BBVA

QUARTERLY REPORT

Results 2003

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Contents

BBVA Group Highlights

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(Consolidated figures)

	31-12-03	31-12-02	Δ% (YoY)
BALANCE SHEET (millions of euros)			
Total assets	**287,150**	279,542	2.7
Total lending (gross)	**153,271**	146,413	4.7
Customer funds recorded on balance sheet	**182,830**	180,570	1.3
Other customer funds managed	**113,075**	108,815	3.9
Total customer funds managed	**295,905**	289,385	2.3
Shareholders' funds (including profit for the year) (1)	**12,410**	12,354	0.5
INCOME STATEMENT (millions of euros)			
Net interest income	**6,741**	7,808	(13.7)
Core revenues	**10,004**	11,476	(12.8)
Ordinary revenues	**10,656**	12,241	(12.9)
Operating profit	**4,895**	5,577	(12.2)
Operating profit (Argentina and Brazil consolidated under equity method)	**4,883**	5,103	(4.3)
Pre-tax profit	**3,812**	3,119	22.2
Attributable net income	**2,227**	1,719	29.5
DATA PER SHARE AND MARKET CAPITALISATION (30-09)			
Share price	**10.95**	9.12	20.1
Market capitalisation (millions of euros)	**34,995**	29,146	20.1
Attributable net income	**0.70**	0.54	29.5
Book value	**3.88**	3.87	0.3
PER (Price Earning Ratio; times)	**15.7**	17.0	
P/BV (Price/Book value; times)	**2.8**	2.4	
RELEVANT RATIOS (%)			
Operating income/ATA	**1.75**	1.93	
ROE (Attributable net income/Average equity)	**18.4**	13.7	
ROA (Net income/Average total assets)	**1.04**	0.85	
RORWA (Net income/Risk weighted assets)	**1.74**	1.48	
Cost/income ratio	**47.2**	47.2	
NPL ratio	**1.74**	2.37	
Coverage ratio	**166.3**	146.8	
CAPITAL ADEQUACY RATIOS (BIS rules) (%)			
Total	**12.7**	12.5	
Core capital	**6.2**	5.9	
TIER I	**8.5**	8.4	
OTHER INFORMATION			
Number of shares (millions)	**3,196**	3,196	
Number of shareholders	**1,158,887**	1,179,074	
Number of employees	**86,197**	93,093	
• Spain	**31,095**	31,737	
• America (2)	**53,100**	59,293	
• Rest of the world	**2,002**	2,063	
Number of branches	**6,924**	7,504	
• Spain	**3,371**	3,414	
• America (2)	**3,353**	3,886	
• Rest of the world	**200**	204	

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

(1) After distribution of fiscal year earnings.

(2) This heading includes BBVA Group' s banking and pension management activities in all Latin American countries in which it is present.

BBVA Group in 2003

The expected recovery of the world economy suffered another setback at the beginning of 2003 caused by continued uncertainty. This was due to economic factors and to reasons connected with the geopolitical situation, especially the conflict in Iraq. This situation led the Federal Reserve and the Central European Bank to reduce interest rates to all-time lows of 1.0% and 2.0%, respectively. Expectations, however, improved as the year advanced with a reduction in geopolitical tensions and signs of recovery in the U.S. economy, improved confidence and higher stock exchange prices. The main economies in the euro zone recorded weak growth although Spain with a 2% increase in GDP, outperformed the average for the European Union. Following the drop in GDP in 2002, the rebound in Latin America in 2003 was modest – around 1%. The year was also characterised by sharp drops in interest rates in most countries.

Currency markets were highly unstable during the year. The dollar fell sharply against the euro and against the currencies of most Latin-American countries. This is shown in the attached table on the following page, which details the changes recorded in the last two years. It shows the exchange rate at the end of each year (used to prepare the balance sheet and the company's key indicators in euros) and the average exchange rate for the year (used to convert the local currency income statement into euros).

In view of the sale of BBV Brasil to Bradesco (which means that in 2003 this country's results were incorporated via the equity method) and the accounting instability experienced in Argentina in 2002, we are presenting a uniform proforma income statement that contains the 2002 and 2003 results of Argentina and Brazil via the equity method. However this entails no change in the attributable net income. This proforma statement simply allows the changes in the Group's results to be evaluated on a uniform basis.

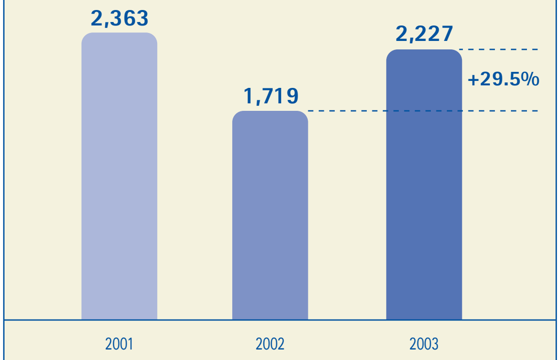
For the same reason, the intense depreciation of American currencies against the euro in recent years, which has an important effect on the year-on-year comparison of results obtained by the Group in the region when expressed in euros, has persuaded us to add a column to the proforma statement with the variations calculated at constant exchange rates (with Argentina and Brazil by the equity method).

Despite the unsettled economic environment mentioned above, the BBVA Group managed to achieve its objectives in terms of business and geographic areas with notable improvements in profitability, solvency and cost efficiency.

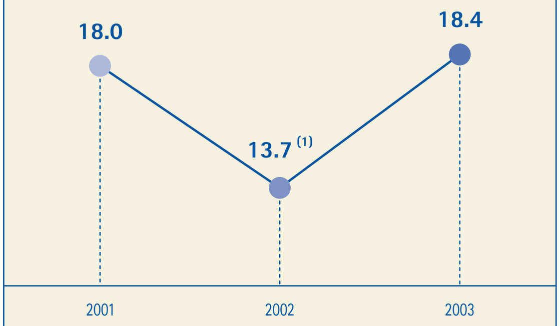
The most relevant aspects of the BBVA Group in 2003 are summarised below:

- Attributable net income was 2,227 million euros. This was an increase of 29.5% compared to the 1,719 million euros obtained in 2002 and an increase of 42.7% at constant exchange rates. The attributable net income figure was also 3.8% higher than the 2,146 million euros that would have been obtained in 2002 excluding the extraordinary provisioning made in the fourth quarter of that year. This was the objective set by Group management for 2003.
- The positive results were also reflected in important gains in the main management ratios during the year. Return on equity (ROE) improved to 18.4%. This was higher than the 13.7% obtained in 2002 and also higher than the 17.1% that would have been obtained that year excluding the extraordinary provisioning mentioned above. Return on assets (ROA) increased to 1.04% from 0.85% in 2002 and earnings per share

Attributable net income
(Millions of euros)



ROE
(Percentage)



(1) 17,1% excluding 4Q02 extraordinary provisioning.

increased by the same amount as net attributable income (29.5%).

- Operating profit came to 4,883 million euros with Argentina and Brazil carried by the equity method. The decline of 4.3% of the 2002 figure was due to depreciation of Latin American currencies. Excluding this, operating profit would have increased by 8.7%, with gains in all business areas. The general trend during the year was positive: at constant exchange rates the main earnings lines on the income statement exceeded the equivalent figures for 2002 in each quarter.
- Likewise, it should be noted that net interest income and net fee income grew progressively in each quarter of 2003.

  At constant exchange rates and excluding Argentina or Brazil, the net interest income grew by 5.9% in year-on-year terms. This was better than the 2.3% recorded in the first quarter, the 4.8% in the year to June and the 4.9% recorded in the year to September.

  In addition, net fee income grew by 2.7% at constant exchange rates and excluding Argentina and Brazil. This figure is influenced by higher fee income from placements made in the last quarter of 2002. Without this, growth would have been 5.1% and that compares favourably with the 2.7% recorded in the first quarter, 2.8% in the year to June and 4.5% in the year to September.
- The growth in the more recurrent sources of income was generated by an increase in activity. Thus, in Retail Banking the year-on-year increase in lending accelerated to 13.9% at 31st December 2003, compared to 11.5% in June (18.5% and 17.1%, respectively, in mortgages) and the sum of deposits, mutual funds and pensions increased to 9.0% (5.3% in June). This trend was also observed in the Americas where lending increased by 4.4% in local currency (2.9% in June) and traditional customer deposits plus mutual funds increased by 12.5% (11.6% at 30th June 2003).
- Costs remained under control, falling by 9.6% in current euro terms and increasing by only 2.3% in constant euros. This was helped by zero growth in the domestic businesses (Retail Banking, Wholesale Banking and Corporate Activities). The increase in the Americas was held below the average inflation rate. With Argentina and Brazil carried by the equity method, the cost/income ratio was 46.6%. Once again this was an improvement, beating the figure of 47.6% for 2002, and with gains in all three business areas.
- Non-performing loans fell to 1.31% at the end of the year excluding Argentina and Brazil (1.70% at 31st December 2002) and coverage increased to 201.1% (191.1% at 31st December 2002). Non-performing loans in Spain (other resident sectors) stand at 0.72%. This level compares favourably with the banking system as a whole and is 0.13 points lower than the equivalent figure for 2002.
- The Group's capital base continued to strengthen. At 31st December 2003 core capital was 6.2%, Tier I was 8.5% and the BIS ratio was 12.7%. These ratios were all higher than the corresponding figures at 31st December 2002.
- The dividend per share for 2003, to be submitted to the General Shareholders Meeting for approval, increases to 0.384 euros per share. This is an increase of 10.3% compared to the 0.348 euros paid against the 2002 results.

Evolution of exchange rates

(Percentage)

	Change in exchange rate at the end of the year (over 31st Dec of the previous year)		Change in the average exchange rate of the year (over previous year)	
	31-12-03	31-12-02	2003	2002
Mexican Peso	**(22.7)**	(26.4)	**(25.0)**	(8.7)
Venezuelan Bolivar	**(28.1)**	(53.5)	**(39.2)**	(41.7)
Colombian Peso	**(14.4)**	(32.9)	**(26.5)**	(13.6)
Chilean Peso	**0.9**	(22.9)	**(16.1)**	(12.9)
Peruvian Sol	**(15.9)**	(17.7)	**(15.4)**	(5.7)
Argentinean Peso	**(4.8)**	(75.1)	**(9.5)**	(70.4)
US Dollar	**(17.0)**	(16.0)	**(16.4)**	(5.3)

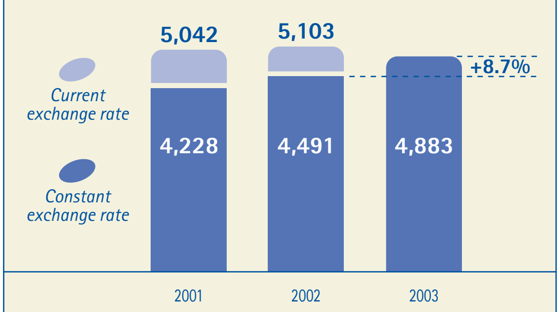
Income for the period

The capacity of the BBVA Group to generate recurrent earnings and the upward trend of its income statement during 2003, are demonstrated by the fact that in each quarter the amounts for net interest income, core revenues, ordinary revenues and operating profit exceeded those of the same quarters in 2002 when calculated at constant exchange rates.

Operating profit rose to 4,883 million euros. This was an increase of 8.7% at constant exchange rates (a decline of 4.3% in current euros). All three business areas made positive contributions. An increase of 0.7% was recorded in Retail Banking in Spain and Portugal, in Wholesale and Investment Banking the increase was 12.6% and in the Americas it was 15.8% at constant exchange rates – supported by the 25.4% increase achieved by Mexico.

Operating profit (1)

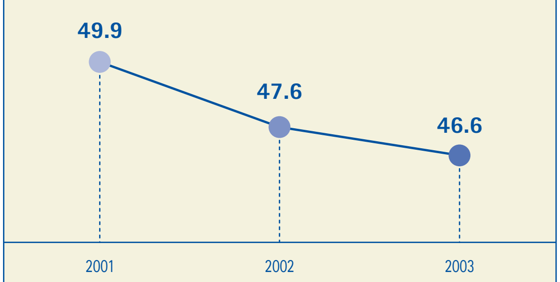
(Millions of euros)



(1) Argentina and Brazil under the equity method.

