QUARTERLY REPORT

January-September 2003

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Contents

BBVA Group Highlights

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(Consolidated figures)

	30-09-03	30-09-02	∆% (YoY)
BALANCE SHEET (millions of euros)			
Total assets	284,816	280,253	1.6
Total lending (gross)	150,217	146,412	2.6
Customer funds recorded on balance sheet	179,369	177,502	1.1
Other customer funds managed	112,032	108,962	2.8
Total customer funds managed	291,401	286,464	1.7
Shareholders' funds (including profit for the year)	13,141	13,073	0.5
INCOME STATEMENT (millions of euros)			
Net interest income	5,023	5,995	(16.2)
Core revenues	7,471	8,743	(14.5)
Ordinary revenues	7,974	9,277	(14.0)
Operating profit	3,686	4,251	(13.3)
Operating profit (Argentina and Brazil consolidated under equity method)	3,678	3,837	(4.1)
Pre-tax profit	2,977	2,656	12.1
Attributable net income	1,739	1,655	5.1
DATA PER SHARE AND MARKET CAPITALISATION (30-09)			
Share price	8.86	7.56	17.2
Market capitalisation (millions of euros)	28,315	24,161	17.2
Attributable net income	0.54	0.52	5.1
Book value	4.11	4.09	0.5
PER (Price Earning Ratio; times) (1)	13.2	14.1	
P/BV (Price/Book value; times)	2.2	1.8	
RELEVANT RATIOS (%)			
Operating income/ATA	1.78	1.95	
ROE (Attributable net income/Average equity)	19.2	17.4	
ROA (Net income/Average total assets)	1.08	1.03	
RORWA (Net income/Risk weighted assets)	1.83	1.80	
Cost/income ratio	46.7	46.8	
NPL ratio	1.96	2.09	
Coverage ratio	160.2	164.2	
CAPITAL ADEQUACY RATIOS (BIS rules) (%)			
Total	12.5	12.6	
Core capital	6.1	6.0	
OTHER INFORMATION			
Number of shares (millions)	3,196	3,196	
Number of shareholders	1,179,013	1,189,047	
Number of employees	85,687	93,949	
• Spain	30,975	31,520	
• America (2)	52,666	60,374	
• Rest of the world	2,046	2,055	
Number of branches	6,916	7,578	
• Spain	3,347	3,396	
• America (2)	3,371	3,972	
• Rest of the world	198	210	

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

(1) The 9M03 PER is calculated taking into consideration the median of the analysts' estimates (October 2003).
(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 January-September of 2003

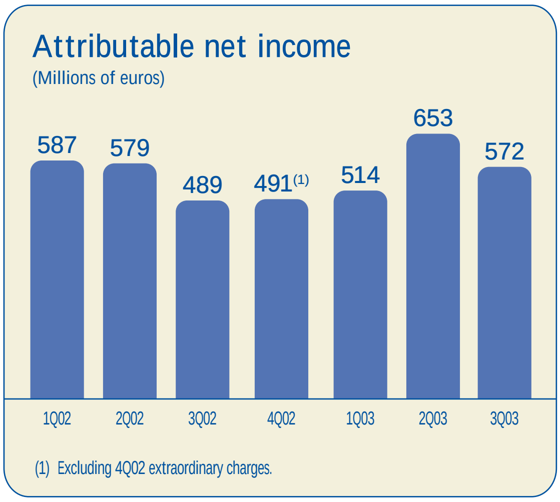
In the third quarter of 2003, growth continued to be slow in the world economy, especially in the euro zone. The latter area was affected by recessionary conditions in some key countries, although Spain continued to grow at more than 2%. The situation in the United States improved, although there were difficulties in the labour market and increases in the trade and fiscal deficits. In Latin America the main countries continued on the path of gradual recovery.

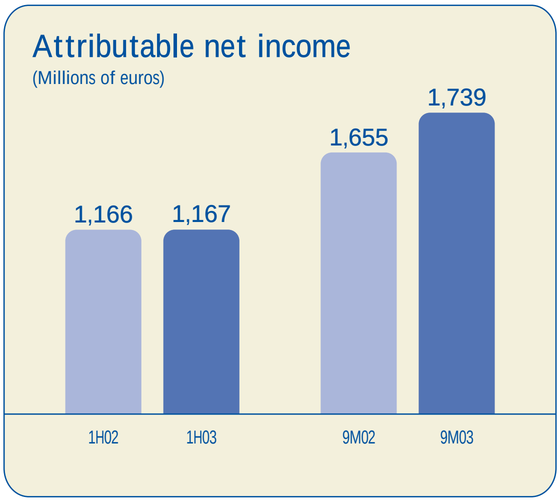
At the same time, interest rates remained at all-time lows, bringing interest margin under pressure in the banking sector. The stock markets have not completely consolidated their recovery and currency markets are still showing signs of instability after the euro strengthened further against the dollar during this quarter.

Against this background, the BBVA Group highlights in the third quarter and in the nine months to September 2003 were as follows:

- Net attributable profit for the third quarter was 572 million euros, 17.0% higher than for the same quarter last year. Thus attributable profit for the first nine months of the year rose to 1,739 million euros, bringing year-on-year growth to 5.1%. When compared to growth in the first half of 2003 (0.1%), this confirms the upward trend in 2003. At constant exchange rates the year-on-year increase in third quarter profit was 22.1% and the cumulative figure for the first nine months was 13.4%.
- Return on equity (ROE) in the nine month period to September increased to 19.2%, compared to 17.4% in the same period last year. Return on assets (ROA) also increased to 1.08%.
- The increase in attributable profit was mainly due to the positive development of operating profit. This rose to 1,229 million euros in the third quarter, consolidating Argentina and Brazil by the equity method. In terms of current euros, it exceeded the same quarter in 2002 by 4.1% – the first time this figure has shown a positive evolution in the year. At constant exchange rates, operating profit in the third quarter grew by 11.2%.

  In cumulative terms, operating profit has grown by 10.6% in constant euros (in current euros the decline is now only 4.1%) with growth recorded in all business areas. Year-on-year differences for other earnings figures on the income statement also improved compared to similar figures for the first half.
- Costs remain under control with zero increase in the domestic businesses (Retail Banking, Wholesale Banking and Corporate Activities) while in The Americas increases were kept below the inflation rate. The cost/income ratio again improved to 46.1% in the first nine months of the year, compared to 47.5% in the same period of 2002. The improvement was shared by all three business areas.
- Items below the line on the income statement did not contribute to profit growth. This was the combined effect of a number of factors: an increase in earnings via the equity method, lower provisions resulting from lower exchange rates, the large provisions made for country-risk in Argentina in 2002, lower capital gains and higher taxes (which rose to more normal levels after last year).
- In the third quarter, the level of activity of Retail Banking in Spain and Portugal continued to improve. This applied to the lending activity as well as to customer funds and therefore had a positive effect on net interest income and net fee income. Acceptance of the new products launched during the quarter made a significant contribution to the increase in business volume.





Operating profit in the quarter for this business area exceeded the previous quarter and this meant that in the nine-month period to September it grew by 2.2% compared to the same period last year. Consequently other earnings figures are also improving.

- Wholesale and Investment Banking continued the positive trend of previous quarters. The year-on-year increase in the nine months to September was 16.4% on operating profit and 37.0% on attributable profit.
- Taken as a whole, Retail Banking, Wholesale Banking and Corporate Activities (the area that incorporates the results of the Group's financial management and specifically, management of assets and liabilities, as well as hedging) consolidates the positive trends observed in the different business areas. Thus, in the nine-month period to September, year-on-year growth in operating profit of the ex – America Group rose to 6.6%, while attributable profit rose by 9.3%.
- In The Americas, attributable profit in the third quarter was the highest since the second quarter of 2002 and is growing by 11.7% year-on-year in current euros (26.9% at constant exchange rates). In cumulative terms and at constant exchange rates, operating profit grew by 15.6% and attributable profit by 24.1%.
- In Mexico a decline in interest rates was compensated by the high rate of growth in the more profitable business activities, especially liquid customer funds and lending to individuals, successful price management in customer deposits and continuous improvement in fee income and cost control. Thus, a series of year-on-year increases have been achieved at constant exchange rates in the nine months to September: 13.0% on net interest income, 27.2% on operating profit and 25.0% on attributable profit.

  In October the Group increased its holding in Bancomer to 59.42% after acquiring an additional 3.77%.
- The non-performing loan ratio fell once more during the quarter and at 30th September 2003 it stood at 1.46% excluding Argentina and Brazil (1.57% at 30th June 2003 and 1.75% at 30th September 2002). Coverage has now reached 195.6%. Non-performing loans in the domestic sector in Spain stand at 0.75%. This level compares favourably with the banking system as a whole and is 13 basis points lower than the equivalent figure last year.
- The Group's capital base continues to strengthen. At 30th September 2003 core capital was 6.1%, Tier I was 8.2% and the BIS Ratio was 12.5% (12.0% at 30th June 2003).

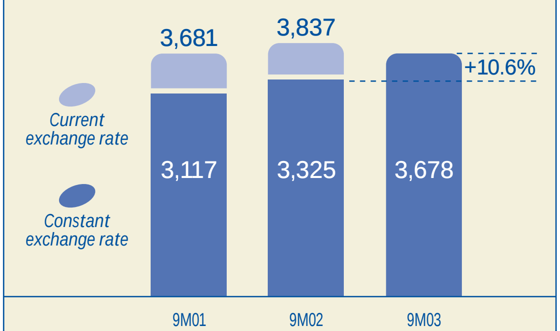
The sale of *BBV Brasil* to Bradesco means that earnings generated in Brazil are being incorporated in the 2003 figures by the equity method. Due to accounting instability in Argentina during 2002, its results continue to be isolated to provide a more precise picture of the Group's performance. Therefore the statutory income statement is accompanied by a corresponding proforma statement where income generated in Argentina and Brazil in 2002 and 2003 is included using the equity method. This entails no change in attributable earnings. Unless otherwise indicated, the following remarks refer to the latter financial statement.

Year-on-year comparisons of the Group's earnings in the region continue to be strongly affected by the depreciation of American currencies against the euro. In terms of average rates over the first nine months of 2002 and 2003 the Mexican peso depreciated by 25.5%, the Venezuelan bolivar by 43.3%, the Chilean peso by 20.2%, the Colombian peso by 29.9% and the U.S. dollar by 16.6%. The above-mentioned proforma statement also contains a column with the variations shown at constant exchange rates in order to isolate this effect.

Income for the period

The upward trend in profit during the present year reflects the BBVA Group's capacity to generate recurrent earnings. Thus operating profit in the third quarter (1,229 million euros) exceeds the figure for the same quarter in 2002 by 11.2%, at constant exchange rates. Furthermore, this income is also higher (4.1%) in current euros for the first time this year. In the first nine months of the year operating profit came to 3,678 million euros. This was an increase of 10.6% at constant exchange rates and a decline of only 4.1% at current rates (compared to a

Operating profit (1)
(Millions of euros)



(1) Argentina and Brazil under the equity method.

decline of 7.8% in the first half and a decline of 11.1% in the first quarter).

In Retail Banking in Spain and Portugal, operating profit in the third quarter was 4.4% higher than for the same period in 2002. With this, operating profit in the first nine months of the year grew by 2.2% (1.1% in the first half). Wholesale and Investment Banking continued to grow by 16.4% in the first nine months of the year. In The Americas the increase was 15.6% at constant exchange rates, mainly due to the 27.2% increase in Mexico.

In line with the operating profit figures, all the other earnings figures on the income statement are exhibiting greater year-on-year growth as the year advances. This applies to current exchange rates as well as constant exchange rates.

Net interest income in the third quarter of 1,659 million euros (a year-on-year increase of 5.2% in constant euros) brings the cumulative figure for the year to 5,002 million euros (an increase of 5.0% at constant exchange rates). At current exchange rates the fall of 8.5% is lower than the figure for the first half (an 11.5% fall). In domestic retail business, net interest income grew from 0.7% in the first half to 1.4% in the first nine months of the year. Greater business volume more than compensated for the lower customer spreads. In Mexico it also proved possible to compensate the sharp decline in interest rates by means of an increase in business volume. Therefore net interest income in the nine months to September recorded growth of 13.0% at constant exchange rates (12.0% for the entire Americas Area).

Net fee income of 828 million euros in the third quarter was nearly equal to the same quarter last year in current euros. At constant exchange rates it grew by 8.0%. This meant that growth in the first nine months came to 4.6% (2,383 million euros). Attention is drawn to the positive trend in fee income associated with collection and payment services. This grew by 14.5% due to sharp increases in credit and debit cards. In Retail Banking, fee income in the third quarter was 3.2% higher than the same period of 2002. Commissions from mutual funds once again exceeded the previous quarter, thanks to an increase in assets under management. In The Americas fee income grew by 11.8% in the quarter (at constant exchange rates) and 10.9% for the year-to-date (17.5% in Mexico).

