend to it, in particular, that of the bank's board members.

The Appointments and Remuneration committee shall have a majority of independent directors, with a minimum of three members, appointed by the board of directors, which shall also appoint its chairman.

On 31st December 2004, the composition of the Appointments and Remuneration committee was as follows:

Chairman Mr. Ignacio Ferrero Jordi

Members Mr. Juan Carlos Álvarez Mezquíriz
Mr. Carlos Loring Martínez de Irujo
Mr. José María San Martín Espinós

Apart from its role in the appointment of directors, as described above, the company bylaws also entrust it with the powers to determine system of remuneration applicable to the board of directors as a whole, regarding the items remunerated, the amount of the remuneration and the system of pay. As already stated, it must determine the scope and sum of the payments, rights and economic rewards for the bank's chairman, chief executive officer and executive directors in order to include these aspects in a written contract. It does this by virtue of the authority delegated by the board of directors to the committee members.

It must also analyse the proposals regarding incentive plans running over various years intended for the bank's senior management, submitting its opinion on such plans to the due company governing bodies, in awareness of the basic principles of the bank's wage policy and especially the average fixed and variable remuneration of the members of the Management committee and any associated annual adjustments.

The commission also analyses the remuneration policy for executive officers in companies in which the bank holds a direct or indirect interest, and examines the remuneration criteria for the boards of companies controlled by the group.

The Appointments and Remuneration committee shall meet as often as necessary to comply with its functions, convened by its chairman, although an annual meeting schedule shall be drawn up in accordance with its duties. During 2004 the Appointments and Remuneration committee met six times.

In accordance with the BBVA board of director's regulations, the committee may ask people from within the group organisation whose duties relate to its functions to attend its meetings. It may also receive such advisory services as may be required to form criteria on issues falling within its scope.

The Risks Committee

The Risks committee has been set up to periodically analyse and monitor risk management within the scope of the bank's governing bodies. It comprises a majority of non-executive directors, with a minimum of three members, designated by the board of directors, which will also appoint its chairman.

On 31st December 2004, the composition of the Risks Committee was as follows:

Chairman Mr. José Antonio Fernández Rivero

Members Mr. Ramón Bustamante y de la Mora
Mr. Ricardo Lacasa Suárez
Mr. José Maldonado Ramos
Mr. Enrique Medina Fernández

The scope of its functions is as follows:

To analyse and evaluate proposals related to the group's strategy and risk policies and submit these to the Executive committee of the bank for approval.

To monitor the degree of adequacy of the risk assumed compared to the established profile, as a measure of the bank's risk tolerance and the expected return in regard to the risks taken.

To approve risk operations under the established system of delegation.

To check that the group possess the means, systems, structures and resources benchmarked against best practices to allow implementation of its strategy in risk management.

To submit proposals to the bank's Executive committee as it considers necessary or advisable in order to bring the group's risk management in line with best practice arising from recommendations on the corporate governance system or from the supervisory bodies on risk matters.

The committee has specific regulations, approved by the board of directors, which establish that the chairman or whoever may be substituting him pursuant to its regulations must convene the committee to meet as often as necessary to comply with its mission. Nonetheless, a meeting schedule shall also be drawn up in keeping with its tasks. During 2004 the Risks committee has met 84 times.

Review of the BBVA Corporate Governance System

As explained at the beginning of this part of the annual public report, BBVA's system of Corporate Governance is conceived by its board of directors as a dynamic process, which must be analysed in light of the way the company has evolved, the results produced by its development, any standards that may be established and any recommendations that may be made on best market practices, adapted to the realities of the company. This mission is entrusted to the board's Executive committee, comprising a majority of independent directors.

COMPLIANCE SYSTEM

General aspects

Together with the Corporate Governance System, the various components of the Group's Compliance System form the basis on which BBVA guarantees its institutional commitment to engage in all of its activities and businesses according to strict standards of ethical conduct.

BBVA has charged the Compliance System with promoting the development and safeguarding the effective operating capacity of the necessary rules and procedures for ensuring:

- Compliance with legal provisions and relevant standards of ethical conduct that affect each and every one of the Group's businesses and activities, as well as with the criteria and procedural guidelines contained within the Code of Conduct.
- The identification of possible non-compliances and the proper management of the risks that may arise therein.

The competencies and responsibilities of BBVA's Compliance System include, in conjunction with those that may be linked to the aforementioned precept, specific responsibilities in terms of the guidance and instruction of staff and in the implementation of specific internal controls and procedures related to rules of conduct, the prevention of money laundering and of the financing of terrorist activities and the protection of personal data.

Rules of conduct

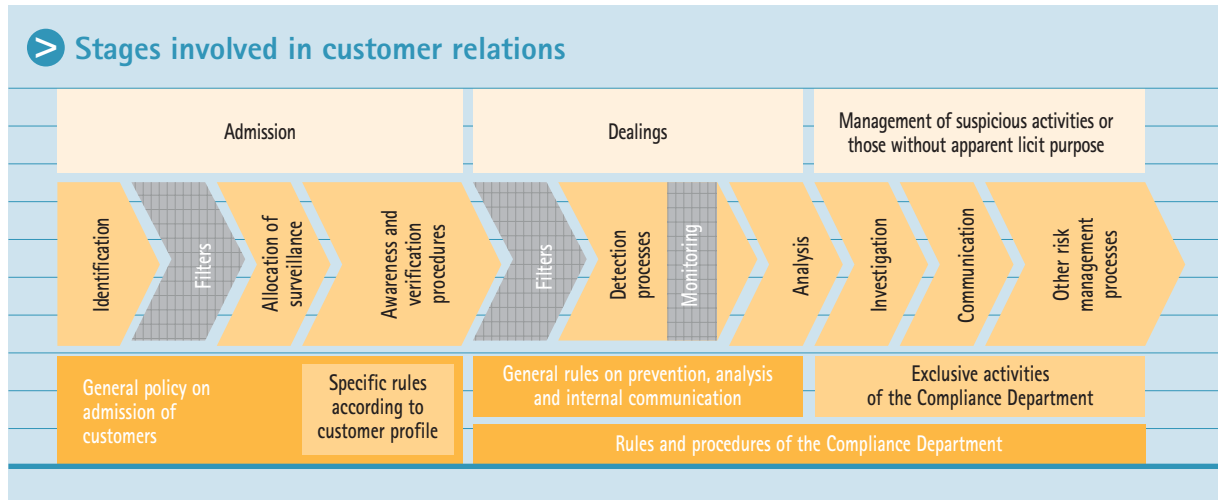
In December 2003, the Board of Directors of BBVA approved the BBVA Group's Code of Conduct (www.grupobbva.com/TLBB/tlbb/jsp/esp/gobcorpo/codcondu/index.jsp). During the course of 2004, this Code has been adopted by the various companies in the Group and as many Corporate Integrity Management Committees as necessary have been set up to ensure, in tandem with the Compliance System, the proper understanding and interpretation of the Group's rules of conduct and the effective supervision of their compliance.

Likewise, 2004 has witnessed the development of certain procedures derived from the content of said Code, such as that dealing with the treatment of gifts received by management and staff in the BBVA Group and the one outlining the management procedure for potentially questionable ethical situations reported by management and staff as per the provisions of said Code.

Within the sphere of the securities markets, in 2004 the Group's internal procedures have been incorporating developments forthcoming regarding the regulation of conduct. These stem largely from new legislation within the sphere of Collective Investment Institutions and from criteria on the management of privileged information resulting from the application of the recommendations of the Committee of European Securities Regulators (CESR), amongst others.

Prevention of money laundering and of the financing of terrorist activities

The prevention of money laundering and of the financing of terrorist activities is a priority objective that the BBVA Group attaches to its commitment to enhance the welfare of the social environments in which it pursues its business, and which in turn it considers an essential requirement in the preservation of its corporate integrity, and thereby the trust of the people and institutions it deals with on a daily basis. In order to achieve these goals, the Group stands shoulder to shoulder with government bodies, international organisations and other institutions in the struggle against organised crime, terrorism and other forms of criminal activity, and it has adopted a Risk Management Model for Money Laundering that is structured in response to the various stages involved in customer relations:



The process for developing and consolidating this Model has focused on:

- **Training schemes:** the Model's effectiveness depends largely on the awareness amongst management and staff of the policies, rules and regulations in force, as well as on their ability to identify, prevent and report those situations that may expose the Group to the risk of having its products and services used for criminal purposes. In 2003 and 2004, the Group has organised training schemes, involving presential, distance and combined courses, with over 39,000 participants.
- **Filtering and monitoring systems:** 2004 has seen, in all the Group's banks, the introduction of specialist software systems that compare the identities of our customers with those of private individuals and corporate entities included in lists drawn up by official bodies both at home and abroad for their alleged links to unlawful activities. This reduces the chances of BBVA entering into business dealings with said persons.
Monitoring systems make a significant contribution to the detection of suspicious activities in any institution. The Group has reached various agreements in order to furnish itself with cutting-edge tools and adapt its monitoring processes to the recommendations of the Committee on Banking Supervision of the Bank for International Settlements. The implementation of this project will involve an investment of around €6m in the three-year period 2004-2006.
- **Human Resources:** finally, referring to those people specialising in the prevention of money laundering and of the financing of terrorist activities, the Groups' overall taskforce has been increased by 18%, amounting, at the close of 2004, to 140 specialists attached to the Group's Compliance Department, in addition to those equally specialised staff in the Internal Audit Department.

Personal data protection

Biennial audits have been undertaken in 2004 on security measures laid down in Royal Decree 994/99 of 11 June. No major shortcomings have been detected in said audits, with arrangement made, nonetheless, of the necessary action plans to rectify those situations in which, in the auditor's view, improvement of some kind was required.

Furthermore, measures and improvements have been introduced in 2004 in response to the contributions made by the self-assessment teams set up in 2003 to identify situations that might reveal the existence of potential risks in this matter.

STEERING COMMITTEE



Chairman and CEO

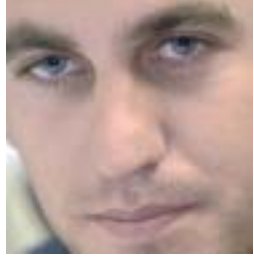
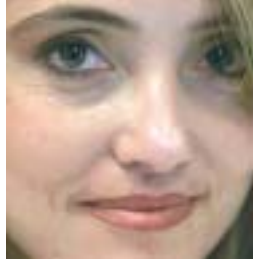
Mr. Francisco González Rodríguez

President and COO

Mr. José Ignacio Goirigolzarri Tellaeché

Other members of the Steering Committee

Mr. José María Abril Pérez	Wholesale and Investment Banking
Mr. Eduardo Arbizu Lostao	Legal Department
Mr. Ángel Cano Fernández	Human Resources and Services
Mr. Manuel González Cid	Financial Management
Mr. Julio López Gómez	Retail Banking Spain and Portugal
Mr. José Maldonado Ramos	Secretary General's Office
Mr. Manuel Méndez del Río	Risk
Mr. Vitalino Nafría Aznar	The Americas
Mr. Ignacio Sánchez-Asiain Sanz	Systems and Operations
Mr. José Sevilla Álvarez	Chairman's Office



> Corporate social responsibility





Market dynamics and the growing demand in society as a whole place an ever-increasing burden on companies to contribute greater value, in a more sustained manner and for a spectrum of social groups that extends beyond those they have traditionally focused upon. This naturally involves shareholders and customers, but also applies to all the other stakeholders: employees, suppliers, regulators, local communities and, in major companies, society at large. BBVA recognises the need to face this challenge by addressing a future in which it wishes to be an active and positive stakeholder.

There follows an overview of some of the more salient initiatives in this field that the BBVA Group has undertaken in 2004, with more detailed information to be found in the *Corporate Social Responsibility Report 2004*.

The firm belief prevailing at BBVA is that the path to ensuring the future is based on a steadfast commitment to providing the utmost value possible to those who place their trust in it, regardless of whether they are working in its offices, using its services, investing or selling their products, etc. For all of them, BBVA is striving for a better future

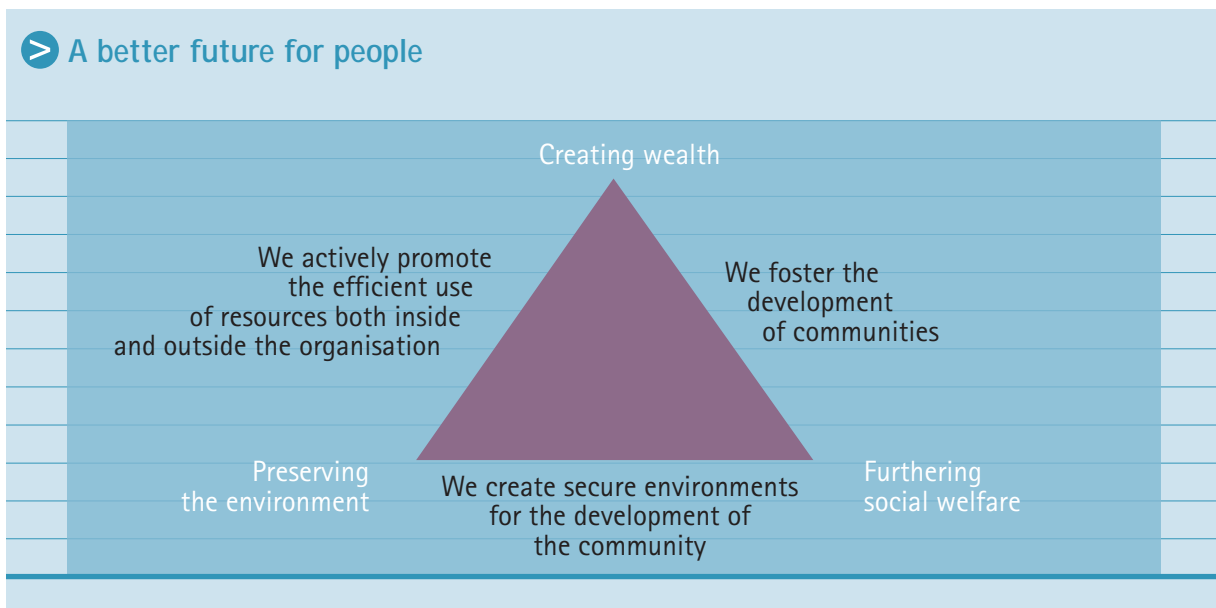
Yet BBVA is conscious of the fact that its decisions and actions not only affect its direct

stakeholders, but that these may have major impacts on its social and environmental surroundings. Accordingly, it understands that its corporate responsibility extends to all those sectors affected by its decisions, whereby it becomes an integral requirement, involving the Group at all levels, expressed in its corporate culture, its strategy, its policies and its everyday business.

Such is the vision that underpins its approach to corporate social responsibility (CSR). The task of fostering and coordinating this process befalls the Department of Corporate Social Responsibility, reinforced in 2004 with the creation of a network of CSR coordinators in the Group's ten banks in Latin America.

BBVA understands CSR as the series of voluntary contributions –above and beyond what is legally required– it makes to those sectors with which it has dealings. These contributions ensure stable, solid and mutually beneficial ties with its stakeholders. Ties that, for BBVA, constitute one of the strategic elements in the creation of value and a decisive instrument of competitiveness, geared towards profitability and sustainability.

It is a responsibility that BBVA embraces as a multiple and global pledge to all its stakeholders



and to society at large. It is therefore addressed through a systematic, coherent and proactive approach, designed to respond to its stakeholders expectations and taking into account all facets of business activity: economic, corporate, human, social and environmental.

A pledge that involves steadfast ethical principles, an effort to remain permanently abreast of progress and an ongoing will to work on the part of all the Group's staff and units. BBVA is a signatory of various international agreements that embody and ratify this pledge, amongst which the following are especially noteworthy:

- United Nations Global Compact.
- United Nations Environmental Programme Finance Initiative (UNEP FI).
- Equator Principles (initiative promoted by the World Bank).

In order to realise the commitments assumed, BBVA has an advanced management model, consisting of the integration of numerous systems and processes that affect all spheres of its business and which serve a common goal: the generation of profit (direct or indirect) both for its shareholders and for all those sectors with which it deals and for the societies in which it operates.

A model that acts as a link for generating value between the internal and external spheres, furthering transparency in management and the ability to innovate, with the basic aim being to fulfil its stakeholders' expectations. This has been recognised in the specific field of CSR with various awards throughout 2004, amongst which are such highlights as:

- Continued membership of the world's two main sustainability indices: FTSE4Good and Dow Jones Sustainability (with a significant improvement in ratings in the latter).
- Inclusion in the Storebrand list of the world's top banks ("Best in Class") for its social and environmental practices.
- AA rating from Innovest for its social and environmental practices.

- Rating of "in accordance reporter" for BBVA's Corporate Social Responsibility Report by Global Reporting Initiative, an organisation that promotes the main international standard in information transparency in this field and whose rating testifies to the BBVA Report's compliance with its criteria.
- Chosen as third company in Spain and first in the financial sector in the 2004 CSR ranking of *Actualidad Económica*.
- Second company in Ethics and CSR (and first in the financial sector) in the Corporate Reputation Report 2004 by Merco.

HIGHLIGHTS OF 2004

BBVA products and services

BBVA understands that one of the main facets of the corporate responsibility of any company lies in its productive and commercial activity. This takes the form of the development of numerous products and services that include CSR criteria. The main lines of business are:

- Products and services that enhance the quality of life and the empowerment of people, especially those belonging to disadvantaged groups.
- Inclusion of social and environmental impact assessment in risk analysis, especially in large investment projects.
- Special attention for public institutions and non-profit organisations catering for basic needs.
- Design and promotion of socially responsible investment products.

Furthermore, BBVA dedicates priority attention to complying with ethical and integrity criteria in all its operations, with particular concern for more sensitive issues in the financial sector: combating both money laundering and the financing of criminal activities, applying strict

rules of conduct in the securities' market, protecting personal data and so forth. Special note should be made accordingly to the decision taken in 2004 to cut back significantly on its operations in offshore centres.

The people at BBVA

Staff relations constitute another of the principal objectives of CSR. An objective that receives priority attention in BBVA, with the aim being to achieve the best possible climate in industrial relations, the maximum reciprocal contribution of value, the optimum personal and professional development of all Group staff and the furtherance of talent, both individual and collective, in pursuance of one of the corporate precepts: teamwork as the key to generating value. These are objectives for which BBVA furthers criteria of corporate responsibility, through its skills-based management model, in recruitment processes, skills assessment, professional development, evaluation and reward, as well as in the management of health and safety, responding to employee's concerns and complaints, monitoring their satisfaction, verifying their alignment with the corporate vision or internal communication, furthermore attending to training and encouraging eco-friendly conduct and disseminating and supporting social voluntary work.

In addition, BBVA fosters strict principles and rules on ethical behaviour with the Group's Code of Conduct: a guide to upholding the highest standards of integrity and honesty, which falls within the framework of the goal to reinforce the principles of corporate ethics as per international best practices. Approved by the Board of Directors in December 2003 and fully implemented by the end of 2004, the BBVA Group's Code of Conduct is the concrete expression of one of its corporate precepts: "Ethical conduct and personal and professional integrity as a way of understanding and developing the business".

Sustainable management of resources used by BBVA

BBVA embraces respect for the environment and efficiency in the use of natural resources as one of the basic facets of its corporate social responsibility. Note should be taken accordingly of its adherence to the three major international agreements mentioned earlier, which include significant environmental requirements that BBVA assumes as basic pledges.

In order to integrate environmental factors within its strategy, its management and its business, in June 2003 BBVA approved an Environmental Policy of an integral nature, which contains the Group's pledge to respect for the environment and efficiency in the use of natural resources at all levels of its activity. Its underlying aim is to foster the effective integration of environmental criteria within its overall business and in all the countries in which it operates. Consequently, it is developing a comprehensive Environmental Management System, designed to make an efficient contribution to the furtherance of sustainable development, making these criteria a differential aspect and rendering them a competitive advantage. This System, coordinated by the Department of CSR, affects all areas of the Group, and especially such spheres as the design of products and services, risk analysis, Purchasing policies, Premises, Efficiency, Training, Innovation and Systems and Operations, as well as the strategy on social action.

Regarding the contribution made to sustainable development by the resources employed, special emphasis has been placed on:

- Optimising the consumption of natural resources, reducing contaminating emissions to a minimum and furthering as far as possible the recycling of resources and responsible waste management.
- Assessing and enhancing the environmental conditions of premises.
- Implementing the Environmental Management System, promoting ISO

14.001 environmental quality certificates.

- Establishing eco-friendly criteria in supplier management.
- Developing an ongoing programme of internal awareness-enhancement and instruction in environmental issues.

Community support

Contributing to the integral development of the societies in which it operates is one of BBVA's essential commitments. A commitment that is embodied in numerous schemes of considerable economic importance and of unquestionable quality and social interest. It is largely pursued through its everyday activity in what constitutes its core business, but also through specific schemes in social action that are undertaken in such diverse fields as social care, health, training, culture, the environment, the economy and social sciences and the promotion of social responsibility.

The total resources allocated by the Group and its foundations as a whole to activities of this nature in 2004 amounted to €38.3m, registering an increase of 8.5% with regard to the prior year.

Although the Group areas in which these actions are promoted are very numerous indeed, worthy of special mention – given that they are institutions created solely for this purpose – are its five foundations:

BBVA Foundation (Spain).

BBVA Bancomer Foundation (Mexico).

BBVA Provincial Foundation (Venezuela).

BBVA Banco Francés Foundation (Argentina).

BBVA Banco Continental Foundation (Peru).

Social action policies are being pursued in both these and other areas working in this field to specifically address the concrete needs and circumstances of the environments and societies in which they operate. This gives rise to a dense network of different lines of action, albeit closely interwoven into a common strategy.

In order to reinforce this strategy and imbue it with a more manifestly differential status, in December 2003 the Board of Directors approved an additional corporate line that aims to further the public usefulness of the Group's social action, whilst adapting it as far as possible to its strategy and culture, reinforcing its coherence with the core business and encouraging the involvement of the largest possible number of Group staff.

This is the **Programme of Action in Society – BBVA Families Plan**, presented by the Chairman in February 2004, with the family as its main focus of activity.

Integrated Vision of Action in Society: the BBVA Families Plan

- **Family Financing Programme:** family loans and fair trade products.
- **Family Patronage Programme:** BBVA Centre for the Family and Future Projects.
- **Employees Programme:** instruction within the family setting and promotion of voluntary work.



Resources allocated to social action ⁽¹⁾ (Thousand euros)

	2004	2003	2002
BBVA Group in Spain and Portugal	18,886	11,256 ⁽²⁾	7,571 ⁽²⁾
BBVA Group in Latin America	1,598	3,822	2,642
BBVA Foundation (Spain)	14,570	16,387	15,134
Foundations in Latin America	3,264	3,844	3,575
TOTAL	38,318	35,309 ⁽²⁾	28,922 ⁽²⁾

(1) Regarding the methodology for preparing these data, see the *Corporate Social Responsibility Report 2004*.

(2) Revised figures regarding those contained in the *Annual Report 2003* given the inclusion of items not considered then, and through more accurate allocation.



> Legal documentation





AUDIT OF THE FINANCIAL STATEMENTS

The consolidated financial statements included in this report are presented in accordance with the rules established by the Bank of Spain and were prepared by the directors of Banco Bilbao Vizcaya Argentaria, S.A. from the individual accounting records of the Bank and of its consolidable subsidiaries.

These financial statements have been checked by our external auditor, Deloitte, S.L. for the purpose issuing the related auditors' report thereon, which is included below.

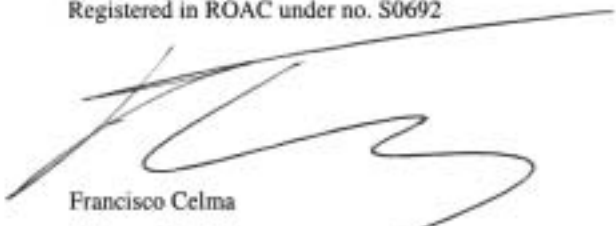
Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain. In the event of discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Banco Bilbao Vizcaya Argentaria, S.A.:

1. We have audited the consolidated financial statements of BANCO BILBAO VIZCAYA ARGENTARIA, S.A. and COMPANIES composing the BANCO BILBAO VIZCAYA ARGENTARIA Group ("the Group" – Note 4), which consist of the consolidated balance sheet as of December 31, 2004, and the related consolidated statement of income and notes to consolidated financial statements for the year then ended. The preparation of these consolidated financial statements is the responsibility of the directors of the Bank as the Parent Company. Our responsibility is to express an opinion on the consolidated financial statements taken as a whole based on our audit work performed in accordance with generally accepted auditing standards, which require examination, by means of selective tests, of the documentation supporting the consolidated financial statements and evaluation of their presentation, of the accounting principles applied and of the estimates made.
2. For comparison purposes the Bank's directors present, in addition to the 2004 figures for each item in the consolidated balance sheet and consolidated statements of income and of changes in financial position, the figures for 2003 and 2002. Our opinion refers only to the 2004 consolidated financial statements. Our auditors' reports dated February 3, 2004 and February 10, 2003, on the 2003 and 2002 consolidated financial statements, respectively, contained an unqualified opinion.
3. As indicated in Note 2-g, in 2003 and 2002 the Group charged to reserves the estimated cost of the indemnity payments, deferred compensation and future contributions to external pension funds arising from the early retirement of certain employees who effectively formalized their early retirement in those years, for an amount, net of the related tax effect, of €520 million and €324 million, respectively, for which it had the express authorization of the Bank of Spain, pursuant to Rule 13 of Bank of Spain Circular 4/1991, and of the related Shareholders' Meetings. In 2004 the Bank of Spain did not generally grant this authorization; accordingly, pursuant to the aforementioned Rule of Bank of Spain Circular 4/1991, the Bank recorded net provisions of €372 million with a charge to the consolidated statement of income to meet its commitments to the employees who took early retirement in that year (€572 million were charged to the "Extraordinary Losses" caption in the consolidated statement of income for 2004 referred to above and, at the same time, the related deferred tax asset was recorded for €200 million).
4. In our opinion, the consolidated financial statements for 2004 referred to above present, in all material respects, a true and fair view of the consolidated net worth and financial position of the Banco Bilbao Vizcaya Argentaria Group as of December 31, 2004, and of the consolidated results of its operations and of the consolidated funds obtained and applied by it in the year then ended, and contain the required information, sufficient for their proper interpretation and comprehension, in conformity with generally accepted accounting principles and standards which, except for the matters described in paragraph 3 above, with which we concur, are consistent with those applied in the preceding year.
5. The accompanying consolidated management report for 2004 contains the explanations which the directors of the Parent Company consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated management report is consistent with that contained in the consolidated financial statements for 2004. Our work as auditors was confined to checking the consolidated management report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of the consolidated companies.

DELOITTE, S.L.
Registered in ROAC under no. S0692



Francisco Celma
February 3, 2005

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (Note 33). In the event of a discrepancy, the Spanish-language version prevails.

**BANCO BILBAO VIZCAYA ARGENTARIA, S.A.
AND COMPANIES COMPOSING
THE BANCO BILBAO VIZCAYA ARGENTARIA GROUP**

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2004, 2003 AND 2002

(Notes 1 to 5)

- Thousands of Euros -

ASSETS	2004	2003 (*)	2002 (*)
CASH ON HAND AND DEPOSITS AT CENTRAL BANKS:			
Cash	1,790,353	1,767,580	1,868,358
Bank of Spain	3,139,819	1,821,301	1,081,684
Other central banks	5,192,066	4,520,994	5,100,286
	10,122,238	8,109,875	8,050,328
GOVERNMENT DEBT SECURITIES (Note 6)	18,370,252	18,945,003	19,767,776
DUE FROM CREDIT INSTITUTIONS (Note 7):			
Current accounts	737,947	643,987	1,328,749
Other	15,437,708	20,263,142	20,147,530
	16,175,655	20,907,129	21,476,279
TOTAL NET LENDING (Note 8)	170,248,440	148,827,274	141,315,012
DEBENTURES AND OTHER DEBT SECURITIES (Note 9)	52,588,529	52,935,966	49,133,179
COMMON STOCKS AND OTHER EQUITY SECURITIES (Note 10)	6,265,504	3,092,064	3,007,492
INVESTMENTS IN NON-GROUP COMPANIES (Note 11)	5,302,371	5,593,224	6,024,175
INVESTMENTS IN GROUP COMPANIES (Note 12)	1,051,901	1,054,869	1,039,688
INTANGIBLE ASSETS (Note 14):			
Incorporation and start-up expenses	8,200	19,537	20,946
Other deferred charges	362,766	342,491	377,691
	370,966	362,028	398,637
CONSOLIDATION GOODWILL (Note 13):			
Fully and proportionally consolidated companies	4,435,851	2,650,889	2,871,545
Companies accounted for by the equity method	792,805	1,055,524	1,385,801
	5,228,656	3,706,413	4,257,346
PROPERTY AND EQUIPMENT (Note 14):			
Land and buildings for own use	2,170,985	2,100,359	1,938,287
Other property	256,231	309,607	908,073
Furniture, fixtures and other	1,355,461	1,380,272	1,787,605
	3,782,677	3,790,238	4,633,965
CAPITAL STOCK SUBSCRIBED BUT NOT PAID (Note 23)	-	-	-
TREASURY STOCK (Note 23)	18,370	66,059	97,671
OTHER ASSETS (Note 15)	14,673,625	13,171,480	12,298,880
ACCRUAL ACCOUNTS (Note 16)	3,052,380	2,977,437	4,391,562
ACCUMULATED LOSSES AT CONSOLIDATED COMPANIES (Note 24)	3,820,719	3,610,764	3,650,208
TOTAL ASSETS	311,072,283	287,149,823	279,542,198
MEMORANDUM ACCOUNTS (Note 26)	85,627,988	72,549,918	69,776,213

- Thousands of Euros -

LIABILITIES AND EQUITY	2004	2003 (*)	2002 (*)
DUE TO CREDIT INSTITUTIONS (Note 17):			
Current accounts	1,070,474	1,542,432	1,537,357
Other	64,265,442	60,027,356	54,581,691
	<u>65,335,916</u>	<u>61,569,788</u>	<u>56,119,048</u>
DEPOSITS (Note 18):			
Savings accounts-			
Current	69,453,645	65,024,971	63,723,745
Time	60,128,101	55,487,784	57,436,352
Other deposits-			
Current	-	-	-
Time	17,469,111	20,536,152	25,400,268
	<u>147,050,857</u>	<u>141,048,907</u>	<u>146,560,365</u>
MARKETABLE DEBT SECURITIES (Note 19):			
Bonds and debentures outstanding	38,036,761	28,258,973	22,393,876
Promissory notes and other securities	6,289,947	6,123,679	5,129,396
	<u>44,326,708</u>	<u>34,382,652</u>	<u>27,523,272</u>
OTHER LIABILITIES (Note 15)	11,755,531	10,764,514	9,735,905
ACCRUAL ACCOUNTS (Note 16)	3,419,552	3,318,727	4,593,777
PROVISIONS FOR CONTINGENCIES AND EXPENSES (Note 20):			
Pension provision	3,275,995	3,031,913	2,621,907
Provision for taxes	55,243	-	-
Other provisions	1,989,857	2,187,672	2,221,411
	<u>5,321,095</u>	<u>5,219,585</u>	<u>4,843,318</u>
GENERAL RISK ALLOWANCE	-	-	-
NEGATIVE CONSOLIDATION DIFFERENCE (Note 13)	37,238	38,712	47,554
CONSOLIDATED INCOME FOR THE YEAR:			
Group	2,801,904	2,226,701	1,719,129
Minority interests (Note 22)	390,564	390,564	670,463
	<u>3,192,468</u>	<u>2,897,164</u>	<u>2,466,048</u>
SUBORDINATED DEBT (Note 21)	8,107,752	7,399,613	6,486,942
MINORITY INTERESTS (Note 22)	4,434,829	5,425,918	5,674,163
CAPITAL STOCK (Note 23)	1,661,518	1,565,968	1,565,968
ADDITIONAL PAID-IN CAPITAL (Note 24)	8,177,101	6,273,901	6,512,797
RESERVES (Note 24)	1,682,947	971,477	771,484
REVALUATION RESERVES (Note 24)	176,281	176,281	176,281
RESERVES AT CONSOLIDATED COMPANIES (Note 24)	6,392,490	6,096,616	6,465,276
TOTAL LIABILITIES AND EQUITY	<u>311,072,283</u>	<u>287,149,823</u>	<u>279,542,198</u>

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 33 and Exhibits I to IV are an integral part of the consolidated balance sheet as of December 31, 2004.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (Note 33). In the event of a discrepancy, the Spanish-language version prevails.

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.
AND COMPANIES COMPOSING
THE BANCO BILBAO VIZCAYA ARGENTARIA GROUP

CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED
DECEMBER 31, 2004, 2003 AND 2002 (Notes 1 to 5)

- Thousands of Euros -

	(DEBIT) CREDIT		
	2004	2003 (*)	2002 (*)
FINANCIAL REVENUES (Note 28)	12,466,255	12,537,465	17,232,909
Of which: Fixed-income portfolio	3,313,097	3,323,501	4,820,640
FINANCIAL EXPENSES (Note 28)	(6,100,675)	(6,260,058)	(9,783,505)
INCOME FROM EQUITIES PORTFOLIO (Note 28):	703,729	464,104	358,062
Common stocks and other equity securities	266,922	144,842	113,623
Investments in non-Group companies	184,513	188,572	93,669
Investments in Group companies	252,294	130,690	150,770
NET INTEREST INCOME	7,069,309	6,741,511	7,807,466
FEES COLLECTED (Note 28)	4,159,344	3,882,568	4,330,993
FEES PAID (Note 28)	(780,075)	(619,761)	(662,612)
MARKET OPERATIONS (Notes 20 and 28)	605,044	651,504	765,123
GROSS OPERATING INCOME	11,053,622	10,655,822	12,240,970
OTHER OPERATING INCOME (Note 28)	18,307	17,422	34,341
GENERAL ADMINISTRATIVE EXPENSES (Note 28):	(4,963,241)	(5,031,056)	(5,771,725)
Personnel costs	(3,184,102)	(3,262,587)	(3,697,428)
Of which:			
Wages and salaries	(2,416,468)	(2,457,658)	(2,743,819)
Employee welfare expenses	(541,843)	(571,325)	(624,360)
Of which: Pensions	(111,977)	(134,921)	(132,624)
Other Administrative Expenses	(1,779,139)	(1,768,469)	(2,074,297)
DEPRECIATION AND AMORTIZATION			
(Note 14)	(453,436)	(510,656)	(631,021)
OTHER OPERATING EXPENSES	(215,697)	(236,733)	(295,821)
NET OPERATING INCOME	5,439,555	4,894,799	5,576,744

	(DEBIT) CREDIT		
	2004	2003 (*)	2002 (*)
NET OPERATING INCOME	5,439,555	4,894,799	5,576,744
NET INCOME FROM COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD (Note 28):			
Share in income of companies accounted for by the equity method	832,045	794,905	561,322
Share in losses of companies accounted for by the equity method	(35,269)	(92,467)	(285,726)
Correction for payment of dividends	(436,784)	(319,126)	(242,352)
AMORTIZATION OF CONSOLIDATION GOODWILL (Note 13)	(581,692)	(639,349)	(679,170)
INCOME ON GROUP TRANSACTIONS:	628,361	642,144	570,934
Income on disposal of investments in fully and proportionally consolidated companies	49,588	16,763	3,806
Income on disposal of investments accounted for by the equity method (Note 11)	553,459	609,333	551,326
Income on transactions involving Parent Company shares and Group financial liabilities	21,674	16,048	15,802
Reversal of negative consolidation differences	3,640	-	-
LOSSES ON GROUP TRANSACTIONS:	(36,254)	(88,885)	(209,938)
Losses on disposal of investments in fully or proportionally consolidated companies	(2,311)	(55,237)	(156,290)
Losses on disposal of investments accounted for by the equity method (Note 11)	(20,898)	(14,890)	(29,750)
Losses on transactions involving Parent Company shares and Group financial liabilities	(13,045)	(18,758)	(23,898)
NET LOAN LOSS PROVISIONS (Note 8)	(930,727)	(1,276,946)	(1,743,338)
NET SECURITIES WRITEDOWNS (Note 11)	-	-	3,366
NET CHARGE TO GENERAL RISK ALLOWANCE	-	-	-
EXTRAORDINARY INCOME (Note 28)	432,422	630,870	1,606,654
EXTRAORDINARY LOSSES (Note 28)	(1,162,185)	(733,805)	(2,039,235)
PRE-TAX PROFIT	4,149,472	3,812,140	3,119,261
CORPORATE INCOME TAX (Note 25)	(399,409)	(530,587)	(175,567)
OTHER TAXES (Note 25)	(557,595)	(384,389)	(477,646)
NET INCOME	3,192,468	2,897,164	2,466,048
MINORITY INTERESTS (Note 22)	390,564	670,463	746,919
NET ATTRIBUTABLE PROFIT	2,801,904	2,226,701	1,719,129

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 33 and Exhibits I to IV are an integral part of the consolidated statement of income as of December 31, 2004

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (Note 33). In the event of a discrepancy, the Spanish-language version prevails.

**BANCO BILBAO VIZCAYA ARGENTARIA, S.A.
AND COMPANIES COMPOSING
THE BANCO BILBAO VIZCAYA ARGENTARIA GROUP**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

(1) DESCRIPTION OF THE BANK

Banco Bilbao Vizcaya Argentaria, S.A. ("the Bank" or "BBVA") is a private-law entity governed by the rules and regulations applicable to banks operating in Spain. The Bank conducts its business through branches and offices located throughout Spain and abroad.

On June 1, 1988, the Special Shareholders' Meetings of Banco de Bilbao, S.A. and Banco de Vizcaya, S.A. resolved, inter alia, to approve the equal-footing merger of the two companies by dissolving them without liquidation and transferring in bloc to the new company, which adopted the name of Banco Bilbao Vizcaya, S.A. (BBV), by universal succession, the assets and liabilities of the two dissolved companies.

On December 18, 1999, the Special Shareholders' Meetings of Banco Bilbao Vizcaya, S.A. and Argentaria, Caja Postal y Banco Hipotecario, S.A. approved the merger of the two entities through the absorption of Argentaria by Banco Bilbao Vizcaya, S.A. The Shareholders' Meetings also approved the audited merger balance sheets of the two entities as of September 30, 1999. After the mandatory time periods had elapsed and the relevant administrative authorizations had been obtained, on January 25, 2000, the related public deed was executed, the registration of which at the Vizcaya Mercantile Registry on January 28, 2000, determined the legal effectiveness of the merger, and simultaneously the corporate name of Banco Bilbao Vizcaya, S.A. was changed to Banco Bilbao Vizcaya Argentaria, S.A.

(2) BASIS OF PRESENTATION AND CONSOLIDATION PRINCIPLES

a) Basis of presentation-

The consolidated financial statements of the Bank and companies composing the Banco Bilbao Vizcaya Argentaria Group ("the Group"—Note 4) are presented in the formats stipulated by Bank of Spain Circular 4/1991, on June 14, and its subsequent amendments and, accordingly, they present a true and fair view of the Group's net worth, financial position and results. These consolidated financial statements were prepared from the individual accounting records of Banco Bilbao Vizcaya Argentaria, S.A. and of each of the Group companies and include the adjustments and reclassifications required to conform the

accounting principles and presentation criteria followed by the subsidiaries with those followed by the Bank (Note 3).

The individual and consolidated financial statements for 2003 and 2002 were approved by the Shareholders' Meetings on February 28, 2004, and March 1, 2003, respectively.

The 2004 consolidated financial statements of the Group, of the Bank and of each of the companies included in consolidation, have not yet been approved by the respective Shareholders' Meetings. However, the Bank's Board of Directors considers that they will be approved without material changes.

b) Accounting policies-

The consolidated financial statements were prepared in accordance with the generally accepted accounting principles in Spain described in Note 3. All obligatory accounting principles with a material effect on the consolidated financial statements were applied in preparing them.

c) Consolidation principles-

In accordance with Law 13/1985 and Bank of Spain Circular 4/1991, the Banco Bilbao Vizcaya Argentaria Group is defined as including all the companies whose line of business is directly related to that of the Bank and which, together with the latter, constitute a single decision-making unit (Note 4). In accordance with this Circular, these companies were fully consolidated and the adjustments and reclassifications required to unify the accounting principles and presentation criteria followed by the subsidiaries were performed. All material intercompany accounts and transactions between the consolidated companies were eliminated in consolidation. In accordance with Bank of Spain Circular 4/1991, the consolidated financial statements maintain the provisions for country risk recorded by the Bank and other Group companies for risk-asset and off-balance-sheet risk exposure to Group entities with registered offices in financially-troubled countries. As of December 31, 2004, 2003 and 2002, these provisions amounted to €25,249 thousand, €162,321 thousand and €93,714 thousand, respectively (Notes 7, 8 and 9).

The Group companies which engage in insurance brokerage were fully consolidated in 2004 since it is considered that this activity is an extension of that carried on by the Financial Group. Through 2004 these companies had been accounted for by the equity method. For the purpose of comparison with previous years, the effect of this change is not material.

The companies whose line of business is related to that of the Bank, and which are at least 20% owned by the Bank and managed jointly with another shareholder (or shareholders) were consolidated proportionally, which consists of including the assets, rights and obligations, and revenues and expenses of these companies in proportion to the Group's holding in them. As of December 31, 2004, this consolidation method was applied to Advera, S.A., Corporación IBV Participaciones Empresariales, S.A., Corporación IBV Servicios y Tecnologías, S.A., E-Ventures Capital Internet, S.A., Holding de Participaciones Industriales 2000, S.A. and PSA Finance Argentina Compañía Financiera, S.A. As of December 31, 2003 and 2002, this consolidation method was applied to E-Ventures Capital Internet, S.A., Corporación IBV Participaciones Empresariales, S.A., Altura Markets, A.V., S.A., PSA Finance Argentina Compañía Financiera, S.A. and Corporación IBV Servicios y Tecnologías, S.A.

Additionally, the long-term holdings in the capital stock of subsidiaries not consolidable because their line of business is not directly related to that of the Bank and of other unlisted companies in which significant influence is exercised or with which the Bank has a lasting relationship and in which such holdings generally represent 20% or more of the capital stock (3% or more if listed) are valued at the amount of the portion of the investees' net worth corresponding to such holdings, after deducting the dividends collected from them and other eliminations (equity method). Other holdings in companies (Note 11) which are short term or which do not represent significant influence, or for which futures transactions have been arranged to eliminate the price risk, are valued separately by the methods described in Note 3-e.

The remaining equity investments are presented in the accompanying consolidated balance sheets as described in Note 3-e.

In accordance with standard practice, the consolidated financial statements do not include the tax effect of transferring to the Bank the accumulated reserves and undistributed earnings of the fully and proportionally consolidated companies or of the companies accounted for by the equity method, because it is considered that no funds will be transferred since these reserves will be used as a source of self-financing at each of these companies.

d) Determination of net worth-

In evaluating the net worth of the Group, the balances of the following captions in the accompanying consolidated balance sheets should be taken into consideration:

	Thousands of Euros		
	2004	2003	2002
Capital stock (Note 23)	1,661,518	1,565,968	1,565,968
Reserves (Note 24)-			
Additional paid-in capital	8,177,101	6,273,901	6,512,797
Reserves	1,682,947	971,477	771,484
Revaluation reserves	176,281	176,281	176,281
Reserves at consolidated companies	6,392,490	6,096,616	6,465,276
Accumulated losses at consolidated companies	(3,820,719)	(3,610,764)	(3,650,208)
	12,608,100	9,907,511	10,275,630
Add-			
Net income-			
Net attributable profit	2,801,904	2,226,701	1,719,129
Less-			
Interim dividends (Notes 5 and 15)-			
Paid	(676,327)	(572,452)	(572,996)
Unpaid	(338,865)	(287,444)	(287,620)
	(1,015,192)	(859,896)	(860,616)
Treasury stock (Note 23)	(18,370)	(66,059)	(97,671)
Net worth per books	16,037,960	12,774,225	12,602,440
Less-			
Final dividend (Note 5)	(481,501)	(364,327)	(248,420)
Net worth, after the distribution of income for the year	15,556,459	12,409,898	12,354,020

e) Equity-

Law 13/1992, on June 1, and Bank of Spain Circular 5/1993, on March 26, and subsequent amendments enacted the regulations governing minimum equity requirements for credit entities at both individual and consolidated group levels.

As of December 31, 2004, 2003 and 2002, the Group's eligible equity amounted to €20,144,358 thousand, €18,799,128 thousand and €17,840,156 thousand, respectively. These amounts exceed the minimum equity requirements stipulated by the aforementioned regulations.

f) Detail of risk provisions and coverage-

In accordance with Bank of Spain regulations, the risk provisions and coverage are presented as assigned to the related assets and/or in specific accounts. The detail of the aggregate risk provisions, coverage and guarantees, disregarding their accounting classification, is as follows:

	Thousands of Euros		
	2004	2003	2002
Loan loss provision (Note 3-c) (*)			
Due from credit institutions (Note 7)	31,860	171,240	122,787
Total net lending (Note 8)	4,367,049	4,443,539	5,097,695
Debentures and other debt securities (Note 9)	107,039	121,106	125,401
Off-balance-sheet risks (Notes 8 and 20)	230,496	209,270	271,545
	4,736,444	4,945,155	5,617,428
Security revaluation reserve (Notes 3-d and 3-e)			
Government debt securities (Note 6)	-	-	34
Debentures and other debt securities (Note 9)	81,356	73,958	2,586
Common stocks and other equity securities (Note 10)	60,956	71,653	240,726
Investments in non-Group companies (Note 11)	-	38	82
	142,312	145,649	243,428
Pension provision (Notes 3-j and 20)			
At Spanish companies	2,638,306	2,433,374	1,981,414
At foreign companies	637,689	598,539	640,493
	3,275,995	3,031,913	2,621,907
Provision for property and equipment (Notes 3-h and 14)	206,783	375,016	308,518
Other provisions for contingencies and expenses (Note 20)	1,814,604	1,978,402	1,949,866
TOTAL	10,176,138	10,476,135	10,741,147
(*) Loan loss provisions			
Provisions for specific risks	1,706,934	2,053,936	3,253,724
General-purpose provision	1,495,739	1,361,029	1,324,441
Country-risk provision	136,604	609,764	446,919
Provision for the statistical coverage of loan losses	1,397,167	920,426	592,344

g) Comparative information

Early retirements-

In 2004, 2003 and 2002 the Group offered certain employees the possibility of taking early retirement before the retirement age stipulated in the current collective labor agreement

(Note 3-j). The total cost of the early retirements includes indemnities, deferred compensation and future contributions to external pension funds. To meet this commitment, the related provisions were recorded, in accordance with Rule 13.13 of Bank of Spain Circular 4/1991.

In 2004 the Group charged the total cost arising from the early retirement, amounting to €571,628 thousand (€371,558 thousand net of the related tax effect) to the "Extraordinary Losses" caption in the accompanying consolidated statement of income (Notes 20 and 28).