Efficiency (1)

(Percentage)



(1) Argentina and Brazil under the equity method.

Net interest income came to 6,691 million euros, closing the year with a year-on-year increase of 5.9% in constant euros (a decline of 6.8% at current exchange rates). Both percentages were an improvement on those of previous quarters. In domestic retail business, growth was 1.0% as the higher levels of activity were more than able to offset narrower spreads. After adding the Wholesale business and the Corporate Activities Area (which includes asset and liability management, and hedging) the increase in net interest income is 3.0%. This aggregate figure reflects the overall development of domestic businesses in a more adequate fashion. In Mexico the increases in business volume managed to counteract the sharp drop in interest rates. Therefore net interest income rose by 11.4% at constant exchange rates (10.3% for the Americas area as a whole).

Net fee income came to 3,172 million euros and exceeded the 2002 figure by 2.7% at constant exchange rates (a fall of 9.6% in current euros). In the Americas the increase was 10.9%, supported especially by the 17.0% achieved in Mexico. In domestic businesses there was a decline of 4.8% due to the high level of net fee income from placements generated in the fourth quarter of 2002. Another contributing factor was the year-on-year decline in fees from mutual funds, despite the recovery noted during 2003.

Core revenues therefore came to 9,863 million euros, which was 4.9% higher at constant exchange rates. After taking into account the 599 million euros from trading income (up by 5%) ordinary revenues came to 10,462 million euros. This was 4.9% higher than 2002.

Operating expenses were kept under control. In terms of current euros they fell by 9.6% and they increased by only 2.3% in constant euros. Growth in the total expenses of domestic businesses was practically zero (with declines of 0.2% in Retail Banking and of 5.6% in Wholesale Banking).

In the Americas, excluding Argentina and Brazil, the increase was 5.5% in local currency (4.5% in Mexico). This was less than the average rate of inflation in the region.

Solid income figures and cost control meant that the cost/income ratio again improved to 46.6% in 2003, compared to 47.6% in the previous year (with Argentina and Brazil carried by the equity method). This ratio improved in all three business areas: 44.7% in Retail Banking in Spain and Portugal, 31.7% in Wholesale and Investment Banking and 44.1% in The Americas (42.2% in Mexico). This means BBVA can now be counted as one of the most efficient large banking entities in the euro zone.

Net income from companies carried by the equity method, which includes income obtained by the Group in Argentina and Brazil, came to 385 million euros. Apart from the improved business performance of the Group's holdings in other companies, the increase in net income compared to 2002 was due to the large negative adjustments recorded in 2002 (104 million euros arising from the final 2001 results of Repsol and BNL and 209 million euros associated with the write-off of UMTS licences by Telefónica). In 2003 these adjustments were lower (96 million euros following publication of the final 2002 results by companies such as Telefónica and Terra). In addition, earnings on Group operations grew by 7.5% to 553 million euros. This figure includes a capital gain of 343 million euros related to the sale of the holding in Crédit Lyonnais and other smaller items arising from the active management of holdings in other companies.

A total of 1,983 million euros was earmarked for provisions in 2003. At current exchange rates this was 16.1% lower due to the higher value of the euro and to the extraordinary provisioning made at the end of 2002. Of this amount, 1,088 million euros was destined for loan provisioning. This was 24.7% less than in 2002 due to the effect of exchange rates (without this effect the reduction would have been 14.2%) and due to the higher provisions made in 2002 as a result of Argentina's classification in Group 5 for the purposes of country risk. Some 639 million euros was provided for amortisation of goodwill – a reduction of 5.9%. This must be seen in the light of the extraordinary write-off of 129 million euros in 2002. This amount represented goodwill related to investments in non-investment grade countries, made at the end of that year. In 2003 the entire goodwill in Bradesco was written-off for an amount of 49 million euros.

Pre-tax profit increased by 19.2% at current exchange rates and by 35.6% at constant rates. Provisions for corporate tax increased by 22.8% while gains on minority interests declined due to the lower cost of preferred stock following amortisation of old issues and the lower interest rates of those issued during the period.

Therefore, the attributable net income of the Group in 2003 came to 2,227 million euros. This is 29.5% higher than the 1,719 million obtained in 2002 and at constant exchange rates the increase would be 42.7%. Thus net attributable income exceeded the objective set by the Group's management for 2003 by 3.8% (12.1% at constant exchange rates). The objective was based on the 2,146 million euros of attributable net income in 2002 (excluding the extraordinary provisioning that was made in the fourth quarter of that year). Earnings per share also increased by 29.5%, to 0.70 euros and the ROE rose to 18.4%, exceeding the figure of 13.7% in 2002 (and the figure of 17.1% that would have been obtained that year without the above-mentioned extraordinary provisioning). In terms of these two important indices, BBVA is now one of the leading large banking groups in the euro zone.

Balance sheet and business activity

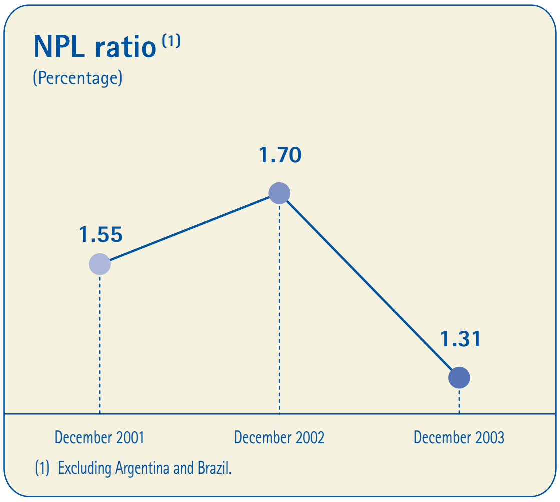
As in 2002, year-on-year comparisons of the Group's balance sheet and its business activity continue to be affected by the significant depreciation of American currencies against the euro.

Total Group assets rose to 287 billion euros by the end of the year. In current euro terms this was 2.7% higher than at 31st December 2002 despite the effect of currency depreciation (at constant exchange rates it increases by 8.5% and excluding Argentina and Brazil, by 10.7%). Total business volume, represented by the sum of lending and customer funds under management, rose to 449 billion euros and this is 3.1% higher than a year earlier, despite the weakening exchange rates and the withdrawal from Brazil. Excluding Argentina and Brazil and calculated at constant exchange rates, business volume grew by 9.5%, climbing steadily during the year. In March it had increased by 2.5%, in June by 5.1% and in September by 8.2%.

Lending came to 153 billion euros, an increase of 4.7% over the close of 2002. Excluding Argentina and Brazil and at constant exchange rates, the increase is 10.1% and these figures have also increased progressively during 2003. Lending to other resident sectors was the most active component. The year-on-year comparison for this type of lending climbed steadily throughout the year to end at 13.4% and exceeding 101.5 billion euros. The main components of this improvement were secured loans (18.4%) which now make up 52.4% of the total, and leasing operations (up by 23.5%).

Year-on-year lending to non-residents declined by 12.6% in current euros. This was caused by the withdrawal from Brazil and the depreciation of American currencies. At constant exchange rates and excluding Brazil and Argentina, it grew by 3.5%. These loans represent 24.5% of total Group lending. It should be noted that lending in non-investment grade Latin-American countries is now only 4.0% (at 31st December 2003) compared to 6.2% and 11.6% at the end of 2002 and 2001, respectively.

The important reduction in bad loans during the year (which fell by 23.1%) and the increase in lending activities, led to an improvement in the indicators for risk quality. The non-performing loan ratio at 31st December 2003 fell to 1.74% compared to 2.37% at 31st December 2002. Excluding Argentina and Brazil the ratio would be 1.31% (1.70% at the end of 2002). In Retail Banking the non-performing loan ratio was 0.88% and in Wholesale Banking it was 0.66%; in the Americas the figure stood at 4.01% following the application of corporate classification criteria in certain countries at the end of the year. In Mexico the ratio fell from 4.22% at 31st December 2002 to 3.95% at the end of 2003. The Group's coverage ratio now stands at 166.3% (146.8% at 31st December 2002) and excluding Argentina and Brazil it rose to 201.1% (191.1% at 31st December 2002).



Total customer funds under management by the Group came to 296 billion euros at the end of the year. This was 2.3% higher than a year earlier. At constant exchange rates and excluding Argentina and Brazil, the year-on-year increase rose to 9.3%, climbing progressively during the year (1.8% in March, 4.9% in June and 8.5% in September).

Customer funds on the balance sheet rose to 183 billion euros, a year-on-year increase of 1.3%. Excluding Argentina and Brazil and calculated at constant exchange rates, this figure grew by 8.6%. Deposits from other resident sectors came to 66 billion euros, an increase of 2.6%. This was centred around transactional deposits (especially in savings accounts, which grew by 13.7% due to the success of the "Libretón" campaigns during the year). Growth in more stable deposits was focused on mutual funds. Public sector deposits fell by 12.4% due to the closure of the Law Courts account in the first quarter.

The volume of off-balance-sheet funds (mutual funds, pension funds and customers' portfolios) grew to 113 billion euros at 31st December 2003. In current euros this was an increase of 3.9% over the end of 2002 (an increase of 10.3% excluding Argentina and Brazil and at constant exchange rates).

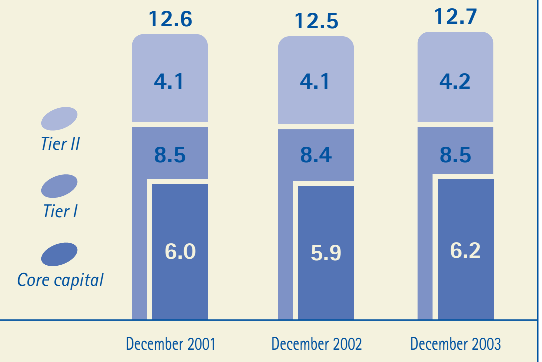
In Spain the increase was 9.7%, supported by improvements in mutual funds which reached 37 billion euros and growth accelerated throughout the year. The year-on-year increase at 31st December 2003 was 11.6%. Much of this success was due to the new guaranteed funds that were launched during the year, especially in the second half. Year-on-year, pension funds grew by 10.7% to 12 billion euros and managed portfolios grew by 2.8% to 11 billion euros. In the rest of the world, off-balance sheet funds came to 52 billion euros, a decline of 2.0% in the year, due to changes in exchange rates without which they would have increased by 10.2%. This was mainly due to pension funds which climbed 8.9% at current exchange rates to 28 billion euros (20.5% at constant exchange rates).

Capital base

The capital base of the BBVA Group continued to strengthen during the year. By 31st December 2003 it rose to 21,584 million euros based on the standards set by the Bank for International Settlements (BIS). Thus the capital base surplus was 7,057 million euros (5,540 million euros at 31st December 2002).

Core capital at 31st December 2003 came to 10,501 million euros, increasing by 9.3% over the figure at the end of 2002. This was greater than the increase in risk-weighted assets on

Capital base: (BIS rules)
(Percentage)



those dates. Therefore, the ratio increased to 6.2% (5.9% in December 2002). After incorporating other basic equity, the Tier I ratio was 8.5% (8.4% in December 2002).

Tier II was appropriately strengthened during the year by the issue of subordinate debt of 1,350 million euros. Therefore this ratio at 31st December 2003 was 4.2% and, together with Tier I, this raises the BIS ratio to 12.7% (12.5% at 31st December 2002).

The BBVA Share

The stock markets started their recovery in mid-March following a reduction in the geopolitical uncertainty generated by the Iraq conflict and in view of the better growth prospects for the world's economy. The indices of the world's main stock exchanges closed the year at annual highs.

During most of the year, the BBVA share price moved in unison with the Euro Stoxx 50, an index that represents the general market average in the monetary union area. However, it broke away towards the end of the year to close at 10.95 euros per share. This was an improvement of 20.1% over the price at 31st December 2002 compared to the 15.7% improvement in the Euro Stoxx 50. At 31st December 2003, the market capitalisation came to 34,995 million euros, an increase of 5,849 million euros during the year.

