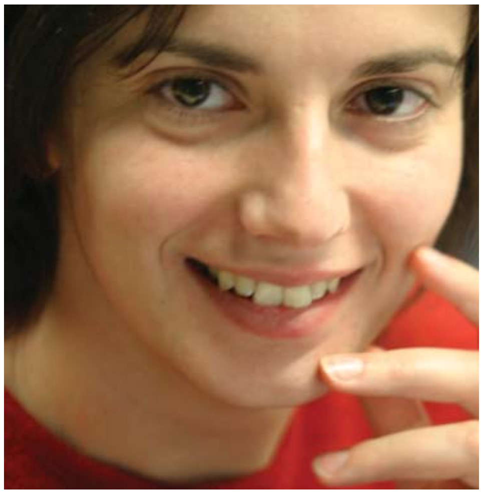
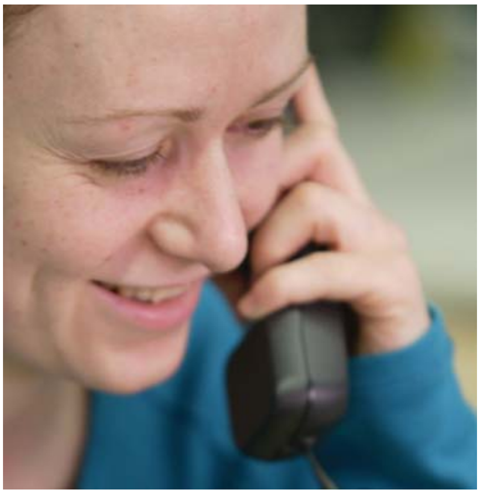
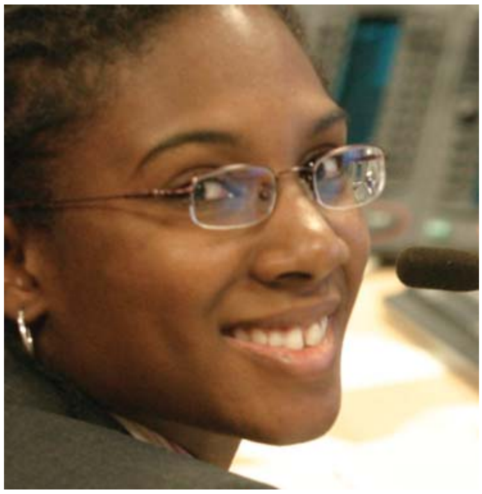


BBVA




Annual Report 2003

HIGHLIGHTS

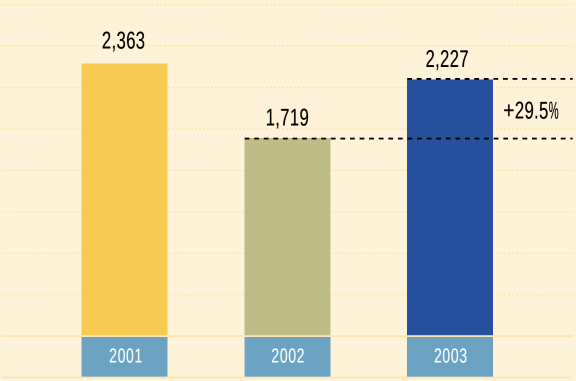
"In 2003 BBVA entered a period of clear dynamic profitable growth which will be consolidated further in 2004."

Francisco González, Chairman and CEO

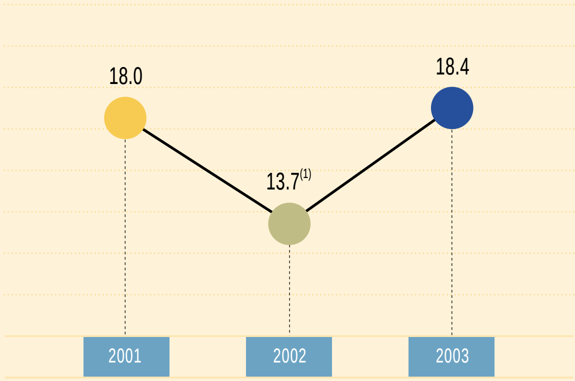
BBVA GROUP HIGHLIGHTS
(CONSOLIDATED FIGURES)

	31-12-03				
	US$ [1]	Euros	Δ%	31-12-02	31-12-01
BALANCE SHEET (millions of euros)					
Total assets	362,670	287,150	2.7	279,542	309,246
Total lending (gross)	193,581	153,271	4.7	146,413	156,148
On-balance-sheet customer funds	230,916	182,830	1.3	180,570	199,486
Other customer funds managed	142,812	113,075	3.9	108,815	124,496
Total customer funds managed	373,728	295,905	2.3	289,385	323,982
Shareholders´ funds [2]	15,674	12,410	0.5	12,354	13,315
INCOME STATEMENT (millions of euros)					
Net interest income	7,626	6,741	(13.7)	7,808	8,824
Core revenues	11,316	10,004	(12.8)	11,476	12,862
Ordinary revenues	12,053	10,656	(12.9)	12,241	13,352
Operating profit	5,537	4,895	(12.2)	5,577	5,599
Operating profit (accounting for Argentina and Brazil by the equity method)	5,523	4,883	(4.3)	5,103	5,042
Pre-tax profit	4,312	3,812	22.2	3,119	3,634
Net attributable profit	2,519	2,227	29.5	1,719	2,363
DATA PER SHARE AND MARKET CAPITALIZATION					
Share price	13.83	10.95	20.1	9.12	13.90
Market capitalization (millions of euros)	44,198	34,995	20.1	29,146	44,422
Net attributable profit	0.79	0.70	29.5	0.54	0.74
Book value	4.90	3.88	0.3	3.87	4.17
Dividend	0.485	0.384	10.3	0.348	0.383
PER (Price/earnings ratio; times)		15.7		17.0	18.8
P/BV (Price/book value ratio; times)		2.8		2.4	3.3

NET ATTRIBUTABLE PROFIT
(MILLIONS OF EUROS)



ROE
(PERCENTAGE)



(1) 17,1% excluding the extraordinary writedowns recorded in the 4th quarter of 2002.

BBVA GROUP HIGHLIGHTS
(CONSOLIDATED FIGURES)

	31-12-03	31-12-02	31-12-01
SIGNIFICANT RATIOS (%)			
Operating profit/ATA	1.75	1.93	1.85
ROE (Net attributable profit / Average equity)	18.4	13.7	18.0
ROA (Net profit/Average total assets)	1.04	0.85	0.99
RORWA (Net profit / Risk weighted average assets)	1.74	1.48	1.78
Efficiency ratio	47.2	47.2	50.4
NPL ratio	1.74	2.37	1.71
NPL coverage ratio	166.3	146.8	221.6
CAPITAL ADEQUACY RATIOS (BIS regulations) (%)			
Total	12.7	12.5	12.6
Core capital	6.2	5.9	6.0
TIER I	8.5	8.4	8.5
OTHER INFORMATION			
Number of shares (millions)	3,196	3,196	3,196
Number of shareholders	1,158,887	1,179,074	1,203,828
Number of employees	86,197	93,093	98,588
• Spain	31,095	31,737	31,686
• America (3)	53,100	59,293	64,835
• Rest ot the world	2,002	2,063	2,067
Number of branches	6,924	7,504	7,988
• Spain	3,371	3,414	3,620
• America (3)	3,353	3,886	4,161
• Rest of the world	200	204	207

(1) Exchange rates used - Balance sheet: €0.791766/US$ 1 (12/31/03)
- Income statement: €0.884048/US$ 1 (2003 average)
(2) After distribution of income for the year.
(3) Including those relating to the BBVA Group's banking and pension fund management activities in all the Latin-American countries in which it is present.

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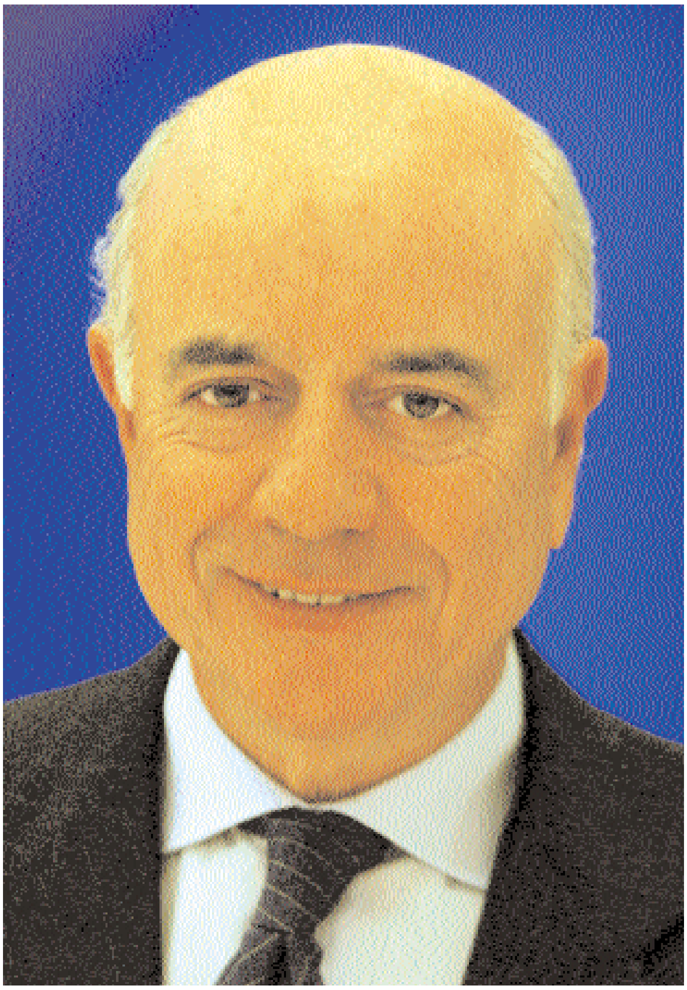


Letter from the Chairman

This is the second year running that BBVA publishes its Corporate Social Responsibility Report. We consider it an ideal way to demonstrate our accountability to all our stakeholders: our shareholders, our customers, our employees, our suppliers and society as a whole. It describes what we have done and what we aspire to do to comply with our vision statement: working towards a better future for people.

Much more than a slogan, our mission statement is a tool to guide our organisation's conduct – a burning ambition. We believe in it and we stand accountable for it. A big financial group like BBVA, owned by nearly 1,200,00 shareholders, serving 35 million customers in 35 countries, with over 86,000 employees, has an important impact on the lives of all these people and their societies. It has to acknowledge its duties towards them. It has to do more each day to serve them and it has to do it better. These commitments are reflected in this report. Along with the report on the Bank's activities (which provides the financial results of our endeavours) and the report on corporate governance (which refers to our efforts to implement good governance) it provides a comprehensive overview of all we have done and all we want to do to be better each day.

This second report is considerably more detailed than last year's; we believe that detail forms part of our undertaking to disclose information as transparently as possible. It has been drawn up following criteria from the Global Reporting Initiative (GRI). We have observed both the general guidelines and the specific recommendations it gives in its supplement on financial services. Our report is intended to be a reasonable, balanced

“ Business nowadays must recognise and define its role in society.”

presentation of the economic, environmental and social performance of our enterprise.

Business nowadays must recognise and define its role in society. Our company is committed to its material, natural and social environment. This is not a fad or a public relations strategy, but common-sense. These kinds of commitment make for better business in all senses of the word:

- Better and more profitable, because consumers appreciate the commitments and take them into account when selecting a supplier, and stay loyal to a supplier they feel good about.
- Better and more integrated, because employees feel proud to be part of a committed company, and their pride strengthens their ties to the business, diminishing wasteful churn of talent and boosting performance.
- Better and more efficient, because a socially responsible business, especially one that cares about its environment, can do more with less. It does not waste resources in its production processes and it lives up to its commitment to pass on a more sustainable environment to future generations.
- Better and with more future, because a commitment to corporate social responsibility clearly strengthens the company’s reputation and its brand. Although intangible, these are strategic elements in building the company's future.

In BBVA, we believe in this new concept of how a business should be. As I have said on several occasions, I believe that corporate social responsibility is not just a set of good principles or best practices. Rather, it is a philosophy that is profitable for the enterprise, as it adds value.

In recent years we have taken decisive steps to consolidate our corporate social responsibility strategy. Amongst other things, we have approved and implemented a BBVA system of corporate governance, specific details of which are given in a separate report. This system has been well received, both in Spain and abroad. Although some elements are yet to be fully developed, I consider our system to be a sound guarantee for our stakeholders, for the business community and for society wherever we work.

In December 2003, we also approved a code of conduct for the BBVA Group and our environmental policy, setting up a monitoring committee to enforce it. BBVA has been accepted onto the two main indexes for socially responsible companies: the Dow Jones Sustainability Word Index (DJSWI) and the FTSE4Good.

I would also like to make a very special mention of the efforts we have put into implementing The BBVA Experience, both in-house and in society at large. This is something that has very close ties to our corporate social responsibility. Because our vision, our principles of corporate culture and our commitments help us to establish our own, unique niche; they set us in a class apart. They define us amongst ourselves, with respect to our shareholders, customers and suppliers, but also with respect to our competitors and society as a whole.

Our corporate principles make it very clear what we have to do to help society to develop in the areas where we work.

But we would not be comfortable with a mere declaration of ideas. We must turn our commitment into fact, with results that we can feel inside the company and that people can see from outside too. That is what The BBVA

“ Our staff have always had an important sense of social duty, trying to make corporate responsibility part and parcel of their professional life.”

Experience is all about. It provides us with a consistent, practical guide to who we are, what we want and how we mean to achieve it and communicate it. It is a way of linking our principles of corporate culture with our everyday business operations. The degree to which we put our principles into practice is the yardstick of the depth and earnest nature of our commitment.

All of these advances would be incomplete without a process we have been implementing throughout 2003 and will take further in 2004: our Action Plan in Society. All the banks that make up today’s Group and BBVA itself have deep-rooted ties to their respective societies, where they have long been important patrons of the local arts, sciences, culture and social events. However until now, little attempt was made to connect these endeavours in a systematic manner that could give them a more focused significance.

When deciding how we want to operate in society, we must take into account who we are and what is expected of us. We have come up with a plan that matches our personality, what we say and what we do. That is why we have focused on families. We speak of families in the plural, because we recognise that in our society there is no single model that defines the family as an institution. Families come in all shapes and sizes.

It is to all these families that we address our social programmes, applying special criteria to help them deal with their particular financial needs. And we begin with the most special (and most essential) event of all: the birth of a child. Our zero-interest New Baby Loan epitomises our philosophy: we are working towards a better future for people, ie, we are helping people to construct their future at precisely the moment when this is uppermost in their minds, with the arrival of a new child.

But that is just the beginning. Along with our programme of social financial initiatives, we have also set up the BBVA Family Centre. This is our way of channelling concern related to today’s family. We want to provide society with a forum for debate, somewhere it can find true and independent information to help it form a more balanced view of today’s families and their new and old problems, without getting bogged down in hackneyed clichés.

These initiatives have not sprung up in a vacuum. Our staff have always had an important sense of social duty, trying to make corporate responsibility part and parcel of their professional life. This is something they believe in and it guides their actions. Let me reiterate something we are proud of: we are building on a rich history of contribution to the societies where we work.

This year, the Group –largely through its foundations- has invested more than 34 million euros in actions of social interest. These resources have gone into diverse initiatives, all of them important to us. For example, opening our own art collections to the public or contributing to exhibitions of prominent artists such as Vermeer at the Prado Museum or Calder at the Guggenheim, Chillida at the Miró Foundation or Matisse at the IVAM. Or developing programmes to help research in economics, social sciences, biomedicine and health sciences, and public opinion, through the BBVA Foundation and the Bank's other foundations in Latin America. Or rewarding the best initiatives to improve the quality of teaching. Or continuing to promote our BBVA Quetzal Route, a magnificent bridge of

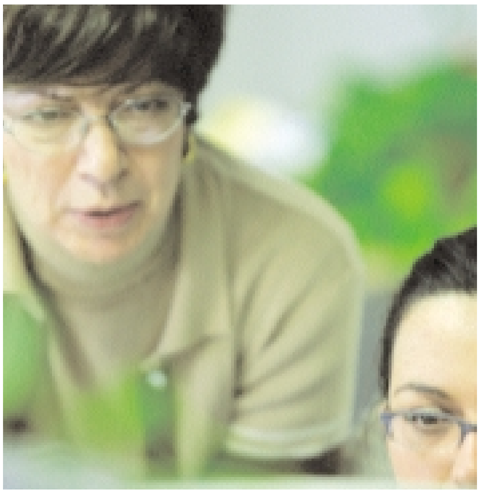
understanding between young people on either side of the Atlantic.

All our specific initiatives, all our plans for the future, are formed by one guiding principle that a big financial group like ours cannot afford to lose sight of. This principle epitomises our vision and is something we try to apply in the work we do on a day-to-day basis: to provide our shareholders with sustained, profitable growth; to provide our staff with resources and conditions to make their work a way of finding self realisation and professional satisfaction; to establish fair, balanced agreements with our suppliers; and to offer a firm commitment to the societies in which we work.

And above all, to establish a balanced, mutually beneficial, long-term relationship with all our customers, helping them make their dreams come true and putting their plans into action, growing with them and being there whenever they need us. All our corporate communication bears the word "**adelante**" (forward!). This is both a challenge and an invitation. A challenge that obliges us to offer ever better solutions to our customers, increasingly tailored to their personal needs. And an invitation to all of them to travel down the road with us towards a future in which we will become better day-by-day.

Count on us to do our part. We mean it when we say: **adelante**.

Francisco González Rodríguez
Chairman of BBVA



BBVA: Ready to grow

BBVA ENDS 2003 IN A SOUND COMPETITIVE POSITION // 2003 COMPLETES BBVA'S STRUCTURAL TRANSFORMATION // 2003 EARNINGS: FROM LESS TO MORE. INNOVATION AND ANTICIPATION // POSITIONED TO GROW: MÉXICO // THE FUTURE

BBVA ends 2003 in a sound competitive position

BBVA started a new era in 2002. At that time a new way of understanding the Group was defined: a new customer-centric business model based on diversification, outstanding risk management and the continuous improvement of productivity and efficiency through innovation. At that time, the macroeconomic data signaled an economic slowdown and, accordingly, BBVA commenced the intense work of adapting to that new environment. The following months confirmed those trends and significant geopolitical uncertainty added to the macroeconomic weakness.

Against this backdrop, BBVA's strategy was to **strengthen the Group's fundamentals.** The optimization of risk management, the maintenance of high balance-sheet solvency levels and improving productivity were shaped as the main keys to successfully coping with a complex environment, without losing sight of the medium- and long-term and working on new growth projects with one clear objective: to be among the top three banks in the Euro Stoxx 50 (an index that includes the main companies in the euro zone) in terms of growth in earnings per share, return on equity and efficiency ratio.

The correct **management of credit and structural risk** has borne fruit: BBVA now has the highest coverage ratio (201%) and one of the lowest nonperforming loan ratios (1.31%) of its main competitors in the Euro Stoxx 50. At the same time, the Group has sound capital ratios: core capital of 6.2% and a BIS ratio of 12.7%.

BBVA has also improved its risk profile and has a suitable business mix: the domestic businesses (Retail and Wholesale Banking and Corporate Activities) generate 68% of attributed profit and America accounts for 32%.

Productivity management is another one of the key areas on which BBVA's management has rested in recent years. A very considerable effort has been made in this area, not only to effectively harness the potential synergies arising from the integration of the networks after the merger, but also to implement continuous improvements in processes and in the approximation of the businesses to their respective markets. The productivity improvements obtained in these years were transformed into ongoing improvements in efficiency for both the Group and each business area. Now BBVA, with an efficiency ratio of 46.6%, is more efficient than its main competitors.

In short, the strategy embarked upon two years ago has met the targets set with regard to strengthening the Group. In fact, during this period BBVA has maintained an excellent level of creditworthiness at the head of the major banks in the euro zone and, at 2003 year-end, according to the latest available data, BBVA was among the top three in the following aggregates: growth in earnings per share, ROE and efficiency.

2003 completes BBVA's structural transformation

In the last two years the improvement in productivity and the optimal risk management have been key objectives for the BBVA Group, but not the only ones; in 2002 and 2003 BBVA undertook a significant structural transformation process that gave rise to the following specific actions: the BBVA Experience, Corporate Governance, Social Responsibility, a new organizational model and a new management team.

The BBVA Experience is an innovative project that goes beyond traditional brand management because it brings together a company's main intangible assets: its brand, its corporate culture and its corporate reputation. This is a project with a wide scope, which has been launched in Spain and Latin America, and consisted of the development of a significant role for all the Group's stakeholders (customers, employees, shareholders and society) and its internal and external implementation.

The renewal of corporate culture is a key factor in this context, and has made it possible for the BBVA Experience to exist and to generate business and internal cohesion. BBVA now has a solid corporate culture that defines the life of the Group, affects its way of doing things and enables it to successfully meet the challenges of the future.

The BBVA Group has also accepted the importance for large institutions of a system of **Corporate Governance** that lays down principles to orient the structure and functioning of its management bodies in the interests of the Company and its shareholders. Corporate Governance is a central element of management in the BBVA Group, and reflects the Group's ethical and corporate responsibility commitment, for the purpose of generating confidence. This is a dynamic model that will be fine-tuned over the course of time on the basis of the demands made on it by society.

As part of this area of Corporate Governance, in January 2004 BBVA launched a new Code of Conduct, which covers all the Group's executives and employees. The Code is based on four key values: respect for the dignity and the rights of the individual, strict observance of the law, respect for the equality of individuals and their diversity, and professional objectivity.

In the last two years the BBVA Group has also made significant progress in **Corporate Social Responsibility**, where it has become a benchmark for European financial entities, and it firmly intends to continue to progress in this area.

Another important internal transformation milestone in 2003 was the definition of the BBVA Group's new **organizational model** that enables it to meet the new challenges and opportunities in the industry and has brought the organization closer to the demands of

society. This reorganization gave the BBVA Group a more flexible structure, gave the business units more autonomy and focused more closely on the current and future needs of the company and the business. This model made it possible to reduce the number of business areas to three: Retail Banking Spain and Portugal, Wholesale and Investment Banking and America while Human Resources and Services, Systems and Operations, Risk and Financial Management were established as support areas.

Lastly, in October 2003, the BBVA Group restructured its **management team** by expanding it to 1,690 people and adapting its management model to the new era that started in 2002 and to the new corporate culture that came into force in the same year. The new model focuses clearly on the customer. In fact, of the current 1,690 members, two thirds belong to the Group's three business areas referred to above. The BBVA management team's new management policy is based on the executive's duties and responsibilities and transparency, and is in line with the strictest international standards. In short, this boosts the concept of a flexible, transparent organization, facilitating the professional development of BBVA's executives.

2003 earnings: from less to more. Innovation and anticipation

Considering the difficult macroeconomic climate which typified 2003, the BBVA Group can be given top marks for its position at the end of a year in which it even exceeded its own initial projections.

Net attributable profit in the year amounted to €2,227 million, 29.5% up on the previous year. This sizable increase in profit was achieved following the continuous improvement in all income items of the statement of income and was supported by the sustained recovery of the activity of the Group's three business areas, despite the weakness of the dollar and the Latin-American currencies against the euro and the pronounced decline in interest rates to extremely low levels. 2003 was clearly a year in which things went from less to more, as BBVA predicted to the financial markets at the beginning of the year.

This positive performance of profit resulted in large rises in profitability ratios in the year: ROE stood at 18.4%, in comparison with 13.7% in 2002 and ROA climbed to 1.04% from 0.85% the previous year. The proposed

dividend per share of €0.384 exceeded the figure for the previous year by 10.3%.

Efficiency also improved in the year and dropped to 46.6% (with Argentina and Brazil accounted for by the equity method) from 47.6% in 2002, by virtue of zero growth in expenses in all domestic businesses and an increase in expenses in America which was lower than the region's average inflation rate.

Also worth noting were the fall in the nonperforming loan ratio to 1.31%, excluding Argentina and Brazil (1.70% as of December 31, 2002), the rise in coverage to 201.1% (191.1% as of December 31, 2002) and the strengthening of the Group's already favorable capital ratios. Core capital rose to 6.2% (5.9% last year), Tier I advanced to 8.5% (8.4%) and the BIS ratio increased to 12.7% (12.5%).

The activity in Retail Banking Spain and Portugal showed a clear recovery. Accordingly, this business area ended the year with year-on-year growth in lending of 13.9% (in comparison with 10.3% in March 2003) and of 9.0% in customer funds (0.6% in March). The main characteristics of Retail Banking in the year were the launch of innovative and creative solutions in a broad spectrum of banking products and services and taking advantage of better market conditions for its customers: solutions for insurance, mortgages, SMEs, second-generation mutual funds and pensions. This incessant activity is continuing in 2004, when a new commercial offensive was launched in mortgages.

Wholesale and Investment Banking ended an excellent year, showing highly recurrent earnings. Thus, net attributable profit grew 22.5% to €468 million in a difficult year for this business. The franchise was strengthened by strong progress in efficiency which now stands at 31.7%. The important achievements of Wholesale Banking in the year were the result of an innovative strategy based on using its own clearly customer-oriented business model and, at the same time, combining the overall vision, characteristic of a multinational group like BBVA, with local vision in each of the countries and markets where it is present.

America achieved a 24.0% increase in net attributable profit (disregarding the effect of the exchange rate) and showed higher levels of activity: a year-on-year increase of 8.3% in lending and 12.5% in customer funds, with widespread gains in share in most markets. Mexico was a key contributor, achieving record levels of net attributable profit in 2003. The America business area was also very active throughout 2003 in the development and implementation of strategic business plans: the launch of "Project Customer", the development of quality improvement plans, the customer segmentation plan, the extension of the use of global banking and lending models to America and the new international private banking model.

The upturn in activity and earnings in the year was reflected in the growth of BBVA's share price during the year: it appreciated 20.1% in 2003 in comparison with the 15.7% increase in the Euro Stoxx 50 Index.

Positioned to grow: Mexico

At the beginning of 2004, BBVA decided to make a tender offer for 40.6% of BBVA Bancomer in order to raise its holding in the Mexican bank from 59.4% to 100%. This transaction enabled the BBVA Group to consolidate its firm commitment to Latin America and, in particular, to Mexico's economy which has become firmly established as one of the Group's growth levers in the next few years.

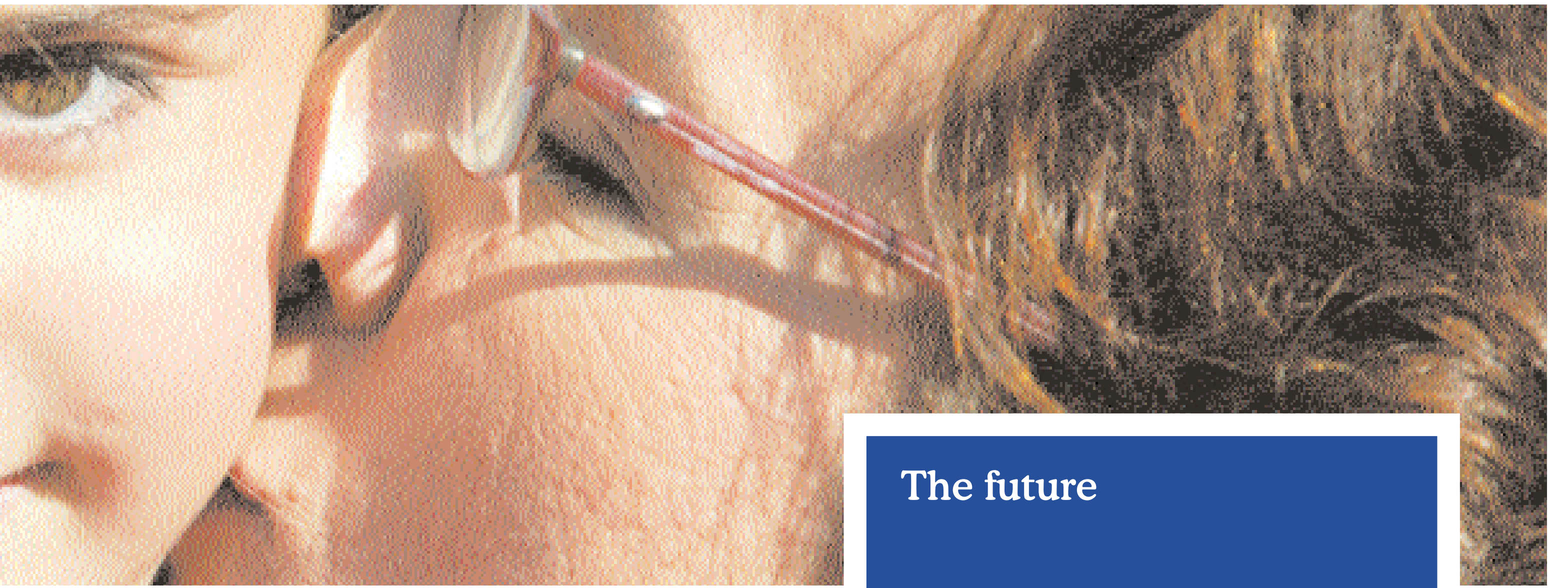
BBVA Bancomer is the largest financial franchise in Mexico and the leading private banking group in Latin America. It is leader in its domestic market both in the banking business (number one by market share in lending and customer funds), and in the nonbanking business (number one in bancassurance and the transfers business and number two in the pensions business).

BBVA Bancomer has an excellent competitive position: it has more than nine million customers; it stands out due to its commercial strength (number one in branches with a market share of 24.2%) and powerful brand image (number one in brand recognition and preference). Furthermore, its distribution network is ranked first in 91% of the states of Mexico.

Since it took over management of BBVA Bancomer in mid-2000, BBVA has performed very satisfactorily: it pushed net profit up from MXP 1,681 million in 2000 to MXP 7,653 million in 2003 and obtained an efficiency ratio in local currency of 53.3% in 2003 in comparison with 69.9% in 2000. The market appreciated and rewarded BBVA's successful management of the bank and BBVA Bancomer's shares have appreciated 111% since mid-2000.

This excellent management track record, together with Mexico's current favorable macroeconomic data and its outlook (increasing importance and weight of the Mexican economy in the international financial scenario, strong interconnection with the US economy, high growth potential, record low interest and inflation rates, small public debt, low country-risk) are factors which led to the tender offer presented to the markets on February 2, 2004.

BBVA will pay MXP 12 in cash for each share of BBVA Bancomer, which represents a



premium of 13.7% on the closing price on Friday January 30 and a premium of 18.9% on the average market price in the 30 preceding sessions. The amount of the tender offer, the purpose of which is to take BBVA Bancomer private, is MXP 45.2 billion, approximately €3,300 million.

The acquisition will have an immediate positive impact on the EPS of BBVA, enabling the Group to accelerate its growth, it has no integration risks and fits within BBVA's profitable growth strategy.

In order to maintain its objective of 6% core capital at year-end, the offer will be financed through three channels: firstly, through the core capital generated in 2004; secondly, through recent divestments from the Group's industrial portfolio and of non-strategic financial holdings; and finally, through the recent capital increase which took place on February 4, 2004, when €2,000 million of new shares were placed with institutional investors. The placement was completed successfully in only four hours and was oversubscribed 1.7 times.

The future

Having ended an outstanding year in 2003 and presented the tender offer for BBVA Bancomer, the BBVA Group is optimistic about its future for several reasons.

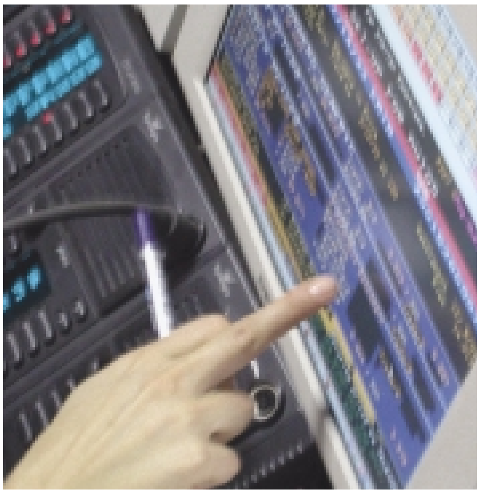
Firstly, in times of high uncertainty, BBVA has been able to consolidate its sound competitive position in terms of solvency, asset quality, profitability and productivity.

Secondly, because BBVA has a clear growth strategy for each of the three business areas. The earnings obtained support its strategy. Also, BBVA has managed to gain a foothold in markets and businesses with high growth potential.

Thirdly and lastly, because everything seems to point to a macroeconomic recovery in 2004, which will be particularly noteworthy in Latin America.

In short, BBVA's strategy during recent years has laid the foundations for growth. Consequently, 2004 must be the year of growth. For this reason, the business areas will continue to implement the strategic plans which began in recent years and will remain in a leading position in the launch of innovative and creative solutions for its customers.

BBVA



Financial report

EARNINGS // BALANCE SHEET AND BUSINESS ACTIVITY // CAPITAL BASE // THE BBVA SHARE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The long-awaited recovery of the world economy again suffered a setback at the beginning of 2003, due to uncertainties relating to the business sector and those caused by the new risks arising from the geopolitical situation. In this context, employer, consumer and investor confidence suffered and interest rates remained low.

The war in Iraq in the spring did not put an end to the uncertainties. Although the geopolitical risks waned, the timid signs of growth increased fears of a recession and a period of deflation, which triggered a drop in long-term interest rates, which was also the result of the reference interest rate cuts by the Federal Reserve and the European Central Bank in June to historical lows of 1.0% and 2.0%, respectively.

Expectations changed radically from the summer onwards. When the third-quarter indicators started to emerge, there was growing optimism and increased confidence, particularly in the business sector, for a number of reasons.

Firstly, not only did a recovery in the U.S. appear likely, but also the improved expectations concerning the Japanese economy and the dynamism of the Chinese economy lent greater solidity to the growth phase, since they reduced the world economy's dependence on the health of the U.S. economy.

Second, there were indications that, after almost three years of cutbacks, the business sector might be prepared to increase its capital expenditure, in view of the reduction in indebtedness, the lengthening of borrowing terms and the increased self-financing capacity. In addition, the low interest rates, the recovery of stock markets and the reduction in corporate debt spreads provided companies with favorable borrowing conditions.

Lastly, it was considered that the improved productivity in the U.S., albeit based on the reluctance of companies to hire employees, had a component of permanence that would continue to sustain business activity in the future.

Accordingly, long-term interest rates increased in the second half of the year and there were signs that the official interest rates would be increased in 2004.

However, whereas U.S. economic growth was gathering pace, the value of the U.S. dollar continued to slide. The explanation for this apparent paradox lies in the fear that the growth was not sustainable after the factors stimulating demand had ceased to exist, since because the current account deficit was at an all-time high, there was a significant dependence on foreign saving, making this economy vulnerable, particularly if foreign investors restrict their flows of capital. However, the value of the U.S. dollar did not fall against all currencies. It did so against currencies such as the euro, which dampened expectations of a recovery in Europe, but it did not fall against others such as the Chinese yuan.