In 2003 and 2002, as permitted by the last paragraph of Rule 13.13 of Bank of Spain Circular 4/1991, the Group recorded these provisions with a charge to the "Additional Paid-in Capital" and "Reserves" captions in the accompanying consolidated balance sheets as of December 31, 2003 and 2002 (Notes 3-j, 20 and 24), amounting to €519,620 thousand and €324,465 thousand, respectively, net of the related tax effect (which is estimated at €279,796 thousand and €174,712 thousand, respectively) and with a charge to the "Extraordinary Losses" caption in the accompanying 2003 and 2002 consolidated statements of income (Note 28), amounting to €410 thousand and €76,729 thousand, respectively. These transactions were authorized by the Shareholders' Meeting of the Bank and by the Bank of Spain.

Argentina

The economic crisis showed in 2002, has affected to the solvency and liquidity situation of Argentinian entities. Until 2003, the Group kept the accounting policy, established in 2001, which consisted in cancelling the theoretical accounting value of the Banco Frances Group in the consolidated balance sheet. When in 2003, the socioeconomic environment showed an improvement and the law environmental has showed a stability, the Group has decided to carry out a homogenization of the Banco Frances Group entities, showing the contribution to the Group statement of income and balance sheet as of December 31, 2004, according to the Bank of Spain Circular 4/91. In this homogenization process the Group has valued the assets according to the criterion established in that Circular, allocating the funds that the Group had constituted to cover the the investment theoretical accounting value when it is necessary (Note 20). It has not been necessary to constitute additional funds.

BBVA Brasil Group

The 2002 consolidated financial statements included the contribution of the BBVA Brasil Group, although the effects of the sale had been recorded as of December 31, 2002 (Note 4). In the 2003 consolidated financial statements, the BBVA Group recorded the earnings generated by the BBVA Brasil Group through the actual date of sale as earnings generated companies accounted for by the equity method, and, accordingly, comparison with the earnings of 2002, shows significant decreases in most captions of the consolidated statement of income.

Depreciation of the Latin American currencies

The macroeconomic developments in 2002, 2003 and 2004 in most Latin-American countries affected, among other variables, their currencies, which experienced a sharp devaluation against the euro. This devaluation particularly affected the consolidated balance sheets as of December 31, 2004, 2003 and 2002, since the year-end exchange rates were used, and the 2002, 2003 and 2004 consolidated statements of income, since average exchange rates were applied (Note 3-b).

For the purpose of facilitating comprehension of the Group's performance in 2004, the accompanying Management Report includes comparative information which takes into account the aforementioned effects.

(3) ACCOUNTING PRINCIPLES APPLIED

The accounting principles and valuation standards applied in preparing the consolidated financial statements were as follows:

a) *Accrual principle-*

Revenues and expenses are recorded on an accrual basis for accounting purposes and the interest method is applied for transactions whose settlement periods exceed twelve months. However, in accordance with the principle of prudence and with Bank of Spain regulations, the interest earned on nonperforming loans, including interest subject to country risk in countries classified as "very doubtful", "doubtful" or "experiencing temporary difficulties", is not recognized until it is collected.

In accordance with banking practice in Spain, transactions are recorded as of the date they are made, which may differ from the value date as of which interest revenues and expenses are calculated.

The consolidated finance companies record the revenues and expenses arising from their regular financing and lease contracts over the accrual period by the interest method. Under this method, these revenues and expenses are recognized over the collection period on the basis of the principal amount outstanding.

b) *Foreign currency transactions-*

The breakdowns by currency of several accounts and captions in these notes to consolidated financial statements include under the foreign currencies heading currencies other than the euro.

Assets, liabilities and futures transactions

Assets and liabilities in foreign currencies, including those of branches and subsidiaries abroad, and unmatured foreign currency purchases and sales arranged for hedging purposes have been translated to euros at the average year-end exchange rates in the Spanish spot foreign exchange market (through the exchange

rate of the U.S. dollar in local markets, for currencies not traded on the Spanish market), except for:

- The reserves of subsidiaries and the long-term investments in securities denominated in foreign currencies but funded in euros or in a currency other than that of the investment, which have been translated at historical exchange rates.
- The revenue and expense accounts of the subsidiaries abroad, which have been translated at the average exchange rates in each year.
- The unmatured forward foreign currency purchases and sales arranged for purposes other than hedging are valued at the year-end exchange rates in the Spanish forward foreign exchange market, which are published by the Bank of Spain for this purpose.

The equivalent euro value of the assets and liabilities denominated in foreign currencies was, as of December 31, 2004, €90,357 million, and €100,237 million, respectively (€88,470 million and €95,497 million, respectively as of December 31, 2003 and €102,210 million and €107,367 million, respectively, as of December 31, 2002).

Exchange differences

The exchange differences arising from application of the above-mentioned translation methods are recorded as follows:

- Exchange losses and gains in consolidation are recorded under the "Accumulated Losses at Consolidated Companies" and "Reserves at Consolidated Companies" captions, respectively, in the accompanying consolidated balance sheets, net of the portion of such losses and gains corresponding to minority interests (Notes 22 and 24).
- The net amount of the other exchange differences is recorded in full under the "Market Operations" captions in the accompanying consolidated statements of income (Note 28), and the exchange differences on forward transactions are debited to the "Other Assets - Exchange Differences on Forward Transactions" caption or credited to the "Other Liabilities - Exchange Differences on Forward Transactions" caption in the accompanying consolidated balance sheets (Note 15).

Structural exchange positions

The Group's general policy is to finance investments in foreign subsidiaries and capital assigned to branches abroad in the same currency as that of the investment, in order to eliminate any future risk of exchange differences arising from these transactions. However, the investments in countries whose currencies do not have a market enabling the Bank to obtain financing that is unlimited, lasting and stable at long term are

financed in another currency. In 2002, 2003 and 2004 most of the financing was provided in euros.

Exchange differences arising from financing in currencies other than the euro and the investment currency, net of the amount hedged by specific derivative transactions, are charged or credited to Group income, whereas those relating to investments are recorded under the "Reserves at Consolidated Companies - Translation Differences" caption in the accompanying consolidated balance sheets. Based on this principle, €482 thousand was charged to the "Market Operations" caption in the accompanying consolidated statement of income (€2,796 thousand and €32,699 thousand, respectively, were credited to the "Market Operations" caption in the accompanying 2003 and 2002 consolidated statements of income) (Note 28-b).

However, since the end of 2002, the exchange risk associated with most of the investments made in Mexico and Chile has been hedged by derivative transactions, and the variations are recorded as adjustments to the "Reserves at Consolidated Companies - Translation Differences" caption in the accompanying consolidated balance sheets.

Inflation

Certain subsidiaries (located in Mexico, Uruguay, Chile, Bolivia, Peru, and, through March 2003, Argentina) are subject to local regulations on adjustments for inflation, and, accordingly, record charges and credits in their statements of income to protect their net worth from the theoretical decline in value arising from inflation. These accounting entries are recorded under the "Extraordinary Income" and "Extraordinary Losses" captions in the accompanying consolidated statements of income (Note 28-g). The detail of the net amount of these items is as follows:

	Thousands of Euros		
	2004	2003	2002
Extraordinary income			
Mexico	-	-	20,454
Argentina (*)	-	-	38,456
	-	-	58,910
Extraordinary losses			
Mexico	(19,999)	(36,509)	-
Argentina	-	(820)	-
Peru	(7,852)	(3,620)	(3,703)
Chile	(7,868)	(3,655)	(9,293)
Uruguay	(2,344)	(12,007)	(41,483)
	(38,063)	(56,611)	(54,479)
	(38,063)	(56,611)	4,431

(*) Accounting for inflation was abolished on March 1, 2003.

c) Loan loss provisions (Note 2-f)-

The loan loss provisions are intended to cover the losses, if any, which might arise in the full recovery of all credit and off-balance-sheet risks assumed by the Group in the course of its financial business (Notes 7, 8 and 9). For presentation purposes, they are recorded as a reduction of the "Due from Credit

Institutions", "Total Net Lending" and "Debentures and Other Debt Securities" captions on the asset side of the accompanying consolidated balance sheets. The provisions to cover any losses on the Group's off-balance-sheet risks are included under the "Provisions for Contingencies and Expenses - Other Provisions" caption on the liability side of the accompanying consolidated balance sheets (Note 20).

The loan loss provisions were determined on the basis of the following criteria:

1. Specific provisions: on an individual basis, as stipulated by Bank of Spain Circular 4/1991. The balance of the specific loan loss provision is increased by provisions from period income and decreased by chargeoffs of debts deemed to be uncollectible or which have been nonperforming for more than three years (six years in the case of mortgage transactions with full coverage) and, if appropriate, by recoveries of the amounts previously provided for (Note 8).
2. General-purpose provision: in accordance with Bank of Spain regulations, an additional general-purpose provision, representing 1% of loans, fixed-income securities, contingent liabilities and nonperforming assets without mandatory coverage (0.5% in the case of certain mortgage transactions with full coverage), is set up to cover risks not specifically identified as problematic at the present time. The balance of the general-purpose loan loss provision is increased by provisions recorded with a charge to income and is decreased when the risk assets making up the calculation basis diminish with respect to the previous period and provisions are released (Note 8).
3. Provision for the statistical coverage of loan losses: from July 1, 2000, the Group is required to record a provision for the statistical coverage of the unrealized loan losses on the various homogeneous loan portfolios, by charging each quarter to the "Net Loan Loss Provisions" caption in the accompanying consolidated statements of income, the positive difference resulting from subtracting the specific net charges for loan losses recorded in the quarter from one-fourth of the statistical estimate of the overall unrealized loan losses on the various homogeneous loan portfolios (credit risk of each portfolio multiplied by the weighting coefficients established by Circular 4/1991 which range from 0% to 1.5%). If the resulting difference were negative, the amount would be credited to the consolidated statement of income with a charge to the provision recorded in this connection (to the extent of the available balance). The maximum amount of this provision is three times the sum of the amount of each credit risk category multiplied by its respective weighting coefficient (Note 8).
4. Country-risk provision: this provision is recorded on the basis of each country's degree of debt-servicing difficulty, per the classification and schedule established in Bank of Spain Circular 4/1991 (Note 8).

d) Government debt securities, debentures and other debt securities-

The securities comprising the Group's fixed-income securities portfolio are classified as follows:

- 1) *Trading portfolio*: which includes the listed securities held for the purpose of obtaining gains at short term taking advantage of market price fluctuations. The securities in the trading portfolio are stated at market price at year-end. The differences arising from valuation variations (except for those arising from accrued interest) are recorded at their net amount under the "Market Operations" caption in the accompanying consolidated statements of income (Note 28-b).
- 2) *Held-to-maturity portfolio*: which includes the securities which the Group has decided to hold until final maturity, since it has the financial capacity to do so, or has appropriate hedging of the value of these investments against interest rate fluctuations. Securities allocated to the held-to-maturity portfolio are carried at acquisition cost adjusted by the amount resulting from accrual by the interest method of the positive or negative difference between the redemption value and the acquisition cost over the term to maturity of the security. The gains or losses on disposal of debt securities classified in this portfolio are recorded as extraordinary income/losses in the consolidated statement of income and, if gains are obtained, a specific provision is recorded for the amount thereof. This provision is released on a straight-line basis over the term to maturity of the securities sold. No fixed-income securities classified in this portfolio were sold in 2004, 2003 or 2002.
- 3) *Available-for-sale portfolio*: which includes all other securities not classified in either of the two portfolios described above. The debt securities in the available-for-sale portfolio are individually stated at acquisition cost, adjusted by the accrued amount of the difference between acquisition cost and redemption value.

A securities revaluation reserve is recorded for the net difference with respect to the total market value of this portfolio, if lower, based on the year-end closing market prices in the case of listed securities, and on the present value at market interest rates on that date in the case of unlisted securities. The unrealized losses on securities sold to third parties under repurchase agreement are written down for the proportional part of the period from the expected repurchase date to the maturity date. Also, securities acquired to hedge other transactions at the same term and with fixed interest, which therefore are not exposed to interest rate risk, are recorded at acquisition cost.

The writedown of the listed fixed-income portfolio is charged to asset accrual accounts, which are presented

together with the securities written down under the appropriate consolidated balance sheet captions, or to income in the case of permanent losses. As of December 31, 2004 and 2003, the balance of these accounts amounted to €81,356 thousand and €69,687 thousand, respectively (Note 9). As of December 31, 2002, these accrual accounts had no balance.

Bank of Spain Circular 4/1991 also requires that an additional securities revaluation reserve be recorded for the amount of the gains on the disposal of fixed-income securities in the available-for-sale portfolio, which is applied to the asset accrual account described in the preceding paragraph, up to the balance calculated therefor.

e) Equity securities-

Securities in the trading portfolio, which includes the portions of the associated companies which are not held at long term, are stated at market price. The net differences arising from price fluctuations are recorded under the "Market Operations" caption in the accompanying consolidated statements of income.

Equity securities representing holdings in subsidiaries not fully consolidable or holdings of generally 20% or more in unlisted companies (3% if listed) which do not meet the conditions for proportional consolidation are accounted for by the equity method as indicated in Note 2-c, except for holdings for which hedging transactions were arranged to eliminate the equity price risk, which are valued at acquisition cost. The investments accounted for by the equity method were valued on the basis of the interim, to date unaudited, financial statements furnished by the companies.

Other equity securities are recorded in the consolidated balance sheets at the lower of cost, revalued where appropriate, or market. The market value of these securities was determined as follows:

- *Listed securities*: lower of average market price in the fourth quarter or year-end closing price.
- *Unlisted securities*: underlying book value of the holding per the latest available balance sheet, after taking into account the income projections for coming years and other unrealized gains which were used in determining the acquisition cost and persisted at year-end.

The difference between acquisition cost and the amount calculated as indicated in the preceding paragraph, which may be offset by the annual increase in the underlying book values of the investee over a maximum period of twenty years, need not be written down.

The securities revaluation reserve is recorded to recognize the unrealized losses arising from application of the

aforementioned methods, and is presented as a reduction of the balances of the “Common Stocks and Other Equity Securities” and “Investments in Non-Group Companies” captions on the asset side of the accompanying consolidated balance sheets (Notes 2-f, 10 and 11). This reserve is recorded with a charge to the “Market Operations” caption in the accompanying consolidated statements of income (Note 28).

Equity securities were revalued pursuant to the applicable enabling legislation on account revaluations or by the methods stipulated in the regulations on corporate mergers which were applied at the related merger dates (Note 24).

f) Intangible assets-

This caption in the accompanying consolidated balance sheets includes, among other items, the payments made to acquire computer applications, which are amortized over a maximum period of three years.

This caption also includes incorporation and preopening expenses, expenses of increase in capital carried out at the Bank and subsidiaries and the unamortized expenses of bond and other financial instrument issuances. These expenses are amortized in a maximum period of five years, except for the financial instrument issuance expenses, which are amortized over the life of each issue.

g) Consolidation goodwill and negative consolidation difference-

The positive differences between the acquisition cost of shares of subsidiaries or companies accounted for by the equity method (Note 2-c) and their underlying book value are recorded as goodwill, if they cannot be classified as additions to the value of specific assets of the acquired companies.

As this goodwill is deemed to persist, it is amortized on a straight-line basis from the acquisition date over the period during which it is considered that the underlying investments will contribute to obtaining income for the Group. The maximum amortization period is 20 years. In 2004, following the acquisition of the percentage owned by the minority shareholders of Grupo Financiero BBVA Bancomer, which is described in Note 4, the Group revised, prospectively from January 1, 2004, the period over which the finance companies located in Mexico will contribute to generating income for the Group and extended the goodwill amortization period from 10 to 20 years (Note 13).

The unrealized gains assigned to specific assets are amortized, if appropriate, on the basis of their disposal or effective decline in value over a maximum period of ten years in the case of operating assets.

When the cost of acquisitions is lower than their underlying book value, a negative consolidation difference arises which is

treated as a provision and may not be credited to income unless the investment in the capital stock of these companies is fully or partially disposed of or in the event of the unfavorable evolution of the results of these companies (Note 13).

h) Property and equipment-

Assets for own use-

Property and equipment are carried at cost, revalued where appropriate pursuant to the applicable enabling legislation (Note 24), net of the related accumulated depreciation. The buildings owned by certain of the Group companies which were involved in mergers were stated, pursuant to the applicable legislation, on the basis of the market prices on the related merger dates as determined by independent appraisers.

Depreciation of the Property and equipment is generally provided at the following depreciation rates:

	Annual Depreciation Rate
Buildings	1.33 to 4
Furniture	8 to 15
Fixtures	6 to 12
Office and automation equipment	8 to 25

Revaluation surpluses are depreciated over the remaining years of useful life of the revalued assets.

Gains or losses on disposal of property and equipment are recorded under the “Extraordinary Income” or “Extraordinary Losses” captions, respectively, in the consolidated statements of income.

Assets received in payment of debts-

These assets are recorded at the lower of the book value of the assets used to acquire them or market value, net, initially, of any provisions covering the assets received, up to 25% of that value. In accordance with Bank of Spain regulations, additional provisions are recorded in the years following foreclosure of the assets based on their age, type of asset and appraisal by independent appraisers.

The provisions recorded with a charge to the “Extraordinary Losses” caption in the accompanying consolidated statements of income are presented as a reduction of the balance of the “Property and Equipment - Other Property” caption in the accompanying consolidated balance sheets (Notes 14 and 28-g).

i) Treasury stock-

The balance of the “Treasury Stock” caption in the accompanying consolidated balance sheets as of December 31, 2004, 2003 and 2002, relates to shares of Banco Bilbao Vizcaya Argentaria, S.A. owned by the Bank and by consolidated subsidiaries (Note 23). These shares are reflected at cost, net,

where appropriate, of the allowance recorded to write them down to the lower of consolidated underlying book value or market price.

In 2004 the aforementioned allowance was recorded with a charge to the "Reserves" caption, amounting €17,367 thousand, which represents a change in accounting method with respect to 2003 and 2002, when this allowance was recorded with a charge to the "Losses on Group Transactions" caption in the accompanying consolidated statements of income. In 2004, 2003 and 2002, gains or losses arising from the disposal of Bank shares are recorded under the "Income on Group Transactions" or "Losses on Group Transactions" captions respectively, in the accompanying consolidated statements of income.

The treasury stock and shares of Group and associated companies that are acquired as a result of futures hedging transactions related to certain stock market indexes are valued at market price. Valuation differences are recorded under the "Market Operations" caption in the consolidated statement of income.

In accordance with the revised Spanish Corporations Law, a restricted reserve has been recorded for the net book value of the aforementioned treasury stock (Note 24).

The total Bank shares owned by the Bank and consolidated companies represented 0.0844%, 0.2343% and 0.3347% of the capital stock issued by the Bank as of December 31, 2004, 2003 and 2002 respectively. The subsidiaries not fully consolidable held 0.0032%, 0.0026% and 0.0061% of the Bank's capital stock, as of those dates, respectively.

j) Pension commitments and other commitments to employees-

Pension commitments

- In-house pension provisions

- Companies in Spain

In 2004, 2003 and 2002 the Group offered certain employees the possibility of taking early retirement before the age stipulated in the current collective labor agreement. 1,372, 1,944 and 1,439 employees availed themselves of this offer in 2004, 2003 and 2002, respectively. The total cost of these agreements was €571,628 thousand, €799,826 thousand and €575,906 thousand in 2004, 2003 and 2002 (Notes 20). To meet this commitment, the related provisions were recorded, in accordance with Rule 13 of Bank of Spain Circular 4/1991 (Notes 2-g and 20).

The commitments to this employee group from their normal retirement age are included in the Employee Welfare System, as described below.

The early retirement payments payable, which include the present value of the compensation and indemnities payable to and of the future contributions to the external pension funds of the personnel who took early retirement in 2004 and prior years,

through their normal retirement date, amounted to €2,577,559 thousand (€2,392,907 thousand and €1,942,975 thousand as of December 31, 2003 and 2002, respectively), net of the payments of €466,413 thousand made in 2004 (€429,168 thousand and €407,153 thousand in 2003 and 2002, respectively), and are included under the "Provisions for Contingencies and Expenses - Pension Provision" caption in the accompanying consolidated balance sheets.

In addition to the above, there are other internal pension provisions amounting to €2,837 thousand as of December 31, 2004 (€3,009 thousand and €949 thousand, as of December 31, 2003 and 2002, respectively), which are not subject to the externalization process.

- Companies abroad

Certain Group entities abroad have pension and other commitments to their employees, the accrued liability of which amounted to €637,689 thousand, €598,539 thousand and €640,493 thousand as of December 31, 2004, 2003 and 2002, respectively, and is included under the "Provisions for Contingencies and Expenses - Pension Provision" caption in the accompanying consolidated balance sheets (Notes 20 and 2-g). €587,383 thousand, €552,556 thousand and €570,060 thousand of these amounts as of December 31, 2004, 2003 and 2002, respectively, related to provisions recorded by BBVA Bancomer, S.A., to cover accrued defined benefit pension commitments and long-service bonuses at the retirement date and to cover, from 2002, post-retirement occupational obligations regarding medical services. The shortfall for past services as of December 31, 2004, 2003 and 2002, resulting from the recording of the latter commitment amounted to €181,528 thousand, €171,854 thousand and €187,234 thousand (Note 15) and is amortized over the average remaining working life of the employee group. The actuarial studies to evaluate these commitments were performed on an individual basis and quantified using the projected unit credit method and the discount rates and mortality and disability rates authorized by the Mexican National Banking and Securities Commission. In 2004, 2003 and 2002, net charges of €44,821 thousand, €48,338 thousand and €32,016 thousand, respectively were made by BBVA Bancomer, S.A. in this connection and were recorded with a charge to the "General Administrative Expenses - Personnel Costs" caption in the accompanying consolidated statement of income.

- External pension funds

Under the current collective labor agreement, Spanish banks are required to supplement the social security benefits received by employees or their beneficiary rightholders in the event of retirement (except for those hired after March 8, 1980), permanent disability, death of spouse or death of parent.

Since 2000, by virtue of the collective agreement on the Employee Welfare System dated November 14, 2000, all the commitments to serving and retired employees of the Group's

Spanish banks have been externalized and instrumented in external pension plans and insurance policies. This employee welfare system covers all employees, including those hired subsequent to March 8, 1980. The employee welfare system also includes the pension commitments and obligations to former directors of the Bank with executive functions, amounting to €79,883 thousand, €80,387 thousand and €80,477 thousand as of December 31, 2004, 2003 and 2002.

On December 29, 2003, a collective agreement was entered into whereby, inter alia, the defined-benefit retirement system applicable to certain Pension Plan groups is transformed into a new defined-contribution system. This agreement will come into force on January 1, 2004, and did not give rise to additional provisioning requirements for the Group.

The employee welfare system includes defined contribution commitments, the amounts of which are determined in each case as a percentage of certain compensation items and/or a preset annual amount, and defined benefit commitments that are covered by insurance policies. These latter commitments as of December 31, 2004, 2003 and 2002, were valued in accordance with the externalization contracts entered into by the Group's Spanish banks and the insurance companies using PEM/F 2000 mortality tables (GRM/F 95 for the insurance policies between the external pension plans and the insurance companies) and discount rates lower than the internal rates of return on the investments assigned to cover them.

The status of the commitments covered by external pension plans as of December 31, 2004, 2003 and 2002, is as follows:

	Thousands of Euros		
	2004	2003	2002
Pension commitments to retired employees (*)			
External pension funds	481,455	429,036	400,122
Insurance contracts (mathematical reserves)			
With insurance companies related to the Group	1,518,983	1,548,077	1,469,260
With unrelated insurance companies	577,971	629,533	662,613
	2,578,409	2,606,646	2,531,995
Possible commitments to serving employees			
External pension funds			
Employees with full coverage of accrued and unaccrued possible commitments (*)	131,861	470,266	487,056
Other employees (**)	1,752,539	1,358,415	1,252,123
	1,884,400	1,828,681	1,739,179
Insurance contracts with insurance companies (mathematical reserves) in the Group (***)	180,456	163,679	145,622
	2,064,856	1,992,360	1,884,801
	4,643,265	4,599,006	4,416,796

(*) Commitments instrumented in defined benefit systems.

(**) Commitments instrumented in defined contribution systems.

(***) Commitments of which as of December 31, 2004, €130,628 thousand are instrumented in defined benefit systems (€135,900 thousand in 2003) and €49,828 thousand in defined contribution systems (€27,779 thousand in 2003).

- Differences in the pension fund-

The externalization process, in which new valuation assumptions were used, disclosed differences which represent the discounted present value of the contributions yet to be made to the external pension funds for possible pension commitments as of December 31, 2000. These amounts were calculated using discount rates of 3.15% for the insurance contracts and 5.64% for the external pension plans. The initial differences that arose were recorded with a charge to accrual accounts and are being amortized over a maximum period of fourteen years in the case of the external pension plans, and over nine years in the case of the insurance contracts, starting from 2000 in accordance with the stipulations of Bank of Spain Circular 5/2000 and as required by the transition regime established in current regulations. In turn, the initial differences were credited to the "Deposits" caption on the liability side of the accompanying consolidated balance sheets, reducing the balance for the payments made. For presentation purposes, the balances of these two items as of December 31, 2004, 2003 and 2002, are included at the net amount under the "Other Assets" caption in the consolidated balance sheets as of that date (Note 15).

The variations in 2004 in this connection were as follows:

	Thousands of Euros		
	Pensions Commitments to Retired Employees	Possible Commitments to Serving Employees	Total
Other assets - Differences in the pension fund			
Balance at January 1, 2004			
External pension plan	-	486,128	486,128
Insurance contracts	82,911	43,385	126,296
	82,911	529,513	612,424
Amortization			
External pension plan	-	(32,515)	(32,515)
Insurance contracts	16,093	17,971	34,064
	16,093	(14,544)	1,549
Other variations	(46,893)	-	(46,893)
Balance at December 31, 2004	52,111	514,969	567,080
Deposits - Deferred contributions			
Balance at January 1, 2004	(98,681)	(44,600)	(143,281)
Add-			
Interest cost allocable:	(1,452)	(1,053)	(2,505)
Less-			
Payments made:	12,820	38,728	51,548
Reduction due to assignment of investments:	15,861	6,925	22,786
	28,681	45,653	74,334
Other variations	71,452	-	71,452
Balance at December 31, 2004	-	-	-
Net balance at December 31, 2004 (Note 15)	52,111	514,969	567,080

The variations in 2003 in this connection were as follows:

	Thousands of Euros		
	Pensions Commitments to Retired Employees	Possible Commitments to Serving Employees	Total
Other assets - Differences in the pension fund			
Balance at January 1, 2003			
External pension plan	-	536,529	536,529
Insurance contracts	99,493	67,442	166,935
	99,493	603,971	703,464
Amortization			
External pension plan	-	(50,401)	(50,401)
Insurance contracts	(16,582)	(8,678)	(25,260)
	(16,582)	(59,079)	(75,661)
Other variations	-	(15,379)	(15,379)
Balance at December 31, 2003	82,911	529,513	612,424
Deposits - Deferred contributions			
Balance at January 1, 2003	(114,341)	(81,619)	(195,960)
Add-			
Interest cost allocable:	(2,760)	(1,849)	(4,609)
Less-			
Payments made:	14,944	9,106	24,050
Reduction due to assignment of investments:	3,476	1,798	5,274
	18,420	10,904	29,324
Other variations	-	27,964	27,964
Balance at December 31, 2003	(98,681)	(44,600)	(143,281)
Net balance at December 31, 2003 (Note 15)	(15,770)	484,913	469,143

- Statement of income-

The charges recorded in 2004, 2003 and 2002 to cover the aforementioned commitments are summarized as follows:

	Thousands of Euros		
	2004	2003	2002
Detail by item-			
Allocable interest cost of deferred contributions	2,505	4,609	9,280
Expense of contributions made in the year by Spanish banks in the Group to external pension funds and insurance companies-			
Accrued in the year	56,977	68,366	79,752
Extraordinary	(36,681)	97,462	87,342
	22,801	170,437	176,374
Expense of contributions made by other Group entities	9,445	10,135	13,805
Net charges by Spanish banks in the Group to in-house pension provisions	678,569	87,526	156,910
Net charges by other Group companies to in-house pension provisions	55,286	59,653	43,824
	766,101	327,751	390,913
Detail by account-			
Financial expenses -			
Customer deposits	2,505	4,609	9,280
Financial expenses -			
Cost allocable to the recorded pension provision (Notes 20 and 28-b)	85,381	69,893	60,041
General administrative expenses -			
Personnel costs-			
Net charges to in-house pension provisions (Notes 20 and 28-c)	45,555	56,420	39,067
Contributions to external pension funds (Note 28-c)	66,422	78,501	3,345
Extraordinary losses-			
Net extraordinary charges to in-house pension provisions (Note 20)	7,090	2,240	3,345
Other losses	559,148	116,088	189,501
Extraordinary income-	-	-	(3,878)
	766,101	327,751	390,913

Other commitments to employees

All the employee stock option plans granted through 2000, except for the long-service bonuses, concluded in 2004 on expiration of the related right exercise date.

From 2001 to 2004 no new stock options were granted, except long-service bonuses in shares accrued by employees (to be settled when the employee completes 15, 25, 40 or 50 years' service at Banco Bilbao Vizcaya Argentaria, S.A.).

The situation as regards performance bonuses payable in shares to employees as of December 31, 2004, and the variations in 2004 were as follows:

	Options				
	Options		Options		Expiration Date
Plans in Force	N° Shares at 01-01-04	Exercised on Maturity of the Plan	to Early Retirements and Other (1)	N° Shares at 12-31-04	
Long-service bonuses	6,278,361	(305,100)	199,517	6,172,778	(1)

(1) When employees complete 15, 25, 40, and 50 years' service at Banco Bilbao Vizcaya Argentaria, S.A.

In March 1999, pursuant to a resolution adopted by the Bank's Shareholders' Meeting on February 27, 1999, 32,871,301 new shares were issued at a price of €2.14 per share, similar to the average reference price of the bonus commitments to Group employees at that date, which they were allocated to cover, which included the bonus commitments for the years 1995 through 1998 and a portion of the accrued commitment relating to long-service bonuses. These shares were subscribed and paid in full by a non-Group company and, simultaneously, the Bank acquired a call option on these shares which can be exercised on any date, at one or several times, prior to December 31, 2011, at an exercise price equal to the share issue price, adjusted on the basis of the antidilution clauses. On various occasions since 1999 the call option was partially exercised to meet commitments to Group employees, a total of 28,044,656 shares being purchased. Accordingly, as of December 31, 2004, the Bank still held an option on a total of 4,826,645 shares (8,192,942 and 12,490,232 shares as of December 31, 2003 and 2002, respectively), at a price of €2.09 per share, after adjustment of the issue price as a result of the reductions in the par value in July 1999 and April 2000.

Moreover, the other accrued long-service bonus commitments (1,346,133, 1,325,680 and 1,900,000 shares in 2004, 2003 and 2002, respectively) had been hedged in full with call options and other futures transactions (Note 3-m).

In 2003 an insurance policy was arranged for €570 thousand to cover the pension commitments to former nonexecutive directors. This amount was recorded under the "Personnel Costs" caption in the 2003 statement of income.

k) Severance costs-

Under current Spanish labor legislation, companies are required to pay severance to employees terminated without just cause. There is no labor force reduction plan which would make it necessary to record a provision in this connection. However, as required by Bank of Spain Circular 5/2000, the Group recorded in-house provisions, with a charge to the "Extraordinary Losses" caption in the accompanying 2004, 2003, and 2002 consolidated statements of income, to cover, in accordance with the schedule established in that Circular, the contractual severance payments for terminations or dismissals additional to those provided for by current legislation on a general basis. As of December 31, 2004, 2003 and 2002, these provisions amounted to €57,910 thousand, €37,458 thousand and €37,490 thousand, respectively, and were recorded under the "Provisions for Contingencies and Expenses - Pension Provision" caption in the accompanying consolidated balance sheets (Note 20).

l) Corporate income tax and other taxes-

These captions in the consolidated statements of income include all the debits or credits arising from Spanish corporate income tax and those taxes of a similar nature of subsidiaries abroad, including both the amounts relating to the expense accrued in the year and those arising from adjustments to the amounts recorded in prior years (Note 25).

The expense for corporate income tax accrued each year is calculated on the basis of book income before taxes, increased or decreased, as appropriate, by the permanent differences from the income for tax purposes, i.e. differences between the taxable income and book income before taxes that do not reverse in subsequent periods. The tax assets arising from tax losses at subsidiaries (basically Latin-American companies) and prepaid taxes arising from timing differences are only capitalized if they will be recovered within a period of ten years (Note 15).

The tax benefit of tax credits for double taxation, tax relief and tax credits for certain activities or investments is treated as a reduction of the amount of corporate income tax for the year in which the tax credits are used. Entitlement to these tax credits is conditional upon compliance with the legally stipulated requirements.

m) Derivatives and other futures transactions-

These instruments include, inter alia, unmatured foreign currency purchase and sale transactions, unmatured securities purchase and sale transactions, financial futures on securities, on exchange rates and on interest rates, forward rate agreements, options on exchange rates, on securities and on interest rates and the various types of financial swaps. These transactions are basically carried out for hedging and overall management of the financial risks to which the Group is exposed.

In accordance with Bank of Spain regulations, transactions involving these products are recorded in memorandum accounts

either for the future rights and commitments that might have a net worth effect, or for the balances that might be necessary to reflect the transactions, even if they did not have any effect on the Group's net worth. Accordingly, the notional and/or contractual value of these products does not express the total credit or market risk assumed by the Group.

Also, the premiums paid and collected for options purchased and sold, respectively, must be recorded under the "Other Assets" and "Other Liabilities" captions in the accompanying consolidated balance sheets as an asset for the purchaser and as a liability for the writer (Note 15), until their exercise or maturity date.

Transactions whose objective and effect is to eliminate or significantly reduce currency, interest rate or price risks on asset and liability positions or on other transactions were treated as hedging transactions, provided that the hedged asset and the hedging transactions were identified explicitly from initiation of the latter. Similarly, transactions which, although not specifically assigned to a specific hedged item, form part of global or macrohedges used to reduce the risk to which the Group is exposed as a consequence of overall management of correlated assets, liabilities and other transactions, were also treated as hedging transactions.

As of December 31, 2004, 2003 and 2002, the Group had arranged share price risk and interest rate risk macrohedges consisting of securities listed on the main international stock markets and long-term deposit transactions, respectively. The security price macrohedges were valued at market price. The settlements relating to the interest rate macrohedge were recorded by the accrual method. These transactions are permanently subject to an integrated, prudent and consistent system of risk and earnings measurement, management and control enabling transactions to be monitored and identified. This system involves, for each macrohedge, the recording of provisions for credit, market and operational risk in accordance with banking practice for transactions of this type. As required by current legislation, each macrohedge transaction has been authorized by the Bank of Spain.

The gains or losses arising from these hedging transactions are recorded symmetrically to the revenues or costs of the hedged item, and the collections or payments made in settlements are recorded with a balancing entry under the "Other Assets" and "Other Liabilities" captions in the accompanying consolidated balance sheets (Note 15). Forward currency transactions classified as hedges are recorded for accounting purposes as described in Note 3-b.

Nonhedging transactions, which are also known as trading transactions, are valued in accordance with Bank of Spain regulations, based on the market on which they are arranged:

- Transactions arranged in organized markets are valued at market price in their respective markets and the gains or losses arising as a result of market price fluctuations are recorded in full in the consolidated statement of income.

- Theoretical closings are performed at least every month of securities and interest rate futures transactions arranged outside organized markets, and provisions are recorded with a charge to income for the potential net losses, if any, in each risk category and currency arising from such valuations (Notes 20 and 26). The potential gains, which amounted to €6,761 thousand, €9,664 thousand and €1,137 thousand as of December 31, 2004, 2003 and 2002, respectively, are only recognized in the accompanying consolidated statements of income when effectively realized (Note 26). This procedure is also applied to currency options traded outside organized markets.

n) Assets and liabilities acquired or issued at a discount-

Assets and liabilities acquired or issued at a discount, except for marketable securities, are recorded at redemption value. The difference between this value and the amounts paid or received is recorded under the liability and asset "Accrual Accounts" captions in the consolidated balance sheets (Note 16).

(4) BANCO BILBAO VIZCAYA ARGENTARIA GROUP

Banco Bilbao Vizcaya Argentaria, S.A. (BBVA) is the Group's parent company. Its individual financial statements are prepared on the basis of the accounting principles and methods described in Note 3, except for the valuation of the Bank's direct holdings of 20% or more in unlisted companies and of 3% or more in listed companies, which, pursuant to Bank of Spain Circular 4/1991, are recorded at the lower of cost, revalued where appropriate, or market. The market value is deemed to be the underlying book value of these holdings, adjusted by the amount of the unrealized gains disclosed at the time of acquisition and still existing at the valuation date.

The Bank represented approximately 65.21% of the Group's assets and 29.08% of pre-tax profits as of December 31, 2004 (63.94% and 49.5%, respectively, as of December 31, 2003 and 58.96% and 49.39%, respectively, as of December 31, 2002), after the related consolidation adjustments and eliminations.

Summarized below are the balance sheets of Banco Bilbao Vizcaya Argentaria, S.A. as of December 31, 2004, 2003 and 2002 and the statements of income for the years ended December 31, 2004, 2003 and 2002.

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.
BALANCE SHEETS AS OF DECEMBER 31, 2004, 2003 AND 2002 (SUMMARIZED)
- Thousands of euros -

ASSETS	2004	2003 (*)	2002 (*)	LIABILITIES AND EQUITY	2004	2003 (*)	2002 (*)
CASH ON HAND AND DEPOSITS				DUE TO CREDIT			
AT CENTRAL BANKS	3,529,186	2,359,883	1,671,111	INSTITUTIONS	60,345,111	53,929,332	47,029,366
GOVERNMENT DEBT				DEPOSITS	100,880,240	101,419,493	98,472,990
SECURITIES	18,319,532	18,796,673	19,091,299	MARKETABLE DEBT			
DUE FROM CREDIT				SECURITIES	26,628,649	13,630,214	8,714,150
INSTITUTIONS	19,067,414	19,562,686	19,662,904	OTHER LIABILITIES	11,266,115	9,539,682	7,381,866
TOTAL NET LENDING	126,263,379	110,880,263	100,687,471	ACCRUAL ACCOUNTS	1,860,366	1,654,299	3,768,498
DEBENTURES AND OTHER				PROVISIONS FOR			
DEBT SECURITIES	25,844,671	24,416,412	17,131,192	CONTINGENCIES AND			
COMMON STOCKS				EXPENSES	4,109,774	3,736,487	3,064,754
AND OTHER EQUITY				GENERAL RISK ALLOWANCE	-	-	-
SECURITIES	5,473,562	2,428,316	2,071,348	INCOME FOR THE YEAR	1,605,595	1,460,337	1,207,096
INVESTMENTS IN				SUBORDINATED DEBT	11,229,927	10,442,327	9,735,824
NON-GROUP COMPANIES	3,132,964	3,583,687	4,357,296	CAPITAL STOCK	1,661,518	1,565,968	1,565,968
INVESTMENTS IN GROUP				ADDITIONAL PAID-IN			
COMPANIES	11,272,789	7,778,436	8,699,420	CAPITAL	8,177,101	6,273,901	6,512,797
INTANGIBLE ASSETS	218,339	193,244	191,903	RESERVES	701,437	486,336	530,664
PROPERTY AND EQUIPMENT	2,087,278	2,108,116	2,190,317	REVALUATION RESERVES	176,281	176,281	176,281
TREASURY STOCK	8,500	56,071	97,555	TOTAL LIABILITIES AND			
OTHER ASSETS	11,733,399	10,724,838	8,994,431	EQUITY	228,642,114	204,314,657	188,160,254
ACCRUAL ACCOUNTS	1,691,101	1,426,032	3,314,007				
TOTAL ASSETS	228,642,114	204,314,657	188,160,254				
MEMORANDUM ACCOUNTS	86,329,713	81,584,665	78,116,151				

(*) Presented for comparison purposes only.

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.
STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31,
2004, 2003 AND 2002 (SUMMARIZED)
- Thousands of euros -

	(DEBIT)/CREDIT		
	2004	2003 (*)	2002 (*)
FINANCIAL REVENUES	6,484,739	6,551,366	7,531,595
FINANCIAL EXPENSES	(3,712,911)	(3,602,152)	(4,627,304)
INCOME FROM EQUITIES PORTFOLIO	1,091,478	667,465	1,283,859
NET INTEREST INCOME	3,863,306	3,616,679	4,188,150
FEES COLLECTED	1,699,305	1,509,043	1,532,072
FEES PAID	(361,869)	(275,990)	(275,284)
MARKET OPERATIONS	388,339	366,454	362,923
GROSS OPERATING INCOME	5,589,081	5,216,186	5,807,861
OTHER OPERATING INCOME	3,004	2,127	14,673
GENERAL ADMINISTRATIVE EXPENSES	(2,707,390)	(2,675,825)	(2,625,233)
DEPRECIATION AND AMORTIZATION	(229,347)	(247,544)	(257,964)
OTHER OPERATING EXPENSES	(56,649)	(73,379)	(87,795)
NET OPERATING INCOME	2,598,699	2,221,565	2,851,542
NET LOAN LOSS PROVISIONS	(649,258)	(548,266)	(631,928)
NET SECURITIES WRITEDOWNS	(258,655)	(369,942)	(1,181,581)
NET CHARGE TO GENERAL RISK ALLOWANCE	-	-	-
EXTRAORDINARY INCOME	639,191	825,743	582,816
EXTRAORDINARY LOSSES	(596,019)	(366,754)	(389,544)
PRE-TAX PROFIT	1,733,958	1,762,346	1,231,305
CORPORATE INCOME TAX AND OTHER TAXES	(128,363)	(302,009)	(24,209)
NET INCOME (Note 5)	1,605,595	1,460,337	1,207,096

(*) Presented for comparison purposes only.

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.
STATEMENTS OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 2004, 2003 AND 2002 (SUMMARIZED)
- Thousands of euros -

APPLICATION OF FUNDS	2004	2003 (*)	2002 (*)	SOURCE OF FUNDS	2004	2003 (*)	2002 (*)
DIVIDENDS PAID	1,352,353	1,112,156	1,255,970	FROM OPERATIONS:			
				Net income	1,605,595	1,460,337	1,207,096
				Add-			
				Depreciation and amortization	337,205	344,338	329,335
				Net provision for asset writedown and other special provisions	1,649,639	1,182,798	2,404,260
				Losses on sales of investments and fixed assets	8,863	12,758	62,475
				Less-			
				Gains on sales of investments and fixed assets	(464,672)	(668,477)	(390,505)
					<u>3,136,630</u>	<u>2,331,754</u>	<u>3,612,661</u>
CREDITORS	539,253	-	-	CAPITAL INCREASES	1,998,750	136,880	-
NET PURCHASE OF TREASURY STOCK	-	-	97,548	NET SALE OF TREASURY STOCK	47,571	41,484	-
SUBORDINATED DEBT FINANCING, NET OF INVESTMENT, AT BANK OF SPAIN AND CREDIT AND SAVINGS INSTITUTIONS	-	-	8,608,296	SUBORDINATED DEBT FINANCING, NET OF INVESTMENT, AT BANK OF SPAIN AND CREDIT AND SAVINGS INSTITUTIONS	787,600	706,503	-
TOTAL NET LENDING	16,120,091	10,756,330	1,802,746	DEPOSITS	5,809,135	6,267,516	-
DEBT SECURITIES SHORT-TERM EQUITY SECURITIES	939,842	6,978,027	-	DEBT SECURITIES	2,946,503	1,857,260	-
MARKETABLE SECURITIES	2,727,181	324,153	62,550	DEBT SECURITIES	-	-	5,656,629
ACQUISITION OF LONG-TERM INVESTMENTS-	-	-	-	MARKETABLE SECURITIES	12,998,435	4,916,064	2,640,330
Purchase of investments in Group and associated companies	12,032,950	5,474,267	6,311,401	SALE OF LONG-TERM INVESTMENTS-			
Additions to property and equipment and intangible assets	407,732	355,522	399,968	Sale of investments in Group and associated companies	8,514,525	7,056,294	4,807,104
	<u>12,440,682</u>	<u>5,829,789</u>	<u>6,711,369</u>	Sale of property and equipment	128,839	114,968	305,184
					<u>8,643,364</u>	<u>7,171,262</u>	<u>5,112,288</u>
				OTHER LIABILITY ITEMS			
				LESS ASSET ITEMS	697,197	482,489	155,832
TOTAL FUNDS APPLIED	<u>34,119,402</u>	<u>25,000,455</u>	<u>19,035,000</u>	TOTAL FUNDS OBTAINED	<u>34,119,402</u>	<u>25,000,455</u>	<u>19,035,000</u>

(*) Presented for comparison purposes only.

The total assets and financial income of the most subsidiaries of the Group as of December 31, 2004, 2003 and 2002 are as follows:

	COUNTRY	Thousands of Euros					
		2004		2003		2002	
		Total Assets	Financial Income	Total Assets	Financial Income	Total Assets	Financial Income
BBVA Bancomer Group	Mexico	48,519,545	3,664,449	48,239,259	3,812,987	60,061,343	5,070,718
BBVA Chile Group	Chile	5,218,163	323,876	4,566,384	230,695	4,309,550	300,519
BBVA Puerto Rico	Puerto Rico	4,163,487	196,720	4,231,283	216,615	4,802,885	289,157
BBVA Banco Francés Group	Argentina	3,587,619	267,685	4,203,309	278,888	5,916,673	1,081,248
BBVA Banco Provincial Group	Venezuela	3,955,337	393,720	3,407,683	488,796	3,627,193	746,284
BBVA Banco Continental Group	Peru	3,186,946	174,526	2,936,889	171,985	3,510,614	204,232
BBVA Colombia Group	Colombia	2,410,519	220,777	1,923,646	176,967	1,907,398	227,215
BBV Brasil Group	Brazil	-	-	-	-	4,020,841	1,218,811

The subsidiaries fully consolidated as of December 31, 2004, 2003 and 2002 which, based on the information available, were more than 5% owned by non-Group shareholders, were as follows:

As of December 31, 2004:

- Banc Internacional D'Andorra, S.A.
- Holding Continental, S.A.
- Banco Provincial, S.A.
- Inversiones BanPro International Inc., N.V.
- BBVA Horizonte Pensiones y Cesantías, S.A.
- BBVA Chile, S.A.
- Administradora de Fondos de Pensiones Provida, S.A.
- Uno-e Bank, S.A.
- BI-BM Gestio D'Actius, S.A.
- BBVA & Partners Alternative Invest, A.V., S.A.