BBVA shareholders were paid three interim dividends of 0.09 euros per share against 2003 results. These were paid in July and October 2003 and in January 2004. After adding the final dividend of 0.114 euros, whose approval will be proposed to the General Shareholders Meeting, the total dividend received by shareholders against 2003 results will come to 0.384 euros per share. This is an increase of 10.3% over the 0.348 euros paid against 2002 results.

Income statement

Consolidated income statement

(Millions of euros)

	2003	Δ% (YoY)	2002
Financial revenues	**12,537**	**(27.2)**	17,234
Financial expenses	**(6,260)**	**(36.0)**	(9,784)
Dividends	**464**	**29.6**	358
NET INTEREST INCOME	**6,741**	**(13.7)**	**7,808**
Net fee income	**3,263**	**(11.1)**	3,668
CORE REVENUES	**10,004**	**(12.8)**	**11,476**
Net trading income	**652**	**(14.8)**	765
ORDINARY REVENUES	**10,656**	**(12.9)**	**12,241**
Personnel costs	**(3,263)**	**(11.8)**	(3,698)
General expenses	**(1,768)**	**(14.7)**	(2,074)
GENERAL ADMINISTRATIVE EXPENSES	**(5,031)**	**(12.8)**	**(5,772)**
Depreciation and amortization	**(511)**	**(19.1)**	(631)
Other operating revenues and expenses (net)	**(219)**	**(16.1)**	(261)
OPERATING PROFIT	**4,895**	**(12.2)**	**5,577**
Net income from companies under the equity method	**383**	**n.m.**	33
Memorandum item: dividends received	**(319)**	**31.7**	(242)
Amortization of goodwill	**(639)**	**(5.9)**	(679)
Net income from Group transactions	**553**	**53.3**	361
Net loan loss provisions	**(1,277)**	**(26.8)**	(1,743)
Net securities writedowns	-	**–**	3
Extraordinary items (net)	**(103)**	**(76.2)**	(433)
PRE-TAX PROFIT	**3,812**	**22.2**	**3,119**
Corporate income tax	**(915)**	**40.1**	(653)
NET INCOME	**2,897**	**17.5**	**2,466**
Minority interests	**(670)**	**(10.2)**	(747)
• Preference shares	**(214)**	**(22.2)**	(276)
• Other	**(456)**	**(3.2)**	(471)
ATTRIBUTABLE NET INCOME	**2,227**	**29.5**	**1,719**

Consolidated income statement
(Argentina and Brazil consolidated under the equity method)

(Millions of euros)

	2003	∆% (YoY)	∆% at constant exchange rate	2002
Financial revenues	12,256	(17.9)	(6.9)	15,077
Financial expenses	(6,029)	(25.6)	(16.2)	(8,253)
Dividends	464	30.4	33.3	356
NET INTEREST INCOME	6,691	(6.8)	5.9	7,180
Net fee income	3,172	(9.6)	2.7	3,509
CORE REVENUES	9,863	(7.7)	4.9	10,689
Net trading income	599	(6.8)	5.0	642
ORDINARY REVENUES	10,462	(7.7)	4.9	11,331
Personnel costs	(3,177)	(8.9)	1.4	(3,489)
General expenses	(1,701)	(10.9)	4.1	(1,909)
GENERAL ADMINISTRATIVE EXPENSES	(4,878)	(9.6)	2.3	(5,398)
Depreciation and amortization	(490)	(15.4)	(4.2)	(579)
Other operating revenues and expenses (net)	(211)	(16.1)	2.6	(251)
OPERATING PROFIT	4,883	(4.3)	8.7	5,103
Net income from companies under the equity method	385	n.m.	n.m.	(161)
Memorandum item: dividends received	(319)	31.7	35.5	(242)
Amortization of goodwill	(639)	(5.9)	(5.9)	(679)
Net income from Group transactions	553	7.5	7.3	515
Net loan loss provisions	(1,088)	(24.7)	(14.2)	(1,444)
Net securities writedowns	–	n.m.	–	3
Extraordinary items (net)	(341)	81.7	164.6	(188)
PRE-TAX PROFIT	3,753	19.2	35.6	3,149
Corporate income tax	(857)	22.8	43.2	(697)
NET INCOME	2,896	18.1	33.5	2,452
Minority interests	(669)	(8.6)	9.8	(733)
• Preference shares	(214)	(22.2)	(22.2)	(276)
• Other	(455)	(0.4)	36.2	(457)
ATTRIBUTABLE NET INCOME	2,227	29.5	42.7	1,719

Consolidated income statement: quarterly evolution

(Millions of euros)

	2003				2002			
	4Q	3Q	2Q	1Q	4Q	3Q	2Q	1Q
Financial revenues	**2,994**	2,978	3,190	3,375	3,813	4,240	4,662	4,519
Financial expenses	**(1,408)**	(1,372)	(1,653)	(1,827)	(2,077)	(2,569)	(2,649)	(2,489)
Dividends	**132**	69	161	102	77	66	131	84
NET INTEREST INCOME	**1,718**	**1,675**	**1,698**	**1,650**	**1,813**	**1,737**	**2,144**	**2,114**
Net fee income	**815**	850	792	806	920	866	911	971
CORE REVENUES	**2,533**	**2,525**	**2,490**	**2,456**	**2,733**	**2,603**	**3,055**	**3,085**
Net trading income	**149**	100	206	197	231	182	146	206
ORDINARY REVENUES	**2,682**	**2,625**	**2,696**	**2,653**	**2,964**	**2,785**	**3,201**	**3,291**
Personnel costs	**(835)**	(799)	(800)	(829)	(895)	(860)	(941)	(1,002)
General expenses	**(471)**	(435)	(442)	(420)	(539)	(470)	(515)	(550)
GENERAL ADMINISTRATIVE EXPENSES	**(1,306)**	**(1,234)**	**(1,242)**	**(1,249)**	**(1,434)**	**(1,330)**	**(1,456)**	**(1,552)**
Depreciation and amortization	**(124)**	(129)	(130)	(128)	(146)	(142)	(166)	(177)
Other operating revenues and expenses (net)	**(43)**	(55)	(62)	(59)	(58)	(57)	(66)	(80)
OPERATING PROFIT	**1,209**	**1,207**	**1,262**	**1,217**	**1,326**	**1,256**	**1,513**	**1,482**
Net income from companies under the equity method	**98**	170	89	26	77	(124)	(59)	139
Memorandum item: dividends received	**(105)**	(32)	(114)	(68)	(53)	(30)	(100)	(59)
Amortization of goodwill	**(208)**	(130)	(170)	(131)	(288)	(129)	(126)	(136)
Net income from Group transactions	**159**	116	78	200	(95)	(29)	373	112
Net loan loss provisions	**(223)**	(207)	(524)	(323)	(439)	(311)	(556)	(437)
Net securities writedowns	**-**	-	-	-	-	-	-	3
Extraordinary items (net)	**(200)**	(52)	246	(97)	(118)	118	(347)	(86)
PRE-TAX PROFIT	**835**	**1,104**	**981**	**892**	**463**	**781**	**798**	**1,077**
Corporate income tax	**(185)**	(357)	(164)	(209)	(244)	(128)	(7)	(274)
NET INCOME	**650**	**747**	**817**	**683**	**219**	**653**	**791**	**803**
Minority interests	**(162)**	(175)	(164)	(169)	(155)	(164)	(212)	(216)
• Preference shares	**(46)**	(48)	(56)	(64)	(63)	(63)	(74)	(76)
• Other	**(116)**	(127)	(108)	(105)	(92)	(101)	(138)	(140)
ATTRIBUTABLE NET INCOME	**488**	**572**	**653**	**514**	**64**	**489**	**579**	**587**

Consolidated income statement (Argentina and Brazil consolidated under the equity method): quarterly evolution

(Millions of euros)

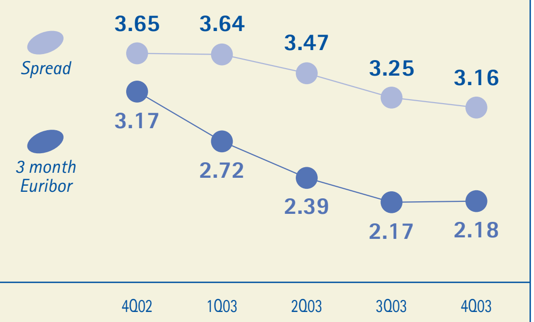
	2003				2002			
	4Q	3Q	2Q	1Q	4Q	3Q	2Q	1Q
Financial revenues	**2,931**	2,922	3,129	3,274	3,624	3,569	3,818	4,066
Financial expenses	**(1,374)**	(1,332)	(1,579)	(1,744)	(1,986)	(1,947)	(2,082)	(2,238)
Dividends	**132**	69	161	102	76	66	129	84
NET INTEREST INCOME	**1,689**	**1,659**	**1,711**	**1,632**	**1,714**	**1,688**	**1,865**	**1,912**
Net fee income	**789**	828	771	784	891	836	872	910
CORE REVENUES	**2,478**	**2,487**	**2,482**	**2,416**	**2,605**	**2,525**	**2,737**	**2,822**
Net trading income	**151**	112	176	160	208	98	178	159
ORDINARY REVENUES	**2,629**	**2,599**	**2,658**	**2,576**	**2,813**	**2,622**	**2,915**	**2,981**
Personnel costs	**(811)**	(777)	(779)	(810)	(856)	(817)	(894)	(922)
General expenses	**(453)**	(419)	(425)	(404)	(497)	(435)	(480)	(498)
GENERAL ADMINISTRATIVE EXPENSES	**(1,264)**	**(1,196)**	**(1,204)**	**(1,214)**	**(1,353)**	**(1,251)**	**(1,374)**	**(1,420)**
Depreciation and amortization	**(120)**	(121)	(126)	(123)	(138)	(135)	(150)	(155)
Other operating revenues and expenses (net)	**(40)**	(53)	(60)	(58)	(56)	(56)	(63)	(77)
OPERATING PROFIT	**1,205**	**1,229**	**1,268**	**1,181**	**1,266**	**1,180**	**1,328**	**1,329**
Net income from companies under the equity method	**97**	170	89	29	(131)	(130)	(44)	145
Memorandum item: dividends received	**(105)**	(32)	(114)	(68)	(54)	(30)	(100)	(59)
Amortization of goodwill	**(208)**	(130)	(170)	(131)	(288)	(130)	(126)	(136)
Net income from Group transactions	**159**	116	78	200	58	(29)	373	112
Net loan loss provisions	**(205)**	(236)	(335)	(312)	(267)	(295)	(504)	(379)
Net securities writedowns	**-**	-	-	-	-	-	-	3
Extraordinary items (net)	**(212)**	(62)	10	(77)	(118)	179	(243)	(5)
PRE-TAX PROFIT	**836**	**1,087**	**940**	**890**	**520**	**776**	**784**	**1,069**
Corporate income tax	**(185)**	(341)	(124)	(207)	(318)	(120)	5	(264)
NET INCOME	**651**	**746**	**816**	**683**	**203**	**655**	**789**	**805**
Minority interests	**(163)**	(174)	(163)	(169)	(138)	(167)	(210)	(218)
• Preference shares	**(47)**	(47)	(56)	(64)	(63)	(63)	(75)	(76)
• Other	**(116)**	(127)	(107)	(105)	(76)	(104)	(135)	(142)
ATTRIBUTABLE NET INCOME	**488**	**572**	**653**	**514**	**64**	**489**	**579**	**587**