Growth in the euro zone was weak, reaching around 0.5% of GDP, and was even lower in some of the main economies, such as France and Germany, although the prospects for 2004 are more promising. In 2003, as in previous years, Spain achieved GDP growth which, at around 2.4%, was higher than the figure for the European Union as a whole, although inflation is still running at levels higher than the EU average.

In Latin America, following the drop in economic activity of half a percentage point in 2002, the region's GDP grew by a modest 1.2%, which was more moderate than was the case in times of recovery from past recessions. In Mexico, the economy grew at a rate of 1.1%, due to the weakness of U.S. industrial activity, although inflation fell once again and the reactivation of private-sector lending was consolidated. There was zero growth in Brazil due to the policies aimed at reducing demand aimed at containing inflation and controlling public debt. Argentina witnessed the highest growth, of 8%, as a result of a "rebound effect" following four years of recession. 2003 was also a good year for Chile, Colombia and Peru. In contrast, Venezuelan GDP fell again (by 9.3%) in 2003, partly as a result of political instability.

In general terms, the modest economic upturn in the region in 2003 was due to the positive performance of exports, since domestic demand remained depressed. In 2003 there was a record trade surplus as a result of the dynamic export scenario, fostered by the depreciation of the currencies in the region and, in particular, by the increase in the price of basic necessities, which are the main exports of the region, due to the upturn in demand in developed countries and in China. Mexican exports did not benefit, however, from this effect, as a result of the relatively low percentage of total exports represented by raw materials and because its commercial integration with the U.S. means that its export sales are directly dependent on U.S. industrial production figures.

The high trade surplus contributed to the Latin American current account surplus in 2003 which, together with the improved flows of capital, led to an accumulation of reserves. Net private capital flows increased with respect to 2002, although they remain low because direct foreign investment, which represents a significant part of foreign financing in these economies, continued to drop and, at present, only accounts for 50% of the level achieved at the end of the nineties.

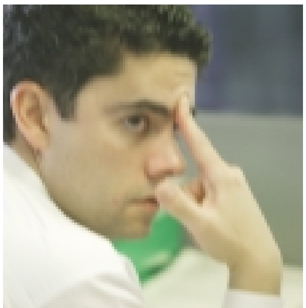
The low sovereign spreads, together with long-term interest rates at an all-time low, resulted in a very favorable cost of financing, which many countries took advantage of in order to make sovereign issues and cover financing needs for 2004. For 2004 domestic demand is expected to recover in the region, which could achieve GDP growth rates that are more in line with its potential.

In addition to the sharp fall in interest rates in most countries, 2003 was also characterized by a significant fall against the euro by the U.S. dollar, which dragged most of the Latin American currencies down with it. The table below shows the trend in the last two years in both the year-end exchange rates (used to translate the balance sheets and business aggregates to euros) and in the cumulative average exchange rates for each year (used to translate the income statements in local currency to euros).

EXCHANGE RATES (1)
(PERCENTAGE)

	Year-end Exchange Rates				Average Exchange Rates			
	31-12-03	Δ% on previous year	31-12-02	Δ% on previous year	2003	Δ% on previous year	2002	Δ% on previous year
Mexican peso	14.1882	(22.7)	10.9700	(26.4)	12.2131	(25.0)	9.1639	(8.7)
Venezuelan bolivar	2,020.20	(28.1)	1,453.49	(53.5)	1,828.15	(39.2)	1,112.35	(41.7)
Colombian peso	3,508.77	(14.4)	3,003.00	(32.9)	3,246.75	(26.5)	2,386.63	(13.6)
Chilean peso	748.50	0.9	755.29	(22.9)	779.42	(16.1)	653.59	(12.9)
Peruvian new sol	4.3810	(15.9)	3.6867	(17.7)	3.9347	(15.4)	3.3289	(5.7)
Argentine peso	3.7195	(4.8)	3.5394	(75.1)	3.3363	(9.5)	3.0192	(70.4)
U.S. dollar	1.2630	(17.0)	1.0487	(16.0)	1.1312	(16.4)	0.9454	(5.3)

(1) Expressed in currency/euro.



Earnings

NET INTEREST INCOME

CORE REVENUES

ORDINARY REVENUES

OPERATING PROFIT

INDUSTRIAL PORTFOLIO

PROVISIONS AND EXTRAORDINARY ITEMS

PROFIT AND ITS DISTRIBUTION

The BBVA Group's net attributable profit in 2003 amounted to €2,227 million, an increase of 29.5% with respect to the €1,719 million obtained in 2002 (42.7% excluding the effect of the depreciation of the Latin-American currencies on earnings in the region). Also, the net income obtained by the Group was 3.8% higher (12.1% at constant exchange rates) than the €2,146 million that would have been obtained in 2002 had it not been for the extraordinary writeoffs recorded in the fourth quarter of that year, which was the target set by Group management for 2003.

Consequently, ROE was 18.4%, an improvement on the 13.7% obtained in 2002 (and on the 17.1% that would have been obtained without the aforementioned extraordinary writeoffs), and earnings per share increased by 29.5% to €0.70, the same increase as the net attributable profit.

The positive ROE, earnings per share and efficiency ratio performance of the Group in 2003 put BBVA in a clearly leading position among the large banking groups in the euro zone in these significant ratios, which were set as benchmark objectives for Group management.

The improvement in the Group's bottom-line in 2003 was the result of its proven capacity to generate revenues –against a backdrop of low interest rates in the Spanish and Latin American markets–, of its permanent control of costs, back to normal performance of income by the equity method and of the writeoffs recorded in 2002 due to extraordinary factors.

In view of the sale of BBV Brazil to Bradesco, which meant that the results obtained in Brazil are included by the equity method, and the accounting instability in Argentina in 2002, the accounting income statement is presented together with a consolidated management income statement in which the results obtained in Argentina and Brazil in 2002 and 2003 are included by the equity method; however, this does not give rise to a change in the attributable profit. Unless otherwise stated, the following comments refer to this management income statement, which enables the Group's earnings to be analyzed in a uniform way.

Similarly, the sharp depreciation of the Latin-American currencies and the U.S. dollar

CONSOLIDATED INCOME STATEMENT
(MILLIONS OF EUROS)

	2003	Δ%	2002	2001
Financial revenues	12,537	(27.2)	17,234	21,608
Financial expenses	(6,260)	(36.0)	(9,784)	(13,279)
Dividends	464	29.6	358	495
NET INTEREST INCOME	6,741	(13.7)	7,808	8,824
Net fee income	3,263	(11.1)	3,668	4,038
CORE REVENUES	10,004	(12.8)	11,476	12,862
Net trading income	652	(14.8)	765	490
ORDINARY REVENUES	10,656	(12.9)	12,241	13,352
Personnel costs	(3,263)	(11.8)	(3,698)	(4,243)
General expenses	(1,768)	(14.7)	(2,074)	(2,482)
GENERAL ADMINISTRATIVE EXPENSES	(5,031)	(12.8)	(5,772)	(6,725)
Depreciation and amortization	(511)	(19.1)	(631)	(742)
Other operating income and expenses (net)	(219)	(16.1)	(261)	(286)
OPERATING PROFIT	4,895	(12.2)	5,577	5,599
Net income from companies accounted for by the equity method	383	n.m.	33	393
Pro memoria: correction for payment of dividends	(319)	31.7	(242)	(379)
Amortization of goodwill	(639)	(5.9)	(679)	(623)
Net income from Group transactions	553	53.3	361	954
Net loan loss provisions	(1,277)	(26.8)	(1,743)	(1,919)
Net securities writedowns	-	n.m.	3	(43)
Net extraordinary income (loss)	(103)	(76.2)	(433)	(727)
PRE-TAX PROFIT	3,812	22.2	3,119	3,634
Corporate income tax	(915)	40.1	(653)	(625)
NET PROFIT	2,897	17.5	2,466	3,009
Minority interests	(670)	(10.2)	(747)	(646)
• Preferred shares	(214)	(22.2)	(276)	(316)
• Minority interests	(456)	(3.2)	(471)	(330)
NET ATTRIBUTABLE PROFIT	2,227	29.5	1,719	2,363

against the euro in 2002 and 2003, which significantly affected the translation to euros of the results obtained by the Group's subsidiaries in America, makes it advisable to include in the consolidated management income statement (with results in Argentina and Brazil accounted for by the equity method) a column showing the fluctuations at

CONSOLIDATED INCOME STATEMENT WITH ARGENTINA AND BRAZIL ACCOUNTED FOR BY THE EQUITY METHOD
(MILLIONS OF EUROS)

	2003	Δ%	Δ% at constant exchange rates	2002	2001
Financial revenues	12,256	(17.9)	(6.9)	15,077	19,494
Financial expenses	(6,029)	(25.6)	(16.2)	(8,253)	(12,102)
Dividends	464	30.4	33.3	356	494
NET INTEREST INCOME	6,691	(6.8)	5.9	7,180	7,886
Net fee income	3,172	(9.6)	2.7	3,509	3,546
CORE REVENUES	9,863	(7.7)	4.9	10,689	11,432
Net trading income	599	(6.8)	5.0	642	435
ORDINARY REVENUES	10,462	(7.7)	4.9	11,331	11,867
Personnel costs	(3,177)	(8.9)	1.4	(3,489)	(3,747)
General expenses	(1,701)	(10.9)	4.1	(1,909)	(2,175)
GENERAL ADMINISTRATIVE EXPENSES	(4,878)	(9.6)	2.3	(5,398)	(5,922)
Depreciation and amortization	(490)	(15.4)	(4.2)	(579)	(637)
Other operating income and expenses (net)	(211)	(16.1)	2.6	(251)	(266)
OPERATING PROFIT	4,883	(4.3)	8.7	5,103	5,042
Net income from companies accounted for by the equity method	385	n.m.	n.m.	(161)	163
Pro memoria: correction for payment of dividends	(319)	31.7	35.5	(242)	(379)
Amortization of goodwill	(639)	(5.9)	(5.9)	(679)	(623)
Net income from Group transactions	553	7.5	7.3	515	954
Net loan loss provisions	(1,088)	(24.7)	(14.2)	(1,444)	(1,355)
Net securities writedowns	-	n.m.	n.m.	3	(43)
Net extraordinary income (loss)	(341)	81.7	164.6	(188)	46
PRE-TAX PROFIT	3,753	19.2	35.6	3,149	4,184
Corporate income tax	(857)	22.8	43.2	(697)	(964)
NET PROFIT	2,896	18.1	33.5	2,452	3,220
Minority interests	(669)	(8.6)	9.8	(733)	(857)
• Preferred shares	(214)	(22.2)	(22.2)	(276)	(315)
• Minority interests	(455)	(0.4)	36.2	(457)	(542)
NET ATTRIBUTABLE PROFIT	2,227	29.5	42.7	1,719	2,363

constant exchange rates (calculated by applying the 2003 average exchange rates to 2002 earnings) to which references are made when relevant.

When the 2003 average exchange rates are compared with the rates for 2002, the most significant depreciations, against the euro were those of the Mexican peso (-25.0%), the Venezuelan bolívar (-39.2%), the Colombian peso (-26.5%) and the U.S. dollar (-16.4%).

In 2003 the BBVA Group's operating profit amounted to €4,883 million (with Argentina and Brazil included by the equity method), which represents growth of 8.7% in the year at constant exchange rates (a fall of -4.3% in current euros). This growth demonstrates the BBVA Group's capacity to generate recurring income even in complex environments. In addition, the trend was positive throughout the year since, in constant euros, operating profit was higher in every quarter in 2003 than it was in the corresponding quarter in 2002, and the same can be said of net interest income, core revenues and ordinary revenues.

The growth in operating profit was due to the 4.9% increase in revenues (the 7.7% fall in ordinary revenues was because of the depreciation of the Latin-American currencies) and to the containment of operating expenses, which increased by only 2.3% (decreased by 9.6% in current euros) as a result of the zero growth in these expenses in the domestic business and an increase that was below the average rate of inflation in America.

CONSOLIDATED INCOME STATEMENT
(EXPRESSED AS A % OF ATM)

	2003	2002	2001
NET INTEREST INCOME	2.42	2.70	2.92
Net fee income	1.17	1.27	1.33
CORE REVENUES	3.58	3.97	4.25
Net trading income	0.23	0.27	0.16
ORDINARY REVENUES	3.82	4.24	4.41
General administrative expenses	(1.80)	(2.00)	(2.22)
Other operating expenses	(0.26)	(0.31)	(0.34)
OPERTING PROFIT	1.75	1.93	1.85
Net income from companies accounted for by the equity method	0.14	0.01	0.13
Net income from Group transactions	0.20	0.13	0.32
Total net writedowns (1)	(0.69)	(1.01)	(1.16)
Other extraordinary income (loss)	(0.04)	0.02	0.07
PRE-TAX PROFIT	1.37	1.08	1.20
Corporate income tax	(0.33)	(0.23)	(0.21)
NET PROFIT	1.04	0.85	0.99
MEMORANDUM ITEM:			
Average total assets (millions of euros)	279,245	288,712	302,662

(1) Including provisions to special allowances.

Consequently, the efficiency ratio, with Argentina and Brazil accounted for by the equity method, improved from 49.9% in 2001 and 47.6% in 2002 to 46.6% in 2003, thus consolidating one of the BBVA Group's traditional strengths.

Most noteworthy in operating profit and attributable profit was the recovery of more

CONSOLIDATED INCOME STATEMENT: QUARTERLY EVOLUTION
(MILLIONS OF EUROS)

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

normal levels of income from companies accounted for by the equity method which in 2002 were affected by the adjustments made by the main investees, writeoffs, the extraordinary provisions recorded at the closing of 2002, the appreciation of the euro, and the provision for taxes.

CONSOLIDATED INCOME STATEMENT (WITH ARGENTINA AND BRAZIL ACCOUNTED FOR THE EQUITY METHOD): QUARTERLY EVOLUTION

(MILLIONS OF EUROS)

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

NET INTEREST INCOME

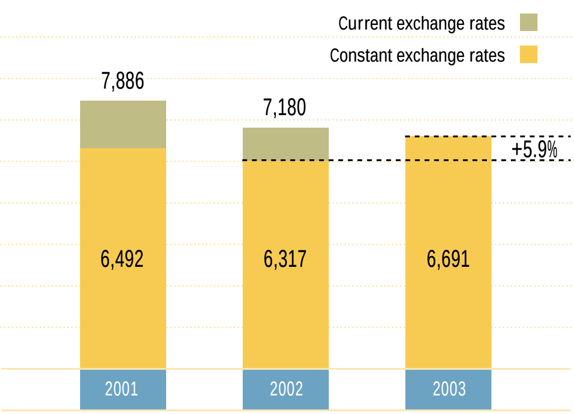
Net interest income was €6,691 million, a year-on-year increase of 5.9% in constant euros and a decline of -6.8% in current euros. Net interest income performed well throughout the year since, in constant euros, it was higher in every quarter in 2003 than it was in the corresponding quarter in 2002, and in cumulative terms the percentage variations improved quarter by quarter, at both current exchange rates (from -14.6% in the first quarter to the aforementioned -6.8% for the whole year) and at constant rates (from 2.3% to 5.9% in the same periods).

In the domestic market, the customer spread (yield on loans less cost of deposits) progressively narrowed during the year as a result of the falls in interest rates, since the reduction in the cost of funds to the tight level of 1.13% in the fourth quarter of 2003 did not offset the fall in returns on lending. Despite this, the Retail Banking Spain and Portugal area recorded an increase in net interest income of 1.0% by increasing lending and funds volumes and adequate price management.

Since the earnings from the financial management of the Group, more specifically from the management of assets and liabilities and hedges, which are used to offset the impact of the falls in interest rates on spreads, are included in the Corporate Activities area, for the purposes of analyzing the performance of net interest income in domestic business it is more relevant to consider the aggregate of Retail Banking Spain and Portugal, Wholesale and Investment Banking and Corporate Activities, i.e. the Group excluding the America business area. The net interest income of this business group recorded year-on-year growth that breaks down as negative growth of -8.1% in the first quarter, of -2.0% in the first half, positive growth of +0.4% in the period from January to September, and 3.0% growth for the whole year compared to 2002.

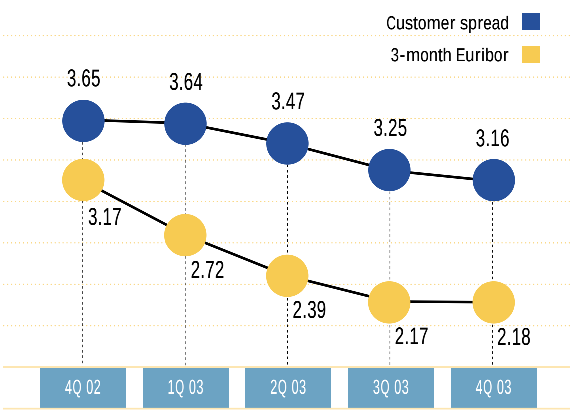
In Mexico, net interest income increased by 11.4% at constant exchange rates, which is particularly important in an environment marked by sharp falls in interest rates. This was made possible by the increase in business volume, especially in the most profitable areas (consumer loans, credit cards and cash and cash equivalents) and active price management. Net interest income in the rest of the America area in local currency and, accordingly, net interest income in the area as a whole increased by 10.3% at constant exchange rates (-17.7% at current rates).

NET INTEREST INCOME (1)
(MILLIONS OF EUROS)



(1) With Argentina and Brazil accounted for by the equity method.

CUSTOMER SPREAD (1)
(DOMESTIC)
(PERCENTAGE)



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

BREAKDOWN OF YIELDS AND COSTS

	2003		2002		2001	
	% of ATA	% Yield/Cost	% of ATA	% Yield/Cost	% of ATA	% Yield/Cost
Credit entities	10.3	4.02	9.4	5.25	12.8	5.83
• Euros	3.8	2.12	3.3	2.69	6.3	3.34
• Foreign currencies	6.5	5.10	6.1	6.62	6.6	8.19
Total net lending	53.0	5.42	51.3	7.40	48.0	8.22
• Euros	40.9	4.54	35.7	5.33	31.0	6.12
- Domestic	37.1	4.62	32.6	5.43	28.3	6.16
- Other	3.8	3.81	3.1	4.29	2.8	5.68
• Foreign currencies	12.1	8.38	15.6	12.10	17.0	12.07
Securities portfolio	27.9	4.87	29.8	6.03	30.9	8.32
• Fixed-income securities	24.4	4.88	26.2	6.38	27.0	8.90
- Euros	14.4	3.28	14.0	4.22	12.6	5.19
- Foreign currencies	10.0	7.16	12.2	8.87	14.4	12.16
• Equity securities	3.5	4.79	3.6	3.45	3.8	4.25
- Investments accounted for by the equity method	2.5	4.69	2.5	3.44	2.8	4.44
- Other investments	1.0	5.05	1.1	3.45	1.0	3.75
Non-interest earning assets	8.8	-	9.5	-	8.3	-
AVERAGE TOTAL ASSETS	100.0	4.66	100.0	6.09	100.0	7.31
Credit entities	19.7	3.29	20.8	4.54	22.6	5.53
• Euros	12.0	2.45	11.4	3.49	11.7	4.68
• Foreign currencies	7.7	4.58	9.4	5.81	10.9	6.44
Customer funds	65.2	2.35	64.2	3.70	62.9	4.83
• Customer deposits	51.0	2.16	52.6	3.59	52.2	4.80
- Euros	30.4	1.55	28.4	2.19	25.4	2.61
- Domestic deposits	19.2	1.25	18.4	1.55	17.3	1.96
- Other	11.2	2.07	10.0	3.38	8.1	3.98
- Foreign currencies	20.6	3.05	24.2	5.24	26.9	6.86
• Debt and other marketable debt securities	14.2	3.06	11.6	4.17	10.7	5.00
- Euros	12.1	2.88	8.4	3.84	7.1	3.91
- Foreign currencies	2.1	4.12	3.2	5.04	3.6	7.10
Shareholders´ funds	4.4	-	4.4	-	4.4	-
Other non-interest bearing liabilities	10.7	-	10.6	-	10.1	-
AVERAGE TOTAL LIABILITIES	100.0	2.24	100.0	3.39	100.0	4.39
NET INTEREST INCOME/ATA		2.42		2.70		2.92

CORE REVENUES

Fees were €3,172 million, a 2.7% increase on 2002 at constant exchange rates (in current euros they fell by -9.6%). If the fees from placements recorded in the fourth quarter of 2002 are excluded, the year-on-year increase would be 5.1% with an upward trend during the year. Fees from banking services grew by 11.2% and those from pension funds by 6.0%, while fees from mutual funds and from securities fell, especially underwriting and placement fees, since fewer transactions of this type were performed because of the market situation.

NET FEE INCOME (1)
(MILLIONS OF EUROS)

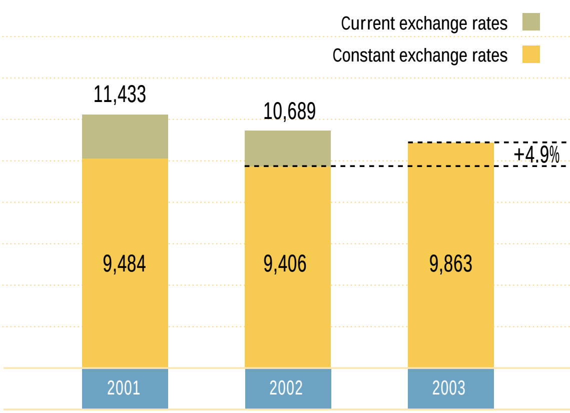
	2003	Δ%	2002	2001
NET FEE INCOME	3,172	(9.6)	3,509	3,546
Collection and payment services	1,342	(4.4)	1,404	1,323
• Credit and debit cards	576	1.4	568	506
• Other collection and payment services	766	(8.4)	836	817
Asset management	1,048	(11.4)	1,184	1,274
• Mutual and pension funds	963	(10.7)	1,079	1,162
• Managed portfolios	85	(19.1)	105	112
Other securities services	456	(19.0)	563	626
• Purchase/sale of securities	130	(2.4)	133	179
• Underwriting and placement	59	(55.9)	134	155
• Administration and custody services	267	(9.7)	296	292
Other fees	326	(8.9)	358	323

(1) With Argentina and Brazil accounted for by the equity method.

In the America business area, which contributed half of the Group's fees, these increased by 10.9% at constant exchange rates, most noteworthy being the 17.0% rise in fees in Mexico. This increase in fees, together with the containment of costs, means that the recurrence ratio, which measures these two items, rose to 80.1% in 2003 from 73.8% in 2002. In Mexico the situation was even better: the recurrence ratio soared to 86.2% in 2003 from 77.1% in 2002.

Fees in the Retail Banking area rebounded in 2003, and increased from €346 million in the first quarter to €409 million in the fourth, due to the 10.4% increase in fees on cards, account management and insurance, and the recovery in fees from fund management. However, in comparison with 2002, fee volume fell by 2.3% in the year as a result of the reduction in fees from securities (extraordinary placement fees received in the fourth quarter of 2002) and mutual fund management fees. Mutual fund management fees were impacted in the first half by the performance of the assets under management and the decrease in average commissions due to customers' preference for lower risk funds which, accordingly, earn lower fees. On the other hand, in the second half, the success of

CORE REVENUES (1)
(MILLIONS OF EUROS)



(1) With Argentina an Brazil accounted for the equity method.

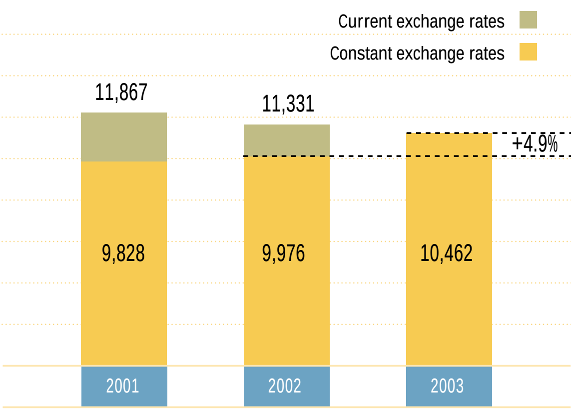
the guaranteed funds launched by the Group meant that assets under management increased substantially and average fees were stabilized. Consequently, fees recovered to levels above those of the corresponding period in 2002.

The net interest income and fees referred to above meant that the Bank obtained core revenues of €9,863 million in 2003, 4.9% more than in 2002 at constant exchange rates (7.7% less at current exchange rates). Growth in this revenue line increased over the year at ever-increasing rates at constant exchange rates (from +2.8% in the first quarter) and fell at ever-decreasing rates at current exchange rates (from –14.4% at the end of March).

ORDINARY REVENUES

Net trading income, at €599 million, was up 5.0% at constant exchange rates (-6.8% in current euros) on the corresponding figure for 2002, and this, together with core revenues, meant that ordinary revenues amounted to €10,462 million, up 4.9% on 2002 at constant exchange rates, which became a fall of 7.7% as a result of the depreciation of the American currencies.

ORDINARY REVENUES (1)
(MILLIONS OF EUROS)

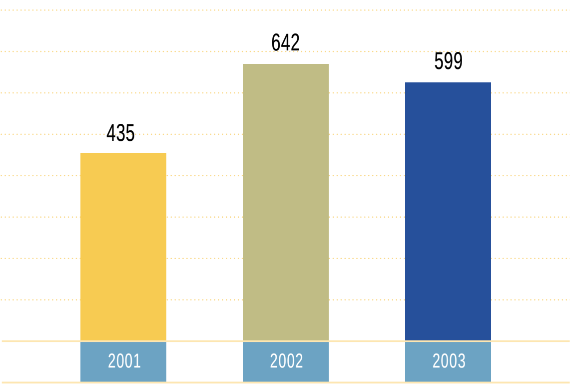


(1) With Argentina an Brazil accounted for the equity method.

OPERATING PROFIT

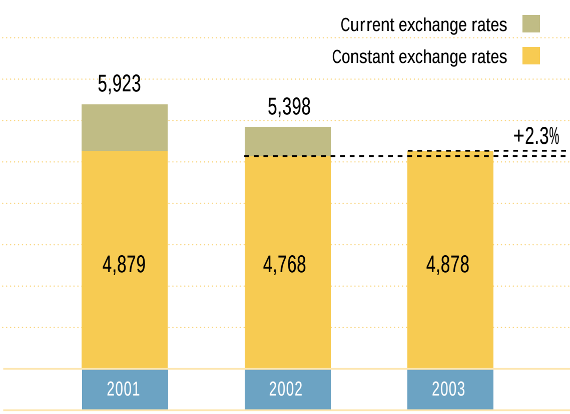
As in previous years, in 2003 the control of operating costs led to an increase in recurring income. Accordingly, at constant exchange rates, personnel costs increased by only 1.4%, general costs by 4.1% and the aggregate of the two by 2.3% (with decreases of 8.9%, 10.9% and 9.6%, respectively, in current euros). The growth of these expenses in the aggregate domestic business was practically zero, and the 5.5% increase in America business area in local currencies (4.5% in Mexico) was lower than the average rate of inflation for

TRADING INCOME (1)
(MILLIONS OF EUROS)



(1) With Argentina an Brazil accounted for the equity method.

GENERAL AND ADMINISTRATIVE EXPENSES (1)
(MILLIONS OF EUROS)



(1) With Argentina an Brazil accounted for the equity method.

GENERAL AND ADMINISTRATION EXPENSES (1)
(MILLIONS OF EUROS)

	2003	Δ%	2002	2001
PERSONNEL COSTS	3,177	(8.9)	3,489	3,747
Wages and salaries	2,395	(8.2)	2,609	2,853
• Fixed compensation	1,901	(10.3)	2,119	2,289
• Variable compensation	494	1.0	490	564
Employee welfare expenses	558	(5.0)	587	568
• Of which: pension funds	135	1.7	133	122
Training expenses and other	224	(23.5)	293	326
GENERAL EXPENSES	1,701	(10.9)	1,909	2,175
Premises	351	(15.8)	417	496
IT	357	(1.2)	361	463
Communications	189	(19.3)	235	278
Advertising and publicity	130	(12.1)	148	156
Corporate expenses	66	(15.3)	77	91
Other expenses	465	(10.1)	517	490
Levies and taxes	143	(7.3)	154	201
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	4,878	(9.6)	5,398	5,922

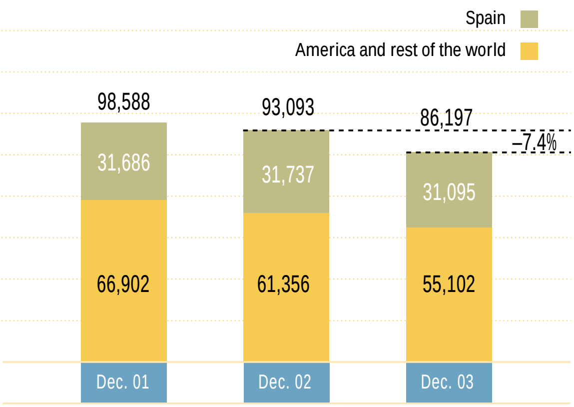
(1) With Argentina and Brazil accounted for by the equity method.

the region and which, in current euros, becomes a decrease of 20.5% (-21.6% in Mexico).

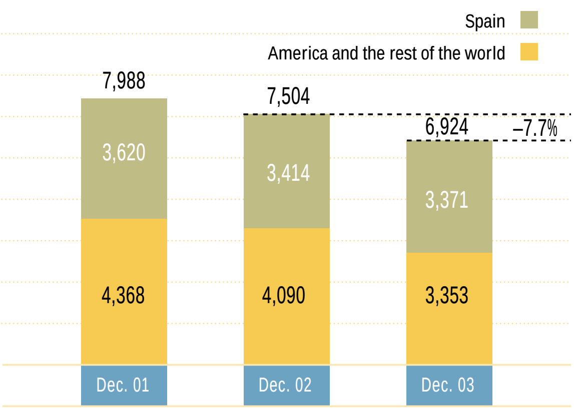
The Group continued its restructuring process in 2003. The headcount was reduced by 6,896 employees (7.4%), particularly in America (a reduction of 6,193 (10.4%) of which 4,610 relate to the departure from Brazil, although significant cuts were also recorded in Venezuela and Argentina), while in Spain the reduction amounted to 642 people (2.0%), as a result of the combination of the policy of early retirements and of hiring a significant number of recent university graduates. Since 2000, when Bancomer joined the Group, the headcount has fallen from 108,082 employees as of December 31, 2000, to 86,197 as of December 31, 2003, a 20.2% reduction, including more than 2,600 net terminations in Spain and more than 19,000 in Latin America, mainly in Mexico, Venezuela, Argentina and Colombia, together with the departure from Brazil.

At 2003 year-end the Group's branch network comprised 6,924 points of sale, 7.7% fewer than as of December 31, 2002, mainly as a result of the sale of the Brazilian operation; the number of branches fell slightly in Spain and by 2% in the rest of America. Since 2000 year-end 2,022 branches (22.6%)

NUMBER OF EMPLOYEES



NUMBER OF BRANCHES



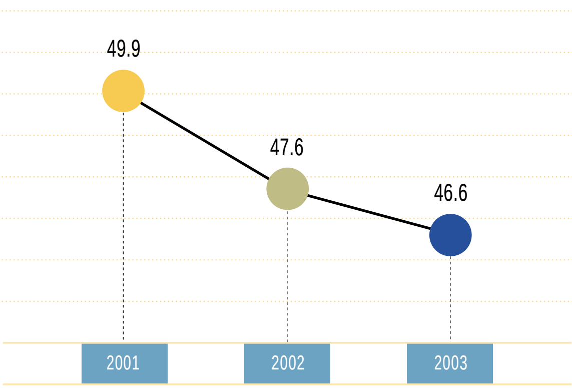
have been closed, 493 of which were in Spain (-12.8%) and 1,512 in America (-31.1%), mainly in Brazil, Mexico and Argentina.

The sound performance of ordinary revenues and of operating expenses enabled the BBVA Group to once again improve the efficiency ratio, and to remain, in terms of this highly significant index, one of the leading European banks. Therefore, disregarding Argentina and Brazil, the efficiency ratio was 46.6% in 2003, 1 percentage point better than the 2002 figure and 3.3 percentage points better than the 49.9% recorded in 2001. Progress was made in all three business areas: Retail Banking Spain and Portugal's efficiency ratio was 44.7%, 0.1 percentage points better than in 2002 and 3.7 points better than in 2001, Wholesale and Investment Banking's efficiency ratio improved by 3.9 percentage points to 31.7%; and America business area maintained its improvement to reach 44.1%, compared to 46.0% in 2002 and 48.9% in 2001 (the figures in Mexico were 42.3%, 46.0% and 48.2%, respectively).

The evolution of revenues and expenses also enabled operating profit to reach €4,883 million, which represents growth of 8.7% in the year at constant exchange rates (a fall of 4.3% at current rates, where performance improved during the year after a fall of 11.1% in the first quarter).

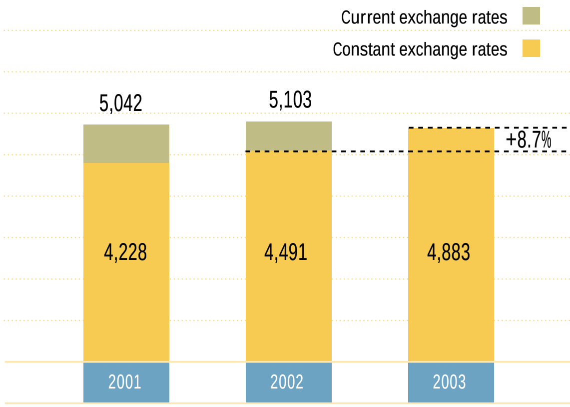
All the business areas contributed to the improvement in operating profit. The domestic business areas performed as follows: Retail Banking Spain and Portugal recorded a year-on-year increase of 0.7%, Wholesale and Investment Banking increased by 12.6% and this, together with the operating profit contributed by Corporate Activities which includes the impact of asset and liability management and hedging transactions, means that the aggregate figure increased by 3.4% on 2002. Operating profit from America business area increased by 15.8% at constant exchange rates (-12.1% in current euros), a figure that increased to 25.4% in the case of Mexico.

EFFICIENCY RATIO (1)
(PERCENTAGE)



(1) With Argentina an Brazil accounted for the equity method.

OPERATING PROFIT (1)
(MILLIONS OF EUROS)

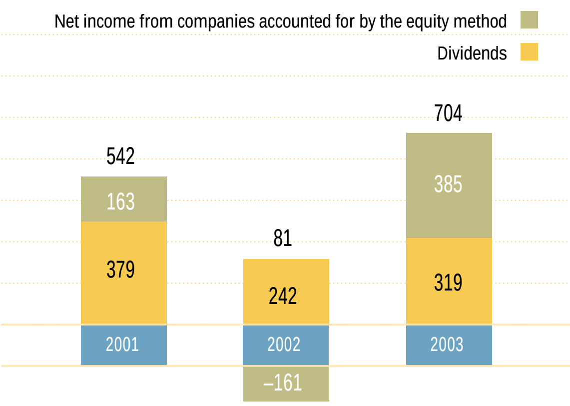


(1) With Argentina an Brazil accounted for the equity method.