As of December 31, 2003:

- Grupo Financiero BBVA Bancomer, S.A.
- Banc Internacional D'Andorra, S.A.
- Holding Continental, S.A.
- Banco Provincial, S.A.
- Inversiones BanPro International Inc., N.V.
- BBVA Horizonte Pensiones y Cesantías, S.A.
- BBVA Chile, S.A.
- Administradora de Fondos de Pensiones Provida, S.A.
- Uno-e Bank, S.A.
- BI-BM Gestio D'Actius, S.A.
- A.F.P. Crecer, S.A.
- BBVA & Partners Alternative Invest, A.V., S.A.

As of December 31, 2002:

- Grupo Financiero BBVA Bancomer, S.A.
- Banc Internacional D'Andorra, S.A.
- Holding Continental, S.A.
- Banco Provincial, S.A.
- PSA Finance Argentina Compañía Financiera, S.A.
- Inversiones BanPro International Inc., N.V.
- BBVA Horizonte Pensiones y Cesantías, S.A.
- BBVA Chile, S.A.
- Administradora de Fondos de Pensiones Provida, S.A.
- Uno-e Bank, S.A.
- BI-BM Gestio D'Actius, S.A.
- A.F.P. Crecer, S.A.
- BBVA & Partners Alternative Invest, A.V., S.A.

As of December 31, 2002, there were no Spanish or foreign credit institutions outside the Group with significant holdings in fully consolidated companies.

Based on the information available as of December 31, 2004 and 2003, foreign credit institutions outside the Group held significant investments in the following fully consolidated companies:

- AFP Provida, a Bank of New York investee.

The main changes in the consolidated Group and the situation as of December 31, 2004, were as follows:

BBVA-Bancomer Group (Mexico)-

Grupo Financiero BBV-Probursa, S.A. de C.V. and the companies in its group, including most notably Banco Bilbao Vizcaya Mexico, S.A., joined the Group in July 1995.

In the first half of 2000, it was resolved to merge Grupo Financiero BBV-Probursa, S.A. de C.V. and Grupo Financiero BBVA Bancomer, S.A. de C.V. (the holdings of which include most notably 100% of BBVA Bancomer, S.A. and 51% of Administradora de Fondos para el Retiro Bancomer, S.A. de C.V. (AFORE Bancomer). This merger was carried out in July 2000, after the Group subscribed in June to a capital increase of US\$ 1,400 million at Grupo Financiero BBV-Probursa, S.A. de C.V.

The Group's holding in Grupo Financiero BBVA Bancomer, S.A. de C.V. resulting from the merger, following open-market acquisitions of shares amounting to approximately US\$ 325 million, stood at 36.6% as of December 31, 2000.

At the end of the year 2000 an agreement was reached with Bank of Montreal to acquire an additional 2.2% of Grupo Financiero BBVA Bancomer, S.A. de C.V. for approximately US\$ 125 million, in a transaction which was performed in 2001. Also, on April 4, 2001, the Group reached an agreement with Bank of Montreal to purchase 9% of its holding in Grupo Financiero BBVA Bancomer, S.A. de C.V. (812 million shares) which signified an investment of US\$ 558 million. The transaction was performed in two tranches: the first consisting of 500 million shares on April 5, 2001, raised the holding to 45%, and the second, consisting of 312 million shares, raised the holding in Grupo Financiero BBVA Bancomer, S.A. de C.V. to 48%. Also, in 2001 other acquisitions amounting to US\$ 140 million were made, leaving the total holding in Grupo Financiero BBVA Bancomer S.A. de C.V. at 48.76% as of December 31, 2001. The increase in the total goodwill recorded in relation to Grupo Financiero BBVA Bancomer S.A. de C.V. in 2001 amounted to €739 million.

As part of the placement of Grupo Financiero BBVA Bancomer S.A. de C.V. shares by the Government of Mexico in 2002, BBVA acquired approximately 276 million shares representing 3% of the entity's capital stock for €240 million. Additionally, in November 2002 the Group acquired a further 2.5% holding in the capital stock of BBVA Bancomer for €175 million, thus raising the Bank's ownership interest to 54.67% as of December 31, 2002. The increase in goodwill recorded in 2002 was €338 million.

Lastly, in 2003 the Group made additional purchases of 4.76% of the capital stock of BBVA Bancomer for a total of €304 million, leaving the Bank's holding at 59.43% as of December 31, 2003. The increase in goodwill recorded in 2003 was €161 million (Note 13).

On March 20, 2004, the BBVA Group completed the tender offer on 40.6% of the capital stock of Grupo Financiero BBVA Bancomer, S.A. de C.V. The final number of shares presented in the offer and accepted by BBVA was 3,660,295,210, which represent 39.45% of the capital stock of the Mexican entity. Following the acquisition of these shares through the tender offer, the ownership interest held by BBVA in the capital of Grupo Financiero BBVA Bancomer, S.A. de C.V.

was 98.88%. Lastly, as of December 31, 2004, as a result of the purchase of shares subsisting in the market, BBVA's holding in Grupo Financiero BBVA Bancomer, S.A. de C.V. increased to 99.70%. The increase in goodwill recorded in 2004 was €2,116.7 million (Note 13).

BBVA Banco Francés (Argentina)-

In December 1996, the Group acquired 30% of BBVA Banco Francés, S.A. (formerly Banco Francés Río de la Plata, S.A.) and took on its management. From that date through December 31, 2001, additional acquisitions were made to increase the Group's holding in this entity to the 68.25% as of December 31, 2001. The total cost of this holding was US\$ 1,179 million. As of December 31, 2001, the Group amortized the unamortized goodwill as of that date relating to BBVA Banco Francés, which amounted to €13,998 thousand (Note 3-g).

On May 30, 2002, BBVA Banco Francés reached an agreement with the Argentine authorities to increase capital, for which BBVA would contribute the subordinated marketable debentures of BBVA Banco Francés held by it amounting to US\$ 130 million and a financial loan granted to BBVA Banco Francés amounting to US\$ 79 million. The preemptive subscription period ended on December 26, 2002. In accordance with the issue terms, a total of 158.4 million new shares were issued, which increased the Bank's capital stock to 368.1 million shares. The Group, as the majority shareholder, increased its ownership interest in the capital of BBVA Banco Francés, S.A. from 68.25% to 79.6% as a result of this capital increase. The resulting goodwill amounted to €34,786 thousand and was written off with a charge to the 2002 consolidated statement of income (Note 13).

As of December 31, 2003, the holding was 79.6%.

As of January 21, 2004, BBVA Banco Francés, S.A. presented the new formulation of the regularization and reorganization plan, which begun in 2002, requested by the authorities. The new plan considered, mainly, the sale of its subsidiary BBVA Banco Francés (Cayman) Ltd. to BBVA, S.A., carried out the last March 18, and the capitalization of a € 78 million loan granted by BBVA, S.A. to BBVA Banco Francés, S.A.

In compliance with the commitment thus assumed, on April 22, 2004, the Shareholders' Meeting of BBVA Banco Francés, S.A. authorized a capital increase with a par value of ARP 385 million, which has been formally executed on October 2004. The Bank subscribed to, and paid, the capital increase carried out at BBVA Banco Francés, S.A. through the conversion into equity of a \$78 million loan it had granted to this investee.

Consolidar Group (Argentina)-

The Consolidar Group joined the Group in October 1997, when a 63.33% ownership interest was reached through BBVA Banco Francés.

As of December 31, 2002, 2003 and 2004, the Group held all the capital stock of Consolidar Administradora de Fondos de Jubilación y Pensiones (AFJP), S.A., Consolidar Cía de Seguros de Vida, S.A. and Consolidar Seguros de Retiro, S.A. (through Banco Francés, in percentages of between 53.89%, 65.96% and 66.67%, respectively).

Banco Bilbao Vizcaya Argentaria Puerto Rico, S.A.-

In July 1998 BBV Puerto Rico absorbed PonceBank, an entity with total assets of US\$ 1,095 million, through a capital increase of US\$ 166 million. Also in 1998, BBV Puerto Rico acquired the assets and liabilities of Chase Manhattan Bank in Puerto Rico for a disbursement of US\$ 50 million.

In March 2000, Citibank's automobile loan portfolio in Puerto Rico was acquired for a disbursement of US\$ 31 million additional to the adjusted net value of the loans.

As of December 31, 2003 and 2004, the holding was 100%.

BBVA Group (Chile)-

In September 1998, the Group acquired a 44% holding in Banco BHIF, S.A., currently BBVA Chile, S.A., and assumed the management of the group headed by this Chilean financial institution. In 1999 additional shares were acquired, bringing the Group's total holding in this entity to 53.3% as of December 31, 1999. In September 2000 the Group completed the contribution of the capital subscribed in September 1998, with an amount of US\$ 108 million, which brought the Group's holding to 62.6% as of December 2000. As of December 2002, 2003 and 2004, the Group's holding in BBVA Chile, S.A. was 66.098%, 66.27% and 66.26%, respectively.

AFP Provida, S.A. (Chile)-

On July 1, 1999, the Group acquired a 41.17% holding in, and assumed the management of, Administradora de Fondos de Pensiones Provida, S.A. This acquisition was undertaken through the issue of 19,780,108 new shares resolved by the Special Shareholders' Meeting on June 30, 1999. These new shares were exchanged for all the shares of the companies that owned the aforementioned holding in AFP Provida, S.A. (Corp Group Pensions Ltd. and Brookline Investment Ltd.). Also, the Group made further investments in AFP Provida, mainly through the majority subscription to a capital increase carried out by this company in October 1999, and open-market acquisitions in 2001 and 2000. The Group's holding as of December 31, 2004, 2003 and 2002, to 64.32%.

BBVA Banco Provincial Group (Venezuela)-

In March 1997, the Group acquired 40% of the capital stock of Banco Provincial, S.A. and higher holdings in the other Provincial Group companies, thereby assuming management of the group. Additional acquisitions were made in subsequent years which raised the Bank's holding in the Provincial Group to

55.53% 55.59% and 55.60% as of December 31, 2002, 2003 and 2004, respectively.

BBVA Banco Continental Group (Peru)-

In April 1995, the Group acquired a 75% holding in the capital stock of Banco Continental, S.A. through Holding Continental, S.A.

On November 26, 2002, BBVA, as the owner of 50% of the capital stock of the Peruvian company Holding Continental, S.A., subscribed to a capital increase at this entity amounting to US\$ 10 million. This capital increase will be used to finance the tender offer to acquire the shares of Banco Continental which are not currently held by it (143,713,997 shares) at 1.59 soles per share. On November 27, 2002, Holding Continental, S.A. submitted this transaction to the Lima Stock Exchange and to the related National Companies and Securities Supervisory Commission. The tender offer resulted in the acquisition of 8.84% of the capital stock of Banco Continental. In 2002 Holding Continental and its subsidiaries held 91.51% of the aforementioned Bank. The holding in this company was increased to 92.01% and 92.04% in 2003 and 2004, respectively.

BBVA Colombia Group -

In August 1996, the Group acquired 40% of the common stock (equal to 35.1% of the total capital) of Banco Ganadero, S.A. (currently BBVA Colombia, S.A.). In 2000 this entity carried out a major financial restructuring and strengthening process which included a capital increase of approximately US\$ 254 million, substantially all of which was subscribed by the Group. This capital increase, together with various additional acquisitions resulting in US\$ 14 million of disbursements, raised the Group's holding in BBVA Banco Ganadero, S.A. to 85.56% as of December 31, 2000. On January 23, 2001, the Bank's Board of Directors resolved to launch a tender offer to purchase all the shares of BBVA Banco Ganadero, S.A. The tender offer took place on April 9, 2001, and gave rise to a disbursement of US\$ 44.4 million and increased the Group's holding in BBVA Banco Ganadero, S.A. to 95.36%. This percentage of ownership was maintained as of December 31, 2002. As of December 31, 2003 and 2004, the holding was 95.37%.

BBV Brasil Group-

In August 1998, the Group acquired control of Banco Excel Económico, S.A. (Banco Bilbao Vizcaya Argentaria Brasil, S.A.- BBV Brasil)

In 2002 the Group decided to reconsider the business model implemented in Brazil. As a result of the new approach, a strategic agreement was reached in that year with Banco Bradesco, S.A., which was executed on January 10, 2003. The main aspects of the agreement were as follows:

- Integration of the banking and insurance business of BBVA in Brazil, carried on by BBV Brasil and its subsidiaries, into Banco Bradesco, S.A. through the transfer of all the shares of BBV Brasil owned by BBVA to Banco Bradesco, S.A.
- As a consideration for the transfer of shares, BBVA will receive newly-issued common shares and preferred shares of Banco Bradesco, S.A. representing 4.44% of its capital stock and, additionally, will receive cash amounting to 1,864 million Brazilian reais.

Once the related "Due Diligence" reviews were completed and the necessary regulators' approval had been obtained, the agreement was executed on June 9, 2003.

Variations in the Group in 2004-

The most noteworthy transactions in 2004, as of the date of publication of these notes to consolidated financial statements, were as follows:

- On March 31, 2004 Finanzia Renting, S.A. was merged into BBVA Renting, S.A., effective for accounting purposes from January 1, 2004. These two companies were wholly-owned subsidiaries of BBVA.
- On July 21, 2004 the deed was executed for the merger of Corporación Área Inmobiliaria, S.L. into BBVA Área Inmobiliaria, S.L. through the transfer en bloc of the assets and liabilities of the former to the latter, and the dissolution of the former. On this same date the deed was executed whereby BBVA Área Inmobiliaria, S.L. changed its corporate name to Anida Grupo Inmobiliario, S.L.
- On September 20, 2004, an agreement was entered into for the acquisition of all the shares of Laredo National Bancshares Inc., a finance group in Texas (USA) for US\$ 850 million. Effective validity of the agreement is conditional upon the prior obtaining of the administrative authorizations from the related regulatory bodies.
- In September 2004 BBVA entered into an agreement to acquire all the shares of Hipotecaria Nacional de México, the leading Mexican mortgage bank. In January 2005 BBVA Bancomer has acquired all the shares of Hipotecaria Nacional de México, after obtained the related administrative authorizations, for US\$ 356 million.
- On October 8, 2004, the Group completed the purchase of all the shares of Valley Bank, an entity located in California, for US\$ 16.7 million, which constitutes BBVA's first commercial banking transaction in mainland USA.
- On October 12, 2004, the Group sold the El Salvador welfare business comprising BBVA Crecer AFP and BBVA Seguros, S.A. -Seguros de Personas- in which BBVA had ownership interests of 62% and 51%, respectively, for US\$ 42.8 million (€34.76 million), € 12,3 million the earnings generated.

Variations in the Group in 2003-

The most significant transactions in 2003 were as follows:

- On January 13, 2003, the Group reached an agreement with Banco Bradesco, S.A. whereby the Group sold its banking subsidiary in Brazil and its Brazilian subsidiaries in exchange for 4.44% of its capital stock and cash amounting to 1,864 million Brazilian reais. Banco Bradesco, S.A. is accounted for by the equity method.
- In 2003 the Group companies BBVA Privanza Banco, S.A. and BBVA Bolsa, S.A. were dissolved without liquidation and their assets and liabilities were transferred to Banco Bilbao Vizcaya Argentaria, S.A.
- BBVA, S.A. and Terra Networks, S.A., holders of the 51% and 49% of the share capital of Uno-e Bank, S.A., respectively, in an Extraordinary general Shareholders' Meeting held on April 23, 2003, unanimously approved an increase of capital in Uno-e Bank, S.A. to be wholly subscribed by Finanzia Banco de Crédito, S.A. (a wholly owned subsidiary of BBVA), through the contribution of its Consumer's Lending Business. Finanzia Banco de Crédito, S.A. also held in the same day an Extraordinary General Shareholders' Meeting approving the mentioned contribution and subscription of the increase of capital.

The above mentioned increase of capital integrates the Consumer's Lending Business in Uno-e Bank, S.A. and as a result of the referred capital increase, BBVA Group and Terra hold stakes in Uno-e Bank S.A. share capital of 67% and 33%, respectively.

Variations in the Group in 2002-

The most noteworthy transactions in 2002 were as follows:

- In 2002 Brunara, S.A., in which the Group has a 14.066% holding, was no longer fully consolidated and was accounted for by the equity method.
- On January 25, 2002, the Group and Grupo Progreso announced the launch of BBVA Crecer AFP, a new pension fund manager for the Dominican Republic market. As of December 31, 2002, BBVA had a 70% holding in this company and Grupo Progreso had the remaining 30% holding. The total investment in 2002 was US\$ 3.6 million.
- The sale of all the shares held by BBVA Banco Francés, S.A. in BBVA Uruguay (60.88%) to BBVA for US\$ 55 million was formally executed on May 14, 2002, after obtaining authorization from the Central Bank of Uruguay. As a result of this transaction, the BBVA Group's ownership interest in BBVA Uruguay rose from 80.66% to 100%.

(5) DISTRIBUTION OF INCOME

In 2004, the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A. resolved to pay the shareholders three interim dividends out of 2004 income, amounting to a total of €0.30 gross per share. The aggregate amount of the interim dividends declared as of December 31, 2004, net of the amount collected and to be collected by the consolidable Group companies, was €1,015,192 thousand and is recorded under the "Other Assets" caption in the related consolidated balance sheet (Note 15). The last of the aforementioned interim dividends, amounts to €0.10 gross per share, paid to the shareholders on January 10, 2005, and was recorded under the "Other Liabilities - Payment Obligations" caption in the accompanying consolidated balance sheet as of December 31, 2004 (Note 15).

The projected 2004 accounting statements prepared by Banco Bilbao Vizcaya Argentaria, S.A. in accordance with legal requirements, disclosing the existence of sufficient liquidity for distribution of the interim dividends, were as follows:

	Thousands of Euros		
	05-31-04	08-31-04	11-30-04
	First	Second	Third
Interim dividend-			
Income at each of the stated dates, after the provision for corporate income tax	916,980	1,273,143	1,543,454
Less-			
Interim dividends distributed		(339,085)	(678,170)
Maximum amount of possible distribution	916,980	934,058	865,284
Proposed amount of interim dividend	339,085	339,085	339,086

The Bank's Board of Directors will propose to the Shareholders' Meeting that a final dividend of €0,142 per share be paid out of 2004 income. Based on the number of shares representing the capital stock as of December 31, 2004 (Note 23), the final dividend would amount to €481,501 thousand and income would be distributed as follows:

	Thousands of Euros
2004 net income (Note 4)	1,605,595
Allocation to:	
Dividends (Note 2-d)	
- Interim dividend	1,017,255
- Final dividend	481,501
Voluntary reserves	87,728
Legal reserves	19,110

(6) GOVERNMENT DEBT SECURITIES

The balances of this caption in the accompanying consolidated balance sheets are made up as follows:

	Thousands of Euros					
	2004		2003		2002	
	Book Value	Market Value	Book Value	Market Value	Book Value	Market Value
Fixed-income portfolio:						
Held-to-maturity portfolio-						
Listed government debt securities	940,672	1,051,216	613,946	652,625	1,880,783	1,983,010
Available-for-sale portfolio-						
Treasury bills	-	-	601,300	601,101	1,145,563	1,146,566
Other listed book-entry debt securities	10,917,797	11,174,084	12,092,631	12,275,181	9,243,858	9,538,272
Other listed securities	19,335	19,335	21,562	21,651	24,784	27,219
	10,937,132	11,193,419	12,715,493	12,897,933	10,414,205	10,712,057
Less-						
Securities revaluation reserve (Note 2-f)	-	-	-	-	(34)	-
	11,877,804	12,244,635	12,715,493	12,897,933	10,414,171	10,712,057
Trading portfolio-						
Treasury bills	4,036,566	4,036,566	4,804,191	4,804,191	4,697,945	4,697,945
Other book-entry debt securities	2,455,882	2,455,882	811,373	811,373	2,774,877	2,774,877
	6,492,448	6,492,448	5,615,564	5,615,564	7,472,822	7,472,822
	18,370,252	18,737,083	18,945,003	19,166,122	19,767,776	20,167,889

There were no securities transferred from the trading portfolio to the available-for-sale portfolio at market prices in 2004.

In 2004, 2003 and 2002, securities amounting to €23,198 thousand, €717,080 thousand and €1,811,502 thousand, respectively, were transferred from the trading portfolio to the available-for-sale portfolio at market prices.

The acquisition cost of securities assigned to the trading portfolio amounted to €6,475,644 thousand, €5,610,704 thousand and €7,378,856 thousand as of December 31, 2004, 2003 and 2002, respectively.

The variations in 2004 y 2003 in the balance of this caption in the accompanying consolidated balance sheets were as follows:

	Thousands of Euros
Balance at year-end 2002	19,767,776
Purchases	58,753,072
Sales	(52,778,298)
Redemptions	(6,753,702)
Other	(43,845)
Balance at year-end 2003	18,945,003
Purchases	39,247,861
Sales	(39,493,275)
Redemptions	(327,839)
Other	(1,498)
Balance at year-end 2004	18,370,252

The average annual interest rate on Treasury bills in 2004 was 2.04% (2.11% and 2.82% in 2003 and 2002, respectively). As of December 31, 2004, 2003 and 2002, €3,267,781 thousand, €5,282,381 thousand and €5,991,369 thousand, respectively, of these assets and of those acquired under resale agreement from credit institutions (Note 7) and from customers (Note 8) had been sold under repurchase agreement by the Group to other financial intermediaries (Note 17) and to customers (Note 18).

The nominal interest rates on listed government debt securities ranged from 10.05% to 1.62% at 2004 year end (from 10.15% to 3.20% at 2003 year end and from 10.9% to 3.25% at 2002 year end). As of December 31, 2004, 2003 and 2002, €16,644,967 thousand, €17,980,643 thousand and €15,185,661 thousand (effective amount) respectively of these securities and of those acquired under resale agreement from credit institutions (Note 7) and from customers (Note 8) had been sold under repurchase agreement by the Group to the Bank of Spain and other financial intermediaries (Note 17) and to customers (Note 18).

The breakdown of this caption of the accompanying consolidated Balance Sheet, by maturity, as of December 31, 2004, 2003 and 2002, disregarding the securities revaluation reserve, is as follows:

	Thousands of Euros			
	Up to 3 Months	3 Months to 1 Year	1 to 5 Years	Over 5 Years
Balances at December 31, 2004-				
Fixed-income portfolio:				
Held-to-maturity portfolio	-	-	173,224	767,448
Available-for-sale portfolio	1,554,366	1,010,990	7,578,415	793,361
Trading portfolio	277,618	2,693,845	2,393,457	1,127,528
	1,831,984	3,704,835	10,145,096	2,688,337
Balances at December 31, 2003-				
Fixed-income portfolio:				
Held-to-maturity portfolio	-	-	-	613,946
Available-for-sale portfolio	15,775	1,652,458	9,367,609	1,679,651
Trading portfolio	773,089	2,860,267	1,571,849	410,359
	788,864	4,512,725	10,939,458	2,703,956
Balances at December 31, 2002-				
Fixed-income portfolio:				
Held-to-maturity portfolio	-	1,264,802	-	615,981
Available-for-sale portfolio	1,492,066	2,478,865	4,926,042	1,517,232
Trading portfolio	520,045	3,018,011	2,423,940	1,510,826
	2,012,111	6,761,678	7,349,982	3,644,039

(7) DUE FROM CREDIT INSTITUTIONS

The breakdown of the balances of this caption in the accompanying consolidated balance sheets, by currency and type, is as follows:

	Thousands of Euros		
	2004	2003	2002
By currency:			
In euros	6,759,569	9,002,257	6,752,842
In foreign currencies	9,416,086	11,904,872	14,723,437
	16,175,655	20,907,129	21,476,279
By type:			
Current accounts-			
Current accounts	396,718	237,564	348,420
Other accounts	341,229	406,423	1,029,288
	737,947	643,987	1,377,708
Other-			
Deposits at credit and financial institutions	9,034,822	8,462,098	11,169,447
Assets acquired under resale agreement (Notes 6, 8, 17 and 18)	5,990,495	10,659,685	8,301,701
Other accounts	444,251	1,312,599	750,210
	15,469,568	20,434,382	20,221,358
Less-			
Loan loss provisions (Notes 2-f, 3-c and 8)	(3,362)	(5,582)	(5,439)
Country-risk provisions (Notes 2-f, 3-c and 8)	(28,498)	(165,658)	(117,348)
	16,175,655	20,907,129	21,476,279

As of December 31, 2004, 2003 and 2002, the foregoing "Country-Risk Provisions" account included €25,249 thousand, €162,321 thousand and €93,322 thousand, respectively, relating to provisions recorded to cover intercompany country-risk positions at credit institutions (Notes 2-c and 3-c).

The detail, by maturity, of the balances of the "Due from Credit Institutions - Other" caption (except for "Other Accounts") in the accompanying consolidated balance sheets, disregarding the loan loss and country risk provisions, and the average interest rates for each year are as follows:

	Thousands of Euros				Average Interest Rate in the Year
	Up to 3 Months	3 Months to 1 Year	1 to 5 Years	Over 5 Years	
Balances at December 31, 2004-					
Deposits at credit and financial institutions	7,121,860	962,743	851,936	98,283	3.6%
Assets acquired under resale agreement	5,875,353	115,142	-	-	4.1%
	12,997,213	1,077,805	851,936	98,283	
Balances at December 31, 2003-					
Deposits at credit and financial institutions	7,118,241	863,375	356,845	123,637	4.9%
Assets acquired under resale agreement	10,576,517	83,168	-	-	4.6%
	17,694,758	946,543	356,845	123,637	
Balances at December 31, 2002-					
Deposits at credit and financial institutions	10,205,195	842,615	75,910	45,727	4.2%
Assets acquired under resale agreement	4,664,761	1,623,713	2,013,134	93	6.6%
	14,869,956	2,466,328	2,089,044	45,820	

(8) TOTAL NET LENDING

The detail, by currency and borrower sector, of the balances of this caption in the accompanying consolidated balance sheets is as follows:

	Thousands of Euros		
	2004	2003	2002
By currency:			
In euros	138,498,555	120,152,594	106,589,553
In foreign currencies	31,749,885	28,674,680	34,725,459
	170,248,440	148,827,274	141,315,012
By sector:			
Public sector	15,483,383	13,403,575	12,561,840
Agriculture	1,227,284	1,056,589	698,161
Industrial	12,758,526	11,991,104	11,970,286
Real estate and construction	19,259,975	14,823,377	13,651,669
Trade and finance	13,513,243	12,742,051	9,336,199
Loans to individuals	52,827,055	44,159,656	38,514,900
Lease	4,840,070	4,159,904	3,216,394
Other	13,003,876	13,332,683	12,923,030
Total resident borrowers	132,913,412	115,668,939	102,872,479
Non-resident sector	41,702,173	37,601,874	43,540,228
Europe	10,369,208	8,266,581	7,453,873
USA	3,045,858	3,126,236	772,262
Latin America	27,194,961	25,070,254	31,335,166
Other countries	1,117,567	1,138,803	3,978,927
Less-			
Loan loss provisions (Notes 2-f and 3-c)	(4,265,464)	(4,001,896)	(4,771,009)
Country-risk provisions (Notes 2-f and 3-c)	(101,585)	(441,643)	(326,686)
	170,248,440	148,827,274	141,315,012

The detail, by maturity, loan type and status, of this caption in the accompanying consolidated balance sheets, disregarding the balance of the "Loan Loss Provisions" and "Country-Risk Provisions" accounts in the foregoing detail, is as follows:

	Thousands of Euros		
	2004	2003	2002
By maturity:			
Up to 3 months	36,435,254	35,213,097	39,559,494
3 months to 1 year	28,636,588	27,869,528	22,308,438
1 to 5 years	45,260,743	37,875,262	37,365,648
Over 5 years	64,282,904	52,312,926	47,179,127
	174,615,489	153,270,813	146,412,707
By loan type and status:			
Commercial bills	12,258,966	9,649,948	9,326,491
Financial bills	48,540	34,261	29,154
Secured loans	77,323,459	64,008,734	57,590,451
Assets acquired under resale agreement (Notes 6, 7, 17 and 18)	961,797	1,826,238	318,107
Other term loans	69,650,565	64,335,445	66,332,030
Demand and other loans	6,778,033	5,969,772	5,303,066
Financial leases	5,774,579	4,773,894	4,040,129
Nonperforming loans	1,819,550	2,672,521	3,473,279
	174,615,489	153,270,813	146,412,707

The variations in 2004 and 2003 in the balance of the "Nonperforming Loans" caption included under this heading in the accompanying consolidated balance sheets were as follows:

	Thousand of Euros	
	2004	2003
Beginning balance	2,672,521	3,473,279
Additions	1,922,928	2,394,975
Recoveries	(1,548,012)	(1,632,605)
Transfers to bad debts	(723,780)	(1,252,221)
Exchange differences and other	(504,107)	(310,907)
Ending balance	1,819,550	2,672,521

As of December 31, 2004, 2003 and 2002, the face amount of the assets, basically loans and credits pledged as security for own and third-party obligations, amounted to €24,253,873 thousand, €17,367,909 thousand and €18,190,848 thousand, respectively, and related basically to the pledge of certain assets as security for financing facilities with the Bank of Spain (Note 17) and to a portion of the assets assigned to mortgage bond issues, which pursuant to the Mortgage Market Law are admitted as security for obligations to third parties.

As of December 31, 2004, 2003 and 2002, there were no loans to customers without fixed maturity dates.

As of December 31, 2004, 2003 and 2002, €3,990,531 thousand, €2,586,891 thousand and €2,910,899 thousand, respectively, of loans were transferred to securitization funds.

Assets under financial lease contracts are reflected in the "Financial Leases" account in the foregoing detail at the principal amount of the unmatured lease payments, plus the residual value applicable for purchase option purposes, excluding financial charges and VAT.

As of December 31, 2004, 2003 and 2002, the outstanding amounts of the loans granted to employees and customers for the acquisition of shares of Banco Bilbao Vizcaya Argentaria, S.A. were €12,139 thousand, €13,269 thousand and €17,286 thousand, respectively.

The advances and loans granted to Bank directors as of December 31, 2004, 2003 and 2002, totaled €128 thousand, €261 thousand and €1,099 thousand, respectively, and earned annual interest between 4% and 5%. As of December 31, 2004, 2003 and 2002, no guarantees had been provided for them.

The variations in 2004 y 2003 in the overall balance of the “Loan Loss Provisions” and “Country-Risk Provisions” accounts in the above detail and of the provisions allocated to credit institutions (Note 7) and to fixed-income securities (Note 9) were as follows:

	Thousands of Euros	
	2004	2003
Beginning balance	4,735,885	5,345,883
Net charge for the year:		
Nonperforming loan provision	1,407,531	1,401,414
Country-risk provision (Note 2-c)	3,784	258,762
Reversals	(426,433)	(317,130)
	984,882	1,343,046
Variations in the consolidable		
Group (Note 4)	1,095	(75,389)
Transfer to loan writeoffs	(738,701)	(1,062,758)
Transfer to foreclosed asset provisions (Note 14)	(5,596)	(11,410)
Other variations:		
Exchange differences	(111,416)	(710,514)
Transfer to provision for off-balance-sheet risks (Note 20)	(21,226)	62,275
Other	(338,975)	(155,248)
Ending balance	4,505,948	4,735,885

The €202,071 thousand, €227,179 thousand and €207,677 thousand of written-off loans recovered in 2004, 2003 and 2002, respectively are presented net of the balances of the “Net Loan Loss Provisions” caption in the accompanying consolidated statements of income. This caption also includes the write offs of loans classified as bad debts, which amounted to €147,916 thousand, €161,079 thousand and €208,857 thousand in 2004, 2003 and 2002, respectively.

The detail of the total risk exposure as of December 31, 2004, 2003 and 2002, to third parties outside the Group in countries experiencing differing degrees of debt-servicing difficulty (country-risk) and of the provisions recorded for coverage thereof, which are included in the loan loss provisions (Note 3-c), is as follows:

	Thousands of Euros		
	2004	2003	2002
Country-risk	377,821	926,700	1,046,687
Provision recorded (*)	113,462	613,140	482,719
Percentage of coverage	30.0%	66.2%	46.1%

(*) €111,355 thousand, €447,443 thousand and €353,264 thousand of these amounts as of December 31, 2004, 2003 and 2002, respectively, were recorded in the “Country-Risk Provision” account. The remaining amounts were recorded in the “Specific Risk Provision” account.

The country-risk amount as of December 31, 2004, 2003 and 2002, does not include assets for which insurance policies have been taken out with third parties that include coverage of the risk of confiscation, expropriation, nationalization,

nontransfer, nonconvertibility and, if appropriate, war and political violence. The sum insured as of December 31, 2004, 2003 and 2002, amounted to US\$ 153 million, US\$ 466 million and US\$ 584 million, respectively (approximately €113 million, €369 million, €557 million, respectively).

Also, pursuant to current Bank of Spain regulations, the provision for off-balance-sheet risk losses, recorded under the “Provisions for Contingencies and Expenses - Other Provisions” caption (Notes 2-f and 20) on the liability side of the accompanying consolidated balance sheets amounted to €230,496 thousand, €209,270 thousand and €271,545 thousand, respectively, as of December 31, 2004, 2003 and 2002.

(9) DEBENTURES AND OTHER DEBT SECURITIES

The breakdown, by currency, issuer sector, listing status and type, of the balances of this caption in the accompanying consolidated balance sheets, is as follows:

	Thousands of Euros		
	2004	2003	2002
By currency:			
In euros	26,068,096	24,201,930	18,785,929
In foreign currencies	26,520,433	28,734,036	30,347,250
	52,588,529	52,935,966	49,133,179
By type:			
Held-to-maturity portfolio	2,339,935	510,709	522,077
Available-for-sale portfolio	29,242,854	32,410,725	28,914,106
Trading portfolio	21,005,740	20,014,532	19,696,996
	52,588,529	52,935,966	49,133,179
By sector:			
Resident public sector	1,206,238	1,174,997	1,436,106
Resident credit institutions	1,039,891	457,427	258,027
Other resident sectors	2,106,221	2,481,168	2,441,327
Other non-resident sectors	48,424,574	49,017,438	45,125,706
Europe	21,770,040	20,670,609	14,629,779
USA	3,965,968	5,161,076	2,905,029
Latin America	22,025,091	22,324,498	26,765,261
Other countries	663,475	861,255	825,637
Less-			
Securities revaluation reserve (Note 2-f)	(81,356)	(73,958)	(2,586)
Loan loss and country-risk provisions (Notes 2-f, 3-c and 8)	(107,039)	(121,106)	(125,401)
	52,588,529	52,935,966	49,133,179
By listing status:			
Listed	46,627,828	46,264,545	37,955,161
Unlisted	5,960,701	6,671,421	11,178,018
	52,588,529	52,935,966	49,133,179

The breakdown, by maturity, of the balance of the fixed-income portfolio classified as available-for-sale and held-to-maturity in the accompanying consolidated balance sheets in 2004 and 2003, disregarding the “Securities Revaluation

Reserve” and the “Loan Loss and Country-Risk Provisions” accounts is as follows:

	Thousands of Euros		
	Up to 1 Year	1 to 5 Years	Over 5 Years
Balances at December 31, 2004-			
Fixed-income portfolio:			
Held-to-maturity portfolio	217,719	1,242,520	879,696
Available-for-sale portfolio	6,581,177	7,407,237	15,442,835
	6,798,896	8,649,757	16,322,531
Balances at December 31, 2003-			
Fixed-income portfolio:			
Held-to-maturity portfolio	10,361	442,771	57,577
Available-for-sale portfolio	3,352,499	15,337,545	13,915,745
	3,362,860	15,780,316	13,973,322
Balances at December 31, 2002-			
Fixed-income portfolio:			
Held-to-maturity portfolio	10,355	432,307	79,415
Available-for-sale portfolio	4,224,678	10,960,229	13,729,199
	4,235,033	11,392,536	13,808,614

In 2004 securities in the trading portfolio amounting to €1,492,895 thousand (€893,242 thousand and €1,054,336 thousand in 2003 and 2002, respectively) were transferred to the available-for-sale portfolio at market prices.

The acquisition cost of the securities assigned to the trading portfolio was €20,937,948 thousand as of December 31, 2004 (€19,870,277 thousand and €19,598,881 thousand as of December 31, 2003 and 2002, respectively).

As of December 31, 2004, 2003 and 2002, the market value net of affected hedging operations of the debentures and other debt securities included in the available-for-sale portfolio amounted to €29,419,949 thousand, €32,590,300 thousand and €28,971,860 thousand, respectively.

The market value net of affected hedging operations of the securities assigned to the held-to-maturity portfolio amounted to €2,395,803 thousand, €542,590 thousand and €561,760 thousand as of December 31, 2004, 2003 and 2021, respectively.

As of December 31, 2004, the face value of the securities which were securing financing lines assigned by the Bank of Spain and other central banks in the Group amounted to €11,091,984 thousand (€12,231,516 thousand and €7,091,312 thousand as of December 31, 2003 and 2002, respectively).

As of December 31, 2004, 2003 and 2002, a portion of the debt securities on hand had been sold under repurchase agreement basically to private-sector depositors and is recorded under the “Deposits - Other Deposits” caption in the accompanying consolidated balance sheets (Note 18).

The balance of the “Available-for-Sale Portfolio - Other Nonresident Sectors” caption includes promissory notes issued by

the Banking Fund for the Protection of Savings (FOBAPROA) in Mexico, now the Banking Institute for the Protection of Savings (IPAB). These promissory notes arose as part of the measures adopted by the Mexican government as a result of the banking crisis suffered due to the economic situation in Mexico at the end of 1994 and in 1995. Under certain regulations, the banks transferred to the Mexican government a portion of the loan portfolio with payment difficulties. These transactions were structured as a transfer of future rights to the flows generated by the loans. In exchange for these rights, the credit institutions received nontransferable FOBAPROA promissory notes of an amount equal to the net book value (net of the provisions) of the assets subject to the scheme. As of December 31, 2004, 2003 and 2002, these promissory notes amounted to €7,373,416 thousand, €9,030,338 thousand and €11,173,894 thousand, respectively. The promissory notes earn capitalizable interest and are payable through maturity in 2005. The interest on these promissory notes is recorded under the “Financial Revenues” caption in the accompanying consolidated statements of income. In accordance with the terms established in the agreements with FOBAPROA, Grupo Financiero BBVA Bancomer is responsible for 25% of the losses arising from the difference between the amount of the FOBAPROA promissory notes at the commencement of the transaction plus the accumulated accrued interest and the recoveries of the loans subject to the program. This contingency was written off.

On July 12, 2004, Grupo Financiero BBVA Bancomer, S.A. de C.V. and BBVA Bancomer, S.A. entered into an agreement with the Banking Institute for the Protection of Savings (IPAB) whereby the promissory notes issued by the Fund for the Protection of Savings (FOBAPROA) were exchanged for IPAB debentures.

This agreement envisaged the performance of management, identity of objective, existence and legitimacy (MEL) audits and the conclusion of the various legal proceedings between the parties. Also, BBVA Bancomer, S.A. agreed to acquire from FOBAPROA related receivables amounting to 3,264 million pesos, for which an allowance of 1,128 million Mexican pesos was recorded.

The variations in 2004 and 2003 in the balances of this caption in the accompanying consolidated balance sheets, disregarding the “Securities Revaluation Reserve” and the “Loan Loss Provisions”, were as follows:

	Thousands of Euros	
	2004	2003
Beginning balance	53,131,030	49,261,166
Purchases	7,494,474,000	5,705,603,539
Sales and redemptions	(7,489,778,972)	(5,685,935,563)
Transfers and other	(5,049,134)	(15,798,112)
Ending balance	52,776,924	53,131,030

On the other hand, the variations in the balance of the "Securities Revaluation Reserve" account in 2004 and 2003 were as follows:

	Thousands of Euros	
	2004	2003
Beginning balance	73,958	2,586
Provisions with a charge to asset accrual accounts (Note 3-d)	19,318	69,687
Transfers and other	(11,920)	1,685
Ending balance	81,356	73,958

(10) COMMON STOCKS AND OTHER EQUITY SECURITIES

This caption in the accompanying consolidated balance sheets includes the shares of companies generally less than 20% owned (less than 3% if listed), and units in mutual funds. The detail of the balances of this caption, by currency and listing status, is as follows:

	Thousands of Euros		
	2004	2003	2002
By currency:			
In euros	4,900,026	2,390,882	1,986,299
In foreign currencies	1,365,478	701,182	1,021,193
	6,265,504	3,092,064	3,007,492
By type:			
Available-for-sale portfolio	3,336,847	1,062,650	2,075,564
Trading portfolio	2,928,657	2,029,414	931,928
	6,265,504	3,092,064	3,007,492
By listing status:			
Listed	5,555,164	2,541,383	2,447,460
Unlisted	771,296	622,334	800,758
Less-			
Securities revaluation reserve (Notes 2-f and 3-e)	(60,956)	(71,653)	(240,726)
	6,265,504	3,092,064	3,007,492

The variations in 2004 and 2003 in the balances of this caption in the accompanying consolidated balance sheets, disregarding the securities revaluation reserve, were as follows:

	Thousands of Euros	
	2004	2003
Beginning balance	3,163,717	3,248,218
Purchases	19,691,791	12,093,943
Sales	(17,006,071)	(12,082,488)
Other	477,023	(95,956)
Ending balance	6,326,460	3,163,717

Exhibit IV lists the Group's direct or indirect acquisitions of holdings in companies, the percentages of ownership acquired net of subsequent sales, and the notification dates thereof, in compliance with the provisions of Article 86 of the Corporations Law and Article 53 of Securities Market Law 24/1988.

As of December 31, 2004, 2003 and 2002, the market value of the shares and other equity securities included under this caption exceeded their book value by €108,985 thousand, €104,680 thousand and €125,789 thousand, respectively.

The acquisition cost of the securities assigned to the trading portfolio amounted to €2,767,834 thousand, €1,943,149 thousand and €942,194 thousand as of December 31, 2004, 2003 and 2002, respectively.

The variations in the balances of the "Securities Revaluation Reserve" account in 2004 and 2003 were as follows:

	Thousands of Euros	
	2004	2003
Beginning balance	71,653	240,726
Net charge for the year	(12,671)	(33,252)
Amount used	(52,612)	(136,187)
Transfer and other	54,586	366
Ending balance	60,956	71,653

(11) INVESTMENTS IN NON-GROUP COMPANIES

This caption in the accompanying consolidated balance sheets reflects the ownership interests in the capital of other companies which, although not constituting a single decision-making unit, have a lasting relationship with the Group pursuant to Article 185.2 of the Corporations Law and Bank of Spain Circular 4/1991, which generally range from 20% (3% if listed) to 50%.

The "Other Investments in Associated Companies" account in the following table includes the holdings in companies acquired by the Group but not intended to be held at long-term and the holdings for which hedging futures transactions have been arranged (Note 2-c).

The detail of the balances of this caption in the accompanying consolidated balance sheets is as follows:

	Thousands of Euros		
	2004	2003	2002
By currency:			
In euros	5,009,818	5,333,309	5,891,886
In foreign currencies	292,553	259,915	132,289
	5,302,371	5,593,224	6,024,175
By listing status:			
Listed	4,972,038	5,172,770	5,614,439
Unlisted	330,033	420,492	409,818
Less-			
Securities revaluation reserve (Notes 2-f and 3-e)	-	(38)	(82)
	5,302,371	5,593,224	6,024,175
By type of investment:			
Long-term investments	4,364,874	4,619,803	4,921,149
Other investments in associated companies	937,497	973,421	1,103,026
	5,302,371	5,593,224	6,024,175

€986,518 thousand, €889,243 thousand and €1,024,136 thousand of the foregoing balances as of December 31, 2004, 2003 and 2002, respectively, related to investments in credit institutions, basically Banca Nazionale del Lavoro, S.p.A. and Banco Bradesco, S.A., in 2004, Banca Nazionale del Lavoro, S.p.A., Banco Bradesco, S.A. and Banco Atlántico, S.A. in 2003 and Banca Nazionale del Lavoro, S.p.A., Credit Lyonnais, S.A., Banco Atlántico, S.A. and Wafabank, S.A. in 2002.

Exhibit II lists the main associated companies, showing the percentages of direct and indirect ownership, the book values of these investments and other relevant information.

The variations in the balances of this caption in the accompanying 2004 and 2003 consolidated balance sheets, disregarding the securities revaluation reserve, were as follows:

	Thousands of Euros	
	2004	2003
Beginning balance	5,593,262	6,024,257
Capital increase and purchases	3,691,937	2,128,197
Sales	(3,975,382)	(2,440,890)
First-time consolidation differences (Note 13), transfers (Note 12) and other	(7,446)	(118,302)
Year-end balance	5,302,371	5,593,262

The most notable transactions in 2004, 2003 and 2002 were as follows:

Investments-

2004

- During 2004 sales and purchases of Iberdrola shares were made, the result of which was a 0.107% increase in the Group's holding. €100.3 million were disbursed in the purchases, whereas the sales gave rise to a gain of €28.41 million.
- In June 2004 a 50% holding was acquired in Las Pedrazas Golf, S.L. for €16 million.
- In May 2004 a 40% holding was acquired in Gestenar, S.L. for a total investment of €7.7 million.
- In March and April 2004, €4.4 million have been disbursed for the acquisition of a 50% holding in Montelmenara Golf, S.L.
- In March 2004 a 0.121% ownership interest in Banco Nazionale del Lavoro, S.p.A. was acquired. Subsequently, in June, a further 0.113% was purchased. The total amount disbursed in the two acquisitions was €9.9 million.

2003

- In March 2003 Desarrollo Inmobiliario de Lanzarote, S.A. was incorporated, in which BBVA acquired a holding of 40.8% for €4.4 million.
- In May a 35% holding in the capital stock of Telefónica Data de Colombia, S.A. was acquired for €4.1 million.
- In June 2003, 4.44% of Banco Bradesco, S.A. was acquired as part of the sale of BBVA Brasil and Subsidiaries to this entity (Note 4). During November and December, an additional 0.56% of Banco Bradesco was acquired by BBVA Brasil, raising the BBVA Group's ownership interest to 5% as of December 31, 2003.
- In June 2003 Inensur Brunete, S.L. was formed, in which BBVA acquired a holding of 50% for €9.6 million.

- In 2003 further holdings representing 0.176% of the capital stock of Gas Natural, S.A. were acquired for €12.7 million, raising the BBVA Group's ownership interest to 3.241%.

2002

- In 2002 further shares representing 0.202% of the capital stock of Gas Natural, S.A. were acquired for €16 million, raising the BBVA Group's ownership interest to 3.065%.
- During 2002 several purchases and sales took place giving rise to a 0.164% increase in the Group's holding in Telefónica de España, S.A. The sales gave rise to a gain of €8 million.

Divestments-

2004

- In January 2004, the Group sold 2.2% of the capital stock of Gas Natural, S.D.G. Using as reference the price of the transaction performed on that date, €70 million of the related consolidation goodwill were amortized early in the 2003 financial statements (Note 13).
- In March 2004 the Group sold its 24.373% holding in Banco Atlántico, S.A. at the price established by Banco Sabadell, S.A. in the tender offer launched by it on all the shares of Banco Atlántico, S.A. This sale gave rise to a gain of €217.7 million for the BBVA Group.
- In March 2004 the Group sold its 50% holding in Hilo Direct Seguros y Reaseguros, S.A. at a gain of €26 million, which represented the whole participation. This sale gave rise to a gain of €26 million for the BBVA Group.