Breakdown of yields and costs

	4Q03		3Q03		2Q03		1Q03	
	% of ATA	% Yield/Cost	% of ATA	% Yield/Cost	% of ATA	% Yield/Cost	% of ATA	% Yield/Cost
Credit entities	**10.0**	**4.30**	10.2	3.79	10.5	3.96	10.5	4.01
• Euros	**3.5**	**1.04**	3.1	2.54	4.1	2.65	4.3	2.22
• Foreign currencies	**6.5**	**6.06**	7.1	4.35	6.4	4.79	6.2	5.26
Lending	**53.0**	**5.02**	53.2	5.09	52.7	5.60	53.0	6.01
• Euros	**41.8**	**4.29**	41.3	4.25	40.4	4.72	40.0	4.96
- Resident	**38.0**	**4.29**	37.3	4.39	36.5	4.79	36.3	5.06
- Other	**3.8**	**4.36**	4.0	2.97	3.9	4.00	3.7	3.95
• Foreign currencies	**11.2**	**7.72**	11.9	7.99	12.3	8.51	13.0	9.23
Securities portfolio	**28.4**	**4.32**	28.0	4.20	27.9	5.31	27.3	5.73
• Fixed-income securities	**25.2**	**4.15**	24.7	4.37	24.3	5.14	23.6	5.98
- Euros	**14.8**	**3.03**	14.6	3.18	14.5	3.36	13.8	3.61
- Foreign currencies	**10.4**	**5.72**	10.1	6.11	9.8	7.77	9.8	9.32
• Equity securities	**3.2**	**5.68**	3.3	2.93	3.6	6.41	3.7	4.11
- Companies carried by the equity method	**2.2**	**6.57**	2.3	1.66	2.6	6.53	2.6	3.90
- Other holdings	**1.0**	**3.68**	1.0	5.81	1.0	6.11	1.1	4.63
Non-earning assets	**8.6**	**-**	8.6	-	8.9	-	9.2	-
AVERAGE TOTAL ASSETS	**100.0**	**4.34**	**100.0**	**4.28**	**100.0**	**4.86**	**100.0**	**5.18**
Credit entities	**21.3**	**3.36**	20.0	3.05	19.3	3.07	18.2	3.69
• Euros	**12.7**	**2.05**	12.3	2.71	11.5	2.33	11.4	2.74
• Foreign currencies	**8.6**	**5.32**	7.7	3.58	7.8	4.15	6.8	5.27
Customer funds	**63.8**	**1.89**	65.1	1.92	65.7	2.65	66.1	2.99
• Customer deposits	**49.3**	**1.66**	50.9	1.66	51.3	2.49	52.4	2.83
- Euros	**29.1**	**1.24**	30.4	1.09	31.4	1.87	30.8	2.01
- Resident deposits	**19.1**	**1.13**	19.3	1.14	19.2	1.32	19.2	1.42
- Other	**10.0**	**1.46**	11.1	0.98	12.2	2.74	11.6	3.00
- Foreign currencies	**20.2**	**2.27**	20.5	2.51	19.9	3.47	21.6	4.00
• Debt and other marketable securities	**14.5**	**2.68**	14.2	2.85	14.4	3.19	13.7	3.58
- Euros	**12.8**	**2.50**	12.3	2.62	12.2	3.03	11.1	3.47
- Foreign currencies	**1.7**	**4.06**	1.9	4.29	2.2	4.11	2.6	4.06
Shareholders' funds	**4.2**	**-**	4.2	-	4.4	-	4.8	-
Non-interest bearing liabilities	**10.7**	**-**	10.7	-	10.6	-	10.9	-
AVERAGE TOTAL LIABILITIES	**100.0**	**1.96**	**100.0**	**1.93**	**100.0**	**2.40**	**100.0**	**2.73**
NET INTEREST MARGIN/ATA		**2.39**		**2.35**		**2.46**		**2.45**

Domestic customer spread [1]

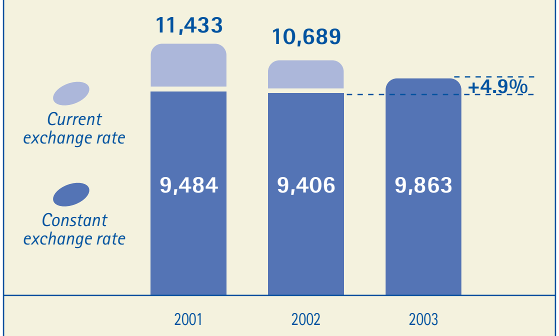
(Percentage)



(1) Lending yield minus cost of deposits.

Core revenues [1]

(Millions of euros)



(1) Argentina and Brazil under the equity method.

Net fee income [1]

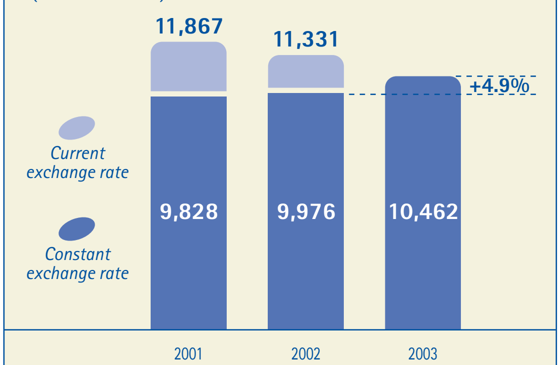
(Millions of euros)

	2003	∆% (YoY)	2002
NET FEE INCOME	**3,172**	**(9.6)**	**3,509**
Collection and payment services	**1,342**	**(4.4)**	1,404
• Credit and debit cards	**576**	**1.4**	568
• Others	**766**	**(8.4)**	836
Client assets	**1,048**	**(11.4)**	1,184
• Mutual and pension funds	**963**	**(10.7)**	1,079
• Portfolios managed	**85**	**(19.1)**	105
Other securities services	**456**	**(19.0)**	563
• Purchase/sale of securities	**130**	**(2.4)**	133
• Underwriting and placing	**59**	**(55.9)**	134
• Custody services	**267**	**(9.7)**	296
Other commissions	**326**	**(8.9)**	358

(1) Argentina and Brazil under the equity method.

Ordinary revenues [1]

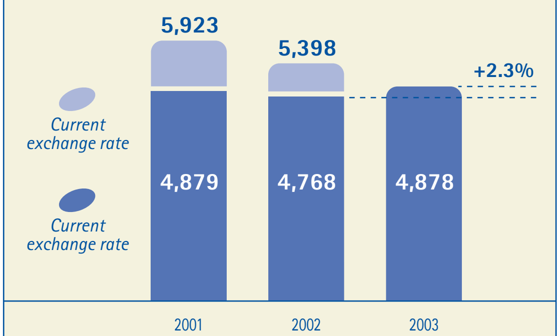
(Millions of euros)



(1) Argentina and Brazil under the equity method.

General administrative expenses [1]

(Millions of euros)



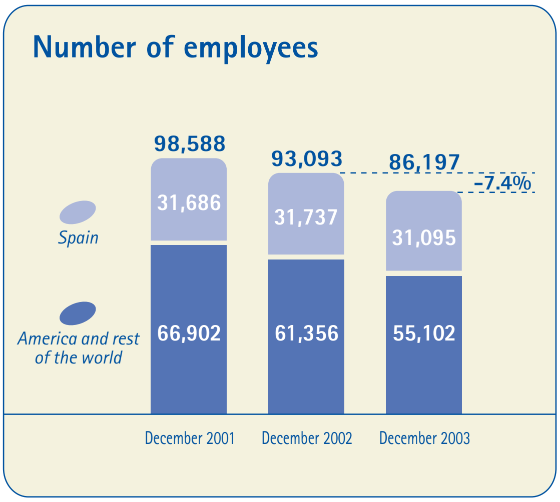
(1) Argentina and Brazil under the equity method.

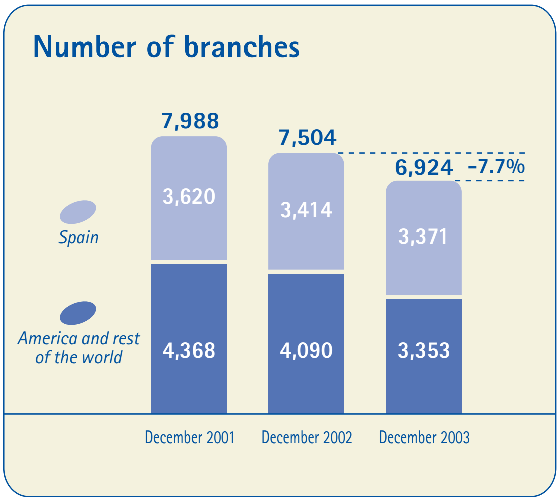
General and administrative expenses [1]

(Millions of euros)

	2003	Δ% (YoY)	2002
PERSONNEL COSTS	**3,177**	**(8.9)**	**3,489**
Wages and salaries	2,395	(8.2)	2,609
• Fixed remuneration	1,901	(10.3)	2,119
• Variable remuneration	494	1.0	490
Employee welfare expenses	558	(5.0)	587
• Of which: pension funds	135	1.7	133
Training expenses and other	224	(23.5)	293
GENERAL EXPENSES	**1,701**	**(10.9)**	**1,909**
Premises	351	(15.8)	417
Computer equipment	357	(1.2)	361
Communications	189	(19.3)	235
Publicity	130	(12.1)	148
Corporate expenditure	66	(15.3)	77
Other expenses	465	(10.1)	517
Taxes	143	(7.3)	154
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	**4,878**	**(9.6)**	**5,398**

(1) Argentina and Brazil under the equity method.





Net income on Group transactions and total net provisions [1]

(Millions of euros)

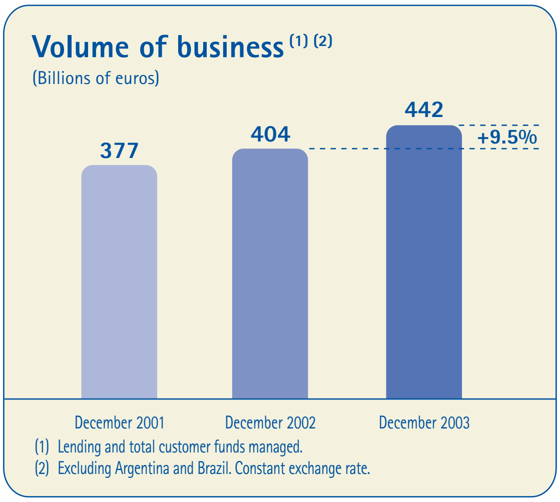
	2003	Δ% (YoY)	2002
NET INCOME ON GROUP TRANSACTIONS	**553**	**7.5**	**515**
TOTAL NET PROVISIONS	**(1,983)**	**(16.1)**	**(2,364)**
Net loan loss provisions	(1,088)	(24.7)	(1,444)
Amortization of goodwill	(639)	(5.9)	(679)
Net securities writedowns	–	n.m.	3
Special reserves	(256)	4.8	(244)

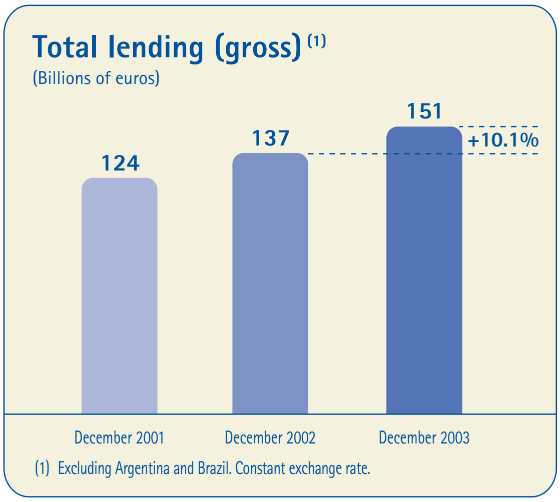
(1) Argentina and Brazil under the equity method.