Core revenues in the first nine months of the year came to 7,385 million euros which was 4.9% higher, at constant exchange rates. After taking into account trading income of 448 million euros in the year to September, ordinary revenues rose to 7,833 million euros, an increase of 5.8% over the same period last year.

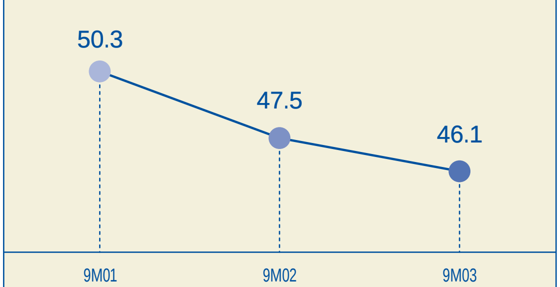
Operating costs were kept under control. In the year-to-date they fell by 10.7% in current euros and increased by only 2.3% in constant euros. The aggregate figure for all domestic business shows that expenses have not changed (they declined 1.1% in Retail Banking and by 9.3% in Wholesale Banking). In The Americas, costs rose moderately by 5.2% at constant exchange rates (3.4% in Mexico). This was less than the average inflation rate in the region.

Increased revenues and careful cost control led to new improvements in the cost/income ratio; for the nine months to September the ratio was 46.1% compared to 47.5% for the same period in the previous year. Improvements were recorded in all three business areas: 45.1% in Retail Banking in Spain and Portugal, 30.1% in Wholesale and Investment Banking and 43.5% in The Americas (41.8% in Mexico).

Net income from companies carried by the equity method in the year to September came to 288 million euros. Apart from the better performance of associate companies, the year-on-year comparison is affected by extraordinary adjustments in 2002 (104 million euros related to the final 2001 results of Repsol and BNL, and 209 million euros for amortisation of UMTS licences by Telefonica). In the current year it was also affected (96 million euros following publication of the final 2002 results of companies such as Telefonica and Terra). Net income from Group transactions was 394 million euros in the nine month period to September 2003. This is 13.7% lower than last year. These transactions include capital gains of 343 million euros on the sale of the stake in Crédit Lyonnais in the first half year and the sale of 6%

Efficiency [1]

(Percentage)



(1) Argentina and Brazil under the equity method.

of Gamesa by Corporación IBV with capital gains of 30 million euros in the third quarter.

The Group made provisions of 1,436 million euros in the first nine months of the year, which is a reduction of 11.6% at current exchange rates. Of this figure, 883 million euros were allocated to loan loss provisions. This was 25.0% less than the previous year due to the effect of exchange rates and lower country-risk provisions. At constant exchange rates the decrease is 14.2%. The amortisation of goodwill in this area came to 431 million euros. This was 10.1% higher due to the amortisation of 39 million euros related to the investment in Bradesco. In the nine months to September, corporate income tax increased by 76.7% in year-on-year terms as a consequence of the deductions for devaluation of American currencies in 2002. Lastly, gains on minority interests fell due to the lower cost of preference stock following amortisation of old issues and lower interest rates of the new ones issued in the period.

Therefore, net attributable profit for the Group in the first nine months of 2003 came to 1,739 million euros. This amount is 5.1% higher than the same period last year calculated at current exchange rates, and 13.4% higher at constant exchange rates. Given the neutral effect of the items below operating income on the income statement, the increase in profit is the result of the increase in operating profit.

The greater year-on-year growth of attributable profit in the nine month period to September compared to the first half (a fall of 0.1% at current exchange rates and a rise of 9.6% at constant exchange rates) was due to the profit in the third quarter (572 million euros) which was considerably higher than the same period in 2002; it was 17.0% higher at current rates and 22.1% higher at constant rates.

Balance sheet and business activity

Year-on-year comparisons of the Group balance sheet and its business activity continue to be affected by the depreciation of American currencies against the euro between 30th September 2002 and 30th September 2003: the Mexican peso depreciated by 21.6%, the Venezuelan bolivar by 22.1%, the Colombian peso by 16.3%, the U.S. dollar by 15.5% and the Peruvian sol by 11.2%. In the case of the Mexican peso and the dollar, the effect is greater than at the end of June 2003 and smaller in the case of other currencies.

Total Group assets were 285 billion euros at 30th September 2003. For the first time this year, total assets are higher (1.6%) than a year previously in current euro terms despite the above-mentioned currency depreciation. Total business volume, represented by the sum of lending and customer funds under management, rose to 442 billion euros and again, for the first time, it is also 2.0% higher than at 30th September 2002, despite the changes in exchange rates and the withdrawal from Brazil. Without Argentina and Brazil and calculated at constant exchange rates, business volume grew by 8.2% compared to 5.1% at 30th June 2003.

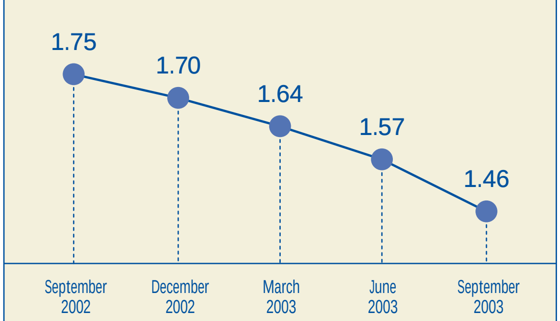
Lending comes to 150 billion euros, 2.6% higher than the figure at 30th September 2002 (beating the 0.9% year-on-year increase at 30th June 2003). Without Argentina and Brazil and at constant exchange rates, the increase is 7.6%. Lending to other resident sectors continues to perform well, year-on-year growth accelerated to 10.8% and reached 97 billion euros. The outstanding areas were secured loans which grew by 16.4% (mortgages alone grew by 17.5%) and leasing (up by 29.0%).

The depreciation of currencies on the American continent meant that, in current euros, the growth in lending to non-residents in local terms became a smaller increase during the quarter and, in year-on-year terms, it became a fall of 12.4% (a fall of 15.0% at the end of June). Therefore this lending segment continues to lose importance in the Group's loan portfolio.

The figure for non-performing loans fell once more in this quarter (by 5.7% compared to 30th June 2003). Together with the increase in lending, this generated a new improvement in asset quality. Thus at 30th September 2003 the non-performing loan ratio (NPL) was 1.96% (2.12% at 30th June 2003). Excluding Argentina and Brazil, this ratio was 1.46% (1.57% at the end of June). The NPL ratio in Retail Banking was 0.91% and in Wholesale Banking it was 1.04%. In The Americas it fell

NPL ratio (1)

(Percentage)



(1) Excluding Argentina and Brazil.

from 4.40% at 30th June 2003 to 4.16% at the end of September due to positive developments in Mexico (which fell from 4.33% to 3.96% at the same dates) and in most of the other countries as well. The coverage ratio now stands at 195.6% (excluding Argentina and Brazil).

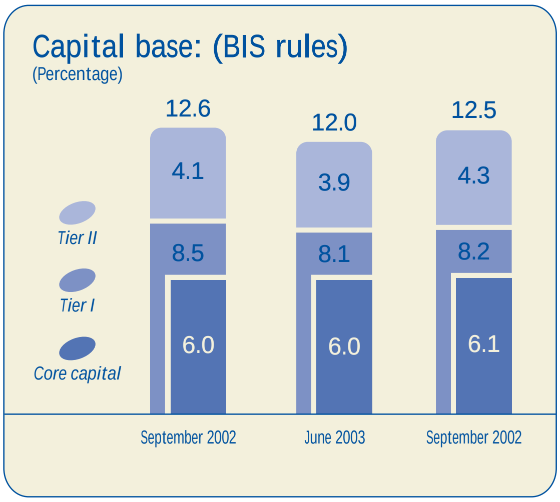
Total customer funds under management by the Group rose to 291 billion euros at 30th September 2003. In current euro terms they grew for the first time this year, by 1.7% over 30th September 2002. Excluding Argentina and Brazil and excluding the effect of exchange rates, the year-on-year growth rose to 8.5% (4.9% at 30th June 2003).

Customer funds on the balance sheet grew by 1.1% to 179 billion euros. (Excluding Argentina and Brazil and calculated at constant exchange rates, the figure grew by 7.9%.) Deposits from other resident sectors came to 67 billion euros, a year-on-year increase of 4.3%. This was especially noted in savings accounts (which grew by 14.6%) due to the success of the "Libretón" (savings book) campaigns. The year-on-year change in Public Sector deposits basically reflects the closure of the Law Court account in the first quarter. With regard to non-resident deposits, the increase in local currency resulted in a year-on-year decline of 5.3% in euro terms due to depreciation of the currencies.

Off-balance-sheet funds (mutual funds, pension funds and customers' portfolios), grew by 2.8%, compared to the figure at 30th September 2002, to 112 billion euros, in current euros. Excluding Argentina and Brazil and at constant exchange rates, these funds grew by 9.4%. In Spain the increase was 7.0%, mainly due to a higher rate of recovery of mutual funds in recent quarters. They have grown by 6.4% in the last twelve months. The success of the new guaranteed funds that were launched this quarter contributed to the improvement: the *BBVA 5x5 Extragarantizado Fund* and, especially, the *BBVA Extra 5 Garantizado Fund*, which captured more than 1,200 million euros in September. Pension funds increased their rate of growth to 11.6% year-on-year and managed portfolios grew by 4.5%. In the rest of the world declines eased to 1.4% due to improvements in pension funds. The latter increased by 8.4% in current euros.

Capital base

The capital base of the BBVA Group continues to strengthen. At 30th September 2003 it rose to 21,145 million euros in accordance with the standards of the Bank for International Settlements (BIS). The capital base surplus was 6,258 million euros (5,389 million euros at 30th June 2003).



Core capital at 30th September 2003 came to 10,314 million euros, increasing 2.5% over the 10,060 million euros at 30th June 2003. This increase was greater than risk weighted assets on these dates. Therefore the ratio rose to 6.1% (6.0% in June). After incorporating other basic equity, the Tier I ratio was 8.2% (8.1% in June).

In July, 600 million euros of subordinate debt was issued, which matures in 2013, destined for the European institutional market. This created a significant increase in Tier II which, in combination with the improvement in Tier I, raises the BIS ratio to 12.5% (12.0% at 30th June 2003).

The BBVA Share

Lower geopolitical uncertainty in recent months generally resulted in gradual reductions in equity market volatility. During the third quarter stock market indices in the world's main business centres performed very differently depending on their growth perspectives: Euro Stoxx 50 (-1.0%), S&P (+2.2%) and Nikkei (+12.5%). During the quarter Spanish banking shares recorded falls that were slightly greater than the Euro Stoxx 50 and the Euro Stoxx Bank (a fall of 0.8%). In the case of the BBVA share, the fall was 3.2%.

Liquidity of BBVA shares increased during the quarter. The average number of shares traded daily grew from 32 million in the second quarter to 33 million in the third quarter. The average daily turnover rose from 279 million euros to 308 million euros in the same period.

With regard to shareholder remuneration and the Bank's intention to pay dividends similar to 2002, a second gross interim dividend of 0.09 euros per share was paid on 10th October.