INDUSTRIAL PORTFOLIO

In the management income statement, income from companies accounted for by the equity method amounted to €704 million in 2003, of which €319 million were collected as dividends and €385 million were recorded under net income from companies accounted for by the equity method. These figures represent a significant increase on those recorded in 2002: total income of €81 million, split into €242 million of dividends collected and a net loss from companies accounted for by the equity method of €161 million.

INCOME FROM COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD (1)
(MILLIONS OF EUROS)



(1) With Argentina an Brazil accounted for the equity method.

Of the €704 million, €660 million relate to the Group's industrial portfolio (€319 million were collected as dividends and €341 million were recorded under net profit from companies accounted for by the equity method) and the remaining €44 million were generated by the Group companies in Argentina and Brazil.

The increase in the contribution made by the industrial portfolio from €281 million in 2002 to €660 million in 2003 was due, on the one hand, to the improvement in the investees' earnings, which took contributions to the Group's income statement back to more normal levels and, on the other, to the lower amounts of the adjustments recorded in 2003 after the publication of these companies' final results compared to the adjustments recorded in the same connection in 2002. In fact, while these adjustments amounted to €96 million in 2003 after the publication of the final 2002 results of companies such as Telefónica and Terra, in 2002 the extraordinary adjustments included charges of €104 million for Repsol and Banca Nazionale del Lavoro and €209 million relating to the write-off of UMTS licenses by Telefónica.

The Group companies in Argentina generated income of €10 million in 2003 and a loss of €9 million in 2002, both of which derived mainly from the insurance and pensions business, since

INCOME FROM COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD (1)
(MILLIONS OF EUROS)

	2003	Δ%	2002	2001
Dividends	319	31.8	242	379
Net income from companies accounted for by the equity method	385	n.m.	(161)	163
TOTAL INCOME FROM COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD	704	n.m.	81	542
Industrial investments	291	275.3	77	333
Financial entities and insurance companies	361	94.7	185	326
Real estate companies and other	8	(60.3)	19	97
Argentina	10	n.m.	(9)	(218)
Brazil	34	n.m.	(191)	4

(1) With Argentina and Brazil accounted for by the equity method.

earnings in the banking business are still offsetting the provision recorded to that effect in December 2001. With regards to Brazil, earnings of €34 million were recorded in 2003, relating to the pre-tax profit obtained by BBV Brasil before it became part of Bradesco, while in 2002 a loss of €191 million was recorded, including the charge of €245 million for exchange losses arising from the sale of BBV Brasil.

The realization of capital gains through the industrial portfolio turnover generated income from Group transactions of €553 million, 7.5% more than the €515 million obtained in 2002. The main transactions in 2003 were the sale of the holding in Crédit Lyonnais in the first half as part of the tender offer launched by Crédit Agricole, which resulted in a gain of €343 million, and the divestments of industrial portfolio holdings in the last few months of the year to partially finance the acquisition of shares of Bancomer held by minority shareholders, while the main transactions in 2002 were the sale of 27.7% of the capital of Metrovacesa, which resulted in a gain of €375 million, and the sale of 7.6% of Acerinox, with a gain of €66 million.

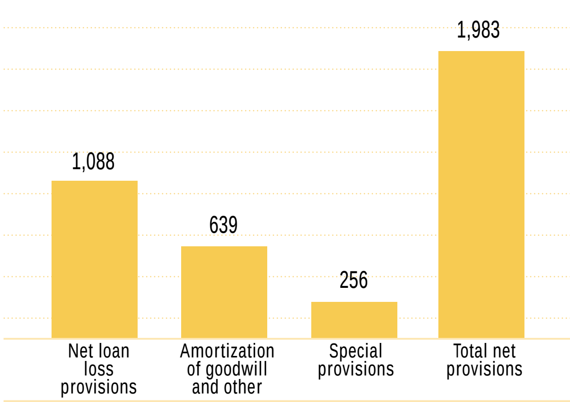
PROVISIONS AND EXTRAORDINARY ITEMS

In 2003 the BBVA Group recorded provisions totaling €1,983 million, if Argentina and Brazil are accounted for by the equity method. This figure is 16.1% less than in 2002 due to the exchange rate effect, the reduction in net loan loss provisions (basically due to the country-risk provisions recorded in 2002) and the extraordinary writeoffs the Group made in the fourth quarter of 2002 (the extraordinary amortization of €129 million of the goodwill relating to investments in countries below investment grade and a provision of €81 million to special provisions for early retirement). Mention should be made of the fact that, in the management income statement under analysis, the charge of €245 million for exchange losses arising from the sale of BBV Brasil is included, as stated above, by the equity method.

Net loan loss provisions amounted to €1,088 million, 24.7% less than in 2002, mainly as a result of the fluctuations in interest rates (when the fluctuations are adjusted out, this fall was 14.2%) and of the provisions of €103 million booked in 2002 as a result of the reclassification of Argentina from country-risk Group 4 to Group 5. The reduction in the Group's nonperforming loans enabled the specific risk provisions to be reduced with consequent increases in the general-purpose provision (arising from growth in total lending) and in the provision for the statistical coverage of loan losses, to which more than €300 million were booked, taking the balance of this provision to €920 million.

Amortization of goodwill amounted to €639 million, 5.9% less than €679 million in 2002, when the figure included the aforementioned extraordinary amortization of €129 million of the goodwill relating to investments in countries below investment grade recorded at 2002 year-end. In 2003, €49 million of goodwill relating to the acquisition of the holding in Bradesco were amortized and €70 million of goodwill relating to the holding in Gas Natural were amortized early.

TOTAL NET PROVISIONS IN 2003 (1)
(MILLIONS OF EUROS)



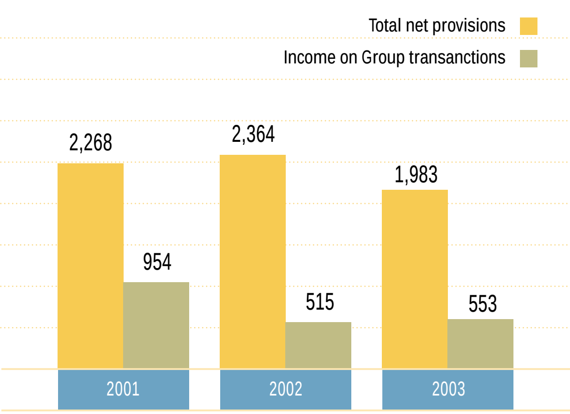
(1) Excluding Argentina and Brazil. At constant exchange rates.

INCOME FROM GROUP TRANSACTIONS AND TOTAL NET PROVISIONS (1)
(MILLIONS OF EUROS)

	2003	Δ%	2002	2001
NET INCOME FROM GROUP TRANSACTIONS	553	7.5	515	954
TOTAL NET PROVISIONS	(1,983)	(16.1)	(2,364)	(2,268)
Net loan loss provisions	(1,088)	(24.7)	(1,444)	(1,355)
Amortization of goodwill	(639)	(5.9)	(679)	(623)
Net securities writedowns	-	n.m.	3	(43)
Provisions to special reserves	(256)	4.8	(244)	(247)

(1) With Argentina and Brazil accounted for by the equity method.

TOTAL NET PROVISIONS AND INCOME ON GROUP TRANSACTIONS (1)
(MILLIONS OF EUROS)



(1) With Argentina an Brazil accounted for the equity method.

PROFIT AND ITS DISTRIBUTION

The sound performance of operating profit, excluding the exchange rate effect, and the return to more normal levels of income from companies accounted for by the equity method and of provisions mean that pre-tax profit compared to 2002 increased by 19.2% to €3,753 million (which would have been 35.6% at constant exchange rates). The provision for corporate income tax increased by 22.8% to €857 million.

Net profit after taxes amounted to €2,896 million, an increase of 18.1% on 2002 (+33.5% at constant exchange rates). The portion of income corresponding to minority interests decreased by 8.6% due to the reduction in the cost of preferred shares resulting from the redemption of former issues and the lower interest rates of those issued in the year. Consequently, net attributable profit in 2003 amounted to €2,227 million, with an increase of 29.5% with respect to the €1,719 million obtained in 2002; this increase rises to 42.7% if the depreciation in American currencies against the euro is disregarded.

The distribution by business area is as follows: Retail Banking Spain and Portugal contributed €1,239 million (2.1% less than in 2002 due to the impact of the general-purpose and statistical provisions recorded as a result of the growth in lending); Wholesale and Investment Banking earned €468 million (an increase of 22.5%), America business area earned €715 million (+24.0% at constant exchange rates and a decrease of 2.8% at current rates); and Corporate Activities obtained a loss of €195 million in 2003, compared to the €665 million loss in 2002.

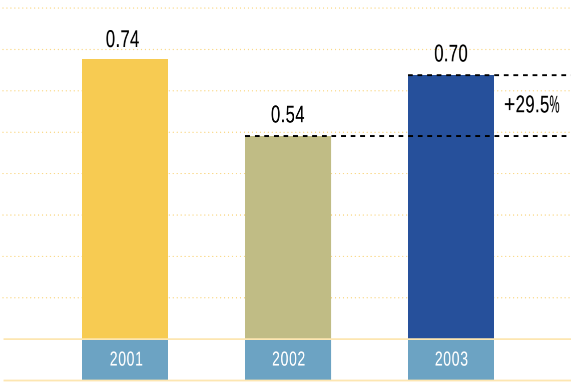
Earnings per share amounted to €0.70, an increase of 29.5% on the €0.54 of 2002, an identical percentage increase to that of net attributable profit, and the return on equity (ROE) was 18.4%, thus improving the 13.7% of 2002 (and the 17.1% that would have been obtained in that year if the aforementioned extraordinary write-offs were excluded), and, accordingly, BBVA is one of the leading banks in the euro zone in terms of both earnings per share and ROE. The return on average total

NET ATTRIBUTABLE PROFIT (1)
(MILLIONS OF EUROS)

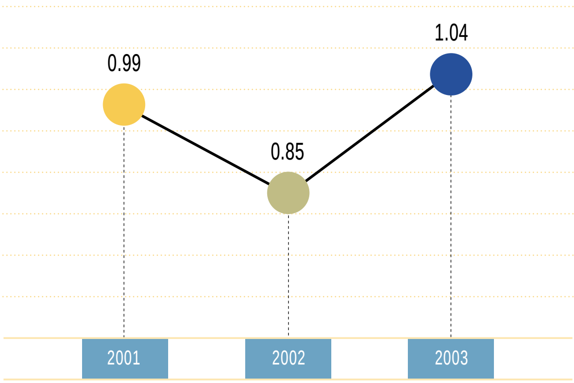
	2003	∆%	2002	2001
PRE-TAX PROFIT	3,753	19.2	3,149	4,184
Corporate income tax	(857)	22.8	(697)	(964)
NET PROFIT	2,896	18.1	2,452	3,220
Minority interests	(669)	(8.6)	(733)	(857)
• Preferred shares	(214)	(22.2)	(276)	(315)
• Other	(455)	(0.4)	(457)	(542)
NET ATTRIBUTABLE PROFIT	2,227	29.5	1,719	2,363
Dividends	1,224	10.4	1,109	1,222
Reserves	1,003	64.4	610	1,141

(1) With Argentina and Brazil accounted for by the equity method.

EARNINGS PER SHARE
(EUROS)



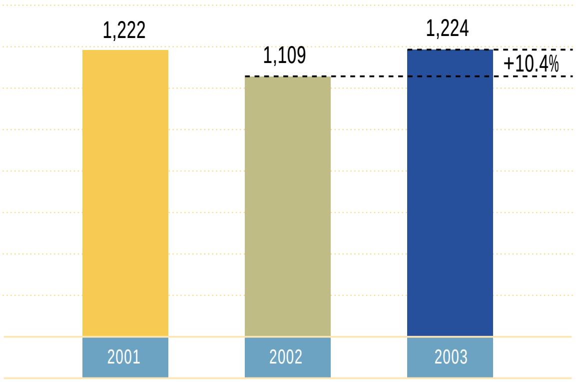
ROA
(PERCENTAGE)



assets (ROA) increased to 1.04% in 2003 (from 0.85% in 2002, or 1.00% excluding the aforementioned extraordinary writedowns) and the return on risk weighted assets (RORWA) climbed to 1.74% (1.48% in 2002).

The dividend paid against the 2003 profit that the Bank's Board of Directors plans to propose to the Shareholders' Meeting amounts to €0.384 per share, a 10.3% increase on the €0.348 per share paid against the 2002 profit. This dividend per share figure means that the total amount to be distributed to the shareholders is €1,224 million (€1,109 million in 2002) and the pay out ratio is 55.0%, compared to 64.5% in 2002.

TOTAL DIVIDENDS
(MILLIONS OF EUROS)

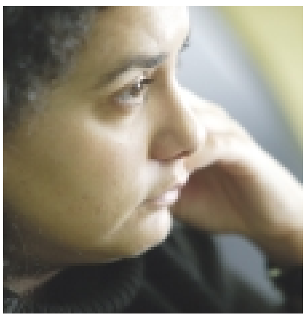


Balance sheet and Business activity

LENDING

CUSTOMER FUNDS

OTHER BALANCE-SHEETS ITEMS



The most noteworthy trend in the BBVA Group's main business aggregates in 2003 in the domestic market was the solid growth achieved in lending to customers, in particular in mortgage loans and also in loans to small businesses and companies. As regards funds under management, the increase in stable funds centered on mutual and pension funds and that in transaction deposits on savings accounts. Also, as a reflection of burgeoning trade, these two sides of the business showed an upward trend throughout the year, with increasingly high levels of year-on-year growth.

In Latin America the growth of deposits continued to outstrip that of lending, above all in certain countries. However, the increases achieved in local currencies were adversely affected on translation to euros by the depreciation of the Latin-American currencies. This led, inter alia, to an increase in the growing relative importance of the domestic business in the BBVA Group's balance sheet and a reduction in that of the Latin-American business, in particular in the non-investment grade countries, which gave rise to an improvement of the Group's risk profile.

Also worthy of note in 2003 was the increase in the quality of the assets managed by the Group, which led to a substantial decrease in the nonperforming loans ratio. At the same time there was an improvement in the coverage ratio.

In order to correctly analyze the variations in the balance-sheet aggregates and the Group's business activity, the impact of the depreciation of the American currencies against the euro must be taken into account. In the wake of the sharp falls in their values in 2002, 2003 saw further depreciations of the Mexican peso (22.7%), the Venezuelan bolivar (28.1%), the Peruvian new sol (15.9%), the Colombian peso (14.4%) and the U.S. dollar (17.0%).

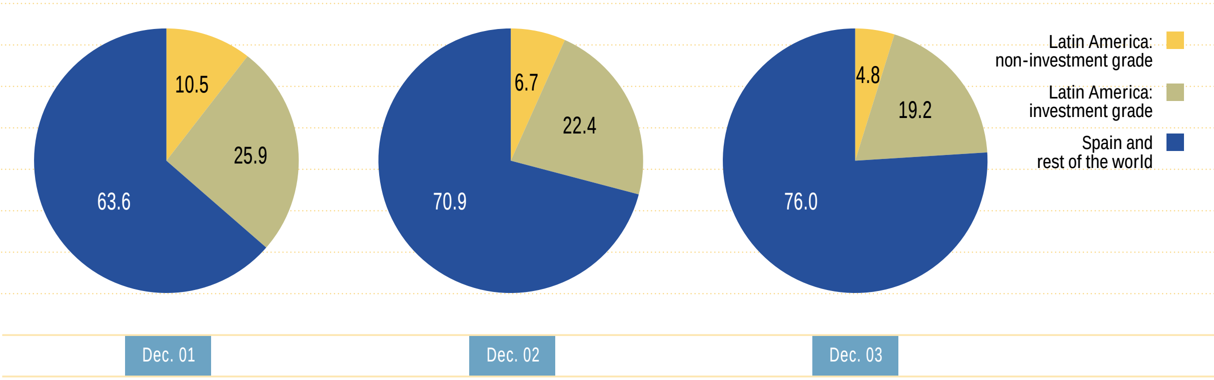
As of December 31, 2003, the BBVA Group's total assets amounted to €287 billion, an increase of 2.7% over 2002 year-end, despite the aforementioned depreciation of the American currencies. Disregarding the effect of currency depreciation, the increase in total Group assets was 8.5% (10.7% if Brazil and Argentina are also excluded). Latin America

CONSOLIDATED BALANCE SHEETS

(MILLIONS OF EUROS)

	31-12-03	Δ%	31-12-02	31-12-01
Cash on hand and deposits at central banks	8,110	0.7	8,050	9,240
Due from credit entities	20,907	(2.7)	21,476	23,199
Total net lending	148,827	5.3	141,315	150,220
Fixed-income securities portfolio	71,881	4.3	68,901	81,816
• Government debt securities	18,945	(4.2)	19,768	20,165
•Debentures and other debt securities	52,936	7.7	49,133	61,651
Equity securities portfolio	9,740	(3.3)	10,071	11,430
•Accounted for by the equity method	6,648	(5.9)	7,064	7,756
•Other investments	3,092	2.8	3,007	3,674
Consolidation goodwill	3,707	(12.9)	4,257	4,617
Property and equipment	3,790	(18.2)	4,634	6,172
Treasury stock	66	(32.4)	98	76
Accumulated losses at consolidated companies	3,611	(1.1)	3,650	2,885
Other assets	16,511	(3.4)	17,090	19,591
TOTAL ASSETS	287,150	2.7	279,542	309,246
Due to credit entities	61,570	9.7	56,119	64,588
On-balance-sheet customer funds	182,832	1.3	180,570	199,486
•Deposits	141,049	(3.8)	146,560	166,499
•Marketable debt securities	34,383	24.9	27,523	25,376
•Subordinated debt	7,400	14.1	6,487	7,611
Other liabilities	19,341	0.6	19,221	20,634
Net profit for the year	2,897	17.5	2,466	3,009
Minority interests	5,426	(4.4)	5,674	6,394
Capital stock	1,566	-	1,566	1,566
Reserves	13,518	(2.9)	13,926	13,569
TOTAL LIABILITIES AND EQUITY	287,150	2.7	279,542	309,246
Other customer funds managed	113,075	3.9	108,815	124,496
•Mutual funds	45,752	5.0	43,582	49,901
•Pension funds	40,016	9.4	36,563	41,249
•Customer portfolios	27,307	(4.8)	28,670	33,346
MEMORANDUM ITEM:				
Average total assets	279,245	(3.3)	288,712	302,662
Risk-weighted average assets	166,050	(0.1)	166,163	169,028
Average shareholders´ funds	12,069	(3.7)	12,531	13,159

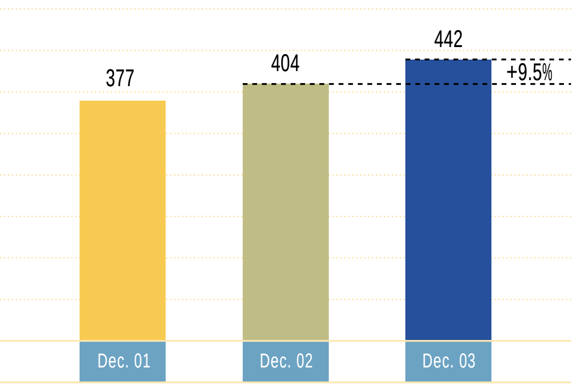
GEOGRAPHICAL BREAKDOWN OF ASSETS
(PERCENTAGE)



accounted for 24.0% of total Group assets at 2003 year-end (down from 29.1% and 36.4%, respectively, at 2002 and 2001 year-end), as a result of which the relative importance of the assets in Spain and the rest of the world rose to 76.0% (from 70.9% in 2002 and 63.6% in 2001). Within Latin America, the assets relating to investment-grade countries (Mexico, Chile and Puerto Rico) represented 19.2% of the Group's total assets at 2003 year-end (down from 22.4% and 25.9%, respectively, at 2002 and 2001 year-end), and those located in below-investment-grade countries fell to 4.8% (from 6.7% and 10.5%, respectively, at 2002 and 2001 year-end), due both to the depreciation of the respective currencies and to the sale of BBV Brasil.

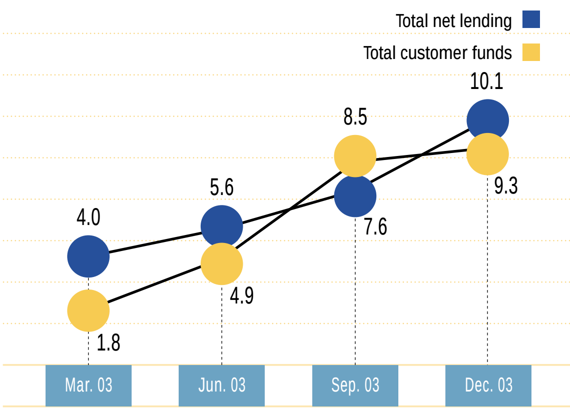
Business volume, calculated as the sum of gross lending and total customer funds under management, amounted to €449 billion, with a year-on-year increase of 3.1%, despite the exchange rate fluctuations and the divestment in Brazil, since, if these two factors and Argentina are disregarded, business volume rose by 9.5% to €442 billion, with steady growth from quarter to quarter (2.5% in March, 5.1% in June and 8.2% in September). Within this aggregate, total lending to customers amounted to €153 billion, up 4.7% on the figure at 2002 year-end, and total

BUSINESS VOLUME (1) (2)
(BILLIONS OF EUROS)



(1) Total net lending plus total customer funds.
(2) Excluding Argentina and Brazil. At constant exchange rates.

BUSINESS VOLUME GROWTH (1)
(PERCENTAGE YEAR-ON-YEAR VARIATIONL)



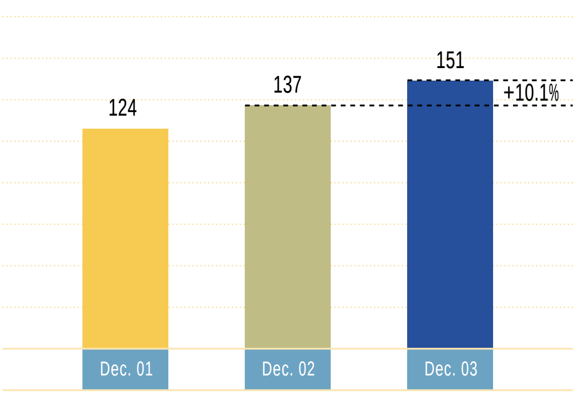
(1) Excluding Argentina and Brazil. At constant exchange rates.

customer funds managed, comprising the on-balance-sheet customer funds, mutual and pension funds and the customer portfolios, amounted to €296 billion, an increase of 2.3% with respect to the previous year. Disregarding Argentina and Brazil and at constant exchange rates, total gross lending rose by 10.1% and total customer funds managed by 9.3%.

LENDING

Total gross lending grew steadily throughout the year, showing improved year-on-year growth from quarter to quarter, both in overall terms and in each of its main components. Thus, at current exchange rates, growth in June stood at 0.9%, rising to 4.7% at year-end. Comparing the two years on a uniform basis (disregarding Argentina and Brazil and at constant exchange rates), the growth rate in gross lending was similar, increasing from 5.6% in June to 10.1% in December.

TOTAL LENDING (GROSS) (1)
(BILLIONS OF EUROS)



(1) Excluding Argentina and Brazil. At constant exchange rates.

TOTAL LENDING
(MILLIONS OF EUROS)

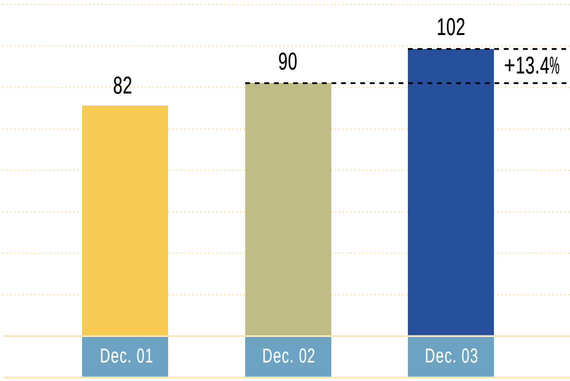
	31-12-03	∆%	31-12-02	31-12-01
Public sector	13,334	6.6	12,506	12,155
Other domestic sectors	101,532	13.4	89,539	82,259
• Secured loans	53,166	18.4	44,912	39,077
• Commercial loans	8,309	2.7	8,093	7,242
• Other term loans	33,222	7.8	30,821	30,502
• Credit card debtors	1,076	8.4	993	900
• Other	1,507	17.9	1,278	1,700
• Financial leases	4,252	23.5	3,442	2,838
Non-domestic sector	35,732	(12.6)	40,895	59,059
• Secured loans	10,473	(13.2)	12,069	16,877
• Other loans	25,259	(12.4)	28,826	42,182
Nonperforming loans	2,673	(23.1)	3,473	2,675
TOTAL LENDING (GROSS)	153,271	4.7	146,413	156,148
Loan loss provisions	(4,444)	(12.8)	(5,098)	(5,928)
TOTAL NET LENDING	148,827	5.3	141,315	150,220
MEMORANDUM ITEM (excluding Argentina and Brazil):				
Total net lending	147,110	6.9	137,564	140,299

Of the €153 billion of total lending at 2003 year-end, €13.3 billion related to the public sector, up 6.6% on 2002, confirming the Group's leading position in this business segment of the domestic market; €101.5 billion to other domestic sectors (which, up 13.4% on 2002, spearheaded the growth in lending); €35.7 billion to non-domestic sectors (a year-on-year fall of 12.6% in current euros, but a 3.5% rise in uniform terms and at constant exchange rates); and €2.7 billion to nonperforming loans (which fell sharply by 23.1% in 2003).

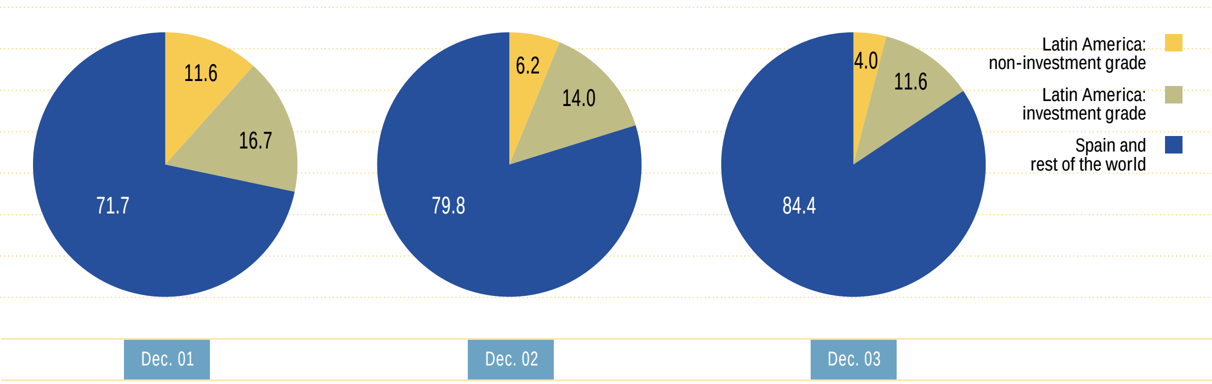
Due to the burgeoning growth of lending in the domestic market, coupled with the impact of the depreciation of the Latin-American currencies, the relative importance of lending to the domestic sector (public sector and other domestic sectors) rose again in 2003, accounting for 75.5% of total Group lending (up from 70.3% and 61.0%, respectively, at 2002 and 2001 year-end). At the same time, lending to non-domestics decreased to 24.5% of the total at 2003 year-end (from 29.7% in 2002 and 39.0% in 2001). By geographical area, lending in below-investment-grade Latin-American countries represented only 4.0% of total Group lending at 2003 year-end (compared with 6.2% and 11.6%, respectively, as of December 31, 2002 and 2001), whereas lending in investment-grade Latin-American countries (Mexico, Chile and Puerto Rico) fell from 16.7% in 2001 and 14.0% in 2002 to 11.6% as of December 31, 2003.

As mentioned earlier, lending to other domestic sectors rose by 13.4% to reach €101.5 billion as of December 31, 2003, steady growth having been achieved throughout the year (9.1% in March, 9.7% in June and 10.8% in September). Secured loans, which amounted to €53 billion, proved to be the most dynamic form of lending in 2003, achieving year-on-year growth of 18.4% in December (19.4% in the financing of unsubsidized housing, disregarding

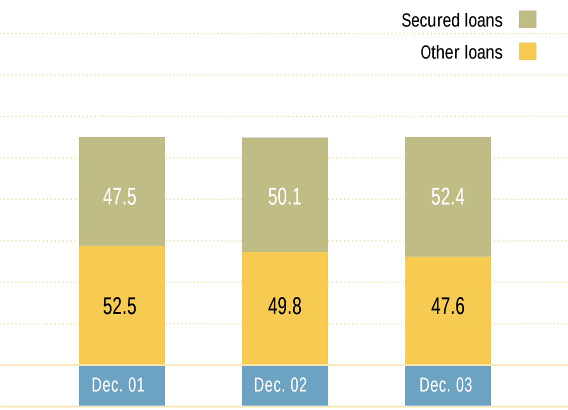
TOTAL LENDING TO OTHER DOMESTIC SECTORS (GROSS)
(BILLIONS OF EUROS)



GEOGRAPHICAL BREAKDOWN OF TOTAL LENDING (GROSS)
(PERCENTAGE)



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



financing under Government-Subsidized Housing schemes, which fell slightly in 2003). As a result, secured loans accounted for 52.4% of total lending to other domestic sectors, nearly five percentage points up on 2001. SME and business financing also experienced substantial growth (15%). Particularly noteworthy in this respect were financial leases which, for the second consecutive year, increased by over 20%.

Lending to non-domestics totaled nearly €36 billion at 2003 year-end, down 12.6% on the figure for December 2002, due to the divestment in Brazil and the exchange rate fluctuations, since disregarding these factors and excluding Argentina, the year-on-year variation would have been +3.5%. In America the Group applied a prudent, selective lending policy responsive to the particular situation prevailing in each country, which led to increases, in local currency terms, of 15.3% in Chile and 10.1% in Colombia. In Mexico, the year-on-year growth of the loan portfolio as a whole stood at 4.8% (14.6% in manageable loans –excluding the historical mortgage portfolio-, the pace of growth having accelerated throughout the year). In contrast, lending in Venezuela fell by 14.3% in 2003 due to the instability that reigned in that country.

Asset quality is one of BBVA's permanent strategic priorities. In 2003 doubtful loans fell by 23.1% to €2.7 billion, which, together with the growth in lending, triggered a substantial improvement of all risk quality indicators. The Group's nonperforming loans ratio ended the year at 1.74%, down from 2.37% at 2002 year-end (1.63% and 2.24%, respectively, including off-balance-sheet risk exposure). Disregarding Argentina and Brazil, the nonperforming loans ratio declined to 1.31% (1.70% as of December 31, 2002).

In Spain, the nonperforming loans ratio fell to an all-time low (0.72% in lending to other domestic sectors, down from 0.85% at 2002 year-end). In Retail Banking Spain and Portugal, nonperforming loans have fallen year after year to 0.88% as of December 31, 2003

VARIATIONS IN NONPERFORMING LOANS
(MILLIONS OF EUROS)

	4Q 03	3Q 03	2Q 03	1Q 03
BEGINNING BALANCE	2,948	3,126	3,274	3,473
Net variation	(275)	(178)	(148)	(199)
+Entries	415	481	665	523
- Outflows	(444)	(349)	(534)	(305)
- Write-offs	(246)	(310)	(279)	(417)
PERIOD-END BALANCE	2,673	2,948	3,126	3,274

NONPERFORMING ASSETS AND PROVISIONS
(MILLIONS OF EUROS)

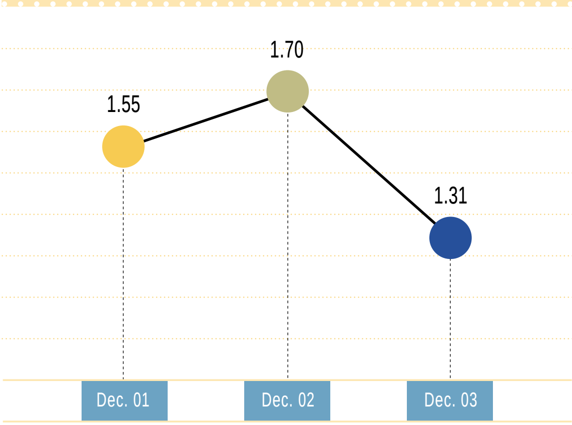
	31-12-03	Δ%	31-12-02	31-12-01
TOTAL NONPERFORMING ASSETS	2,777	(24.6)	3,684	2,767
Nonperforming loans	2,673	(23.1)	3,473	2,675
• Public sector	69	22.9	56	41
• Other domestic sectors	734	(4.9)	771	786
• Non-domestic sectors	1,870	(29.3)	2,646	1,848
Nonperforming off-balance sheet items	104	(50.7)	211	92
TOTAL RISK EXPOSURE	169,923	3.3	164,570	172,624
Total lending (gross)	153,271	4.7	146,413	156,148
Off-balance-sheet items	16,652	(8.3)	18,157	16,476
PROVISIONS	4,653	(13.3)	5,370	6,113
Loan loss provisions	4,444	(12.8)	5,098	5,928
Provisions for off-balance-sheet items	209	(22.9)	272	185
MEMORANDUM ITEM:				
Foreclosed assets	373	(25.4)	500	856
Foreclosed asset provisions	202	(22.1)	260	338
Coverage (%)	54.2		52.0	39.5

NONPERFORMING LOAN AND COVERAGE RATIOS
(PERCENTAGE)

	31-12-03	31-12-02	31-12-01
NONPERFORMING LOAN RATIOS:			
Nonperforming loans/Total lending (gross)	1.74	2.37	1.71
Nonperforming assets/Total risk exposure	1.63	2.24	1.60
COVERAGE RATIOS:			
Nonperforming loan coverage ratio	166.3	146.8	221.6
Total risk exposure coverage ratio	167.6	145.7	220.9
Coverage ratio including secured loans	184.2	166.1	249.0
MEMORANDUM ITEM (excluding Argentina and Brazil):			
Nonperforming loans/Total lending (gross)	1.31	1.70	1.55
Nonperforming loan coverage ratio	201.1	191.1	209.7

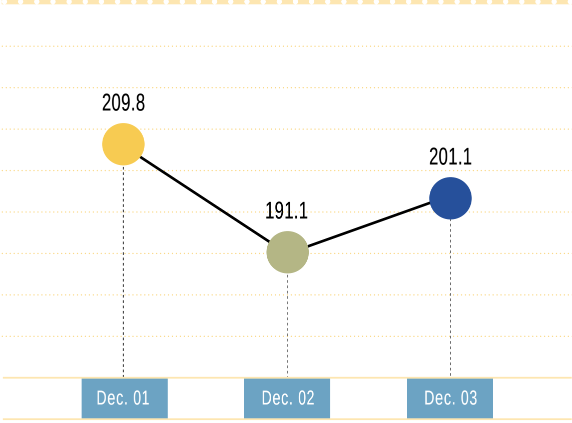
(from 1.00% and 1.13% at 2002 and 2001 year-end, respectively). The nonperforming loans ratio was also down in Wholesale and Investment Banking, where it stood at 0.66%, compared with 1.24% as of December 31, 2002. In America, after rising in the first half due to the application of corporate classification methods in certain countries, the ratio fell back to end the year at 4.01%. In Mexico the nonperforming loans ratio declined from 4.22% as of December 31, 2002 to 3.95% at 2003 year-end.