Balance sheet and activity

Consolidated balance sheet
(Millions of euros)

	31-12-03	Δ% (YoY)	30-09-03	31-12-02
Cash on hand and on deposit at Central Banks	**8,110**	**0.7**	9,640	8,050
Due from credit entities	**20,907**	**(2.7)**	20,543	21,476
Total net lending	**148,827**	**5.3**	145,494	141,315
Fixed-income portfolio	**71,881**	**4.3**	72,371	68,901
• Government debt securities	**18,945**	**(4.2)**	18,512	19,768
• Other debt securities	**52,936**	**7.7**	53,859	49,133
Equities portfolio	**9,740**	**(3.3)**	9,056	10,071
• Companies carried by the equity method	**6,648**	**(5.9)**	6,446	7,064
• Other holdings	**3,092**	**2.8**	2,610	3,007
Goodwill in consolidation	**3,707**	**(12.9)**	3,959	4,257
Property and equipment	**3,790**	**(18.2)**	4,004	4,634
Treasury stock	**66**	**(32.4)**	61	98
Prior years' losses at consolidated companies	**3,611**	**(1.1)**	3,493	3,650
Other assets	**16,511**	**(3.4)**	16,195	17,090
TOTAL ASSETS	**287,150**	**2.7**	**284,816**	**279,542**
Due to credit entities	**61,570**	**9.7**	63,468	56,119
Customer funds	**182,832**	**1.3**	179,369	180,570
• Deposits	**141,049**	**(3.8)**	140,355	146,560
• Marketable debt securities	**34,383**	**24.9**	32,264	27,523
• Subordinated debts	**7,400**	**14.1**	6,750	6,487
Other liabilities	**19,341**	**0.6**	18,898	19,221
Net income	**2,897**	**17.5**	2,247	2,466
Minority interests	**5,426**	**(4.4)**	5,304	5,674
Capital	**1,566**	**-**	1,566	1,566
Reserves	**13,518**	**(2.9)**	13,964	13,926
TOTAL LIABILITIES	**287,150**	**2.7**	**284,816**	**279,542**
Other customer funds managed	**113,075**	**3.9**	112,032	108,815
• Mutual funds	**45,752**	**5.0**	45,014	43,582
• Pension funds	**40,016**	**9.4**	39,160	36,563
• Customer portfolios and assets	**27,307**	**(4.8)**	27,858	28,670
MEMORANDUM ITEMS:				
Average total assets	**279,245**	**(3.3)**	277,117	288,712
Risk weighted average assets	**166,150**	**(0.1)**	164,536	166,163
Average shareholders' funds	**12,069**	**(3.7)**	12,124	12,531

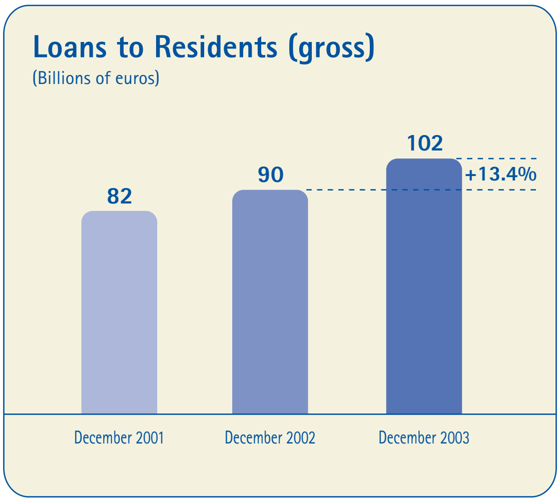


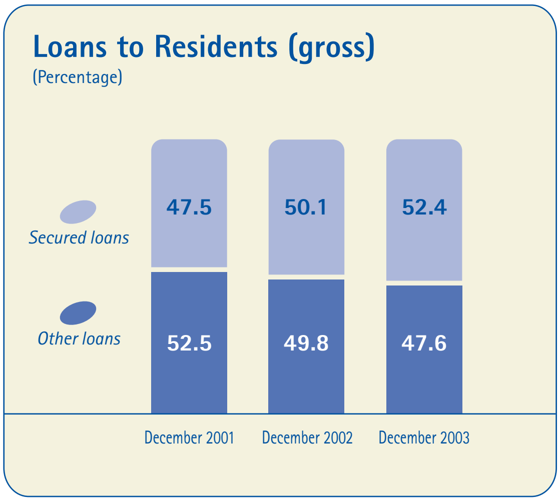


Total lending

(Millions of euros)

	31-12-03	∆% (YoY)	30-09-03	31-12-02
Public sector	**13,334**	**6.6**	12,233	12,506
Residents	**101,532**	**13.4**	96,798	89,539
• Secured loans	**53,166**	**18.4**	50,357	44,912
• Commercial loans	**8,309**	**2.7**	7,111	8,093
• Other term loans	**33,222**	**7.8**	32,790	30,821
• Credit card debtors	**1,076**	**8.4**	1,003	993
• Other	**1,507**	**17.9**	1,426	1,278
• Finance leases	**4,252**	**23.5**	4,111	3,442
Lending to non-residents	**35,732**	**(12.6)**	38,238	40,895
• Secured loans	**10,473**	**(13.2)**	10,902	12,069
• Other	**25,259**	**(12.4)**	27,336	28,826
Non-performing loans	**2,673**	**(23.1)**	2,948	3,473
GROSS LENDING	**153,271**	**4.7**	**150,217**	**146,413**
Loan loss provisions	**(4,444)**	**(12.8)**	(4,723)	(5,098)
NET LENDING	**148,827**	**5.3**	**145,494**	**141,315**
MEMORANDUM ITEM (Excluding Argentina and Brazil):				
Total lending	**147,110**	**6.9**	143,555	137,564





Variation of non-performing loans
(Millions of euros)

	4Q03	3Q03	2Q03	1Q03
INITIAL BALANCE	**2,948**	**3,126**	**3,274**	**3,473**
Net change	**(275)**	(178)	(148)	(199)
+ Entries	**415**	481	665	523
- Outflows	**(444)**	(349)	(534)	(305)
- Write-offs	**(246)**	(310)	(279)	(417)
END OF THE PERIOD BALANCE	**2,673**	**2,948**	**3,126**	**3,274**

Non-performing and loan loss provisions
(Millions of euros)

	31-12-03	∆% (YoY)	30-09-03	31-12-02
TOTAL NON-PERFORMING ASSETS	**2,777**	**(24.6)**	**3,067**	**3,684**
Non-performing assets	**2,673**	**(23.1)**	2,948	3,473
• Public sector	**69**	**22.9**	67	56
• Resident	**734**	**(4.9)**	725	771
• Non-resident sector	**1,870**	**(29.3)**	2,156	2,646
Non-performing off-balance sheet items	**104**	**(50.7)**	119	211
TOTAL RISK	**169,923**	**3.3**	**165,962**	**164,570**
Total lending (gross)	**153,271**	**4.7**	150,217	146,413
Off-balance items	**16,652**	**(8.3)**	15,745	18,157
PROVISIONS	**4,653**	**(13.3)**	**4,936**	**5,370**
Loan loss provisions	**4,444**	**(12.8)**	4,723	5,098
Off-balance items provisions	**209**	**(22.9)**	213	272
MEMORANDUM ITEMS:				
Assets repossessed	**373**	**(25.4)**	400	500
Reserves	**202**	**(22.1)**	200	260
Coverage (%)	**54.2**		50.1	52.0

NPL ratios and coverage
(Percentage)

	31-12-03	30-09-03	31-12-02
NPL RATIOS:			
Non-performing loans/Total lending	**1.74**	1.96	2.37
Non-performing assets/Total risk	**1.63**	1.85	2.24
COVERAGE RATIO:			
Coverage of non-performing loans	**166.3**	160.2	146.8
Coverage of total risks	**167.6**	161.0	145.7
Coverage with mortgage guarantees	**184.2**	178.0	166.1
MEMORANDUM ITEM (Excluding Argentina and Brazil):			
Non-performing loans/Total lending (gross)	**1.31**	1.46	1.70
Coverage of non-performing loans	**201.1**	195.6	191.1

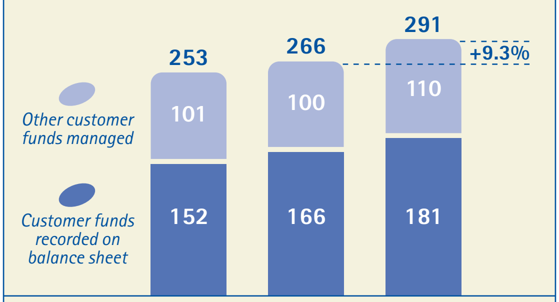
Customer funds managed

(Millions of euros)

	31-12-03	∆% (YoY)	30-09-03	31-12-02
CUSTOMER FUNDS RECORDED ON BALANCE SHEET	**182,830**	**1.3**	**179,369**	**180,570**
DEPOSITS	**141,048**	**(3.8)**	**140,355**	**146,560**
Public sector	8,115	(12.4)	3,739	9,264
Resident	65,917	2.6	67,247	64,221
• Current accounts	19,874	(2.7)	18,678	20,430
• Savings accounts	17,144	13.7	15,969	15,078
• Time deposits	17,466	3.1	19,279	16,944
• Assets sold with repurchase agreement	11,433	(2.9)	13,321	11,769
Non-resident sector	67,016	(8.3)	69,369	73,075
• Current and savings accounts	24,535	(1.3)	23,316	24,870
• Time deposits	37,747	(6.3)	40,060	40,268
• Assets sold with repurchase agreement and other accounts	4,734	(40.4)	5,993	7,937
MARKETABLE DEBT SECURITIES	**34,382**	**24.9**	**32,264**	**27,523**
Mortgage bonds	11,741	33.8	11,732	8,777
Other	22,641	20.8	20,532	18,746
SUBORDINATED DEBT	**7,400**	**14.1**	**6,750**	**6,487**
OTHER CUSTOMER FUNDS MANAGED	**113,075**	**3.9**	**112,032**	**108,815**
Mutual funds	45,752	5.0	45,014	43,582
Pension funds	40,016	9.4	39,160	36,563
Customers' portfolios and assets	27,307	(4.8)	27,858	28,670
TOTAL CUSTOMER FUNDS MANAGED	**295,905**	**2.3**	**291,401**	**289,385**
MEMORANDUM ITEM (excluding Argentina and Brazil):				
Balance sheet carried in customer funds	180,560	2.2	176,863	176,624
Other customer funds managed	110,365	4.2	109,187	105,913
Total customer funds managed	290,925	3.0	286,050	282,537

Total customer funds managed (1)

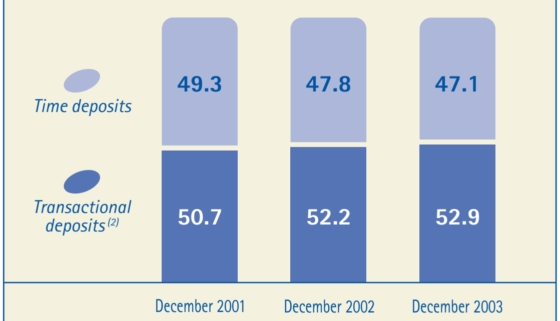
(Billions of euros)



(1) Excluding Argentina and Brazil. Constant exchange rate.

Deposits breakdown (1)

(Percentage)



(1) Excluding Argentina and Brazil.
(2) Current and savings accounts.