Income statement

Consolidated income statement

(Millions of euros)

	9M03	Δ% (YoY)	9M02
Financial revenues	9,543	(28.9)	13,421
Financial expenses	(4,852)	(37.0)	(7,707)
Dividends	332	17.9	281
NET INTEREST INCOME	5,023	(16.2)	5,995
Net fee income	2,448	(10.9)	2,748
CORE REVENUES	7,471	(14.5)	8,743
Net trading income	503	(5.7)	534
ORDINARY REVENUES	7,974	(14.0)	9,277
Personnel costs	(2,428)	(13.4)	(2,803)
General expenses	(1,297)	(15.5)	(1,535)
GENERAL ADMINISTRATIVE EXPENSES	(3,725)	(14.1)	(4,338)
Depreciation and amortization	(387)	(20.0)	(485)
Other operating revenues and expenses (net)	(176)	(13.0)	(203)
OPERATING PROFIT	3,686	(13.3)	4,251
Net income from companies under the equity method	285	n.m.	(44)
Memorandum item: dividends received	(214)	13.1	(189)
Amortization of goodwill	(431)	10.1	(391)
Net income from Group transactions	394	(13.7)	456
Net loan loss provisions	(1,054)	(19.2)	(1,304)
Net securities writedowns	-	n.m.	3
Extraordinary items (net)	97	n.m.	(315)
PRE-TAX PROFIT	2,977	12.1	2,656
Corporate income tax	(730)	78.3	(409)
NET INCOME	2,247	-	2,247
Minority interests	(508)	(14.2)	(592)
• Preference shares	(168)	(21.4)	(213)
• Other	(340)	(10.2)	(379)
ATTRIBUTABLE NET INCOME	1,739	5.1	1,655

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

(Millions of euros)

	9M03	∆% (YoY)	∆% at constant exchange rate	9M02
Financial revenues	9,325	(17.6)	(5.8)	11,322
Financial expenses	(4,655)	(24.1)	(13.9)	(6,136)
Dividends	332	18.8	22.2	280
NET INTEREST INCOME	5,002	(8.5)	5.0	5,466
Net fee income	2,383	(8.9)	4.6	2,617
CORE REVENUES	7,385	(8.6)	4.9	8,083
Net trading income	448	3.0	24.4	435
ORDINARY REVENUES	7,833	(8.0)	5.8	8,518
Personnel costs	(2,366)	(10.1)	1.0	(2,632)
General expenses	(1,248)	(11.7)	4.8	(1,413)
GENERAL ADMINISTRATIVE EXPENSES	(3,614)	(10.7)	2.3	(4,045)
Depreciation and amortization	(370)	(16.1)	(3.9)	(441)
Other operating revenues and expenses (net)	(171)	(12.3)	8.3	(195)
OPERATING PROFIT	3,678	(4.1)	10.6	3,837
Net income from companies under the equity method	288	n.m.	n.m.	(29)
Memorandum item: dividends received	(214)	13.1	17.5	(189)
Amortization of goodwill	(431)	10.1	10.1	(391)
Net income from Group transactions	394	(13.7)	(13.9)	456
Net loan loss provisions	(883)	(25.0)	(14.2)	(1,178)
Net securities writedowns	-	n.m.	n.m.	3
Extraordinary items (net)	(129)	85.6	n.m.	(69)
PRE-TAX PROFIT	2,917	11.0	25.1	2,629
Corporate income tax	(672)	76.7	122.3	(380)
NET INCOME	2,245	(0.2)	10.6	2,249
Minority interests	(506)	(14.7)	2.1	(594)
• Preference shares	(167)	(21.4)	(21.4)	(213)
• Other	(339)	(11.0)	19.8	(381)
ATTRIBUTABLE NET INCOME	1,739	5.1	13.4	1,655

Consolidated income statement: quarterly evolution

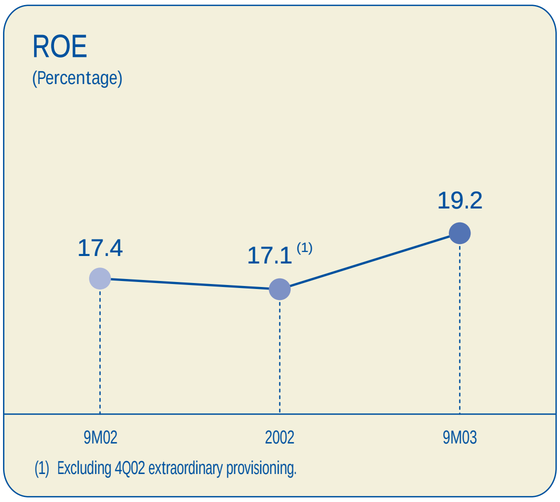
(Millions of euros)

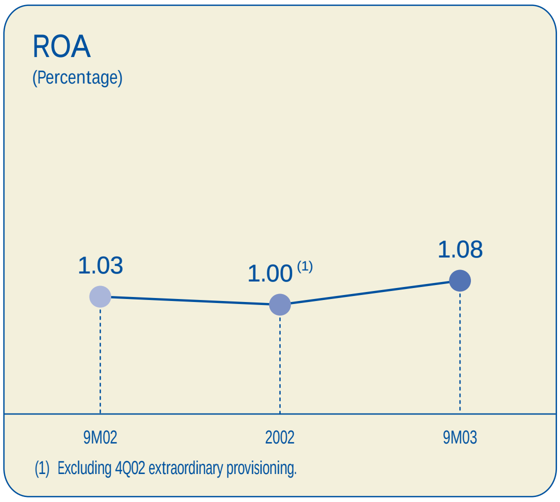
	2003			2002			
	3Q	2Q	1Q	4Q	3Q	2Q	1Q
Financial revenues	2,978	3,190	3,375	3,813	4,240	4,662	4,519
Financial expenses	(1,372)	(1,653)	(1,827)	(2,077)	(2,569)	(2,649)	(2,489)
Dividends	69	161	102	77	66	131	84
NET INTEREST INCOME	1,675	1,698	1,650	1,813	1,737	2,144	2,114
Net fee income	850	792	806	920	866	911	971
CORE REVENUES	2,525	2,490	2,456	2,733	2,603	3,055	3,085
Net trading income	100	206	197	231	182	146	206
ORDINARY REVENUES	2,625	2,696	2,653	2,964	2,785	3,201	3,291
Personnel costs	(799)	(800)	(829)	(895)	(860)	(941)	(1,002)
General expenses	(435)	(442)	(420)	(539)	(470)	(515)	(550)
GENERAL ADMINISTRATIVE EXPENSES	(1,234)	(1,242)	(1,249)	(1,434)	(1,330)	(1,456)	(1,552)
Depreciation and amortization	(129)	(130)	(128)	(146)	(142)	(166)	(177)
Other operating revenues and expenses (net)	(55)	(62)	(59)	(58)	(57)	(66)	(80)
OPERATING PROFIT	1,207	1,262	1,217	1,326	1,256	1,513	1,482
Net income from companies under the equity method	170	89	26	77	(124)	(59)	139
Memorandum item: dividends received	(32)	(114)	(68)	(53)	(30)	(100)	(59)
Amortization of goodwill	(130)	(170)	(131)	(288)	(129)	(126)	(136)
Net income from Group transactions	116	78	200	(95)	(29)	373	112
Net loan loss provisions	(207)	(524)	(323)	(439)	(311)	(556)	(437)
Net securities writedowns	-	-	-	-	-	-	3
Extraordinary items (net)	(52)	246	(97)	(118)	118	(347)	(86)
PRE-TAX PROFIT	1,104	981	892	463	781	798	1,077
Corporate income tax	(357)	(164)	(209)	(244)	(128)	(7)	(274)
NET INCOME	747	817	683	219	653	791	803
Minority interests	(175)	(164)	(169)	(155)	(164)	(212)	(216)
• Preference shares	(48)	(56)	(64)	(63)	(63)	(74)	(76)
• Other	(127)	(108)	(105)	(92)	(101)	(138)	(140)
ATTRIBUTABLE NET INCOME	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			
	3Q	2Q	1Q	4Q	3Q	2Q	1Q
Financial revenues	2,922	3,129	3,274	3,624	3,569	3,818	4,066
Financial expenses	(1,332)	(1,579)	(1,744)	(1,986)	(1,947)	(2,082)	(2,238)
Dividends	69	161	102	76	66	129	84
NET INTEREST INCOME	1,659	1,711	1,632	1,714	1,688	1,865	1,912
Net fee income	828	771	784	891	836	872	910
CORE REVENUES	2,487	2,482	2,416	2,605	2,525	2,737	2,822
Net trading income	112	176	160	208	98	178	159
ORDINARY REVENUES	2,599	2,658	2,576	2,813	2,622	2,915	2,981
Personnel costs	(777)	(779)	(810)	(856)	(817)	(894)	(922)
General expenses	(419)	(425)	(404)	(497)	(435)	(480)	(498)
GENERAL ADMINISTRATIVE EXPENSES	(1,196)	(1,204)	(1,214)	(1,353)	(1,251)	(1,374)	(1,420)
Depreciation and amortization	(121)	(126)	(123)	(138)	(135)	(150)	(155)
Other operating revenues and expenses (net)	(53)	(60)	(58)	(56)	(56)	(63)	(77)
OPERATING PROFIT	1,229	1,268	1,181	1,266	1,180	1,328	1,329
Net income from companies under the equity method	170	89	29	(131)	(130)	(44)	145
Memorandum item: dividends received	(32)	(114)	(68)	(54)	(30)	(100)	(59)
Amortization of goodwill	(130)	(170)	(131)	(288)	(130)	(126)	(136)
Net income from Group transactions	116	78	200	58	(29)	373	112
Net loan loss provisions	(236)	(335)	(312)	(267)	(295)	(504)	(379)
Net securities writedowns	-	-	-	-	-	-	3
Extraordinary items (net)	(62)	10	(77)	(118)	179	(243)	(5)
PRE-TAX PROFIT	1,087	940	890	520	776	784	1,069
Corporate income tax	(341)	(124)	(207)	(318)	(120)	5	(264)
NET INCOME	746	816	683	203	655	789	805
Minority interests	(174)	(163)	(169)	(138)	(167)	(210)	(218)
• Preference shares	(47)	(56)	(64)	(63)	(63)	(75)	(76)
• Other	(127)	(107)	(105)	(76)	(104)	(135)	(142)
ATTRIBUTABLE NET INCOME	572	653	514	64	489	579	587

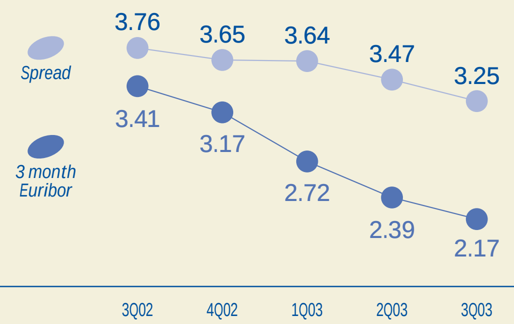




Breakdown of yields and costs

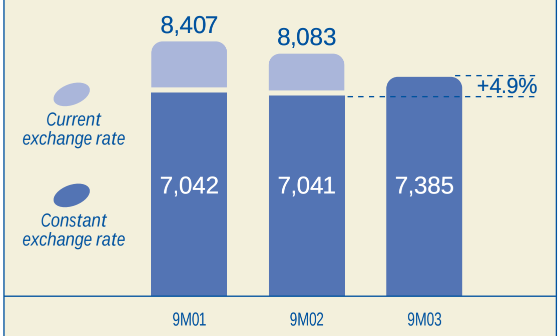
	3Q03		2Q03		1Q03	
	% of ATA	% Yield/Cost	% of ATA	% Yield/Cost	% of ATA	% Yield/Cost
Credit entities	10.2	3.79	10.5	3.96	10.5	4.01
• Euros	3.1	2.54	4.1	2.65	4.3	2.22
• Foreign currencies	7.1	4.35	6.4	4.79	6.2	5.26
Lending	53.2	5.09	52.7	5.60	53.0	6.01
• Euros	41.3	4.25	40.4	4.72	40.0	4.96
- Resident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

Domestic customer spread (1)
(Percentage)



(1) Lending yield minus cost of deposits.

Core revenues (1)
(Millions of euros)



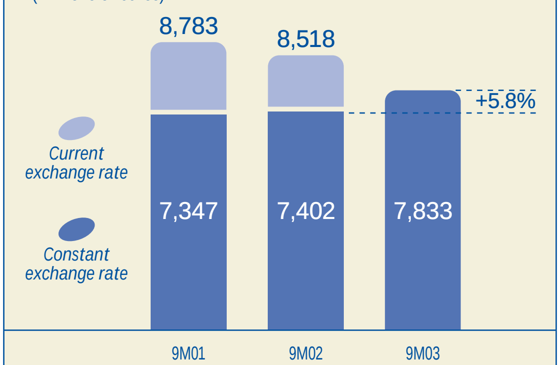
(1) Argentina and Brazil under the equity method.

Net fee income (1)
(Millions of euros)

	9M03	∆% (YoY)	9M02
NET FEE INCOME	2,383	(8.9)	2,617
Collection and payment services	997	(4.3)	1,042
• Credit and debit cards	425	3.4	411
• Others	572	(9.4)	631
Client assets	790	(14.6)	925
• Mutual and pension funds	730	(13.7)	845
• Portfolios managed	60	(24.6)	80
Other securities services	339	(10.8)	380
• Purchase/sale of securities	90	(15.7)	107
• Underwriting and placing	47	(4.3)	49
• Custody services	202	(9.9)	224
Other commissions	257	(4.7)	270

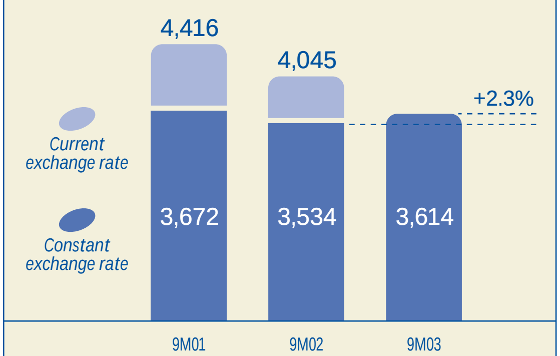
(1) Argentina and Brazil under the equity method.