- In June 2004 the Group sold its 5.006% holding in Acerinox, S.A., giving rise to a gain of €34.6 million, which represented the whole participation. This sale gave rise to a gain of €34.6 million for the BBVA Group.
- In December 2004 the Group sold 3% holding in Gamesa, S.A., giving rise to a gain of €53.1 million, which represented the whole participation.
- Also, the Group exercised the sale option on its 33.333% holding in Grubarges Inversión Hotelera, S.L., and recognized a gain of €26.3 million on this sale.
- In the first half of 2004, 0.604% of Repsol YPF, S.A. was sold, giving rise to a loss of €6.5 million.
- On September 6, 2004, the Group sold its 17.189% holding in Vidrala, S.A., giving rise to a gain of €19.3 million.
- During 2004 several purchases and sales took place in the Group's holding in Telefónica de España, S.A. without any variation in the percentage as of December 31, 2003. The sales gave rise to a gain of €141.7 million.

2003

- In March 2003 25% of Metrovacesa Residencial, S.A. was sold, giving rise to a gain of €2.1 million on the transaction.
- In June 2003 the tender offer on the shares of Credit Lyonnais launched by Credit Agricole, S.A. and SACAM Development in December 2002 was performed, giving rise to a gain of approximately €342 million for the Bank's 3.37% holding in this company.
- In July 2003 the Group sold 3% of Gamesa, giving rise to a gain of €29.9 million.
- In July 2003 the entire holding in the capital stock of Terra Networks (1.40%) was sold, giving rise to a gain of €1.88 million.
- In September 2003 20% of Soc. Adm. P.C. Porvenir was sold, giving rise to a gain of €12.78 million.
- In the last quarter of 2003, 2.465% of the capital stock of Repsol-YPF was sold, giving rise to loss of €73.3 million.
- In December 2003 the Group sold its 50% holding in Lend Lease México, giving rise to a gain of €1.35 million.
- In 2003 several purchases and sales took place the result of which was a reduction of 0.569% of the holding in

Telefónica de España, S.A. The sales generated a gain of €220 million.

- In 2003 several purchases and sales took place, the result of which was a reduction of 1.018% of the holding in Iberdrola. The sales generated a gain of €45.32 million.
- The Group sold all of its 9.9% holding (641,825 shares) in the Moroccan bank Wafabank, S.A. to Omnium Nord Africain, S.A. The total sale price was 529,505,625 dirhams (approximately €48 million) and gave rise to a gain for the Bank of €3.5 million.

2002

- In 2002 and as a result of certain corporate agreements, shares of Banca Nazionale del Lavoro (BNL) were purchased and sold with no variation in the percentage of ownership. Also, in the framework of these corporate agreements there was a dilutive effect which brought the percentage of ownership to 14.614%. These purchases and sales gave rise to a capital loss at the Group amounting to €15 million.
- A 1.756% holding in Iberdrola, S.A. was sold in 2002, giving rise to a gain of €75 million.
- In the first quarter of 2002 the Group sold 3.823% of its holding in Metrovacesa, giving rise to gains of €14 million. In June 2002, BBVA and BAMI, S.A. Inmobiliaria de Construcciones y Terrenos agreed on the sale of 23.9% of the capital stock of Metrovacesa, S.A. for €545.4 million (€36.55 per share), which was formally executed once the authorization from the antitrust authorities was obtained. As a result of this sale, as of December 31, 2002, the BBVA Group had a 0.581% holding in Metrovacesa, S.A. and obtained a gain of approximately €361 million.
- Shares representing 4.612% of the capital stock of Acesa Infraestructuras, S.A. were sold in 2002 for €171 million at a gain of €20 million.
- In 2002 the Group sold a 7.641% holding in the capital stock of Acerinox, S.A. at a gain of €66 million.

The gains and losses obtained on the aforementioned transactions are recorded under the "Income on Group Transactions" and "Losses on Group Transactions" captions, respectively, in the accompanying 2004, 2003 and 2002 consolidated statements of income.

Exhibit IV lists the notifications by the Group in compliance with Article 86 of the Corporations Law and Article 53 of Securities Market Law 24/1988.

As of December 31, 2004 and 2003, the market price of the shares and other equity securities included in this caption of the accompanying consolidated balance sheets exceeded their net book value by approximately €2,090,674 thousand and €1,319,748 thousand, respectively, after taking into account the related goodwill, negative consolidation differences and hedges of certain holdings. As of December 31, 2002, the market price of the shares and other equity securities included in this caption of the accompanying consolidated balance sheets was lower than their net book value by approximately €159,496 thousand (Note 13).

The variations in the balances of the “Securities Revaluation Reserve” account in 2004 and 2003 were as follows:

	Thousands of Euros	
	2004	2003
Beginning balance	38	82
Charge for the year	-	-
Reversals	-	-
Transfer to common stocks and other equity securities	-	-
Other variations	(38)	(44)
Year-end balance	-	38

(12) INVESTMENTS IN GROUP COMPANIES

This caption in the accompanying consolidated balance sheets reflects the investments in subsidiaries, which are generally owned in more than 50%, and were not fully consolidated because their business activities are not directly related with those of the Group.

The breakdown, by currency and listing status, of the balances of this caption in the accompanying consolidated balance sheets is as follows:

	Thousands of Euros		
	2004	2003	2002
By currency:			
In euros	761,381	795,806	779,876
In foreign currencies	290,520	259,063	259,812
	1,051,901	1,054,869	1,039,688
By listing status:			
Listed	-	-	-
Unlisted	1,051,901	1,054,869	1,039,688
	1,051,901	1,054,869	1,039,688

Exhibit III presents relevant information about the companies comprising the balance of this caption in the accompanying consolidated balance sheets.

The variations in 2004 and 2003 in the balance of this caption in the accompanying consolidated balance sheets were as follows:

	Thousands of Euros	
	2004	2003
Beginning balance	1,054,869	1,039,688
Capital increases and purchases	45,056	131,324
Sales	(32,334)	(58,997)
Exchange differences	(22,510)	(37,972)
Transfers (Note 11) and other	6,820	(19,174)
Ending balance	1,051,901	1,054,869

On December 27, 2002, the Special Shareholders’ Meeting of BBVA Seguros, S.A. de Seguros y Reaseguros resolved to increase its capital stock by €30 million, with additional paid-in capital of €19 million, through the issuance of approximately 5 million shares for €9.82 per share (€6.01 par value each and the remainder as additional paid-in capital). The Group subscribed a total of 4.9 million shares for a total amount of €49,085 thousand.

In 2003 BBVA Desarrollos Inmobiliarios increased capital by €63 million.

In 1990, 1994 and 1995, tax assessments for 1986 to 1990 were issued to the nonconsolidable subsidiaries BBVA Seguros, S.A. (formerly Euroseguros, S.A.) and Senorte Vida y Pensiones, S.A. totaling €88,066 thousand of principal and €39,072 thousand of late-payment interest, plus €66,057 thousand of penalties, after adjustment pursuant to the revised General Tax Law. The companies filed pleadings and appeals against the assessments and several administrative decisions and court rulings were handed down in 1997 through 2000. As a result of application of the criteria set forth in these court rulings, some of which have been appealed against by the Group and by the Spanish tax authorities, the tax debts would be reduced to €50,677 thousand of principal and €19,851 thousand of interest. In order to file these appeals, the Bank provided guarantees totaling €97,876 thousand to the tax authorities. In 2003 further court rulings were handed down, which have been appealed against. However, the Bank’s directors and legal advisers consider that the possible effects of these rulings would not materially affect the accompanying consolidated financial statements and, additionally, in accordance with the accounting principle of prudence, adequate provisions have been recorded therefore.

(13) CONSOLIDATION GOODWILL AND NEGATIVE CONSOLIDATION DIFFERENCE

The detail, by company, of the balances of the “Consolidation Goodwill” caption in the accompanying consolidated balance sheets as of December 31, 2004, 2003 and 2002, and of the variations there in 2004 and 2003, is as follows:

	Thousands of Euros					
	Balance at 12-31-03	Additions (Notes 4 and 11)	Retirements (Notes 4 and 11)	Amortization (Note 3-g)	Exchange Differences and Other	Balance at 12-31-04
Fully or proportionally consolidated companies (Note 4)-						
Grupo Financiero BBVA Bancomer, S.A. de C.V.	1,865,527	2,116,700	-	(213,423)	-	3,768,804
AFORE Bancomer	271,097	-	-	(20,207)	(1,297)	249,593
Provida Group	163,201	-	-	(40,848)	-	122,353
BBVA Chile, S.A.	56,945	-	-	(10,571)	-	46,374
BBVA Puerto Rico, S.A.	36,457	-	-	(7,133)	(2,095)	27,229
Finanzia, Banco de Crédito, S.A.	5,162	-	-	(1,728)	-	3,434
BBVA (Portugal), S.A.	15,915	-	-	(3,120)	-	12,795
Banco de Crédito Local, S.A.	211,099	-	-	(29,808)	-	181,291
AFP Porvenir, S.A. (Dominican Republic)	11,386	-	(11,386)	-	-	-
BBVA Crecer AFP (Dominican Republic)	181	8,147	-	(1,039)	(1,123)	6,166
Other companies	13,919	8,064	(761)	(3,034)	(376)	17,812
	2,650,889	2,132,911	(12,147)	(330,911)	(4,891)	4,435,851
Companies accounted for by the equity method (Note 11)-						
Telefónica, S.A.	396,641	224,417	(72,696)	(35,380)	-	512,982
Repsol YPF, S.A.	75,499	-	(17,622)	(4,852)	-	53,025
Gas Natural, S.D.G.	113,381	-	(113,381)	-	-	-
Seguros Bancomer, S.A. de C.V.	136,679	-	-	(9,165)	(12,036)	115,478
Banca Nazionale del Lavoro, S.p.A.	250,460	-	(57,057)	(193,403)	-	-
Iberia, S.A.	33,231	-	-	(2,100)	-	31,131
Iberdrola, S.A.	33,475	43,696	(6,548)	(3,815)	-	66,808
Acerinox, S.A.	2,051	-	(1,981)	(70)	-	-
Pensiones Bancomer, S.A. de C.V.	7,777	-	-	(471)	(1,757)	5,549
Other companies	6,330	4,979	(1,979)	(1,525)	27	7,832
	1,055,524	273,092	(271,264)	(250,781)	(13,766)	792,805
	3,706,413	2,406,003	(283,411)	(581,692)	(18,657)	5,228,656

In 2004, Banca Nazionale del Lavoro, S.p.A. performed a net worth rebalancing process, which was authorized by the Italian authorities, and was instrumented, basically, in the form of a restatement of its balance sheet in local books and a necessary capital increase performed, among other reasons, to cover the impact the company expects as a result of the first-time application in 2005 of International Financial Reporting Standards. Additionally, this company has announced a downward revision of its earnings for 2004.

As a result of the above, in 2004 the Group relieved from the accounts goodwill of Banca Nazionale del Lavoro, S.p.A. of

€57,057 thousand, and amortized early the remaining goodwill amounting to €145,040 thousand, once the ordinary period amortization charge had been taken. Similarly, the Bank subscribed to the aforementioned capital increase, thus maintaining its ownership interest in the aforementioned company.

As indicated in Note 3-g, the Group extended the goodwill amortization period relating to the finance companies located in Mexico from 10 to 20 years. The effect of this extension of the amortization period was to reduce the charge to the accompanying 2004 consolidated statement of income by €243 million.

	Thousands of Euros					
	Balance at 12-31-02	Additions (Notes 4 and 11)	Retirements (Notes 4 and 11)	Amortization (Note 3-g)	Exchange Differences and Other	Balance at 12-31-03
Fully or proportionally consolidated companies (Note 4)-						
Grupo Financiero BBVA Bancomer, S.A. de C.V.	1,955,340	160,615	-	(250,428)	-	1,865,527
AFORE Bancomer	310,727	-	-	(39,398)	(232)	271,097
Provida Group	204,049	-	-	(40,848)	-	163,201
BBVA Chile, S.A.	66,840	1,043	(337)	(10,601)	-	56,945
BBVA Puerto Rico, S.A.	51,648	-	-	(8,655)	(6,536)	36,457
Finanzia, Banco de Crédito, S.A.	6,890	-	-	(1,728)	-	5,162
BBVA (Portugal), S.A.	19,035	-	-	(3,120)	-	15,915
Banco de Crédito Local, S.A.	240,907	-	-	(29,808)	-	211,099
AFP Porvenir, S.A. (Dominican Republic)	-	11,789	-	(410)	7	11,386
Other companies	16,109	9,749	(9,557)	(1,971)	(230)	14,100
	2,871,545	183,196	(9,894)	(386,967)	(6,991)	2,650,889
Companies accounted for by the equity method (Note 11)-						
Telefónica, S.A.	438,046	129,431	(140,089)	(30,747)	-	396,641
Repsol YPF, S.A.	116,609	-	(33,479)	(7,631)	-	75,499
Gas Natural, S.D.G.	189,436	5,434	-	(81,489)	-	113,381
Seguros Bancomer, S.A. de C.V.	162,622	-	-	(18,946)	(6,997)	136,679
Banca Nazionale del Lavoro, S.p.A.	298,796	-	-	(48,336)	-	250,460
Crédit Lyonnais, S.A.	71,658	-	(67,288)	(4,370)	-	-
Iberia, S.A.	35,331	-	-	(2,100)	-	33,231
Iberdrola, S.A.	34,785	9,220	(8,150)	(2,380)	-	33,475
Acerinox, S.A.	2,219	-	-	(168)	-	2,051
Wafabank, S.A.	17,464	-	(15,001)	(2,463)	-	-
Pensiones Bancomer, S.A. de C.V.	10,506	-	-	(1,080)	(1,649)	7,777
Bradesco, S.A.	-	48,589	-	(48,589)	-	-
Other companies	8,329	2,965	(1,280)	(4,083)	399	6,330
	1,385,801	195,639	(265,287)	(252,382)	(8,247)	1,055,524
	4,257,346	378,835	(275,181)	(639,349)	(15,238)	3,706,413

€48,589 thousand of the amortization recorded in the 2003 consolidated statement of income (of which €34,719 thousand had been provisioned as of December 2002) relate to the early amortization of the consolidation goodwill of Banco Bradesco, S.A. (Note 4).

Also, €70,045 thousand of consolidation goodwill relating to Gas Natural, S.D.G. were amortized early (Note 11).

Per the information available, the estimated future revenues attributable to the Group from each of the investments generating goodwill in the remaining amortization period of this goodwill exceed the related unamortized balances as of December 31, 2004, 2003 and 2002.

The variations in 2004 and 2003 in the balances of the "Negative Consolidation Difference" caption in the accompanying consolidated balance sheets were as follows:

	Thousands of Euros	
	2004	2003
Beginning balance	38,172	47,554
Additions	2,166	1,507
Retirements	(3,640)	(10,349)
Ending balance	37,238	38,172

(14) PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

Property and equipment-

The variations in 2004 and 2003 in property and equipment accounts in the accompanying consolidated balance sheets were as follows:

	Thousands of Euros			
	Land and Buildings for Own Use	Other Property	Furniture, Fixtures and Other	Total
Revalued cost-				
Balances at 2002 year-end	2,741,589	1,185,060	5,103,337	9,029,986
Additions	23,593	151,328	305,999	480,920
Retirements	(71,658)	(236,418)	(477,636)	(785,712)
Transfers	299,473	(223,136)	(76,337)	-
Exchange difference and other	(110,693)	(330,184)	(363,736)	(804,613)
Balances at 2003 year-end	2,882,304	546,650	4,491,627	7,920,581
Additions	40,940	118,596	372,809	532,345
Retirements	(54,824)	(207,049)	(415,690)	(677,563)
Transfers	75	15,021	(15,096)	-
Exchange difference and other	(19,268)	(15,962)	(59,838)	(95,068)
Balances at 2004 year-end	2,849,227	457,256	4,373,812	7,680,295
Accumulated depreciation-				
Balances at 2002 year-end	767,693	16,870	3,302,940	4,087,503
Additions	51,127	1,373	336,467	388,967
Retirements	(18,052)	(8,774)	(317,251)	(344,077)
Transfers	(41,036)	11,230	29,806	-
Exchange difference and other	(118,710)	2,805	(261,161)	(377,066)
Balances at 2003 year-end	641,022	23,504	3,090,801	3,755,327
Additions	47,071	4,372	309,376	360,819
Retirements	(16,411)	(13,790)	(345,606)	(375,807)
Transfers	(8,780)	7,892	888	-
Exchange difference and other	684	(143)	(50,045)	(49,504)
Balances at 2004 year-end	663,586	21,835	3,005,414	3,690,835
Provisions for property and equipment (Note 2-f)-				
Balances at 2002 year-end	35,609	260,117	12,792	308,518
Additions	-	92,671	11,798	104,469
Retirements	(9,802)	(80,357)	(3,884)	(94,043)
Transfers	(21)	(754)	775	-
Transfers from loan loss provisions (Note 8)	-	11,410	-	11,410
Exchange difference and other	115,137	(69,548)	(927)	44,662
Balances at 2003 year-end	140,923	213,539	20,554	375,016
Additions	1,493	13,526	8,656	23,675
Retirements	(16,934)	(36,869)	(14,676)	(68,479)
Transfers	-	1,517	(1,517)	-
Transfers from loan loss provisions (Note 8)	-	5,596	-	5,596
Exchange difference and other	(110,826)	(18,119)	(80)	(129,025)
Balances at 2004 year-end	14,656	179,190	12,937	206,783
Property and equipment, net-				
Balance at December 31, 2002	1,938,287	908,073	1,787,605	4,633,965
Balance at December 31, 2003	2,100,359	309,607	1,380,272	3,790,238
Balance at December 31, 2004	2,170,985	256,231	1,355,461	3,782,677

The net property and equipment provisions of €12,453 thousand, €86,340 thousand and €122,508 thousand charged to 2004, 2003 and 2002 income, respectively, to supplement the loan loss provisions transferred when loans were foreclosed (Note 8), are recorded under the "Extraordinary Losses - Net Special Provisions" caption in the accompanying consolidated statements of income (Notes 3-h and 28-g).

The gains and losses on property and equipment disposals amounted to €96,535 thousand and €20,571 thousand, respectively, in 2004 (€95,884 thousand and €51,636 thousand, respectively, in 2003 and €195,493 thousand and €99,712 thousand, respectively, in 2002), and are included under the "Extraordinary Income" and "Extraordinary Losses" captions in the accompanying consolidated statements of income (Note 28-g).

The net book value as of December 31, 2004, 2003 and 2002, of the property and equipment of foreign subsidiaries was €1,683,633 thousand, €1,659,530 thousand and €2,383,965 thousand, respectively. Also, the amount of leased assets on which the purchase option is expected to be exercised was not material as of December 31, 2004, 2003 and 2002.

Intangible assets-

The detail of the balance of intangible asset accounts as of December 31, 2004, 2003 and 2002, is as follows:

	Thousands of Euros			Average Amortization Period
	2004	2003	2002	
Incorporation and preopening expenses	8,200	19,537	20,946	5
Computer software acquisition expenses	289,375	265,874	201,187	3
Other deferred charges	62,411	70,137	167,426	5
Other intangible assets	10,980	6,480	9,078	5
Total	370,966	362,028	398,637	

The variations in 2004 y 2003 in intangible asset accounts were as follows:

INTANGIBLE ASSETS	Thousands of Euros
Balance at December 31, 2002	398,637
- Additions	247,575
- Period amortization	(187,315)
- Exchange differences and other	(96,869)
Balance at December 31, 2003	362,028
- Additions	648,849
- Period amortization	(272,789)
- Exchange differences and other	(367,122)
Balance at December 31, 2004	370,966

€180,565 thousand of computer software acquisition costs were amortized in 2004 (€66,583 thousand and €129,475 thousand in 2003 and 2002, respectively) with a charge to the "General Administrative Expenses - Other Administrative Expenses" caption in the consolidated statements of income.

€92,224 thousand, €120,732 thousand and €123,689 thousand of other expenses were amortized in 2004, 2003 and 2002, respectively, and were recorded under the "Depreciation and Amortization" caption in the accompanying consolidated statements of income.

(15) OTHER ASSETS AND OTHER LIABILITIES

The detail of the balances of these captions in the accompanying consolidated balance sheets is as follows:

	Thousands of Euros		
	2004	2003	2002
Other assets-			
Taxes receivable (Notes 3-l and 25):			
Prepaid income tax	3,047,521	2,688,983	2,911,123
Tax assets	670,439	1,209,833	1,717,407
Interim dividends (Notes 2-d and 5)	1,015,192	859,896	860,616
Checks drawn on credit institutions	589,937	671,356	761,381
Clearing house	456,998	422,755	369,066
Transactions in transit	24,675	13,376	20,182
Options acquired (Note 3-m)	962,592	740,696	665,438
Exchange differences on forward transactions (Note 3-b)	76,973	362,571	663,091
Items to be adjusted for hedging futures transactions (Note 3-m)	3,616,617	3,070,899	2,274,328
Financial transactions pending settlement	392,608	49,412	30,590
Differences in pension provision less deferred contributions of Group companies in Spain (Note 3-j)	567,080	469,143	507,504
Differences in pension provision of Group companies abroad (Note 3-j)	181,528	171,854	187,234
Other	3,071,465	2,440,706	1,330,920
	14,673,625	13,171,480	12,298,880
Other liabilities-			
Tax collection accounts	2,246,368	1,937,736	2,089,075
Special accounts	708,642	794,407	862,618
Payment obligations (Note 5)	971,396	801,216	795,677
Options written (Note 3-m)	1,202,813	958,040	993,126
Transactions in transit	15,566	17,175	16,669
Items to be adjusted for hedging futures transactions (Note 3-m)	3,909,498	3,013,819	1,696,545
Deferred income tax (Notes 3-l and 25)	242,914	214,796	246,918
Financial transactions pending settlement	12,191	233,517	80,797
Other	2,446,143	2,793,808	2,954,480
	11,755,531	10,764,514	9,735,905

(16) ACCRUAL ACCOUNTS

The detail of the balances of these asset and liability captions in the accompanying consolidated balance sheets is as follows:

	Thousands of Euros		
	2004	2003	2002
Assets:			
Prepaid interest on funds taken at a discount (Note 3-n)	263,441	290,992	308,603
Accrued interest earned on investments not taken at a discount	1,941,437	1,904,578	3,313,166
Prepaid expenses	336,435	332,532	400,391
Deferred interest expenses	256,126	121,751	50,311
Other accruals	254,941	327,584	319,091
	3,052,380	2,977,437	4,391,562
Liabilities:			
Unearned interest revenues on transactions taken at a discount (Note 3-n)	129,172	131,172	110,972
Accrued costs incurred on funds not taken at a discount	2,015,380	1,888,083	2,926,966
Accrued expenses	858,891	742,317	763,308
Other accruals	416,109	557,155	792,531
	3,419,552	3,318,727	4,593,777

(17) DUE TO CREDIT INSTITUTIONS

The breakdown, by currency, type and customer residence sector, of the balances of this caption on the liability side of the accompanying consolidated balance sheets is as follows:

	Thousands of Euros		
	2004	2003	2002
By currency:			
In euros	38,996,213	38,278,736	32,482,221
In foreign currencies	26,339,703	23,291,052	23,636,827
	65,335,916	61,569,788	56,119,048
By type:			
Current accounts-			
Current accounts	62,230	32,275	133,796
Other accounts	1,008,244	1,510,157	1,403,561
	1,070,474	1,542,432	1,537,357
Other-			
Bank of Spain and other central banks:			
Credit account drawdowns	11,150,701	13,792,525	7,827,204
Assets sold under repurchase agreement (Notes 6, 7 and 8)	4,703,921	7,131,686	2,020,801
Due to credit institutions:			
Time deposits	30,396,611	26,462,007	26,983,251
Assets sold under repurchase agreement (Notes 6 and 7)	16,347,359	10,863,009	14,598,398
Security payables	1,331,501	1,463,227	2,600,588
Other accounts	335,349	314,902	551,449
	64,265,442	60,027,356	54,581,691
	65,335,916	61,569,788	56,119,048
By sector			
Resident sector	32,212,171	33,237,280	22,692,790
Non-resident sector	33,123,745	28,332,508	33,426,258
Europe	15,685,900	11,078,197	13,104,189
United States	3,714,744	1,686,751	3,264,860
Latin America	8,861,311	11,725,080	11,183,869
Other countries	4,861,790	3,842,480	5,873,340
	65,335,916	61,569,788	56,119,048

As of December 31, 2004, 2003 and 2002, the Group had assets, mainly loans, credits and securities (Note 8) securing financing lines assigned by the Bank of Spain and other central banks. As of December, 2004, 2003 and 2002, the financing limit assigned to the Group was €13,932,391 thousand, €16,622,829 thousand and €11,653,181 thousand, respectively, of which it had drawn down €11,249,454 thousand, €13,981,458 thousand and €7,998,063 thousand, respectively.

The detail, by due date, of the balances of the "Due to Credit Institutions - Other" caption in the accompanying consolidated balance sheets, and of the average interest rates for each year, is as follows:

	Thousands of Euros				Average Interest Rate in the Year
	Up to 3 Months	3 Months to 1 Year	1 Year 5 Years	Over 5 Years	
Balances at					
December 31, 2004-					
Bank of Spain and other central banks	15,399,383	57,998	236,994	160,247	2.0%
Due to credit institutions:					
Time deposits	18,350,126	7,264,991	3,329,681	1,451,813	2.5%
Assets sold under repurchase agreement	15,285,872	797,189	264,298	-	3.3%
Security payables and other accounts	273,857	113,553	630,302	649,138	3.2%
	49,309,238	8,233,731	4,461,275	2,261,198	
Balances at					
December 31, 2003-					
Bank of Spain and other central banks	20,373,300	26,943	296,475	227,493	2.3%
Due to credit institutions:					
Time deposits	16,418,886	3,803,228	4,654,245	1,585,650	3.0%
Assets sold under repurchase agreement	10,063,358	108,443	691,206	-	5.4%
Security payables and other accounts	81,101	237,582	938,257	521,189	3.7%
	46,936,645	4,176,196	6,580,183	2,334,332	
Balances at					
December 31, 2002-					
Bank of Spain and other central banks	9,848,005	-	-	-	4.0%
Due to credit institutions:					
Time deposits	15,097,271	5,522,083	4,387,679	1,976,218	4.0%
Assets sold under repurchase agreement	13,879,667	670,678	48,053	-	5.0%
Security payables and other accounts	969,629	76,311	1,306,900	799,197	1.2%
	39,794,572	6,269,072	5,742,632	2,775,415	

The detail, by type and customer country of residence, of this caption as of December 31, 2004, 2003 and 2002, is as follows:

	Demand	Time	Assets Sold with Repurchase Commitment	Total
2004:				
Resident sector	7,001,338	16,906,452	8,304,381	32,212,171
Non-resident sector:				
Europe	407,062	7,769,006	7,509,832	15,685,900
United States	62,626	3,050,107	602,011	3,714,744
Latin America	97,127	4,129,128	4,635,056	8,861,311
Other	74,992	4,786,798	-	4,861,790
	641,807	19,735,039	12,746,899	33,123,745
Total	7,643,145	36,641,491	21,051,280	65,335,916
2003:				
Resident sector	10,689,304	12,468,543	10,079,433	33,237,280
Non-resident sector:				
Europe	1,149,918	8,233,250	1,695,029	11,078,197
United States	212,708	5,117,437	6,394,935	11,725,080
Latin America	136,255	1,550,496	-	1,686,751
Other	158,032	3,684,448	-	3,842,480
	1,656,913	18,585,631	8,089,964	28,332,508
Total	12,346,217	31,054,174	18,169,397	61,569,788
2002:				
Resident sector	6,174,267	9,656,445	6,862,078	22,692,790
Non-resident sector:				
Europe	1,011,457	9,372,830	2,719,902	13,104,189
United States	585,166	2,178,033	501,661	3,264,860
Latin America	2,165,945	2,482,366	6,535,558	11,183,869
Other	96,952	5,776,388	-	5,873,340
	3,859,520	19,809,617	9,757,121	33,426,258
Total	10,033,787	29,466,062	16,619,199	56,119,048

(18) DEPOSITS

The breakdown, by currency and sector, of the balances of this caption in the accompanying consolidated balance sheets is as follows:

	Thousands of Euros		
	2004	2003	2002
By currency:			
In euros	84,430,211	84,686,645	83,469,150
In foreign currencies	60,620,646	56,362,262	63,091,215
	147,050,857	141,048,907	146,560,365
By sector:			
Public sector	4,850,317	8,114,961	9,264,244
Other resident sectors-			
Current accounts	39,676,222	37,018,177	35,508,915
Time deposits (Note 3-j)	19,531,744	17,465,890	16,943,643
Assets sold under repurchase agreement (Notes 6, 7, 8 and 9)	13,163,331	11,433,331	11,768,772
	77,221,614	74,032,359	73,485,574
Non-resident sector			
Europe	11,937,071	10,914,154	10,375,037
United States	7,852,097	3,380,749	5,220,043
Latin America	44,864,729	44,673,444	51,662,008
Other countries	5,175,346	8,048,201	5,817,703
	69,829,243	67,016,548	73,074,791
	147,050,857	141,048,907	146,560,365

The detail, by due date, of the balances of the "Savings Accounts - Time" and "Other Deposits - Time" captions in the accompanying consolidated balance sheets is as follows:

	Thousands of Euros		
	2004	2003	2002
Savings accounts - Time-			
Up to 3 months	48,367,110	26,843,370	43,060,188
3 months to 1 year	8,192,683	10,288,636	7,841,440
1 to 5 years	2,884,206	17,367,542	5,338,418
Over 5 years	684,102	988,236	1,196,306
	60,128,101	55,487,784	57,436,352
Other deposits - Time-			
Up to 3 months	17,267,005	20,180,434	24,762,519
3 months to 1 year	173,704	316,695	622,128
1 to 5 years	12,472	21,915	15,621
Over 5 years	15,930	17,108	-
	17,469,111	20,536,152	25,400,268

The detail, by type and customer country of residence, of this caption as of December 31, 2004, 2003 and 2002, is as follows:

Thousands of Euros						
	Demand	Savings Accounts	Time	Assets Sold with Repurchase Commitment	Other	Total
2004:						
Resident sector	26,159,762	18,029,694	19,504,128	13,528,030	-	77,221,614
Non-resident sector:						
Other European						
Countries	3,585,424	530,774	7,651,194	169,221	458	11,937,071
United States	648,652	468,762	6,734,521	156	6	7,852,097
Latin America	12,744,421	6,757,227	21,497,770	3,839,588	25,723	44,864,729
Other	197,842	43,044	4,934,403	-	57	5,175,346
	17,176,339	7,799,807	40,817,888	4,008,965	26,244	69,829,243
Total	43,336,102	25,829,501	60,322,016	17,536,995	26,244	147,050,857
2003:						
Resident sector	26,830,621	17,567,303	13,818,180	15,816,226	29	74,032,359
Non-resident sector:						
Other European						
Countries	1,293,638	37,822	9,471,164	90,974	20,556	10,914,154
United States	570,411	474,513	1,692,390	643,433	2	3,380,749
Latin America	12,010,725	6,237,289	22,541,658	3,838,970	44,802	44,673,444
Other	1,844	805	7,964,392	81,022	138	8,048,201
	13,876,618	6,750,429	41,669,604	4,654,399	65,498	67,016,548
Total	40,707,239	24,317,732	55,487,784	20,470,625	65,527	141,048,907
2002:						
Resident sector	23,761,849	15,092,160	17,168,228	15,175,408	2,287,929	73,485,574
Non-resident sector:						
Other European						
Countries	2,143,040	376,254	7,722,321	110,093	23,329	10,375,037
United States	639,256	543,490	4,035,634	1,663	-	5,220,043
Latin America	12,895,011	6,233,544	24,731,737	7,720,066	81,650	51,662,008
Other	2,030,937	8,204	3,778,432	129	1	5,817,703
	17,708,244	7,161,492	40,268,124	7,831,951	104,980	73,074,791
Total	41,470,093	22,253,652	57,436,352	23,007,359	2,392,909	146,560,365

(19) MARKETABLE DEBT SECURITIES

The breakdown, by type of security and currency, of the balances of the “Marketable Debt Securities - Bonds and Debentures Outstanding” account in the accompanying consolidated balance sheets as of December 31, 2004, 2003 and 2002, is as follows:

	Thousands of Euros		
	2004	2003	2002
In euros-			
Nonconvertible floating rate bonds and debentures	13,372,198	11,081,919	6,877,013
Nonconvertible bonds and debentures at weighted fixed rate of 4.57% (*)	4,366,563	3,944,170	2,993,778
Convertible debentures	-	-	5,387
Mortgage bonds	18,858,194	11,359,758	8,416,727
	36,956,955	26,385,847	18,292,905
In foreign currencies-			
Nonconvertible floating rate bonds and debentures	405,956	672,068	2,202,332
Nonconvertible bonds and debentures at weighted fixed rate of 3.85% (**)	388,705	819,367	1,538,140
Floating rate mortgage bonds	285,145	381,691	360,499
	1,079,806	1,873,126	4,100,971
	38,036,761	28,258,973	22,393,876

(*) The interest rate refers to 2004, the equivalents in 2003 and 2002 were 4.71% and 5.27%, respectively.

(**) The interest rate refers to 2004, the equivalents in 2003 and 2002 were 2.83% and 4%, respectively.

The “Mortgage Bonds” account includes various issues with an average weighted interest rate of 4.14%, 4.65% and 4.82% in 2004, 2003 and 2002, respectively, and the final maturity of the last of them is in 2022. The nominal amount outstanding and the interest on the mortgage bonds are guaranteed, without a registration requirement, by such mortgages as may, at any time, be registered in favor of the Bank (the issuer), without prejudice to its financial liability.

In 2003 and 2002, BBVA Global Finance Ltd. launched various issues amounting to €4,678,266 thousand and €5,080,695 thousand, respectively, within a medium-term foreign currency euro-bond program with a limit of €20,000 million (Note 21). These issues are denominated in euros, U.S. dollars, Japanese yens and various other currencies, have a fixed or variable yield based, in the latter case, on a floating annual return plus a variable issue or redemption premium dependent on certain factors.

The debt securities composing the balance of this caption as of December 31, 2004, are scheduled to mature (disregarding the possibility of the early redemption of certain issues) as follows:

Maturity	Thousands of Euros
2005	6,751,042
2006	4,297,720
2007	3,559,491
2008	2,706,925
2009	7,287,411
Subsequent years	13,434,172
	38,036,761

Following is a breakdown, by due date and currency, of the balance of “Promissory Notes and Other Securities” in the accompanying consolidated balance sheets:

	Thousands of Euros		
	2004	2003	2002
By due date:			
Up to 3 months	4,207,048	4,085,117	4,103,111
3 months to 1 year	2,013,393	2,038,437	1,018,879
1 to 5 years	69,506	125	7,406
	6,289,947	6,123,679	5,129,396
By currency:			
In euros	5,376,459	5,473,789	3,379,742
In other currencies	913,488	649,890	1,749,654
	6,289,947	6,123,679	5,129,396

(20) PROVISIONS FOR CONTINGENCIES AND EXPENSES

The variations in 2004 and 2003 in the “Provisions for Contingencies and Expenses - Pension Provision” and “Provisions for Contingencies and Expenses - Other Provisions” captions in the accompanying consolidated balance sheets were as follows:

	Thousands of Euros			
	2004		2003	
	Pension Provision	Other Provisions	Pension Provision	Other Provisions
Beginning balances	3,031,913	2,187,672	2,621,907	2,221,411
Add-				
Provisions charged to income for the year	733,855	501,567	147,179	575,873
Provision charged to reserves (Notes 3-j and 24)	-	-	799,416	-
Inclusion of companies in the Group	-	497	-	1,576
Transfers of off-balance-sheet risks (Note 8)	-	21,226	-	-
Transfers and other variations	65,904	287,402	103,621	324,052
Less-				
Releases	-	(173,873)	-	(697,080)
Payments to personnel taking early retirement (Note 3-j)	(466,413)	-	(429,168)	-
Amounts used and other variations	(89,264)	(779,184)	(211,042)	(91,250)
Transfers to off-balance-sheet risks (Note 8)	-	-	-	(62,275)
Exclusion of companies from the Group	-	(207)	-	(84,635)
Ending balances (Note 2-f)	3,275,995	2,045,100	3,031,913	2,187,672

The provisions out of 2004 income to the “Pension Provision” were charged to the “Financial Expenses”, “General Administrative Expenses” and “Extraordinary Losses” captions in the accompanying consolidated statement of income (€85,381 thousand, €45,555 thousand and €602,919 thousand, respectively). The amounts charged to these captions in 2003 were €69,893 thousand, €56,420 thousand and €20,866 thousand, respectively. The amounts charged to these captions in 2002 were €60,041 thousand, €39,067 thousand and €101,626 thousand, respectively (Note 28).

The provisions out of 2004 income to “Other Provisions” were mainly charged to the “Market Operations” and “Extraordinary Losses” captions in the accompanying consolidated statement of income (€67,169 thousand and €434,398 thousand, respectively). The amounts charged to these captions in 2003 were €783 thousand and €575,090 thousand, respectively. The amounts charged to these captions in 2002 were €141,218 thousand and €785,267 thousand, respectively. (Note 28). The reversals are recorded mainly in “Extraordinary Income” in the related accompanying consolidated statements of income.

The breakdown of the balances of the “Other Provisions” and “Provision for taxes” captions in the accompanying consolidated balance sheets as of December 31, 2004, 2003 and 2002, is as follows:

	Thousands of Euros		
	2004	2003	2002
Provisions for other commitments to employees (Notes 3-j and 3-k):			
- Covered by shares (Note 3-i)	10,068	10,351	9,921
- Other commitments	49,531	52,401	46,183
Provisions for taxes	55,243	-	-
Provisions for contingencies	808,146	909,510	877,691
Provisions for off-balance-sheet risks (Notes 3-c and 8)	230,496	209,270	271,545
Provision for futures transactions (Notes 3-m and 26)	310,944	277,614	280,721
Other provisions (*)	580,672	728,526	735,350
	2,045,100	2,187,672	2,221,411

(*) Includes the specific provision for Argentina (Note 2-g).

The provisions for taxes were recorded in “Other provisions” (€34,662 thousand and €34,842 thousand) captions in 2003 and 2002 respectively.

(21) SUBORDINATED DEBT

The detail of the balances of the “Subordinated Debt” caption in the accompanying consolidated balance sheets as of December 31, 2004, 2003 and 2002, is as follows:

ISSUER	Thousands of Euros			Interest Rate at 31-12-04	Final Maturity Date
	2004	2003	2002		
Issues in euros-					
BANCO BILBAO VIZCAYA ARGENTARIA, S.A.:					
July 1996	84,142	84,142	84,142	9.33%	2006-dec-22
July 1996	27,947	27,947	27,947	9.37%	2016-dec-22
February 1997	60,101	60,101	60,101	6.97%	2007-dec-18
September 1997	36,061	36,061	36,061	6.65%	2007-dec-17
December 2001	1,500,000	1,500,000	1,500,000	3.52%	2017-jan-01
July 2003	600,000	600,000	-	2.51%	2013-jul-17
November 2003	750,000	750,000	-	4.50%	2015-nov-12
October 2004	1,000,000	-	-	4.37%	2019-oct-20
BBVA CAPITAL FUNDING, LTD.:					
September 1995	13,613	13,613	13,613	3.09%	2005-sep-05
March 1997	45,735	45,735	45,735	2.39%	2007-mar-20
October 1997	76,694	76,694	76,694	2.34%	2007-oct-08
October 1997	228,616	228,674	228,674	6.00%	2009-dec-24
July 1999	73,000	73,000	73,000	6.35%	2015-oct-16
February 2000	500,000	500,000	500,000	6.38%	2010-feb-25
December 2000	750,000	750,000	750,000	2.77%	2010-dec-04
July 2001	500,000	500,000	500,000	5.50%	2011-jul-04
October 2001	60,000	60,000	60,000	5.73%	2011-oct-10
October 2001	40,000	40,000	40,000	6.08%	2016-oct-16
October 2001	50,000	50,000	50,000	2.75%	2016-oct-15
November 2001	55,000	55,000	55,000	2.85%	2016-nov-02
December 2001	56,000	56,000	56,000	2.88%	2016-dec-20
Issues in foreign currencies-					
BBVA GLOBAL FINANCE, LTD.:					
July 1995	110,124	118,765	143,034	6.88%	2005-jul-01
July 1995	36,708	39,588	47,678	2.36%	2005-jun-15
December 1995	55,062	59,382	71,517	2.45%	2005-mar-11
December 1995	55,062	59,382	71,517	2.45%	2006-may-9
December 1995	146,832	158,353	190,712	7.00%	2025-dec-01
BBVA CHILE, S.A.	93,552	30,359	41,714	Sundry	Sundry
BBVA BANCO FRANCES, S.A.	4,118	5,294	29,473	5.47%	2005-mar-31
BBVA CAPITAL FUNDING, LTD.:					
July 1995	-	79,177	95,356	1.57%	2004-sep
August 1995	21,480	22,214	24,117	3.45%	2010-aug-09
October 1995	71,600	74,047	80,392	5.40%	2015-oct-26
October 1995	110,124	118,765	143,034	6.88%	2005-oct-27
February 1996	183,540	197,942	238,391	6.38%	2006-feb-14
November 1996	146,832	158,353	190,712	2.94%	2006-nov-27
BBVA PUERTO RICO	36,708	-	15,418	4.20%	2014-sep-23
BBVA BANCOMER	164,775	375,016	470,126	Sundry	Sundry
BBVA BANCOMER CAPITAL TRUST:					
February 2001 (Note 4)	364,326	395,883	476,784	10.50%	2011-feb-16
	8,107,752	7,399,487	6,486,942		

These issues are classified as subordinated debt and, accordingly, are deemed to have a lower seniority than all the accounts payable to common creditors.

The detail, by due date, of the balance of the "Subordinated Debt" caption in the consolidated balance sheet as of December 31, 2004, is as follows:

Maturity	Thousands of Euros
2005	330,747
2006	520,587
2007	219,725
2008	2,726
2009	231,419
Subsequent years	6,802,548
	8,107,752

The issues of BBVA Capital Funding, Ltd. and BBVA Global Finance, Ltd. are guaranteed (secondary liability) by the Bank, and the issue of Bancomer Trust is guaranteed (secondary liability) by BBVA Bancomer.

The issue by Bilbao Vizcaya Investment BV, of US\$ 250 million, was redeemed early in January 2002 through conversion of the bonds into shares of the Bank. This exchange was performed at the fixed conversion rate of €3.99 euros per share, which gave rise to the delivery of 377,330 previously-issued shares. These transactions did not give rise to material gains.

The interest on the subordinated debt in 2004, 2003 and 2002 amounted to €343,778 thousand, €327,554 thousand and €405,775 thousand, respectively (Note 28-b).

(22) MINORITY INTERESTS

The variations in 2004 and 2003 in the balances of this caption in the accompanying consolidated balance sheets were as follows:

	Thousands of Euros	
	2004	2003
Beginning balance	5,425,918	5,674,163
Prior year's net income	670,463	746,919
	6,096,381	6,421,082
Capital increases and reductions	8,875	(88)
Dividends paid to minority shareholders	(318,951)	(353,283)
Changes in the composition of the Group and changes in the percentages of ownership (Note 4)	(1,224,713)	(88,372)
Exchange differences (Note 3-b)	5,857	(210,754)
Other variations (*)	(132,620)	(342,667)
Share in income for the year	390,564	670,463
Ending balance	4,825,393	6,096,381

(*) This caption includes, inter alia, redemptions/issuances of preferred shares that took place in 2004 and 2003.

The breakdown, by company, of the "Minority Interests" caption in the accompanying consolidated balance sheets as of December 31, 2004, 2003 and 2002, is as follows:

	Thousands of Euros		
	2004	2003	2002
Preferred shares-			
BBVA International, Ltd. (1)	1,340,000	3,040,000	3,216,505
BBVA Preferred Capital, Ltd. (2)	176,198	190,024	198,993
BBVA Privanza International (Gibraltar), Ltd. (2)	51,391	55,424	266,152
BBVA Capital Funding, Ltd. (3)	255,646	255,646	418,496
BBVA Capital Finance, S.A.	1,975,000	350,000	-
	3,798,235	3,891,094	4,100,146
By company-			
BBVA Bancomer Group	5,759	884,710	957,149
BBVA Colombia Group	11,516	8,969	11,748
BBVA Chile Group	104,546	102,103	103,295
BBVA Banco Continental Group	122,880	104,043	104,339
BBVA Banco Provincial Group	110,113	109,862	117,890
Provida Group	58,565	58,631	50,636
Banc Internacional d'Andorra, S.A.	140,484	133,803	91,008
Other companies	82,731	132,703	137,952
	636,594	1,534,824	1,574,017
	4,434,829	5,425,918	5,674,163

- (1) Listed on the Spanish AIAF fixed-income market, and the Luxembourg, Frankfurt and Amsterdam stock markets.
- (2) Listed on the New York stock market.
- (3) Listed on the London and Frankfurt stock markets.

The breakdown, by company, of the share in income for the years ended December 31, 2004, 2003 and 2002, is as follows:

	Thousands of Euros		
	2004	2003	2002
Preferred shares-			
BBVA International, Ltd.	137,125	165,237	167,743
BBVA Preferred Capital, Ltd.	14,820	16,295	29,862
BBVA Privanza International (Gibraltar), Ltd.	4,166	12,516	43,925
BBVA Capital Funding, Ltd.	16,260	20,113	34,099
BBVA Capital Finance, S.A.	17,614	288	-
	189,985	214,449	275,629
By company-			
BBVA Bancomer Group	7,342	289,779	317,813
BBVA Banco Francés Group	11,497	932	14,380
BBVA Colombia Group	3,755	2,412	1,109
BBVA Chile Group	7,826	7,413	5,373
BBVA Banco Continental Group	42,948	27,956	30,900
BBVA Banco Provincial Group	66,028	71,595	65,649
Provida Group	6,908	11,276	13,232
Banc Internacional d'Andorra, S.A.	39,917	34,992	46,498
Other companies	14,358	9,659	(23,664)
	200,579	456,014	471,290
	390,564	670,463	746,919

The foregoing balances include various issues of noncumulative, nonvoting, preferred stock guaranteed by Banco Bilbao Vizcaya Argentaria, S.A., the detail of which is as follows:

		Issued Amount (Millions)			Fixed Annual Dividend		
		2004	2003	2002	2004	2003	2002
BBVA Privanza International (Gibraltar), Ltd.-							
June 1993	US\$	-	-	248	-	-	8.00%
June 1997	US\$	70	70	70	7.76%	7.76%	7.76%
BBVA International, Ltd.-							
March 1998	US\$	-	-	350	-	-	7.20%
November 1998	€	-	700	700	-	6.24%	6.24%
February 1999	€	-	1,000	1,000	-	5.76%	5.76%
April 2001	€	340	340	340	7.00%	7.01%	7.01%
March 2002	€	500	500	500	3.50%	3.50%	3.94%
December 2002	€	500	500	500	3.25%	3.25%	3.94%
BBVA Capital Funding, Ltd.-							
April 1998	€	256	256	256	6.36%	6.35%	6.35%
April 1998	US\$	-	-	200	-	-	7.20%
BBVA Preferred Capital, Ltd.-							
June 2001	US\$	240	240	240	7.75%	7.75%	7.75%
BBVA Capital Finance, S.A.							
December 2003	€	350	350	-	2.75%	3.00%	-
July 2004	€	500	-	-	3.00%	-	-
December 2004	€	1,125	350	-	3.00%	-	-

These issues were subscribed by third parties outside the Group and are wholly or partially redeemable at the Company's option after five or ten years from the issue date, depending on the terms of each issue.