Other customer funds managed

(Millions of euros)

	31-12-03	∆% (YoY)	30-09-03	31-12-02
SPAIN	**60,596**	**9.7**	**58,281**	**55,243**
MUTUAL FUNDS	**37,245**	**11.6**	**35,818**	**33,377**
Mutual Funds (ex Real Estate)	**36,673**	**10.9**	35,314	33,059
• Money Market	**10,666**	**4.6**	10,788	10,201
• Fixed-income	**11,057**	**(11.3)**	11,552	12,471
Of which: Guaranteed	**5,609**	**(13.8)**	6,005	6,504
• Balanced	**2,393**	**(25.1)**	2,602	3,197
Of which: International funds	**2,288**	**(10.5)**	2,496	2,557
• Equities	**12,019**	**82.7**	9,808	6,577
Of which: Guaranteed	**8,957**	**139.4**	6,961	3,742
International funds	**2,426**	**2.4**	2,316	2,370
• Global	**538**	**(12.1)**	564	613
Real Estate Mutual Funds	**572**	**79.8**	504	318
PENSION FUNDS	**12,208**	**10.7**	**11,475**	**11,028**
Individual pension plans	**6,413**	**14.6**	5,836	5,596
Corporate pension funds	**5,795**	**6.7**	5,639	5,432
CUSTOMER PORTFOLIOS AND ASSETS	**11,143**	**2.8**	**10,988**	**10,838**
REST OF THE WORLD	**52,479**	**(2.0)**	**53,751**	**53,572**
Mutual funds	**8,507**	**(16.6)**	9,196	10,205
Pension funds	**27,808**	**8.9**	27,685	25,535
Customer portfolios and assets	**16,164**	**(9.4)**	16,870	17,832
OTHER CUSTOMER FUNDS MANAGED	**113,075**	**3.9**	**112,032**	**108,815**

Goodwill in consolidation

(Millions of euros)

	31-12-03	∆% (YoY)	30-09-03	31-12-02
Global and proportional integration method	**2,651**	**(7.7)**	2,624	2,871
• Banks in America	**1,961**	**(5.6)**	1,908	2,077
• Pension fund management companies in America	**447**	**(13.4)**	464	515
• Other	**243**	**(12.9)**	252	279
Carried by the equity method	**1,056**	**(23.8)**	1,335	1,386
GOODWILL IN CONSOLIDATION	**3,707**	**(12.9)**	**3,959**	**4,257**

Capital base

Capital base (BIS rules)
(Millions of euros)

	31-12-03	Δ% (YoY)	30-09-03	31-12-02
CAPITAL (TIER I)	**14,392**	**5.2**	**13,875**	**13,680**
Capital	**1,566**	**-**	1,566	1,566
Reserves [1]	**9,731**	**(3.6)**	10,295	10,099
Minority interests	**5,837**	**(4.6)**	5,303	6,120
• Preference shares	**3,891**	**(4.5)**	3,561	4,075
• Other	**1,946**	**(4.8)**	1,742	2,045
Deductions	**(3,745)**	**(20.6)**	(4,454)	(4,715)
Attributable net income	**2,227**	**29.5**	1,739	1,719
Dividends	**(1,224)**	**10.4**	(574)	(1,109)
CAPITAL (TIER II)	**7,192**	**8.2**	**7,270**	**6,646**
Subordinated debt	**6,328**	**30.5**	5,245	4,848
Revaluation reserves and other	**1,590**	**(38.4)**	2,849	2,583
Deductions	**(726)**	**(7.5)**	(824)	(785)
TOTAL CAPITAL BASE	**21,584**	**6.2**	**21,145**	**20,326**
Minimum equity required	**14,527**	**(1.7)**	14,887	14,786
CAPITAL BASE SURPLUS	**7,057**	**27.4**	**6,258**	**5,540**
MEMORANDUM ITEM:				
Risk-weighted assets	**170,024**	**4.2**	169,175	163,110
BIS RATIO (%)	**12.7**		**12.5**	**12.5**
CORE CAPITAL	**6.2**		**6.1**	**5.9**
TIER I (%)	**8.5**		**8.2**	**8.4**
TIER II (%)	**4.2**		**4.3**	**4.1**

(1) Does not include revaluation reserves as these are considered TIER II.

Ratings

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

The BBVA share

The BBVA share

	31-12-03	30-09-03	31-12-02
Number of shareholders	**1,158,887**	1,179,013	1,179,074
Number of shares issued	**3,195,852,043**	3,195,852,043	3,195,852,043
Daily average number of shares traded	**32,436,618**	32,177,422	24,392,253
Daily average trading (millions of euros)	**297.86**	288.70	272.21
Maximum price (euros)	**10.99**	10.39	14.21
Minimum price (euros)	**6.83**	6.83	7.06
Closing price (euros)	**10.95**	8.86	9.12
Book value per share (euros)	**3.88**	4.11	3.87
Market capitalisation (millions of euros)	**34,995**	28,315	29,146

Stock performance ratios

	31-12-03	30-09-03	31-12-02
Price/Book value (times)	**2.8**	2.2	2.4
PER (Price Earning Ratio; times)	**15.7**	13.2	17.0
Yield (Dividend/Price; %)	**3.51**	4.33	3.82

Share price index

(30-12-02 = 100)

Business areas

This chapter breaks down the BBVA Group's activities and earnings to show the contribution of each individual business area.

It starts with the lowest level units where all the accounting information related to their business is recorded. Subsequently and in accordance with the existing business structure, the units are classified and grouped to determine the composition of each area. All companies belonging to the Group are also assigned to business areas depending on their activity. Where necessary units are split and allocated to more than one area if the diversity of their activities so requires.

Once the structure of each area has been established, the management adjustments inherent in the model are applied. With regard to allocation of equity, the model uses a business capital allocation system based on the risks incurred by each business, evaluating the capital needs in terms of the lending, operational and market risks. First, the model quantifies the volume of strict equity (capital and reserves) attributable to the risks in each area, which is used to determine the return on equity (ROE) of each business. Next, the other capital base components (attributable subordinated debt and preferential shares) as well as the associated costs, are allocated.

There is one exception to the equity-allocation methodology described above. In particular, for the Mexico and Banking in America units, BBVA has maintained the book equity that would arise from a consolidated subgroup in each country. Therefore the full equity figure represents the BBVA Group's share, while minorities are recorded under Other Eligible Funds.

Furthermore, the model allocates all direct and indirect expenses to the relevant business areas except for expenses of a markedly corporate or institutional nature (from the Group's standpoint) that are not clearly linked to the corresponding activities.

Lastly, it should be underscored that the method used to calculate the net activity of each business (Retail, Wholesale and America) does not eliminate intergroup transactions that affect more than one area because these are considered an integral part of each business unit's activities. When intergroup transactions are eliminated during consolidation they are posted to the Corporate Activities area and thus certain items on the corresponding balance sheet may have a negative balance.

In order to afford a realistic view of the business and permit a uniform comparison of the areas, the earnings of Group companies in Argentina and Brazil are recorded by the equity method under Corporate Activities.

This Report breaks down the information per area into the following lines of business:

- **Retail Banking in Spain and Portugal:** formed by the retail business, asset management and private banking business conducted by the Group in Spain and Portugal. Therefore it includes the individual customer and SME segments in the domestic market, the Finanzia/Uno-e Group (which specialises in e-banking, consumer financing, card distribution and renting activities), BBVA Portugal, the private banking business, the pension and mutual fund management business, and the earnings associated with the insurance business.

- **Wholesale and Investment Banking:** this covers the Group's businesses with large companies and institutions through national and international corporate banking and institutional banking. In addition, it also includes the trading room businesses in Spain, Europe and New York, the securities business and depository and custodial services. Furthermore, it includes other business and real estate project activities that are not covered through the Group's interests in large corporations.

- **America:** consists of activities and earnings of the Group's affiliate banks in Latin America and of their associate holdings, including pension fund managers and insurance companies as well as the international private banking business. This area does not include the earnings generated in Argentina and Brazil (which are recorded as income from companies by the equity method, under Corporate Activities) in order to provide an equitable comparison of the various businesses.

- **Corporate Activities:** includes holdings in large industrial corporations and financial institutions, as well as the activities and earnings of support units such as the Assets and Liabilities Committee. Furthermore, it comprises other items, such as country-risk allocations and goodwill amortisation charges, that cannot be assigned to the areas on account of their nature (except those related to interests held by Business and Real Estate Projects, in the Wholesale and Investment Banking area). Lastly, and for the reasons specified above, it includes the earnings of the Group companies based in Argentina and Brazil, which are recorded as equity accounting income.

This area structure reflects the current organisation that manages and monitors the BBVA Group's business activities. The 2002 figures, which are shown for comparison, are based on the same criteria.

Attributable net income by business areas

(Millions of euros)

	2003	Δ% (YoY)	2002
Retail Banking in Spain and Portugal	**1,239**	(2.1)	1,266
Wholesale and Investment Banking	**468**	22.5	382
America	**715**	(2.8)	736
Corporate Activities	**(195)**	(70.6)	(665)
ATTRIBUTABLE NET INCOME	**2,227**	**29.5**	**1,719**

ROE and efficiency

(Percentage)

	ROE		Cost/Income Ratio	
	2003	2002	2003	2002
Retail Banking in Spain and Portugal	**30.9**	33.6	**44.7**	44.8
Wholesale and Investment Banking	**23.0**	19.5	**31.7**	35.6
America	**24.0**	22.7	**44.1**	46.0
BBVA GROUP	**18.4**	**13.7**	**46.6** [1]	**47.6** [1]

(1) Argentina and Brazil consolidated by the equity method.

The most relevant aspects of the individual business areas of the BBVA Group in 2003 are reported below.

Retail Banking in Spain and Portugal

In 2003 this area progressively raised the level of its business activity in terms of lending and customer funds. At 31st December 2003, total lending had grown by 13.9% year-on-year (11.5% by June) with increases of 18.5% in mortgages and 15.0% in SMEs and businesses. In customer funds, credit balances declined by 1.3% in year-on-year terms as a consequence of the reduction in repos and the effect of closing the Law Courts account. Without these effects, deposits rose by 4.2%. Total funds under management by this area are the sum of deposits, mutual funds and pension funds. During the year they recorded an increase of 9.0% (5.3% in the year to June) including growth of 4.6% in transactional accounts and of 12.0% in stable funds (basically term deposits and funds).

The steady launch of innovative products in different business segments (such as mortgages, SMEs and businesses products, mutual funds, pension funds, etc) contributed to the increase in retail banking business. This helped to balance the effect of the sharp decline in customer spreads and to produce an increase of 1.0% in net interest income compared to 2002.

During the year fee income recorded an important change in trend with successive quarterly increases. It grew from 346 million euros in the first quarter to 409 million euros in the fourth quarter. This trend was largely fuelled by credit cards, account admin charges and insurance, which together grew by 10.4%. Fee income was also supported by the recovery of fees related to fund management. Despite the positive trend, the cumulative figure for 2003 is still 2.3% lower than that of 2002.

Ordinary revenues were similar to those of 2002 while administration expenses were trimmed once more (by 0.2%). This meant that the operating profit in this area grew by 0.7% to 2,465 million euros.

Although the area's non-performing loan ratio recorded a significant decline, from 1.0% at 31st December 2002 to 0.88% at 31st December 2003, 492 million euros were earmarked for loan provisioning in 2003. The increase of 13.6% was basically due to higher regulatory provisions (generic and statistic) arising from an increase in lending volume.

Therefore, net attributable income in the area was 1,239 million euros, 2.1% less and the ROE was 30.9%.

Wholesale and Investment Banking

During 2003 this area consolidated its market leadership through the various units – Corporate Banking, Institutional Banking and Investment Banking.

The prudent policy on risk management in this area meant there was moderate growth in lending during the year (up by 3.6%) and a decline in the non-performing loan ratio, which stands at 0.66% at the end of the year, compared to 1.24% at 31 December 2002. Creditors increased by 13.1%.

Furthermore, an appropriate pricing policy meant that in 2003 net interest income on average assets in Wholesale Banking (Corporate and Institutional) was able to maintain practically the same level as 2002 despite the fall in interest rates.

Ordinary revenues are the figure that is most representative of this area's income. It increased by 6.1% over 2002 while general administration expenses were reduced by 5.6%. This led to a significant improvement in the cost/income ratio, which fell to 31.7% (35.6% in 2002). Operating profit grew by 12.6% to 654 million euros. Provisioning remained stable.

Attributable net income recorded an increase of 22.5%, rising to 468 million euros. Thus ROE for this area once again increased and reached 23.0% (19.5% in 2002).

The Americas

As previously stated and with the purpose of providing a uniform comparison of the different businesses, this area does not include the earnings associated with Argentina and Brazil, which are recorded via the equity method and discussed under Corporate Activities.

With regard to business growth, the Group applied different policies according to the market in question. While lending activities grew by 4.4% at constant exchange rates (they declined 14.2% at current exchange rates), deposits captured through the branch networks and mutual funds of all the Group's banks in this region, grew by 12.5% (declined by 10.3% at current rates). These increases in business volume and the pricing policies led to an increase in net interest income for this area of 10.3% when calculated at constant exchange rates. This compensated the negative effect on spreads caused by the fall in interest rates in some of the main countries where the Group operates, such as Mexico.

Fee income recorded growth of 10.9% and administration expenses were contained – growing by only 5.5% (lower than the average inflation in the region). Therefore the recurrency ratio (fee income over expenses) improved by 6.3 to 80.1%.