Ordinary revenues (1)
(Millions of euros)



(1) Argentina and Brazil under the equity method.

General administrative expenses (1)
(Millions of euros)



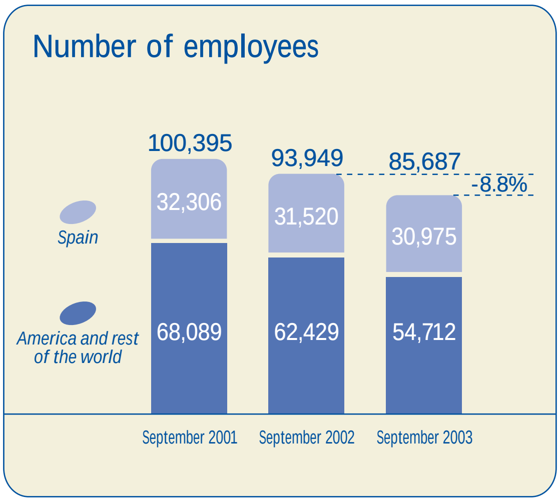
(1) Argentina and Brazil under the equity method.

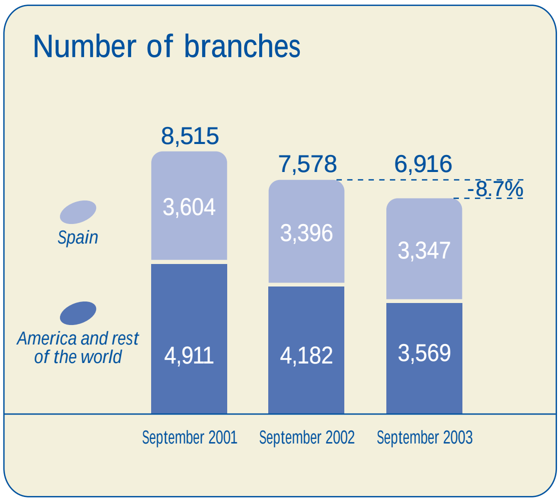
General and administrative expenses [1]

(Millions of euros)

	9M03	Δ% (YoY)	9M02
PERSONNEL COSTS	2,366	(10.1)	2,632
Wages and salaries	1,762	(10.9)	1,978
• Fixed remuneration	1,440	(11.1)	1,620
• Variable remuneration	322	(10.0)	358
Employee welfare expenses	435	(2.1)	444
• Of which: pension funds	113	17.3	96
Training expenses and other	169	(19.5)	210
GENERAL EXPENSES	1,248	(11.7)	1,413
Premises	265	(15.7)	314
Computer equipment	259	(3.1)	267
Communications	143	(18.9)	177
Publicity	96	(11.3)	108
Corporate expenditure	46	(13.5)	54
Other expenses	329	(12.8)	377
Taxes	110	(5.2)	116
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	3,614	(10.7)	4,045

(1) Argentina and Brazil under the equity method.





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

(Millions of euros)

	9M03	Δ% (YoY)	9M02
NET INCOME ON GROUP TRANSACTIONS	394	(13.7)	456
TOTAL NET PROVISIONS	(1,436)	(11.6)	(1,623)
Net loan loss provisions	(883)	(25.0)	(1,178)
Amortization of goodwill	(431)	10.1	(391)
Net securities writedowns	-	n.m.	3
Special reserves	(122)	111.5	(57)

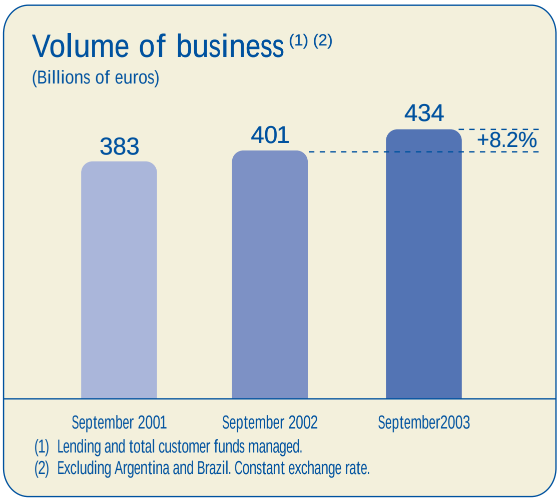
(1) Argentina and Brazil under the equity method.

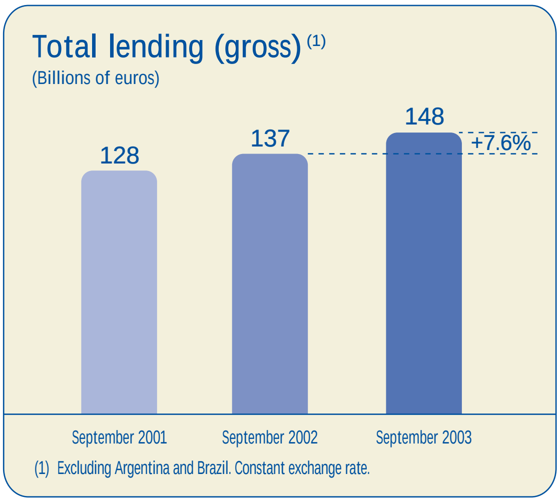
Balance sheet and activity

Consolidated balance sheet

(Millions of euros)

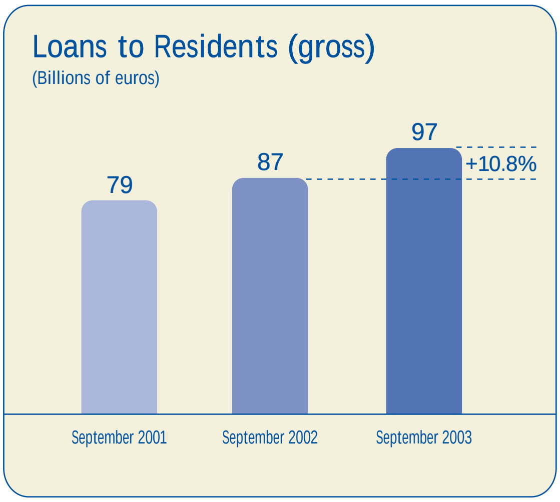
	30-09-03	∆% (YoY)	30-06-03	30-09-02
Cash on hand and on deposit at Central Banks	9,640	16.3	9,073	8,288
Due from credit entities	20,543	11.2	18,845	18,467
Total net lending	145,494	2.9	142,637	141,386
Fixed-income portfolio	72,371	2.4	68,982	70,681
• Government debt securities	18,512	(4.7)	18,032	19,432
• Other debt securities	53,859	5.1	50,950	51,249
Equities portfolio	9,056	(5.6)	9,588	9,594
• Companies carried by the equity method	6,446	(6.3)	6,545	6,876
• Other holdings	2,610	(4.0)	3,043	2,718
Goodwill in consolidation	3,959	(10.7)	4,106	4,431
Property and equipment	4,004	(18.2)	4,254	4,893
Treasury stock	61	(29.3)	60	86
Prior years' losses at consolidated companies	3,493	3.4	3,360	3,377
Other assets	16,195	(15.0)	16,969	19,050
TOTAL ASSETS	284,816	1.6	277,874	280,253
Due to credit entities	63,468	7.9	52,964	58,830
Customer funds	179,369	1.1	182,771	177,502
• Deposits	140,355	(2.3)	142,414	143,642
• Marketable debt securities	32,264	18.5	34,072	27,225
• Subordinated debts	6,750	1.7	6,285	6,635
Other liabilities	18,898	(7.2)	19,811	20,370
Net income	2,247	-	1,500	2,247
Minority interests	5,304	(9.3)	5,449	5,848
Capital	1,566	-	1,566	1,566
Reserves	13,964	0.5	13,813	13,890
TOTAL LIABILITIES	284,816	1.6	277,874	280,253
Other customer funds managed	112,032	2.8	112,024	108,962
• Mutual funds	45,014	2.3	44,772	43,985
• Pension funds	39,160	9.3	38,265	35,836
• Customer portfolios and assets	27,858	(4.4)	28,987	29,141
MEMORANDUM ITEMS:				
Average total assets	277,117	(4.7)	274,429	290,815
Risk weighted average assets	164,536	(1.5)	162,121	167,090
Average shareholders' funds	12,124	(4.6)	12,187	12,710

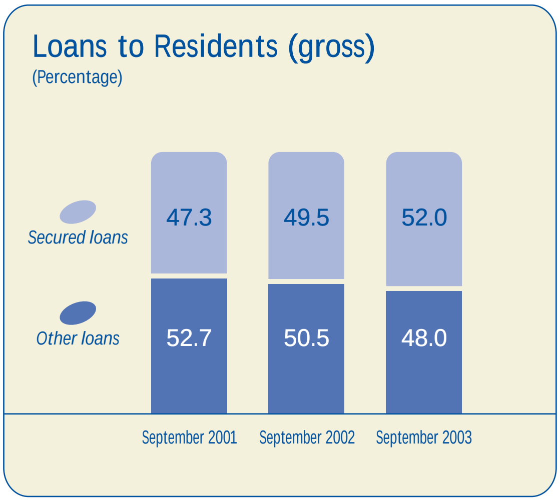




Total lending
(Millions of euros)

	30-09-03	∆% (YoY)	30-06-03	30-09-02
Public sector	12,233	(1.2)	12,427	12,386
Residents	96,798	10.8	94,343	87,333
• Secured loans	50,357	16.4	48,516	43,256
• Commercial loans	7,111	6.7	7,171	6,666
• Other term loans	32,790	3.3	31,864	31,737
• Credit card debtors	1,003	8.6	972	924
• Other	1,426	(8.7)	1,854	1,563
• Finance leases	4,111	29.0	3,966	3,187
Lending to non-residents	38,238	(12.4)	37,724	43,632
• Secured loans	10,902	(14.6)	11,154	12,768
• Other	27,336	(11.4)	26,570	30,864
Non-performing loans	2,948	(3.7)	3,126	3,061
GROSS LENDING	150,217	2.6	147,620	146,412
Loan loss provisions	(4,723)	(6.0)	(4,983)	(5,026)
NET LENDING	145,494	2.9	142,637	141,386
MEMORANDUM ITEM (Excluding Argentina and Brazil):				
Total lending	143,555	4.4	140,367	137,527





Variation of non-performing loans

(Millions of euros)

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

Non-performing and loan loss provisions

(Millions of euros)

	30-09-03	∆% (YoY)	30-06-03	30-09-02
TOTAL NON-PERFORMING ASSETS	3,067	(8.7)	3,219	3,361
Non-performing assets	2,948	(3.7)	3,126	3,061
• Public sector	67	31.2	65	51
• Resident	725	(5.7)	707	769
• Non-resident sector	2,156	(3.8)	2,354	2,241
Non-performing off-balance sheet items	119	(60.3)	93	300
TOTAL RISK	165,962	1.9	163,586	162,834
Total lending (gross)	150,217	2.6	147,620	146,412
Off-balance items	15,745	(4.1)	15,966	16,422
PROVISIONS	4,936	(6.1)	5,229	5,256
Loan loss provisions	4,723	(6.0)	4,983	5,026
Off-balance items provisions	213	(7.3)	246	230
MEMORANDUM ITEMS:				
Assets repossessed	400	(31.7)	452	585
Reserves	200	(15.0)	219	236
Coverage (%)	50.1		48.5	40.3

NPL ratios and coverage

(Percentage)

	30-09-03	30-06-03	30-09-02
NPL RATIOS:			
Non-performing loans/Total lending	1.96	2.12	2.09
Non-performing assets/Total risk	1.85	1.97	2.06
COVERAGE RATIO:			
Coverage of non-performing loans	160.2	159.4	164.2
Coverage of total risks	161.0	162.4	156.4
Coverage with mortgage guarantees	178.0	179.4	184.9
MEMORANDUM ITEM (Excluding Argentina and Brazil):			
Non-performing loans/Total lending (gross)	1.46	1.57	1.75
Coverage of non-performing loans	195.6	194.9	185.4