(23) CAPITAL STOCK

As of December 31, 2003 and 2002 the capital stock of Banco Bilbao Vizcaya Argentaria, S.A. amounted to €1,565,967,501.07, and consisted of 3,195,852,043 fully subscribed and paid registered shares of €0.49 par value each.

There were no variations in the Bank's capital stock in 2003 and 2002.

In February, as a result of the tender offer launched on 40.6% of the capital stock of BBVA Bancomer, S.A., capital was increased through the issuance of 195,000,000 shares, with a price per share of €10.25 (consisting of a par value of €0.49 and additional paid-in capital of €9.76).

As of December 31, 2004, the capital stock of Banco Bilbao Vizcaya Argentaria, S.A. amounted to €1,661,517,501.07, and consisted of 3,390,852,043 fully subscribed and paid registered shares of €0.49 par value each.

The shares of Banco Bilbao Vizcaya Argentaria, S.A. are listed on the computerized trading system of the Spanish stock exchanges and on the New York, Frankfurt, London, Zurich and

Milan stock markets. Also, as of December 31, 2004, the shares of BBVA Banco Continental, S.A., Banco Provincial C.A., BBVA Colombia, S.A., BBVA Chile, S.A., BBVA Banco Francés, S.A. and AFP Provida were listed on their respective local stock markets and, in the case of the last three entities, on the New York Stock Exchange. In addition, BBVA Banco Francés, S.A. are listed on the Latin-American market of the Madrid Stock Exchange.

The variations in 2004 and 2003 in the "Treasury Stock" caption on the asset side of the accompanying consolidated balance sheets were as follows:

	Thousands of Euros			
	Par Value	Remaining Portion up to Cost	Securities Revaluation Reserve (Note 3-i)	Total
Balance at December 31, 2002	5,284	93,136	(749)	97,671
Purchases (Note 4)	200,711	3,566,322	-	3,767,033
Sales	(202,332)	(3,795,463)	-	(3,997,795)
Net charge to the securities revaluation reserve (Note 3-i)	-	-	(15,115)	(15,115)
Other variations	5	214,260	-	214,265
Balance at December 31, 2003	3,668	78,255	(15,864)	66,059
Purchases (Note 4)	136,048	3,077,387	-	3,213,435
Sales	(138,313)	(3,128,625)	-	(3,266,938)
Net charge to the securities revaluation reserve (Note 3-i)	-	-	(1,503)	(1,503)
Other variations	-	7,317	-	7,317
Balance at December 31, 2004	1,403	34,334	(17,367)	18,370

Securities revaluation reserves to cover treasury stock were recorded amounting to €17,367 thousand, €15,864 thousand and €749 thousand, as of December 31, 2004, 2003 and 2002, respectively. The net provisions to releases of securities revaluation reserves in 2004, 2003 and 2002 due to disposals of treasury stock amounted to €2,590 thousand, €2,643 thousand and €1,053 thousand, respectively, and were recorded in 2004 under the "Income on Group Transactions" / "Losses on Group Transactions", in 2003 under the "Income on Group Transactions" captions and in 2002 under the "Losses on Group Transactions" caption, in the accompanying consolidated statements of income.

As of December 31, 2004, 2003 and 2002, the Bank held treasury stock with a nominal value of €320 thousand, €2,509 thousand and €5,242 thousand, respectively, to cover futures transactions related to the performance of certain stock market indexes (Note 26).

From January 2002 through December 31, 2002, the percentage of outstanding shares held by BBVA and its consolidated companies varied from 0.13% to 0.74% calculated on a monthly basis. From January 2003 through December 31, 2003, the percentage of outstanding shares held by BBVA and its consolidated companies varied from 0.153% to 0.683% calculated on a monthly basis. From January 2004 through December 31, 2004, the percentage of outstanding shares held by BBVA and its consolidated companies varied from 0.08% to 0.58% calculated on a monthly basis.

The gains and losses on treasury stock transactions are recorded under the "Income on Group Transactions" and "Losses on Group Transactions" captions, respectively, in the accompanying consolidated statements of income, amounting to €21,674 thousand and €13,045 thousand, respectively, in 2004, €16,048 thousand and €18,758 thousand, respectively, in 2003 and €15,802 thousand and €23,898 thousand, respectively, in 2002.

As of December 31, 2002, there were no individual equity investments of over 5% in the Bank's capital stock. However, as

of December 31, 2003, Chase Nominees Ltd., in its capacity as an international custodian bank, owned 5.25% of the Bank's capital stock. As of December 31, 2004, there were no individual equity investments of over 5% in the Bank's capital stock. As of December 31, 2004, 2003 and 2002, Fundación Banco Bilbao Vizcaya Argentaria, a private not-for-profit charitable, educational and cultural institution set up in 1988 with a contribution of €84,142 thousand from the Bank which was charged to the merger surpluses, owned, as of December 31, 2004, 2003 and 2002, a total of 34,365,852 shares of the Bank.

On February 28, 2004, the Shareholders' Meeting resolved to delegate to the Board of Directors, in accordance with the stipulations of Article 153.1.b of the Spanish Corporations Law, the power to increase capital, on one or several occasions, by a maximum par value equal to 50% of the Company's subscribed and paid capital stock at the date of the resolution, i.e. €830,758,750.54. The legally stipulated period within which the directors can carry out this increase is five years. As of December 31, 2004, the Board of Directors had not made use of this power.

As of December 31, 2004, the resolutions adopted by the Shareholders' Meetings on March 1, 2003 and March 9, 2002, were still in force. These resolutions authorized the issuance of up to €6,000 million of debentures convertible to and/or exchangeable for Bank shares and empowered the Board of Directors to issue, on one or several occasions, warrants on shares of the Company up to a maximum of €1,500 million, fully or partially convertible to or exchangeable for Company shares. As of December 31, 2004, no issues had been made under this authorization.

In addition to the aforementioned resolutions, in February 2004 the Shareholders' Meeting authorized the Board of Directors, for a period of five years, to issue fixed-income securities of any class or type, up to a maximum of €71,750 million.

As of December 31, 2004, 2003 and 2002, there were no capital increases in progress at any of the companies in the Finance Group.

(24) RESERVES

The variations in 2004 and 2003 in the “Reserves” captions in the accompanying consolidated balance sheets were as follows:

CONCEPTOS	Thousands of Euros				
	Additional Paid-in Capital	Reserves	Revaluation Reserves	Net Reserves and Accumulated Losses at Consolidated Companies	Total
Balances at December 31, 2002	6,512,797	771,484	176,281	2,815,068	10,275,630
Prior year's net income	-	1,207,096	-	512,033	1,719,129
Dividends out of prior year's net income	-	(1,112,156)	-	3,120	(1,109,036)
Recording of provisions for early retirement, net of taxes (Notes 2-h, 3-j and 20)	(237,382)	(277,662)	-	(4,576)	(519,620)
Exchange differences arising from consolidation (Notes 3-b and 4)	-	-	-	(339,284)	(339,284)
Transfers and other variations	(1,514)	382,715	-	(500,509)	(119,308)
Balance at December 31, 2003	6,273,901	971,477	176,281	2,485,852	9,907,511
Prior year's net income	-	1,460,337	-	766,364	2,226,701
Dividends out of prior year's net income	-	(1,249,437)	-	2,715	(1,246,722)
Capital Increase (Note 23)	1,903,200	-	-	-	1,903,200
Exchange differences arising from consolidation (Notes 3-b and 4)	-	-	-	(96,387)	(96,387)
Transfers and other variations	-	500,570	-	(586,773)	(86,203)
Balance at December 31, 2004	8,177,101	1,682,947	176,281	2,571,771	12,608,100

Additional paid-in capital-

This caption in the accompanying consolidated balance sheets includes the surpluses arising from the merger of Banco Bilbao, S.A. and Banco Vizcaya, S.A. (Note 1), the detail of which is as follows:

	Thousands of Euros
Revaluation of:	
- Buildings	592,243
- Equity securities portfolio	278,383
Less-	
Appropriations in 1988	(229,484)
	641,142

The revised Corporations Law expressly permits the use of the additional paid-in capital balance to increase capital and establishes no specific restrictions as to its use.

Reserves and revaluation reserves-

The detail of these captions in the accompanying consolidated balance sheets, which include the reserves of the Group attributed to the Bank, is as follows:

	Thousands of Euros		
	2004	2003	2002
Restricted reserves-			
Legal reserve	313,194	313,194	313,194
Restricted reserve for retired capital stock	87,918	87,918	87,918
Restricted reserve for Parent Company shares	20,826	76,812	121,140
Restricted reserve for redenomination of capital stock in Euros	1,861	1,861	1,861
Revaluation reserves Royal Decree-Law 7/1996	176,281	176,281	176,281
Unrestricted reserves-			
Voluntary and other reserves	277,638	6,551	6,551
Consolidation reserves attributed to the Bank	981,510	485,141	240,820
	1,859,228	1,147,758	947,765

Legal reserve-

According to the revised Corporations Law, 10% of the income for each year must be transferred to the legal reserve. These amounts must be transferred until the balance of this reserve reaches 20% of capital stock. This limit had already been reached by Banco Bilbao Vizcaya Argentaria, S.A. as of December 31, 2004, 2003 and 2002 (Note 5), considering the proposal of distribution of income. The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased capital stock amount.

Except as mentioned above, until the legal reserve exceeds 20% of capital stock, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

Restricted reserves-

According to the revised Corporations Law and to Law 46/1998 on the introduction of the euro, the respective restricted reserves were recorded in relation to treasury stock held by the Group, to customer loans secured by shares of the Bank, to the reduction of the par value of each share in April 2000 and to the redenomination of capital stock in euros.

Asset revaluation reserves (Notes 3-e and 3-f)-

Prior to the merger, Banco de Bilbao, S.A. and Banco de Vizcaya, S.A. availed themselves of the asset revaluation provisions of the applicable enabling legislation. In addition, on December 31, 1996, the Bank revalued its property and equipment pursuant to Royal Decree-Law 7/1996 by applying the maximum coefficients authorized, up to the limit of the market value arising from the existing valuations. The resulting increases in the cost and accumulated depreciation of property and equipment and, where appropriate, in the cost of equity securities, were allocated as follows:

	Thousands of Euros
Legal revaluations of property and equipment:	
Cost	186,692
Less-	
Single revaluation tax (3%)	(5,601)
Balance at December 31, 1999	181,091
Adjustment as a result of review by the tax authorities in 2000	(4,810)
Balance at December 31 2002, 2003 and 2004	176,281

Subsequent to the review of the balance of the "Revaluation Reserves Royal Decree-Law 7/1996" account by the tax authorities in 2000, it can only be used, free of tax, to offset recorded losses and to increase capital stock through January 1, 2007. From that date, the remaining balance of this account can be taken to unrestricted reserves, provided that the surplus has been depreciated or the revalued assets have been transferred or written off. If this balance were used in a manner other than that provided for in Royal Decree-Law 7/1996, it would be subject to tax.

Reserves and accumulated losses at consolidated companies-

The breakdown, by company or company group, of these captions in the accompanying consolidated balance sheets is as follows:

	Thousands of Euros		
	2004	2003	2002
Reserves and accumulated losses at consolidated companies-			
Fully or proportionally consolidated companies:			
Grupo Bancomer	593,024	463,453	317,820
Grupo BBVA Continental	(38,503)	(25,251)	(64,937)
Grupo Provida	39,540	(107,911)	9,910
Grupo BBVA Colombia	25,983	48,027	54,136
Grupo BBVA Banco Francés	501,354	471,976	469,152
Grupo BBVA Chile	60,643	71,969	68,923
Grupo BBVA Banco Provincial	297,607	230,416	55,635
Banco Bilbao Vizcaya Argentaria Uruguay, S.A.	11,159	26,501	(14,248)
BBVA International Investment Corporation	169,193	74,736	(61,199)
Ancla Investments, S.A.	15,308	89,556	83,430
Banc International d' Andorra, S.A.	101,514	81,080	75,145
Banco Bilbao Vizcaya Argentaria (Portugal), S.A.	39,882	27,182	(54,045)
Banco Bilbao Vizcaya Argentaria Puerto Rico	180,832	169,567	158,443
BBVA Suiza, S.A. (BBVA Switzerland)	114,344	91,734	72,941
Finanzia Banco de Crédito	55,986	40,174	29,512
Banco Industrial de Bilbao, S.A.	85,257	82,649	80,459
BBVA Privanza Bank (Jersey), Ltd.	59,143	59,128	54,781
Canal International Holding, S.A.	591,839	466,741	494,888
Cartera e Inversiones, S.A.	17,140	29,406	(87,979)
Corporacion General Financiera, S.A.	352,869	605,536	586,490
Corporacion Industrial y Servicios, S.L.	(36,123)	(199,599)	(46,474)
Cidessa Uno, S.L.	71,369	83,380	25,026
BBVA Ireland PLC	56,259	39,583	24,237
Bilbao Vizcaya América B.V.	(58,186)	(78,682)	(119,592)
BBVA Cartera de Inversiones, SICAV, S.A.	56,819	54,783	55,311
Anida Grupo Inmobiliario, S.L.	184,711	21,144	(135,748)
BBVA Pensiones, S.A.	(53,619)	13,132	20,330
Compañía Chilena de Inversiones, S.L.	(57,811)	66,463	108,309
BBVAPR Holding Corporation	(158,480)	(158,454)	(158,404)
BBVA Bolsa S.V., S.A.	-	(8,921)	90,073
Sociedad de Estudios y Análisis Financieros, S.A.	59,228	58,316	55,185
BBV América, S.L.	161,748	203,172	354,912
Other companies	418,595	373,313	570,518
	3,918,624	3,464,299	3,172,940
Companies accounted for by the equity method:			
Iberdrola, S.A.	188,609	170,663	180,588
Senorte Vida y Pensiones, S.A.	33,360	33,360	33,377
Telefónica, S.A.	191,974	335,976	358,556
Repsol YPF, S.A.	320,570	274,557	397,727
Banco Atlántico, S.A.	-	62,775	59,408
Banca Nazionale del Lavoro, S.p.A.	42,211	17,529	138,780
Acerinox, S.A.	-	70,751	58,647
Other companies	184,659	267,791	287,610
	961,383	1,233,402	1,514,693
Exchange gains:			
Fully or proportionally consolidated companies:			
Grupo BBVA Bancomer	291,391	196,464	61,898
Grupo BBVA Continental	(6,295)	(4,901)	(21)
Grupo Provida	(5,640)	(5,132)	(45,354)
Grupo BBVA Colombia	(50,070)	(65,394)	(45,130)
Grupo BBVA Banco Francés	(619,513)	(613,460)	(535,832)
Grupo BBVA Chile	(56,443)	-	-
Grupo BBVA Banco Provincial	(329,723)	(289,958)	(259,480)
BBVA Puerto Rico S.A.	(18,739)	-	37,113
Bilbao Vizcaya América, B.V.	(183,882)	(162,078)	(94,483)
BBVA International Investment Corporation	(719,226)	(593,009)	(337,789)
Other companies	(93,440)	(62,082)	(73,565)
	(1,791,580)	(1,599,550)	(1,292,643)
Companies accounted for by the equity method:	(516,656)	(612,299)	(579,922)
	2,571,771	2,485,852	2,815,068

For the purpose of allocating the reserves and accumulated losses at the consolidated companies in the preceding table, the transfers of reserves arising from the dividends paid and the writedowns or transactions between these companies are taken into account in the year in which they took place.

The individual financial statements of the subsidiaries which give rise to the balances recorded under the “Reserves and Accumulated Losses at Consolidated Companies - Fully and Proportionally Consolidated Companies” captions in the foregoing table as of December 31, 2004, 2003 and 2002, include €3,667,253 thousand, €3,617,649 thousand and €4,059,581 thousand, respectively, of restricted reserves, of which €48,058 thousand, €102,658 thousand and €121,893 thousand, respectively, are restricted reserves for Parent Company shares.

(25) TAX MATTERS

The balance of the “Other Liabilities - Tax Collection Accounts” caption in the accompanying consolidated balance sheets includes the liability for applicable taxes, including the provision for corporate income tax in each year, net of tax withholdings and prepayments in each year, in the case of companies with a net tax liability. The amount of the tax refunds due to Group companies is included under the “Other Assets - Taxes Receivable” caption in the accompanying consolidated balance sheets.

Banco Bilbao Vizcaya Argentaria, S.A. and its tax-consolidable subsidiaries file consolidated tax returns. The subsidiaries of Argentaria, which had been in Tax Group 7/90, were included in Tax Group 2/82 from 2000, since the merger had been carried out under the tax neutrality system provided for in Title VIII, Chapter VIII of Corporate Income Tax Law 43/1995. On December 30, 2002, the Group made the pertinent notification to the Ministry of Economy and Finance to extend its taxation under the consolidated taxation regime indefinitely, in accordance with current legislation. The other Group companies file individual tax returns in accordance with the applicable tax regulations.

As in prior years, in 2004 certain Group entities performed or participated in corporate restructuring transactions under the special tax neutrality system regulated by Law 29/1991, on December 16, adapting certain tax items to EU directives and regulations and by Title VIII, Chapter VIII of Corporate Income Tax Law 43/1995, on December 27. The disclosures required under the aforementioned legislation are included in the notes to financial statements of the relevant Group entities for the year in which the transactions took place.

The reconciliation of corporate income tax payable, calculated on the basis of the income per books before taxes, to the provision recorded is as follows:

	Thousands of Euros		
	2004	2003	2002
Corporate income tax at the standard rate of 35%	1,452,315	1,334,249	1,091,741
Decrease arising from permanent differences:			
Tax credits and tax relief at consolidated companies	(501,273)	(279,618)	(203,445)
Effect of allocation of the Group's share in the net income of associated companies	135,194	(124,980)	(7,698)
Other items, net	74,694	(42,765)	(270,774)
	(291,385)	(447,363)	(481,917)
Net increase (decrease) arising from timing differences	135,555	(48,275)	(249,256)
Corporate income tax and other taxes payable	1,296,485	838,611	360,568
Recording (use) of prepaid or deferred taxes	(135,555)	48,275	249,256
Provision for corporate income tax and other taxes accrued in the year	1,160,930	886,886	609,824
Adjustments to the provision for prior years' corporate income tax and other taxes	(203,926)	28,090	43,389
Corporate income tax and other taxes	957,004	914,976	653,213

As required by Bank of Spain Circular 4/1991 and concordant regulations, the deferred tax assets that will foreseeably be recovered during the next ten years are included under the “Other Assets” caption in the accompanying consolidated balance sheets (Note 15). The main items for which the Group companies have recorded deferred tax assets are provisions to cover pensions and similar obligations to employees (€1,152,594 thousand, €989,642 thousand and €828,432 thousand in 2004, 2003 and 2002, respectively at the Spanish companies) and the loan loss provisions (€754,777 thousand, €779,892 thousand and €962,668 thousand in 2004, 2003 and 2002, respectively at BBVA Bancomer, S.A. de C.V. and €474,538 thousand, €316,637 thousand and €207,089 thousand in 2004, 2003 and 2002, respectively at BBVA, S.A.).

The Bank and certain Group companies have opted to defer corporate income tax on the gains on disposals of property and equipment and shares in investee companies more than 5% owned by them, the breakdown of which by year is as follows:

Year	Thousands of Euros
1996	29,187
1997	378,097
1998	733,986
1999	194,980
2000	707,917
2001	995,202

Pursuant to the regulations in force until December 31, 2001, the amount of the aforementioned gains must be included in equal parts in the taxable income of the seven tax years ending from 2000, 2001, 2002, 2003, 2004 and 2005, respectively. Following inclusion of the portion relating to 2001, the amount of the income not yet included was €2,976,931 thousand, with respect to which the Group companies availed themselves of the provisions of the Third Transitory Provision of Law 24/2001, on December 27, on Administrative, Tax and Social Security Measures, and practically all of this amount (€2,971,625 thousand) constitutes an addition to the 2001 taxable income for timing differences.

The share acquisitions giving rise to an ownership interest of more than 5%, particularly investments of this kind in Latin America, have been assigned to meet reinvestment commitments assumed in order to apply the above-mentioned tax deferral.

In 2004 the Bank and certain Group companies availed themselves of the corporate income tax credit for reinvestment of extraordinary income obtained on the transfer for consideration of property and of shares in investees more than 5% owned. The income subject to this tax credit amounted to €78,145 thousand. The acquisition in 2004 of shares of Latin American companies, mainly, was included under the group of reinvestment commitments under the aforementioned tax credit.

As of December 31, 2004, 2003 and 2002, certain consolidated companies had tax losses qualifying for carryforward against the taxable income, if any, of the ten years following the year in which they were incurred. As of December 31, 2004, 2003 and 2002, the tax assets recorded for tax loss carryforwards amounted to €399,621 thousand, €759,051 thousand and €1,018,229 thousand, respectively, of which €236,488 thousand, €539,670 thousand and €695,573 thousand, respectively relate to BBVA Bancomer, S.A. de C.V. and €122,467 thousand, €151,110 thousand and €236,226 thousand, respectively, to BBVA Bancomer Servicios, S.A. de C.V. Based on the available financial projections, the income expected

to be generated by these two companies will enable these amounts, and the deferred tax assets recorded by them, to be recovered over a period of less than ten years.

As a result of the tax audits by the tax inspection authorities, in 2002 tax assessments were issued to certain Group companies for the years through 1997, some of which were contested. Taking into account the timing nature of certain tax assessment items, and in accordance with the principle of prudence, full provisions had been included in the accompanying consolidated financial statements for the amounts that arose in this connection. The other Group companies generally have 1998 and subsequent years open for review by the tax inspection authorities for the main taxes applicable to them.

The varying interpretations which can be made of the tax regulations applicable to the operations of banks give rise to certain contingent tax liabilities for the open years that cannot be objectively quantified. However, the Bank's Board of Directors and its tax advisers consider that the possibility of these contingent liabilities materializing in future reviews by the tax authorities is remote and that, in any event, the tax charge which might arise therefrom would not materially affect that consolidated financial statements.

(26) MEMORANDUM ACCOUNTS AND OTHER OFF-BALANCE-SHEET TRANSACTIONS

The detail of the balances of the "Memorandum Accounts" caption in the accompanying consolidated balance sheets as of December 31, 2004, 2003 and 2002, which include the main commitments and contingent liabilities that arose in the normal course of banking business, is as follows:

	Thousands of Euros		
	2004	2003	2002
Contingent liabilities-			
Deposits, guarantees and sureties	17,671,638	13,588,729	15,109,713
Rediscunts, endorsements and acceptances	38,921	11,828	5,370
Other	3,942,381	3,050,954	3,041,745
	21,652,940	16,651,511	18,156,828
Commitments-			
Balances drawable by third parties:			
Credit institutions	2,665,031	2,723,586	2,521,177
Public sector	1,637,821	2,591,339	4,288,788
Other resident sectors	29,734,317	27,578,080	25,842,248
Non-resident sector	26,796,684	19,934,934	16,101,984
Other commitments	3,141,195	3,070,468	2,865,188
	63,975,048	55,898,407	51,619,385
	85,627,988	72,549,918	69,776,213

In addition to the above-mentioned contingent liabilities and commitments, at the end of 2004, 2003 and 2002 the Group had other transactions which, pursuant to current legislation, are not reflected in the accompanying consolidated balance sheets. The detail of the notional or contractual value of these transactions as of December 31, 2004, 2003 and 2002, and of the type of market on which they were arranged, is as follows:

Type of Market	Thousands of Euros		
	2004	2003	2002
Foreign currency purchase and sale transactions and swaps			
- Foreign currency purchases against euros	32,462,620	23,376,814	19,611,600
- Foreign currency purchases against foreign currencies	27,938,009	18,651,590	21,640,807
- Foreign currency sales against euros	15,020,404	14,467,407	8,832,980
Over-the-counter	75,421,033	56,495,811	50,085,387
Financial asset purchase and sale Transactions			
- Purchases	817,541	725,260	1,085,452
- Sales	2,877,538	1,159,737	5,553,424
Organized	3,695,079	1,884,997	6,638,876
Forward rate agreements (FRA)			
- Bought	50,518,326	37,999,751	13,759,612
- Sold	40,240,186	29,325,752	8,653,722
Over-the-counter	90,758,512	67,325,503	22,413,334
Interest rate swaps			
Over-the-counter	607,937,922	533,737,345	454,602,653
Securities swaps			
Over-the-counter	5,712,801	3,973,217	6,921,838
Interest rate futures			
- Bought	5,844,452	12,768,238	13,136,816
- Sold	30,091,119	37,407,616	36,106,890
Organized	35,935,571	50,175,854	49,243,706
Securities futures			
- Bought	298,470	208,991	33,051
- Sold	980,575	1,365,939	398,859
Organized	1,279,045	1,574,930	431,910
Interest rate options			
- Bought	54,367,651	42,247,845	37,819,076
- Sold	43,654,855	35,276,947	31,547,425
	98,022,506	77,524,792	69,366,501
Organized	1,544,950	8,507,711	1,638,260
Over-the-counter	96,477,556	69,017,081	67,728,241
Securities options			
- Bought	6,821,641	4,934,530	4,303,747
- Sold	32,916,714	25,835,985	14,748,739
	39,738,355	30,770,515	19,052,486
Organized	1,558,908	1,668,877	984,495
Over-the-counter	38,179,447	29,101,638	18,067,991
Foreign currency options and futures			
- Bought	5,572,123	3,595,772	3,949,889
- Sold	6,569,049	5,264,581	4,745,871
Over-the-counter	12,141,172	8,860,353	8,695,760
Other transactions	618,058	788,903	1,292,090
	971,260,054	833,112,220	688,744,541

The notional or contractual amounts of these transactions do not necessarily reflect the volume of actual risk assumed by the Group, since the net position in these financial instruments is the result of the offset and/or combination of them. This net position, even if it is not deemed a hedge for accounting purposes, is used by the Group basically to eliminate or significantly reduce interest rate, market or exchange risk. The resulting gains or losses on these transactions are included under the "Market Operations" caption in the consolidated statements of income. Any gains or losses on hedging transactions are included as an increase in, or offset of, the results on the positions covered by them.

Additionally, the Management Report for 2004 includes additional qualitative and quantitative information in conformity with the European Commission's recommendation on the disclosure of information relating to financial instruments.

For the purposes of calculating the minimum capital requirements established by Bank of Spain Circular 5/1993, credit and counterparty risk arising from OTC interest rate, precious metals and currency derivative transactions, as of December 31, 2003 is measured by the market value method (according with the 3/2003 Circular of Spain Bank, changing the prius original risk method). As of December 31, 2004, 2003 and 2002, the risk-weighted assets amounted to €4,496,713 thousand, €3,870,801 thousand and €4,387,162 thousand, respectively, which entails a minimum capital requirement of €329,737 thousand, €309,664 thousand and €350,973 thousand, respectively, for transactions of this kind.

The detail, by maturity, of these transactions as of December 31, 2004, 2003 and 2002, is as follows:

	Thousands of Euros			
	Up to 1 Year	1 to 5 Years	5 to 10 Years	Over 10 Years
Balances at December 31, 2004-				
Interest rate and securities transactions-				
Swaps	368,808,776	143,597,547	64,068,811	37,127,589
Forward rate agreements	87,460,256	1,902,690	1,395,566	-
Financial futures	34,362,354	2,852,262	-	-
Unmatured financial asset purchase and sale transactions	3,695,079	-	-	-
Securities and interest rate options	35,569,340	64,351,633	26,924,733	10,915,155
	529,895,805	212,704,132	92,389,110	48,090,744
Exchange rate transactions-				
Forward foreign currency purchase and sale transactions and swaps	60,06,912	9,598,889	3,848,706	1,907,526
Foreign currency options and futures	11,436,305	440,096	247,292	17,479
Other transactions	618,058	-	-	-
	72,120,275	10,038,985	4,095,998	1,925,005
	602,016,080	222,743,117	96,485,108	50,015,749
Balances at December 31, 2003-				
Interest rate and securities transactions-				
Swaps	369,498,175	88,519,328	50,619,343	29,073,716
Forward rate agreements	67,261,478	64,025	-	-
Financial futures	29,626,989	22,123,664	131	-
Unmatured financial asset purchase and sale transactions	1,884,997	-	-	-
Securities and interest rate options	34,432,983	44,313,427	19,656,483	9,892,414
	502,704,622	155,020,444	70,275,957	38,966,130
Exchange rate transactions-				
Forward foreign currency purchase and sale transactions and swaps	36,891,706	7,149,988	12,454,117	-
Foreign currency options and futures	1,851,514	1,365,049	46,801	5,596,989
Other transactions	788,903	-	-	-
	39,532,123	8,515,037	12,500,918	5,596,989
	542,236,745	163,535,481	82,776,875	44,563,119
Balances at December 31, 2002-				
Interest rate and securities transactions-				
Swaps	329,331,193	70,949,128	34,833,180	26,410,990
Forward rate agreements	20,656,539	1,756,795	-	-
Financial futures	35,503,837	14,166,096	5,683	-
Unmatured financial asset purchase and sale transactions	6,638,876	-	-	-
Securities and interest rate options	20,384,422	36,302,213	24,498,414	7,233,938
	412,514,867	123,174,232	59,337,277	33,644,928
Exchange rate transactions-				
Forward foreign currency purchase and sale transactions and swaps	47,868,117	2,217,270	-	-
Foreign currency options and futures	8,413,004	233,176	30,987	18,593
Other transactions	1,292,090	-	-	-
	57,573,211	2,450,446	30,987	18,593
	470,088,078	125,624,678	59,368,264	33,663,521

As of December 31, 2004, 2003 and 2002, the Group had arranged share price risk and interest rate risk macrohedges consisting of securities listed on the main international markets and long-term deposit transactions, respectively (Note 3-m).

The detail of the notional value of hedging and trading futures transactions as of December 31, 2004, 2003 and 2002, is as follows:

	Thousands of Euros		
	NOTIONAL AMOUNT		
	Hedging	Trading	Total
Balances at December 31, 2004-			
Interest rate and securities transactions	95,106,730	787,973,061	883,079,791
Swaps	41,817,970	571,832,753	613,650,723
Forward rate agreements	-	90,758,512	90,758,512
Options and futures	52,198,863	122,776,614	174,975,477
Unmatured financial asset purchase and sale transactions	1,089,897	2,605,182	3,695,079
Exchange rate transactions	7,772,689	80,407,574	88,180,263
Forward foreign currency purchase and sale transactions, currency futures and swaps	5,891,090	70,285,369	76,176,459
Foreign currency options	1,263,741	10,122,005	11,385,746
Other transactions	617,858	200	618,058
	102,879,419	868,380,635	971,260,054
Balances at December 31, 2003-			
Interest rate and securities transactions	73,367,185	693,599,968	766,967,153
Swaps	37,650,938	500,059,624	537,710,562
Forward rate agreements	-	67,325,503	67,325,503
Options and futures	35,471,788	124,574,303	160,046,091
Unmatured financial asset purchase and sale transactions	244,459	1,640,538	1,884,997
Exchange rate transactions	16,857,725	49,287,342	66,145,067
Forward foreign currency purchase and sale transactions, currency futures and swaps	15,647,638	40,979,629	56,627,267
Foreign currency options	810,522	7,918,375	8,728,897
Other transactions	399,565	389,338	788,903
	90,224,910	742,887,310	833,112,220
Balances at December 31, 2002-			
Interest rate and securities transactions	67,319,615	561,351,689	628,671,304
Swaps	28,110,825	433,413,666	461,524,491
Forward rate agreements	40,762	22,372,572	22,413,334
Options and futures	38,811,011	99,283,592	138,094,603
Unmatured financial asset purchase and sale transactions	357,017	6,281,859	6,638,876
Exchange rate transactions	17,713,727	42,359,510	60,073,237
Forward foreign currency purchase and sale transactions, currency futures and swaps	15,347,014	37,763,263	53,110,277
Foreign currency options	1,267,696	4,403,174	5,670,870
Other transactions	1,099,017	193,073	1,292,090
	85,033,342	603,711,199	688,744,541

Following is a breakdown, by balance-sheet account hedged, of the notional balances of interest rate, securities and exchange rate hedging derivatives as of December 31, 2004, 2003 and 2002:

B/S ACCOUNT HEDGED	Thousands of Euros				
	NOTIONAL AMOUNT				
	Amount	Swaps	Forward rate Agreements	Options and Futures	Other
Balances at December 31, 2004-					
Total net lending	6,063,655	2,570,564	-	1,172,394	2,320,967
Due from credit institutions	200,080	174,503	-	25,577	-
Securities portfolio	14,343,883	9,825,535	-	1,940,440	2,577,908
Deposits	53,808,432	27,771,662	-	24,389,391	1,647,379
Other assets and liabilities	28,463,369	1,475,706	-	25,934,764	1,052,899
	102,879,419	41,817,970	-	53,462,566	7,598,883
Balances at December 31, 2003-					
Total net lending	5,264,629	1,341,202	-	1,070,084	2,853,343
Due from credit institutions	7,372,239	2,151,829	-	5,220,410	-
Securities portfolio	19,361,815	12,987,084	-	6,374,731	-
Deposits	9,608,900	4,786,299	-	792,723	4,029,878
Other assets and liabilities	48,617,327	16,384,524	-	22,824,362	9,408,441
	90,224,910	37,650,938	-	36,282,310	16,291,662
Balances at December 31, 2002-					
Total net lending	3,665,078	2,081,217	-	650,638	933,223
Due from credit institutions	9,685,367	943,038	-	223,608	8,518,721
Securities portfolio	25,478,487	7,642,755	-	12,955,835	4,879,897
Deposits	10,280,687	7,892,260	-	2,388,417	10
Other assets and liabilities	35,923,723	9,551,555	40,762	24,120,036	2,211,370
	85,033,342	28,110,825	40,762	40,338,534	16,543,221

The market value of the trading futures transactions corresponding to the notional amounts of the underlying assets in the table above as of December 31, 2004, 2003 and 2002, is as follows:

	Thousands of Euros		
	2004	2003	2002
Interest rate and securities transactions			
Swaps	(765,965)	(367,559)	(727,839)
Forward rate agreements	(3,657)	(1,935)	(5,827)
Options and futures	181,421	145,992	268,156
Unmatured financial asset purchase and sale transactions	673	1,950	(13,219)
	(587,528)	(221,552)	(478,729)
Exchange rate transactions			
Forward foreign currency purchase and sale transactions, currency futures and swaps	(724,438)	(369,288)	(71,853)
Foreign currency options	49,465	(58,634)	(197)
Other transactions	-	-	-
	(674,973)	(427,922)	(72,050)

As of December 31, 2004, 2003 and 2002, the provisions covering unrealized losses on trading interest rate and securities futures transactions (Notes 3-m and 20) amounted to approximately €310,944 thousand, €277,614 thousand and €280,721 thousand, respectively.

Off-balance-sheet managed funds

The detail of the off-balance-sheet funds managed by the Group as of December 31, 2004, 2003 and 2002, is as follows:

	Thousands of Euros		
	2004	2003	2002
Mutual funds	51,040,176	45,751,629	43,581,299
Pension funds	41,490,401	40,015,408	36,563,294
Assets managed	31,968,000	27,306,691	28,670,233
	124,498,577	113,073,728	108,814,826

(27) TRANSACTIONS WITH PROPORTIONALLY CONSOLIDATED COMPANIES OR COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD

Following is a detail of the major balances in the accompanying consolidated balance sheets of the Group as of December 31, 2004, 2003 and 2002, with proportionally consolidated companies and companies accounted for by the equity method (Note 2-c) at market prices:

	Thousands of Euros		
	2004	2003	2002
Assets:			
Due from credit institutions	66,152	25,831	4,068
Total net lending	3,202,064	3,547,407	3,727,728
Debentures and other debt securities	-	52,178	-
	3,268,216	3,625,416	3,731,796
Liabilities:			
Due to credit institutions	4,995	65,295	175,395
Deposits	754,912	2,071,304	1,964,815
	759,907	2,136,599	2,140,210
Memorandum accounts:			
Contingent liabilities	905,968	958,066	1,345,629
Commitments and contingent liabilities	958,753	962,110	489,931
	1,864,721	1,920,176	1,835,560
Statement of income:			
Financial revenues	49,690	137,888	98,143
Financial expenses	(39,527)	(136,280)	(142,937)

There are no other material effects on the financial statements of the Group arising from transactions with these companies, other than the effects arising from valuing the investments in them by the equity method (Notes 2-c and 28-f) and from the insurance policies to cover pension and similar commitments (Note 3-j).

As of December 31, 2004, the notional amount of the futures transactions arranged by the Group with the main related companies amounts to approximately €11,321,732 thousand

(€7,021,414 thousand and €5,388,845 thousand in 2003 and 2002, respectively).

In addition, as part of its normal activity, the Group has entered into agreements and commitments of various types with shareholders of subsidiaries and associated companies, which have no material impacts on the financial statements.

(28) INCOME STATEMENT DISCLOSURES

Following is certain relevant information in connection with the accompanying consolidated statements of income:

A. GEOGRAPHICAL BREAKDOWN-

The table below shows the geographical breakdown of the main revenue balances in the accompanying consolidated statements of income, by country of location of the Bank branches and Group companies giving rise to them:

	Thousands of Euros		
	2004	2003	2002
Financial revenues-			
Spain	6,597,308	6,549,705	7,335,211
Other European countries	424,461	363,507	633,049
United States	83,551	349,807	63,872
Latin America	5,042,572	5,186,443	8,289,627
Rest of the world	318,363	88,003	911,150
	12,466,255	12,537,465	17,232,909
Income from equities portfolio-			
Spain	671,110	447,601	329,903
Other European countries	2,622	1,662	1,709
United States	8	239	5
Latin America	29,989	14,602	25,848
Rest of the world	-	-	597
	703,729	464,104	358,062
Fees collected-			
Spain	2,005,489	1,784,263	1,853,326
Other European countries	221,128	194,923	204,015
United States	86,723	107,429	22,997
Latin America	1,833,542	1,790,566	2,217,039
Rest of the world	11,462	5,387	33,616
	4,159,344	3,882,568	4,330,993
Market operations-			
Spain	330,942	375,226	319,078
Other European countries	74,302	21,996	41,938
United States	5,761	6,721	(36)
Latin America	186,442	179,916	692,027
Rest of the world	7,597	67,645	(287,884)
	605,044	651,504	765,123
Other operating income-			
Spain	3,844	4,303	4,179
Other European countries	777	2,527	8,039
United States	94	180	254
Latin America	13,586	10,419	21,132
Rest of the world	6	(7)	737
	18,307	17,422	34,341

B. BREAKDOWN BY TYPE OF TRANSACTION-

The detail, by type of transaction, of certain captions in the accompanying consolidated statements of income is as follows:

	Thousands of Euros		
	2004	2003	2002
Financial revenues-			
Bank of Spain and other central banks	275,282	270,548	352,169
Due from credit institutions	823,021	885,508	1,077,074
Fixed-income portfolio	3,313,097	3,323,501	4,820,640
Loans to public authorities	830,667	827,029	1,509,262
Loans to customers	7,127,074	7,188,105	9,446,574
Other revenues	97,114	42,774	27,190
	12,466,255	12,537,465	17,232,909
Financial expenses-			
Due to Bank of Spain and other central banks	287,884	241,323	256,433
Due to credit institutions	1,527,352	1,567,741	2,463,730
Deposits	2,815,013	3,068,585	5,456,666
Bonds and other marketable debt securities	922,676	886,868	997,669
Subordinated debt (Note 21)	343,778	327,554	405,775
Cost allocable to the recorded pension provision (Notes 3-j and 20)	85,381	69,893	60,041
Other interest	118,591	98,094	143,191
	6,100,675	6,260,058	9,783,505
Fees collected-			
Contingent liabilities	159,510	138,715	135,595
Collection and payment services	1,736,094	1,713,291	1,842,831
Securities services	1,739,768	1,627,295	1,899,437
Other transactions	523,972	403,267	453,130
	4,159,344	3,882,568	4,330,993
Fees paid-			
Ceded to other entities and correspondents	504,702	433,608	472,780
Brokerage on asset and liability transactions	8,447	9,926	15,394
Other fees	266,926	176,227	174,438
	780,075	619,761	662,612
Market operations-			
Sales and futures transactions on fixed-income securities and on interest rates (Notes 3-m and 26)	354,826	126,982	566,453
Sales and futures transactions on equity securities and other assets (Notes 10 and 26)	(70,922)	226,284	(30,685)
Writedowns of securities and other	8,636	10,523	(194,355)
Exchange differences (Note 3-b)	312,504	287,715	423,710
	605,044	651,504	765,123

C. GENERAL ADMINISTRATIVE EXPENSES - PERSONNEL COSTS-

The detail of the balances of this caption in the accompanying consolidated statements of income is as follows:

	Thousands of Euros		
	2004	2003	2002
Wages and salaries	2,416,468	2,457,658	2,743,819
Social security costs	429,866	436,404	491,736
Net charge to in-house pension provisions (Notes 3-j and 20)	45,555	56,420	39,067
Contributions to external pension funds (Note 3-j)	66,422	78,501	93,557
Other expenses	225,791	233,604	329,249
	3,184,102	3,262,587	3,697,428

The average total number of employees in the Group in 2004, 2003 and 2002, by category, was as follows:

	Number of Employees		
	2004	2003	2002
Spanish banks-			
- Executives	1,054	969	166
- Supervisors	21,427	20,547	20,746
- Clerical staff	7,954	9,309	10,779
- Abroad	662	674	676
	31,097	31,499	32,367
Companies abroad			
- Mexico	24,688	25,249	26,304
- Venezuela	5,779	6,724	7,953
- Argentina	3,396	3,685	4,375
- Colombia	3,327	3,473	3,819
- Peru	2,308	2,373	2,323
- Other	4,483	4,452	9,374
	43,981	45,956	54,148
Pension fund managers	5,415	6,181	5,863
Other nonbanking companies	4,211	3,553	3,604
	84,704	87,189	95,982

D. DIRECTORS' COMPENSATION AND OTHER BENEFITS-

The detail of the compensation earned in 2004, by item, is as follows:

SURNAME, FIRST NAME	Thousands of Euros						Total
	Board Committees						
	Board	Standing Committee	Audit	Appointments and Compensation	Risk	Committee Chairmanship	
Álvarez Mezquiriz, Juan Carlos	110	106	15	36	-	-	267
Breeden, Richard C.	300	-	-	-	-	-	300
Bustamante y de la Mora, Ramón	110	-	60	-	60	-	230
Fernández Rivero, José Antonio	84	-	-	-	-	113	197
Ferrero Jordi, Ignacio	110	-	60	-	-	90	260
Knörr Borrás, Román	110	140	-	-	-	-	250
Lacasa Suárez, Ricardo	110	-	-	-	60	150	320
Loring Martínez de Irujo, Carlos	84	-	45	27	-	-	156
Medina Fernández, Enrique	110	140	-	-	60	-	310
Rodríguez Vidarte, Susana	110	-	60	-	-	-	170
San Martín Espinós, José María	110	140	-	36	-	-	286
Telefónica de España, S.A.	110	-	-	-	-	-	110
TOTAL	1,458	526	240	99	180	353	2,856

Note:

- Mr. José Antonio Fernández Rivero received during 2004 additionally to the figures above, a total of €704 thousand in his capacity as BBVA executive early retired.
- Mr. Gregorio Marañón y Bertrán de Lis received during 2004 a total of €18 thousand in his capacity as a member of the Board.
- Mr. Jaume Tomás Sabaté received during 2004 a total of €73 thousand in his capacity as a member of the Board.

Bank executive directors earned in this capacity €6,699 thousand, €3,360 thousand and €3,651 thousand, respectively in 2004, 2003 and 2002.

The detail of the compensation received by the executive directors in 2004, by item, is as follows:

	Thousands of euros		
	Fixed Compensation	Variable Compensation	Total
Chairman	1,534	2,079	3,613
Chief Executive Officer	1,135	1,748	2,883
Secretary General	515	519	1,034
TOTAL	3,184	4,346	7,530

The detail of the compensation received by the executive directors in 2002, 2003, and 2004, were €10,847, €8,032 and €7,554 thousand, respectively.

As of December 31, 2004 the detail of the welfare commitments to the members of the Board of Directors were as follows:

EXECUTIVE DIRECTORS	2004
Álvarez Mezquiriz, Juan Carlos	181
Bustamante y de la Mora, Ramón	198
Fernández Rivero, José Antonio	39
Ferrero Jordi, Ignacio	197
Knörr Borrás, Román	137
Lacasa Suárez, Ricardo	166
Loring Martínez de Irujo, Carlos	31
Medina Fernández, Enrique	287
Rodríguez Vidarte, Susana	92
San Martín Espinós, José María	276
TOTAL	1,604

Of this accumulated amount €540 thousand has been booked in the consolidated income statement during 2004.

As of December 31, 2004 the detail of the welfare commitments to executive directors was as follows:

	Thousands of Euros
	2004
Chairman	33,119
Chief Executive Officer	24,709
Secretary General	3,396
TOTAL	61,224

In 2004, €6,292 thousands of euros were recorded with a charge to the income for the year as welfare commitments.

In 2004, medical and accident insurance premiums were paid on behalf of members of the Board of Directors amounting to €95 thousand. Also, in 2004, bank executive directors earned retribution in kind amounting to €2 thousand. As well, in 2004 a cash settlement of the options allocated by BBV in the years 1998 and 1999 on behalf of its employees and directors in the “DOS 1000” program was executed. As a result of this, the Chief Executive Officer received the amount of €22 thousand.

E. GENERAL EXPENSES-

The breakdown of the balances of this caption in the accompanying consolidated statements of income is as follows:

	Thousands of Euros		
	2004	2003	2002
Technology and systems	407,353	370,125	390,541
Communications	178,239	199,132	260,899
Advertising	142,336	134,645	157,891
Buildings and fixtures	297,150	301,354	370,082
Taxes other than income tax	142,122	148,802	165,957
Other expenses	611,939	614,411	728,927
	1,779,139	1,768,469	2,074,297

The balance of the “Other Expenses” account includes the fees accrued by the Group companies to their respective auditors, which amounted to €12,896 thousand in 2004 (€12,972 thousand and €15,789 thousand as of December 31, 2003 and 2002, respectively). Of the 2004 total, €6,766 thousand were incurred in auditing services performed by firms belonging to the Deloitte world organization and €1,920 thousand were incurred to other audit firms (€8,282 thousand and €1,833 thousand, respectively, as of December 31, 2003 and €5,784 thousand and €2,453 thousand, respectively, as of December 31, 2002).