This meant that the operating profit for the area grew by 15.8% year-on-year to 2,230 million euros (it declined by 12.1% in current euros). The cost/income ratio therefore improved by 2 points and fell to 44.1% by the end of the year.

Moderate provisioning and the reduced effect of minority interests (due to increased investment in Bancomer) resulted in attributable net income of 715 million euros. This was an increase of 24.0% at constant exchange rates (a decline of 2.8% at current rates).

The most important contribution to earnings in the Americas area came from Mexico. In that country business growth focused on the more profitable lines. As a result, the main contributors to lending activities (which grew 4.8% year-on-year) were consumer lending and credit cards with a combined increase of 24.9%. The aggregate figure for traditional deposit gathering and mutual funds, grew by 13.7% and sight accounts grew by 19.5%. These rates of growth together with a careful pricing policy in the gathering of term deposits helped to compensate the effect of lower interest rates on spreads and thus net interest income climbed by 11.4%. An increase in net fee income and cost control led to an improvement of 9.1 points in the recurrency ratio which rose to 86.2%. Therefore operating profit came to 1,487 million euros, 25.4% higher than in 2002 at constant exchange rates, and the cost/income ratio improved 3.8 points to 42.2%. Finally, attributable net income grew by 24.0% to 406 million euros.

Corporate Activities

In 2003 this area recorded operating losses of 466 million euros, which was similar to the previous year. It should be noted however that in 2003 this figure reflects an increase in net interest income and a decrease in trading income when compared to 2002. This indicates the generation of more recurrent earnings, associated with the activities of the ALCO (Assets and Liabilities Committee) and the management of the industrial portfolio.

Income figures include the dividends received on holdings in large industrial and financial companies and the results of the ALCO. The latter are generated by the Group’s financial management and specifically by asset and liability management and hedging. The admin expenses include those related to Headquarters and those of an institutional nature which are not assigned to any of the business areas.

The earnings of Group companies in Argentina and Brazil are recorded under net income from companies carried by the equity method. This came to 44 million euros in 2003. This line of the profit and loss account also includes the results of the holdings in large industrial companies and in financial entities that are not recorded as dividends. Capital gains obtained through the management of the industrial portfolio are recorded under trading income and under Group operations. The main item here was the capital gain of 343 million euros on the sale of the Group's interest in Crédit Lyonnais.

Amortisation of goodwill associated with these holdings and with the Group's investments in its Latin-American subsidiaries, came to 637 million euros. This area also includes other items that, due to their nature, are not attributable to businesses, such as provisions for country risk. Therefore this area recorded negative attributable income of 195 million euros, compared to negative income of 665 million euros in 2002.

Retail Banking in Spain and Portugal

Income statement

(Millions of euros)

	Retail Banking in Spain and Portugal 2003	Δ% (YoY)	2002	Memorandum item: Commercial & SME Banking 2003	Δ% (YoY)	Asset Management and Private Banking 2003	Δ% (YoY)
NET INTEREST INCOME	**3,221**	**1.0**	**3,189**	**2,890**	**0.3**	**41**	**(22.4)**
Net fee income	**1,476**	(2.3)	1,510	**1,250**	(1.6)	**205**	(6.1)
CORE REVENUES	**4,697**	**-**	**4,699**	**4,140**	**(0.3)**	**246**	**(9.3)**
Net trading income	**44**	(3.2)	46	**40**	(12.1)	**1**	n.m.
ORDINARY REVENUES	**4,741**	**(0.1)**	**4,745**	**4,180**	**(0.4)**	**247**	**(8.0)**
Personnel costs	**(1,391)**	0.4	(1,386)	**(1,263)**	(0.1)	**(51)**	6.6
General expenses	**(728)**	(1.4)	(738)	**(634)**	0.5	**(31)**	(4.0)
GENERAL ADMINISTRATIVE EXPENSES	**(2,119)**	**(0.2)**	**(2,124)**	**(1,897)**	**0.1**	**(82)**	**2.4**
Depreciation and amortization	**(114)**	(7.0)	(123)	**(101)**	(6.1)	**(4)**	(9.7)
Other operating revenues and expenses	**(43)**	(14.8)	(51)	**(40)**	(17.8)	**(1)**	(30.0)
OPERATING PROFIT	**2,465**	**0.7**	**2,447**	**2,142**	**(0.2)**	**160**	**(12.4)**
Net income from companies under the equity method	**8**	n.m.	(6)	**(2)**	(50.9)	**-**	(82.9)
Amortization of goodwill	**-**	n.m.	1	**-**	-	**-**	n.m.
Net income on Group transactions	**(1)**	n.m.	-	**(1)**	-	**-**	-
Net loan loss provisions	**(492)**	13.6	(433)	**(450)**	16.3	**(4)**	91.8
Extraordinary items (net) and other	**(10)**	n.m.	5	**(5)**	n.m.	**(3)**	(40.4)
PRE-TAX PROFIT	**1,970**	**(2.2)**	**2,014**	**1,684**	**(4.6)**	**153**	**(13.8)**
Corporate income tax	**(650)**	(2.4)	(666)	**(563)**	(4.8)	**(51)**	(13.2)
NET INCOME	**1,320**	**(2.1)**	**1,348**	**1,121**	**(4.6)**	**102**	**(14.1)**
Minority interests	**(81)**	(2.0)	(82)	**(69)**	(12.0)	**(7)**	(11.6)
ATTRIBUTABLE NET INCOME	**1,239**	**(2.1)**	**1,266**	**1,052**	**(4.0)**	**95**	**(14.3)**

Balance Sheet

(Millions of euros)

	31-12-03	Δ% (YoY)	31-12-02	31-12-03	Δ% (YoY)	31-12-03	Δ% (YoY)
Total lending	**91,295**	13.9	80,152	**85,245**	14.2	**765**	4.4
Securities portfolio	**535**	155.1	210	**9**	(11.2)	**149**	153.3
Cash. interbank & monetary assets	**2,048**	(44.9)	3,718	**1,198**	2.9	**127**	(92.6)
Inter-area positions	**16,975**	2.5	16,565	**15,485**	0.6	**1,267**	31.6
Property and equipment	**659**	(0.5)	663	**543**	1.5	**10**	(40.0)
Other assets	**969**	24.3	777	**525**	9.2	**63**	62.2
TOTAL ASSETS/LIABILITIES	**112,481**	**10.2**	**102,085**	**103,005**	**11.7**	**2,381**	**(32.3)**
Deposits	**51,888**	(1.3)	52,581	**48,065**	1.7	**1,287**	(48.6)
Debt securities	**6**	(47.3)	11	**-**	-	**-**	-
Income for the period	**1,320**	(2.1)	1,348	**1,121**	(4.6)	**102**	(14.1)
Equity	**7,130**	5.0	6,792	**5,977**	6.0	**542**	4.7
• Shareholders' funds	**4,125**	5.7	3,903	**3,448**	5.9	**322**	4.4
• Other eligible funds	**3,005**	4.0	2,889	**2,529**	6.2	**220**	5.0
Interbank accounts	**3,477**	28.7	2,701	**25**	(27.0)	**2**	(98.7)
Inter-area positions	**45,257**	27.2	35,593	**44,772**	26.6	**298**	117.6
Other liabilities	**3,403**	11.3	3,059	**3,045**	11.3	**150**	165.2
OTHER CUSTOMER FUNDS MANAGED							
• Mutual funds	**36,912**	12.8	32,732	**32,210** (1)	1.3	**4,233** (1)	n.m.
• Pension funds	**12,422**	10.5	11,240	**6,018** (2)	9.6	**6,183** (2)	11.4
• Customer portfolios and assets (3)	**7,199**	(41.6)	12,331	**717**	(52.0)	**6,482**	(40.2)

Relevant ratios

(Percentage)

	31-12-03	31-12-02	31-12-03	31-12-03
ROE	**30.9**	33.6	**31.6**	**29.4**
Cost/income ratio	**44.7**	44.8	**45.4**	**33.4**
NPL ratio	**0.88**	1.00	**0.84**	**0.02**
Coverage ratio	**271.1**	220.8	**278.8**	**n.m.**

(1) In 2q03 a 3 bn euros transfer was made from Commercial&SME banking to the Asset Management and Private banking business area. In homogenous terms Y-o-Y changes would be 11.7% and 19.9% respectively

(2) In 2q03 a 220 million euros transfer was made from Commercial&SME to the Asset management and Private banking business area. In homogenous terms the Y-o-Y changes would be 14.1% and 7.2% respectively.

(3) In 2q03 transfers were made from this Business area to the America business area (International private banking) for an amount of 2,600 million euros and to the Wholesale and Investment banking business area (2,500 million).

Wholesale and Investment Banking

Income statement
(Millions of euros)

	Wholesale and Investment Banking			Memorandum item: Wholesale Banking		Markets	
	2003	Δ% (YoY)	2002	2003	Δ% (YoY)	2003	Δ% (YoY)
NET INTEREST INCOME	**678**	**(5.6)**	**718**	**505**	**1.1**	**125**	**(27.4)**
Net fee income	**178**	(15.0)	209	**136**	(4.1)	**46**	(36.0)
CORE REVENUES	**856**	**(7,7)**	**927**	**641**	**–**	**171**	**(29.9)**
Net trading income	**123**	n.m.	(5)	**22**	88.3	**75**	n.m.
ORDINARY REVENUES	**979**	**6.1**	**922**	**663**	**1.5**	**246**	**(1.4)**
Personnel costs	**(205)**	(3.3)	(212)	**(117)**	2.3	**(74)**	(13.0)
General expenses	**(105)**	(9.9)	(117)	**(48)**	(6.7)	**(53)**	(13.4)
GENERAL ADMINISTRATIVE EXPENSES	**(310)**	**(5.6)**	**(329)**	**(165)**	**(0.5)**	**(127)**	**(13.2)**
Depreciation and amortization	**(9)**	(19.1)	(12)	**(5)**	(12.3)	**(4)**	(27.3)
Other operating revenues and expenses	**(6)**	285.5	(1)	**(4)**	20.2	**–**	n.m.
OPERATING PROFIT	**654**	**12.6**	**580**	**489**	**2.3**	**115**	**16.3**
Net income from companies under the equity method	**65**	216.8	21	**1**	48.9	**–**	–
Amortization of goodwill	**(2)**	(56.2)	(5)	**–**	–	**–**	–
Net income on Group transactions	**32**	(63.2)	88	**1**	–	**–**	n.m.
Net loan loss provisions	**(143)**	1.2	(141)	**(126)**	(6.8)	**(10)**	106.2
Extraordinary items (net) and other	**38**	n.m.	9	**11**	8.2	**(23)**	n.m.
PRE-TAX PROFIT	**644**	**16.6**	**552**	**376**	**6.2**	**82**	**(7.7)**
Corporate income tax	**(135)**	8.7	(124)	**(111)**	5.3	**(13)**	(3.8)
NET INCOME	**509**	**18.9**	**428**	**265**	**6.6**	**69**	**(8.4)**
Minority interests	**(41)**	(10.7)	(46)	**(29)**	(7.4)	**(7)**	(7.2)
ATTRIBUTABLE NET INCOME	**468**	**22.5**	**382**	**236**	**8.6**	**62**	**(8.5)**

Balance Sheet
(Millions of euros)