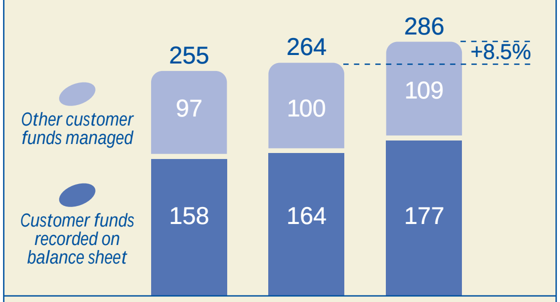
Customer funds managed

(Millions of euros)

	30-09-03	Δ% (YoY)	30-06-03	30-09-02
CUSTOMER FUNDS RECORDED ON BALANCE SHEET	179,369	1.1	182,771	177,502
DEPOSITS	140,355	(2.3)	142,414	143,642
Public sector	3,739	(37.3)	3,662	5,962
Resident	67,247	4.3	68,355	64,449
• Current accounts	18,678	(3.8)	20,872	19,408
• Savings accounts	15,969	14.6	16,687	13,930
• Time deposits	19,279	1.0	18,945	19,092
• Assets sold with repurchase agreement	13,321	10.8	11,851	12,019
Non-resident sector	69,369	(5.3)	70,397	73,231
• Current and savings accounts	23,316	(5.0)	24,247	24,546
• Time deposits	40,060	(6.1)	40,175	42,658
• Assets sold with repurchase agreement and	5,993	(0.6)	5,975	6,027
other accounts				
	32,264	18.5	34,072	27,225
MARKETABLE DEBT SECURITIES	11,732	33.5	11,717	8,785
Mortgage bonds	20,532	11.3	22,355	18,440
Other				
	6,750	1.7	6,285	6,635
SUBORDINATED DEBT				
	112,032	2.8	112,024	108,962
OTHER CUSTOMER FUNDS MANAGED	45,014	2.3	44,772	43,985
Mutual funds	39,160	9.3	38,265	35,836
Pension funds	27,858	(4.4)	28,987	29,141
Customers' portfolios and assets				
	291,401	1.7	294,795	286,464
TOTAL CUSTOMER FUNDS MANAGED				
MEMORANDUM ITEM (excluding Argentina and Brazil):	176,863	1.8	180,328	173,797
Balance sheet carried in customer funds	109,187	2.9	109,135	106,135
Other customer funds managed	286,050	2.2	289,463	279,932
Total customer funds managed				

Total customer funds managed (1)

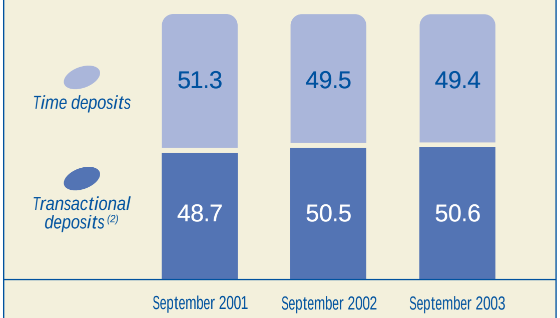
(Billions of euros)



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

Deposits breakdown (1)

(Percentage)



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

Other customer funds managed
(Millions of euros)

	30-09-03	Δ% (YoY)	30-06-03	30-09-02
SPAIN	58,281	7.0	56,830	54,474
MUTUAL FUNDS	35,818	6.4	34,619	33,676
Mutual Funds (ex Real Estate)	35,314	5.8	34,177	33,391
• Money Market	10,788	5.6	10,653	10,213
• Fixed-income	11,552	(6.4)	11,995	12,345
Of which: Guaranteed	6,005	(4.8)	6,323	6,308
• Balanced	2,602	(22.3)	2,765	3,350
Of which: International funds	2,496	(7.3)	2,653	2,692
• Equities	9,808	42.1	8,174	6,900
Of which: Guaranteed	6,961	66.6	5,392	4,179
International funds	2,316	0.3	2,278	2,310
• Global	564	(3.2)	590	583
Real Estate Mutual Funds	504	77.3	442	285
PENSION FUNDS	11,475	11.6	11,358	10,284
Individual pension plans	5,836	14.5	5,761	5,097
Corporate pension funds	5,639	8.7	5,597	5,187
CUSTOMER PORTFOLIOS AND ASSETS	10,988	4.5	10,853	10,514
REST OF THE WORLD	53,751	(1.4)	55,194	54,488
Mutual funds	9,196	(10.8)	10,153	10,309
Pension funds	27,685	8.4	26,907	25,552
Customer portfolios and assets	16,870	(9.4)	18,134	18,627
OTHER CUSTOMER FUNDS MANAGED	112,032	2.8	112,024	108,962

Goodwill in consolidation
(Millions of euros)

	30-09-03	Δ% (YoY)	30-06-03	30-09-02
Global and proportional integration method	2,624	(12.8)	2,710	3,009
• Banks in America	1,908	(9.2)	1,975	2,100
• Pension fund management companies in America	464	(25.2)	474	621
• Other	252	(12.4)	261	288
Carried by the equity method	1,335	(6.2)	1,396	1,422
GOODWILL IN CONSOLIDATION	3,959	(10.7)	4,106	4,431

Capital base

Capital base (BIS rules)

(Millions of euros)

	30-09-03	30-06-03	30-09-02
CAPITAL (TIER I)	13,875	13,627	13,856
Capital	1,566	1,566	1,566
Reserves (1)	10,295	10,276	10,337
Minority interests	5,303	5,449	5,848
• Preference shares	3,561	3,567	4,021
• Other	1,742	1,882	1,827
Deductions	(4,454)	(4,544)	(4,976)
• Goodwill	(3,959)	(4,106)	(4,431)
• Other	(495)	(438)	(545)
Attributable net income	1,739	1,167	1,655
Dividends	(574)	(287)	(574)
CAPITAL (TIER II)	7,270	6,469	6,617
Subordinated debt	5,245	4,695	5,017
Revaluation reserves and other	2,849	2,639	2,388
Deductions	(824)	(865)	(788)
TOTAL CAPITAL BASE	21,145	20,096	20,473
Minimum equity required	14,887	14,707	14,777
CAPITAL BASE SURPLUS	6,258	5,389	5,696
MEMORANDUM ITEM:			
Risk-weighted assets	169,175	167,761	163,275
BIS RATIO (%)	12.5	12.0	12.6
CORE CAPITAL	6.1	6.0	6.0
TIER I (%)	8.2	8.1	8.5
TIER II (%)	4.3	3.9	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

	30-09-03	30-06-03	30-09-02
Number of shareholders	1,179,013	1,183,969	1,189,047
Number of shares issued	3,195,852,043	3,195,852,043	3,195,852,043
Daily average number of shares traded	32,177,422	31,966,836	23,342,188
Daily average trading (millions of euros)	288.70	278.77	278.26
Maximum price (euros)	10.39	10.39	14.21
Minimum price (euros)	6.83	6.83	7.15
Closing price (euros)	8.86	9.15	7.56
Book value per share (euros)	4.11	4.11	4.09
Market capitalisation (millions of euros)	28,315	29,242	24,161

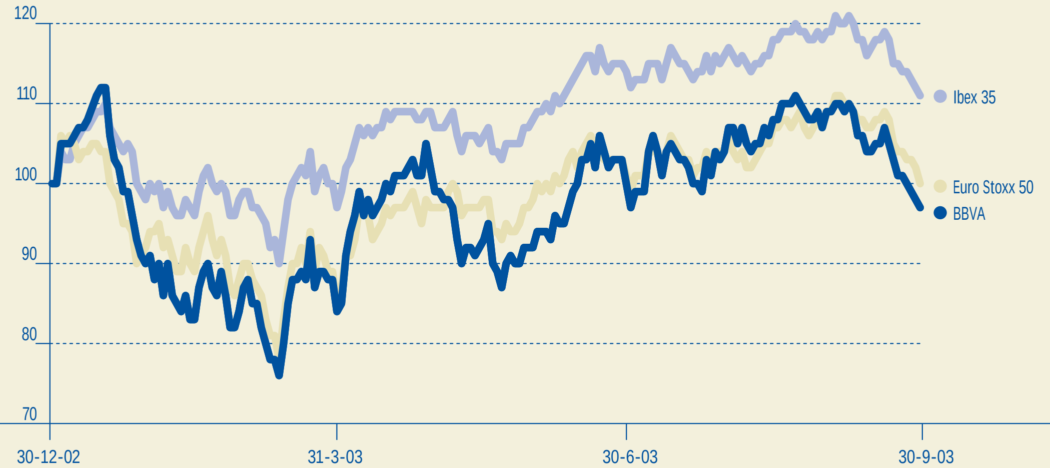
Stock performance ratios

	30-09-03	30-06-03	30-09-02
Price/Book value (times)	2.2	2.2	1.8
PER (Price Earning Ratio; times) (1)	13.2	13.9	14.1
Yield (Dividend/Price; %) (2)	3.95	3.83	4.60

(1) PER at 30-09-03 is calculated using the median of the profit estimated by analysts (October 2003).
(2) Dividend yield at 30-09-03 is calculated using the median of analysts' estimates (October 2003).

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 Quarterly 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)

	9M03	Δ% (YoY)	9M02
Retail Banking in Spain and Portugal	914	0.5	909
Wholesale and Investment Banking	338	37.0	247
America	531	(3.3)	550
Corporate Activities	(44)	(12.8)	(51)
ATTRIBUTABLE NET INCOME	1,739	5.1	1,655

ROE and efficiency

(Percentage)

	ROE		Cost/Income Ratio	
	9M03	9M02	9M03	9M02
Retail Banking in Spain and Portugal	30.5	32.5	45.1	45.8
Wholesale and Investment Banking	22.3	16.6	30.1	35.6
America	23.5	22.1	43.5	45.5
BBVA GROUP	19.2	17.4	46.1 (1)	47.5 (1)

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

Retail Banking in Spain and Portugal

Income statement

(Millions of euros)

	Retail Banking in Spain and Portugal			Memorandum item: Commercial & SME Banking		Asset Management and Private Banking	
	9M03	Δ% (YoY)	9M02	9M03	Δ% (YoY)	9M03	Δ% (YoY)
NET INTEREST INCOME	2,411	1.4	2,378	2,166	0.8	30	(23.0)
Net fee income	1,067	(1.3)	1,082	906	0.1	148	(8.5)
CORE REVENUES	3,478	0.5	3,460	3,072	0.6	178	(11.3)
Net trading income	34	(6.6)	36	30	(16.3)	-	n.m.
ORDINARY REVENUES	3,512	0.4	3,496	3,102	0.4	178	(9.6)
Personnel costs	(1,038)	(0.8)	(1,047)	(943)	(1.2)	(40)	10.4
General expenses	(544)	(1.6)	(553)	(475)	(0.2)	(23)	5.6
GENERAL ADMINISTRATIVE EXPENSES	(1,582)	(1.1)	(1,600)	(1,418)	(0.9)	(63)	8.6
Depreciation and amortization	(87)	(5.8)	(92)	(77)	(5.1)	(3)	(8.4)
Other operating revenues and expenses	(39)	(2.2)	(39)	(37)	(1.5)	-	(8.3)
OPERATING PROFIT	1,804	2.2	1,765	1,570	1.9	112	(17.4)
Net income from companies under the equity method	13	n.m.	-	(2)	(51.1)	2	(35.7)
Amortization of goodwill	-	-	-	-	-	-	-
Net income on Group transactions	-	-	-	-	-	-	-
Net loan loss provisions	(370)	16.8	(317)	(339)	18.8	(4)	108.4
Extraordinary items (net) and other	7	84.9	4	8	100.9	(3)	(52.0)
PRE-TAX PROFIT	1,454	0.1	1,452	1,237	(1.4)	107	(18.5)
Corporate income tax	(478)	(0.5)	(480)	(412)	(1.8)	(35)	(18.1)
NET INCOME	976	0.5	972	825	(1.2)	72	(18.7)
Minority interests	(62)	(0.7)	(63)	(53)	(7.8)	(5)	(9.8)
ATTRIBUTABLE NET INCOME	914	0.5	909	772	(0.8)	67	(19.3)

Balance Sheet

(Millions of euros)

	30-09-03	Δ% (YoY)	30-09-02	30-09-03	Δ% (YoY)	30-09-03	Δ% (YoY)
Total lending	86,923	12.6	77,209	81,126	12.9	746	0.4
Securities portfolio	529	82.1	291	9	(34.4)	281	206.7
Cash. interbank & monetary assets	2,302	(38.8)	3,762	1,133	7.0	174	(91.7)
Inter-area positions	15,710	2.9	15,264	14,310	0.8	1,129	24.1
Property and equipment	654	(1.3)	663	538	0.4	8	(46.7)
Other assets	743	(3.2)	767	464	(7.9)	38	(1.1)
TOTAL ASSETS/LIABILITIES	106,861	9.1	97,956	97,580	10.6	2,376	(38.9)
Deposits	50,252	(1.9)	51,249	46,366	1.2	1,276	(54.3)
Debt securities	6	(56.7)	14	-	-	-	-
Income for the period	976	0.5	972	825	(1.2)	72	(18.7)
Equity	7,027	6.4	6,606	5,816	6.7	573	10.8
• Shareholders' funds	4,043	6.2	3,806	3,355	6.6	340	10.6
• Other eligible funds	2,984	6.6	2,800	2,461	6.8	233	11.1
Interbank accounts	3,358	35.7	2,474	92	243.4	6	(98.0)
Inter-area positions	42,047	24.8	33,686	41,634	24.4	320	133.3
Other liabilities	3,195	8.1	2,955	2,847	9.6	129	65.9
OTHER CUSTOMER FUNDS MANAGED							
• Mutual funds	35,449	7.1	33,107	31,266 (1)	(2.7)	3,774 (1)	n.m.
• Pension funds	11,678	12.3	10,397	5,504 (2)	9.6	5,977 (2)	13.3
• Customer portfolios and assets (3)	7,023	(41.4)	11,975	721	(50.7)	6,302	(40.1)

Relevant ratios

(Percentage)

	30-09-03	30-09-02	30-09-03	30-09-03
ROE	30.5	32.5	31.1	27.6
Cost/income ratio	45.1	45.8	45.7	35.3
NPL ratio	0.91	1.04	0.87	0.02
Coverage ratio	263.2	211.3	272.4	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 6.7% and 9.2% 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 13,9% and 9,4% 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).