NONPERFORMING LOAN RATIO (1)
(PERCENTAGE)



(1) Excluding Argentina and Brazil.

COVERAGE RATIO (1)
(PERCENTAGE)



(1) Excluding Argentina and Brazil.

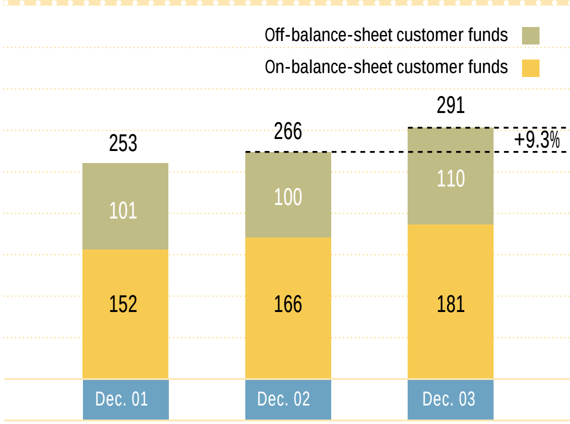
Simultaneously, the Group's level of nonperforming loans coverage increased in the year to reach to 166.3% as of December 31, 2003 (from 146.8% at 2002 year-end), rising to 201.1% if Argentina is excluded (up from 191.1% disregarding this country and Brazil at 2002 year-end).

CUSTOMER FUNDS

Total customer funds managed by the Group, including both on-balance-sheet funds and mutual funds, pension funds and customer portfolios, amounted to €296 billion as of December 31, 2003, up 2.3% on the previous year. At constant exchange rates and disregarding Argentina and Brazil, the year-on-year increase was 9.3%, steady growth having been achieved throughout the year (1.8% in March, 4.9% in June and 8.5% in September).

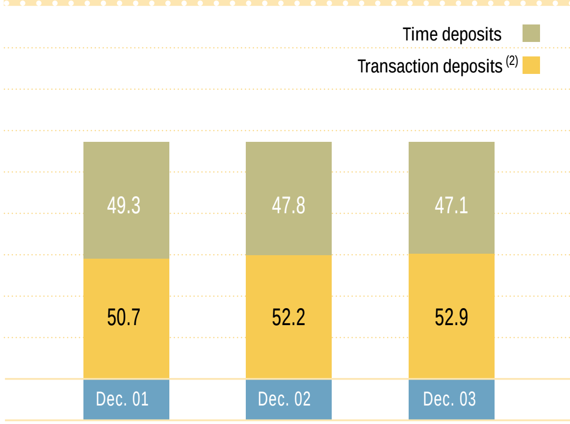
Of the total customer funds managed, on-balance-sheet funds amounted to €183 billion, up 1.3% in current euros, and off-balance-sheet funds totaled €113 billion, with a year-on-year increase of 3.9%. In constant euros and disregarding Argentina and Brazil, on-balance-sheet funds rose by 8.6% and off-balance-sheet funds by 10.3%.

CUSTOMER FUNDS MANAGED (1)
(BILLIONS OF EUROS)



(1) Excluding Argentina and Brazil. At constant exchange rates.

BREAKDOWN OF CUSTOMER DEPOSITS (1)
(PERCENTAGE)



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

In 2003 the Group once again improved its deposit structure by achieving increased growth, both in the domestic market and in America, in transaction deposits (current accounts and savings accounts), which, less costly for the Bank, accounted for 52.9% of total deposits as of December 31, 2003 (excluding Argentina and Brazil), up from 52.2% and 50.7% at 2002 and 2001 year-end, respectively.

Public sector deposits totaled €8 billion, down 12.4% on 2002 due to the cancellation of the Law Courts accounts. Other-domestic-sector deposits amounted to €66 billion, up 2.6% on the previous year, the most notable increase being that achieved in current and savings accounts (4.3%), giving rise to a concomitant reduction, due to the structural effect, of the cost of deposits. As at overall

CUSTOMER FUNDS MANAGED
(MILLIONS OF EUROS)

	31-12-03	Δ%	31-12-02	31-12-01
ON-BALANCE-SHEET CUSTOMER FUNDS	182,830	1.3	180,570	199,486
DEPOSITS	141,048	(3.8)	146,560	166,499
Public sector	8,115	(12.4)	9,264	6,638
Other domestic sectors	65,917	2.6	64,221	65,502
• Current accounts	19,874	(2.7)	20,430	20,480
• Savings accounts	17,144	13.7	15,078	14,173
• Time deposits	17,466	3.1	16,944	17,008
• Assets sold under repuchase agreement	11,433	(2.9)	11,769	13,841
Non-domestic sector	67,016	(8.3)	73,075	94,359
• Current and savings accounts	24,535	(1.3)	24,870	33,308
• Time deposits	37,747	(6.3)	40,268	49,793
• Assets sold under repuchase agreement and other accounts	4,734	(40.4)	7,937	11,258
MARKETABLE DEBT SECURITIES	34,382	24.9	27,523	25,376
Mortgage bonds	11,741	33.8	8,777	6,083
Other marketable securities	22,641	20.8	18,746	19,293
SUBORDINATED DEBT	7,400	14.1	6,487	7,611
OTHER CUSTOMER FUNDS MANAGED	113,075	3.9	108,815	124,496
Mutual funds	45,752	5.0	43,582	49,901
Pension funds	40,016	9.4	36,563	41,249
Customer portfolios	27,307	(4.8)	28,670	33,346
TOTAL CUSTOMER FUNDS MANAGED	295,905	2.3	289,385	323,982
MEMORANDUM ITEM (excluding Argentina and Brazil):				
On-balance-sheet customer funds	180,560	2.2	176,624	188,410
Other customer funds managed	110,365	4.2	105,913	117,759
Total customer funds managed	290,925	3.0	282,537	306,169

Group level, transaction deposits grew in 2003 to account for 56.2% of other-domestic-sector deposits, up from 55.3% in 2002 and 52.9% at 2001 year-end. This was the result of the strong performance of savings accounts, which rose by 13.7% to €17 billion owing to the success of the Libretón “savings fortnight” campaigns conducted in May and November. Current accounts totaled €20 billion.

Although in 2003 the growth in stable funds centered mainly on mutual funds, time deposits rose by 3.1% to €17 billion, owing to the new Libreta Flexible (flexible savings account) launched in the course of the year, which enabled the Group to capture over €2,300 million. Assets sold under repurchase agreement fell by 2.9% to €11 billion.

Non-domestic-sector deposits amounted to €67 billion as of December 31, 2003, representing a year-on-year decrease of 8.3% at current exchange rates, although on a uniformly comparable basis (disregarding Argentina and Brazil and at constant exchange rates) they grew by 9.1%. In local currency terms, the most notable performances were those achieved in Venezuela and Colombia, with increases of around 50% and 20%, respectively, and in Mexico, where the 4.2% rise in total deposits conceals a 15.9% increase in traditional branch network deposit-taking.

Marketable debt securities rose by 24.9% to €34 billion, as result of the 33.8% growth in mortgage bonds to nearly €12 billion, due to the issuance of €3,000 million of euro-denominated mortgage bonds in the first quarter, and the 20.8% increase in other marketable securities to over €22 billion. Subordinated debt totaled €7.4 billion at 2003 year-end, having risen by 14.1% as a result of the €1,350 million of subordinated debt issues made in the year.

Off-balance-sheet customer funds (mutual funds, pension funds and customer portfolios) rose by 3.9% to €113 billion in 2003, despite the depreciation of the Latin American currencies, without which, and disregarding Argentina and Brazil, the year-on-year increase was 10.3%.

In Spain, off-balance-sheet funds grew by 9.7% to nearly €61 billion, of which €37 billion related to mutual funds (+11.6%), €12 billion to pension funds (+10.7%) and €11 billion to managed customer portfolios (+2.8%).

2003 saw an upturn in the trend of assets managed in mutual funds (following a year-on-year decrease of –9.2% in March, these funds recorded year-on-year variations of -0.9% in June, +6.4% in September and the aforementioned +11.6% in December), due mainly to the fact that the Group was particularly active in the marketing of innovative guaranteed equity funds. The products launched in the first half of the year were the BBVA Garantizado Doble 6 2006, the BBVA Ranking and the BBVA Ranking II, which led to the collection of over €1,900 million. This policy was further strengthened in the second half of the year with the launch of the BBVA 5x5 Extragarantizado, the BBVA Extra 5 and the BBVA Extra 5 II, through which funds in excess of €3,800 million were collected. This enabled the Group to increase its market share for high value-added funds (guaranteed funds, equity funds, balanced funds and long-term fixed income funds) by 50 basis points in the second half of 2003, resulting in a rise of 7 basis points for the year as a whole, thus consolidating BBVA’s leading position –with a market share of 21.2%- in this type of fund. As regards the Group’s performance in terms of total mutual funds, in the second half of the year it regained 22 basis points of market share, which as of December 31, 2003, stood at 18.5%. Once again in 2003, the BBVA Propiedad real estate investment trust recorded substantial growth, rising 79.8% to €572 million.

OTHER CUSTOMER FUNDS MANAGED
(MILLIONS OF EUROS)

	31-12-03	∆%	31-12-02	31-12-01
SPAIN	60,596	9.7	55,243	58,604
MUTUAL FUNDS	37,245	11.6	33,377	36,691
Mutual Funds (ex Real State)	36,673	10.9	33,059	36,517
• Money market	10,666	4.6	10,201	10,378
• Fixed-income	11,057	(11.3)	12,471	11,803
Of which: Guaranteed	5,609	(13.8)	6,504	5,847
• Balanced	2,393	(25.1)	3,197	5,009
Of which: International funds	2,288	(10.5)	2,557	4,037
• Equity	12,019	82.7	6,577	9,272
Of which: Guaranteed	8,957	139.4	3,742	4,556
International funds	2,426	2.4	2,370	4,052
• Global	538	(12.1)	613	55
Real estate investment trusts	572	79.8	318	174
PENSION FUNDS	12,208	10.7	11,028	10,680
Individual pension plans	6,413	14.6	5,596	5,303
Corporate pension funds	5,795	6.7	5,432	5,377
CUSTOMER PORTFOLIOS	11,143	2.8	10,838	11,233
REST OF THE WORLD	52,479	(2.0)	53,572	65,892
Mutual funds	8,507	(16.6)	10,205	13,210
Pension funds	27,808	8.9	25,535	30,569
Customer portfolios	16,164	(9.4)	17,832	22,113
OTHER CUSTOMER FUNDS MANAGED	113,075	3.9	108,815	124,496

BBVA is the market leader in pension funds in Spain, with total managed assets of €12 billion and a market share of 20.0%. The 10.7% year-on-year growth in assets under management was the result of the launch of the Ranking Plan in June and, above all, that of the innovative BBVA Protección Pension Plans which, coinciding with the traditional end-of-year campaign, collected €801 million. Also, managed customer portfolios grew by 2.8% in 2003 to €11 billion.

Off-balance-sheet funds relating to the other markets in which the Group operates amounted to €52.5 billion, down 2.0% on 2002 due to the depreciation of the Latin-American currencies, without which they would have increased by 10.2%. Pension funds, in which BBVA leads the Latin-American market with a share of 28.6%, totaled nearly €28 billion and experienced an upward trend in 2003, achieving growth of 20.5% at constant exchange rates (8.9% in current euros), whereas mutual funds amounted to €8.5 billion and managed portfolios €16.2 billion.

OTHER BALANCE-SHEET ITEMS

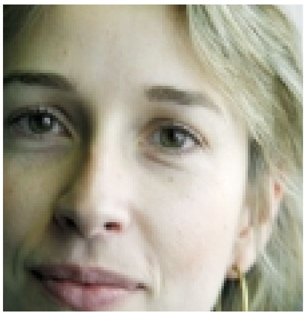
The most noteworthy variation in the securities portfolio in 2003 was the increase in the volume of the fixed-income portfolio, which grew by approximately €3,000 million (4.3%) due to the increase in the positions arising from the management of assets and liabilities on the Group's balance sheet. The equity securities portfolio fell by 3.3% as a result of the reductions in BBVA's investments in industrial corporations and financial entities, the most notable of which, due to the gains obtained, was the disposal of its holding in Crédit Lyonnais.

As regards the other items on the asset side of the balance sheet, the most notable development was the decrease in the non-revenue-earning assets: goodwill fell by 12.9%, property and equipment by 18.2% and other assets by 3.4%, as a result of which the proportion of assets producing no yield to total assets dropped to 8.6% from 9.5% as of December 31, 2002, with the concomitant positive effect on the balance-sheet return.

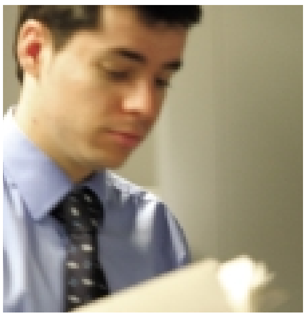
The balance of the "Goodwill" caption fell in 2003 since the total amount amortized –ordinary period amortization and writeoffs arising on the sales of investees- was higher than the addition resulting from the increase in the Group's holding in Bancomer. The reduction in property and equipment was particularly noteworthy in Mexico, where the fixed asset rationalization process is still underway. The variations in the "Property and Equipment" caption included a 25% reduction in the balance of the foreclosed assets held by the Group, which as of December 31, 2003 accounted for only 4.8% of total property and equipment.

GOODWILL IN CONSOLIDATION
(MILLIONS OF EUROS)

	31-12-03	Δ%	31-12-02	31-12-01
Global and propotional integration method	2,651	(7.7)	2,871	3,045
• Banks in America	1,961	(5.6)	2,077	2,022
• Pension fund management companies in America	447	(13.4)	515	709
• Other	243	(12.9)	279	314
Companies accounted for by the equity method	1,056	(23.8)	1,386	1,572
GOODWILL IN CONSOLIDATION	3,707	(12.9)	4,257	4,617



Capital Base



BBVA's on-going objective is to maintain a solid capital base. At the close of 2003 the Group had a sound standing in terms of its capital and its capital ratios exceeded those of the previous year placing them among the highest of the main banks in the Euro zone.

Efficient capital base management throughout the financial year enabled BBVA to offset the effect on equity of the severe depreciation of the Latin American currencies and the dollar against the euro, and of the 4.2% increase in risk-weighted assets. Consequently, at December 31, 2003, the BBVA Group's capital base stood at €21,584 million in accordance with the criteria of the Bank for International Settlements (BIS), 6.2% higher than at December 31, 2002, with a surplus of €7,057 million in excess of the required amount, 27.4% up on the €5,540 million recorded at the close of 2002.

As of December 31, 2003, core capital stood at €10,501 million, 9.3% higher than the figure as of December 31, 2002, and higher than the rise in risk-weighted assets between the two dates; consequently, the ratio climbed to 6.2% in comparison with 5.9% in December 2002.

In order to optimize the structure and cost of the capital base, in 2003 preferred stock was repaid early, as follows: in March BBVA repaid US$350 million with the coupon at 7.2%, in April it repaid US$200 million with the coupon at 7.2% and in June it repaid US$248.25 million with the coupon at 8%. In order to partially offset these repayments, in December €350 million of preferred stock were issued on the domestic market.

If the preferred stock is included, whose share of total higher quality capital dropped by nearly 3 points in the year to 27.0%, Tier I capital stood at 8.5% as of December 31, 2003 (8.4% in December 2002).

Also, lower quality or Tier II capital was boosted in 2003 through two subordinated debt issues for institutional investors. €600

CAPITAL BASE (BIS REGULATIONS)
(MILLIONS OF EUROS)

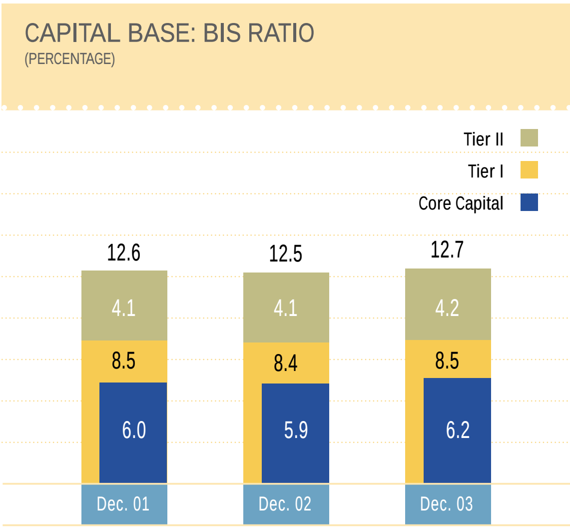
	31-12-03	Δ%	31-12-02	31-12-01
CAPITAL (TIER I)	14,392	5.2	13,680	14,872
Capital stock	1,566	-	1,566	1,566
Reserves (1)	10,734	0.2	10,709	11,649
Minority interests	5,837	(4.6)	6,120	6,990
• Preferred shares	3,891	(4.5)	4,075	4,349
• Other	1,946	(4.8)	2,045	2,641
Deductions	(3,745)	(20.6)	(4,715)	(5,333)
OTHER ELIGIBLE CAPITAL (TIER II)	7,192	8.2	6,646	7,229
Subordinated debt	6,328	30.5	4,848	5,569
Revaluation reserves and other	1,590	(38.4)	2,583	2,479
Deductions	(726)	(7.5)	(785)	(819)
CAPITAL BASE	21,584	6.2	20,326	22,101
Minimum capital requirement	14,527	(1.7)	14,786	15,783
CAPITAL SURPLUS	7,057	27.4	5,540	6,318
MEMORANDUM ITEM:				
Risk-weighted assets	170,024	4.2	163,110	174,927
BIS RATIO (%)	12.7		12.5	12.6
CORE CAPITAL	6.2		5.9	6.0
TIER I (%)	8.5		8.4	8.5
TIER II (%)	4.2		4.1	4.1

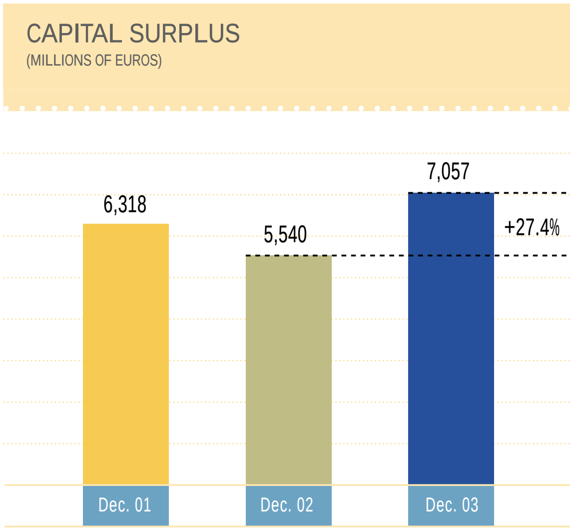
(1) Not including revaluation reserves, since these are considered as TIER II.

million of subordinated debt maturing in 2013 and €750 million of subordinated debt maturing in 2015 were issued in July and November, respectively. As a result, Tier II capital increased by a tenth in the year to 4.2%.

At the close of 2003, the BIS ratio was 12.7% in comparison with 12.5% as of December 31, 2002.

In 2003 Moody's and Fitch confirmed their long-term ratings assigned to BBVA of Aa2 and AA, respectively. In June Standard & Poor's improved the Bank's outlook and maintained the long-term rating of AA and the short-term rating of A-1+. This decision, based on the lower risk of the investments in Latin America, reflected the expectation that BBVA's operating profit will remain strong, due to the


CAPITAL BASE: BIS RATIO
(PERCENTAGE)
Tier II
Tier I
Core Capital
12.6
4.1
8.5
6.0
12.5
4.1
8.4
5.9
12.7
4.2
8.5
6.2
Dec. 01
Dec. 02
Dec. 03

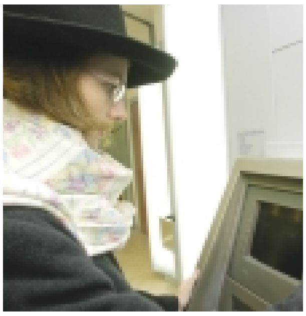

CAPITAL SURPLUS
(MILLIONS OF EUROS)
6,318
5,540
7,057
+27.4%
Dec. 01
Dec. 02
Dec. 03

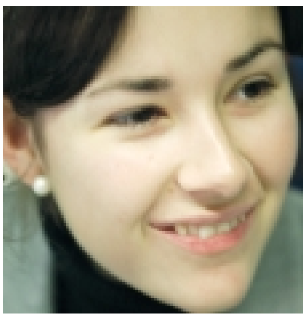
high quality of its loans, the high profitability of its domestic franchise and the gradual improvement of earnings from Latin America, particularly from Mexico. Standard & Poor's decision recognized the Group's successful management and its sound competitive position among Europe's largest financial entities.

RATINGS

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

The BBVA share





At the close of 2003 BBVA's market capitalization stood at €34,995 million after increasing €5,849 million in the year. In market value terms, BBVA ranks fourth among the European banks listed in the Euro Stoxx 50 (the index representing the general average of the market in the Monetary Union). The BBVA share ended 2003 at a price of €10.95, having gained 20.1% since December 31, 2002, more than the Euro Stoxx 50, which gained 15.7% during the same period.

During the year the international securities markets experienced a significant recovery following the decline which began in 2000 and worsened in 2001 and 2002. However, there were two different stages in the behavior of international stock markets during the year.

In the first stage, which lasted from the beginning of the year to mid-March, there were widespread declines on the stock markets. Investor attention focused on the conflict in Irak, and share prices therefore factored-in a war premium and volatility was at a record high. In this period, the weakness of the world economy was always at the forefront of investors' minds and the euro/dollar exchange rate became the main indicator of market sentiment. The absence of any prospect of growth had a particularly damaging effect on the evolution of the dollar, the price of which evidenced a luster lack US economy, interest rate spreads, the current account deficit and lower capital inflows.

In the second stage, the stock markets managed to buck the downward trend and began to recover once the principal geopolitical uncertainties had been overcome and, consequently, volatility fell considerably. In this period the market reflected the improved prospects of growth in the world economy, in particular in the US economy, although the macroeconomic data that were published were not always interpreted

THE BBVA SHARE

	31-12-03	31-12-02	31-12-01
Number of shareholders	1,158,887	1,179,074	1,203,828
Number of shares issued	3,195,852,043	3,195,852,043	3,195,852,043
Daily average number of shares traded	32,436,618	24,392,253	15,199,693
Daily average trading (millions of euros)	297.86	272.21	213.97
Maximum price (euros)	10.99	14.21	17.30
Minimum price (euros)	6.83	7.06	9.18
Closing price (euros)	10.95	9.12	13.90
Book value per share (euros)	3.88	3.87	4.17
Market capitalization (millions of euros)	34,995	29,146	44,422

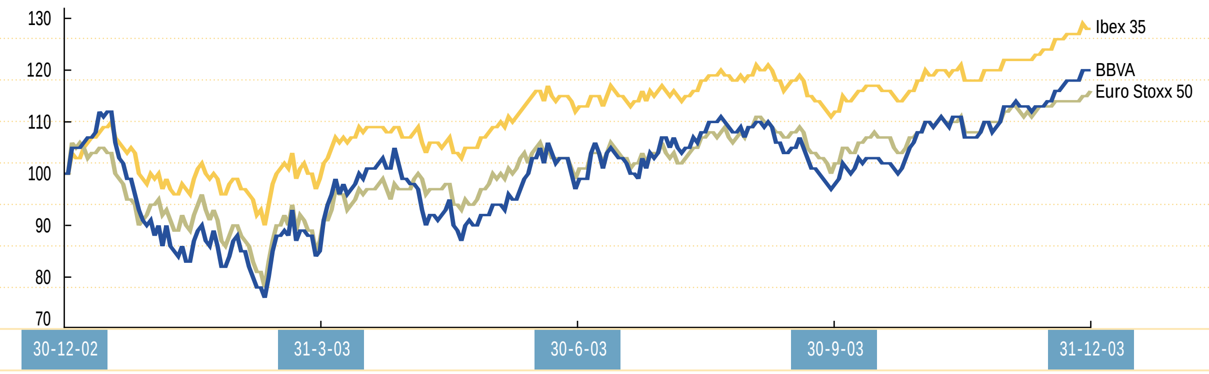
positively. In general, business results were in line with or better than expected. As a result of the gradual reduction in volatility, the major stock market indexes closed the year at annual highs.

The BBVA share price was also caught up in the general market behavior, although it was affected differentially by the political, economic and social situation in Latin America, given its economic exposure in the region, which is why it gained slightly less ground than the Euro Stoxx Banking Index (the index representing the sector in the Euro zone), which rose 31.0%, and the IBEX Financials Index, which gained 31.1%.

At year-end the BBVA share P/E ratio stood at 15.7 times. The book value per share was €3.88, with a price/book value multiple of 2.8 times. EPS was €0.70, 29.5% higher than in 2002, similar to the increase in net attributable profit, as the number of shares did not change in 2003.

In July and October 2003 and January 2004, BBVA's shareholders were paid three interim dividends of €0.09 each out of 2003 results. Adding the final dividend of €0.114, which is to be submitted to the Shareholders' Meeting for approval, shareholders will receive a total dividend out of 2003 results of €0.384 per share, 10.3% more than the €0.348

SHARE PRICE INDEX
(30-12-02 = 100)



SHARE PERFORMANCE RATIOS

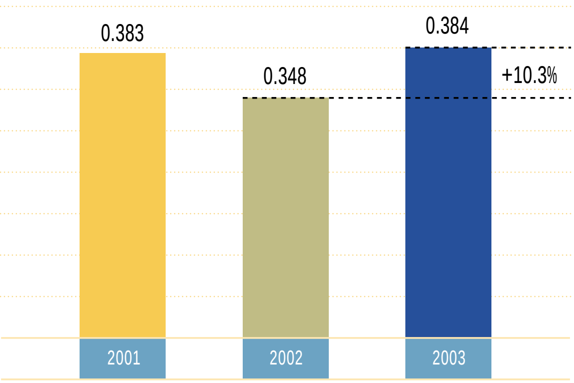
	31-12-03	31-12-02	31-12-01
Price/Book value (times)	2.8	2.4	3.3
PER (Price/Earnings; times)	15.7	17.0	18.8
Yield (Dividend/Price; %)	3.51	3.82	2.76

distributed out of 2002 results. Consequently, the pay-out ratio was 55.0% and the dividend yield, calculated on the basis of the share price at year-end, was 3.51%.

On a medium and long term investment horizon, BBVA remains one of the companies with the greatest shareholder value generating capacity, as evidenced in the table below which displays investor returns on BBVA shares over the last eight years for each purchase and sale date (considering share price changes, reinvestment of dividends and paybacks). In the period 1996-2003, the annual average return on the BBVA share was 19.4%, meaning that anybody who invested in BBVA shares as of December 31, 1995, has more than quadrupled their capital by December 31, 2003, while the Ibex 35 only gained 113.2% in the same period.

As of December 31, 2003, BBVA's shareholders numbered 1,158,887, the broadest shareholder base in the Spanish financial system. No individual shareholder owned 5% or more of the Bank's share capital. 95.5% of the shareholders own fewer than 4,501 shares, representing 16.6% of the capital, and the average holding per shareholder is 2,757 shares, equivalent to an amount of €30,197 at the year-end price. 44.1% of the capital is owned by individual

DIVIDEND PER SHARE
(EUROS)



TOTAL SHAREHOLDERS' RETURN ON BBVA SHARE
(1996-2003) (1)

Acquisition year (31-12)	Average annual return at the end of each period (%) 1996	1997	1998	1999	2000	2001	2002	2003	Δ% cumulative 2003
1995	50.6	74.0	63.4	47.4	40.1	30.1	18.7	19.4	311.8
1996		97.6	69.6	46.0	37.4	26.2	14.0	15.3	171.5
1997			47.1	26.1	22.1	13.1	2.3	5.6	38.8
1998				8.1	11.3	3.6	(6.6)	(1.2)	(5.7)
1999					14.5	1.5	(11.0)	(3.4)	(12.8)
2000						(10.1)	(21.6)	(8.7)	(23.8)
2001							(31.6)	(7.9)	(15.3)
2002								23.9	23.9

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

SHAREHOLDER STRUCTURE
(31-12-03)

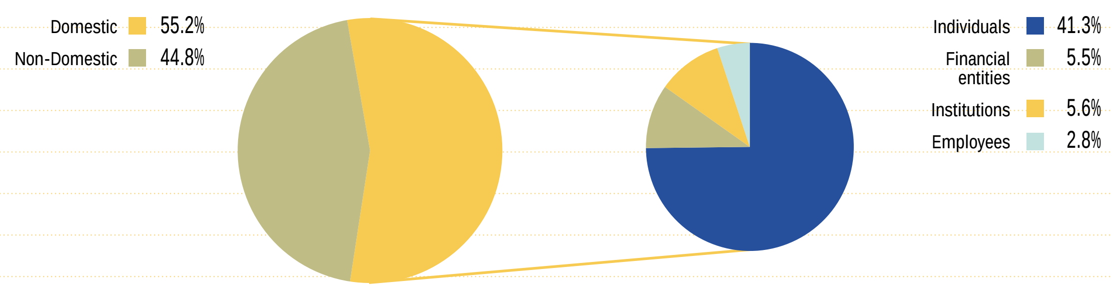
	Shareholders		Shares	
Number of shares	Number	%	Number	%
Up to 150	447,725	38.6	36,729,873	1.1
151 to 450	347,959	30.0	91,365,696	2.9
451 to 1,800	243,116	21.0	210,477,164	6.6
1,801 to 4,500	68,312	5.9	191,003,480	6.0
4,501 to 9,000	25,842	2.2	162,070,175	5.1
9,001 to 45,000	21,767	1.9	387,048,451	12.1
More than 45,000	4,166	0.4	2,117,157,204	66.2
TOTAL	1,158,887	100.0	3,195,852,043	100.0

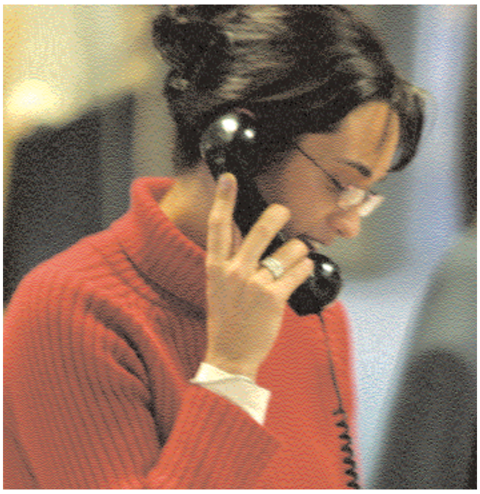
investors, 54.7% by institutional investors and the remaining 1.2% by members of the Board. Non-resident shareholders account for 44.8% of the share capital, a slightly lower figure than that reported last year.

The BBVA share trades on the Spanish electronic stock market, on the major European markets as well as on the New York Stock Market (as ADSs represented by ADRs). The BBVA share is listed on the Ibex 35 and Euro Stoxx 50, with weightings of 12.2% and 2.4%, respectively.

The BBVA share, characterized by its high liquidity, traded on the 250 days of the 2003 stock exchange calendar. During the year, 8,109 million shares were traded on the electronic market (33.3% more than in 2002), representing 253.7% of the share capital. On average, 32.4 million shares, or 1.01% of the Bank's share capital, were traded every day, representing a mean daily cash volume of €298 million, 9.6% more than in 2002. The block market (market for institutional investors that requires a minimum volume to trade) and special transactions accounted for 40.3% of this mean daily volume, and the remaining 59.7% was traded on the ordinary market.

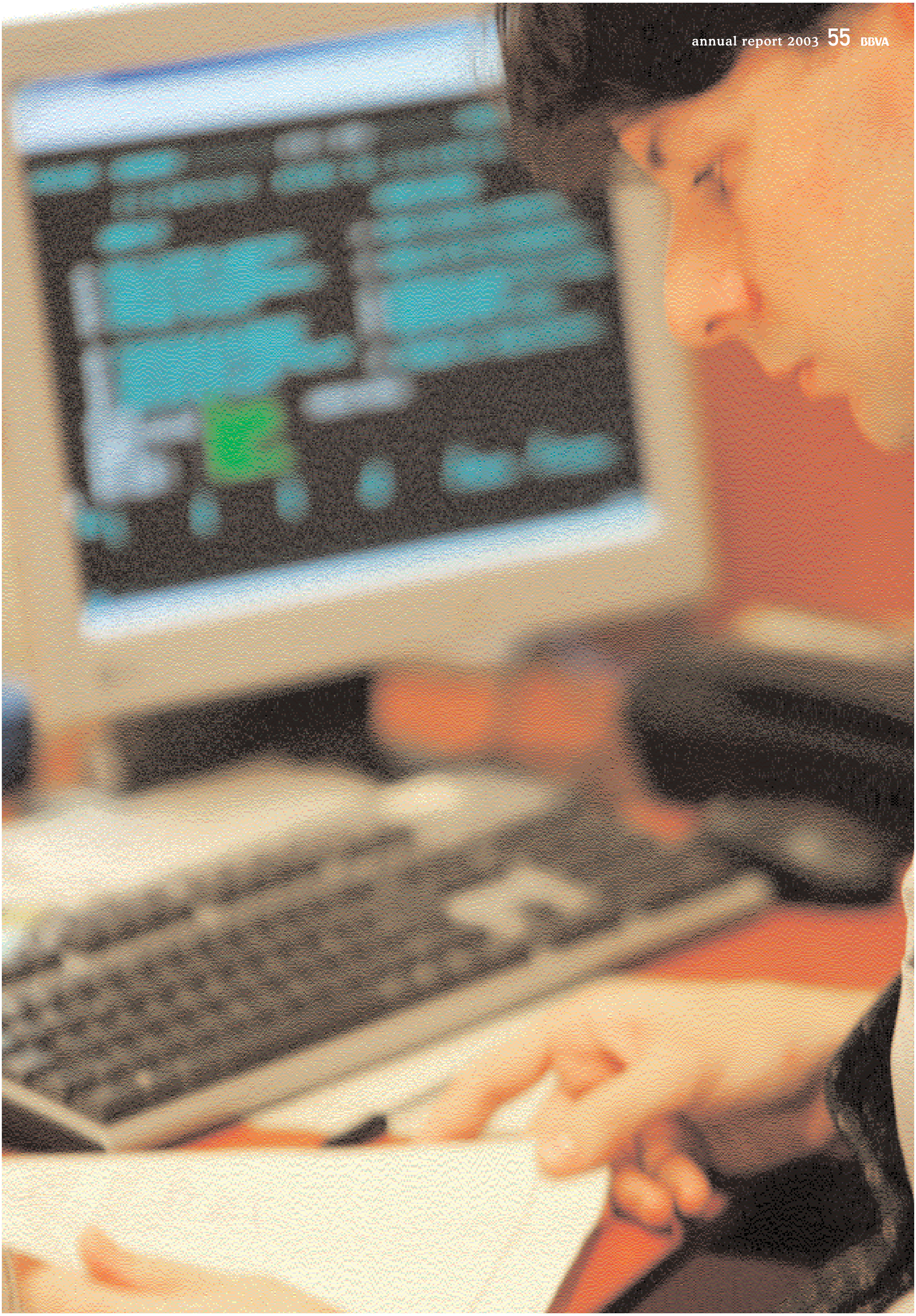
SHAREHOLDER STRUCTURE
(12/31/03)





Risk management

RISK AT BBVA // NEW REGULATORY CAPITAL PROPOSAL: BASEL II //
GLOBAL RISK MANAGEMENT // CREDIT RISK MANAGEMENT //
MARKET RISK MANAGEMENT // STRUCTURAL INTEREST RISK // LIQUIDITY RISK //
STRUCTURAL EXCHANGE RATE RISK // OPERATIONAL RISK



RISK AT BBVA

The assumption of risk is inherent to financial activity. The correct management of risk should contribute to the reliable and sustainable generation of value over time, so that shareholders, customers, and employees can be confident that the Group has a sound and consistent risk management model.