In 2004 the Group engaged these firms to perform non-attest services, the detail of which is as follows:

- Services provided by other audit firms: €2,817 thousand (€1,283 thousand and €3,780 thousand in 2003 and 2002, respectively).
- Services provided by Deloitte: €2,342 thousand (€1,575 thousand and €3,862 thousand in 2003 and 2002, respectively), including fees paid to the aforementioned auditors for various services including the preparation of mandatory audit-related reports required by official bodies.

F. NET INCOME FROM COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD-

The breakdown, by company, of the net balances of this caption in the accompanying consolidated statements of income is as follows:

	Thousands of Euros		
	2004	2003	2002
Share in income and losses of companies accounted for by the equity method, net-			
Share in income before taxes of nonconsolidated Group companies (Note 12):			
BBVA Seguros, S.A.	196,584	179,491	145,910
ANIDA Desarrollos Inmobiliarios, S.L.	73,619	29,025	(5,916)
Seguros Bancomer, S.A. de C.V.	62,492	49,191	44,323
Pensiones Bancomer, S.A. de C.V.	24,103	20,146	19,669
Consolidar Aseguradora de Riesgos del Trabajo, S.A.	7,432	3,544	2,854
Consolidar Cía. de Seguros de Vida, S.A.	7,389	3,660	(2,849)
BBVA Seguros Ganadero Cía. de Seguros de Vida, S.A.	6,359	2,297	1,246
Proyecto Mundo Aguilón, S.L.	6,277	2,666	-
Seguros Provincial, C.A.	4,049	3,787	5,642
Unitaria Inmobiliaria, S.A.	2,642	5,755	13,880
BBVA Seguros Ganadero Cía. de Seguros, S.A.	988	1,423	1,847
Other companies, net	18,573	44,386	26,995
	410,507	345,353	253,601
Share in net income of associated companies (Note 11):	386,269	357,085	21,995
Less-			
Correction for payment of dividends-			
Final or prior years' dividends	(260,149)	(194,158)	(111,461)
Interim dividends paid out of income for the year	(176,635)	(124,968)	(130,891)
	(436,784)	(319,126)	(242,352)
	359,992	383,312	33,244

G. EXTRAORDINARY INCOME/LOSSES-

The breakdown of the net balances of these captions in the accompanying consolidated statements of income is as follows:

	Thousands of Euros		
	2004	2003	2002
Net special provisions (Notes 14 and 20) (*)	(265,645)	17,951	(384,200)
Other losses arising from pension and similar commitments (Notes 3-j and 20)	(566,238)	(118,328)	(192,846)
Other income arising from adjustment of deferred contributions (Note 3-j)	-	-	3,878
Gains on disposal of property and equipment and long-term investments (Notes 10 and 14)	76,893	44,248	99,646
Recovery of interest earned in prior years	74,479	80,043	73,864
Adjustment of earnings due to currency redenomination (Note 3-b)	(38,063)	(56,611)	4,431
Net charge to the theoretical goodwill relating to Bradesco (Note 4)	-	-	(34,719)
Other extraordinary income (losses), net	(11,189)	(70,238)	(2,635)
	(729,763)	(102,935)	(432,581)

(*) Includes the net charges to the specific provision for Argentina in 2003 and 2002.

**(29) CONSOLIDATED STATEMENTS OF CHANGES
IN FINANCIAL POSITION**

The 2004, 2003 and 2002 consolidated statements of changes in financial position are as follows:

	Thousands of Euros		
	2004	2003	2002
APPLICATION OF FUNDS			
Dividends paid	1,350,328	1,108,492	1,252,870
External capital contributions- Purchase of own shares, net	-	-	21,990
Minority interests, net (Note 22)	1,667,409	784,410	715,330
Subordinated debt (Note 21)	-	-	505,594
Total net lending	22,421,257	8,151,501	-
Fixed-income securities	-	2,973,901	-
Equity securities	3,160,769	51,320	-
Marketable securities	-	-	-
Deposits	-	5,511,458	19,939,069
Financing, net of investment, at credit institutions	-	-	5,540,828
Acquisition of long-term investments- Purchase of investments in Group and associated companies (Notes 11 and 12)	5,920,327	2,383,404	2,316,991
Additions to property and equipment and intangible assets	1,181,194	1,166,615	999,147
Other asset items less liability items	1,623,558	991,993	3,403,194
TOTAL FUNDS APPLIED	37,324,842	23,123,094	34,695,013
SOURCE OF FUNDS			
From operations-			
Net income	2,801,904	2,226,701	1,719,129
Add-			
- Depreciation and amortization expense	1,215,300	1,215,631	1,439,666
- Net provision for asset writedown and to other special provisions	2,058,818	1,453,532	2,646,688
- Losses on sales of treasury stock, investments and fixed assets	56,825	124,841	309,651
- Minority interests	390,564	670,463	746,919
- Income of companies accounted for by the equity method, net of taxes	-	-	49,151
Less-			
- Income of companies accounted for by the equity method, net of taxes	(220,503)	(253,445)	-
- Gains on sales of treasury stock, investments and fixed assets	(722,185)	(722,420)	(770,292)
	5,580,723	4,715,303	6,140,912
External capital contributions-			
Increase in capital	1,998,750	-	-
Sale of treasury stock	54,815	13,787	-
Minority interests, net (Note 22)	-	-	714,451
Subordinated debt (Note 21)	1,005,471	1,334,582	-
Financing, net of investment, at credit institutions	6,624,619	5,911,890	-
Deposits	6,001,950	-	-
Total net lending	-	-	8,554,159
Fixed-income securities	936,375	-	13,031,268
Equity securities	-	-	504,413
Marketable securities	9,944,056	6,859,380	2,147,598
Sale of long-term investments- Sale of investments in Group and associated companies (Notes 11 and 12)	4,868,842	3,458,192	2,879,384
Sale of property and equipment and intangible assets	309,241	829,960	722,828
Other asset items less liability items	-	-	-
TOTAL FUNDS OBTAINED	37,324,842	23,123,094	34,695,013

(30) OTHER INFORMATION

On March 22, 2002, BBVA notified the supervisory authorities of the stock markets on which its shares are listed that the Bank of Spain had commenced a proceeding against BBVA and 16 of its former directors and executives. These proceedings arose as a result of the existence of funds belonging to BBV that were not included in the entity's financial statements until they were voluntarily regularized by being recorded in the 2000 consolidated statement of income as extraordinary income, for which the related corporate income tax was recorded and paid. These funds totaled Ptas. 37,343 million (approximately €225 million) and arose basically from the gains on the sale of shares of Banco de Vizcaya, S.A. and Banco Bilbao Vizcaya, S.A. from 1987 to 1992, and on the purchase and sale by BBV of shares of Argentaria, Caja Postal and Banco Hipotecario, S.A. in 1997 and 1998.

After dissolving the legal vehicles where the unrecorded funds were located and including the funds in its accounting records, BBVA notified the Bank of Spain of these matters on January 19, 2001. The Bank of Spain's supervisory services commenced an investigation into the origin of the funds, their use and the persons involved, the findings of which were included in the supervisory services' report dated March 11, 2002. On March 15, 2002, the Bank of Spain notified the Bank of the commencement of a proceeding relating to these events.

On April 9, 2002, the Central Examining Court Number 5 of the National Appellate Court ordered that these events be investigated in preliminary proceedings which are being conducted at the Court as brief proceedings 23/3 and previous procedures 251/02. Also, it required the Bank of Spain to stay the conduct of its proceeding until the criminal liability that may arise as a result of these events, if any, is determined.

On May 22, 2002, the Council of the Spanish National Securities Market Commission (CNMV) commenced a proceeding against BBVA, S.A. for possible contravention of the Securities Market Law (under Article 99 ñ) thereof owing to the same events as those which gave rise to the Bank of Spain's proceeding and the legal proceedings. On January 7, 2003, the CNMV stated that the proceeding was stayed until the final court decision on the criminal proceedings is handed down.

As of the date of preparation of these consolidated financial statements, none of the persons party to the proceedings or accused of the events referred to above is a member of the Board of Directors or the Management Committee or holds executive office at BBVA. Although the stayed proceedings, in which charges have not yet been brought, and the preliminary proceedings are at a very early stage, in view of the events and the surrounding circumstances, the Group's legal advisers do not expect them to have a material effect on the Bank.

(31) DETAIL OF THE DIRECTORS' HOLDINGS IN COMPANIES WITH SIMILAR BUSINESS ACTIVITIES

Pursuant to Article 127 ter of the Spanish Corporations Law as introduced by Law 262003, on July 17, modifying Securities Market Law 24/1988, on July 28, and the revised Corporations Law, for the purpose of enhancing transparency in listed companies, below is a list of the companies in which the Company's directors have direct or indirect holdings and whose business activities are the same as, or similar or supplementary to, those making up the corporate purpose of BBVA, S.A.

In no case do the directors perform executive or management duties at these companies.

Below is a list of the companies in which the Company's directors have direct or indirect holdings and whose business activities are the same as, or similar or supplementary to, those making up the corporate purpose of BBVA, S.A. as of December 31, 2004.

Surname, First Name	Company	Holding	
		Number of Shares	Type of Holding
Álvarez Mezquiriz, Juan Carlos	Santander		
	Central Hispano	72	Direct
Breeden, Richard C.	-	-	-
Bustamante y de la Mora, Ramón	-	-	-
Fernández Rivero, José Antonio	-	-	-
Ferrero Jordi, Ignacio	Santander		
	Central Hispano	12,990	Indirect
Goirigolzarri Tellaache, José Ignacio	Banco		
	Popular Español	590	Indirect
González Rodríguez, Francisco	-	-	-
Knórr Borrás, Román	Bancoval	76,040	Indirect
	Santander		
Lacasa Suárez, Ricardo	Central Hispano	14,724	Indirect
	Banco		
Loring Martínez de Irujo, Carlos	Popular Español	17,168	Direct
	-	-	-
Maldonado Ramos, José	-	-	-
	Banco		
Medina Fernández, Enrique	Popular Español	600	Indirect
	Royal Bank of Scotland	443	Indirect
Rodríguez Vidarte, Susana	-	-	-
San Martín Espinós, José María	Santander		
	Central Hispano	977	Direct
Angel Vilá Boix (Telefónica de España, S.A.)	Banco Sabadell	3,125	Direct
	BNP Paribas	500	Direct

(32) EVENTS SUBSEQUENT TO DECEMBER 31, 2004

Transition to International Financial Reporting Standards

Under Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002, all companies governed by the law of an EU Member State and whose securities are admitted to trading on a regulated market of any Member State must prepare their consolidated financial statements for the years beginning on or after January 1, 2005 in conformity with the International Financial Reporting Standards (IFRSs) previously ratified by the European Union. Therefore, the Group is required to prepare its consolidated financial statements for the year ending December 31, 2005 in conformity with the IFRSs ratified by the European Union at that date.

Under IFRS 1, First-Time Adoption of International Financial Reporting Standards, the Group's consolidated financial statements for 2005 must necessarily include, for comparison purposes, a consolidated balance sheet as of December 31, 2004, and a consolidated statement of income for the year then ended prepared in accordance with the methods established by the IFRSs in force as of December 31, 2005.

In order to adapt the accounting system of Spanish credit institutions to the new standards, on December 22 the Bank of

Spain issued Circular 4/2004 on Public and Restricted Financial Reporting Standards and Model Financial Statements.

As a result of the foregoing, the Group is implementing a project for transition to IFRSs which includes, inter alia, an analysis of the accounting method differences, the selection of the accounting methods to be applied when alternative treatments are permitted and an assessment of the changes in reporting procedures and systems.

As of the date of preparation of these consolidated financial statements, the Group was in the process of preparing the information to enable it to estimate with reasonable objectivity the extent to which the consolidated balance sheet and consolidated statement of income for 2004 will differ from those to be prepared in the future in accordance with the accounting methods contained in the IFRSs in force as of December 31, 2005.

(33) EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These consolidated financial statements are presented on the basis of accounting principles generally accepted in Spain. Certain accounting practices applied by the Group that conform with generally accepted accounting principles in Spain may not conform with generally accepted accounting principles in other countries.

EXHIBIT I
ADDITIONAL INFORMATION ON CONSOLIDATED SUBSIDIARIES
COMPOSING THE BANCO BILBAO VIZCAYA ARGENTARIA GROUP

Company	Location	Line of Business	Thousands of Euros (*)						
			Percentage of Ownership			Capital	Reservas	Net Income	Net
			Direct	Indirect	Total	Stock as of 31-12-04	as of 31-12-04	(loss) for 31-12-04	Invest- ment G.E.
(ASA) AG. DE SEGUROS DE ARGENTARIA, S.A.	SPAIN	INSURANCE	100.00	0.00	100.00	1,624	325	506	1,368
ADMINISTRAD. DE FONDOS PARA EL RETIRO- BANCOMER, S.A DE C.V.	MEXICO	PENSIONS	17.50	82.50	100.00	10,339	65,570	63,507	327,415
ADMINISTRADORA DE FONDOS DE PENSIONES PROVIDA (AFP PROVIDA)	CHILE	PENSIONS	12.70	51.62	64.32	111,205	84,778	45,167	171,309
ADVERA, S.A.	ITALY	FINANCIAL SERV.	50.00	0.00	50.00	5,000	0	940	2,620
AEROCER, S.A. DE C.V.	MEXICO	SERVICES	0.00	100.00	100.00	3,408	3,975	-190	7,194
AFP GENESIS ADMINISTRADORA DE FONDOS, S.A.	ECUADOR	PENSIONS	0.00	100.00	100.00	1,266	392	645	2,326
AFP HORIZONTE, S.A.	PERU	PENSIONS	24.85	75.15	100.00	4,079	6,368	16,135	28,079
AFP PREVISION BBV-ADM. DE FONDOS DE PENSIONES, S.A.	BOLIVIA	PENSIONS	75.00	5.00	80.00	1,963	231	2,746	2,063
ALMACENES GENERALES DE DEPOSITO, S.A.E. DE ALTURA MARKETS, A.V., S.A.	SPAIN	PORTFOLIO	83.90	16.10	100.00	14,934	20,551	29,975	12,649
	SPAIN	INSTRUM. REAL ESTATE	50.00	0.00	50.00	10,000	2,041	6,366	5,000
ANCLA INVESTMENTS, S.A.	PANAMA	PORTFOLIO	0.00	100.00	100.00	7	54	5,844	9
ANIDA GRUPO INMOBILIARIO, S.L.	SPAIN	PORTFOLIO	100.00	0.00	100.00	172,621	185,331	27,383	198,357
ANIDA INMOBILIARIA, S.A. DE C.V.	MEXICO	PORTFOLIO	0.00	100.00	100.00	1,785	44	-61	1,750
APLICA TECNOLOGIA AVANZADA	MEXICO	SERVICES	100.00	0.00	100.00	3	-680	1,533	4
APOYO MERCANTIL, S.A. DE C.V.	MEXICO	INSTRUM. REAL ESTATE	0.00	100.00	100.00	480	-455	-15	10
ARAGON CAPITAL, S.L.	SPAIN	FINANCIAL SERV.	99.90	0.00	99.90	4	25,659	2,426	37,895
ARGENTARIA INTERNACIONAL DE PANAMA, S.A.	PANAMA	PENSIONS	0.00	100.00	100.00	925	54	166	1,161
ARGENTARIA SERVICIOS, S.A.	CHILE	SERVICES	100.00	0.00	100.00	1,163	158	-124	676
ARGENTARIA, S.A.	SPAIN	PORTFOLIO	0.00	100.00	100.00	60	0	-3	56
BANC INTERNACIONAL D'ANDORRA, S.A.	ANDORRA	BANKING	0.00	51.00	51	42,407	252,481	79,826	15,528
BANC INTERNACIONAL OF ANDORRA (CAYMAN) LTD. (EN LIQ.)	CAYMAN ISLANDS	BANKING	0.00	100.00	100.00	3,671	1,659	-25	3,668
BANCA MORA, S.A.	ANDORRA	BANKING	0.00	100.00	100.00 (1)	30,060	0	0	0
BANCO BILBAO VIZCAYA (DEUTSCHLAND), A.G.	GERMANY	BANKING	0.00	100.00	100.00	256	4,913	-47	279
BANCO BILBAO VIZCAYA ARGENTARIA (PANAMA), S.A.	PANAMA	BANKING	53.96	44.81	98.77	21,070	83,982	16,906	19,275
BANCO BILBAO VIZCAYA ARGENTARIA (PORTUGAL), S.A.	PORTUGAL	BANKING	9.52	90.48	100.00	125,000	59,242	23,339	183,916
BANCO BILBAO VIZCAYA ARGENTARIA CHILE, S.A.	CHILE	BANKING	59.35	6.92	66.27	207,073	124,486	19,115	256,323
BANCO BILBAO VIZCAYA ARGENTARIA PUERTO RICO	PUERTO RICO	BANKING	0.00	100.00	100.00	101,860	219,139	32,413	101,860
BANCO BILBAO VIZCAYA ARGENTARIA URUGUAY, S.A.	URUGUAY	BANKING	100.00	0.00	100.00	25,166	18,127	-3,319	35,379
BANCO CONTINENTAL, S.A.	PERU	BANKING	0.00	92.05	92.05	181,732	56,405	55,500	269,891
BANCO DE CREDITO LOCAL, S.A.	SPAIN	BANKING	100.00	0.00	100.00	151,043	118,345	61,812	509,597
BANCO DE PROMOCION DE NEGOCIOS, S.A.	SPAIN	BANKING	0.00	99.79	99.79	14,039	18,090	399	15,137
BANCO DEPOSITARIO BBVA, S.A.	SPAIN	BANKING	0.00	100.00	100.00	5,412	23,640	47,694	1,595
BANCO FRANCES (CAYMAN), LTD. (EN LIQ.)	CAYMAN ISLANDS	BANKING	100.00	0.00	100.00	11,665	16,417	1,795	28,237
BANCO INDUSTRIAL DE BILBAO, S.A.	SPAIN	BANKING	0.00	99.93	99.93	32,775	144,367	22,337	97,214
BANCO OCCIDENTAL, S.A.	SPAIN	BANKING	49.43	50.57	100.00	11,630	3,335	192	15,157
BANCO PROVINCIAL OVERSEAS, N.V.	DUTCH ANTILLES	BANKING	0.00	100.00	100.00	22,025	93	2,494	24,618
BANCO PROVINCIAL S.A. - BANCO UNIVERSAL	VENEZUELA	BANKING	1.85	53.75	55.60	35,172	155,214	151,997	157,045
BANCO UNO-E BRASIL, S.A.	BRAZIL	BANKING	100.00	0.00	100.00	12,548	1,668	1,327	16,165
BANCOMER ASSET MANAGEMENT INC.	U.S.	FINANCIAL SERV.	0.00	100.00	100.00	4	-2	0	1
BANCOMER FINANCIAL SERV. INC.	IRELAND	FINANCIAL SERV.	0.00	100.00	100.00	3,434	-131	-548	3,011
BANCOMER FOREIGN EXCHANGE INC.	U.S.	FINANCIAL SERV.	0.00	100.00	100.00	1,468	695	-68	2,065
BANCOMER PAYMENT SERVICES INC.	U.S.	FINANCIAL SERV.	0.00	100.00	100.00	41	-13	-6	23
BANCOMER SECURITIES INTERNATIONAL, INC.	U.S.	FINANCIAL SERV.	0.00	100.00	100.00	1,385	-159	1,831	3,056
BANCOMER TRANSFER SERVICE	U.S.	FINANCIAL SERV.	0.00	100.00	100.00	2,202	2,013	12,930	16,695
BANCOMERCIO SEGUROS, S.A. AGENCIA DE SEGUROS	SPAIN	INSURANCE	99.99	0.01	100.00	60	20	0	60
BANINBAO DE INVERSIONES, S.A.	SPAIN	PORTFOLIO	0.00	100.00	100.00	734	808	20	1,561
BBV AMERICA FUND MANAGER LTD	CAYMAN ISLANDS	FINANCIAL SERV.	0.00	100.00	100.00	352	13,600	216	362
BBV AMERICA, S.L.	SPAIN	PORTFOLIO	100.00	0.00	100.00	583,127	-194,379	13,703	479,328
BBV BANCO DE FINANCIACION S.A.	SPAIN	BANKING	0.00	100.00	100.00	58,298	9,599	229	64,200
BBV SECURITIES HOLDINGS, S.A.	SPAIN	PORTFOLIO	99.86	0.14	100.00	15,571	16,271	-758	31,086
BBVA & PARTNERS ALTERNATIVE INVESTMENT A.V., S.A.	SPAIN	INSTRUM. REAL ESTATE	70.00	0.00	70.00	908	286	598	1,331
BBVA ADMINISTRADORA GENERAL DE FONDOS, S.A.	CHILE	FINANCIAL SERV.	0.00	100.00	100.00	4,382	7,412	-149	11,637
BBVA AMERICA FINANCE, S.A.	SPAIN	FINANCIAL SERV.	100.00	0.00	100.00	60	0	-13	60
BBVA BANCO FRANCES, S.A.	ARGENTINA	BANKING	45.65	30.49	76.14	116,419	306,407	-23,094	38,668
BBVA BANCOMER CAPITAL TRUST I.	U.S.	FINANCIAL SERV.	0.00	100.00	100.00	11,353	0	0	11,360

Company	Location	Line of Business	Thousands of Euros (*)							
			Percentage of Ownership			Capital	Reservas	Net Income	Net	
			Direct	Indirect	Total	Stock as of 31-12-04	as of 31-12-04	(loss) for 31-12-04	Invest- ment G.E.	
BBVA BANCOMER FINANCIAL HOLDINGS, INC.	U.S.	PORTFOLIO	0.00	100.00	100.00	31,065	-634	7,288	37,964	
BBVA BANCOMER GESTION, S.A. DE C.V.	MEXICO	FINANCIAL SERV.	0.00	99.99	99.99	66	6,144	7,079	13,288	
BBVA BANCOMER HOLDING CORPORATION	U.S.	PORTFOLIO	0.00	100.00	100.00	1,252	-143	1,647	2,757	
BBVA BANCOMER SERVICIOS ADMINISTRATIVOS, S.A. DE C.V.	MEXICO	FINANCIAL SERV.	0.00	100.00	100.00	3	160	88	251	
BBVA BANCOMER SERVICIOS, S.A.	MEXICO	BANKING	0.00	100.00	100.00	71,486	140,637	55,848	267,963	
BBVA BANCOMER, S.A. DE C.V.	MEXICO	BANKING	0.00	100.00	100.00	252,126	2,537,194	397,091	3,176,175	
BBVA BROKER, CORREDURIA DE SEGUROS Y REASEGUROS, S.A.	SPAIN	INSURANCE	0.00	100.00	100.00	60	2,412	1,921	337	
BBVA CAPITAL FINANCE, S.A.	SPAIN	FINANCIAL SERV.	100.00	0.00	100.00	1,975,060	11	17,949	60	
BBVA CAPITAL FUNDING, LTD.	CAYMAN ISLANDS	FINANCIAL SERV.	100.00	0.00	100.00	255,646	-275	18,213	0	
BBVA CARTERA DE INVERSIONES, SICAV, S.A.	SPAIN	PORTFOLIO	68.97	0.00	68.97	69,735	101,998	3,022	46,876	
BBVA COLOMBIA, S.A.	COLOMBIA	BANKING	76.15	19.22	95.37	23,597	135,797	32,320	155,019	
BBVA COMMERCIAL PAPER BV	NETHERLAND	FINANCIAL SERV.	0.00	100.00	100.00	18	-10	-104	18	
BBVA CORREDORA TECNICA DE SEGUROS BHIF LTDA.	CHILE	INSURANCE	0.00	100.00	100.00	1	5,473	2,170	7,642	
BBVA CORREDORES DE BOLSA, S.A.	CHILE	INSTRUM.								
		REAL ESTATE	0.00	100.00	100.00	8,797	4,836	2,312	15,886	
BBVA CORREDURIA TECNICA ASEGURADORA, S.A.	SPAIN	INSURANCE	99.94	0.06	100.00	102	3,261	787	297	
BBVA CRECER AFP, S.A.	DOMINICAN									
	REPUBLIC	FINANCIAL SERV.	35.00	35.00	70.00	21,119	-10,626	-2,446	3,825	
BBVA DINERO EXPRESS, S.A.	SPAIN	FINANCIAL SERV.	100.00	0.00	100.00	2,476	0	-425	2,186	
BBVA E-COMMERCE, S.A.	SPAIN	SERVICES	100.00	0.00	100.00	60,000	-26,530	-2,592	30,878	
BBVA FACTORING E.F.C., S.A.	SPAIN	FINANCIAL SERV.	0.00	100.00	100.00	26,874	132,369	7,519	126,447	
BBVA FIDUCIARIA, S.A.	COLOMBIA	FINANCIAL SERV.	0.00	99.98	99.98	2,733	1,103	348	4,150	
BBVA FINANCE (DELAWARE) INC.	U.S.	FINANCIAL SERV.	100.00	0.00	100.00	110	288	-8	110	
BBVA FINANCE (UK), LTD.	U.K.	FINANCIAL SERV.	0.00	100.00	100.00	3,191	8,409	343	3,324	
BBVA FINANCE SPA.	ITALY	FINANCIAL SERV.	100.00	0.00	100.00	4,648	252	599	4,648	
BBVA FUNDOS	PORTUGAL	FINANCIAL SERV.	0.00	100.00	100.00	1,000	578	841	998	
BBVA GEST	PORTUGAL	FINANCIAL SERV.	0.00	100.00	100.00	1,000	951	1,307	998	
BBVA GESTION, SOCIEDAD ANONIMA, SGIIC	SPAIN	FINANCIAL SERV.	17.00	83.00	100.00	2,140	79,431	59,525	11,436	
BBVA GLOBAL FINANCE LTD.	CAYMAN ISLANDS	FINANCIAL SERV.	100.00	0.00	100.00	1	2,471	898	0	
BBVA HOLDING BV	NETHERLANDS	PORTFOLIO	100.00	0.00	100.00	18	18	-62	64	
BBVA HORIZONTE PENSIONES Y CESANTIAS, S.A.	COLOMBIA	PENSIONS	78.52	1.76	80.28	10,830	13,973	8,322	25,849	
BBVA HORIZONTE, S.A.	PANAMA	PENSIONS	90.00	0.00	90.00	3,671	-21	236	3,304	
BBVA IFC, S.A.(PORTUGAL)	PORTUGAL	FINANCIAL SERV.	0.00	100.00	100.00	21,903	-5,766	664	32,418	
BBVA INMOBILIARIA E INVERSIONES, S.A.	CHILE	INSTRUM.								
		REAL ESTATE	0.00	68.11	68.11	2,035	0	-209	1,244	
BBVA INTERNATIONAL FINANCE BV	NETHERLANDS	FINANCIAL SERV.	0.00	100.00	100.00	18	0	-16	18	
BBVA INTERNATIONAL INVESTMENT CORPORATION	PUERTO RICO	FINANCIAL SERV.	100.00	0.00	100.00	2,229,140	-109,505	-156	2,739,668	
BBVA INTERNATIONAL LIMITED	CAYMAN ISLANDS	FINANCIAL SERV.	100.00	0.00	100.00	135	1,328,988	150,862	1	
BBVA IRELAND PUBLIC LIMITED COMPANY	IRELAND	FINANCIAL SERV.	100.00	0.00	100.00	312	252,191	12,880	180,381	
BBVA PARAGUAY, S.A.	PARAGUAY	BANKING	99.99	0.00	99.99	4,806	11,047	8,616	22,598	
BBVA PARTICIPACIONES INTERNACIONAL, S.L.	SPAIN	FINANCIAL SERV.	92.69	7.31	100.00	53,307	257,268	4,090	273,020	
BBVA PATRIMONIOS GESTORA SGIIC, S.A.	SPAIN	FINANCIAL SERV.	99.99	0.01	100.00	3,907	10,609	8,838	3,907	
BBVA PENSIONES CHILE, S.A.	CHILE	PENSIONS	32.23	67.77	100.00	203,664	65,407	15,614	272,865	
BBVA PENSIONES, SA, ENTIDAD GESTORA DE FONDOS DE PENSIONES	SPAIN	PENSIONS	100.00	0.00	100.00	12,922	13,016	73,578	12,922	
BBVA PLANIFICACION PATRIMONIAL, S.L.	SPAIN	FINANCIAL SERV.	80.00	20.00	100.00	3	388	14	1	
BBVA PREFERRED CAPITAL	CAYMAN ISLANDS	FINANCIAL SERV.	100.00	0.00	100.00	176,199	-885	15,089	1	
BBVA PRIVANZA BANK (JERSEY), LTD.	CHANNEL									
	ISLANDS	BANKING	0.00	100.00	100.00	9,229	77,601	1,199	20,610	
BBVA PRIVANZA INTERNATIONAL (GIBRALTAR), LTD.	GIBRALTAR	BANKING	0.00	100.00	100.00	2,837	70,895	4,507	8,523	
BBVA PROMOCIONES, S.A.	SPAIN	PORTFOLIO	0.00	100.00	100.00	285	346	108	354	
BBVA RENTING, S.A.	SPAIN	FINANCIAL SERV.	0.00	100.00	100.00	50,123	9,682	10,728	20,976	
BBVA RESEARCH, S.A.	SPAIN	FINANCIAL SERV.	99.99	0.01	100.00	60	441	155	501	
BBVA SECURITIES HOLDINGS (UK) LIMITED	U.K.	FINANCIAL SERV.	0.00	100.00	100.00	24,484	-23,849	-125	531	
BBVA SECURITIES INC.	U.S.	FINANCIAL SERV.	0.00	100.00	100.00	0	26,975	-521	26,346	
BBVA SECURITIES LTD.	U.K.	FINANCIAL SERV.	0.00	100.00	100.00	28,596	-25,399	256	3,206	
BBVA SECURITIES OF PR, INC.	PUERTO RICO	FINANCIAL SERV.	100.00	0.00	100.00	591	4,585	-285	6,442	
BBVA SEGUROS INC.	U.S.	INSURANCE	0.00	100.00	100.00	184	432	1,228	184	
BBVA SENIOR FINANCE BV	NETHERLANDS	FINANCIAL SERV.	0.00	100.00	100.00	100	-66	-93	100	
BBVA SENIOR FINANCE, S.A.U.	SPAIN	FINANCIAL SERV.	100.00	0.00	100.00	60	0	-4	60	
BBVA SOCIEDAD LEASING HABITACIONAL BHIF	CHILE	FINANCIAL SERV.	0.00	97.48	97.48	2,458	3,229	1,802	7,301	
BBVA SUBORDINATED CAPITAL BV	NETHERLANDS	FINANCIAL SERV.	0.00	100.00	100.00	100	-65	-93	100	
BBVA SUBORDINATED CAPITAL S.A.U.	SPAIN	FINANCIAL SERV.	100.00	0.00	100.00	60	0	-4	60	
BBVA SUIZA, S.A. (BBVA SWITZERLAND)	SWITZERLAND	BANKING	39.72	60.28	100.00	46,989	134,674	24,481	55,322	
BBVA VALORES GANADERO, S.A. COMISIONISTA DE BOLSA	COLOMBIA	FINANCIAL SERV.	0.00	100.00	100.00	1,211	1,223	142	2,454	

Company	Location	Line of Business	Percentage of Ownership			Thousands of Euros (*)			
			Direct	Indirect	Total	Capital	Reservas	Net Income	Net
						Stock as of	as of	(loss) for	Invest-
						31-12-04	31-12-04	31-12-04	ment G.E.
BBVAPR HOLDING CORPORATION	U.S.	PORTFOLIO	100.00	0.00	100.00	101,860	706	-24	255,804
BCL GLOBAL FUNDING BV	NETHERLANDS	FINANCIAL SERV.	0.00	100.00	100.00	60	-10	-67	61
BCL INTNAL. FINC. LTD.	CAYMAN ISLANDS	FINANCIAL SERV.	0.00	100.00	100.00	0	378	-106	0
BCL PARTICIPACIONES, S.L.	SPAIN	PORTFOLIO	0.00	100.00	100.00	1,350	-25	-425	901
BEX AMERICA FINANCE INCORPORATED	U.S.	FINANCIAL SERV.	100.00	0.00	100.00	0	0	0	0
BEXCARTERA, SICAV S.A.	SPAIN	PORTFOLIO	0.00	80.45	80.45	4,176	8,448	153	8,591
BHIF ASESORIAS Y SERVICIOS FINANCIEROS, S.A.	CHILE	FINANCIAL SERV.	0.00	98.6	98.6	224	2,789	2,281	5,220
BI-BM GESTIO D'ACTIUS, S.A.	ANDORRA	FINANCIAL SERV.	0.00	100.00	100.00	301	1,656	7,805	301
BILBAO VIZCAYA AMERICA B.V.	NETHERLANDS	FINANCIAL SERV.	0.00	100.00	100.00	15	247,529	36,579	284,122
BILBAO VIZCAYA HOLDING, S.A.	SPAIN	PORTFOLIO	89.00	11.00	100.00	35,549	2,051	5,591	34,771
BILBAO VIZCAYA INVESTMENT ADVISORY COMPANY	LUXEMBURG	FINANCIAL SERV.	100.00	0.00	100.00	75	9,695	670	77
BROOKLINE INVESTMENTS, S.L.	SPAIN	PORTFOLIO	100.00	0.00	100.00	3	31,065	-295	33,969
CANAL INTERNATIONAL HOLDING (NETHERLANDS) B.V.	NETHERLANDS	PORTFOLIO	0.00	100.00	100.00	150	3,568	18	494
CANAL INTERNATIONAL HOLDING, S.A.	LUXEMBURG	PORTFOLIO	36.00	64.00	100.00	149,893	670,421	131,085	255,843
CANAL TRUST COMPANY, LTD.	ISLANDS	FINANCIAL SERV.	0.00	100.00	100.00	35	666	159	35
CARTERA E INVERSIONES, S.A., CIA DE	SPAIN	PORTFOLIO	100.00	0.00	100.00	132	102,408	56,044	60,541
CASA DE BOLSA BBV - PROBURSA, S.A. DE C.V.	MEXICO	FINANCIAL SERV.	0.00	100.00	100.00	27,642	16,462	8,932	53,035
CASA DE CAMBIO PROBURSA, S.A. DE C.V.	MEXICO	INSTRUM. REAL ESTATE	0.00	89.56	89.56	6	8	-13	0
CATYA INVESTMENTS LIMITED	CAYMAN ISLANDS	FINANCIAL SERV.	0.00	100.00	100.00	7	720	40	7
CIA. GLOBAL DE MANDATOS Y REPRESENTACIONES, S.A.	URUGUAY	FINANCIAL SERV.	0.00	100.00	100.00	4,252	-2,310	-1,609	589
CIDESSA DOS, S.L.	SPAIN	PORTFOLIO	0.00	100.00	100.00	72	11,817	-253	11,635
CIDESSA UNO, S.L.	SPAIN	PORTFOLIO	0.00	100.00	100.00	60	79,750	-8,130	4,754
CIERVANA, S.L.	SPAIN	PORTFOLIO	100.00	0.00	100.00	6,026	45,868	1,270	53,164
COMPAÑIA CHILENA DE INVERSIONES, S.L.	SPAIN	FINANCIAL SERV.	100.00	0.00	100.00	3	166,489	-1,530	232,977
CONSOLIDAR A.E.J.P., S.A.	ARGENTINA	PENSIONS	46.11	53.89	100.00	871	58,553	1,639	59,811
CONSOLIDAR COMERCIALIZADORA, S.A.	ARGENTINA	INSURANCE	0.00	100.00	100.00	3	228	-34	196
CONSULTORES DE PENSIONES BBV, S.A.	SPAIN	PENSIONS	0.00	100.00	100.00	60	939	-168	174
CONTABILIDAD Y ADMIN. DE NEGOCIOS, S.A. DE C.V.	MEXICO	SERVICES	0.00	96.00	96.00	0	0	0	0
CONTINENTAL BOLSA, SDAD. AGENTE DE BOLSA S.A.	PERU	INSTRUM. REAL ESTATE	0.00	100.00	100.00	1,238	505	428	2,172
CONTINENTAL S. TITULIZADORA	PERU	SERVICES	0.00	100.00	100.00	643	25	-14	655
CONTINENTAL S.A. SOCIEDAD ADMINISTRADORA DE FONDOS	PERU	FINANCIAL SERV.	0.00	100.00	100.00	2,586	210	427	3,224
CORPORACION DE ALIMENTACION Y BEBIDAS, S.A.	SPAIN	PORTFOLIO	0.00	100.00	100.00	54,090	91,225	5,190	138,508
CORPORACION DE SERVICIOS LOGISTICOS, S.A.	SPAIN	PORTFOLIO	87.64	12.36	100.00	2,009	-553	-104	1,352
CORPORACION GENERAL FINANCIERA, S.A.	SPAIN	PORTFOLIO	100.00	0.00	100.00	124,676	609,238	192,362	452,431
CORPORACION IBV PARTICIPACIONES EMPRESARIALES, S.A.	SPAIN	PORTFOLIO	0.00	50.00	50.00	228,446	45,688	-4,828	134,818
CORPORACION IBV SERVICIOS Y TECNOLOGIAS, S.A.	SPAIN	PORTFOLIO	0.00	50.00	50.00	265,642	222,598	181,436	137,031
CORPORACION INDUSTRIAL Y DE SERVICIOS, S.L.	SPAIN	PORTFOLIO	0.00	100.00	100.00	60	-108,641	212,203	1,251
CREDILOGROS COMPAÑIA FINANCIERA, S.A.	ARGENTINA	FINANCIAL SERV.	29.95	70.05	100.00	14,103	-6,712	700	7,820
DESITEL TECNOLOGIA Y SISTEMAS, S.A. DE C.V.	MEXICO	SERVICES	0.00	100.00	100.00	196	942	43	1,181
DEUSTO, S.A. DE INVERSION MOBILIARIA	SPAIN	PORTFOLIO	0.00	100.00	100.00	3,624	7,639	-429	10,834
DINERO EXPRESS SERVICIOS GLOBALES, S.A.	SPAIN	FINANCIAL SERV.	100.00	0.00	100.00	2,000	14,000	35	16,000
E-VENTURES CAPITAL INTERNET, S.A.	SPAIN	FINANCIAL SERV.	0.00	50.00	50.00	3,042	10,274	-1,032	5,658
ELANCHOVE, S.A.	SPAIN	PORTFOLIO	100.00	0.00	100.00	1,204	2,348	-326	1,500
ESPANHOLA COMERCIAL E SERVIÇOS, LTDA.	BRAZIL	FINANCIAL SERV.	100.00	0.00	100.00	5,252	-3,238	-3,072	0
EUROPEA DE TITULIZACION, S.A., SDAD. GEST. DE FDOS. DE TITUL.	SPAIN	FINANCIAL SERV.	82.97	0.00	82.97	1,803	1,293	1,787	1,506
EURORISK, S.A.	SPAIN	INSURANCE	0.00	100.00	100.00	60	981	309	60
FACTOR MULTIBA, S.A. DE C.V.	MEXICO	FINANCIAL SERV.	0.00	100.00	100.00	1,325	-1,305	-20	0
FACTORAJE PROBURSA, S.A. DE C.V.	MEXICO	INSTRUM. REAL ESTATE	0.00	100.00	100.00	2,180	-1,641	-76	464
FIDEICOMISO 29763-0 SOCIO LIQUIDADOR OP. FINAN. POSICION PRO	MEXICO	FINANCIAL SERV.	0.00	100.00	100.00	7,097	6,464	1,462	15,022
FIDEICOMISO 29764-8 SOCIO LIQUIDADOR POSICION DE TERCEROS	MEXICO	FINANCIAL SERV.	0.00	100.00	100.00	11,210	4,412	440	16,062
FIDEICOMISO CENTRO CORPORATIVO REGIONAL F/47433-8	MEXICO	SERVICES	0.00	100.00	100.00	0	-328	4,352	4,024
FIDEICOMISO INGRAL	COLOMBIA	SERVICES	0.00	100.00	100.00	1,146	-276	-128	140
FINANCIERA ESPAÑOLA, S.A.	SPAIN	PORTFOLIO	85.85	14.15	100.00	4,495	1,931	-1,244	4,522
FINANZIA TRUCK, EFC, S.A.	SPAIN	FINANCIAL SERV.	0.00	100.00	100.00	5,416	3,728	121	8,596
FINANZIA, BANCO DE CREDITO, S.A.	SPAIN	BANKING	0.00	100.00	100.00	14,983	90,909	9,021	56,203
FRANCES ADMINISTRADORA DE INVERSIONES, S.A. G.F.C.INVERS.	ARGENTINA	FINANCIAL SERV.	0.00	100.00	100.00	25	2,746	634	3,405
FRANCES VALORES SOCIEDAD DE BOLSA, S.A.	ARGENTINA	FINANCIAL SERV.	0.00	100.00	100.00	395	1,157	335	1,887
GESTION DE PREVISION Y PENSIONES, S.A.	SPAIN	PENSIONS	70.00	0.00	70.00	12,600	5,786	1,415	8,830
GESTION Y ADMINISTRACION DE RECIBOS, S.A.	SPAIN	SERVICES	0.00	100.00	100.00	150	279	120	150

Company	Location	Line of Business	Thousands of Euros (*)						
			Percentage of Ownership			Capital	Reservas	Net Income	Net
			Direct	Indirect	Total	Stock as of 31-12-04	as of 31-12-04	(loss) for 31-12-04	Invest- ment G.E.
GFB SERVICIOS, S.A. DE C.V.	MEXICO	SERVICES	0.00	100.00	100.00	580	890	28	1,498
GRAN JORGE JUAN, S.A.	SPAIN	REAL ESTATE	100.00	0.00	100.00	13,222	-3,107	-1	10,116
GRELAR GALICIA, S.A.	SPAIN	PORTFOLIO	0.00	100.00	100.00	3,089	968	81	4,137
GRUPO FINANCIERO BBVA BANCOMER, S.A. DE C.V.	MEXICO	FINANCIAL SERV.	48.69	51.01	99.7	67,211	3,690,893	481,732	5,924,780
HOLDING CONTINENTAL, S.A.	PERU	PORTFOLIO	50.00	0.00	50.00	237,105	28,520	40,444	140,866
HOLDING DE PARTICIPACIONES INDUSTRIALES 2000, S.A.	SPAIN	PORTFOLIO	0.00	50.00	50.00	41,470	3,078	25,988	20,735
INMOBILIARIA ASUDI, S.A.	SPAIN	INSTRUM. REAL ESTATE	99.99	0.01	100.00	84	2,887	-154	2,817
INMUEBLES Y RECUPERACIONES CONTINENTAL	PERU	INSTRUM. REAL ESTATE	0.00	100.00	100.00	37,873	-11,411	-4,357	22,105
INVERAHORRO, S.L.	SPAIN	PORTFOLIO	100.00	0.00	100.00	61	407	6	473
INVERSIONES BANPRO INTERNATIONAL INC. N.V.	DUTCH ANTILLES	FINANCIAL SERV.	48.01	0.00	48.01	24,961	240	2,516	11,390
INVERSIONES BAPROBA, C.A.	VENEZUELA	SERVICES	100.00	0.00	100.00	582	375	354	1,307
INVERSIONES MOBILIARIAS, S.L.	SPAIN	PORTFOLIO	100.00	0.00	100.00	489	158	13	660
INVERSORA OTAR, S.A.	ARGENTINA	PORTFOLIO	0.00	99.91	99.91	16	45,553	-4,394	2
KANTARA LIMITED (EN LIQ.)	CHANNEL ISLANDS	INSTRUM. REAL ESTATE	0.00	100.00	100.00	2	2,012	749	1,871
LEASIMO - SOCIEDADE DE LOCACAO FINANCEIRA, S.A.	PORTUGAL	FINANCIAL SERV.	0.00	100.00	100.00	7,500	1,299	845	11,576
MERCURY BANK & TRUST LTD.	CAYMAN ISLANDS	BANKING	0.00	100.00	100.00	3,071	540	274	3,886
MILANO GESTION I, SRL.	ITALY	INSTRUM. REAL ESTATE	0.00	100.00	100.00	46	169	13	46
OCCIVAL, S.A.	SPAIN	PORTFOLIO	100.00	0.00	100.00	3,141	4,955	176	8,211
OLIMAR, S.A.	SPAIN	PORTFOLIO	0.00	100.00	100.00	619	1,730	46	2,324
OPCION VOLCAN, S.A.	MEXICO	INSTRUM. REAL ESTATE	0.00	100.00	100.00	17,075	39,344	-193	56,227
PARTICIPACIONES ARENAL, S.L.	SPAIN	PORTFOLIO	0.00	100.00	100.00	4,673	1,123	79	5,874
PARTIDES SDAD. COMANDITARIA POR ACCIONES	FRANCIA	PORTFOLIO	0.00	100.00	100.00	8	297	-6	300
PROMOCION EMPRESARIAL XX, S.A.	SPAIN	FINANCIAL SERV.	100.00	0.00	100.00	1,599	353	23	1,522
PROMOCIONES INMOBILIARIAS ARJONA, S.A.	SPAIN	INSTRUM. REAL ESTATE	100.00	0.00	100.00	1,202	257	20	1,210
PROMOTORA PROMEX, S.A. DE C.V. (EN LIQ.)	MEXICO	FINANCIAL SERV.	0.00	100.00	100.00	36	-12	-3	20
PROVIDA INTERNACIONAL, S.A.	CHILE	PENSIONS	0.00	100.00	100.00	28,043	13,588	8,993	50,619
PROVINCIAL DE VALORES CASA DE BOLSA	VENEZUELA	FINANCIAL SERV.	0.00	90.00	90.00	1,149	1,465	1,646	3,834
PROVINCIAL SDAD. ADMIN. DE ENTIDADES DE INV. COLECTIVA, C.A.	VENEZUELA	FINANCIAL SERV.	0.00	100.00	100.00	632	27	267	927
PROVIVIENDA, ENTIDAD RECAUDADORA Y ADMIN. DE APORTES, S.A.	BOLIVIA	PENSIONS	0.00	100.00	100.00	98	46	31	172
PROYECTOS INDUSTRIALES CONJUNTOS, S.A. DE	SPAIN	PORTFOLIO	0.00	100.00	100.00	3,005	402	44	3,148
PSA FINANCE ARGENTINA COMPAÑIA FINANCIERA, S.A.	ARGENTINA	FINANCIAL SERV.	0.00	50.00	50.00	4,446	1,285	-254	2,738
S.GESTORA FONDO PUBL. REGUL. MERCADO HIPOTECARIO, S.A.	SPAIN	FINANCIAL SERV.	77.2	0.00	77.2	150	7	-2	138
S.I.P.L.E.M.S.A.	MOROCCO	PORTFOLIO	0.00	100.00	100.00	1,248	-1,206	-650	0
SCALDIS FINANCE, S.A.	BELGIUM	PORTFOLIO	0.00	100.00	100.00	3,084	399	2	3,416
SERVICIOS CORPORATIVOS BANCOMER, S.A. DE C.V.	MEXICO	PENSIONS	0.00	100.00	100.00	3	214	11	228
SERVICIOS EXTERNOS DE APOYO EMPRESARIAL, S.A. DE C.V.	MEXICO	SERVICES	0.00	100.00	100.00	500	657	42	1,199
SOCIEDAD DE ESTUDIOS Y ANALISIS FINANC., S.A.	SPAIN	PORTFOLIO	100.00	0.00	100.00	1,470	169,173	3,223	114,518
SOCIETAT GENERAL D'INVERSIONS, S.L. (EN LIQ.)	ANDORRA	PORTFOLIO	0.00	100.00	100.00	1	1	51	1
SOCIETE HISPANO-MAROCAINE DE SERVICES, S.A.	MOROCCO	PORTFOLIO	0.00	100.00	100.00	1,159	-979	-54	0
SPORT CLUB 18, S.A.	SPAIN	PORTFOLIO	99.98	0.02	100.00	60	5,543	4,852	12,010
TRANSITORY CO	PANAMA	INSTRUM. REAL ESTATE	0.00	100.00	100.00	304	345	-345	304
UNO-E BANK, S.A.	SPAIN	BANKING	34.35	32.65	67.00	80,317	31,145	8,068	75,845
VALLEY BANK	U.S.	BANKING	0.00	100.00	100.00	9,267	951	-37	10,228

Information on foreign companies at exchange rate on 12-31-04

(1) Consolidated with Banc Internacional D'Andorra, S.A.