This area comprises the retail business, asset management and private banking business conducted by the Group in Spain and Portugal: individuals, businesses, SMEs, mutual and pension fund management and private banking, capital equipment and car financing, credit and debit cards and renting (Finanzia), e-banking (Uno-e) and insurance related activities.

The results to the end of September confirm the positive operating trends already present in earlier quarters. Year-on-year increases have improved both in lending activity and deposit gathering resulting in an overall improvement of results. Attributable profit from the first nine months of the year has risen to 914 million euros, resulting in an ROA of 30.5%. Meanwhile, operating income for the third quarter was 4.5% higher than for the same period in 2002; the year to date figures showing an aggregate figure of 1,804 million euros, a year-on-year increase of 2.2%, coming from higher core revenues and tighter control of operating costs.

The year-to-date net interest income to September, 2,411 million euros, is 1.4% higher than for the same period last year. It has been driven by higher lending and deposit volumes and well-focussed price management, which have offset the effect of lower interest rates on customer spreads.

Year-on-year growth in the loan book has gone up to 12.6% as of 30-9-03 (up from 11.5% as of 30-6-03) and average balances to 12.9%, with all sectors contributing to the improvement: individual customers lending rose 13.3% (17.4% in residential mortgages), SMEs 12.5% and businesses 14.5%.

Customer funds have gone down 1.9% year on year, due to a lower figure for assets sold with repurchase agreement and the loss of the Spanish Courts' account, since if these effects are adjusted, customer deposits actually went up 4.6%. Total customer funds managed by this area (including not just deposits but also mutual and pension funds) grew 5.9% as of 30-9-03 (6.7% in average balances, compared to 5.2% as of 30-6-03). Current and savings accounts increased 4.7% in average balances, whilst stable customer funds (time-deposits and mutual funds) showed a 7.7% increase (9.1% in average balances, compared to 6.8% to 30-6-03).

The customer fund activity has been boosted by the satisfactory uptake of the innovative mutual funds launched by BBVA this quarter. In July, BBVA launched its BBVA 5x5 Extragarantizado Fund –which allowed customers, without any risk, to take advantage of a possible bullish stock market in the next few years. The Bank guarantees 100% of the capital invested, in line with its strategy of providing customers safe, high-yield investment opportunities. Following up on the success this fund achieved in July and August, traditionally low-season months, a more commercially aggressive version was launched in September. This was the BBVA Extra 5 Garantizado Fund, which incorporates an immediate cash back of 5% on subscription. It has raised over 1,200 million euros as of 30-9-03. These products have boosted the Group's market share in high value-added funds (both guaranteed and equity funds) by 30 basis points in the third quarter, thereby consolidating BBVA's already outstanding position in this market.

The third-quarter increase in assets under management in its mutual funds is reflected in the higher fees collected on this activity. These have gone up 3.9% against the second quarter, confirming the recovery initiated earlier in the year. Although in cumulative terms, management fees from pension and mutual funds are lower than they were in the same period of 2002, the trend is clearly positive: declines of 8.8% to September, 12.1% to June and 15.2% to March. Banking services fees have successfully maintained year-on-year growth of 10.1%. This growth was especially marked in debit and credit cards (+14.5%) and in insurance products (+11.2%), such that total fee revenues have only gone down 1.3% in the year to date (3.6% in the first half and 5.7% in the first quarter).

Costs have been maintained at the same level as in previous quarters, resulting in a 1.1% year-on-year drop for January-September. Along with the higher core revenues, this has meant further progress in the cost-income ratio to 45.1%.

Commercial and SME Banking, which accounts for over 84% of the income and earnings in the Area, has shown an operating profit of 1.57 billion euros in the first nine months of the year, growing 1.9% against the same period in 2002. Ordinary revenues have remained practically stable, whilst operating costs have gone down 0.9%. Lending provisions have increased 18.8%, from higher contributions to the statistical and the generic reserves, mainly as a result of increased activity, since the NPL rate has remained stable at 0.87%. With all this, attributable profit has reached 772 million euros, a similar level to the same period of 2002.

The ongoing endeavour to optimise the branch network has led to new offices being opened in areas of urban expansion with high growth potential for banking, and the closure of branches in areas where there was excess capacity. The closures have been based strictly on efficiency criteria, such that business has not been affected. Thirty branches were opened over the first nine months of 2003, whilst 77 branches have been closed (39 of them in the first quarter).

Over recent months, the dynamism in lending activity has been driven not just by residential mortgage, as in the past, but also by the SMEs and businesses. This quarter, various measures have been taken to broaden the range of Commercial Financial Services for these segments: the launch of Ofirent Plus (advice and finance renting for companies wishing to buy new technology, communication systems and hardware); an extended range of mutual funds for SMEs; distribution of treasury products for SMEs over the branch network to help hedge interest rate risk and exchange rate risk and optimise cash flows; the launch of medium and long-term fixed-rate financing products; and new insurance products (Multiriesgo Negocios) specifically designed for this segment.

In a context of relatively flat equity markets in the third quarter, total funds under management in Asset Management and Private Banking, including funds marketed through the branch network, have grown 2.2% since 30-6-03. The funds under management of the Group’s fund manager, BBVA Gestión, have gone up 6.8% since year-end 2002, while the Private Banking business is now managing funds worth over 11,500 million euros to 30-9-03.

In mutual funds, apart from our customers’ positive uptake of recently marketed guaranteed funds, the latest data also show that BBVA funds’ performance has exceeded the system average by 10 basis points. Average fees in BBVA Gestión are also higher than the industry average, both in the last quarter and in the year to date.

The launch of the new “BBVA Plan Ranking” has increased the amount of pension funds raised against last year's figures. This has reinforced the Group’s positive track record in the pension business, in which BBVA is the market leader in Spain.

Private Banking has been significantly overhauled during 2003, establishing firm foundations to provide personalised financial services, to capture the business opportunities offered by this customer segment. Thus, the network of Personal Banking branches in Spain and the smaller network of BBVA Privanza have been integrated into one business unit. A new unit has been created BBVA Patrimonios, targetting the upper end of the market (customers with financial net worth of over 2 million euros).

In Portugal, implementing various commercial plans has grown the mortgage business by over 34% in the last twelve months, increasing BBVA’s market share. Greater volumes have enabled the Bank to maintain net interest income at a time of low interest rates. Meanwhile, operating costs have gone down 1.4%.

The Seguros Europa unit comprises various units in Spain and Portugal, operating both in direct insurance and in reinsurance and broking. The Group is leader in Spain both in life insurance business for individuals and collective social benefit policies. In the first nine months of 2003, it has obtained a pre-tax profit of 176 million euros, a 23.5% increase over the same period of last year, of which 91 million were booked in the retail banking income statement (for the marketing of these products).

Wholesale and Investment Banking

Income statement

(Millions of euros)

	Wholesale and Investment Banking			Memorandum item: Wholesale Banking		Memorandum item: Markets	
	9M03	Δ% (YoY)	9M02	9M03	Δ% (YoY)	9M03	Δ% (YoY)
NET INTEREST INCOME	519	(9.5)	573	379	(1.4)	98	(32.1)
Net fee income	136	(7.9)	148	103	5.4	36	(32.3)
CORE REVENUES	655	(9.2)	721	482	-	134	(32.2)
Net trading income	89	n.m.	(28)	16	139.1	57	n.m.
ORDINARY REVENUES	744	7.3	693	498	1.9	191	5.9
Personnel costs	(147)	(6.8)	(158)	(87)	(1.1)	(51)	(14.6)
General expenses	(77)	(13.8)	(89)	(36)	(10.1)	(38)	(18.6)
GENERAL ADMINISTRATIVE EXPENSES	(224)	(9.3)	(247)	(123)	(3.9)	(89)	(16.3)
Depreciation and amortization	(9)	3.9	(8)	(4)	(5.9)	(5)	10.7
Other operating revenues and expenses	(4)	125.7	(2)	(2)	20.9	(1)	n.m.
OPERATING PROFIT	507	16.4	436	369	3.9	96	37.4
Net income from companies under the equity method	35	n.m.	(10)	2	(18.1)	-	-
Amortization of goodwill	(2)	(62.0)	(5)	-	-	-	-
Net income on Group transactions	32	(33.7)	48	-	-	-	n.m.
Net loan loss provisions	(95)	(10.4)	(106)	(86)	(16.7)	(2)	(3.5)
Extraordinary items (net) and other	(1)	71.7	(1)	-	55.9	(21)	n.m.
PRE-TAX PROFIT	476	31.3	362	285	12.3	73	13.7
Corporate income tax	(107)	30.5	(81)	(84)	17.6	(12)	54.9
NET INCOME	369	31.5	281	201	10.2	61	8.1
Minority interests	(31)	(7.8)	(34)	(22)	(3.9)	(5)	(7.0)
ATTRIBUTABLE NET INCOME	338	37.0	247	179	12.3	56	9.7

Balance Sheet

(Millions of euros)

	30-09-03	Δ% (YoY)	30-09-02	30-09-03	Δ% (YoY)	30-09-03	Δ% (YoY)
Total lending	40,161	0.7	39,871	36,801	(3.4)	3,195	88.8
Securities portfolio	27,916	6.1	26,319	3,741	(4.6)	23,218	8.3
Cash. interbank & monetary assets	41,518	5.7	39,294	12,016	54.2	29,277	(5.9)
Inter-area positions	42,842	6.6	40,194	-	n.m.	42,816	7.5
Property and equipment	46	27.5	36	40	41.7	6	(24.9)
Other assets	6,689	(0.1)	6,695	503	(10.7)	6,122	0.9
TOTAL ASSETS/LIABILITIES	159,172	4.4	152,409	53,101	5.4	104,634	4.5
Deposits	48,122	18.0	40,794	19,340	2.2	28,732	31.7
Debt securities	6,129	43.2	4,281	6,129	43.2	-	-
Income for the period	369	31.5	281	201	10.2	61	8.1
Equity	3,598	9.4	3,290	2,241	11.4	651	34.7
• Shareholders' funds	2,109	7.6	1,961	1,197	10.1	388	37.6
• Other eligible funds	1,489	12.1	1,329	1,044	12.9	263	30.7
Interbank accounts	69,913	3.0	67,860	8,544	(2.8)	61,352	3.9
Inter-area positions	23,274	(19.1)	28,773	15,491	3.6	7,282	(43.1)
Other liabilities	7,767	8.9	7,130	1,155	(7.6)	6,556	10.8
OTHER CUSTOMER FUNDS MANAGED							
• Mutual funds	777	8.1	719	777	8.1	-	-
• Pension funds	2	-	2	2	-	-	-
• Customer portfolios and assets (1)	3,965	268.5	1,076	3,965	268.5	-	-

Relevant ratios

(Percentage)

	30-09-03	30-09-02	30-09-03	30-09-03
ROE	22.3	16.6	20.3	21.9
Cost/income ratio	30.1	35.6	24.6	46.7
NPL ratio	1.04	1.11	1.12	0.06
Coverage ratio	143.4	150.7	136.4	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).