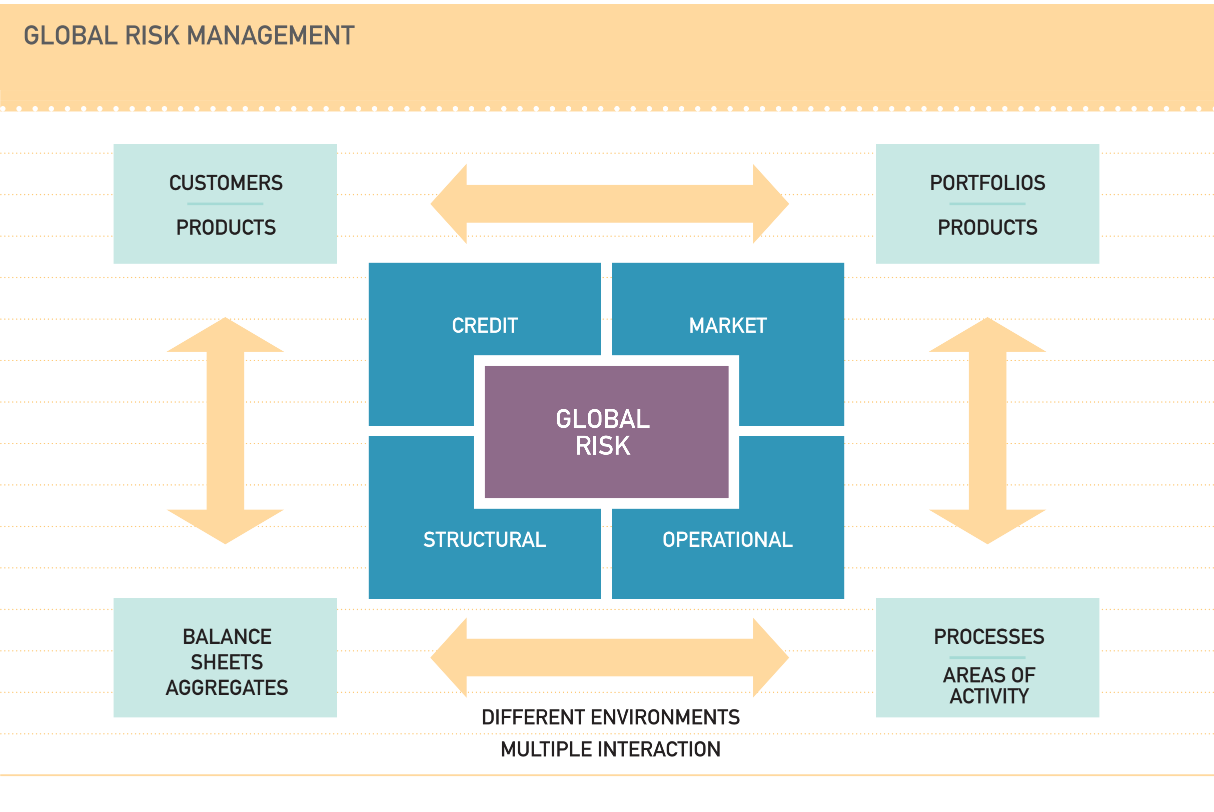
The BBVA Group considers that risk management is a basic component of its competitive advantage, and in order to achieve this objective devotes the required effort and resources to ensure that the risks incurred by the Group in the course of its various business activities are duly identified, measured, valued and managed.

The Group manages customers, products, portfolios or balance sheets in the business or geographical areas it operates in, and BBVA addresses the management of credit or counterparty risk, market risk, operational risk and structural risk in those areas. Structural risks include liquidity, interest and exchange rate risks, which are implicit to the Group's balance sheet.

In an ever more globalized and interdependent world, the appropriate management of different types of risks associated with each area involves overall management of all of them.

This is particularly complex, because in general, credit risks relate to customers, market risks to portfolios and products, structural risks to balance-sheet aggregates and operational risks are normally identified in processes and circuits.

The heterogeneous nature of the areas in which risk needs to be measured, the variety of types of risk and the interdependence between them make it necessary to have uniform tools and models to make it easier to manage them.



Two basic factors help to achieve this objective. The first, quantitative, factor is the use of a common measure that enables the different risks implicit in processes, products, customers or portfolios to be measured in a uniform way. This measure is economic capital and the expected losses associated with each business activity. Only with these measurement instruments it is possible to manage risks globally across such diverse activities and to consider the many interactions between the different areas and the risks themselves.

The second, more qualitative factor, is the implementation of a uniform risk management model at the Group. This means that the measurement tools, circuits, procedures, information and monitoring systems, limits, policies and control patterns must reflect risk management methods and indicators that are common to the whole Group.

The Group made consistent progress in the implementation of the risk model in 2003, as is explained in the following pages. The tasks performed to that end, in terms of both the development and renewal of rating and scoring tools and their use in day-to-day decision-making processes, and in the creation of databases and the uploading of information to enable loss-given-default (LGD), expected losses, economic capital, etc., to be calculated, have at all times borne in mind the future regulatory framework, known as Basel ll, that will govern financial entities.

NEW REGULATORY CAPITAL PROPOSAL: BASEL II

On April 29, 2003, the Basel Committee published the third and final consultative paper which includes a Proposal for a New Capital Accord to replace the current Accord. BBVA has performed a very active role in the long period of dialog between the Committee, the financial entities and the supervisory authorities, which will give rise to the final draft of the paper. The definitive version is expected to be published in the first half of 2004.

BBVA is aware that from both, the standpoint of the overall direction pursued by Basel II, and the approach followed in its implementation, benefits will be generated not only for the banks directly involved, but also for the financial system as a whole. The sensitivity of regulatory capital to economic risks will be clearly increased, the banks' knowledge of the risks they incur will improve and, in short, the financial system will be more secure, sound and efficient.

However, one of the aspects in which the Basel II model most needs to be improved is in the recognition of diversification, the benefits of which are only partially taken into account in the Committee's proposal.

BBVA has performed several studies that attempt to find feasible solutions for modeling diversification in the context of the Basel II model, without losing the simple structure of the current proposal.

Accordingly, in 2003 BBVA sent to the regulators certain specific proposals that would, in a simple way, include the benefits of diversification in the Basel II model.

BBVA is convinced that the New Basel Capital Accord will not only affect the capital adequacy ratios required of banks but will also have a significant impact on the way the banks operate, manage risk and assign resources.

Therefore, BBVA has been preparing different developments that will enable us to opt to use Basel II internal models from the beginning.

Mention should be made, among other lines of action, of the fact that the Group has consolidated the Internal Risk Control function, the basic purpose of which is to check that the risk management processes are effective, and in line with best practices in the market and with the Group's management model. The Internal Control Unit is seeking to fully cover the Basel

Pillar II requirements, and to this end it has launched tlaunched the “Contigo Plan” (internal risk control plan) to review with the business areas their main processes and identify any gaps needing improvement.

Also, work is being performed on the Risk-adjusted Return (RAR) Project, which is creating the infrastructure and default and LGD databases required for economic capital, expected loss and RAR to be calculated for the whole Group. This will enable the internal model information and management requirements envisaged in the future Basel regulations to be met.

GLOBAL RISK MANAGEMENT

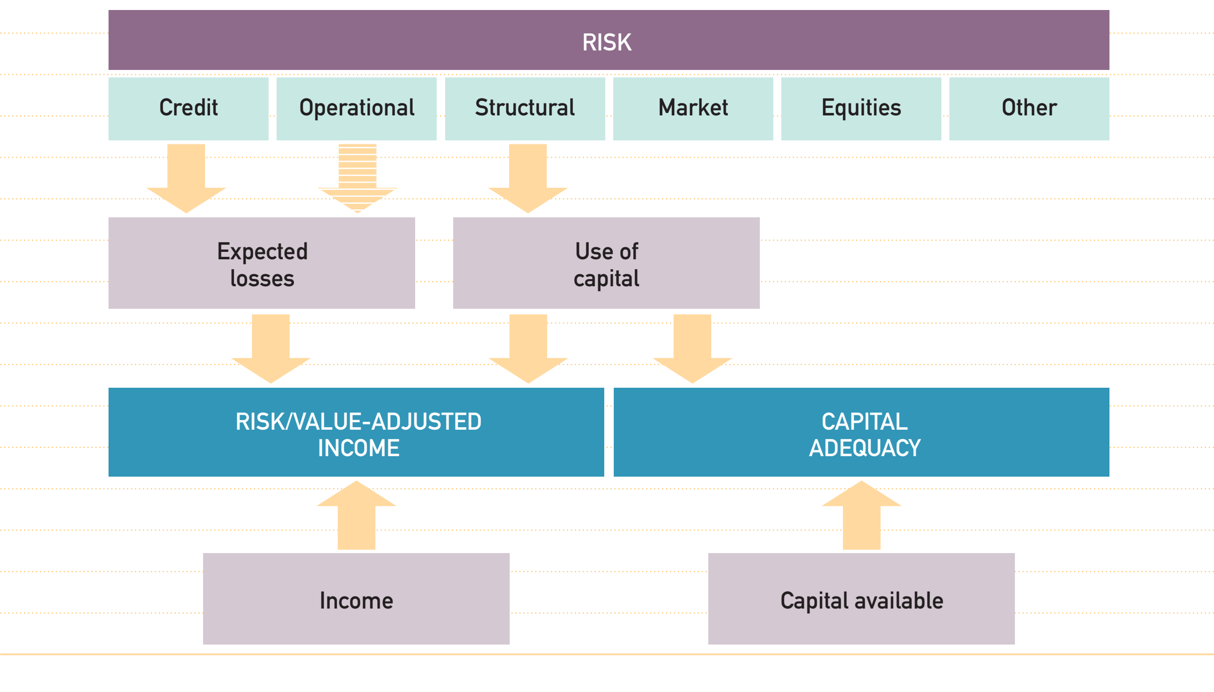
Economic capital is a basic element in the calculation, on a properly risk-adjusted basis, of returns and intrinsic value of the various different businesses and activities, and for the continuous evaluation of capital adequacy in economic terms, beyond the purely regulatory measures. This makes the Group’s capital assignment process more efficient.

BBVA measures economic capital by portfolio, which means that aggregates by business unit, product type, country or risk type can be calculated.

Work was performed in the following areas in 2003 to provide the Group with better measures of economic capital that are fully integrated in the Group’s management structures.

Firstly, further progress was made on the aforementioned RAR (Risk-adjusted Return) Project, and at 2003 year-end an inventory was available with calculations from transaction level of expected loss, economic capital, regulatory capital per Basel II (for all the envisaged options) and Risk-adjusted Return for the Parent Bank’s portfolios. The system is flexible enough to include any changes that may be made in the final version of the New Capital Accord.

CAPITAL PROCESS STRUCTURE



The calculations of the different types of risk and the inclusion of the information available in the different corporate and business management tools are expected to be added in 2004.

In the case of the Latin-American subsidiaries, work was performed in 2003 on the functional design stage of the project and the construction of the regional infrastructure in Mexico that will facilitate the development of the project in the various countries.

Also in 2003 the economic capital calculation methodology was reviewed and it was decided to retain an internal capital calculation method that is basically similar to the advanced internal models in Basel II. Consequently, economic capital will be calculated using the methodologies developed in-house on the basis of the information available, and the Basel II assumptions will only be used when it is considered that they faithfully reflect the risk.

Some of the material differences between the internal methodology and the calculations in the advanced internal models in the New Accord are as follows:

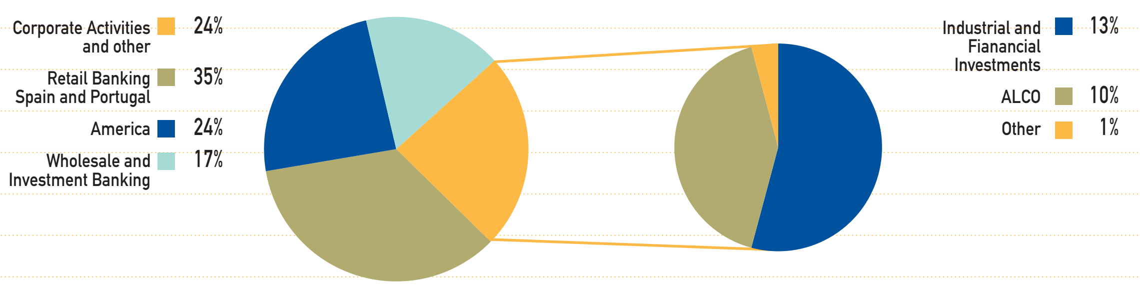
- The economic capital calculation only includes unexpected losses, while expected losses are removed. Also, an adjustment is made to the economic capital base for the difference between the total volume of provisions and the calculated amount of expected losses.
- Credit correlations are estimated internally, as opposed to the standards included in Basel II, where there is ample scope for improvement in the treatment of diversification.
- The economic capital calculations include certain risks not explicitly envisaged in Pillar I of the New Accord.

In short, maintaining internal measures of economic capital differing from those required by regulators is part of the objective of having capital measures that are as closely linked as possible to the risks incurred.

Lastly, in 2003 risk-adjusted capital ratios were designed and quantified to facilitate monitoring of the Group's capital level with respect to the consumption of economic capital. These ratios supplement the traditional Basel ratios that enable uniform comparison with competitors to be made.

The accompanying graph shows the distribution by business areas of the Group's economic capital as of December 31, 2003, in attributable terms –net of minority interests-. Retail Banking Spain and Portugal represents

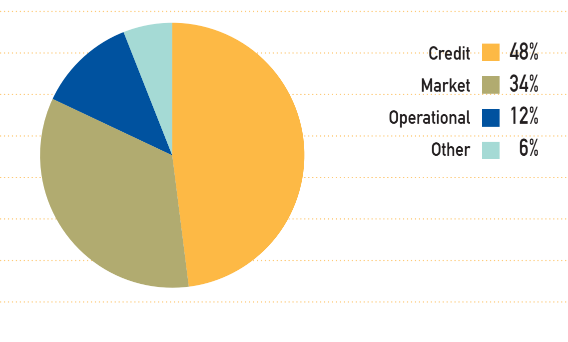
MAP OF THE BBVA GROUP'S ECONOMIC CAPITAL. DISTRIBUTION BY AREAS
(31-12-03)



35%, 51% of which is absorbed by the Commercial Banking unit and 27% by the Corporate Banking unit. America accounts for 24% of economic capital, of which Mexico absorbs almost half (45%), Wholesale and Investment Banking represents 17% of capital, while Corporate Activities, which basically include investments in industrial corporations and in financial entities and the ALCO's activity, accounts for the remaining 24%.

By type of risk, credit risk continues to account for a major portion (48%) of the Group's use of economic capital, which is in line with the Group's business portfolio, and was at a similar level to that of 2002. Market risk, which includes the structural balance-sheet risk associated with variations in interest rates and exchange rates and the equities portfolio risk, stood at 34% of total capital, and operational risk at 12%. The remaining 6% includes real estate and the use of capital deriving from the business activity of the Group's insurance companies.

MAP OF THE BBVA GROUP'S ECONOMIC CAPITAL DISTRIBUTION BY TYPES OF RISK
(31-12-03)



CREDIT RISK MANAGEMENT

Evolution of credit risk exposure and quality

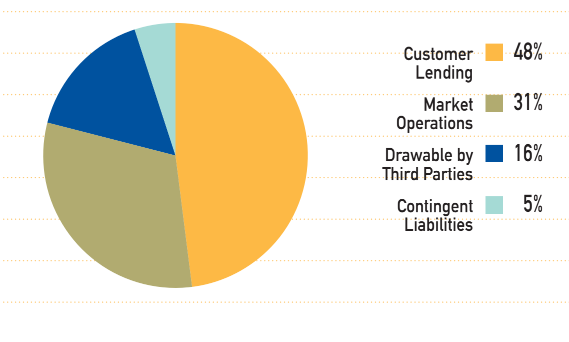
In 2003 the BBVA Group's overall credit risk exposure increased by 1.9% to €321 billion at year-end.

Customer lending (48% of the total) and credit lines drawable by third parties (16%) increased by 4.7% and 8.4%, respectively, in the year, whereas the potential exposure to credit risk in market operations (31% of the total) and contingent liabilities (5%) decreased by 3.4% and 8.3%, respectively.

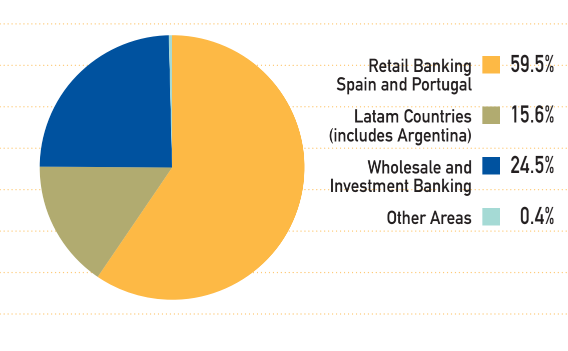
The bulk of the exposure to customers is in Retail Banking Spain and Portugal, which accounts for 59% of the total (53% as of December 31, 2002), followed by Wholesale and Investment Banking (25%, the same percentage as in 2002).

In 2003, the percentage weight of total lending made by the Group in Spain (including the subsidiaries abroad, basically in Europe) again increased, by more than four percentage points to 81.6%. The rest of Europe accounted for 2.8%, while the exposure in Latin-American countries declined from 20.2% to 15.6%, due to the depreciation of most of the

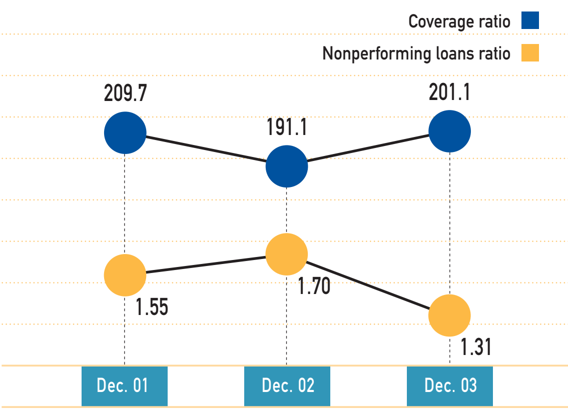
EXPOSURE. CUSTOMER RISK
(31-12-03)



EXPOSURE. GROSS LENDING BY BUSINESS AREA
(31-12-03)



NONPERFORMING LOANS AND COVERAGE (1)
(PERCENTAGE)



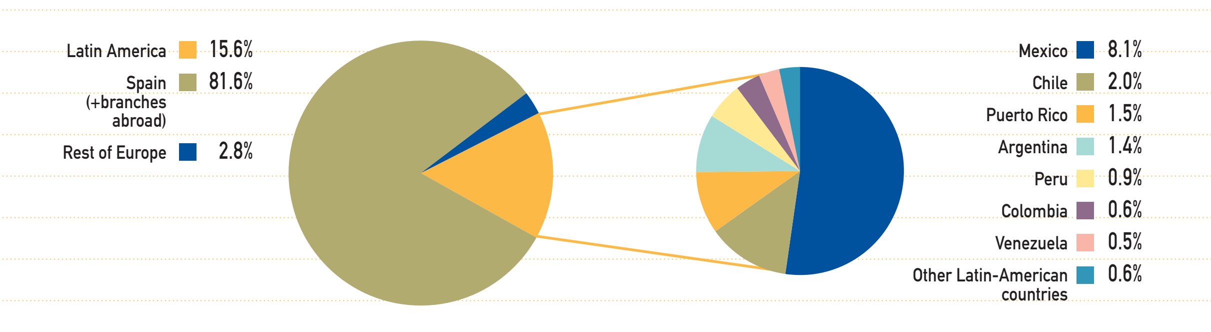
(1) Excluding Argentina and Brazil.

Latin-American currencies and, to the sale of the investment in Brazil. Of the 15.6%, 11.6% was concentrated in investment-grade-rated countries (8.1% in Mexico, 2.0% in Chile and 1.5% in Puerto Rico) and, accordingly, only 4.0% of the Group's loans are in countries below investment grade.

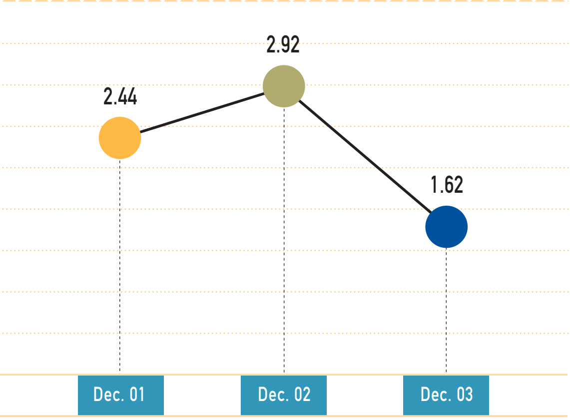
The BBVA Group's main credit risk quality indicators improved in 2003. Thus, its nonperforming loans ratio was 1.74% at 2003 year-end, down 63 basis points with respect to December 31, 2002. Disregarding Argentina and Brazil, the ratio was 1.31% (1.70% as of December 31, 2002). Also, including contingent liabilities and excluding country-risk positions, the Group's nonperforming loans ratio fell to 1.37%, down 48 basis points from 2002 year-end.

This performance was due to the reduction in the rate of loans becoming nonperforming from 2.92% in 2002 to 1.62% at 2003 year-end, and to the improvement in the recovery rate to 27.8% of critical assets (the nonperforming loan balance plus new nonperforming loans in 2003) from 25.5% in 2002.

EXPOSURE. GROSS LENDING BY GEOGRAPHICAL AREA
(31-12-03)



NEW NONPERFORMING LOANS/LENDING
(PERCENTAGE)



As a result of these developments, the nonperforming loan balance decreased by 23.1% to €2,673 million, 38.1% of which related to Spain, 26.0% to Argentina and 18.3% to Mexico.

All the business areas performed highly satisfactorily: Retail Banking Spain and Portugal reduced its nonperforming loans ratio by 12 basis points to 0.88% as of December 31, 2003, and recorded an all-time low in its new nonperforming loans ratio (0.70% of lending), Wholesale and Investment Banking saw a sharp fall in its rate to 0.66% due to the absence of significant new nonperforming loans and to recoveries in the doubtful portfolio, while the nonperforming loans ratio for America (disregarding Argentina) was 4.01%, after the application of corporate classification methods in certain countries. In Mexico the ratio fell from 4.22% as of December 31, 2002, to 3.95% at 2003 year-end.

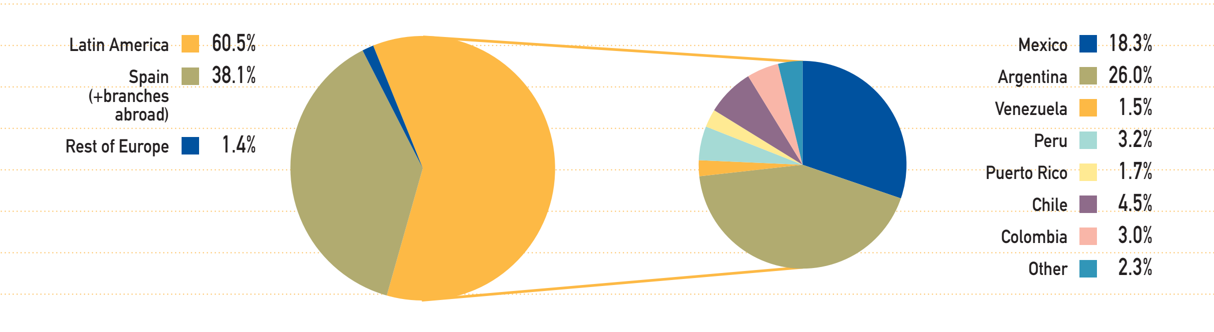
The BBVA Group's coverage ratio increased in 2003 to 166.3%, 19.5 percentage points higher than at 2002 year-end. If Argentina and Brazil are excluded this figure rises to 201.1%, compared with 191.1% as of December 31, 2002.

The Group's lending to the private-sector resident in Spain amounted to €102 billion, and the risk was highly diversified between financing for individuals (44.0%) and business activities (56.0%), and there was no material concentration in the sectors most sensitive to the current economic and political situation.

The purpose of most of this lending is to finance individuals' purchases of their own home. This type of lending accounted for 31.0% of the total and a nonperforming loan ratio of 0.42% (9 basis points lower than as of December 31, 2002).

Financing of business activities is conveniently distributed across various industries, the most noteworthy being the services-real estate business (13%), manufacturing industry (10%), construction (8%) and trade and services and repairs (7%).

DOUBTFUL LOANS BY COUNTRY
(31-12-03)



Credit risk profile

Early measurement of credit risk, basically expected loss and economic capital, permits advanced monitoring of the portfolio's risk profile.

The two basic components of these measures are probability of default and LGD, which are described below, followed by certain expected loss indicators relating to the Group's various portfolios.

BBVA MASTER SCALE
(REDUCED VERSION)

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

Probability of default

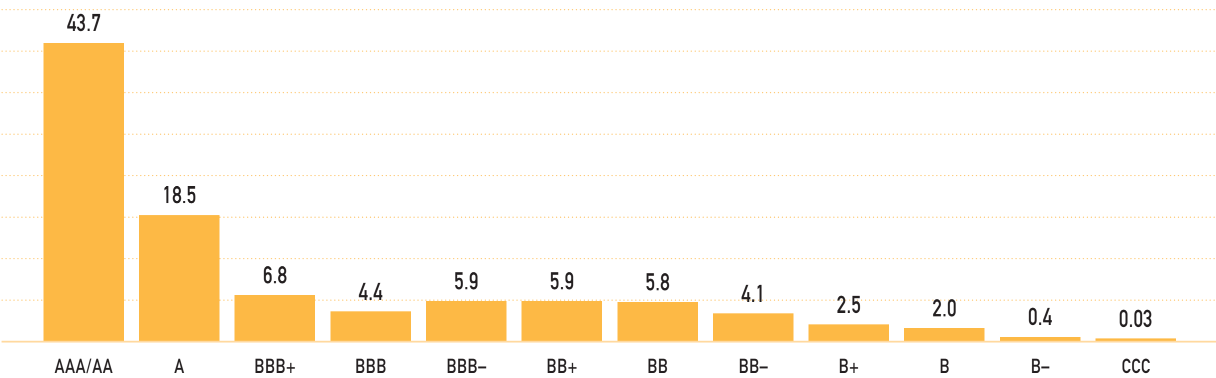
This is determined by in-house measuring tools (rating and scoring) that include the specific risk factors of the various customer segments and transaction types.

In general, default is understood to mean a payment delay of more than 90 days and is usually measured for a one-year time horizon, which is in line with the Basel II consultative paper.

The rating and scoring tools provide a measure of the level of risk which, by means of a statistical process known as calibration, is associated with a specific probability of default. This probability of default is then mapped onto a rating on a master scale, which enables the Group's various risk portfolios to be uniformly classified. The narrowest version of the master scale classifies outstanding risks in 13 categories (the version used covers 34 risk levels).

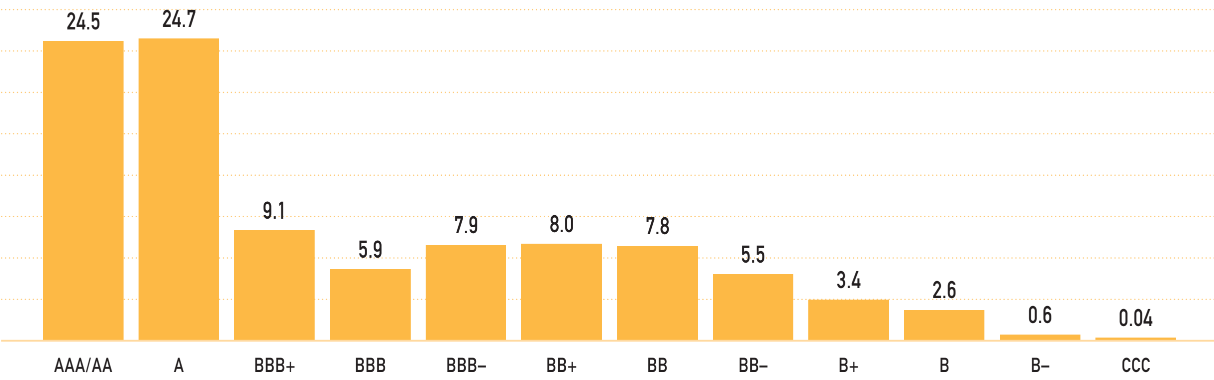
Applying this master scale to the risks of the Parent Bank and its subsidiaries in Spain with companies, financial entities, institutions and sovereign borrowers discloses a distribution of ratings, weighted by exposure, in which 62% of the credit risk exposure is concentrated in the A-rated or higher bracket.

DISTRIBUTION BY RATINGS (1)
(EXPOSURE AT 31-12-03. PERCENTAGE)



(1) Activities of the Parent Company and subsidiaries in Spain. Companies, financial entities and sovereign risks.

DISTRIBUTION BY RATINGS [1]. EXCLUIDING SOVEREIGN RISKS
(WEIGHTED BY EXPOSURE AT 31-12-03. PERCENTAGE)



(1) Activities of the Parent Company and subsidiaries in Spain. Companies, financial entities and institutions.

If we exclude sovereign risks, 49% of the exposure is still rated A or above and 72% is rated BBB- or higher.

In 2003 work continued on the development and completion of several historical default and LGD databases, and these enable very precise estimates to be obtained of the probability of default and LGD inputs required in credit risk management.

Among many other aspects, these databases enable how the term affects the probability of default to be analyzed. In the retail segment –mortgages and consumer loans– this effect is clearly shown in the graphs below, which were obtained by segmenting the historical information of the risk of BBVA's consumer and mortgage loan portfolio in Spain. If these graphs are compared with those shown in the 2002 Annual Report, a slight reduction in the yearly default rates for the two portfolios can be observed.

The two methods used for grouping the information were as follows:

- The scores were divided into five groups, Group 1 being the best-scored loans and Group 5 the worst-scored loans.
- The time, in years, that has elapsed since the loan was granted.

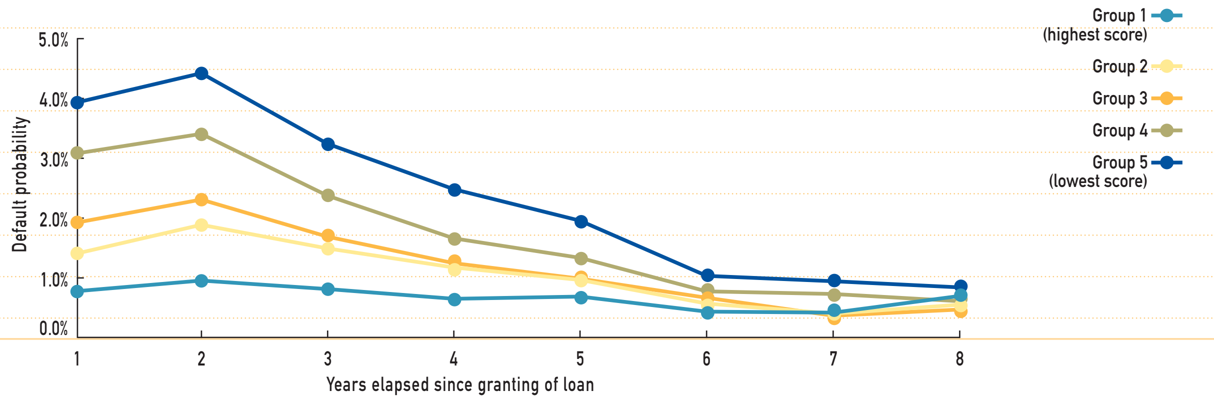
As can be seen, the scorings do have an adequate prediction capability, because the best-scoring loans are seen to have the least probability of default, and vice versa. In both business segments and for all the scoring groups, it can be seen that the estimated probability of default increases until the second year, when there is a change of trend and the probability of default starts to decrease.

Since a further year of database performance is now available (compared to the graphs shown in the 2002 Annual Report), it can be seen even more clearly that the score ceases to play an absolutely decisive role in the probability of default of sufficiently mature transactions (all the curves converge at a single average default rate).

In short, most of the BBVA Group's activities subject to credit risk are assessed at origin with rating or scoring tools, so each transaction has an associated probability of default that is consistent and homogeneous with corporate requirements.