(*) Unaudited data.

EXHIBIT II
ADDITIONAL INFORMATION ON OWNERSHIP INTEREST HELD
BY THE BANCO BILBAO VIZCAYA ARGENTARIA GROUP
(Including the most significant companies which, taken as a whole, represent 98% of the total investment in this connection)

Company	Location	Line of Business	Percentage of Ownership			Thousands of Euros			
			Direct	Indirect	Total	Capital Stock	Reserves	Net Income (Loss)	Consolidated Cost
A. COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD									
LISTED COMPANIES									
BANCA NAZIONALE DEL LAVORO, S.P.A.	ITALY	BANKING	14.64	0.00	14.64	1,105,832	2,910,604	140,784 (1)	765,258
BANCO BRADESCO, S.A.	BRAZIL	BANKING	5.00	0.00	5.00	1,917,769	1,424,596	664,878 (1)	221,904
BRUNARA SIMCAV, S.A.	SPAIN	PORTFOLIO	0.86	17.05	17.91	28,026	296,035	12,126	30,942
CEMENTOS LEMONA, S.A.	SPAIN	INDUSTRIAL	6.54	0.00	6.54	6,160	49,034	10,846 (1)	7,947
GAMESA CORPORATIVA, S.A.	SPAIN	INDUSTRIAL	0.22	12.89	13.11 (2)	40,550	41,755	119,739 (1)	94,114
IBERDROLA, S.A.	SPAIN	SERVICES	3.14	5.48	8.62 (3)	2,704,648	4,131,612	606,285 (1)	1,011,431
IBERIA LINEAS AEREAS DE ESPAÑA, S.A.	SPAIN	SERVICES	7.38	0.00	7.38 (4)	716,833	412,496	105,762 (1)	153,355
REPSOL YPF, S.A.	SPAIN	SERVICES	5.17	0.00	5.17 (5)	1,220,863	10,100,762	2,020,000 (1)	951,306
SOGECABLE, S.A.	SPAIN	SERVICES	0.22	3.88	4.10 (6)	252,009	489,861	-320,702 (1)	19,926
TELEFONICA, S.A.	SPAIN	SERVICES	1.80	3.93	5.73 (7)	4,955,891	10,147,460	1,373,710 (1)	1,696,306
TUBOS REUNIDOS, S.A.	SPAIN	INDUSTRIAL	0.00	24.26	24.26	20,493	129,641	4,019 (1)	19,549
UNLISTED COMPANIES									
AZERTIA, TECNOLOGIAS DE LA INFORMACION, S.A.	SPAIN	SERVICES	0.00	50.00	50.00	36,132	-9,641	4,063	18,704
COMPANIA ESPAÑOLA DE FINANCIACION DEL DESARROLLO, S.A.	SPAIN	SERVICES	21.82	0.00	21.82	39,396	6,728	613	10,155
CONCESION SABANA DE OCCIDENTE, S.A.	COLOMBIA	SERVICES	0.00	47.20	47.20	8,972	4,805	3,803	9,743
CONSERVAS GARAVILLA, S.A.	SPAIN	INDUSTRIAL	0.00	41.17	41.17	8,270	38,745	494 (1)	19,605
G.H. ELECTROTERMIA, S.A.	SPAIN	SERVICES	0.00	39.25	39.25	1,641	13,056	2,070	6,797
GESTENAR, S.L.	SPAIN	REAL ESTATE	0.00	40.00	40.00	1,000	0	-9	7,645
INENSUR BRUNETE, S.L.	SPAIN	REAL ESTATE	0.00	50.00	50.00	9,880	2,061	-56	12,656
LANDATA INGENIERIA, S.A.	SPAIN	SERVICES	0.00	50.00	50.00	10,237	16,603	3,646	15,512
LAS PEDRAZAS GOLF, S.L.	SPAIN	REAL ESTATE	0.00	50.00	50.00	32,000	0	0	15,989
MONTEALMENARA GOLF, S.L.	SPAIN	REAL ESTATE	0.00	50.00	50.00	15,698	0	0	7,831
ONEXA, S.A. DE C.V.	MEXICO	FINANCIAL SERV.	0.00	49.80	49.80	230,164	-170,321	39,158 (1)	35,218
PART.SERVIRED, SDAD. CIVIL	SPAIN	SERVICES	20.50	0.92	21.42	17,803	28,573	13	10,400
PROMOTORA METROVACESA, S.L.	SPAIN	REAL ESTATE	0.00	50.00	50.00	18,278	1,795	-24	9,503
TECNICAS REUNIDAS, S.A.	SPAIN	SERVICES	0.00	25.39	25.39	5,687	79,053	36,534 (1)	34,370
TELTRONIC, S.A.	SPAIN	INDUSTRIAL	0.00	50.00	50.00	247	17,622	2,502	8,687
OTHER COMPANIES									107,518
TOTAL									5,302,371

Data taken from the latest financial statements approved as of the date preparation of this annual report, generally relating to 2002.

In the case of foreign companies, the exchange rate as of the reference date is applied.

(1) Consolidated data.

(2) 12.89% of which relates to the long-term holding.

(3) 5.48% of which relates to the long-term holding.

(4) 7.11% of which relates to the long-term holding.

(5) 5.01% of which relates to the long-term holding, including 0.761% which is not accounted for by the equity method because its market risk is hedged with derivatives.

(6) 3.87% of which relates to the long-term holding.

(7) 5.16% of which relates to the long-term holding, including 1.82% which is not accounted for by the equity method because its market risk is hedge with derivatives.

EXHIBIT III
ADDITIONAL INFORMATION ON COMPANIES IN THE NON-CONSOLIDABLE GROUP
OF THE BANCO BILBAO VIZCAYA ARGENTARIA GROUP
(Including the most significant companies which, taken as a whole, represent 97% of total investment in this connection)

Company	Location	Line of Business	Percentage of Ownership			Thousands of Euros			
			Direct	Indirect	Total	Capital Stock	Reserves	Net Income (Loss)	Consolidated Cost
UNLISTED COMPANIES									
ANIDA DESARROLLOS INMOBILIARIOS, S.L.	SPAIN	REAL ESTATE	0.00	100.00	100.00	76,763	2,119	31,497	91,565
ASEGUANCES PRINCIPAT, S.A.	ANDORRA	INSURANCE	0.00	100.00	100.00	1,503	2,470	257	5,543
ATUEL FIDEICOMISOS, S.A.	ARGENTINA	SERV.FINANCIER.	0.00	100.00	100.00	27	24	12	3,341
AUTOMERCANTIL-COMERCIO E ALUGER DE VEICULOS AUTOM., LDA.	PORTUGAL	SERVICES	0.00	100.00	100.00	1,247	2,161	-3,340	14,148
BBVA CONSOLIDAR SEGUROS, S.A.	ARGENTINA	INSURANCE	87.78	12.22	100.00	1,211	7,945	287	10,040
BBVA RE LIMITED	IRELAND	INSURANCE	0.00	100.00	100.00	650	1,346	1,586	4,743
BBVA SEGUROS DE VIDA, S.A.	CHILE	INSURANCE	0.00	100.00	100.00	12,670	467	369	15,179
BBVA SEGUROS GANADERO COMPAÑIA DE SEGUROS DE VIDA, S.A.	COLOMBIA	INSURANCE	94.00	6.00	100.00	5,397	1,063	1,989	12,350
BBVA SEGUROS GANADERO COMPAÑIA DE SEGUROS, S.A.	COLOMBIA	INSURANCE	94.00	6.00	100.00	5,226	1,323	1,203	4,477
BBVA SEGUROS, S.A.	SPAIN	INSURANCE	97.15	2.78	99.93	210,440	92,096	116,638	425,094
BBVA TRADE, S.A.	SPAIN	SERVICES	0.00	100.00	100.00	1,803	9,694	4,301	8,877
CONSOLIDAR ASEGURADORA DE RIESGOS DEL TRABAJO, S.A.	ARGENTINA	INSURANCE	87.50	12.50	100.00	807	29,515	1,065	34,416
CONSOLIDAR CIA. DE SEGUROS DE RETIRO, S.A.	ARGENTINA	INSURANCE	33.33	66.67	100.00	807	10,092	-717	10,489
CONSOLIDAR CIA. DE SEGUROS DE VIDA, S.A.	ARGENTINA	INSURANCE	34.04	65.96	100.00	807	9,357	3,187	18,952
DESARROLLO URBANISTICO DE CHAMARTIN, S.A.	SPAIN	REAL ESTATE	0.00	72.50	72.50	73,625	-624	-233	20,008
EDIFICACIONES NERVION, S.A.	SPAIN	REAL ESTATE	0.00	60.00	60.00	9,276	818	-63	6,018
EDIFICIO LINARES, S.L.	SPAIN	REAL ESTATE	100.00	0.00	100.00	4,988	-592	196	5,590
EL ENCINAR METROPOLITANO, S.A.	SPAIN	REAL ESTATE	0.00	98.76	98.76	64	7,660	-1,453	5,521
EXPLOTACIONES AGROPECUARIAS VALDELAGUEGA, S.A.	SPAIN	REAL ESTATE	0.00	100.00	100.00	10,000	0	0	10,035
FINANZIA AUTORENTING, S.A.	SPAIN	SERVICES	0.00	85.00	85.00	6,880	13,284	2,096	21,522
INMOBILIARIA BILBAO, S.A.	SPAIN	REAL ESTATE	0.00	100.00	100.00	1,746	1,720	-35	3,444
INMOBILIARIA Y PROMOTORA RURAL MEXIQUENSE, S.A DE C.V.	MEXICO	REAL ESTATE	0.00	73.66	73.66	9,193	9,239	-397	7,912
PENSIONES BANCOMER, S.A. DE C.V.	MEXICO	INSURANCE	0.00	100.00	100.00	13,055	24,144	15,850	62,045
PROYECTO MUNDO AGUILON, S.L.	SPAIN	SERVICES	0.00	70.00	70.00	30	19,135	2,879	15,113
SEGUROS BANCOMER, S.A. DE C.V.	MEXICO	INSURANCE	24.99	75.01	100.00	13,173	44,566	31,903	95,931
SEGUROS PROVINCIAL, C.A.	VENEZUELA	INSURANCE	0.00	100.00	100.00	1,307	1,744	2,957	7,089
SENORTE VIDA Y PENSIONES, S.A. CIA. DE SEGUROS Y REASEG.	SPAIN	INSURANCE	0.00	100.00	100.00	33,356	14,520	2,014	42,281
UNITARIA INMOBILIARIA, S.L.	SPAIN	REAL ESTATE	0.00	100.00	100.00	42,071	3,608	5,678	48,659
URBANIZADORA TINTERFEÑA, S.A.	SPAIN	REAL ESTATE	0.00	100.00	100.00	6,987	1,757	145	9,064
OTHER COMPANIES									32,455
								TOTAL	1,051,901

Data taken from the latest financial statements approved as of the date of preparation of this annual report generally relating to 2003. In the case of foreign companies, the exchange rate as of the reference date is applied.

EXHIBIT IV
NOTIFICATION OF ACQUISITION OF INVESTEES
(ART. 86 OF THE CORPORATIONS LAW AND ART. 53 OF SECURITIES MARKET LAW 24/1998)

Investee	Line of Business	Percentage of Ownership		Date of Notification to Investee
		Net Percentage Acquired/(Sold) in the Year	Percentage at Year-End	
Acquisitions made during 2003				
ASISTENCIA EN GESTION TRIBUTARIA, S.A.	SERVICES	15.00	100.00	06.11.03 and 07.10.03
BBV URDANBIA, S.A. (1)	INMOBILIARIA	25.00	0.00	04.10.03
BBVA CEME INVERSIONES, S.A. S.I.M.C.A.V.	PORTFOLIO	4.33	61.00	07.10.03
BEXCARTERA, S.I.M.C.A.V., S.A.	PORTFOLIO	0.11	80.02	11.12.03
DESARROLLO INMOBILIARIO DE LANZAROTE, S.A.	INMOBILIARIA	40.80	40.80	03.10.03
EDIFICACIONES NERVION, S.A.	INMOBILIARIA	9.43	60.00	12.10.03
ELECTRONICA BASICA, S.A.	SERVICES	12.50	50.00	01.26.04
HISPANO INDONESIA DE PESCA, S.A.	SERV.FINANCIER.	50.00	50.00	09.12.03
INENSUR BRUNETE, S.L.	INMOBILIARIA	50.00	50.00	07.10.03
Acquisitions made during 2004				
ACERINOX, S.A.	INDUSTRIAL	(2.25)	3.75	06.22.04
BANCO ATLANTICO, S.A.	BANKING	(24.37)	0.00	03.16.04
BBVA ARAGON, SICAV, S.A. (2)	PORTFOLIO	19.02	0.00	06.11.04-07.12.04 and 10.11.04
BBVA PRIVANZA 25 CARTERA, SICAV S.A. (3)	PORTFOLIO	12.27	0.00	06.11.04 and 09.14.04
BBVA PRIVANZA 50 CARTERA, SICAV S.A. (4)	PORTFOLIO	8.25	0.00	10.11.04
BBVA PRIVANZA 75 CARTERA, SICAV S.A. (5)	PORTFOLIO	18.96	0.00	06.11.04 and 08.11.04
GAS NATURAL SDG	SERVICES	(2.29)	1.18	02.19.04
GESTENAR, S.L.	INMOBILIARIA	40.00	40.00	06.09.04
ILUSTRACION, S.A., SICAV	PORTFOLIO	(7.81)	0.00	05.18.04
MOBIPAY INTERNATIONAL, S.A.	SERVICES	22.46	50.00	07.12.04
TRIBUGEST GESTION DE TRIBUTOS, S.A.	SERVICES	39.98	39.98	02.17.04
VIDRALA, S.A.	INDUSTRIAL	(17.19)	0.00	09.10.04

(1) Company absorbed by BBVA Desarrollos Inmobiliarios, S.L. in December 2003.

(2) Company absorbed by BBVA Cartera S.I.C.A.V., S.A. in December 2004.

(3) Company absorbed by BBVA Cartera S.I.C.A.V., S.A. in December 2004.

(4) Company absorbed by Brunara S.I.C.A.V., S.A. in December 2004.

(5) Company absorbed by Brunara S.I.C.A.V., S.A. in December 2004.

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

**BANCO BILBAO VIZCAYA ARGENTARIA, S.A.
AND COMPANIES COMPOSING
THE BANCO BILBAO VIZCAYA ARGENTARIA GROUP
MANAGEMENT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2004**

THE BBVA GROUP

Banco Bilbao Vizcaya Argentaria, S.A. ("the Bank" or "BBVA") is a private-law entity governed by the rules and regulations applicable to banks operating in Spain and is the parent company of the finance group which engages in the direct or indirect performance of activities, transactions, agreements and services relating to banking. The Bank conducts its business through branches and offices located throughout Spain and abroad.

The BBVA Group ("the Group") is an internationally diversified finance group with a significant presence in traditional retail banking, asset management, private banking and wholesale banking.

SCENARIO IN 2004

In 2004 the world economy improved upon the trend set in the preceding year, with China and the United States acting as the major driving forces behind economic growth and high oil prices representing the major uncertainty. Whereas Latin America experienced the best year in its most recent history, in which considerable growth was achieved in all the main countries of the region, the European Union progressed at a more modest pace, with the Spanish economy expanding at a similar rate as in 2003 (2.5%). Against this backdrop, the Federal Reserve gradually increased the benchmark interest rate to 2.25%, whilst the European Central Bank maintained its reference interest rate at 2.0%. As a result, short-term market interest rates in the euro zone remained stable, whereas long-term interest rates declined, giving rise to a flattening of the curve. By contrast, short-term interest rates in Mexico reflected an upward trend from the second quarter onwards.

Foreign exchange markets remained relatively stable until the last few months of the year, which witnessed a renewed depreciation of the U.S. dollar against the euro, with the resulting knock-on effect on the main Latin-American currencies. The table overleaf shows the year-on-year variations in the year-end exchange rates, together with the year-on-year variations in the average exchange rates for 2004 and 2003.

	Average Exchange Rate Variations (with respect to the previous year)		Year-End Exchange Rate Variations (with respect to the previous year)	
	Δ% 2004	Δ% 2003	Δ% 2004	Δ% 2003
Mexican peso	(13.0)	(25.0)	(6.5)	(22.7)
Venezuelan bolivar	(21.9)	(39.2)	(22.6)	(28.1)
Colombian peso	(0.3)	(26.5)	9.5	(14.4)
Chilean peso	2.9	(16.1)	(1.4)	0.9
Peruvian new sol	(7.2)	(15.4)	(2.1)	(15.9)
Argentine peso	(9.0)	(9.5)	(8.1)	(4.8)
U.S. dollar	(9.1)	(16.4)	(7.3)	(17.0)

EARNINGS

The following table shows the changes in the consolidated statements of income for 2004 and 2003. However, in view of the aforementioned appreciation of the euro against the dollar and the Latin-American currencies, in order to facilitate the interpretation of the Group's earnings, the comparative consolidated statements of income at current rates (i.e. by applying to the income statement items the cumulative average exchange rates for each year) also include references to the variations at constant exchange rates (disregarding the exchange rate effect).

(Millions of Euros)	Consolidated statements of income			
	2004	2003	Δ% 04-03	Δ% 04-03 (*)
Financial revenues	12,466	12,537	(0.6)	5.0
Financial expenses	(6,101)	(6,260)	(2.5)	2.7
Dividends	704	464	51.6	52.4
NET INTEREST INCOME	7,069	6,741	4.9	10.5
Net fees	3,379	3,263	3.6	9.4
BASIC MARGIN	10,448	10,004	4.4	10.1
Market operations	606	652	(7.1)	(3.6)
GROSS OPERATING INCOME	11,054	10,656	3.7	9.3
Personnel expenses	(3,184)	(3,263)	(2.4)	1.7
Other administrative expenses	(1,779)	(1,768)	0.6	7.2
GENERAL ADMINISTRATIVE EXPENSES	(4,963)	(5,031)	(1.3)	3.6
Depreciation and amortization	(453)	(511)	(11.2)	(7.2)
Other operating income and expenses (net)	(198)	(219)	(9.6)	(1.7)
NET OPERATING INCOME	5,440	4,895	11.1	17.3
Net income from companies accounted for				
by the equity method	360	383	(6.1)	(3.7)
Pro memoria: correction for payment of dividends	(437)	(319)	36.9	37.8
Amortization of consolidation goodwill	(582)	(639)	(9.0)	(9.0)
Net income on Group transactions	592	553	7.0	7.0
Net loan loss provisions	(931)	(1,277)	27.1	(24.1)
Net securities writedowns	-	-	-	-
Net extraordinary income (losses)	(730)	(103)	N/a	N/a
PRE-TAX PROFIT	4,149	3,812	8.8	14.2
Corporate income tax	(957)	(915)	4.6	10.3
NET INCOME	3,192	2,897	10.2	15.4
Minority interests	(390)	(670)	(41.7)	(36.7)
- Preferred shares	(190)	(214)	(11.4)	(11.4)
- Minority interests	(200)	(456)	(56.0)	(50.2)
NET ATTRIBUTABLE PROFIT	2,802	2,227	25.8	30.4

(*) At constant exchange rates.

Net interest income amounted to €7,069 million (€6,741 million in 2003), a year-on-year increase of 4.9%. Considering the statement of income at constant exchange rates, at year-end net interest income reflected a 10.5% rise in constant euros.

In the domestic market, the low interest rates continued to exert downward pressure on spreads, as a result of which BBVA's efforts in Retail Banking and Wholesale Banking focused on adequate pricing management and on growth in lending and customer funds, giving rise to increases in net interest income of 3.9% and 10.0%, respectively. Due to the combination of improved business volumes and price management with the upward trend in interest rates, particularly in countries like Mexico, net interest income from Banking in America rose by 8.0% at current exchange rates and 22.8% at constant rates.

Net fees totaled €3,379 million (€3,263 million in 2003), representing an increase of 3.6% (9.4% at constant exchange rates). Net fees from Banking in America fell by 1.5% (a 9.5% increase at constant exchange rates). Net fees from Retail Banking and Wholesale Banking rose by 11.6% and 24.0%, respectively.

Consequently, the basic margin was €10,448 million (€10,004 million in 2003), a 4.4% increase on the 2003 figure. At constant exchange rates, the basic margin increased by 10.1%. When the income from market operations, which rose 7.1% to €606 million (€652 million in 2003, per the management statement of income, at constant exchange rates), is added in, gross operating income amounted to €11,054 million, up 3.7% on 2003 (€10,656 million in 2003).

Operating expenses (€4,963 million) were kept in check in 2004, falling 1.3% in current euros and increasing by 3.6% in constant euros. The growth of these expenses in aggregate domestic business was practically zero (with decreases of 0.5% in Retail Banking and 1.9% in Wholesale Banking) and the 5.1% decrease in Banking in America at current exchange rate, and the 6.7% increase at constant exchange rate.

The sound performance of revenues and the containment of costs led to an improvement in the efficiency ratio, from 47.2% in 2003 to 44.9% in 2004. All business areas are contributing to the improvement in operating profit. Retail Banking in Spain and Portugal grew 13.3% and Wholesale and Investment Banking

7.2%. For the first time in recent years the effect of currency depreciation in the Americas was overcome and the increase in operating profit was 11.6% (26.0% at constant exchange rates).

Net operating income amounted to €5,440 million in 2004 (4,895 million in 2003), with a year-on-year increase of 11.1%.

Net income from companies accounted for by the equity method amounted to €360 million (€383 million in 2003), down 6.1% with respect to the previous year since a higher proportion of the gross contribution of €797 million (up 13.4% from €702 million in 2003) was received as dividends (€437 million, up 36.9% on 2003).

Net income on Group transactions grew by 7.0% to €592 million. The most significant transaction in the year was the sale of the holding in Banco Atlántico for €218 million. In addition, the gains on the holdings managed in Wholesale Banking and Large Industrial Corporations amounted to €138 million and €150 million, respectively.

In 2004, €931 million of loan writedowns were recorded, 27.1% less than in the previous year. In 2003 the "Net Loan Writedowns" caption in the consolidated statement of income included €285 million as a result of the increase from 50% to 75% of the country-risk provision relating to risks in Argentina and other provisions relating to this country, which at the same time gave rise to the release of the special provisions recorded under the "Extraordinary Income" caption in the consolidated statement of income. Also, the improvement in the Group's nonperforming loans ratio enabled it to reduce its specific provisions and, by contrast, to increase by over €600 million its provisions for the statistical coverage of loan losses and its general-purpose provisions (the increase in which was due to the growth in total net lending).

Amortization of goodwill amounted to €582 million in 2004, 9.0% less than the figure of €639 million recorded in

2003, which included an extraordinary amortization charge of €119 million relating to Bradesco and Gas Natural. Of the amount recorded in 2004, €243 million relate to the amortization of the goodwill of Bancomer, whose amortization period was extended from 10 to 20 years, and €193 million relate to that of Banca Nazionale del Lavoro, €145 million of which correspond to the early amortization of the unamortized goodwill relating to this entity in the last quarter of the year.

Net extraordinary losses amounted to €730 million following the recording of €572 million relating to the cost of the early retirement in the year of 1,372 employees. In 2003 and 2002, as permitted by the last paragraph of Rule 13.13 of Bank of Spain Circular 4/1991, the Group recorded the above-mentioned provisions with a charge to reserves, after obtaining express authorization from the Bank of Spain and from the Shareholders' Meetings of the Group's Spanish banks.

Pre-tax profit, amounted to €4,149 million, increased by 8.8% with respect to 2003. The provision for corporate income tax rose by 4.6% and the net income amounted to €3,192 million. The portion of income relating to minority interests amounted to €390 million, 41.7% less than in 2003, due mainly to the decrease of minority interests in Bancomer following the tender offer launched in the first quarter of 2004, the exchange rate effect and the reduction in the cost of preferred shares resulting from the redemption of former issues and the lower interest rates of those issued in the year.

Consequently, net attributable profit in 2004 amounted to €2,802 million, an increase of 25.8% with respect to the €2,227 million obtained in 2003 (30.4% at constant exchange rates). ROE was 20.0%, an improvement on the 18.4% recorded in 2003.

BALANCE SHEET AND BUSINESS ACTIVITY

The Group's consolidated balance sheet as of December 31, 2004 and 2003 are as follows:

(Millions of euros)

	Consolidated balance sheets		
	2004	2003	Var.% 04-03
Cash on hand and deposits at central banks	10,122	8,110	24.8
Due from credit institutions	16,176	20,907	(22.6)
Total net lending	170,248	148,827	14.4
Fixed-income portfolio	70,959	71,881	(1.3)
- Government debt securities	18,370	18,945	(3.0)
- Debentures and other debt securities	52,589	52,936	(0.7)
Equity securities	12,620	9,740	29.6
- Accounted for by the equity method	6,354	6,648	(4.4)
- Other investments	6,266	3,092	102.6
Consolidation goodwill	5,229	3,707	41.1
Property and equipment	3,783	3,790	(0.2)
Treasury stock	18	66	(72.2)
Accumulated losses at consolidated companies	3,821	3,611	5.8
Other assets	18,096	16,511	9.6
TOTAL ASSETS	311,072	287,150	8.3
Due to credit institutions	65,336	61,570	6.1
On-balance-sheet customer funds	199,485	182,832	9.1
- Deposits	147,051	141,049	4.3
- Marketable debt securities	44,326	34,383	28.9
- Subordinated debt	8,108	7,400	9.6
Other liabilities	20,533	19,341	6.2
Net income	3,192	2,897	10.2
Minority interests	4,435	5,426	(18.3)
Capital stock	1,662	1,566	6.1
Reserves	16,429	13,518	21.5
TOTAL LIABILITIES AND EQUITY	311,072	287,150	8.3
Other customer funds under management	124,499	113,075	10.1
- Mutual funds	51,041	45,752	11.6
- Pension funds	41,490	40,016	3.7
- Customer portfolios	31,968	27,307	17.1
PRO MEMORIA:			
Average total assets	303,249	279,245	8.6
Risk-weighted average assets	177,909	166,050	7.1
Average equity	14,044	12,069	16.4

As with the income-statement comparison, and as was the case in 2003, the inter-year comparison of the Group's balance-sheet aggregates was affected in 2004 by the substantial depreciation of the American currencies against the euro and, accordingly, the explanation of the variations refers either to the fluctuation in constant exchange rate terms (disregarding the exchange rate effect) or to that in current exchange rate terms (using year-end rates).

The Group's total assets amounted to €311,072 million at 2004 year-end (€287,100 million in 2003), 8.3% up on the figure as of December 31, 2003, at current exchange rates, despite the aforementioned currency depreciation (the increase

would be 10% at constant rates). Business volume, calculated as the sum of lending and total customer funds under management, stood at €498,599 million in 2004 (449,176 million in 2003), a rise of 11% with respect to 2003. Business volume increased by 12.5% at constant exchange rates.

Total gross lending amounted to €174,615 million in 2004 (€153,176 million in 2003, net of the loan loss provision), an increase of 13.9% with respect to 2003 year-end, and 14.9% at constant exchange rates. Lending to other resident sectors, which amounted to over €116,791 million (101,532 million in 2003), proved to be the most dynamic component, its year-on-year growth rising throughout 2003 to end the year at 15.0%. Particularly noteworthy in this connection were the increases in secured loans (+21.7%), which now represent 55.4% of total lending to other resident sectors, in financial leases (+22.0%), and in commercial loans (+11.1%).

Lending to nonresidents rose by 13.7% year-on-year in current euros (17.9% at constant exchange rates), thus reversing the downward trend of 2003, as a result of the improved economic situation in Latin America.

The significant growth in total net lending in 2004 was complemented by a substantial drop in doubtful loans (31.9%) and improved risk quality indicators, giving rise to a nonperforming loans ratio of 0.95% as of December 31, 2004 (down from 1.37% at 2003 year-end). The nonperforming loans ratio, defined as bad debts (including contingent liabilities but excluding group 5 country risk) divided by total risk, was 0.61% in Retail Banking and 0.19% in Wholesale Banking; in Banking in America it stood at 3.18% at 2004 year-end (4.46% in 2003) as a result of the improved ratios both in Mexico and the Group's other banks in Latin America. The Group's doubtful loan coverage ratio was 247.2% (184.9% as of December 31, 2003).

Total customer funds managed by the Group amounted to €323,984 million at 2004 year-end (€295,905 million in 2003), an increase of 9.5% (11.2% year-on-year at constant exchange rates), including a significant rise in deposits due to the recovery of the time deposit segment.

On-balance-sheet customer funds amounted to €199,485 million (€182,830 million in 2003), with a year-on-year increase of 9.1% (10.9% at constant exchange rates). In the domestic market deposits by other residential sectors came to €72 billion. This was 9.8% higher than at the end of 2003 when the increase was 2.6%. Deposits excluding repose grew 8.7% to €59 billion (3.9% in 2003) with increases of 7.2% in current and savings accounts, and 11.8% in term deposits. The aggregate of deposits, mutual funds and pension funds grew at an annual rate of 10.6%.

Off-balance-sheet funds (mutual funds, pension funds and customer portfolios) amounted to €124,499 millions as of December 31, 2004, up 10.1% on 2003 year-end in current euros (113,075 millions in 2003).

In Spain, off-balance-sheet funds increased by 13.9%, boosted by the growth in mutual funds, which surged throughout the year to reach €42,212 million (€ 37,245 million in 2003), a year-on-year increase of 12.0%, due in part to the success of the securities mutual funds. Pension funds totaled €13,501 million (12,208 million in 2003), with year-on-year growth of 10.6%, underlining the 14.2% growth on individual plans, due to "Planes BBVA Protección". Managed customer portfolios stood at €13,293 million (11,143 million in 2003), up 19.3%. Off-balance-sheet funds in other countries were €55,493 million (52,479 million in 2003), growing 5.7%

at current exchange rates (8.9% at constant rates). Pension funds performed particularly well, to reach €27,989 million (27,808 million in 2003), followed by the managed customers portfolios (€18,675 million) and mutual funds (€8,829 million).

BUSINESS PERFORMANCE

Following is the contribution by business area of the aforementioned consolidated management statement of income:

Statements of income by business area	Retail Banking Spain and Portugal			Wholesale and Investment Banking			Banking in America				Corporate Activities		
	2004	2003	Var.% 04-03	2004	2003	Var.% 04-03	2004	2003	Var.% 04-03	Var. (*) 04-03	2004	2003	Var.% 04-03
(Millions of euros)													
NET INTEREST													
INCOME	3,348	3,221	3.9	746	678	10.0	3,065	2,838	8.0	22.8	(90)	4	N/a
Net fees	1,647	1,476	11.6	220	177	24.0	1,694	1,720	(1.5)	9.5	(182)	(111)	63.9
BASIC MARGIN	4,995	4,697	6.3	966	856	12.9	4,759	4,558	4.4	17.7	(272)	(107)	154.2
Market operations	54	44	21.5	51	123	(58.7)	168	249	(32.5)	(25.3)	333	236	41.1
GROSS OPERATING													
INCOME	5,049	4,741	6.5	1,017	979	3.9	4,927	4,807	2.5	15.4	61	129	(52.7)
Personnel costs	(1,405)	(1,391)	1.0	(203)	(205)	(0.9)	(1,139)	(1,214)	(6.2)	5.3	(437)	(453)	(3.6)
Other administrative expenses	(703)	(728)	(3.5)	(101)	(105)	(3.7)	(936)	(972)	(3.7)	8.4	(39)	37	N/a
GENERAL													
ADMINISTRATIVE													
EXPENSES	(2,108)	(2,119)	(0.5)	(304)	(310)	(1.9)	(2,075)	(2,186)	(5.1)	6.7	(476)	(416)	14.4
Depreciation and amortization	(102)	(114)	(10.8)	(6)	(9)	(31.4)	(210)	(234)	(10.0)	(0.6)	(135)	(153)	(11.8)
Other operating income and expenses	(46)	(44)	6.4	(5)	(5)	(6.0)	(142)	(147)	(3.1)	10.8	(5)	(24)	(79.2)
NET OPERATING													
INCOME	2,793	2,465	13.3	702	654	7.3	2,500	2,240	11.6	26.0	(555)	(464)	19.6
Net income from companies accounted for By the equity method	(26)	8	N/a	34	65	(47.7)	83	81	2.3	15.6	269	228	17.9
Amortization of consolidation goodwill	-	-	-	(2)	(2)	(4.3)	-	-	-	-	(580)	(637)	(8.9)
Net income on Group transactions	29	(1)	N/a	138	32	N/a	22	14	61.7	58.8	403	508	(20.6)
Net loan loss provisions	(580)	(492)	17.8	(214)	(143)	50.1	(272)	(426)	(36.1)	(27.4)	135	(216)	N/a
Net extraordinary income (loss) and other	9	(10)	N/a	16	38	(58.1)	(306)	(311)	(1.9)	11.1	(449)	(182)	N/a
PRE-TAX PROFIT	2,225	1,970	12.9	674	644	4.7	2,027	1,598	26.9	42.8	(777)	(399)	94.7
Corporate income tax	(743)	(650)	14.2	(121)	(135)	(10.1)	(568)	(427)	33.1	49.8	475	296	60.5
NET INCOME	1,482	1,320	12.3	553	509	8.6	1,459	1,171	24.6	40.3	(302)	(103)	193.21
Minority interests	(71)	(81)	(12.3)	(36)	(41)	(12.6)	(220)	(446)	(50.6)	(43.9)	(63)	(103)	(38.8)
NET ATTRIBUTABLE													
PROFIT	1,411	1,239	13.8	517	468	10.5	1,239	725	70.8	91.4	(365)	(206)	77.2

(*) At constant exchange rates.

Following are the most salient features of the performance of the BBVA Group's business areas in 2003:

Retail Banking Spain and Portugal

In Retail Banking, 2004 was characterized by a sustained increase in business volumes and an upward earnings trend. The substantial growth achieved in lending and customer funds, combined with adequate pricing management, the sound performance of fees and a fall in expenses resulted in a 13.3% increase in net operating income with respect to the preceding year. This positive performance was reflected in the net attributable profit, which grew by 13.8%.

Total net lending increased by 20% in the year, with particularly encouraging performances not only in market mortgages (+25.3%), but also in companies and businesses (+19.7%) and consumer loans (+16.2%). Doubtful loans decreased by 14.3% and the nonperforming loans ratio fell to 0.61%.

Total customer funds under management (basically deposits, mutual funds and pension funds) grew by 10.1% in the year, equivalent to €10,591 million. Stable funds (time deposits and funds) showed year-on-year growth of 11.0% and transaction deposits rose by 7.9%. Noteworthy in this connection is the 12.0% increase in the assets managed by the Group in securities mutual funds, which compares favorably with the 11.0% rise achieved by the sector as a whole. Consequently, as of December 31, 2004, the Group's market share was 18.7% (a year-on-year increase of 16 basis points).

Gross operating income in Retail Banking grew by 6.5%, in the year, with increases of 3.9% in net interest income and of 11.6% in net fees (+10.7% in fund management fees and +12.1% in other fees). Due to the 0.5% drop in operating expenses with respect to 2003, the efficiency ratio rose to 41.8% and net operating income, as mentioned above, increased year-on-year by 13.3%.

Although 2004 witnessed a further decrease in the area's nonperforming loans ratio, loan writedowns were up 17.8% on 2003 due to the general-purpose provision resulting from the burgeoning growth of business and to the statistical loan loss provision.

As a result, net attributable profit in the area amounted to €1,410 million, an increase of 13.8%, and ROE rose to 32.0%.

Wholesale and Investment Banking

2004 confirmed this area's increasing capacity for the generation of income, since it obtained net attributable profit of €5175 million, 10.5% more than in 2003.

Year-on-year growth in the area's total net lending was 5.9% (9.3% excluding market operations). The sharp fall in doubtful loans gave rise to a nonperforming loans ratio of

0.19% as of December 31, 2004, and the coverage ratio soared to 723.4% from 233.8%. Customer funds (deposits and off-balance-sheet funds) were up 14.1% on the figure for 2003.

Net interest income grew by 10.0% with respect to 2003 and net fees rose by 24.0%, as a result of which the basic margin increased by 12.9%. Due to the drop in income from financial transactions, in particular market operations, the growth in gross operating income was restricted to 3.9%.

This improvement in revenues, together with the 1.9% reduction in general administrative expenses, triggered a 1.8% rise in the efficiency ratio to 29.9%. Net operating income increased by 7.3% to €702 million in 2004.

Although the gross contribution of the business and real estate investments accounted for by the equity method rose by 23.9% with respect to 2003, net income fell as a result of the higher dividends collected. Prompted by the turnover in the portfolio, net income on Group transactions and net extraordinary income contributed a total of €154 million, more than double the figure for 2003.

By contrast, loan writedowns amounted to €214 million, 50.1% more than in 2003 due mainly to the general-purpose and statistical loan loss provisions recorded in Global Corporate Banking as a result of the increased volumes of committed limits and off-balance-sheet risks, since the specific loan loss provisions decreased owing to the aforementioned reduction in nonperforming loans.

As mentioned above, net attributable profit amounted to €517 million, giving rise to ROE of 23.1%.

Banking in America

The Banking in America area performed particularly well in 2004. Net attributable profit rose by 70.8% in the year, and even net income – before considering the effect of the acquisition of the minority interests in Bancomer – increased by 24.6%, despite the depreciation of the American currencies against the euro. For the first time in recent years, the growth in local currencies of business volumes and of all the income statement margins exceeded this depreciation, as a result of which all these volumes and margins show positive growth rates in current euros.

The improved economic environment in Latin America in 2004 facilitated the return to growth in the lending managed by all the Group's banks in the region (excluding Bancomer's historical mortgage portfolio and the doubtful assets), which increased by 22.8% year-on-year (30.1% in local currencies), above all in credit cards and consumer and mortgage loans. Customer funds (traditional deposit-taking, repos placed over the network and mutual funds) rose by 5.1% (12.3% at constant rates).

This increase in business volume, together with a price effect resulting from the trend in interest rates, which performed unevenly by country but favorably for the area as a whole, led to a year-on-year rise of 8.0% (22.8% at constant rates) in net interest income. Net fees rose by 9.5% at constant exchange rates, whereas income from market operations fell due to the adverse effect of the increase in interest rates, above all in Mexico, which resulted in growth of 2.5% in gross operating income in euros (15.4% at constant rates).

The higher revenues and the moderation of operating expenses (-5.1% in euros and +6.7% in local currencies) prompted a further improvement in the efficiency ratio to 42.1%, 3.4 percentage points down on 2003, and enabled net operating income to reach €2,500 million, with growth of 11.6% and 26.0% at current and constant rates, respectively.

The improvement in risk quality, with a decrease in the nonperforming loans ratio to 3.18%, led to a reduction in loan writedowns, as a result of which net income increased by 24.6% (40.3% at constant rates) and, after considering the effect of the acquisition of the minority interests in Bancomer, net attributable profit amounted to €1,239 million (+70.8% in euros and +91.4% at constant rates), giving rise to ROE of 27.8%.

Mexico contributed more than 60% of all the area's income statement margins. The substantial growth in business (37.6% in the lending managed and 11.4% in customer funds in pesos) and the positive effect of the increase in interest rates led net interest income to rise by 10.3% in euros (26.8% in pesos). This increase and the moderate rise in expenses resulted in net operating income of €1,654 million (+11.2% and +27.9% at current and constant rates, respectively) and a 3.1-percentage-point improvement in the efficiency ratio to finish the year at 39.1%. As a result of the lower volume of writedowns, net income grew by 28.9% (48.2% in local currencies) and net attributable profit, due to the reduction of the portion relating to minority interests, amounted to €841 million, more than double the figure obtained in 2003.

Corporate Activities

This area encompasses businesses of a wide-ranging nature, the activities and results of the support units and certain items which are not allocable to the Group's other business areas.

Most noteworthy among the revenues was the 41.1% increase in market operations to ≈333 million, which shows the active management of the structural interest rate risk portfolio, the exchange rate risk hedging positions arranged by the ALCO unit and the investment portfolio held by the Large Industrial Corporations unit. The dividends received, basically from industrial company investees, improved to ≈197 million, and the income from companies accounted for by the equity method amounted to ≈269 million. On the other hand, income from

Group transactions fell in 2004, the largest item being the ≈218 million from the sale of the holding in Banco Atlántico. This area also includes administrative expenses, depreciation and amortization, other corporate operating expenses incurred by the central units and institutional expenses not allocated to other areas. The total amount of these expenses was similar to that recorded in 2003.

≈580 million were assigned to the amortization of the goodwill arising from industrial and financial investments and from the Group's investments in its Latin-American subsidiaries, compared to ≈637 million in 2003, of which ≈119 million were extraordinary amortization charges (Bradesco and Gas Natural).

The cost of early retirements in 2004, which amounted to ≈572 million (≈372 million net of taxes) was recorded under extraordinary items in this area.

Consequently, this area recorded a loss of ≈365 million.

GROUP EQUITY

As of December 31, 2004, the Group's net worth after the distribution of income for the year that will be proposed to the Shareholders' Meeting amounted to €15,556 million (€12,410 million in 2003).

Eligible equity as defined by the Basel-based Bank for International Settlements (BIS) amounted to €22,647 million as of December 31, 2004 (€21,584 million in 2003), representing a ratio of capital to risk-weighted assets of 12.5% and a cushion of €8,157 million (€7,982 million in 2003). Tier I or core capital represented 8.1% of risk assets, up on the values as of December 31, 2004 (12.7% and 8.5%, respectively).

CAPITAL AND TREASURY STOCK

As of December 31, 2003, the Bank's capital stock amounted to €1,565,967,501.07 and consisted of 3,195,852,043 fully subscribed and paid registered shares of €0.49 par value each. There were no variations in the Bank's capital in 2003.

In February, as a result of the tender offer launched on 40.6% of the capital stock of BBVA Bancomer, S.A., capital was increased through the issuance of 195,000,000 shares, with a price per share of €10.25 (consisting of a par value of €0.49 and additional paid-in capital of €9.76).

As of December 31, 2004, the Bank's capital stock amounted to €1,661,517,501.07 and consisted of 3,390,852,043 fully subscribed and paid registered shares of €0.49 par value each, held by 1,081,020 shareholders (1,158,887 shareholders as of December 31, 2003), none with an ownership interest of more than 5%. Resident shareholders owned 51.69% of the total capital stock (55.3% in 2003).

As of December 31, 2004, the Bank and consolidated Group companies held 2,862,402 shares of BBVA, representing

0.0844% of capital stock (7,486,321 shares as of December 31, 2003, representing 0.2343% of capital stock in 2003). The variations in 2004 in the "Treasury Stock" caption on the asset side of the accompanying consolidated balance sheets were as follows:

	Millions of Euros
Balance at December 31, 2003	66
Purchases	3,214
Sales	(3,267)
Charge to securities revaluation reserve	(2)
Other variations	7
Balance at December 31, 2004	18

As of December 31, 2003, the nonconsolidable subsidiaries held 0.0032% of the capital stock issued by the Bank (0.0026% in 2003).

DISTRIBUTION OF INCOME

In 2004, the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A. resolved to pay the shareholders three interim dividends out of 2004 income, amounting to a total of €0.30 gross per share. The aggregate amount of the interim dividends declared as of December 31, 2004, net of the amount collected and to be collected by the consolidable Group companies, was €1,017,256 thousand and is recorded under the "Other Assets" caption in the related consolidated balance sheet. The last of the aforementioned interim dividends, amounts to €0.10 gross per share, paid to the shareholders on January 10, 2005, and is recorded under the "Other Liabilities - Payment Obligations" caption in the accompanying consolidated balance sheet as of December 31, 2004.

The projected 2004 accounting statements prepared by Banco Bilbao Vizcaya Argentaria, S.A. in accordance with legal requirements, disclosing the existence of sufficient liquidity for distribution of the interim dividends, were as follows:

	Thousands of Euros		
	05-31-04	08-31-04	11-30-04
	First	Second	Third
Interim dividend-			
Income at each of the stated dates, after the provision for corporate income tax	916,980	1,273,243	1,543,454
Less-			
Accounts dividends paid	-	(339,085)	(678,170)
Maximum amount of possible distribution	916,980	934,058	865,284
Proposed amount of interim dividend	339,085	339,085	339,086

The final dividend with a charge to 2004 income that the Board of Directors of the Bank will propose to the Shareholders' Meeting amounts to €0.142 per share. Based on the number of shares representing the capital stock as of December 31, 2004, the final dividend would total €481,501 thousand, and the distribution of income would be as follows:

	Thousands of Euros
2004 net income (Note 4)	1,605,595
Allocation to:	
Dividends	
- Interim dividend	1,017,256
- Final dividend	481,501
Legal reserve	19,110
Voluntary reserves	87,728

RISK MANAGEMENT

The risk management system at BBVA

The BBVA Group considers risk management to be a fundamental competence that enables it to steadily generate shareholder value.

Risks are classified as credit (or counterparty) risk, market risk (considering the joint measurement of market risk and credit risk in market activities), structural risk (including liquidity risk, interest rate risk and currency risk) and operational risk.

The basic objectives of the BBVA Group risk management system are to cater for the specific needs of customers and to assure the Group's solvency, in keeping with the expectations of the risk profile approved as part of its business strategy.