Wholesale and Investment Banking comprises the domestic and international business of Global Corporate Banking; Institutional Banking and, as part of the Global Markets and Distribution Unit, the trading rooms in Europe and in New York; equity and bond distribution, and depository and custodial services. It also includes the Private Equity and Real Estate Projects Unit and Global Transactional Services, which covers products such as cash management, factoring, confirming and trade finance.

The strength of the Group's services in these business activities resulted in attributable profit rising to 338 million euros in the first nine months of the year. Year-on-year growth was 37.0%. Of this amount, Wholesale Banking accounted for 179 million euros, Global Markets and Distribution contributed 56 million euros while Private Equity and Real Estate Projects accounted for 103 million euros. The ROE for this area rose to 22.3%, compared to 16.6% in the same period of the previous year.

Appropriate management of interest spreads in lending activities (where volume in the first nine months of the year is higher than the same period in 2002) and higher returns on trading income, boosted ordinary revenues which increased 7.3% year-on-year. Together with constant cost control, which has reduced costs by 9.3%, this improved the cost/income ratio to 30.1% (a year-on-year improvement of 5.5 percentage points). Operating profit rose by 16.4% to 507 million euros.

With regard to lending, attention is drawn to the prudent policy of risk management in this area. Year-on-year growth in lending was 0.7% and the NPL ratio fell to 1.04% at 30th September 2003 (1.24% at 31st December 2002). Coverage also increased to 143.4% (128.5% at 31st December 2002). On the other hand, customer deposits grew by 18.0% year-on-year, with Wholesale Banking posting a 2.2% increase (a 6.2% rise excluding repos and the effect of the closure of the Law Courts account) and a higher increase in the rest of the business units.

Wholesale Banking, which covers Global Corporate Banking and Institutional Banking, generated attributable profits of 179 million euros in the year to September, an increase of 12.3%. Of this amount, Global Corporate Banking accounted for 115 million euros (a 9.4% rise) and Institutional Banking contributed 64 million euros (a year-on-year increase of 19.3%).

Operations in Global Corporate Banking during the third quarter included syndicated loans of 800 million euros for Fomento de Construcciones y Contratas and 155 million euros for Europistas Concesionaria Española. In close co-operation with Global Markets and Distribution, the following notable operations related to fixed income securities were conducted by BBVA: a bond issue of 1,000 million euros for Repsol International Finance; the first bond issue, of 1,100 million euros, for Altadis (the tobacco company); the issue of 600 million euros of BBVA subordinate debt; a 400-million euro structured operation for Caminhos de Ferro Portugueses, Polo III; and a 200-million euro extension of the 500-million euro issue for Iberdrola in February.

In corporate finance, the most important operation was the position as advisor to Acciona in its acquisition of 50% of Corporación de Energía Hidroeléctrica de Navarra for a total amount of 383 million euros.

Institutional Banking is the unit which specialises in providing services to public and private institutions in Spain, Brussels and Portugal. The main features of its balance sheet highlight growth with increases of 7.2% in lending and 6.7% in customer funds, excluding the effect of the closure of the Law Courts account.

In the third quarter of 2003, Institutional Banking strengthened its position with the Spanish Central Government and was the successful bidder for management of the payroll accounts of the Ministry of Foreign Affairs and for the provision of financial services to the Severance Guarantee Fund. It also signed a financial co-operation agreement with ANAPAL (the national lottery association) that covers a wide range of products and services for its associated establishments.

Global Markets and Distribution finished the third quarter with a year-on-year increase of 37.4% in operating profit. This was mainly due to good results on financial transactions and cost control. This unit's revenues are mainly based on business volumes (where operations came to more than 2,500 billion euros) which adds stability to the income statement. The international network continued to develop contacts with companies and institutional investors through the offices in New York (especially in placement of fixed income securities of Latin-American issuers), London, Paris, Milan and Lisbon.

Trading income during the quarter was very acceptable, and those stemming from management of the sharp fluctuations in interest rates and positions taken in regard to euro and dollar interest rate curves were particularly significant. The quarter was also favourable for lending operations, due to the general decline in spreads in other sectors and the volatility in equities.

The Markets unit also provided coverage for the new BBVA mutual funds (*BBVA 5x5 Extragarantizado* and *BBVA Extra 5 Garantizado*) which were distributed through the branch network. This type of fund requires sophisticated forms of hedging that were designed by the Markets unit which also sells this service to other banks. Attention is also drawn to BBVA's work as the exclusive agent bank in the acquisition of Banco Zaragozano by Barclays Bank.

BBVA also consolidated its leadership in the AIAF (the brokers' association) ranking for fixed-income securities with a market share of 30.8% (based on the latest figures at 31st August). It is also the leading operator in transactions on the electronic continuous market with 11.0% of total volume and the leading operator on the Spanish Stock Exchange (13.2%). In addition, *Global Finance* recognised BBVA as the best depository bank for securities in the Spanish market in 2003. It obtained top marks for its settlement, custody and control services for Spanish securities owned by foreign entities.

With regard to Global Transactional Services and financing of international commerce by Spanish companies involving buyer risk, new loans during the year have reached nearly 500 million dollars (year-on-year growth of 7%) despite the economic environment in the countries that are the natural markets for Spanish goods and services. With regard to factoring and confirming, BBVA continues to be the unquestionable leader in the Spanish market with a market share of more than 36% at 30th June 2003 and volume growth of more than 10%.

At 30th September 2003 the Private Equity and Real Estate Projects unit was managing a portfolio of 101 investments with a book value of more than 1,050 million euros and latent capital gains of 591 million euros.

As part of its portfolio turnover policy, BBVA has divested in holdings of more than 210 million euros in the year to date, generating capital gains of close to 70 million euros. In the third quarter Corporación IBV (in which BBVA has a 50% stake) sold 6% of Gamesa Corporación Tecnológica in a “bought deal” operation that generated capital gains of 30 million euros for BBVA. Following this operation, Corporación IBV holds 31.8% of Gamesa.

The attributable profit contributed by the unit in the first nine months of the year came to 103 million euros – compared to 40 million euros in the previous year.

America

Income statement

(Millions of euros)

	9M03	Δ% (YoY)	Δ% at constant exchange rate	9M02
NET INTEREST INCOME	2,134	(18.1)	12.0	2,607
Net fee income	1,238	(15.0)	10.9	1,456
CORE REVENUES	3,372	(17.0)	11.6	4,063
Net trading income	141	(45.1)	(22.6)	257
ORDINARY REVENUES	3,513	(18.7)	9.6	4,320
Personnel costs	(861)	(22.9)	4.1	(1,116)
General expenses	(668)	(21.3)	6.7	(849)
GENERAL ADMINISTRATIVE EXPENSES	(1,529)	(22.2)	5.2	(1,965)
Depreciation and amortization	(162)	(26.3)	(1.2)	(220)
Other operating revenues and expenses	(107)	(23.6)	4.0	(140)
OPERATING PROFIT	1,715	(14.0)	15.6	1,995
Net income from companies under the equity method	34	179.7	n.m.	12
Amortization of goodwill	-	-	-	-
Net income on Group transactions	13	n.m.	n.m.	(3)
Net loan loss provisions	(422)	(23.1)	5.5	(549)
Extraordinary items (net) and other	(184)	(6.5)	44.8	(195)
PRE-TAX PROFIT	1,156	(8.2)	20.0	1,260
Corporate income tax	(288)	(7.0)	23.7	(310)
NET INCOME	868	(8.6)	18.9	950
Minority interests	(337)	(15.8)	11.5	(400)
ATTRIBUTABLE NET INCOME	531	(3.3)	24.1	550

Balance Sheet

(Millions of euros)

	30-09-03	Δ% (YoY)	30-09-02
Total lending	23,750	(15.7)	28,185
Securities portfolio	25,073	(14.4)	29,279
Cash. interbank & monetary assets	19,778	18.5	16,695
Inter-area positions	410	40.5	292
Property and equipment	2,046	(22.2)	2,629
Other assets	6,152	(18.7)	7,564
TOTAL ASSETS/LIABILITIES	77,209	(8.8)	84,644
Deposits	46,878	(15.1)	55,222
Debt securities	1,314	(14.3)	1,532
Income for the period	868	(8.6)	950
Equity	4,718	(4.0)	4,913
• Shareholders' funds	2,946	(3.3)	3,045
• Other eligible funds	1,772	(5.1)	1,868
Interbank accounts	14,414	17.7	12,242
Inter-area positions	635	(14.7)	744
Other liabilities	8,382	(7.3)	9,041
OTHER CUSTOMER FUNDS MANAGED			
• Mutual funds	8,673	(8.3)	9,462
• Pension funds	24,772	6.2	23,325
• Customer portfolios and assets [1]	17,099	6.4	16,072

Relevant ratios

(Percentage)

	30-09-03	30-09-02
ROE	23.5	22.1
Cost/income ratio	43.5	45.5
NPL ratio	4.16	3.88
Coverage ratio	185.4	226.8

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

The Americas business area includes the banks, pension fund managers and insurance companies of the BBVA Group on that continent plus the international private banking business. The attached financial statements, however, exclude the figures for Argentina, which are included in Corporate Activities.

In general the macro-economic improvement in the region continued in the third quarter. However, from the point of view of banking operations, the downturn in interest rates increased pressure on earnings. The exchange rates for most local currencies against the dollar have stabilised (but not for the dollar against the euro) and the effect of depreciation has been curbed compared to 2002.

The strategy in this area continues to differentiate between the different countries and markets according to their economic environment and the competitive position of the Group. However, in this context it is mainly concerned with selective growth of lending, plans to bolster fee income, a constant focus on cost efficiency and a highly conservative approach to the creation of provisions.

Attributable profit in the third quarter rose to 188 million euros which is 11.7% higher than the same quarter in 2002 in current euros. Thus the improvement due to better business management has more than absorbed the impact of currency depreciation in this period. In the first nine months of the year attributable profit has risen to 531 million euros. This is an increase of 24.1% at constant exchange rates and a decline of only 3.3% at current rates (compared to a decline of 9.9% in the first half and a decline of 18.9% in the first quarter). Of this figure, 298 million euros were contributed by Mexico, 135 euros came from Banking in America, 43 million euros came from Pensions and Insurance America and 55 million euros from International Private Banking.

The attached table contains a column showing the percentage variation of the different lines of the income statement at constant exchange rates. These are the figures that will be used from here onwards as they are more significant from the point of view of analysis.

Stated in this way, net interest income obtained by this area in the nine months to September, continues to reflect high growth (12.0%) despite sharp drops in interest rates, especially in countries such as Mexico and Venezuela which weigh on the quarterly figures. On the other hand, growth in net fee income accelerated compared to the first half due to measures taken previously. Trading income in the third quarter was clearly lower than that of the second quarter due to less opportunities for action in the markets. Operating costs were the same as the second quarter. This meant that operating profit for the nine months to September grew by 15.6% compared to the previous year. It should be noted that the cost / income ratio continues to improve. The current level is 43.5% and this is two hundred basis points less than a year ago. Furthermore, the ratio of net fee income to costs rose to 81.0%. This is nearly 7 points higher than in the first nine months of 2002. The quarterly figure for loan loss provisions was similar to the previous quarter and to the third quarter of 2002. Thus the cumulative year-on-year increase was 5.5%.

With regard to business activity, the sum of customer funds in the balance sheet and mutual funds recorded a year-on-year decline of 14.1% at current exchange rates. This figure would show an increase of 3.8%, at constant exchange rates. Considering solely traditional deposit-taking by the branch network and the mutual funds of all the Group's banks in the region, growth over the last 12 months was 12.3% in average balances (13.2% in Mexico).

Lending shows a decline of 15.7% at current exchange rates but this would become an increase of 1.7% at constant rates. Excluding the old mortgage portfolio at Bancomer and doubtful loans, lending growth is 7.6% in average balances (9.4% in Mexico).

The non-performing loan ratio in this area at 30th September 2003 fell to 4.16%, compared to 4.40% at the end of June. This included a reduction in Mexico, from 4.33% to 3.96%, as well as reductions in Venezuela, Peru, Colombia and Puerto Rico. Coverage is now 185% (259% in Mexico).

In Mexico the third quarter was characterised by further fluctuations in interest rates. Short-term rates continued to fall although more gradually than in previous months. On the other hand, medium-term rates followed the trend in the North American market and rose in July. This had an impact on trading income, which was practically zero in the quarter.