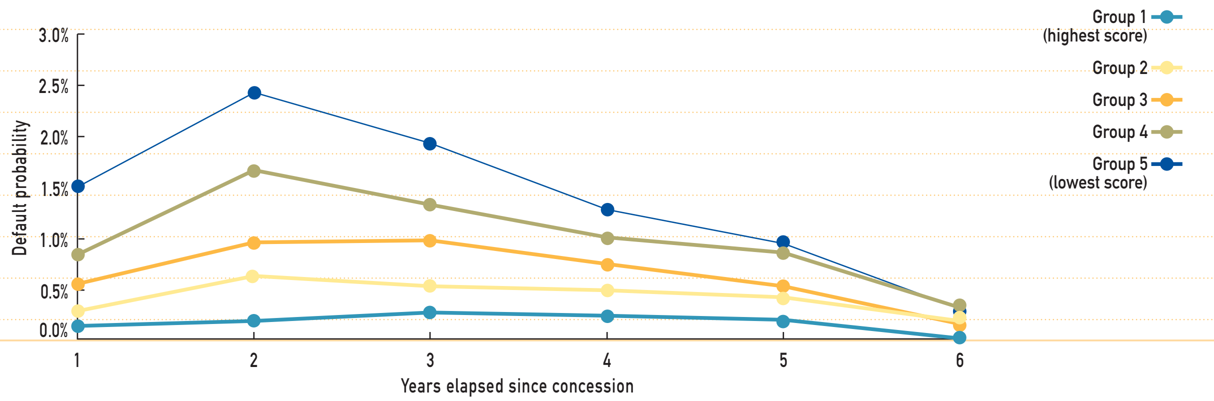
CONSUMER LOAN DEFAULT PROBABILITIES

(TRANSACTIONS FOR 1994-2002)

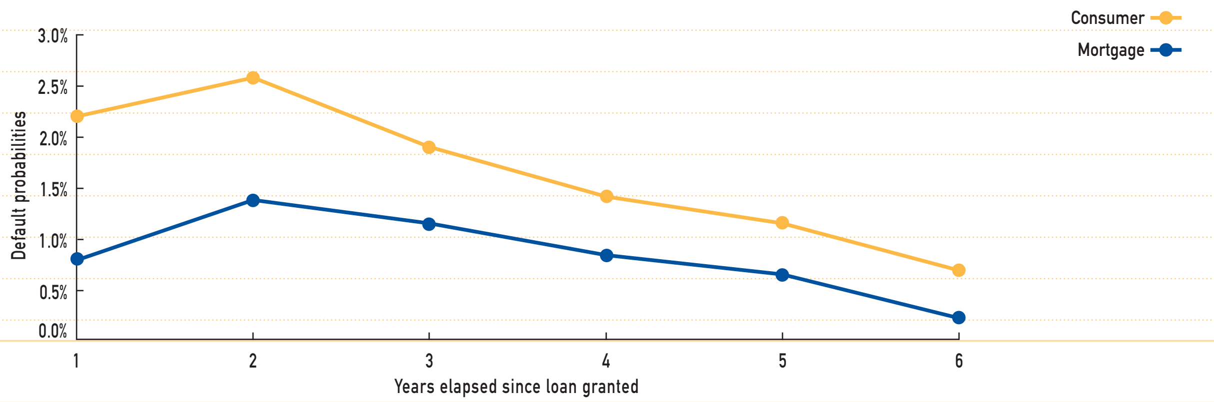


MORTGAGE LOAN DEFAULT PROBABILITIES

(TRANSACTIONS FOR 1997-2002)



DEFAULT PROBABILITIES. CONSUMER LOAN PORTFOLIO (1994-2002) AND MORTGAGE LOAN PORTFOLIO (1997-2002) AVERAGES



Loss-given-default (LGD)

LGD can be defined as the percentage (of the total risk exposure at the time of the default) of final loss in the event of a default on a transaction, i.e. the percentage that is not finally recovered.

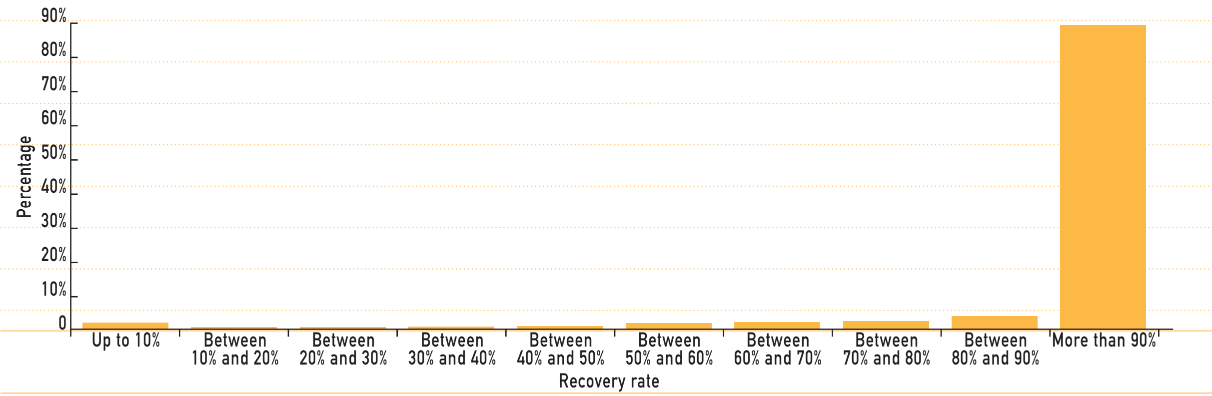
BBVA is permanently working in two areas: on the one hand to comprehend and adequately estimate this economic variable and, on the other, to reduce the figure using more flexible and efficient recovery mechanisms.

As stated above, the development of new databases in 2003 gave rise to considerable improvements in the estimates of the LGD in the loan portfolios. These databases enable the information on recovery processes to be separated and analyzed using various segmentation methods and studies to be made to ascertain the relevant axes (product, collateral, the loan to value relationship, etc.).

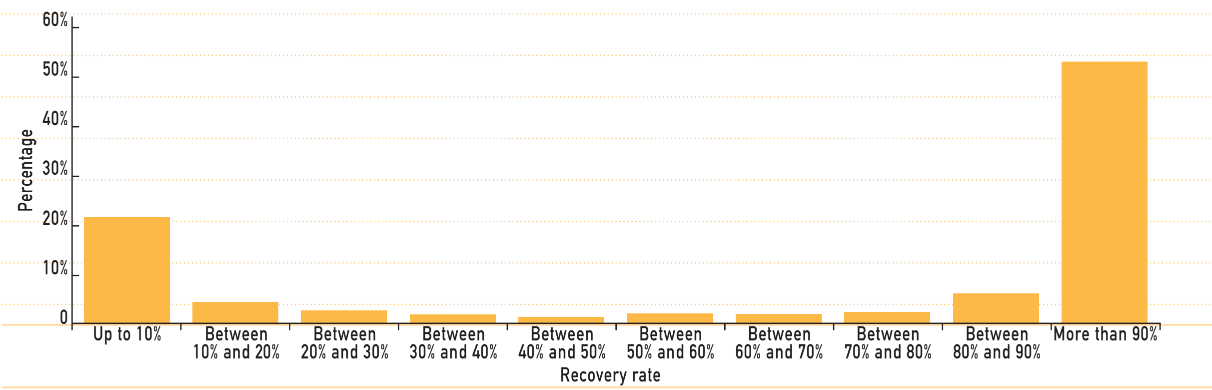
The following graphs show the first estimates for the retail segment –mortgages and consumer loans –. They were obtained, as the graphs relating to the probability of default were obtained, from historical information on BBVA's consumer and mortgage loan portfolio in Spain.

The graph shows that more than 80% of mortgages have a recovery rate in excess of

DISTRIBUTION OF MORTGAGE LOAN RECOVERY RATES
(PERCENTAGE)



DISTRIBUTION OF CONSUMER LOAN RECOVERY RATES
(PERCENTAGE)



90% (it must be borne in mind that LGD is 100% less the recovery rate).

The following graph shows the analysis performed on BBVA Spain's consumer loan portfolio. In the retail consumer loan segment the recovery rates are, logically, lower than those in the mortgage loan segment. The trend falls into two categories: there are many defaulted consumer loans for which the recovery rate is very low and many others, as was the case with mortgage loans, for which the recovery rates is over 90%.

Expected losses

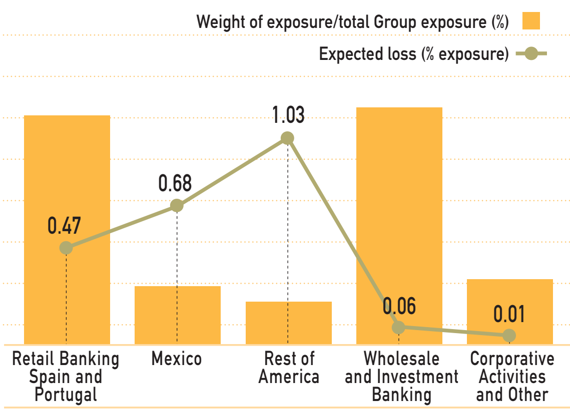
During 2003 the estimates of the BBVA Group's expected losses were adjusted in line with the new information provided by the historical risk databases, which enable recurring information to be obtained by geographical areas and by business areas and segments.

The breakdown of the Group's expected losses, as a percentage of exposure, shows that the domestic banking Group accounts for 81% of total exposure and has an expected loss of 0.24% of that exposure, whereas Mexico and the rest of the Group have expected losses of 0.68% and 0.88%, respectively.

The attributable expected loss in the main business areas by exposure –Wholesale and Investment banking represents 38% of exposure and Retail Banking Spain and Portugal 36%- was 0.06% and 0.47%, respectively. America (excluding Mexico) had an expected loss of 1.03% of exposure. The related table also shows the expected loss rates for the domestic banking Group's main business segments.

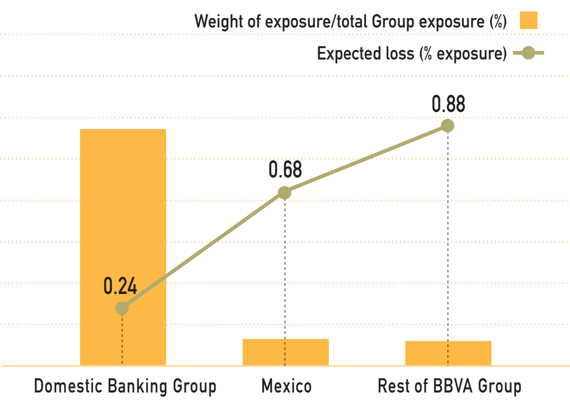
ATTRIBUTABLE EXPECTED LOSSES BY BUSINESS AREAS

(PERCENTAGE OF EXPOSURE AT 31-12-03)



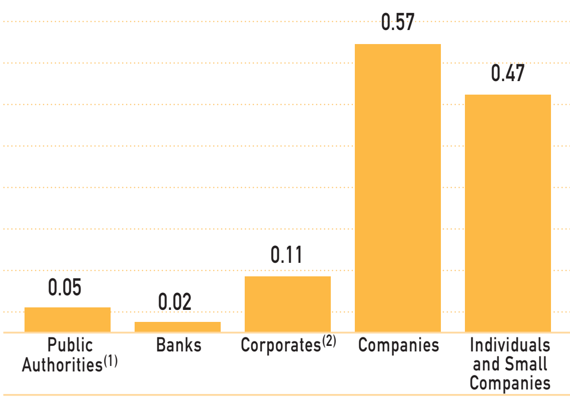
ATTRIBUTABLE EXPECTED LOSSES BY GEOGRAPHICAL AREAS

(AS A PERCENTAGE OF EXPOSURE AT 31-12-03)



EXPECTED LOSSES BY SEGMENT (*)

(PERCENTAGE OF EXPOSURE AT 31-12-03)



(*) Activities of the Parent Company and subsidiaries in Spain.
(1) Excluding sovereign risks.
(2) Large companies with approximate billing exceeding €150 million.

Credit risk in market activities

Measurement of the credit risk in OTC financial instruments to counterparties is carried out by daily marking to market of the positions held plus an estimate of the maximum increase in the value of the security that can be expected through maturity.

The equivalent maximum credit risk exposure to counterparties was €14,669 million as of December 31, 2003, 24.9% down on the previous year's figure. This reduction in risk was mainly due to the intense development of OTC financial instrument collateralization agreements.

BBVA continued its policy of signing legally valid netting agreements with each of the jurisdictions in which it operates, which account for a significant share of total exposure.

The net market value of the OTC financial instruments in the portfolio at year-end was €3,876 million, with a mean residual term of 95 months. The average replacement value, measured in gross terms, was €4,915 million.

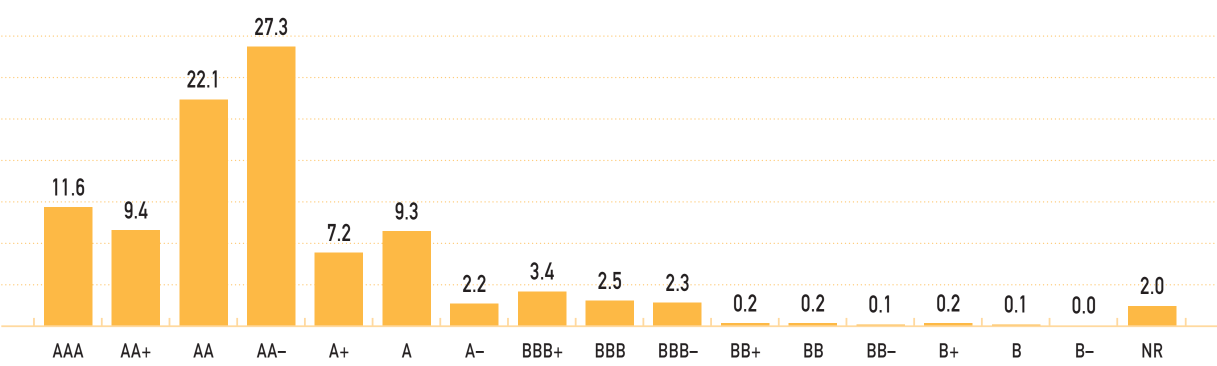
OTC DERIVATIVES. EQUIVALENT MAXIMUM EXPOSURE
(MILLIONS OF EUROS)

OTC FINANCIAL INSTRUMENTS	Gross Replacement Value	Net Replacement Value	Equivalent Maximum Exposure	Average Term (Months)
IRS	3,370	2,794	8,786	135
FRAs	4	(1)	43	4
Interest rate options	373	355	764	92
TOTAL OTC INTEREST RATE DERIVATIVES	3,747	3,148	9,593	131
Forward forex	133	(2)	522	8
Currency swaps	516	247	2,107	31
Currency options	91	67	272	45
TOTAL OTC EXCHANGE RATE DERIVATIVES	740	313	2,901	28
OTC equity	95	95	696	19
Fixed-income and other	332	320	1,480	23
TOTAL OTC EQUITY AND OTHER	428	416	2,175	22
TOTAL	4,915	3,876	14,669	95

DISTRIBUTION BY RESIDUAL TERM. MAXIMUM EXPOSURE IN OTC FINANCIAL INSTRUMENTS
(PERCENTAGE)

	2003				2002			
TYPE OF PRODUCT	Up to 1 year	1 to 5 years	Over 5 years	Total	Up to 1 year	1 to 5 years	Over 5 years	Total
OTC interest rate	8	36	56	100	15	34	51	100
OTC exchange rate	51	37	13	100	60	30	10	100
OTC equity and other	50	48	2	100	75	22	3	100
TOTAL	22	38	40	100	36	31	33	100

DISTRIBUTION OF EQUIVALENT MAXIMUM EXPOSURE BY RATINGS
(PERCENTAGE)



The following chart shows the distribution by residual term of the equivalent maximum exposure in OTC financial instruments compared to the related data as of 2002 year-end.

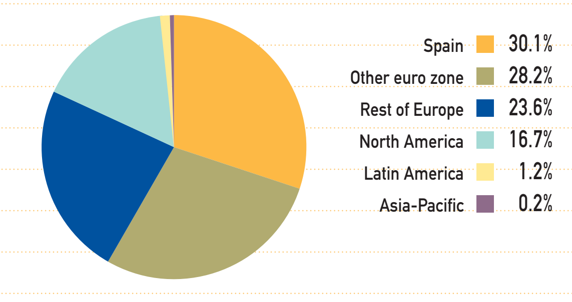
The counterparty risk assumed in OTC financial instrument transactions is with entities with top credit ratings, of A- or higher in 89% of cases.

Exposure is concentrated at financial entities (83%); the remainder (17%) is to corporations and customers, and is suitably diversified.

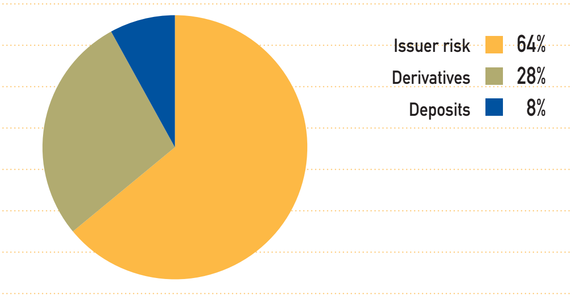
The distribution of risk by geographical area can be seen in the accompanying graph, which shows that most of it is in Europe (82%) and North America (16.6%), which together represent 98.6% of the total.

In addition, the Bank continued to measure credit risk in terms of expected loss plus economic capital for the activities performed with each counterparty and/or issuer using the tool specifically developed for this purpose, as shown in the graph.

DISTRIBUTION OF EQUIVALENT MAXIMUM EXPOSURE BY GEOGRAPHICAL AREAS



DISTRIBUTION OF EXPECTED LOSS + ECONOMICAL CAPITAL



MARKET RISK MANAGEMENT

The possibility of using internal models for calculating capital requirements, as envisaged in Directive 98/31/EC, amending the CAD (1993 Capital Adequacy Directive) became a reality for Spanish credit entities with the entry into force of Bank of Spain Circular 3/2003 to Credit Entities amending Bank of Spain Circular 5/1993 on the calculation and control of minimum equity. The Circular determines, inter alia, the minimum conditions to be met by internal risk management models, the organization of the entity and its internal controls so that, after these factors have been individually appraised, they can be used to calculate the minimum equity requirements for the coverage of market risks on the trading portfolio, exchange rate and commodity and gold positions.

The Global Market Risk Management Unit is responsible for the integrated management of risk in these areas at the BBVA Group, including market risk which, as its name implies, is to be found in the Group's market or treasury activities, that are characterized by holding positions sensitive to fluctuations in market prices. This Unit, which is organically separate from and independent of the business units, is responsible for adapting and managing risk measurement and control tools and for ensuring that that the business units comply with the risk limits and policies. The Unit also periodically reports to the Executive Committee, the Risks Committee, the Management Committee and the Internal Risk Committee on levels of risk, results and the degree of compliance with such limits in the Group, at individual and aggregate level.

In this respect, another of the basic pillars of the BBVA Group's market risk management model is the limit structure, which consists of an overall VaR limit for each business unit, supplemented by a series of specific sublimits by desk, business line, and risk or product type. Proposals for the overall limits for all the business units and for certain sublimits are approved by the Executive Committee. The business units, together with the Risk Area, are responsible for distributing these limits by desk, business line or risk type. These VaR limits are supplemented by others based on non-statistical measures such as delta sensitivity, nominal exposure or stop-loss on the results of the market areas. This limit structure is part of the Group's general control system, which includes the definition of a variety of prior warning signs which trigger the contingency plans to attempt to prevent situations that might adversely affect the Group's results.

The purpose of the market risk management and measurement model currently in place at the BBVA Group is to measure both general market risk and specific risks, for which the Group employs the Value-at-Risk (VaR) methodology, which aims to measure the maximum loss that can occur in the value of the portfolio as a result of fluctuations in general conditions on the financial markets, as shown by changes in interest rates, exchange rates and equity security prices if the portfolio is maintained for a certain period. To these three major risk factors must be added basis risk (which arises, for example, when there are debt positions on which the interest rate risk is hedged by swap transactions, generating a risk because there is a variable spread between the interest rate curves relevant for the valuation of these positions) and spread risk (associated with corporate securities or credit derivatives on corporate issuers), and also including, in the case of option positions, volatility and convexity risk and, in certain cases, correlation risk, since all the above are risk factors that might influence the market prices of certain products.

The VaR model used is based on the covariance matrix (parametric model), with a confidence level of 99% and a time horizon of one day, improved to take into account convexity and other risks associated with option positions and structured derivative products. In addition, periodical supplementary settlement VaR calculations are performed for certain business units, which include adjustments to factor in the specific liquidity of the position, taking into account the liquidity conditions on the financial markets at any time.

The Group is also implementing a new risk measurement platform which, in addition to the advantage of enabling market risk to be integrated with credit risk thus facilitating an overall view of existing risk, makes it possible to calculate market risk using the covariance matrix, the historical simulation and the Monte Carlo simulation methodologies.

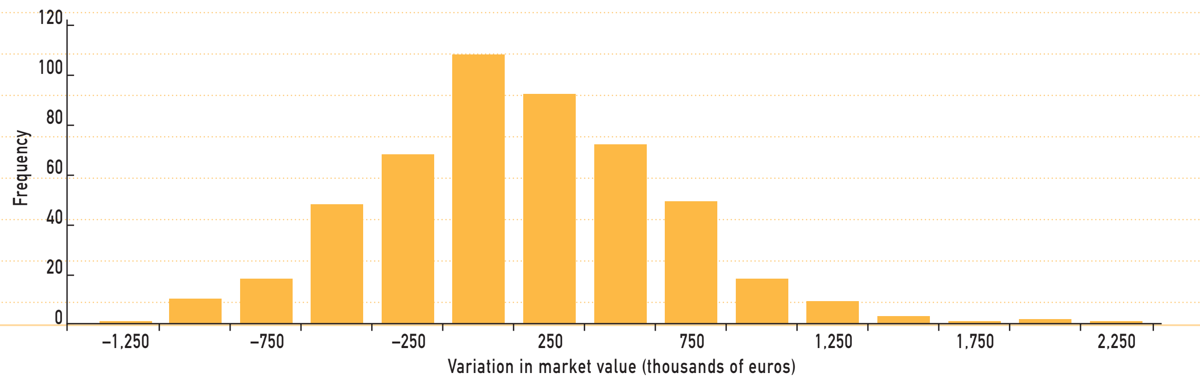
By way of example, the accompanying graph shows the distribution of the changes in the value of the portfolio of long-term interest rate options in a set of scenarios generated by Monte Carlo analysis. The histogram shows the frequency of the various changes in value in the simulation. The 1% percentile of the distribution shows the value at risk figure with a one-day time horizon for a confidence level of 99%.

Similarly, the distribution of the variations in the value of the long-term interest rate options portfolio in a historical simulation is shown.

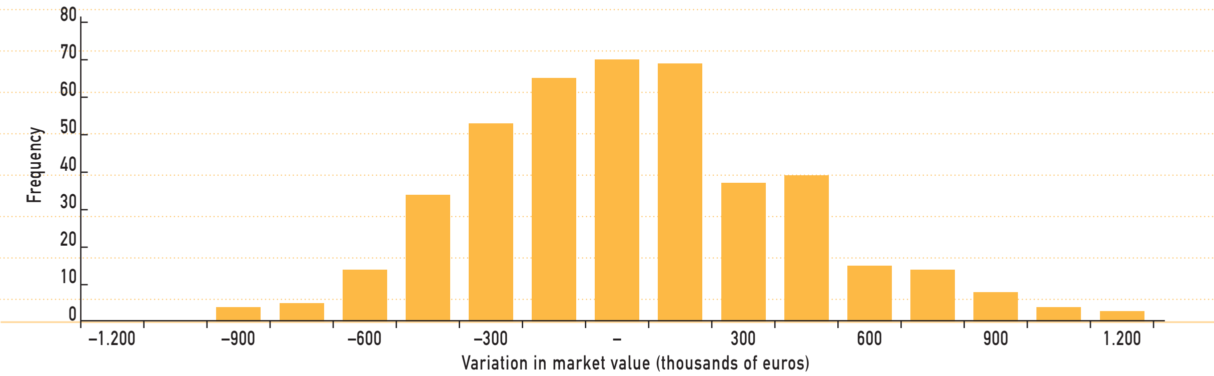
The market risk measurement model includes a back-testing or ex post contrast program, which to a certain extent guarantees the suitability of the risk measures that are performed. Comparisons are made, inter alia, of the levels of ex ante risk provided by the model with the ex post results obtained by the units each day to validate the VaR measurement system.

Stress-testing is an essential supplementary tool for market risk management, especially after the recent crises in Argentina and Brazil and the upheaval in the financial markets after the events of September 11, 2001. Accordingly, in order to strengthen risk management and control, the BBVA Group periodically calculates the exposure to losses of each business unit in response to events beyond the predetermined confidence interval for the daily measurement of market risk. This enables senior management to ascertain whether the level of exposure to

DISTRIBUTON OF THE VARIATION IN THE VALUE OF THE LONG-TERM INTEREST RATE OPTIONS PORTFOLIO IN A MONTE CARLO SIMULATION



DISTRIBUTION OF THE VARIATIONS IN THE VALUE OF THE LONG-TERM INTEREST RATE OPTIONS PORTFOLIO IN A HISTORICAL SIMULATION



losses under these potential scenarios fits in with the bank's appetite for risk, and to design, on the basis of that exposure, the contingency plans that must be implemented immediately if an unusual situation similar to those examined should occur.

Market risk in 2003

In 2003 the behavior of the markets was marked by recovery, especially so in the case of the emerging markets. Thus, in Latin America the stock markets appreciated considerably, while the spreads on sovereign debt in several countries in the area recorded all-time lows during the year. The evolution of market risk in the BBVA Group's markets areas in 2003 was characterized by a low risk profile in the first few months of the year as a result of the conservative management approach in view of the increasing international uncertainty regarding the Iraq crisis, and of the gradual increase in risk from May onwards, while a higher level of exposure was maintained practically throughout the second half of the year, coinciding with the expectations of recovery in the main world economies.

The average risk in the BBVA Group's market areas in 2003, in VaR terms, was €21,985 thousand, with a maximum and minimum of €28,587 thousand and €14,138 thousand, respectively, and a median of €22,766 thousand. The maximum levels were recorded in July, coinciding with a period of increased volatility in the Mexican market. Compared to 2002, there was a reduction both in the average level of risk and, in particular, in the dispersion of risk, as a result of active risk management. Considering a time horizon of ten

EVOLUTION OF MARKET RISK
(THOUSANDS OF EUROS)

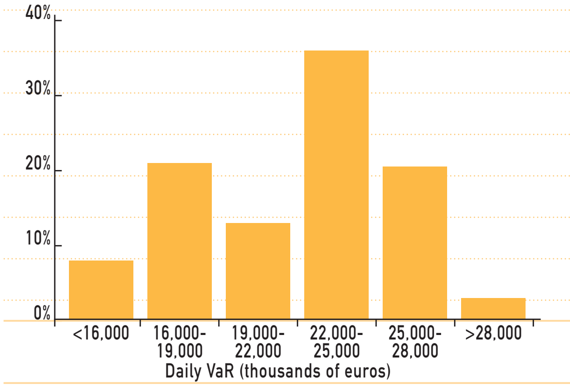
days, as recommended by the Basel Committee, the estimated average loss in the year with a confidence level of 99% was €69,524 thousand.

The main risk in the Group is interest rate risk (76% of the total at year-end), which includes both systematic risk and the specific risk tied to the spreads that are applied to the market curve for the various corporate issuers based on their creditworthiness. Far below are vega risk and correlation risk tied to options and structured derivative products, which represent 8% and 7% of the total, respectively, and stock market and currency risk, which account for 4% each. It should be noted that currency risk relates to the operating exchange positions of the Group's market areas.

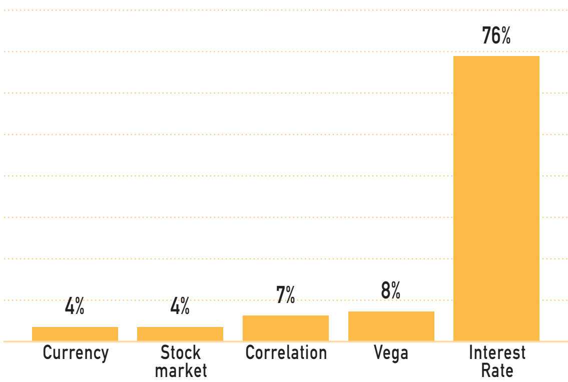
With regard to the distribution of the Group's risk by geographical area, most of the Group's total market risk relates to banking in Europe and the U.S. (basically BBVA's investment banking), while the Group's Latin-American banks together represent 39.7% of the total in average annual terms, of which 28.7% is concentrated in Mexico.

The graph of the average use of limits shows the percentage of use by the Group's main business units. The average use of the limits authorized by the Executive Committee for 2003 was 41%.

MARKET RISK FREQUENCY DISTRIBUTION



MARKET RISK PROFILE
(31-12-03)

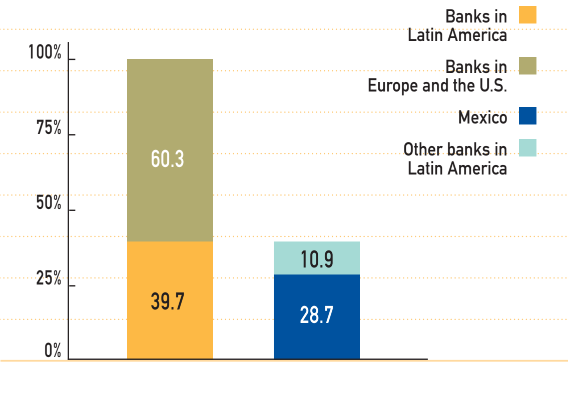


MARKET RISK BY RISK FACTORS
(THOUSANDS OF EUROS)

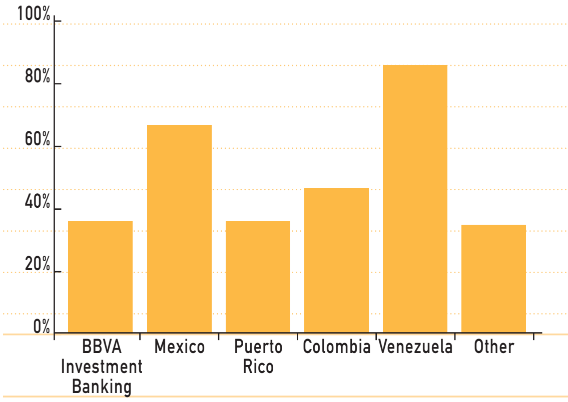
RISK	31-12-03	Daily VaR Average	Maximum	Minimum
Interest*	20,931	16,775	22,522	10,151
Change*	1,084	1,307	5,093	330
Equity*	1,108	1,737	5,801	633
Vega and Correlation	4,258	4,456	5,997	2,081
TOTAL	25,761	21,985	28,587	14,138

* Includes the gamma risk of fixed-income, exchange and equity options, respectively.

MARKET RISK BY GEOGRAPHICAL AREA
(AVERAGE 2003)



AVERAGE USE OF LIMITS IN 2003. MAIN BUSINESS UNITS
(PERCENTAGE)



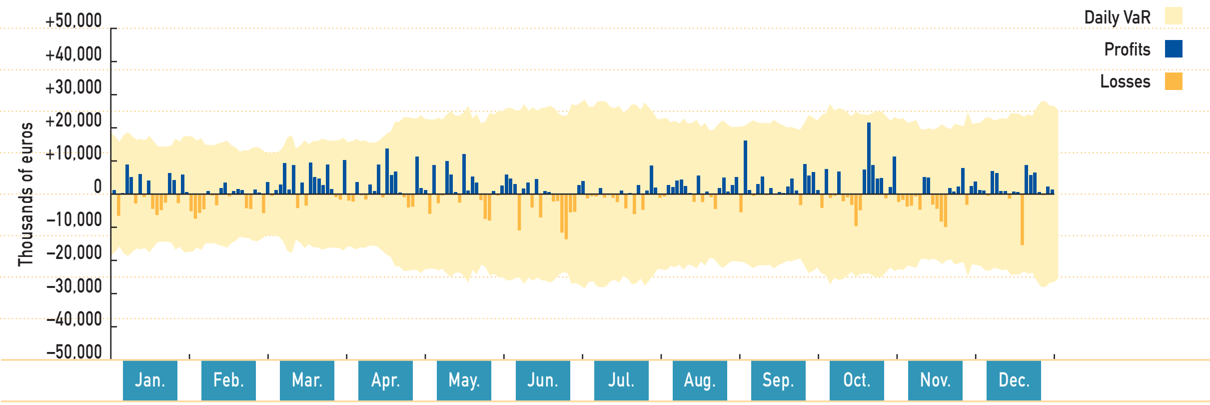
The graph represents the back-testing carried out for the Group's aggregate risk in 2003, which consisted of comparing for each day the results of the revaluation of the positions with the level of risk estimated by the model, and confirms the correct functioning of the management risk model used by the BBVA Group. The same conclusion is drawn from the comparisons performed for other representative levels lower than Group aggregate risk.

STRUCTURAL INTEREST RISK

Structural interest risk is defined as an entity's exposure to variations in market interest rates arising from mismatches in the maturity and repricing dates (depending on whether the related instruments are tied to a fixed or floating rate, respectively) of the entity's assets and liabilities, including derivatives.

The Basel Committee on Banking Supervision, in the consultative paper

BBVA GROUP BACK-TESTING



"Principles for the Management and Supervision of Interest Rate Risk", established the basic principles for the management, measurement and monitoring of structural interest risk that banks must comply with.

The BBVA Group includes these recommendations in its structural interest risk control and management procedures. Accordingly, an organizational structure was defined to establish a separate assignment of functions and responsibilities, maintaining at all times the separation of control and management functions.

The Executive Committee (CDP) is the body responsible for approving strategies and policies relating to the management and control of structural interest risk. This Committee delegated responsibility for monitoring this risk to the Risks Committee, for which purpose it is periodically notified of the level of risk assumed.

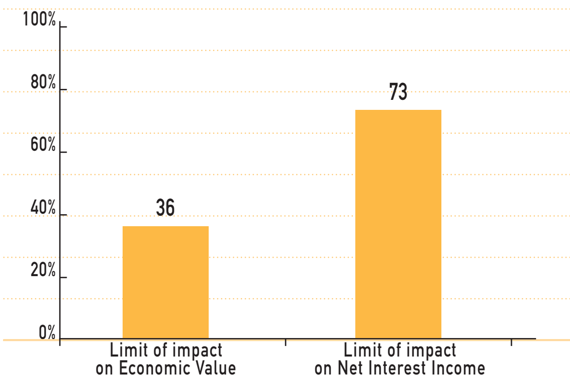
The Asset-Liability Committee (ALCO), for its part, is the body responsible for actively managing BBVA's balance sheet in order to stabilize net interest income without prejudice to net asset value. This Committee's work is supplemented by the other Group entities' ALCOs, which are coordinated and controlled through a corporate strategy committee. The ALCOs meet at least every month.

The responsibility for controlling and monitoring structural interest rate risk falls on the Risk area, which periodically measures this risk from a dual perspective: on the one hand, from the net interest income standpoint and, on the other, from that of the economic value. In the former case, net interest income is projected for the next 12 months; and in the case of the analysis of economic value, a discounted current value is calculated of expected future flows in the balance sheet. The impacts of fluctuations in interest rates on both measures are calculated by using both parallel shifts in interest rate curves and shocks that take into account changes of slope and curvature. Several interest rate curve simulation methodologies have been developed to determine these changes of slope and curvature and these methodologies are used to calculate expected losses in net interest income and in economic value with a confidence level of 99%.

The Group ensures that exposure to structural interest rate risk remains within levels consistent with internal policies, for which purpose limits and procedures are set to guarantee compliance with the those levels. The limits structure is revised and updated every year so that it is in line with market conditions and the new business structure. The accompanying graph shows the average use of BBVA's limits for 2003.

The gap table shows, as of December 31, 2003, the distribution of maturities or repricing dates (depending on whether the items are tied to a fixed or a floating rate, respectively) of the sensitive asset and liability aggregates in the balance sheet in euros, grouped by market type.