This system aims to achieve the integrated management of all the risks associated with the various businesses and activities, based on an in-depth knowledge of each type of risk, considered separately, and of the possible interrelations of these risks.

The system is based on a corporate risk management structure, with a clear separation of functions and responsibilities, a set of tools, circuits and procedures that make up the different risk management systems, an internal control system that ensures the smooth operation and the sound orientation of risk management, and a highly-qualified team of professionals.

Corporate risk management structure

The Board of Directors is the highest-ranking body that determines the Group's risk policy. It approves, where appropriate, any non-delegated financial transactions or programs involving credit risk, with no restrictions as to the amount. It also authorizes the operating limits and the delegation of powers relating to credit risk, market risk and structural risk.

These tasks are performed by the Standing Committee, which reports to the Board.

The Board has a Lending Committee, a specialized body whose functions include, inter alia:

- Assessment of the Group's risk management in terms of risk profile and capital map, broken down by business and area of activity.

- Evaluation of the general risk policies and establishment of limits by type of risk or business, and of management resources, procedures and systems, structures and processes.
- Approval of individual or Group risks that may affect the Bank's solvency, in keeping with the established delegation system.
- Analysis and approval, where appropriate, of credit risks in terms of maximum customer or group exposure.
- Monitoring of the Group's various risks, ensuring they comply with the profile defined by the Group.
- Ensuring compliance with the recommendations of regulatory and supervisory bodies, and implementation of these recommendations in the Group's risk management model.
- Analysis of the Group's risk control systems.

The Asset-Liability Committee (ALCO) is the body responsible for actively managing BBVA's structural liquidity, interest rate and currency risks, and its core capital.

The Internal Risk Committee, which is composed of the persons responsible for Group risk management at corporate level, develops and implements the risk management model at BBVA and ensures, on a day-to-day basis, that the risks assumed by the Group are in line with the target risk profile defined by the senior governing bodies.

The Technical Transactions Committee analyzes and approves, where appropriate, the financial transactions and programs that are within its level of authorization, and refers any transactions exceeding the scope of its delegated powers to the Lending Committee.

Tools, circuits and procedures

The Group has set up management systems designed to cater for the needs arising in relation to the various types of risk.

The Bank's understanding of risk management as an ongoing task prompted it to shape the management processes for each risk, including measurement tools for risk acceptance, assessment and monitoring, and to define the appropriate circuits and procedures, which are reflected in manuals that also include management criteria.

Consequently, the following activities, inter alia, are performed:

- Calculation of the risk exposures of the various portfolios, considering any related mitigating factors (netting, collateral, etc.).
- Calculation of the probability of default (PD), loss severity and expected loss of each portfolio, and assignment of the PD to the new transactions (ratings and scorings).

- Measurement of the values-at-risk of the portfolios based on various scenarios using historical and Monte Carlo simulations.
- Establishment of limits to the potential losses based on the various risks incurred.
- Determination of the possible impacts of the structural risks on the income statement.
- Setting of limits and alerts to safeguard the Group's liquidity.
- Identification and quantification of operational risks by business line to enable the mitigation of these risks through corrective measures.
- Definition of circuits and procedures which are efficient and contribute to the achievement of the targets set.

In short, the Group has a global concept of risk management which it implements by way of an integrated risk management system.

Internal Control

The development, implementation and continuous improvement of a risk management system requires the establishment of controls and indicators to guarantee, on the basis of the targets set, that the management structures function adequately and that progress is made in developing the management model. Also, the best practices in risk management are identified and adopted.

To this end, the Group has an independent internal risk control function which, in keeping with the recommendations of the regulators, establishes working plans with the various business areas designed to resolve any gaps identified and to ensure that the Group's risk management complies with the available best practices.

New Basel Capital Accord (Basel II)

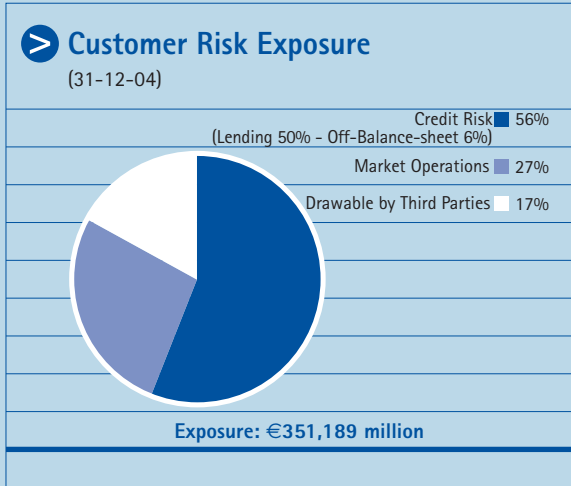
In June 2004 the Basel Committee on Banking Supervision approved the New Basel II Capital Accord, which will act as a reference for national regulators in developing new capital calculation regulations. The Capital Accord is to be applied by financial institutions from the date it comes into force at the end of December 2006.

Credit risk management

Evolution of credit risk exposure and quality

As of December 31, 2004, the BBVA Group's overall credit risk exposure was €351 billion, up 9.5% on the previous year-end.

Customer lending (56% of the total, including off-balance-sheet risks) and credit lines drawable by third parties (17%) rose by 15.8% and 15.1%, respectively, whereas potential exposure to credit risk in market operations (27% of the total) fell by 4.0%.



In 2004 the relative importance of the credit risk in Retail Banking Spain and Portugal increased by 1.7 percentage points to account for 57.4% of the Group's total risk exposure, whereas that of Wholesale and Investment Banking decreased by 1.2 percentage points (to 27.7% of the total risk exposure).

2004 saw no significant changes in the distribution of risk by geographical areas. Thus, the Group's exposure in Spain (including the branches abroad, basically in the European Union) accounted for 82.6% of total risk exposure, in other European countries 3.0% and in Latin-American countries 14.4%, of which 10.7% was concentrated in investment grade countries.

The Group's key credit risk quality indicators once again performed positively in 2004. Nonperforming loans fell by 20.0% to €1,856 million, a reduction that could be observed across all the business areas.

As a result of the above, at 2004 year-end the nonperforming loans ratio (including off-balance-sheet risks but excluding group 5 country-risk exposure) was 0.95%, 42 basis points down on December 31, 2003.

The BBVA Group's doubtful loan coverage ratio rose to 247.2% as of December 31, 2004, which is 62 percentage points above the figure at 2003 year-end.

Risk management in market areas

The BBVA Group manages together credit and market risks in the market and treasury areas through their Central Risk Unit.

This Unit lays down the appropriate limits to the business activity carried on with the prior approval of the Standing Committee. In the market risk field the limit structure determines an overall VaR limit for each business unit and specific sublimits by type of risk, activity and desk.

The measurement model used is the Value-at-Risk (VaR) method using a covariance matrix, calculated with a confidence level of 99% and a time horizon of one day. Basis risk, spread risk, convexity risk and other risks associated with options and other structured products are also considered. Thus the maximum loss that can occur in the portfolios is measured as the result of the fluctuations recorded in the equity markets and in interest and exchange rates.

Similarly, the settlement VaR of certain portfolios is periodically calculated based on different liquidity conditions which on occasion affect the financial markets.

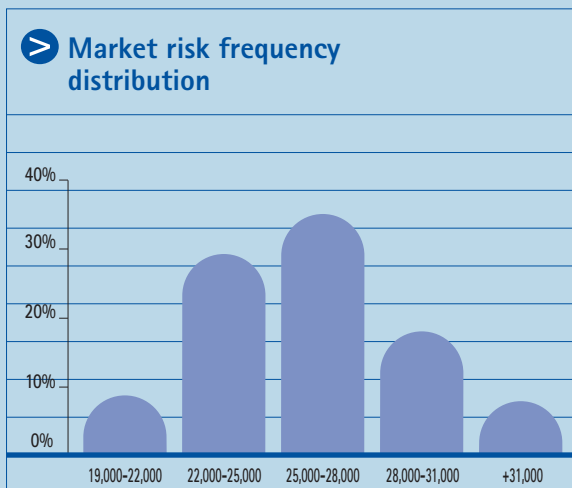
Market risk in 2004

The rise in geopolitical risk, especially in the first six months of the year (due to the terrorist attacks that took place on March 11, and the fear of subsequent attacks), together with the spike in the oil price, which reached a peak in October, impacted on the performance of the financial markets as a result of the uncertainty created regarding the sustainability of economic growth. Despite this, the main mature markets ended the year with gains on the stock exchanges or at least without significant losses, while in the emerging markets country-risk spreads were cut, government debt performed positively and the stock markets made considerable gains.

Against this backdrop, the evolution of market risk in the BBVA Group's market areas in 2004 was marked by an increasing risk profile in the first few months of the year, and reached highs in May as a result of the prevailing uncertainty in the financial markets, only to gradually decline over the following months.



The average market risk in the BBVA Group in 2004, in VaR terms, was €26,250 thousand.



The main risk in the Group is interest rate risk (66% of the total at year-end), which includes both systematic risk and the specific risk tied to the spreads. Ranking far below interest rate risk are vega risk and correlation risk, which represent 12% and 8% of the total, respectively, and stock market and currency risk, which account for 9% and 5%, respectively.

By geographical area, most of the market risk relates to banking in Europe and the U.S., while the Group's Latin-American banks together represent 35.4%, 27.5% of which is concentrated in Mexico.

The average use of the authorized limits by the Group's main business units was 41%.

The back-testing carried out for the Group's market risk in 2004, which consisted of comparing for each day the results of the revaluation of the positions with the level of risk estimated by the model, confirms the correct functioning of the risk management model.

Credit risk on market activities

OTC financial instrument credit risk is measured in terms of the daily market value of the positions arranged plus an estimate of the maximum increase in value through maturity.

The equivalent maximum credit risk exposure to counterparties was €12,641 million as of December 31, 2004, down 14% on 2003.

In 2004 the Group intensified its policy of entering into contracts with netting and collateral arrangements, which account for a significant percentage of total exposure.

The net market value of the aforementioned instruments was €503 million as of December 31, 2004, and they had an average term to maturity of 101 months. The gross replacement value amounted to €11,707 million.

Structural interest rate risk

A financial institution's exposure to variations in market interest rates constitutes an inherent risk to the banking business and, at the same time, becomes an opportunity for economic value creation. Mismatches in the maturity and repricing dates of the various balance-sheet aggregates, depending on whether fixed or floating rate positions are involved, represent the main source of structural interest rate risk, which is affected by the curve risk due to changes in the slope and term structure of interest rates, and by the basis risk due to the imperfect correlation between the variations in the interest rates of various instruments with similar characteristics.

The BBVA Group actively manages and permanently controls structural interest rate risk through the ALCO, in line with the core principles included by the Basel Committee in its 2004 document "Principles for the Management and Supervision of Interest Rate Risk". Accordingly, the BBVA Group has provided itself with a set of tools and an organizational structure with clearly assigned responsibilities which ensure the independence of the control function from the management function.

The effects of fluctuations in interest rates are shown in both the BBVA Group's net interest income and economic value. The gap table in the BBVA Group's balance sheet in euros as of December 31, 2004, shows the breakdown by maturity or repricing date of the sensitive aggregates in the balance sheet in euros, which are grouped by market type.

Matrix of maturities or repricing dates in the consolidated balance sheet in euros. Ex Treasury

(Thousands of Euros)

ASSETS	Balance	1-6 months	6-12 months	1-3 years	3-10 years	+ 10 years
Money market	25,092,563	24,262,924	779,230	45,306	4,701	402
Lending	127,653,979	81,628,561	30,886,633	8,590,969	5,534,263	1,013,554
Securities portfolio	29,004,366	8,694,671	1,730,102	9,361,349	6,543,634	2,674,610
Total Sensitive Assets	181,750,908	114,586,155	33,395,965	17,997,623	12,082,598	3,688,567
LIABILITIES						
Money market	17,580,556	16,837,607	593,677	77,813	1,284	70,175
Customers deposits	72,403,744	24,913,854	2,118,051	11,828,823	33,543,016	0
Wholesale financing	45,948,337	20,297,422	132,770	3,926,540	20,439,328	1,152,277
Other sensitive liabilities	40,750,561	35,454,596	1,817,797	1,522,565	1,017,040	938,563
Total Sensitive Liabilities	176,683,198	97,503,489	4,662,295	17,355,741	55,000,668	2,161,015
ON-BALANCE-SHEETS GAPS	50,67,709	17,082,676	28,733,670	641,882	(42,918,071)	1,527,552
OFF-BALANCE-SHEET GAPS	20,503	(23,402,436)	1,561,595	4,648,118	17,439,846	(226,621)
TOTAL GAPS	5,088,212	(6,319,760)	30,295,265	5,290,000	(25,478,224)	1,300,931

The control of structural interest rate risk at the BBVA Group is based on setting a structure of limits that are authorized every year by the Standing Committee and enable the Group to check the extent to which the risk assumed is in line with the internal policies and the targets set.

Structural currency risk

Structural currency risk refers to the potential loss in the value of long-term strategic positions arising from adverse fluctuations in exchange rates.

BBVA's exposure to structural currency risk arises mainly from its Latin-American franchises.

The Asset-Liability Committee (ALCO) actively manages structural currency risk on the basis of its future expectations regarding exchange rates.

The hedges of structural foreign exchange positions exceeded 50% in 2004, which helps to mitigate exposure to losses arising from fluctuations in exchange rates. More than 75% of the total currency risk is concentrated in the Mexican peso, the Venezuelan bolivar and the Brazilian real.

Liquidity risk

The management and control of liquidity risk at the BBVA Group attempts to ensure compliance with payment commitments without having to raise funds under costly conditions.

Liquidity is monitored both from the short-term standpoint (basically up to 90 days), and from the structural medium- and long-term standpoint, using independence criteria, i.e. separating control from management functions.

The limit structure authorized by the Standing Committee is the common framework, a basic instrument the purpose of which, inter alia, is to anticipate any future liquidity problem.

Analyses of collection and payment simulations are additionally performed in order to evaluate the effects of hypothetical liquidity crisis scenarios at BBVA. These analyses are part of the liquidity control model for crisis situations, in accordance with the contingency plan, which describes responsibilities and the operating procedures to be applied in the event of possible systemic or liquidity stress situations.

Management of the structural equity price risk

The structural equity price risk refers to the possibility of experiencing losses in the value of positions in shares and other equity securities due to fluctuations in the value of the shares or share indexes. The BBVA Group's exposure to the structural equity price risk derives mainly from investments in industrial and financial companies with medium- to long-term investment horizons.

The Risk Area measures and effectively monitors the structural equity price risk and supervises compliance with each business unit's risk limits and policies, as approved by the Standing Committee.

With respect to the risk assumed in 2004, the favorable performance of equity markets led to an increase in the value of the exposure, which was offset by the divestments made and active management through derivative instruments, and by the mitigating effect of the increased diversification, which left the risk exposure at stable levels.

Operational risk management

The Basel Committee on Banking Supervision defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Internally we define operational risk as that which is neither credit, market risk or technical (insurance) risk, a definition which includes strategic and legal risk.

In 2004, the Group continued to deploy its basic tools created in-house (Ev-Ro, TransVaR, SIRO and RepTool), in addition to a new tool called CORO. These are the main vehicles for identifying, measuring, assessing and mitigating operational risks. The purpose of these tools is for the Group to ascertain the causes which give rise to operational risk so as to be able to manage it. Therefore, the use of these tools contributes directly to the creation of shareholder value.

Current situation

The Ev-Ro tool has been deployed at 250 of the Group's units, i.e. more than 80% of the total. 20% of the risk factors detected are considered to be of priority importance for risk mitigation and action is being taken to this effect.

TransVaR has been deployed at practically 50% of the units. Experience shows that the areas that are already using this management tool have efficiently reduced their operational risk level.

SIRO was effectively deployed in January 2002 in Spain and in July 2002 in Latin America. In 2004 interfaces were developed to improve the information gathering and quality.

RepTool was deployed in 2004 at Special Financial Services (Finanzia and Uno-e) and International Private Banking, and its deployment at Global Corporate Banking has been started.

RESEARCH AND DEVELOPMENT

In 2004 the Group continued to regard technology as one of the main driving forces of the modernization of its internal and external activities. Similarly, technology was key to strengthening our customer-centered approach throughout the year. In this connection:

- Once again the Group held the Technological Innovation Workshops. Almost all the Group's executives involved in customer service attended this third edition.
- The working structure of the Technology Innovation Community that was set up in 2003 was maintained in 2004. During the year this permanent forum for analysis and debate of the most significant developments in the world of technology addressed matters such as:
 - Digital identity.
 - Wireless location services.
 - Web services.
- Latin America joined the Technological Innovation Workshops and the Technology Innovation Community.
- In 2004 BBVA Bancomer strengthened its specialist Innovation and Development Unit by maintaining forums for collaboration with the Group's Central Unit permanently open.
- Lastly, new channels were opened for the analysis and operation of emerging assets and technologies so that new ways of boosting commercial activity and revenues can be generated by bringing the Group's current assets together with all the new capabilities allowed by new technology.

ENVIRONMENTAL INFORMATION

Environmental matters are of increasing importance in the day-to-day management of the Group. Beyond the great importance of the direct impacts of the use of natural resources, the key must reside with taking care to ensure that projects financed by the Group do not damage the environment. Similarly, the product and service offering must also encourage care of the environment.

The corporate Environmental Policy was approved in June 2003 and since then firm steps have been taken to integrate the environment variable as just another permanent management variable. Similarly, in 2003 an Environmental Policy Committee was set up as a body responsible for monitoring the implementation of this policy with a presence in all the areas that have an effect on the environment. The Corporate Social Responsibility Department, which belongs to the Corporate Relations Area, is responsible for coordinating environmental policy.

BBVA's corporate Environmental Management System, which implements the Environmental Policy, is based on ISO 14001 as an operational, progressive and prestigious system that seeks to continuously improve all matters relating to good management of the environment.

In general terms BBVA's activity is based on three key factors:

- Strict compliance with current legislation.
- Responsible behavior in its daily activities.
- Proactive influence on behavior of BBVA's interest groups.

These key factors are developed through seven specific lines of action:

- Ecoefficiency in the use of natural resources.
- Use of environmental criteria in analyzing financial transaction risk.
- Financing and advisory services relating to customers' conservation and environmental improvement projects.

- A positive influence on suppliers' environmental behavior.
- Support for environmental initiatives in society.
- Encouragement of good environmental practices in employees' behavior at the workplace.
- Boosting innovative environmental initiatives put forward by employees under the Innova Program.

As of December 31, 2004, there were no items in the accompanying consolidated financial statements of the Group that should be included in the separate environmental information document envisaged in the Ministry of Economy Order dated October 8, 2001.

SUMMARY OF ACTIVITY OF THE BBVA GROUP'S CUSTOMER CARE SERVICE IN SPAIN

In accordance with the stipulations of Article 17 of Ministry of Economy Order ECO/734/2004 on customer care and consumer ombudsman departments and services at financial institutions, the activities of these units in 2004 are summarized as follows:

- a) Statistical summary of the grievances and complaints handled by BBVA's Customer Care Service in 2004.

The number of customer complaints managed by BBVA's Customer Care Service in 2004 totaled 3,327, of which 2,909 were resolved in the year and 418 had not yet been analyzed as of December 31, 2004.

The complaints managed in 2004 by the Customer Care Service can be classified, by type and description, as follows:

Customer funds	20%
Services	16%
Asset/Loan Products	13%
Customer information and responses	13%
Means of payment-Cards	7%
Financial and Social Welfare Products.....	4.5%
Other miscellaneous matters	26.5%

The detail of the complaints analyzed in 2004, by the nature of their resolution, is as follows:

Fully in favor of the Bank	1,552 complaints
Partially in favor of the person submitting the complaint	447 complaints
Fully in favor of the person submitting the complaint	910 complaints

The principles and methods used by the Customer Care Service to resolve complaints are based on the correct

application of the applicable legislation and, in particular, the rules on transparency and customer protection and the best banking practices deriving primarily from the resolutions issued by the Bank of Spain, the Spanish National Securities Market Commission (CNMV) and the Directorate-General of Insurance.

- b) Recommendations or suggestions deriving from your experience, with a view to better attainment of the aims of your work.

As a development of this unit's strategic objectives regarding the protection of customers' interests, as a support to the service function, a computer application has been installed to control and monitor the handling of files in real time. Development of corporate rules for the establishment of an overall complaint notification and management procedure.

Mention must be made of the fact that, as a result of the unit's strategic and operational improvements the number of complaints filed with public supervisory authorities has fallen. In 2004 the number of complaints filed with the Bank of Spain fell by 25%, and there was a 43% reduction in the number of cases in which, after due analysis, the Bank of Spain ruled in favor of the complainant.

Also noteworthy in this connection is the positive trend in complaints submitted by BBVA customers to external agencies. Thus, the complaints made to the Bank of Spain decreased by 24% in 2003 and by 25% in 2004 (internal figures for last year). The commendable reduction in 2003 in complaints relating to BBVA was mentioned and highlighted in the 2003 Report published by the Bank of Spain's Complaints Service, since not only was there a reduction in the number of complaints received, but also in the case of BBVA the percentage of reports in favor of the customer submitting the complaint stood at 10%, a decrease of 43% with respect to 2002.

OUTLOOK

2004 was marked by a reduction in liquidity, the increase in oil prices and a weak dollar, which fell by an average of 10% against the euro in the year. All this led to a moderation of the growth expectations in the euro zone for 2005.

Growth rates are expected to stabilize in Spain at around 2.5% in 2005 given a favorable environment. This rate is above the GDP growth of slightly over 2% forecast for the euro zone. More moderate inflation is also expected in Spain, in line with the trend in the euro zone.

In the U.S.A. there is a slight risk of inflation rising to around 3.2%, and interest rates are also expected to move upwards.

All of this provides a fresh challenge for BBVA, which is facing 2005 with the aim of consolidating the growth achieved in 2004 by:

- Consolidating organic growth. This is why BBVA is present in markets with high growth potential, such as Spain and Mexico, which is a key country to BBVA's strategy. In addition, BBVA has implemented numerous growth plans in all the Group's business areas.
- Consolidating nonorganic expansion. In 2005 BBVA will put into operation the new investment projects started in 2004: Valley Bank, Laredo and Hipotecaria Nacional. The first two will become part of the new U.S. Retail business unit thus strengthening high potential businesses and penetrating new markets.

In summary, in 2005 BBVA aspires to continue to create value in a profitable way, and sees a promising future for its professionals, customers and shareholders. Profitable investment in a sound transparent Bank with a high capacity for generating income in the future is assured.

EVENTS SUBSEQUENT TO DECEMBER 31, 2004

Transition to International Financial Reporting Standards

Under Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002, all companies governed by the law of an EU Member State and whose securities are admitted to trading on a regulated market of any Member State must prepare their consolidated financial statements for the years beginning on or after January 1, 2005 in conformity with

the International Financial Reporting Standards (IFRSs) previously ratified by the European Union. Therefore, the Group is required to prepare its consolidated financial statements for the year ending December 31, 2005 in conformity with the IFRSs ratified by the European Union at that date.

Under IFRS 1, First-Time Adoption of International Financial Reporting Standards, the Group's consolidated financial statements for 2005 must necessarily include, for comparison purposes, a consolidated balance sheet as of December 31, 2004, and a consolidated statement of income for the year then ended prepared in accordance with the methods established by the IFRSs in force as of December 31, 2005. In order to adapt the accounting system of Spanish credit institutions to the new standards, on December 22 the Bank of Spain issued Circular 4/2004 on Public and Restricted Financial Reporting Standards and Model Financial Statements.

As a result of the foregoing, the Group is implementing a project for transition to IFRSs which includes, inter alia, an analysis of the accounting method differences, the selection of the accounting methods to be applied when alternative treatments are permitted and an assessment of the changes in reporting procedures and systems.

As of the date of preparation of these consolidated financial statements, the Group was in the process of preparing the information to enable it to estimate with reasonable objectivity the extent to which the consolidated balance sheet and consolidated statement of income for 2004 will differ from those to be prepared in the future in accordance with the accounting methods contained in the IFRSs in force as of December 31, 2005.



> Supplementary information

- > Financial statements of the main Group Companies
- > Consolidated time series
- > Office Network



> Financial statements of the main Group Companies (I) Banks in Spain and other European Countries

> Balance sheet (Million euros)

	BBVA			Banco de Crédito Local		
	31-12-04	31-12-03	Δ%	31-12-04	31-12-03	Δ%
Cash on hand and deposits at Central Banks	3,529	2,360	49.5	209	37	n.m.
Due from credit entities	19,068	19,563	(2.5)	863	214	n.m.
Total net lending	126,263	110,880	13.9	8,374	7,924	5.7
Fixed-income securities portfolio	44,164	43,213	2.2	2,883	3,038	(5.1)
Equity securities portfolio	19,879	13,790	44.2	2	1	26.8
Other assets	15,739	14,509	8.5	237	214	10.5
TOTAL ASSETS	228,642	204,315	11.9	12,568	11,429	10.0
Due to credit entities	60,345	53,929	11.9	4,490	4,173	7.6
On-balance-sheet customer funds	138,739	125,492	10.6	7,479	6,665	12.2
• Deposits	100,880	101,420	(0.5)	2,049	4,403	(53.5)
• Marketable debt securities	26,629	13,630	95.4	5,430	2,262	140.1
• Subordinated debt	11,230	10,442	7.5	-	-	-
Other liabilities	17,236	14,931	15.4	267	263	1.4
Net profit for the year	1,606	1,460	9.9	62	58	6.0
Capital and reserves	10,716	8,503	26.0	269	269	-
TOTAL LIABILITIES AND EQUITY	228,642	204,315	11.9	12,568	11,429	10.0

> Income statement (Million euros)

	BBVA			Banco de Crédito Local		
	2004	2003	Δ%	2004	2003	Δ%
NET INTEREST INCOME	3,863	3,617	6.8	92	93	(1.6)
Net fee income	1,338	1,233	8.5	2	1	42.9
CORE REVENUES	5,201	4,850	7.2	93	95	(1.1)
Net trading income	388	366	6.0	7	5	30.8
ORDINARY REVENUES	5,589	5,216	7.1	100	100	0.6
General administrative expenses	(2,707)	(2,676)	1.2	(5)	(6)	(15.4)
Depreciation and amortization	(229)	(248)	(7.4)	(1)	(1)	(10.0)
Other operating income and expenses (net)	(54)	(71)	(24.7)	1	1	0.5
OPERATING PROFIT	2,599	2,221	17.0	96	94	1.7
Net loan loss provisions	(649)	(548)	18.4	1	(1)	n.m.
Other net income ⁽¹⁾	(216)	89	n.m.	(2)	(4)	(63.6)
PRE-TAX PROFIT	1,734	1,762	(1.6)	95	89	6.6
Corporate income tax	(128)	(302)	(57.5)	(33)	(31)	7.6
NET PROFIT	1,606	1,460	9.9	62	58	6.0

(1) Net income from companies accounted for by the equity method, net securities writedowns and net extraordinary income (loss).

(2) Consolidated group.

Finanzia			Uno-e Bank			BBVA Portugal ⁽²⁾			Banc Internacional d'Andorra		
31-12-04	31-12-03	Δ%	31-12-04	31-12-03	Δ%	31-12-04	31-12-03	Δ%	31-12-04	31-12-03	Δ%
-	-	-	17	19	(9.9)	86	37	132.5	62	58	8.3
150	50	197.9	200	414	(51.6)	301	268	12.4	1,243	1,504	(17.4)
2,252	1,865	20.7	516	456	13.3	2,943	2,563	14.8	832	724	14.9
-	-	-	390	235	66.1	84	84	(0.1)	60	49	21.3
94	87	7.5	-	3	(96.7)	31	38	(20.2)	80	60	32.7
29	23	22.8	43	49	(12.1)	267	285	(6.0)	134	128	5.0
2,525	2,027	24.6	1,167	1,175	(0.7)	3,713	3,276	13.3	2,411	2,524	(4.5)
2,350	1,867	25.9	154	133	16.0	1,644	1,328	23.7	129	131	(1.4)
5	5	2.2	877	915	(4.1)	1,784	1,653	7.9	1,843	1,986	(7.2)
(1)	(1)	(16.9)	877	915	(4.1)	1,715	1,584	8.2	1,843	1,986	(7.2)
-	-	-	-	-	-	-	-	-	-	-	-
6	6	-	-	-	-	69	69	-	-	-	-
55	49	12.5	17	16	3.9	59	92	(35.7)	65	55	18.5
9	12	(21.9)	8	(5)	n.m.	4	(2)	n.m.	80	71	12.2
106	94	12.2	111	117	(4.3)	223	204	8.9	295	282	4.7
2,525	2,027	24.6	1,167	1,175	(0.7)	3,713	3,276	13.3	2,411	2,524	(4.5)

Finanzia			Uno-e Bank			BBVA Portugal ⁽²⁾			Banc Internacional d'Andorra		
2004	2003	Δ%	2004	2003	Δ%	2004	2003	Δ%	2004	2003	Δ%
91	94	(3.3)	52	24	116.9	54	53	1.8	38	31	20.6
(20)	(12)	68.6	6	7	(4.6)	28	27	4.4	80	78	2.7
71	82	(13.8)	59	31	90.7	83	81	2.7	118	110	7.8
-	-	-	-	1	(55.1)	2	2	5.2	7	10	(24.3)
70	82	(13.8)	59	31	87.7	85	83	2.8	126	119	5.1
(43)	(45)	(4.0)	(36)	(27)	34.5	(63)	(61)	2.6	(30)	(31)	(0.3)
(1)	(1)	(11.3)	(2)	(3)	(30.0)	(4)	(5)	(15.8)	(6)	(6)	2.7
-	-	-	(1)	(1)	(19.0)	-	(1)	(61.4)	-	-	-
26	35	(25.7)	20	-	n.m.	18	15	14.6	89	83	7.4
(23)	(21)	9.6	(7)	(5)	47.6	-	(9)	(95.3)	(5)	-	n.m.
10	5	97.4	-	(3)	(97.5)	(12)	(7)	68.7	(4)	(12)	(62.8)
14	20	(30.4)	12	(8)	n.m.	5	(1)	n.m.	80	71	12.2
(5)	(8)	(42.4)	(4)	3	n.m.	(1)	(2)	(21.7)	-	-	-
9	12	(21.9)	8	(5)	n.m.	4	(3)	n.m.	80	71	12.2

> Financial statements of the main Group Companies (II) Banks in America ⁽¹⁾

> Balance sheet (Million euros)

	MEXICO BBVA Bancomer Banking Group				ARGENTINA BBVA Banco Francés				CHILE BBVA Chile			
	31-12-04	31-12-03	Δ%	Δ% ⁽²⁾	31-12-04	31-12-03	Δ%	Δ% ⁽²⁾	31-12-04	31-12-03	Δ%	Δ% ⁽²⁾
Total net lending	13,539	12,512	8.2	15.8	1,941	2,572	(24.5)	(17.9)	3,639	3,095	17.6	19.3
Securities portfolio	18,728	20,178	(7.2)	(0.7)	387	565	(31.5)	(25.4)	770	786	(2.0)	(0.6)
Liquid assets	9,567	10,812	(11.5)	(5.3)	775	470	65.0	79.6	113	70	61.0	63.3
Property and equipment and intangible assets	1,066	1,242	(14.2)	(8.2)	111	156	(29.1)	(22.9)	95	118	(19.5)	(18.4)
Other assets	2,910	4,388	(33.7)	(29.0)	169	513	(67.1)	(64.2)	641	504	27.1	28.9
TOTAL ASSETS	45,810	49,132	(6.8)	(0.2)	3,382	4,276	(20.9)	(13.9)	5,258	4,573	15.0	16.6
Deposits	29,509	28,908	2.1	9.2	2,373	2,165	9.6	19.3	3,585	2,971	20.7	22.4
Debt securities	532	771	(31.0)	(26.2)	95	114	(17.0)	(9.7)	380	443	(14.2)	(12.9)
Equity	2,707	2,186	23.8	32.5	218	225	(3.4)	5.1	306	306	0.3	1.7
Liquid liabilities	9,356	10,398	(10.0)	(3.7)	533	1,029	(48.2)	(43.6)	542	511	6.0	7.5
Other liabilities	3,706	6,869	(46.0)	(42.3)	164	742	(77.9)	(75.9)	445	343	29.5	31.3
TOTAL LIABILITIES AND EQUITY	45,810	49,132	(6.8)	(0.2)	3,382	4,276	(20.9)	(13.9)	5,258	4,573	15.0	16.6

> Income statement (Million euros)

	BBVA Bancomer Banking Group				BBVA Banco Francés				BBVA Chile			
	2004	2003	Δ%	Δ% ⁽²⁾	2004	2003	Δ%	Δ% ⁽²⁾	2004	2003	Δ%	Δ% ⁽²⁾
NET INTEREST INCOME	1,955	1,787	9.4	25.8	154	44	251.5	286.3	128	126	2.3	(0.6)
Net fee income	841	902	(6.7)	7.2	71	60	17.7	29.3	43	35	23.3	19.9
CORE REVENUES	2,796	2,688	4.0	19.5	225	104	116.2	137.5	172	161	6.9	3.9
Net trading income	47	100	(52.6)	(45.6)	26	47	(43.9)	(38.4)	13	9	40.1	36.1
ORDINARY REVENUES	2,843	2,789	2.0	17.2	252	151	66.7	83.2	185	170	8.7	5.6
General administrative expenses	(1,114)	(1,190)	(6.3)	7.7	(120)	(123)	(2.5)	7.1	(85)	(78)	9.0	5.9
Depreciation and amortization	(112)	(118)	(4.7)	9.6	(13)	(17)	(22.9)	(15.3)	(17)	(16)	9.8	6.7
Other operating income and expenses (net)	(105)	(129)	(18.3)	(6.1)	(8)	(8)	0.4	10.4	(2)	(1)	157.7	150.5
OPERATING PROFIT	1,511	1,352	11.8	28.5	110	3	n.m.	n.m.	81	76	6.6	3.6
Net loan loss provisions	(231)	(402)	(42.4)	(33.8)	27	69	(60.2)	(56.2)	(28)	(31)	(9.0)	(11.6)
Other net income ⁽¹⁾	(184)	(169)	9.2	25.5	(40)	(20)	102.9	122.9	(8)	(4)	83.2	78.0
PRE-TAX PROFIT	1,096	782	40.1	61.1	98	52	88.2	106.8	44	40	10.4	7.3
Corporate income tax	(348)	(228)	52.4	75.1	(61)	(55)	10.8	21.8	(2)	(5)	(55.6)	(56.9)
NET PROFIT	748	553	35.1	55.3	37	(3)	n.m.	n.m.	42	35	20.8	17.4
Minority interests	(33)	(248)	(86.7)	(84.7)	(8)	-	n.m.	n.m.	(14)	(12)	13.5	10.3
NET ATTRIBUTABLE PROFIT	715	305	134.3	169.3	29	(3)	n.m.	n.m.	28	23	24.7	21.2

(1) Contribution to the consolidated financial statements.

(2) At constant exchange rates.

(3) Net income from companies accounted for by the equity method, net securities writedowns and net extraordinary income (loss).

COLOMBIA BBVA Colombia				PERU BBVA Banco Continental				PUERTO RICO BBVA Puerto Rico				VENEZUELA BBVA Banco Provincial			
31-12-04	31-12-03	Δ%	Δ% ⁽²⁾	31-12-04	31-12-03	Δ%	Δ% ⁽²⁾	31-12-04	31-12-03	Δ%	Δ% ⁽²⁾	31-12-04	31-12-03	Δ%	Δ% ⁽²⁾
1,348	972	38.7	26.7	1,585	1,422	11.5	13.9	2,420	2,211	9.5	18.1	1,143	752	52.1	96.6
746	695	7.4	(1.9)	794	716	10.9	13.2	1,102	1,482	(25.7)	(19.9)	964	655	47.1	90.1
185	123	50.1	37.1	649	692	(6.2)	(4.2)	355	250	41.8	53.0	1,563	1,694	(7.7)	19.3
130	143	(8.8)	(16.7)	83	85	(1.7)	0.4	49	157	(68.7)	(66.2)	52	70	(26.5)	(5.1)
43	19	125.7	106.2	67	59	13.4	15.8	108	16	n.m.	n.m.	117	107	9.1	41.0
2,452	1,952	25.6	14.8	3,179	2,975	6.9	9.2	4,034	4,116	(2.0)	5.7	3,839	3,278	17.1	51.3
1,768	1,266	39.6	27.5	2,469	2,325	6.2	8.5	1,888	2,684	(29.7)	(24.1)	3,081	2,557	20.5	55.7
-	-	-	-	36	-	n.m.	n.m.	950	40	n.m.	n.m.	-	-	n.m.	n.m.
143	111	28.9	17.7	222	206	7.7	10.0	269	281	(4.1)	3.4	255	228	11.5	44.2
269	341	(21.2)	(28.0)	183	136	34.8	37.7	779	945	(17.6)	(11.1)	112	62	81.2	134.2
272	234	16.6	6.5	268	307	(12.5)	(10.7)	148	167	(11.4)	(4.5)	391	431	(9.3)	17.2
2,452	1,952	25.6	14.8	3,179	2,975	6.9	9.2	4,034	4,116	(2.0)	5.7	3,839	3,278	17.1	51.3

BBVA Colombia				BBVA Banco Continental				BBVA Puerto Rico				BBVA Banco Provincial			
2004	2003	Δ%	Δ% ⁽²⁾	2004	2003	Δ%	Δ% ⁽²⁾	2004	2003	Δ%	Δ% ⁽²⁾	2004	2003	Δ%	Δ% ⁽²⁾
141	115	22.0	22.4	132	131	1.2	9.1	136	145	(6.5)	2.8	270	358	(24.7)	(3.6)
48	43	12.1	12.5	63	61	3.3	11.4	20	19	1.9	12.1	69	61	13.3	45.2
189	159	19.3	19.7	195	192	1.9	9.8	155	164	(5.5)	3.9	339	419	(19.2)	3.5
(2)	2	n.m.	n.m.	12	18	(36.0)	(31.0)	3	2	97.9	117.6	21	15	46.8	88.0
188	161	16.7	17.0	207	210	(1.4)	6.3	158	166	(4.5)	5.0	360	434	(17.0)	6.4
(109)	(97)	11.5	11.9	(85)	(94)	(9.3)	(2.3)	(84)	(87)	(4.0)	5.5	(190)	(203)	(6.3)	20.0
(17)	(20)	(17.1)	(16.9)	(8)	(11)	(22.4)	(16.4)	(3)	(6)	(45.4)	(40.0)	(9)	(8)	13.6	45.5
(9)	(8)	12.0	12.4	(4)	(4)	1.7	9.6	-	-	-	-	(10)	(8)	28.9	65.1
53	35	51.7	52.2	109	101	8.2	16.6	71	72	(1.7)	8.1	151	215	(29.8)	(10.1)
(13)	(2)	n.m.	n.m.	(11)	(21)	(48.2)	(44.2)	(25)	(21)	18.1	29.8	13	(10)	n.m.	n.m.
(2)	(20)	(90.4)	(90.4)	(15)	(18)	(16.8)	(10.4)	(1)	(1)	49.4	64.3	(9)	(39)	(77.5)	(71.2)
38	13	193.8	194.8	84	63	33.8	44.2	45	50	(10.8)	(1.9)	155	167	(7.1)	19.0
(5)	(4)	10.6	10.9	(32)	(21)	48.6	60.1	(12)	(16)	(25.5)	(18.1)	(3)	(4)	(32.1)	(13.0)
34	9	278.4	279.6	52	42	26.3	36.1	33	35	(4.2)	5.3	152	162	(6.4)	19.9
(2)	-	n.m.	n.m.	(28)	(23)	24.3	33.9	-	-	-	-	(69)	(72)	(4.8)	21.9
32	9	279.1	280.3	24	19	28.7	38.7	33	35	(4.2)	5.3	83	90	(7.7)	18.2

> Consolidated time series

> Income statement (Million euros)

	2004	2003	2002	2001	2000	1999	1998	1997	1996
NET INTEREST INCOME	7,069	6,741	7,808	8,824	6,995	5,760	5,516	4,701	3,680
Net fee income	3,379	3,263	3,668	4,038	3,369	2,707	2,341	1,673	1,087
CORE REVENUES	10,448	10,004	11,476	12,862	10,364	8,467	7,857	6,374	4,767
Net trading income	605	652	765	490	779	641	517	699	406
ORDINARY REVENUES	11,053	10,656	12,241	13,352	11,143	9,108	8,374	7,073	5,173
General administrative expenses	(4,963)	(5,031)	(5,772)	(6,725)	(5,937)	(4,976)	(4,638)	(3,888)	(2,884)
Depreciation and amortization	(453)	(511)	(631)	(742)	(653)	(502)	(458)	(382)	(314)
Other operating income and expenses (net)	(197)	(219)	(261)	(286)	(177)	(173)	(158)	(107)	(101)
OPERATING PROFIT	5,440	4,895	5,577	5,599	4,376	3,457	3,120	2,696	1,874
Net income from companies accounted for by the equity method	360	383	33	393	589	238	220	193	157
Amortization of goodwill	(582)	(639)	(679)	(623)	(665)	(697)	(782)	(480)	(112)
Net income from Group transactions	592	553	361	954	1,307	923	1,032	420	136
Net loan loss provisions	(931)	(1,277)	(1,743)	(1,919)	(973)	(750)	(1,015)	(472)	(499)
Net securities writedowns	-	-	3	(43)	(7)	6	(5)	9	(13)
Net extraordinary income (loss)	(730)	(103)	(433)	(727)	(751)	(275)	(196)	(357)	(327)
PRE-TAX PROFIT	4,149	3,812	3,119	3,634	3,876	2,902	2,374	2,009	1,216
Corporate income tax	(957)	(915)	(653)	(625)	(962)	(734)	(589)	(512)	(253)
NET PROFIT	3,192	2,897	2,466	3,009	2,914	2,168	1,785	1,497	963
Minority interests	(390)	(670)	(747)	(646)	(682)	(422)	(361)	(332)	(152)
NET ATTRIBUTABLE PROFIT	2,802	2,227	1,719	2,363	2,232	1,746	1,424	1,165	811



Balance sheet (Million euros)

	31-12-04	31-12-03	31-12-02	31-12-01	31-12-00	31-12-99	31-12-98	31-12-97	31-12-96
Cash on hand and deposits at Central Banks	10,122	8,110	8,050	9,240	7,198	8,035	4,434	2,898	2,052
Due from credit entities	16,176	20,907	21,476	23,199	35,334	38,018	41,784	53,638	44,781
Total net lending	170,248	148,827	141,315	150,220	137,467	113,607	99,907	89,796	76,214
Fixed-income securities portfolio	70,959	71,881	68,901	81,816	72,624	46,238	33,170	29,461	29,160
• Government debt securities	18,370	18,945	19,768	20,165	14,735	12,027	10,542	13,206	16,101
• Debentures and other debt securities	52,589	52,936	49,133	61,651	57,889	34,211	22,628	16,255	13,059
Equity securities portfolio	12,620	9,740	10,071	11,430	11,661	10,188	7,742	6,324	4,929
Goodwill in consolidation	5,229	3,707	4,257	4,617	4,075	1,990	1,182	1,042	908
Property and equipment	3,782	3,790	4,634	6,172	5,969	4,857	4,730	5,001	4,706
Other assets	21,936	20,188	20,838	22,552	21,817	15,233	9,962	8,285	6,578
TOTAL ASSETS	311,072	287,150	279,542	309,246	296,145	238,166	202,911	196,445	169,328
Due to credit entities	65,336	61,570	56,119	64,588	68,284	68,607	58,748	60,149	52,309
On-balance-sheet customer funds	199,485	182,832	180,570	199,486	185,718	139,934	119,941	116,155	100,491
• Deposits	147,051	141,049	146,560	166,499	154,146	105,077	99,351	97,350	84,278
• Marketable debt securities	44,326	34,383	27,523	25,376	26,460	31,552	17,562	15,643	13,539
• Subordinated debt	8,108	7,400	6,487	7,611	5,112	3,305	3,028	3,162	2,674
Other liabilities	20,533	19,341	19,221	20,634	17,951	11,876	9,795	7,674	5,795
Net profit for the year	3,192	2,897	2,466	3,009	2,914	2,168	1,785	1,497	963
Minority interests	4,435	5,426	5,674	6,394	6,304	5,333	3,951	2,876	1,815
Capital and reserves	18,091	15,084	15,492	15,135	14,974	10,248	8,691	8,094	7,955
TOTAL LIABILITIES AND EQUITY	311,072	287,150	279,542	309,246	296,145	238,166	202,911	196,445	169,328



Additional information

	2004	2003	2002	2001	2000	1999	1998	1997	1996
Dividends (million euros)	1,497	1,247	1,109	1,222	1,123	854	699	596	509
Appropriation to reserves (million euros)	1,305	980	610	1,141	1,109	892	725	569	302
Number of shareholders	1,081	1,159	1,179	1,204	1,300	1,268	1,338	671	786
Number of shares (million) ⁽¹⁾	3,391	3,196	3,196	3,196	3,196	2,931	2,861	2,846	2,839
Number of employees	84,117	86,197	93,093	98,588	108,082	88,556	86,349	80,913	60,586
• Spain	30,765	31,095	31,737	31,686	33,733	37,052	37,847	39,365	40,441
• Abroad	53,352	55,102	61,356	66,902	74,349	51,504	48,502	41,548	20,145
Number of branches	6,848	6,924	7,504	7,988	8,946	7,491	7,226	6,518	5,556
• Spain	3,375	3,371	3,414	3,620	3,864	4,336	4,495	4,505	4,584
• Abroad	3,473	3,553	4,090	4,368	5,082	3,155	2,731	2,013	972

(1) The data for the period from 1996 to 1999 were re-calculated based on the share exchange ratio (5 BBV shares for 3 Argentaria shares).

> The BBVA Group's Network of Offices > In Spain

The BBVA Group's Head Offices

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> The BBVA Group's Network of Offices > Abroad

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Banco Bilbao Vizcaya Argentaria, S.A. was incorporated as a result of the merger of Banco Bilbao Vizcaya, S.A. and Argentaria, Caja Postal and Banco Hipotecario, S.A., pursuant to the public deed dated January 25, 2000, executed in the presence of the Bilbao notary Mr. José María Arriola Arana, recorded under number 149 of his protocol, and registered at the Vizcaya Mercantile Registry on January 28, 2000, in volume 3,858, sheet 1, section 8, page B1-17-A, entry no. 1,035.

Banco Bilbao Vizcaya Argentaria is registered in the Bank of Spain's Special Banks and Bankers Register under number 182 and its tax identification number is A-48265169.

The Bank has its registered address in Bilbao (Vizcaya), Plaza de San Nicolás, number 4. All public information concerning the Company can be consulted at this address. The Company's bylaws can be examined at the Vizcaya Mercantile Registry.

Banco Bilbao Vizcaya Argentaria is a member of the Deposit Guarantee Fund.

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