However, appropriate management action helped to absorb this impact and maintain the upward trend of the more recurrent earnings. Thus attributable profit in Mexico came to 103 millions in euros in the quarter (the highest quarterly figure since the beginning of 2002 in terms of constant euros) and to 298 million euros in

Income statement

(Millions of euros)

Memorandum item:	Mexico 9M03	Mexico ∆% (YoY)	Mexico ∆% at constant exchange rate	Banking in America 9M03	Banking in America ∆% (YoY)	Banking in America ∆% at constant exchange rate
NET INTEREST INCOME	1,381	(15.8)	13.0	709	(22.1)	13.1
Net fee income	844	(12.4)	17.5	167	(21.4)	10.1
CORE REVENUES	2,225	(14.5)	14.7	876	(22.0)	12.5
Net trading income	73	(29.6)	(5.5)	41	(68.5)	(50.9)
ORDINARY REVENUES	2,298	(15.1)	13.9	917	(26.8)	6.4
Personnel costs	(544)	(22.8)	3.6	(238)	(26.4)	6.0
General expenses	(416)	(23.1)	3.1	(202)	(21.0)	14.0
GENERAL ADMINISTRATIVE EXPENSES	(960)	(23.0)	3.4	(440)	(24.0)	9.5
Depreciation and amortization	(101)	(24.9)	0.7	(49)	(32.8)	(6.5)
Other operating revenues and expenses	(92)	(22.1)	4.5	(15)	(27.2)	8.5
OPERATING PROFIT	1,145	(5.2)	27.2	413	(28.8)	4.9
Net income from companies under the equity method	23	n.m.	n.m.	1	(87.4)	(81.5)
Amortization of goodwill	-	-	-	-	-	-
Net income on Group transactions	-	-	-	-	-	-
Net loan loss provisions	(346)	7.0	43.6	(74)	(67.2)	(53.6)
Extraordinary items (net) and other	(94)	n.m.	n.m.	(81)	(51.9)	(22.8)
PRE-TAX PROFIT	728	(14.1)	15.3	259	32.8	90.8
Corporate income tax	(224)	(14.1)	15.3	(42)	37.1	81.5
NET INCOME	504	(14.1)	15.2	217	32.0	92.7
Minority interests	(206)	(22.8)	3.6	(82)	17.9	87.4
ATTRIBUTABLE NET INCOME	298	(6.9)	25.0	135	42.4	96.1

Balance Sheet

(Millions of euros)

	30-09-03	∆% (YoY)	30-09-03	∆% (YoY)
Total lending	12,864	(20.9)	9,287	(9.9)
Securities portfolio	20,399	(16.3)	4,015	(3.6)
Cash. interbank & monetary assets	12,886	37.7	3,260	22.0
Inter-area positions	103	n.m.	18	n.m.
Property and equipment	1,284	(30.6)	641	(2.9)
Other assets	5,030	(16.5)	827	(24.1)
TOTAL ASSETS/LIABILITIES	52,566	(9.2)	18,048	(4.5)
Deposits	29,914	(19.4)	12,922	(1.1)
Debt securities	838	(17.4)	475	(8.2)
Income for the period	504	(14.1)	217	32.0
Equity	2,530	1.6	1,243	(17.4)
• Shareholders' funds	1,437	8.5	909	(18.2)
• Other eligible funds	1,093	(6.2)	334	(15.3)
Interbank accounts	11,802	28.6	1,748	(15.4)
Inter-area positions	134	154.2	18	n.m.
Other liabilities	6,844	(8.2)	1,425	(9.3)
OTHER CUSTOMER FUNDS MANAGED				
• Mutual funds	5,442	(10.3)	914	3.7
• Pension funds	6,424	0.4	18,348	8.4
• Customer portfolios and assets	6,430	(21.7)	387	127.6

Relevant ratios

(Percentage)

	30-09-03	30-09-03
ROE	26.6	18.3
Cost/income ratio	41.8	48.0
NPL ratio	3.96	5.09
Coverage ratio	259.2	102.5

the first nine months – year-on-year growth of 25.0%. In terms of business areas, banking contributed 212 million euros, pensions 46 million euros and insurance 39 million euros – all increasing significantly.

The strength shown in net interest income, which grew by 13.0% year-on-year in the 9 months to September despite a sharp decline in interest rates, was the result of efforts to improve customer spreads through price management, an increase in the volume of loans with higher margins and a reduction in the higher-cost liabilities.

Net fee income continued to grow in the first nine months of the year, increasing by 17.5% compared to the same period in 2002. The biggest contributors were the traditional banking business, especially fees related to collection and payment services and fees from Afore Bancomer (pension fund administration), which came to 166 million euros, a year-on-year increase of 6.5%. This is considered adequate in view of rising unemployment. This means that net fee income now covers 87.8% of operating costs, compared to 77.3% in the same period last year.

Cost control continues to be a fundamental goal of the Group's management in Mexico. Although this quarter recorded an increase in contributions to the Bank Savings Protection Institute (IPAB) and other non-typical events, the increase in the year to September is only 3.4%.

As a result, operating profit came to 356 million euros in the third quarter and 1,145 million euros in cumulative terms. This is an increase of 27.2%. Net loan loss provisions fell for the second consecutive quarter.

Banking business continued to develop favourable especially in regard to customer funds. Deposits (taken through traditional channels) and mutual funds grew by 13.2% year-on-year in terms of average balances. They were driven by good performance of low cost liabilities such as current and savings accounts, which grew by 18.3% in average balances. Unlike the previous quarters, term deposits in pesos recovered and increased by 9.7% in average balances compared to the previous year. This was due to a slight rebound in interest rates at the end of the quarter, which encouraged transfers from mutual funds.

Excluding the old mortgage portfolio, lending grew by 9.4% in average balances in the last 12 months. Consumer lending and credit cards continued to develop well with increases of more than 20%. Corporate lending in pesos also showed signs of recovery.

Highlights from other countries in the period are commented below.

In Venezuela, Banco Provincial supported its earnings with an increase of 18% in net interest income. Expenses grew at a much lower rate than inflation and provisions declined due to the very high rate of coverage already in place. This led to a 90% increase in attributable profit, which rose to 66 million euros.

In Chile, BBVA maintained its significant advances in the banking business. This produced an increase of 21.4% in core revenues despite the tighter spreads due to changes in interest rates. Operating profit grew by 27.8% and attributable profit, at 19 million euros, was more than double the figure for last year. A further 21 million euros was obtained by Provida. This was 11.7% lower due to the higher insurance premium related to the claims rate.

Peru's Banco Continental is consolidating its position as the second bank in the country. An 8.7% increase in operating profit and a drop in provisions (following the high figures of 2002) resulted in attributable profit of 14 million euros – more than double the previous year. In addition, AFP Horizonte obtained an attributable profit of 10 million euros, an increase of 13.1%.

In Puerto Rico and despite the difficult environment created by interest rates, BBVA increased its net interest income by 4.9%. The reduction in costs and provisions meant that earnings before taxes grew by more than 20% and helped to compensate the sharp rise in taxation. Attributable profit was 29 million euros, a rise of 7.5%.

Colombia's Banco Ganadero is reaping the rewards of its business plans after sorting out its customer base. It has started to grow in profitable segments of the market and it is completing its restructuring. Net interest income grew by 13.2% in the first nine months of the year and attributable profit has now been positive in two quarters (9 million euros in the third quarter). The cumulative figure for the year is 4 million euros. AFP Horizonte contributed another 5 million euros. This was 18.8% lower due to legislation requiring a cutback in fee income and due also to increased taxation.

Among the other countries it should be noted that BBVA Panama increased attributable profit to 14 million euros, a 22.9% year-on-year increase in the nine months to September. Paraguay increased attributable profit by 46.2% in the same period, rising to 6 million euros.

Corporate Activities

Income statement

(Millions of euros)

	9M03	Δ% (YoY)	9M02
NET INTEREST INCOME	(62)	(34.4)	(94)
Net fee income	(58)	(14.8)	(68)
CORE REVENUES	(120)	(26.2)	(162)
Net trading income	184	8.0	171
ORDINARY REVENUES	64	n.m.	9
Personnel costs	(320)	2.3	(313)
General expenses	41	(47.6)	79
GENERAL ADMINISTRATIVE EXPENSES	(279)	19.2	(234)
Depreciation and amortization	(112)	(6.6)	(121)
Other operating revenues and expenses	(21)	54.1	(14)
OPERATING PROFIT	(348)	(3.2)	(360)
Net income from companies under the equity method	206	n.m.	(31)
Of which: Argentina and Brazil	43	46.4	29
Amortization of goodwill	(429)	11.2	(386)
Net income on Group transactions	349	(15.1)	411
Net loan loss provisions	4	n.m.	(206)
Extraordinary items (net) and other	49	(60.4)	126
PRE-TAX PROFIT	(169)	(62.3)	(446)
Corporate income tax	201	(59.4)	492
NET INCOME	32	(31.6)	46
Minority interests	(76)	(21.8)	(97)
ATTRIBUTABLE NET INCOME	(44)	(12.8)	(51)

Balance Sheet

(Millions of euros)

	30-09-03	Δ%	30-09-02
Total lending	(2,607)	-	(2,608)
Securities portfolio	26,869	20.6	22,272
Cash, interbank & monetary assets	(15,408)	5.8	(14,570)
Inter-area positions	6,995	(6.2)	7,454
Property and equipment	1,576	(9.1)	1,733
Other assets	6,357	1.6	6,256
TOTAL ASSETS/LIABILITIES	23,782	15.8	20,537
Deposits	(3,192)	13.4	(2,815)
Debt securities	23,509	24.3	18,918
Income for the period	32	(30.4)	46
Equity	7,181	(10.8)	8,051
• Shareholders' funds	2,878	(9.6)	3,182
• Other eligible funds	4,303	(11.6)	4,869
Interbank accounts	-	-	-
Inter-area positions	-	-	-
Other liabilities	(3,748)	2.3	(3,663)

This area comprises the Group’s holdings in large industrial companies, its strategic financial holdings, the activities and earnings of central support units such as the Assets and Liabilities Committee and other activities that, due to their nature, cannot be assigned to a particular business area. The latter include country-risk provisions and amortisation of goodwill (except that related to business projects within the Wholesale Banking Area). This area also includes the results of Group companies in Argentina and Brazil via the equity method. Their earnings came to 43 million euros in the first nine months of 2003 (against 29 million euros in the same period last year).

In Argentina, deposits at Banco Francés continued to grow in the third quarter – maintaining the positive trend since the end of last year. This improvement was mainly recorded in current and savings accounts. At the same time the interest paid on time deposits fell sharply. With regard to earnings, the third quarter witnessed improvements in the more significant revenue streams. Net interest income performed well due to the important drop in the cost of deposits, and net fee income and costs also developed positively.

During the first nine months of the year, the Large Industrial Companies Unit pursued active management of its portfolio. Together with the recovery of the stock markets, this generated earnings of 64 million euros on net trading income and capital gains of 67 million euros. Profit for the first nine months was thus 161 million euros.

With regard to the Financial Holdings Unit, capital gains of 343 million euros were recorded in the first half of 2003, arising from the take-over of Crédit Lyonnais by Crédit Agricole.

The Assets and Liabilities Committee administers the Group’s interest rate and exchange rate structure as well as its overall liquidity and shareholders’ equity. Attention is drawn to the active management of the portfolio covering structural interest-rate exposure in 2003. Following the acquisitions made during the year, this came to more than 23 billion euros at September 30th 2003. Together with other factors, it helped to increase net interest revenues in the Corporate Activities Area during the third quarter. In addition, exchange-rate coverage operations now protect more than 70% of shareholders’ equity in Mexico and Chile and 100% of those in Puerto Rico and Panama. There is additional coverage of dollar-euro positions for other countries. At the end of the third quarter the Assets and Liabilities Committee has recorded net trading income of 104 million euros and the attributable profit is 176 million euros.

The Corporate Activities Area includes operating costs of 399 million euros generated by the corporate business support areas (and not allocated to individual business areas). It also absorbed other costs of an institutional nature that cannot be assigned to a particular area (corporate IT projects, retrenchment compensation, etc).

Goodwill amortisation came to 429 million euros at 30th September 2003. This was higher than one year previously due to the amortisation of 39 million euros related to the investment in Bradesco. At the same time a specific provision for this purpose – made at the end of 2002 – was reversed.

Loan loss provisions have fallen compared to last year when the transfer of Argentina to the Group 5 country-risk category made it necessary to make additional provisions.

Lastly it should be pointed out that the business volume figures (for Retail, Wholesale and The Americas) do not eliminate intergroup transactions affecting these areas. These transactions are considered to be an integral part of the activity and management of each business. All intergroup transactions eliminated during consolidation have been assigned to the Corporate Activities Area and therefore some items on its balance sheet may contain negative amounts.

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