STRUCTURAL INTEREST RISK: BBVA'S AVERAGE USE OF LIMITS

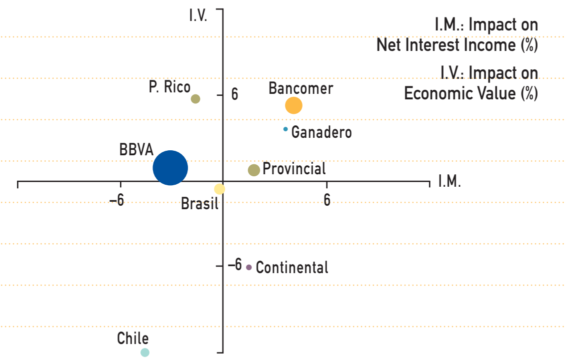


MATRIX OF MATURITIES OR REPRICING DATES IN THE CONSOLIDATED BALANCE SHEET, EX-TREASURY
(THOUSANDS OF EUROS)

	Balance	1-6 months	6-12 months	1-3 years	3-10 years	Over 10 years
ASSETS						
Money market	21,314,780	18,351,696	2,309,610	619,648	32,932	893
Lending	111,402,967	64,873,395	32,207,989	7,209,085	5,945,353	1,167,146
Securities portfolio	37,198,628	11,056,401	1,888,931	13,908,104	8,471,068	1,874,124
TOTAL SENSITIVE ASSETS	169,916,375	94,281,492	36,406,530	21,736,837	14,449,353	3,042,163
LIABILITIES						
Money market	14,946,532	12,883,143	1,336,466	346,103	374,133	6,687
Customer deposits	66,182,497	34,179,002	1,684,805	2,516,993	27,801,679	18
Wholesale financing	37,401,384	19,624,600	1,810,111	858,364	13,933,380	1,174,930
Other sensitive liabilities	39,679,822	35,061,057	757,734	928,522	1,713,804	1,218,706
TOTAL SENSITIVE LIABILITIES	158,210,235	101,747,801	5,589,116	4,649,982	43,822,995	2,400,341
ON-BALANCE-SHEET GAPS	11,706,140	(7,466,309)	30,817,414	17,086,855	(29,373,642)	641,822
OFF-BALANCE-SHEET GAPS	340,435	(15,636,842)	3,912,909	3,730,759	9,485,925	(1,152,316)
TOTAL GAPS	12,046,575	(23,103,150)	34,730,323	20,817,614	(19,887,717)	(510,495)

Aggregating these volumes determines the on-balance-sheet gap which, together with the off-balance-sheet gap form the total BBVA Group's total balance sheet gap in euros. The maturity or repricing matrices of the other significant currencies in the Group are calculated in a similar way.

THE BBVA GROUP'S STRUCTURAL INTEREST RISK PROFILE
(+100 B. P.)



The accompanying graph shows a comparison of levels of risk among the BBVA Group's main financial entities, the diversification of which reduces the risk of the Group as a whole.

LIQUIDITY RISK

Liquidity risk relates to the potential difficulty of resorting to the financial markets in order to meet payment obligations.

The Basel Committee, in the consultative paper "Sound Practices for Managing Liquidity in Banking Organizations", enumerates a series of basic principles for the monitoring and control of liquidity risk, aimed at increasing awareness on the part of banks of the importance of the proper management of this risk.

In the BBVA Group, the Executive Committee is the body responsible for approving strategies and policies relating to the management of liquidity at corporate level, without prejudice to the fact that each of the main Group entities independently manages its own liquidity requirements.

Each entity's Asset-Liability Committee (ALCO) is responsible for ensuring, at medium-term, that the entity has the required resources to carry on the business. Also, corporate monitoring is performed of the liquidity position of each of the entities composing the Group, and of their projected medium-term liquidity profiles. The so-called Liquidity and Emergency Committees exist to act in the event of anticipated or actual liquidity crises.

Each major Group entity has established a liquidity contingency plan which details the actions and procedures to be followed in the event of an emergency, together with the responsibilities of each of the areas involved in the liquidity risk management and control process.

Liquidity monitoring is performed from two standpoints. On the one hand, a map is prepared daily analyzing the projected collection and payment flows for the next few days, as well as the assets available to meet existing payment commitments. In parallel, every month, liquidity profiles are calculated by business structure and financing type (gap of markets, credit, wholesale financing, equity, rediscountable assets and other), and expected future cash flows are projected for a time horizon of 12 months.

BBVA establishes quantitative and qualitative limits and warning signals that enable it to anticipate possible financing tensions. There is also a policy of diversification of sources of financing: wholesale, equity and the interbank market.

In order to avoid situations of tension and to guarantee the Group's liquidity, each entity defines various hypothetical systemic and specific crisis scenarios, and analyzes the various financing needs and alternatives. These scenarios address market factors, assumptions about renewal of financing at maturity, gradual withdrawals of funds, sudden withdrawals of funds, nonrenewal, etc.

STRUCTURAL EXCHANGE RATE RISK

An entity's structural exchange rate risk refers to the potential losses in the value of structural positions arising from variations in exchange rates.

BBVA's exposure to structural exchange rate risk arises mainly from the investments in other entities, insofar as these assets are denominated in currencies other than those in which they are financed.

The Asset and Liability Committee (ALCO) is the body responsible for actively managing structural exchange rate risk based on future exchange rate expectations. The committee meets every month and evaluates hedging decisions to mitigate the adverse impact of possible fluctuations in exchange rates.

The Risk area periodically measures structural exchange rate risk using a statistical simulation model that includes certain exchange rate crisis scenarios to which certain estimated probabilities of occurrence are assigned. Another factor in the model is the projection at one year of the exchange rates of the currencies involved. Every month the total risk is calculated in annual VaR terms with a confidence interval of 99%.

74% of the total exchange risk is concentrated in the Mexican peso, the Venezuelan bolivar and the Brazilian real. Several hedging transactions were arranged during the year to reduce the exposure to losses, thus considerably mitigating the impact of possible depreciations. Due mainly to the hedges arranged, the open structural position was reduced, compared with 2002.

OPERATIONAL RISK

Internally operational risk is defined as that which is neither credit nor market risk. This definition embraces that proposed by the Basel Committee on Banking Supervision (risk which can give rise to losses as a result of human error, inadequate or defective internal processes, systems failures or external causes), in addition to other risks such as strategic or business risk and regulatory risk. The last of these risks would impact the Group in the event of regulatory changes affecting the income statement or its ability to generate business.

In 2003 the Group continued to deploy the three basic tools created in-house (Ev-Ro, TransVaR and SIRO), as the main vehicles for identifying, measuring, evaluating and controlling risks of this kind. BBVA considers that proper management of operational risk fosters the creation of value for the shareholders. On the one hand, it improves the income statement by mitigating the risks that give rise to losses or loss of profits and, on the other, it makes it possible to reduce the regulatory capital to the minimum level possible under the new Basel regulations.

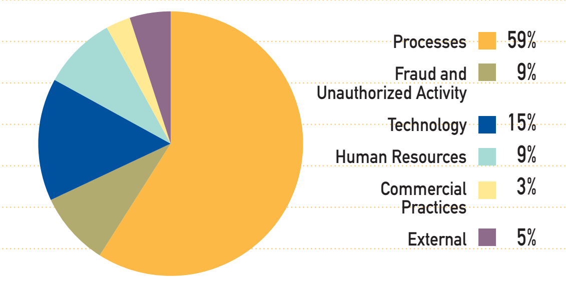
Operational risk is managed in two ways at BBVA:

- The quantitative method: this consists of developing event databases similar to the credit risk default databases, which are used to model and calculate capital at risk.
- The qualitative method: based on the use of operational risk identification, valuation and mitigation tools. The particularity of the qualitative approach resides in the fact that exposure to operational risk can be detected and, consequently, mitigated, without having to manifest itself in the form of adverse events.

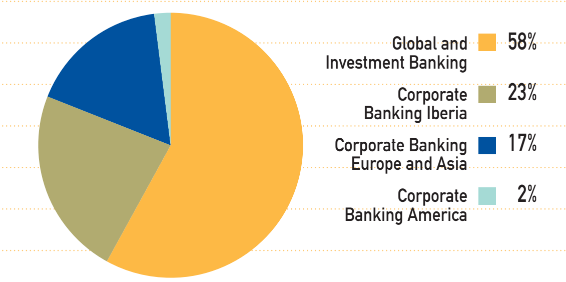
The combination of the quantitative (ex post) and qualitative (ex ante) approaches is present in the tools used by the Group:

1. **Ev-Ro:** this is a tool for the identification and valuation of operational risk by business or support area. The information obtained is used to draw up risk maps. It is also used as a starting point for mitigation processes, putting particular emphasis on the most relevant aspects.

EV-RO: DISTRIBUTION OF OPERATIONAL RISK IN GLOBAL CORPORATE BANKING
(BY RISK TYPE)



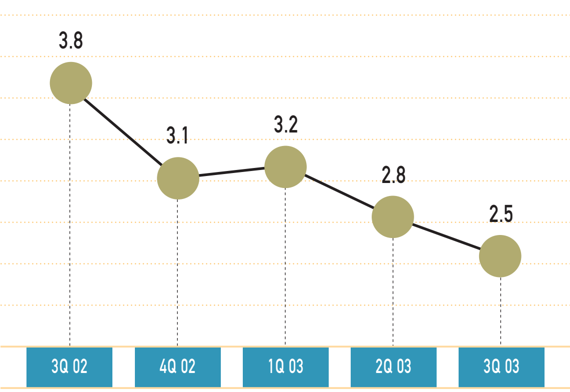
EV-RO: DISTRIBUTION OF OPERATIONAL RISK IN GLOBAL CORPORATE BANKING
(BY BUSINESS UNIT)



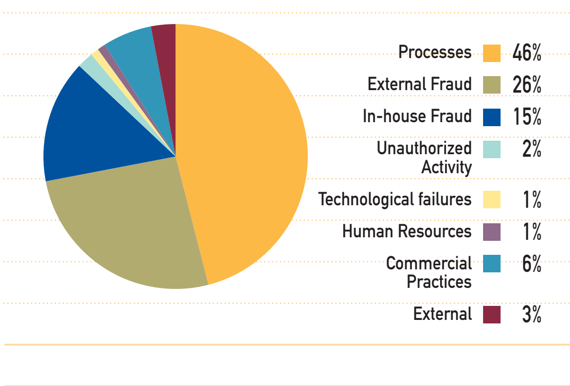
2. **TransVaR:** this is a monitoring tool that uses indicators or variables that characterize each area's processes and are linked to the causes of operational risk. The tool mixes quantitative and qualitative indicators. Both TransVaR and Ev-Ro are used for proactive management of operational risk at business and support units without adverse events having to take place.

3. **SIRO (Integrated Operational Risk System):** this consists of a set of databases of operational risk events classified by risk type and business line. They are located in each country and every month feed a central database called SIRO Global, which consolidates the information.

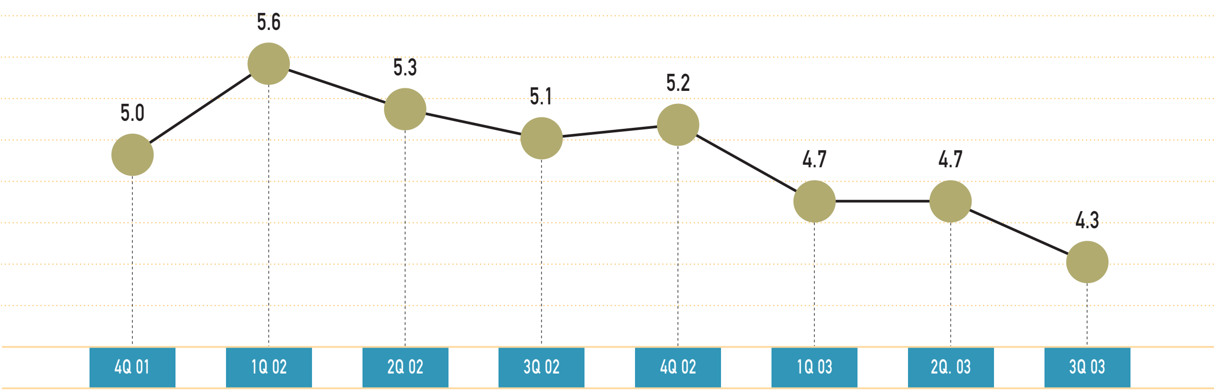
TRANSVAR: EVOLUTION OF OPERATIONAL RISK IN THE OPERATIONS AREA



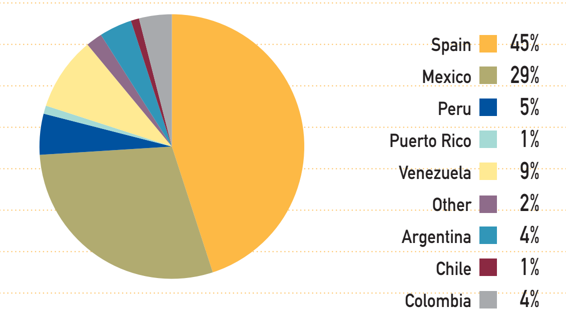
SIRO: DISTRIBUTION BY RISK TYPE
(CUMULATIVE AMOUNT)



TRANSVAR: EVOLUTION OF OPERATIONAL RISK IN THE MARKETS AREA



SIRO: DISTRIBUTION BY COUNTRY
(CUMULATIVE AMOUNT)



ORX (Operational Risk Exchange)

In order to complete the Group's database and, accordingly, to have more information to model risk with, in 2002 BBVA decided to become a founding member of the ORX International Consortium, in which 12 leading banks initially participate. Four information exchanges took place in 2003, with retroactive effect from January 1, 2002. Therefore, at 2003 year-end ORX had two years of operational risk events with more than 6,000 events recorded and classified according to the Basel criteria.

The management model

Operational risk management is incumbent on all business and support areas. Therefore, the corporate tools have been designed to be used in those units as sources of risk information, events and causes, constituting the basis of the mitigation processes.

Each business or support unit where the tools are implemented creates an Operational Risk Manager (generally located in the unit's own risk or internal control area) and an Operational Risk Committee, which meets periodically to analyze the available information and to determine the most appropriate mitigation plans.

The Group distinguishes between the following types of operational risk in its tools:

- Processes: risk of errors in habitual operations, due to human error in processes, documentation or the controls thereof.
- Fraud and unauthorized activity: this includes the risk and events arising from the perpetration of criminal acts, and also the risk arising from unauthorized internal activities such as exceeding powers.
- Technology: includes the operational risk associated with technological failures (occasional or ongoing), due to problems with software, hardware or communications.
- Human resources: the risk associated with the human resources hiring and management policy and occupational safety and hygiene.
- Commercial practices: the risk of losses arising from indemnities for improper sales practices or product defects.
- Disasters: the risk associated with the occurrence of external events (whether natural, accidental or provoked) which cause damage to physical assets or interrupt one of the Group's services.
- Suppliers: the dependence on certain external suppliers in processes (both the supply of materials and services) generates an operational risk if the contracted service is not performed.

Current situation

The Group is making good progress in the implementation of the Ev-Ro and/or TransVaR tools. In Spain implementation has been completed in just over 70% of all areas, including the following units: Treasury, Corporate Banking, Capital Market, Securities Company, Media, Systems, Altura Markets, Uno-e, Finanzia, Depository and Custody Services, Private Banking and Asset Management. In Latin America, the level of implementation currently exceeds 50% in the business and support areas.

In January 2002 and in July 2002, SIRO (the event database) was effectively implemented in Spain and in Latin America, respectively. 2003 saw the development of procedures to enhance the efficiency of the data capture processes.

Reputational risk

Reputational risk involves exposure to earnings uncertainty as a result of events that may negatively influence the perception that stakeholders have of the Group. Most reputational risk events are caused by factors characteristic of other kinds of risk, such as business or operational risk.

Aware of the importance of reputational risk, and since it is largely endogenous in nature, i.e. it can be managed, BBVA takes it into account in the decision-making process.

In order to facilitate the management of reputational risk, work on the implementation of a new tool called RepTool commenced in Spain at the end of 2003. RepTool is a methodology for the identification and assessment of reputational risk factors, which it relates to the internal causes that may give rise to this risk. As is customary in processes of this kind, assessment is performed on the basis of impact and probability of occurrence. The risk factors detected are classified by order of importance using scales of seriousness, which determine the type of action that must be taken.

Business Areas

RETAIL BANKING SPAIN AND PORTUGAL // WHOLESALE AND INVESTMENT BANKING // AMERICA // CORPORATE ACTIVITIES

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

Information by areas is a fundamental tool for controlling and monitoring the different lines of business. In order to prepare this information, the starting point is the lowest-level units, where all the accounting data related to the businesses that they handle are to be found. Subsequently, in accordance with the existing area structure, they are classified and aggregated in order to determine the composition of each of the areas. Similarly, all the companies composing the Group are also assigned to businesses in line with their activity and, whenever necessary, they are segmented and their activity is allocated to various units if required by the diversity of their business.

Once the structure of each area has been established, the management adjustments inherent to the model are applied. These adjustments include the allocation of equity with the assignment of economic capital based on the risks incurred by each business, evaluating the capital needs and credit, operational and market risks. The first stage is to quantify the volume of equity strictly speaking (capital and reserves) assigned to the risks of each business area, and this serves as a reference for determining the Return on Equity (ROE) of each business; this is followed by the allocation of other capital base resources (eligible subordinated debt, preferred shares) as well as the costs associated therewith. There is one exception to this equity allocation system. In the America and Mexico units, BBVA has maintained the book equity that would be derived from setting up a consolidated sub-group in each of the countries. Therefore the strict equity figure represents the BBVA Group's share holding, while the minority interests are recorded under Other eligible funds.

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

Lastly, it should be underscored that the method used to calculate the volume of business of each area (Retail, Wholesale and America) does not eliminate any intergroup transactions that affect different areas, which are considered an integral part of each business unit's activities and management. Accordingly, the intergroup eliminations arising from consolidation are allocated to the Corporate Activities area and this may lead to certain captions in its balance sheet presenting negative balances.

With the objective of showing the economic reality of the businesses and in order to be able to uniformly monitor the areas, the results generated by the Group's companies in Argentina and Brazil were consolidated by the equity method in the Corporate Activities area.

Thus, the information by area included in this Annual Report is broken down into the following lines of business:

- **Retail Banking in Spain and Portugal:** this includes the retail banking, asset management and private banking businesses engaged in by the Group in Spain and Portugal. Consequently, it combines the residential customer and SME segments in the domestic market, the Finanzia/Uno-e group (engaging in the e-banking business, consumer financing, card product distribution and renting activities), BBVA Portugal, the Private Banking business, mutual and pension fund managers and the results of the insurance business.
- **Wholesale and Investment Banking:** this covers the Group's business activities with large companies and institutions through national and international corporate banking and institutional banking. In

addition, it also includes the trading room businesses located in Spain, Europe and New York, the equity distribution and origination business and the security deposit and custody service business, as well as the business and real estate project businesses that are not conducted through the Group's holdings in large corporations.

- **America:** this covers the activity and profits of the Group's subsidiary banks in Latin America and of their investees, including pension management companies and insurance companies, as well as the International Private Banking business. As mentioned above, with the objective of uniformly monitoring the businesses, this area does not include the results generated in Argentina and Brazil, which are included in the Corporate Activities area.
- **Corporate Activities:** includes the holdings in large industrial corporations and in financial entities, as well as the activities and results of the support units, such as the ALCO area. In addition, this caption includes the other items that, by their nature, cannot be assigned to the business areas, such as country risk writedowns and amortization of goodwill (except for that relating to the holdings owned by the Business and Real Estate Projects unit, which is included in the Wholesale and Investment Banking area). Lastly, for the reasons explained above, the results of the Group companies in Argentina are included and presented under the equity accounting heading.

This areas structure is in line with the current internal organization established to manage and monitor the businesses in the BBVA Group. The figures for the financial years 2001 and 2002 which are presented for comparison purposes were prepared following the same criteria.

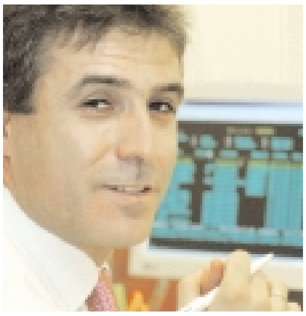
NET ATTRIBUTABLE PROFIT BY BUSINESS AREA
(MILLIONS OF EUROS)

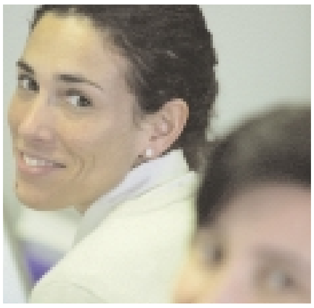
	2003	∆%	2002	2001
Retail Banking Spain and Portugal	1,239	(2.1)	1,266	1,173
Wholesale and Investment Banking	468	22.5	382	531
America	715	(2.8)	736	807
Corporate Activities	(195)	(70.6)	(665)	(148)
BBVA GROUP NET ATTRIBUTABLE PROFIT	2,227	29.5	1,719	2,363

ROE AND EFFICIENCY RATIO
(PERCENTAGE)

	ROE			Efficiency ratio		
	2003	2002	2001	2003	2002	2001
Retail Banking Spain and Portugal	30.9	33.6	31.7	44.7	44.8	48.4
Wholesale and Investment Banking	23.0	19.5	23.1	31.7	35.6	32.3
America	24.0	22.7	17.5	44.1	46.0	48.9
BBVA GROUP	18.4	13.7	18.0	46.6 (1)	47.6 (1)	49.9 (1)

(1) With Argentina and Brazil accounted for by the equity method.





Retail Banking Spain and Portugal

2003: THE FIRST YEAR OF IMPLEMENTATION OF THE FINANCIAL SERVICES PLAN

COMMERCIAL BANKING IN SPAIN

SME BANKING

ASSET MANAGEMENT AND PRIVATE BANKING

SPECIAL FINANCIAL SERVICES

BBVA PORTUGAL

EUROPEAN INSURANCE

Retail Banking Spain and Portugal is the area responsible for managing the Group's individual, commercial and SME customers in Spain, together with the management of mutual and pension funds and insurance. This area also includes, through Finanzia and Uno-e, the e-banking business, the financing of consumer product sales, card distribution, renting activities, and transfers of immigrants' remittances. The area has 26,330 employees and a network of 3,424 branches, 104 of which are located in Portugal.

Retail Banking achieved a net attributable profit of €1,239 million in 2003, which represents 55.6% of the total income obtained by the Group in the year and gives an ROE of 30.9%. The 2.1% decrease in year-on-year terms is explained by the increase in provisions for regulatory purposes, related to the growth in lending, since operating profit increased by 0.7%. These operating profit figures should be evaluated in the context of the domestic retail business in the year, which was characterized by a sharp fall in interest rates and by the performance of the fees collected by the Group relating to mutual funds and securities compared to the previous year.

Against this backdrop, the area's main lines of activity focused on implementing the Financial Services Plan (including the Personal, Commercial and Special Plans), which are the focus of the new business model launched by BBVA at the end of 2002, in advance of other initiatives in the same connection that have been launched in the domestic market. At the same time, a firm effort was made to boost commercial activity by means of innovative higher value-added products for customers.

Noteworthy regarding commercial activity is that business volumes handled by the area followed an upward path throughout the year, with year-on-year rates of growth in loans and deposits that increased quarter by quarter.

INCOME STATEMENT
(MILLIONS OF EUROS)

	Retail Banking Spain and Portugal				Memorandum Item: Commercial and SME Banking		Memorandum Item: Asset Management and Private Banking	
	2003	∆%	2002	2001	2003	∆%	2003	∆%
NET INTEREST INCOME	3,221	1.0	3,189	3,025	2,890	0.3	41	(22.4)
Net fee income	1,476	(2.3)	1,510	1,555	1,250	(1.6)	205	(6.1)
CORE REVENUES	4,697	-	4,699	4,580	4,140	(0.3)	246	(9.3)
Net trading income	44	(3.2)	46	63	40	(12.1)	1	n.m.
ORDINARY REVENUES	4,741	(0.1)	4,745	4,643	4,180	(0.4)	247	(8.0)
Personnel costs	(1,391)	0.4	(1,386)	(1,465)	(1,263)	(0.1)	(51)	6.6
General expenses	(728)	(1.4)	(738)	(783)	(634)	0.5	(31)	(4.0)
GENERAL ADMINISTRATIVE EXPENSES	(2,119)	(0.2)	(2,124)	(2,248)	(1,897)	0.1	(82)	2.4
Depreciation and amortization	(114)	(7.0)	(123)	(125)	(101)	(6.1)	(4)	(9.7)
Other operating income and expenses	(43)	(14.8)	(51)	(59)	(40)	(17.8)	(1)	(30.0)
OPERATING PROFIT	2,465	0.7	2,447	2,211	2,142	(0.2)	160	(12.4)
Net income (loss) from companies accounted for by the equity method	8	n.m.	(6)	28	(2)	(50.9)	-	(82.9)
Amortization of goodwill	-	n.m.	1	-	-	-	-	n.m.
Net income (loss) from Group transactions	(1)	n.m.	-	-	(1)	-	-	-
Net loan loss provisions	(492)	13.6	(433)	(402)	(450)	16.3	(4)	91.8
Net extraordinary income (loss) and other	(10)	n.m.	5	6	(5)	n.m.	(3)	(40.4)
PRE-TAX PROFIT	1,970	(2.2)	2,014	1,843	1,684	(4.6)	153	(13.8)
Corporate income tax	(650)	(2.4)	(666)	(587)	(563)	(4.8)	(51)	(13.2)
NET PROFIT	1,320	(2.1)	1,348	1,256	1,121	(4.6)	102	(14.1)
Minority interests	(81)	(2.0)	(82)	(83)	(69)	(12.0)	(7)	(11.6)
NET ATTRIBUTABLE PROFIT	1,239	(2.1)	1,266	1,173	1,052	(4.0)	95	(14.3)

BALANCE SHEETS
(MILLIONS OF EUROS)

	31-12-03	∆%	31-12-02	31-12-01	31-12-03	∆%	31-12-03	∆%
Total net lending	91,295	13.9	80,152	72,095	85,245	14.2	765	4.4
Securities portfolio	535	155.1	210	753	9	(11.2)	149	153.3
Liquid assets	2,048	(44.9)	3,718	4,123	1,198	2.9	127	(92.6)
Inter-area positions	16,975	2.5	16,565	15,447	15,485	0.6	1,267	31.6
Property and equipment and intangible assets	659	(0.5)	663	732	543	1.5	10	(40.0)
Other assets	969	24.3	777	870	525	9.2	63	62.2
TOTAL ASSETS / LIABILITIES AND EQUITY	112,481	10.2	102,085	94,020	103,005	11.7	2,381	(32.3)
Deposits	51,888	(1.3)	52,581	51,258	48,065	1.7	1,287	(48.6)
Debt securities	6	(47.3)	11	84	-	-	-	-
Net profit for the year	1,320	(2.1)	1,348	1,256	1,121	(4.6)	102	(14.1)
Equity	7,130	5.0	6,792	6,295	5,977	6.0	542	4.7
• Shareholders´ funds	4,125	5.7	3,903	3,821	3,448	5.9	322	4.4
• Other eligible funds	3,005	4.0	2,889	2,474	2,529	6.2	220	5.0
Liquid liabilities	3,477	28.7	2,701	2,712	25	(27.0)	2	(98.7)
Inter-area positions	45,257	27.2	35,593	29,191	44,772	26.6	298	117.6
Other liabilities	3,403	11.3	3,059	3,224	3,045	11.3	150	165.2
OTHER CUSTOMER FUNDS MANAGED								
• Mutual funds	36,912	12.8	32,732	36,674	32,210 (1)	1.3	4,233 (1)	n.m.
• Pension funds	12,422	10.5	11,240	10,801	6,018 (2)	9.6	6,183 (2)	11.4
• Customer portfolios (3)	7,199	(41.6)	12,331	10,858	717	(52.0)	6,482	(40.2)

SIGNIFICANT RATIOS
(PERCENTAGE)

	31-12-03	31-12-02	31-12-01	31-12-03	31-12-03
ROE	30.9	33.6	31.7	31.6	29.4
Efficiency ratio	44.7	44.8	48.4	45.4	33.4
Nonperforming loan ratio	0.88	1.00	1.13	0.84	0.02
Coverage ratio	271.1	220.8	183.1	278.8	n.m.

(1) In the second quarter of 2003, €3 billion were transferred from Commercial and SME Banking to Asset Management and Private Banking. In homogenous terms, the year-on-year variations in these areas would be 11.7% and 19.9%, respectively.
(2) In the second quarter of 2003, €220 million were transferred from Commercial and SME Banking to Asset Management and Private Banking. In homogenous terms, the year-on-year variations in these areas would be 14.1% and 7.2%, respectively.
(3) In the second quarter of 2003, €2.6 billion were transferred to America business area (Private International Banking) and €2.5 billion to Wholesale and Investment Banking (Institutional Banking).

The year-on-year growth in total net lending, which was 10.3% in March, gradually increased to 13.9% at year-end, as a result of the acceleration of activity in all segments, the increases on December 31, 2002 being 14.3% in individuals (18.6% in market mortgages), 13.9% in companies and 17.1% in businesses.

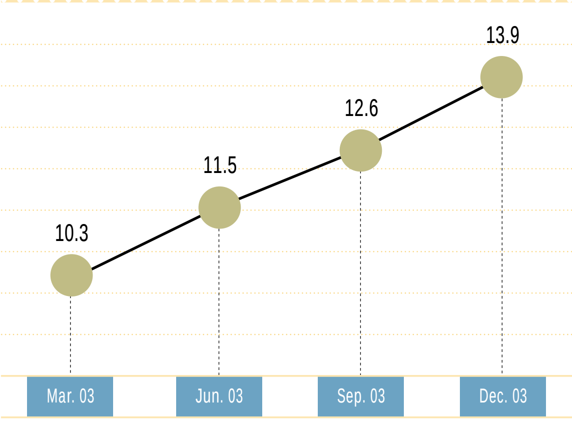
On-balance-sheet customer funds decreased by 1.3% in 2003 due to the fall in repos and to the cancellation of the Law Courts account. However, if these two factors are discounted, on-balance-sheet customer funds increased by 4.2%. If mutual and pension funds are added to these deposits, total funds under management by this area reflected growth of 9.0% as of December 31, 2003, following the upward trend shown in the year starting with the +0.6% year-on-year increase recorded in March. This progress can be observed in both transactional deposits (down 4.1% in March, but up +4.6% in December) and in stable funds (basically time deposits and mutual and pension funds), where growth of 2.4% in March increased to 12.0% at year-end.

As far as mutual funds are concerned, the highlight was the favorable reception the market afforded the innovative funds that were launched from July onwards, which attracted more than €3,850 million in the second half of 2003, thus enabling the Group to increase its market share by 22 basis points in that period, a figure that increases to 50 basis points in terms of the higher value-added funds (guaranteed, equity, balanced and long-term fixed-income funds), which reinforced BBVA's leading position in these funds. Accordingly, the mutual funds managed by this area increased by 12.8% in the year.

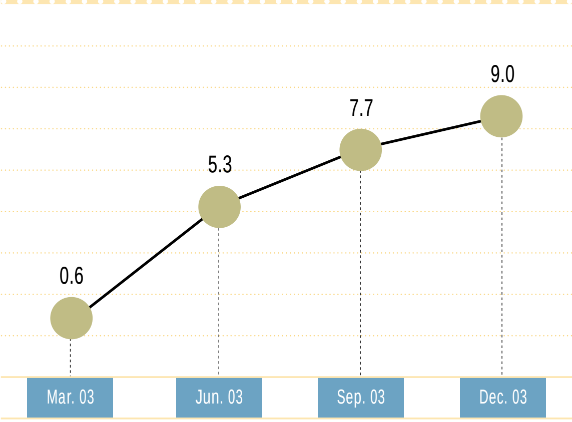
Net interest income amounted to €3,221 million, up 1.0% on 2002, supported by higher volumes of loans and deposits together with appropriate price management, which more than offset the adverse impact of the downward trend in interest rates, given the significant relative weight of funds that are not sensitive to interest rate fluctuations.

2003 saw a significant turnaround in the trend in total fees, which experienced growth each quarter from €346 million in the first to €409 million in the last, backed by the good performance of card, account administration and insurance fees, which together achieved a year-on-year increase of 10.4%, and by the upturn in mutual and pension fund fees, which increased by 7.0% in the fourth quarter on a year-on-year basis. Despite this upward trend in the year, cumulative fees for 2003 were down 2.3% on the figure for 2002, although

RETAIL BANKING SPAIN AND PORTUGAL.
LENDING GROWTH IN 2003
(YEAR-ON-YEAR PERCENTAGE VARIATION)



REATAIL BANKING SPAIN AND PORTUGAL.
GROWTH OF FUNDS UNDER MANAGEMENT
IN 2003 (1) (YEAR-ON-YEAR PERCENTAGE VARIATION)



(1) Excluding the Law Courts account.

they would have remained flat if security underwriting fees, which were higher in 2002, had been excluded.

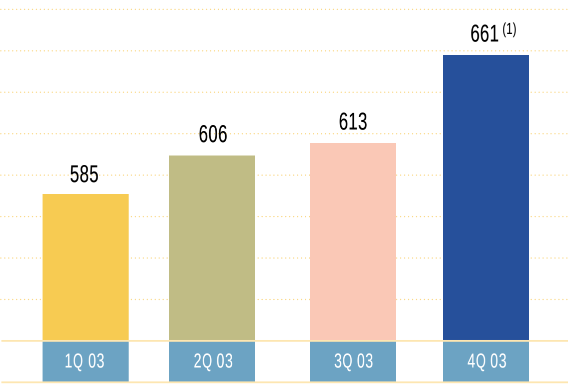
The sum of net interest income and fees resulted in core revenues of €4,697 million which, together with the €44 million of income from net trading income (down 3.2%), determined ordinary revenues of €4,741 million, a similar level to that recorded in 2002. Operating expenses fell by 0.2% in the year, enabling the efficiency ratio to improve to 44.7%.

Operating profit amounted to €2,465 million which, as stated above, is 0.7% higher than in 2002. When the fees from the placement of securities are excluded (€54 million in 2002 and €24 million in 2003), this increase becomes 2%. Mention should be made of the fact that operating profit rose from quarter to quarter in 2003 climbing from €585 million in the first quarter to €661 million in the last (€637 million million disregarding security underwriting fees).

Although the nonperforming loans ratio fell again, to 0.88% from 1.00% at 2002 year-end, net loan loss provisions increased by 13.6% due to the higher statistical and general-purpose provisions recorded as a result of the growth in lending and, accordingly, the coverage ratio rose to 271.1% from 220.8% as of December 31, 2002. This, together with the absence of extraordinary items, meant that the area's pre-tax profit fell 2.2% to €1,970 million.