	31-12-03	Δ% (YoY)	31-12-02	31-12-03	Δ% (YoY)	31-12-03	Δ% (YoY)
Total lending	**39,366**	3.6	38,002	**37,212**	(0.9)	**1,611**	n.m.
Securities portfolio	**25,364**	(7.5)	27,416	**3,411**	(21.4)	**20,770**	(5.6)
Cash. interbank & monetary assets	**43,835**	26.1	34,767	**8,982**	50.1	**34,692**	21.4
Inter-area positions	**43,857**	5.7	41,502	**(664)**	n.m.	**44,461**	12.2
Property and equipment	**45**	106.4	22	**40**	174.0	**5**	(26.7)
Other assets	**6,177**	(18.5)	7,581	**391**	(37.6)	**5,736**	(16.4)
TOTAL ASSETS/LIABILITIES	**158,644**	**6.3**	**149,290**	**49,372**	**(0.9)**	**107,275**	**10.2**
Deposits	**49,203**	13.1	43,513	**18,214**	(4.4)	**30,573**	25.2
Debt securities	**5,255**	20.3	4,369	**5,255**	20.3	**–**	–
Income for the period	**509**	18.9	428	**265**	6.6	**69**	(8.4)
Equity	**3,450**	6.1	3,253	**2,222**	13.5	**591**	17.9
• Shareholders' funds	**2,003**	3.2	1,940	**1,187**	13.0	**351**	17.6
• Other eligible funds	**1,447**	10.2	1,313	**1,035**	14.0	**240**	18.3
Interbank accounts	**69,376**	16.9	59,321	**8,409**	3.1	**60,955**	19.1
Inter-area positions	**23,486**	(23.9)	30,850	**13,856**	(6.7)	**8,908**	(39.3)
Other liabilities	**7,365**	(2.5)	7,556	**1,151**	(4.0)	**6,179**	(5.4)
OTHER CUSTOMER FUNDS MANAGED							
• Mutual funds	**774**	13.9	680	**756**	11.1	**18**	–
• Pension funds	**2**	3.9	2	**2**	3.9	**–**	–
• Customer portfolios and assets [(1)]	**3,944**	225.7	1,211	**3,944**	225.7	**–**	–

Relevant ratios
(Percentage)

	31-12-03	31-12-02	31-12-03	31-12-03
ROE	**23.0**	19.5	**20.0**	**17.7**
Cost/income ratio	**31.7**	35.6	**24.9**	**51.4**
NPL ratio	**0.66**	1.24	**0.69**	**0.12**
Coverage ratio	**227.3**	128.5	**214.1**	**n.m.**

(1) In 2q03 an amount of 2,500 million euros was transferred from Retail banking in Spain and Portugal (Asset management and private banking).

America

Income statement

(Millions of euros)

	2003	Δ% (YoY)	Δ% at constant exchange rate	2002
NET INTEREST INCOME	**2,790**	**(17.7)**	**10.3**	**3,391**
Net fee income	**1,630**	(13.7)	10.9	1,889
CORE REVENUES	**4,420**	**(16.3)**	**10.5**	**5,280**
Net trading income	**196**	(29.2)	(4.1)	277
ORDINARY REVENUES	**4,616**	**(16.9)**	**9.8**	**5,557**
Personnel costs	**(1,128)**	(21.8)	3.6	(1,444)
General expenses	**(906)**	(18.8)	7.9	(1,115)
GENERAL ADMINISTRATIVE EXPENSES	**(2,034)**	**(20.5)**	**5.5**	**(2,559)**
Depreciation and amortization	**(213)**	(24.7)	(1.0)	(282)
Other operating revenues and expenses	**(139)**	(22.5)	4.0	(179)
OPERATING PROFIT	**2,230**	**(12.1)**	**15,8**	**2,537**
Net income from companies under the equity method	**72**	n.m.	n.m.	20
Amortization of goodwill	**-**	-	-	-
Net income on Group transactions	**14**	n.m.	n.m.	(3)
Net loan loss provisions	**(495)**	(28.4)	(4.0)	(691)
Extraordinary items (net) and other	**(292)**	50.8	117.0	(193)
PRE-TAX PROFIT	**1,529**	**(8.4)**	**18.7**	**1,670**
Corporate income tax	**(369)**	(10.0)	18.7	(410)
NET INCOME	**1,160**	**(7.9)**	**18.7**	**1,260**
Minority interests	**(445)**	(15.1)	11.0	(524)
ATTRIBUTABLE NET INCOME	**715**	**(2.8)**	**24,0**	**736**

Balance Sheet

(Millions of euros)

	31-12-03	Δ% (YoY)	31-12-02
Total lending	**23,199**	(14.2)	27,049
Securities portfolio	**25,313**	(10.5)	28,283
Cash. interbank & monetary assets	**17,100**	(4.3)	17,870
Inter-area positions	**433**	(33.4)	651
Property and equipment	**1,965**	(19.6)	2,443
Other assets	**5,768**	(19.2)	7,141
TOTAL ASSETS/LIABILITIES	**73,778**	**(11.6)**	**83,437**
Deposits	**45,373**	(16.3)	54,220
Debt securities	**1,253**	(14.4)	1,465
Income for the period	**1,160**	(7.9)	1,260
Equity	**4,323**	(5.3)	4,565
• Shareholders' funds	**2,828**	(6.4)	3,022
• Other eligible funds	**1,495**	(3.1)	1,543
Interbank accounts	**13,056**	4.9	12,444
Inter-area positions	**727**	7.4	676
Other liabilities	**7,886**	(10.5)	8,807
OTHER CUSTOMER FUNDS MANAGED			
• Mutual funds	**7,932**	(16.6)	9,508
• Pension funds	**25,041**	8.4	23,097
• Customer portfolios and assets [1]	**16,140**	6.8	15,112

Relevant ratios

(Percentage)

	31-12-03	31-12-02
ROE	**24.0**	22.7
Cost/income ratio	**44.1**	46.0
NPL ratio	**4.01**	3.82
Coverage ratio	**169.4**	241.6

(1) In 2q03 an amount of 2,600 million euros was transferred from Retail banking in Spain and Portugal (Asset management and Private banking).

Income statement

(Millions of euros)

Memorandum item:	Mexico			Banking in America		
	2003	Δ% (YoY)	Δ% at constant exchange rate	2003	Δ% (YoY)	Δ% at constant exchange rate
NET INTEREST INCOME	**1,806**	**(16.4)**	**11.4**	**930**	**(19.8)**	**11.2**
Net fee income	**1,097**	(12.2)	17.0	**227**	(16.3)	12.7
CORE REVENUES	**2,903**	**(14,9)**	**13.4**	**1,157**	**(19.1)**	**11.5**
Net trading income	**109**	(7.7)	23.0	**52**	(60.8)	(43.2)
ORDINARY REVENUES	**3,012**	**(14.6)**	**13.8**	**1,209**	**(22.6)**	**7.1**
Personnel costs	**(710)**	(21.9)	4.1	**(315)**	(24.9)	3.5
General expenses	**(563)**	(21.1)	5.1	**(274)**	(17.4)	13.8
GENERAL ADMINISTRATIVE EXPENSES	**(1,273)**	**(21.6)**	**4.5**	**(589)**	**(21.6)**	**8.1**
Depreciation and amortization	**(132)**	(24.4)	0.8	**(64)**	(29.8)	(6.7)
Other operating revenues and expenses	**(120)**	(20.5)	6.0	**(20)**	(20.8)	12.0
OPERATING PROFIT	**1,487**	**(5.9)**	**25.4**	**536**	**(22.9)**	**7.7**
Net income from companies under the equity method	**58**	n.m.	n.m.	**1**	(82.5)	(75.8)
Amortization of goodwill	**-**	-	-	**-**	-	-
Net income on Group transactions	**1**	n.m.	n.m.	**-**	-	-
Net loan loss provisions	**(402)**	(5.1)	26.5	**(91)**	(66.0)	(54.0)
Extraordinary items (net) and other	**(173)**	n.m.	n.m.	**(103)**	(39.3)	(9.9)
PRE-TAX PROFIT	**971**	**(14.9)**	**13.4**	**343**	**29.3**	**79.6**
Corporate income tax	**(289)**	(17.6)	9.8	**(55)**	59.2	105.3
NET INCOME	**682**	**(13.7)**	**15.0**	**288**	**24.9**	**75.5**
Minority interests	**(276)**	(22.0)	4.0	**(107)**	17.3	75.2
ATTRIBUTABLE NET INCOME	**406**	**(7.0)**	**24.0**	**181**	**29.9**	**75.7**

Balance Sheet

(Millions of euros)

	31-12-03	Δ% (YoY)	31-12-03	Δ% (YoY)
Total lending	**12,512**	(18.9)	**9,221**	(8.4)
Securities portfolio	**20,288**	(12.8)	**4,374**	1.1
Cash. interbank & monetary assets	**10,702**	(2.9)	**2,971**	6.7
Inter-area positions	**112**	n.m.	**-**	(99.3)
Property and equipment	**1,244**	(26.7)	**602**	(3.9)
Other assets	**4,695**	(20.0)	**733**	(22.9)
TOTAL ASSETS/LIABILITIES	**49,553**	**(13.5)**	**17,901**	**(4.6)**
Deposits	**28,945**	(19.4)	**12,565**	(6.9)
Debt securities	**771**	(18.6)	**482**	(6.9)
Income for the period	**682**	(13.7)	**288**	24.9
Equity	**2,260**	(1.4)	**1,229**	(13.3)
• Shareholders' funds	**1,375**	3.0	**907**	(15.6)
• Other eligible funds	**885**	(7.6)	**322**	(5.9)
Interbank accounts	**10,288**	3.4	**2,014**	23.6
Inter-area positions	**144**	189.4	**-**	(99.2)
Other liabilities	**6,463**	(12.3)	**1,323**	(9.2)
OTHER CUSTOMER FUNDS MANAGED				
• Mutual funds	**4,849**	(19.6)	**839**	(3.3)
• Pension funds	**6,007**	(5.6)	**19,026**	13.7
• Customer portfolios and assets	**5,832**	(22.0)	**122**	(28.2)

Relevant ratios

(Percentage)

	31-12-03	31-12-03
ROE	**27.7**	**18.7**
Cost/income ratio	**42.2**	**48.7**
NPL ratio	**3.95**	**4.68**
Coverage ratio	**221.8**	**105.5**

Corporate Activities

Income statement
(Millions of euros)

	2003	∆% (YoY)	2002
NET INTEREST INCOME	**2**	**n.m.**	**(119)**
Net fee income	**(112)**	11.9	(99)
CORE REVENUES	**(110)**	**(49.8)**	**(218)**
Net trading income	**236**	(27.5)	325
ORDINARY REVENUES	**126**	**18.2**	**107**
Personnel costs	**(453)**	1.0	(448)
General expenses	**38**	(38.8)	61
GENERAL ADMINISTRATIVE EXPENSES	**(415)**	**7.3**	**(387)**
Depreciation and amortization	**(154)**	(5.2)	(162)
Other operating revenues and expenses	**(23)**	18.2	(20)
OPERATING PROFIT	**(466)**	**0.8**	**(462)**
Net income from companies under the equity method	**240**	n.m.	(195)
Of which: Argentina and Brazil	**44**	n.m.	(200)
Amortization of goodwill	**(637)**	(5.6)	(675)
Net income on Group transactions	**508**	18.3	430
Net loan loss provisions	**42**	n.m.	(179)
Extraordinary items (net) and other	**(77)**	n.m.	(6)
PRE-TAX PROFIT	**(390)**	**(64.1)**	**(1,087)**
Corporate income tax	**297**	(40.8)	503
NET INCOME	**(93)**	**(84.2)**	**(584)**
Minority interests	**(102)**	27.7	(81)
ATTRIBUTABLE NET INCOME	**(195)**	**(70.6)**	**(665)**

Balance Sheet
(Millions of euros)

	31-12-03	∆%	31-12-02
Total lending	**(2,398)**	(6.0)	(2,552)
Securities portfolio	**29,367**	37.2	21,409
Cash, interbank & monetary assets	**(16,021)**	4.1	(15,396)
Inter-area positions	**8,205**	(2.4)	8,402
Property and equipment	**1,569**	(7.8)	1,701
Other assets	**6,945**	27.7	5,443
TOTAL ASSETS/LIABILITIES	**27,667**	**45.6**	**19,007**
Deposits	**(4,453)**	85.4	(2,401)
Debt securities	**27,152**	44.8	18,757
Income for the period	**(92)**	(74.8)	(584)
Equity	**8,260**	7.6	7,673
• Shareholders' funds	**2,452**	(14.8)	2,877
• Other eligible funds	**5,808**	21.1	4,796
Interbank accounts	**–**	–	–
Inter-area positions	**–**	–	–
Other liabilities	**(3,200)**	(31.3)	(4,438)

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