Of the 2003 net attributable profit of €1,239 million, €1,052 million relate to Commercial Banking and Business Banking, €95 million to Asset Management and Private Banking, €68 million to European Insurance, €18 million to Special Financial Services and €6 million to Portugal.

RETAIL BANKING SPAIN AND PORTUGAL. OPERATING PROFIT
(MILLIONS OF EUROS)



(1) €637 million excluding security underwriting fees.

2003: THE FIRST YEAR OF IMPLEMENTATION OF THE FINANCIAL SERVICES PLAN

Significant progress was made in 2003 in the development of the three customer approach methods devised by the Retail Banking area: Personal Financial Services (for individual customers), Commercial Financial Services (for businesses and SMEs) and Special Financial Services (which are offered through Finanzia/Uno-e's business activities).

The Personal Financial Services (SFP's) Plan, which was launched in 2002, is the focal point of the Bank's new approach to individual customers in the domestic market, and is based on a new relationship model, an innovative product range and on increasing the value provided to customers through individual advisory services and improved service quality.

Accordingly, the 450 most important branches in the retail network now have a strengthened, sales-driven structure, and more than 6,000 employees in the commercial network now have responsibilities and functions in line with the new model. Of particular significance in this regard is the training initiative aimed at improving the advisory services offered to individual customers. This is a pioneering project in Spain since these skills are certified externally and recognized at European level. The first course, in which 451 employees obtained EFPA (European Financial Planning Association) certification, was completed in December, and another 2,500 employees are expected to participate in the program in 2004.

As expected, in 2003, 150 of the main branches in Spain were physically transformed, which meant that their role as sales and customer services centers was redefined and strengthened, thus bringing together operational efficiency and the differentiation of service levels based on customers' requirements.

In order to reinforce BBVA's distinguishing feature, its "passion for the customer", in 2003 the Customer Project was consolidated throughout the commercial network in Spain with the direct involvement of each of its more than 20,500 employees. Accordingly, each branch has developed specific action plans under the leadership of the quality developer, and the sharing of these plans through participation forums has enabled best customer service practices to be exchanged. As a result, BBVA met its target of increasing customer satisfaction levels, as shown by the increase of 89 basis points in the indexes calculated as part of the periodic internal measurement of satisfaction and the 24% reduction in the number of complaints received. The Customer Project will continue in 2004 to help BBVA to achieve its objective of offering a quality premium as a differentiating factor in its service offering.

The reorganization of the private banking business, which is also a part of the transformation of the retail business, led to the integration, from January 2003, of the asset management, personal banking and private banking activities into a new Asset Management and Private Banking unit under the auspices of Retail Banking Spain and Portugal. This has brought product creation closer to the distribution networks, thus obtaining an overall view of the high-income segment of individual customers.

With respect to Commercial Financial Services, which are aimed at liberal professionals, businesses and SMEs, the business models and organizational changes channeled toward improving BBVA's market position and taking it closer to its customers were defined. Specifically, work is being performed in the risk, human resources, organization, technology and systems, products and channels areas to ensure that the actions required to enable BBVA to implement its new, strengthened approach to the segment are performed in 2004.

Lastly, the new Special Financial Services unit, which includes the capital goods, vehicles and consumer goods financing businesses, and renting, on-line banking and immigrants' remittances, completed the redefinition of the business model after the integration of Finanzia and Uno-e in 2003.

COMMERCIAL BANKING IN SPAIN

This unit, which manages the business from the individual, commercial and SME segments in Spain, including the specialist Mortgage Banking services, accounts for 73% of the area's ordinary revenues; 71% of its lending and 78% of its customer deposits.

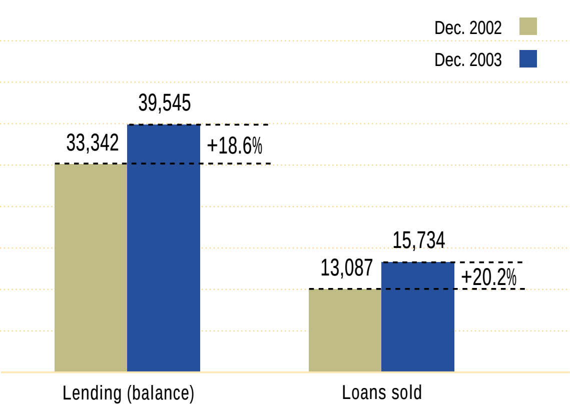
In 2003, the unit's core revenues was €3,439 million, similar to that recorded in 2002, which would have increased by 0.6% but for the extraordinary placement fees. This, together with the containment of operating costs, and despite the 15.5% fall in net trading income, led to operating profit amounting to €1,641 million, around the same as that obtained in 2002. Net Loan loss provisions increased by 13.9%, which was due to the higher general-purpose provisions recorded because of the increase in business activity, since the nonperforming loan ratio fell to 0.86% (1.01% at 2002 year-end). The net attributable profit was €841 million, down -3.0% on 2002, and the ROE was 37.6%.

The dynamic management of the branch network aimed at strengthening BBVA's commercial capacity continued in 2003. In addition to the implementation of the new Personal Financial Services model, 52 new branches were opened in areas of expansion and 83 that duplicated the work of existing branches were integrated with those branches. Also, 1,637 new commercial management posts were created out of administration areas.

The new business model also includes innovative value-added loan and deposit products for customers, and these enabled the rate of growth in lending and collecting customer deposits to be increased.

The increase in the dynamism in lending was consolidated: lending increased by 10.7% in March and ended the year with year-on-year growth of 14.2%. Housing financing for individuals performed well, as did financing aimed at shops and small businesses. The catalog of mortgage products now includes a wide range of solutions in response to

COMMERCIAL BANKING IN SPAIN. MARKET MORTGAGES
(MILLIONS OF EUROS)



expected future interest rate increases. These products include the first 30-year fixed-rate mortgage in the Spanish market, the Hipoteca Mix Dos Tramos, which guarantees a fixed rate for the first five years, and a cap that can be arranged by the customer to protect himself against interest rate hikes. Mortgages sold in the year rose 20.2% with respect to 2002 and totaled €15,734 million, €6 billion of which relate to developer loans arranged by the Mortgage Banking unit. BBVA still leads the mortgage financing market, with a 13.0% share of financial system, per the latest available data.

Also worthy of mention are the actions performed in the SME field, such as Immediate Solutions, which enable businesses to finance their sales on the spot, and the 18.8% rise in leasing revenues. The SME campaign launched in 2003 enabled 13,250 new POS terminals to be installed and more than 24,200 customers to be attracted.

As far as customer funds are concerned, the commercial actions carried out during the year were aimed at increasing on-balance-sheet funds and the distribution of innovative savings and investment products.

In the two “savings fortnights” that were held in 2003, the Libretón BBVA captured gross deposits of around €3 billion, and this, together with the favorable performance of current accounts, enabled transaction deposits to grow by 4.8%. Noteworthy in the time deposit sphere was the launch of the Libreta Flexible in the early part of the year. This product combines the simplicity of the traditional passbook account with assured returns and at year-end had a balance of €2,353 million.

Several mutual fund products were made available to customers in order to take advantage of the bullish situation in the markets and, at the same time, protect the investment made. The two versions of the

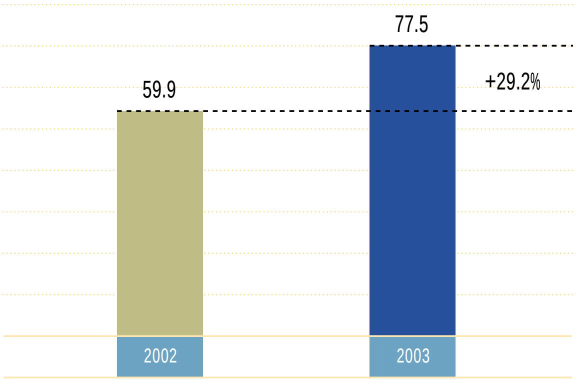
Extra 5 fund, which was launched in September, have attracted more than €3.4 billion and currently have around 134,000 unit holders. A new range of pension plans has also been launched, under the name BBVA Protección. These plans are tailored to each customer's needs and risk profile, and have attracted more than €800 million.

As a supplementary vehicle for optimizing the Commercial Banking area's sales capacity, a specialized unit has been created for the management of the prescriptors channel in the consumer, business, mortgage and agent intermediation markets, with overall responsibility for the commercial management, approval and arrangement of transactions on a centralized basis. This unit has 357 managers and in 2003 handled business worth €3.2 billion, a year-on-year increase of 32%.

In the means of payment segment, BBVA is the market leader by the number of cards issued with more than 7 million units. This position was strengthened by the launch of the Tarjeta Diez (Ten card), which is the first ten-day loan, and the Tarjeta Infinite (Infinite card) designed for high-net worth customers, with a program of exclusive advantages, insurance with high coverage and the Personal Assistant service. BBVA also launched new means of payment such as BBVA VIA T, for tollroad payment, or the Mobipay service, using mobile telephony. Lastly, the Group´s position vis-à-vis payment transactions in stores with the new Internet/ADSL terminals has been strengthened; this has reduced waiting times and improved the information on processed transactions.

The strategy of migrating transactions to alternative channels continued in 2003, with plans to improve the quality of the service provided to our customers by installing self-service machines –there are now more than 7,000 ATMs and passbook updaters in service–, improving their functionalities and providing proper marketing support. All this meant that in 2003 the number of transactions performed at branches fell by almost 20 million, 72% of transactions having migrated to other channels.

BBVA NET. TRANSACTIONS
(MILLIONS)



As regards other channels, telephone banking users increased by more than 15% and new on-line banking functions were developed, such as the new virtual correspondence service –which enables documents sent by mail to be consulted on BBVA net–, which contributed to increasing the number of transactions by 29.2% to 77.5 million, and made it possible for BBVA net to be awarded, for the second consecutive year, the Best Consumer Internet Bank in Europe prize awarded by Global Finance magazine. BBVA also took first place in the Aqmetrix ranking, which evaluates more than 600 variables and analyzes the on-line banking services provided by the main banks and savings banks in Spain.

SME BANKING

SME Banking, the second most important unit in the Retail Banking area, in terms of both business volume and contribution to income, specializes in the management of the SME segment in Spain. BBVA is the market leader with market penetration of 34.1% (and 15.7% as first-choice financial services provider), according to the latest report by FRS Ibérica in 2003.

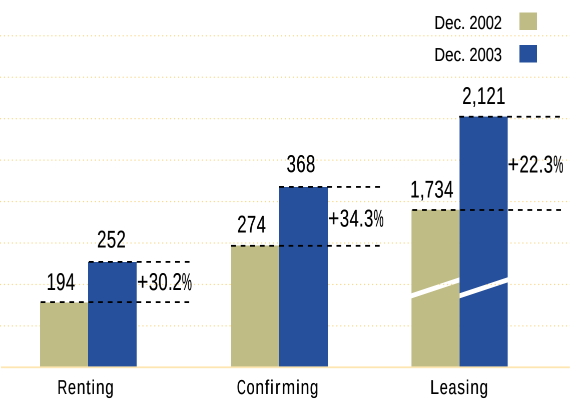
In a falling interest rate scenario, SME Banking obtained operating profit of €501 million, a similar amount to that recorded in 2002. The 21.5% increase in net loan loss provisions, due to the increase in business activity, since the nonperforming loan ratio fell to 0.80%, gave net attributable profit of €211 million, compared to €229 million in 2002.

As of December 31, 2003, the unit managed €20.5 billion of loans and around €7 billion of customer deposits, with year-on-year growth of 14.5% and 12.2%, respectively.

The leasing, renting and confirming business lines were the most active lending segments, with increases of 22.3%, 30.2% and 34.3%, respectively. In connection with this, BBVA entered into an agreement with the Spanish Small and Medium-Sized Enterprise Confederation (CEPYME) to foster technological development and e-commerce in Spanish SMEs, which will have access to BBVA's financing and foreign trade solutions.

Mention must again be made of BBVA's role in ICO financing lines, where it is the clear leader in the marketing of SME transactions

SME BANKING. LENDING BALANCES IN SPECIALIST PRODUCTS
(MILLIONS OF EUROS)



with a market share of 19.7%, 440 basis points ahead of the next financial institution.

A joint initiative with the Markets area also came into operation, the purpose of which is to strengthen the distribution of treasury products and services for SMEs over the network, aimed at hedging interest and exchange rate risk and optimizing company treasury departments.

On the deposit side, mention should be made of the inclusion of five new mutual funds aimed for this segment. These funds are competitive in terms of returns and fees, and this enabled the volume managed under this caption to increase by 40.6% to €765 million.

Lastly, access to electronic banking services over the Internet was boosted by the launch of a new product, SIETE net, which completes the range already on offer (BBVA net c@sh and BBVA net office), and makes the product offering more flexible, thus catering for various types of customer. User numbers now exceed 42,000 companies, which transacted collections and payments worth €58 billion through this electronic channel in 2003.

ASSET MANAGEMENT AND PRIVATE BANKING

Asset Management and Private Banking consists of eight units that can be grouped together, by business activity, in three large blocks: Pensions, Asset Management, Global Administration and Savings Investment Services focus mainly on product generation; Personal Banking and BBVA Patrimonios, which have direct responsibility for the highest-income segment of individuals, make up the new private banking model; and lastly, Control and Business Development are support units.

Total funds managed by Asset Management and Private Banking at 2003 year-end exceeded €58 billion, a year-on-year increase of 11.4%. Net attributable profit was €95 million.

Mutual fund assets managed by BBVA as of December 31, 2003, amounted to €37,245 million, 11.6% more than the previous year. Securities mutual funds accounted for €36,673 million of this amount. BBVA's capacity for innovation was particularly acute in 2003, and can be seen from the launch of six new guaranteed equity funds, to which customers made contributions that account for 40% of the net contributions to funds of this category in the system. In the first half of the year, the BBVA Garantizado Doble 6 2006, BBVA Ranking Garantizado and BBVA Ranking II Garantizado funds were launched, and attracted deposits of nearly €2 billion. The BBVA 5x5 Extragarantizado, BBVA Extra 5 Garantizado and BBVA Extra 5 II Garantizado funds were marketed in the second half, and attracted more than €3.85 billion.

Thus BBVA consolidated its strong position in high value-added funds (guaranteed, equity, balanced and long-term fixed-income funds) and took its market share to 21.2% as of December 31, 2003, a 50 basis-point increase in the second half (only 7 basis points in the year as a whole). Regarding the mutual fund total, in the second half of the year the Group's market share recovered 22 basis points to 18.5% as of December 31, 2003. The heavy inflows in guaranteed equity funds enabled average fees to be stabilized at 1.43% in the fourth quarter, which increased the advantage over the system's average fees, according to Inverco.

Turning to alternative management products, the BBVA Propiedad real estate investment trust increased the volume of its assets by almost 80% in 2003 to €572 million, and achieved the highest return in its category with 8.3%.

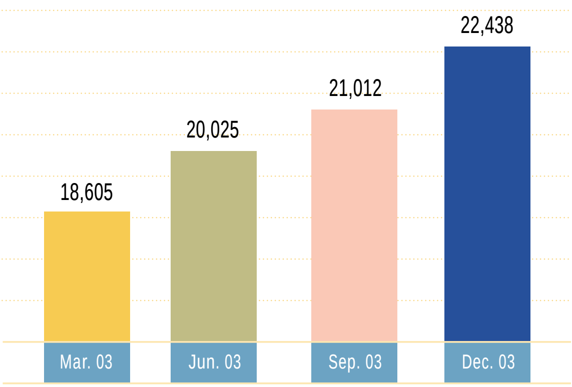
Underlining the aforementioned positive performance, BBVA consolidated its position as the Spanish entity that has received most prizes from Expansión and Standard & Poor's (Salmon Prizes) since 1999. Thus, seven funds were awarded prizes in 2003, six of which were first prizes.

The Spanish Pension unit manages assets worth €12.2 billion, up 10.7% on 2002, for more than 1,280,000 participants. More than €6.4 billion relate to individual pension plans and almost €5.8 billion to corporate pension and similar plans. The BBVA Group has retained its market leadership in the welfare insurance business in Spain with a market share of 20.0% (17.4% in personal and 24.1% in corporate plans).

Noteworthy during the year was the launch, inter alia, of the Assured Welfare Plan, the Ranking pension plan, joint sponsorship plans (a new group insurance product aimed at SMEs) and, essentially, the new Protection range of pension plans, which collected €801 million in the last two months of 2003. Since these products were so well received, BBVA's pension plans attracted 39% more funds in 2003 than in 2002.

As regards private banking in Spain, BBVA, through its BBVA Patrimonios and Personal Banking units, manages total funds of

ASSET MANAGEMENT AND PRIVATE BANKING. MUTUAL FUND ASSETS
(GUARANTEED, EQUITY, BALANCED AND LONG-TERM FIXED-INCOME. MILLIONS OF EUROS)



€12,105 million and obtained net attributable profit of €36 million in 2003.

BBVA Patrimonios is aimed at the high-net worth individuals segment (with financial assets of over €2 million) and manages funds of €6,315 million belonging to more than 1,000 family Groups. It performs its business activities through five centers and 68 managers which offer customers overall customized advisory services through eight teams of specialists in the various areas of its asset management structure: discretionary management, counseling, asset planning, lending and family-office services.

Personal Banking, for its part, provides customized advisory services to the Group's medium-high income customers. The area handles more than 70,000 customers and total funds of €5,790 million with a team of 277 people.

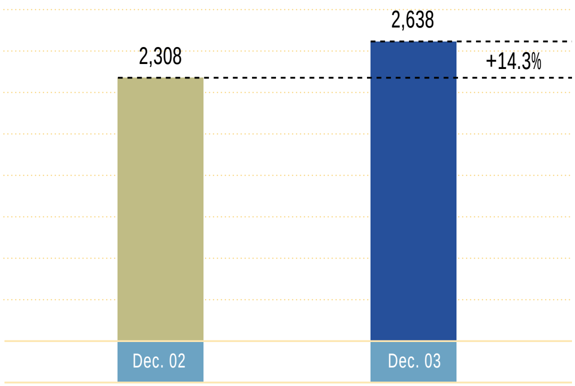
SPECIAL FINANCIAL SERVICES

The Special Financial Services unit carries on its business through Finanzia, Uno-e and Dinero Express. In June, Uno-e and Finanzia implemented their new business model by integrating the on-line bank and Finanzia's consumer finance division. At the same time Uno-e was integrated into BBVA's corporate computer systems.

Finanzia

In 2003 Finanzia, which manages the prescriptor businesses, through collaboration agreements with leading distributors, manufacturers and importers, obtained operating profit of €52 million and net attributable profit of €23 million, representing an increase of 22.4%. Total net lending amounted to €2,169 million at year-end, a decrease of 6.0% due to the inclusion of the consumer portfolio in Uno-e, without which it

SPECIAL FINANCIAL SERVICES. LENDING
(MILLIONS OF EUROS)



would have increased by 14.3%. The nonperforming loans ratio fell to 2.00% from 2.53% as of December 31, 2002, and coverage rose to 147.3%.

By business line, automobile financing gave rise to billings of €713 million, with year-on-year growth of 21%. The equipment business increased its billings by 14% to €335 million and lending in this area rose 16% to €590 million.

Automobile renting recorded billings of €125 million and lending of €246 million, up 31% and 28%, respectively, increasing its market share to 8.4% as a percentage of total market purchases. Equipment renting recorded billings of €185 million and loans as of December 31, 2003 of €327 million. The new technological renting product, Ofirent Plus, will boost positioning in this industry.

Uno-e

Funds managed as of December 31, 2003 amounted to €1,101 million; noteworthy was the growth in mutual funds, from €15 million to €52 million, and in securities, whose managed balances increased by 58% to €127 million. These significant increases were due to the promotion of the supermarket of domestic and international funds and to the advisory services offered to customers. In this connection, the recommended fund portfolios have outperformed the market in each of their respective categories and recommended securities portfolios rose 11.4% above the IBEX 35, in terms of accumulated returns.

Loans rose to reach €469 million at year-end. The payment systems area experienced considerable growth, with billings of €238 million in universal cards and €689 million in private cards, while credit card billings were up 31% on 2002 at €81 million and current outstandings increased by €41%.

As a result of its commercial activity in 2003, Uno-e extended its customer base to 2.6 million, including the customers of leading prescriptors from the consumer financing division, to whom it was able to offer a complete range of financial products. This, together with a significant reduction in costs, enabled operating profit to rise by €37 million.

Dinero Express

Dinero Express manages the fast remittance of money by immigrants from Spain to their home countries, which currently include Ecuador, Colombia, Peru, the Dominican Republic and Argentina, where it has more than 1,000 immediate payment points. To carry on this activity Dinero Express has a specific network of nine offices in Madrid, Barcelona, Valencia and Lorca, and has also entered into collaboration agreements with other distribution networks not belonging to the BBVA Group. In 2003, the year of its launch, it managed on-line remittances totaling more than €10.5 million.

BBVA PORTUGAL

The Portugal Master Plan was prepared and implemented in 2003 as a way of reorienting BBVA's growth strategy in the Portuguese market towards higher-value customers.

Customer loans increased by 7.6%, boosted by the 32.8% increase in mortgage lending, in which BBVA raised its market share by 19 basis points. At the same time the nonperforming loans ratio fell to 0.65% from 0.91% as of December 31, 2002.

Total funds under management increased by 3.9%, most notably mutual funds, whose growth of 19.8% enabled market share to be increased by 14 basis points. BBVA Gest, the only manager in Portugal to have obtained the UNE-EN ISO 9001:2000 quality certificate, launched three new mutual funds, the most noteworthy of which is the first guaranteed fund to be marketed in Portugal: Extra 5 BBVA. Seven new types of structured deposit products were also launched.

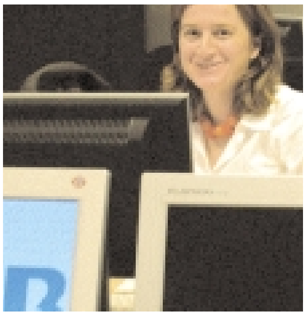
The year-on-year income-statement comparison is affected by the sale in 2002 of the holding in Euronext, which gave rise to a gain of around €9 million. Excluding this, pre-tax profit would have increased by 130.5%, rather than the 22.9% decrease actually recorded. The increases in fees (+4.8%) and cost control (+0.4%) offset the narrowing of the interest income and enabled operating profit to maintain its 2002 level, disregarding the income from the aforementioned sale.

EUROPEAN INSURANCE

The European Insurance unit groups together several entities with separate legal identities which engage in direct insurance and reinsurance and insurance broking in Spain and Portugal. The unit markets its products mainly through the Bank's branches, although for group welfare insurance it also uses other internal and/or external channels. In the bancassurance segment, the European Insurance unit is the market leader in life insurance and in group insurance. The direct insurance business is carried on by BBVA Seguros for life, multiperil, household and construction products, and Direct Seguros handles vehicle insurance. In January 2004 the Group entered into an agreement to sell to Axa its 50% holding in Direct Seguros, although its products will still be distributed through the BBVA network for a certain period. Other insurance products that the unit handles but does not develop are intermediated through BBVA CTA and BBVA Broker. The unit also has a consulting area that provides advisory services to customers who require specialist welfare-related services.

The pre-tax profit obtained for the Group by the European Insurance business amounted to €226 million, with a year-on-year increase of 22.4%. After discounting the fees paid to the commercial network, this unit recorded a pre-tax profit of €102 million and net attributable profit of €68 million, up 39.2% and 45.9%, respectively, on 2002.

Total life insurance issued increased by 9.5% compared to 2002, mainly as a result of the performance of insurance tied to loans and the new Vida 15 product. On the savings side, the Europlazo 3 issue of €65 million was launched in the market in July and was covered in full in the first few months. Non-life premiums written increased by 34.1% to €103 million, of which €89 million relate to the home product line. Although the deadline for externalizing group welfare insurance expired in 2002, business amounting to €419 million was gathered in 2003, which gave the unit the leadership of the market with a share of 28.3% per the latest available data. With regard to the total funds under management, BBVA Seguros' technical provisions amounted to €8,745 million, which represents growth of 6.8%.



Wholesale and Investment Banking

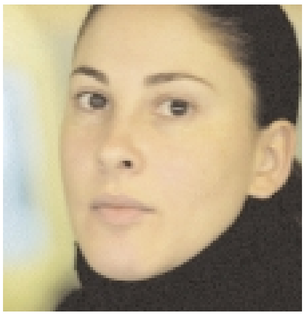
GLOBAL CORPORATE BANKING

INSTITUTIONAL BANKING

GLOBAL MARKETS AND DISTRIBUTION

BUSINESS AND REAL ESTATE PROJECTS

GLOBAL TRANSACTION SERVICES



The Wholesale and Investment Banking area comprises the following units: Global Corporate Banking (encompassing both its domestic and international activities); Institutional Banking; and the Global Markets and Distribution unit, including the treasury room businesses located in Europe and New York, the distribution of fixed-income and equity securities and the depository and custodianship business. This area also includes the Business and Real Estate Projects, Global Transaction Services and Management Positions units, in addition to the area's own Business Analysis unit.

The objective pursued by the area is to offer an all-encompassing service to its customers, namely large enterprises, public- and private-sector institutions, financial entities and institutional investors. Wholesale Banking (Global Corporate Banking and Institutional Banking) uses a full-relationship business model whereby each customer is assigned a global account manager, who is responsible for the relationship with the customer worldwide and whose mission is to cater for the customer's needs with a high level of service quality, supported by teams of product specialists. The two-fold aim of Global Markets and Distribution, which is centered on the customer and employs a franchise business model, is to achieve recurring income that lends stability to the income statement and to maintain a global view of the business.

Per the findings of studies conducted in the last quarter of 2003 by a renowned international consulting firm, BBVA is still the leading bank in the segments served by its wholesale businesses, thus confirming the wisdom of this strategic approach and the choice of business model. The Group serves 97% of large corporations in Spain, 55% of which single it out as their first-choice bank. Similarly, Institutional Banking caters for 54% of public-sector institutions in Spain and is the

INCOME STATEMENT
(MILLIONS OF EUROS)

	Wholesale and Investment Banking				Memorandum Item: Wholesale Banking		Memorandum Item: Markets	
	2003	∆%	2002	2001	2003	∆%	2003	∆%
NET INTEREST INCOME	678	(5.6)	718	744	505	1.1	125	(27.4)
Net fee income	178	(15.0)	209	225	136	(4.1)	46	(36.0)
CORE REVENUES	856	(7.7)	927	969	641	-	171	(29.9)
Net trading income	123	n.m.	(5)	125	22	88.3	75	n.m.
ORDINARY REVENUES	979	6.1	922	1,094	663	1.5	246	(1.4)
Personnel costs	(205)	(3.3)	(212)	(228)	(117)	2.3	(74)	(13.0)
General expenses	(105)	(9.9)	(117)	(125)	(48)	(6.7)	(53)	(13.4)
GENERAL ADMINISTRATIVE EXPENSES	(310)	(5.6)	(329)	(353)	(165)	(0.5)	(127)	(13.2)
Depreciation and amortization	(9)	(19.1)	(12)	(12)	(5)	(12.3)	(4)	(27.3)
Other operating income and expenses	(6)	285.5	(1)	(2)	(4)	20.2	-	n.m.
OPERATING PROFIT	654	12.6	580	727	489	2.3	115	16.3
Net income from companies accounted for by the equity method	65	216.8	21	26	1	48.9	-	-
Amortization of goodwill	(2)	(56.2)	(5)	(7)	-	-	-	-
Net income from Group transactions	32	(63.2)	88	109	1	-	-	n.m.
Net loan loss provisions	(143)	1.2	(141)	(130)	(126)	(6.8)	(10)	106.2
Net extraordinary income (loss) and other	38	n.m.	9	(31)	11	8.2	(23)	n.m.
PRE-TAX PROFIT	644	16.6	552	694	376	6.2	82	(7.7)
Corporate income tax	(135)	8.7	(124)	(114)	(111)	5.3	(13)	(3.8)
NET PROFIT	509	18.9	428	580	265	6.6	69	(8.4)
Minority interests	(41)	(10.7)	(46)	(49)	(29)	(7.4)	(7)	(7.2)
NET ATTRIBUTABLE PROFIT	468	22.5	382	531	236	8.6	62	(8.5)

BALANCE SHEETS
(MILLIONS OF EUROS)

	31-12-03	∆%	31-12-02	31-12-01	31-12-03	∆%	31-12-03	∆%
Total net lending	39,366	3.6	38,002	41,450	37,212	(0.9)	1,611	n.m.
Securities portfolio	25,364	(7.5)	27,416	31,897	3,411	(21.4)	20,770	(5.6)
Liquid assets	43,835	26.1	34,767	36,178	8,982	50.1	34,692	21.4
Inter-area positions	43,857	5.7	41,502	35,944	(664)	n.m.	44,461	12.2
Property and equipment and intangible assets	45	106.4	22	51	40	174.0	5	(26.7)
Other assets	6,177	(18.5)	7,581	8,286	391	(37.6)	5,736	(16.4)
TOTAL ASSETS / LIABILITIES AND EQUITY	158,644	6.3	149,290	153,806	49,372	(0.9)	107,275	10.2
Deposits	49,203	13.1	43,513	40,666	18,214	(4.4)	30,573	25.2
Debt securities	5,255	20.3	4,369	3,725	5,255	20.3	-	-
Net profit for the year	509	18.9	428	580	265	6.6	69	(8.4)
Equity	3,450	6.1	3,253	3,673	2,222	13.5	591	17.9
• Shareholders´ funds	2,003	3.2	1,940	2,389	1,187	13.0	351	17.6
• Other eligible funds	1,447	10.2	1,313	1,284	1,035	14.0	240	18.3
Liquid liabilities	69,376	16.9	59,321	69,516	8,409	3.1	60,955	19.1
Inter-area positions	23,486	(23.9)	30,850	26,718	13,856	(6.7)	8,908	(39.3)
Other liabilities	7,365	(2.5)	7,556	8,928	1,151	(4.0)	6,179	(5.4)
OTHER CUSTOMER FUNDS MANAGED								
• Mutual funds	774	13.9	680	519	756	11.1	18	-
• Pension funds	2	3.9	2	5	2	3.9	-	-
• Customer portfolios [(1)]	3,944	225.7	1,211	375	3,944	225.7	-	-

SIGNIFICANT RATIOS
(PERCENTAGE)

	31-12-03	31-12-02	31-12-01	31-12-03	31-12-03
ROE	23.0	19.5	23.1	20.0	17.7
Efficiency ratio	31.7	35.6	32.3	24.9	51.4
Nonperforming loan ratio	0.66	1.24	0.42	0.69	0.12
Coverage ratio	227.3	128.5	254.4	214.1	n.m.

(1) In the second quarter of 2003, €2.5 billion were transferred from the Retail Banking Spain and Portugal area (Asset Management and Private Banking).

first-choice bank for 24%, figures which by far surpass those of its rivals. The Group is also the market leader in other products and services in Spain, such as syndicated loans, project financing, factoring, foreign trade and trading on the Spanish stock markets, as shown by the positions attained in the respective rankings.

The sound performance of the Group's franchise in these businesses is reflected by the earnings obtained in 2003: the area's net attributable profit amounted to €468 million, with a year-on-year growth of 22.5%, which enabled ROE to rise to 23.0%, up from 19.5% in 2002.

Ordinary Revenues, the income-statement caption that best reflects the trend in the revenues of wholesale businesses, amounted to €979 million, up 6.1% on 2002. Due to the treatment of financial asset hedges and the effect thereof on the income statement of the Markets business unit, the Wholesale and Investment Banking area's net interest income fell by 5.6%, whereas its net trading income soared to €123 million. In Wholesale Banking (Corporate Banking and Institutional Banking), an appropriate pricing policy enabled net interest income to increase by 1.1% and net interest income on average assets to remain practically at the same level as in 2002, despite the fall in interest rates and the weakness of the U.S. dollar against the euro, which hit the international business component of Global Corporate Banking especially hard. The variation in the area's fees in 2003 was influenced by the general situation of the markets, in particular that of the equities market (placement of preferred shares, a lower level of activity in the secondary market and corporate stock market flotations).

As regards business volumes, the policy of prudence in the assumption of risk applied in this area led to moderate growth in lending in the year (3.6%), to a substantial reduction in the nonperforming loans ratio, which fell to 0.66% as of December 31, 2003 (from 1.24% at 2002 year-end), and to the improvement of the coverage ratio, which stood at 227.3%, up from 128.5% as of December 31, 2002. 2003 saw the continuation of the upward trend in customer funds recorded in 2002, deposits having increased by 13.1% in the year.

General administrative expenses fell by 5.6%, with reductions in personnel costs and above all in general expenses, due, inter alia, to the ongoing adaptation of structures to market conditions (consolidation of the new Institutional Banking model, integration of the foreign business of the Markets unit, etc.). The combination of higher revenues and lower expenses led to a 3.9 percentage point improvement in the efficiency ratio to 31.7% and a 12.6% increase in operating profit to €654 million (a 16.5% rise at constant exchange rates).

Net income from companies accounted for by the equity method, which amounted to €65 million, was three times that achieved in 2002. The reasons underlying this rise were the increased contribution of the investment portfolio and the current boom in the Spanish real estate market, in which BBVA is present through BBVA Real Estate. The successful rotation of the business portfolio in 2003 was reflected by the "Net income from Group Transactions" and "Net Extraordinary Income" captions which, taken together, amounted to €70 million. €143 million were earmarked for net loan loss provisions in the year, 1.2% more than in 2002.

As a result of the foregoing, Wholesale and Investment Banking reported a pre-tax profit of €644 million, and net attributable profit rose to €468 million, of which €236 million related to Wholesale Banking, €170 million to Business and Real Estate Projects, and €62 million to Global Markets and Distribution and Management Positions.

GLOBAL CORPORATE BANKING

Global Corporate Banking caters for large Spanish corporations and multinationals. In 2003 it adapted its organizational structure to encourage business growth, giving rise to the following four management areas: Corporate Banking Iberia, Corporate Banking Europe and Asia, Corporate Banking America and Global and Investment Banking. Global Corporate Banking's international network comprises branches in New York, London, Paris, Milan and Hong Kong.

Global and Investment Banking was created in 2003 to enhance the Group's relationship with its global customers and to harness their high growth potential. Its mission is to respond to these customers' needs, providing value-added products and services and geographical coverage through the branches of the international network. With this purpose in mind, the area groups together the Capital Markets, Fixed-Income Security Origination and Corporate Finance product units, which not only serve the wholesale customers but also offer solutions to customers from other BBVA Group areas.

Corporate Banking America coordinates the wholesale business through the Group's banks in the region, including the Brazilian market, in which BBVA deals with its customers through its representative office in São Paulo, which focuses on capital market, corporate finance and trade finance activities.

As regards positioning in Spain, as mentioned earlier, BBVA provides banking services to substantially all the large corporations, 55% of which regard it as their first-choice bank, a figure that by far surpasses that of its rival banks and confirms the effectiveness of the full-relationship model applied by BBVA in its dealings with its customers.

In 2003 Global Corporate Banking obtained a net attributable profit of €152

SYNDICATED LOANS AND STRUCTURED FINANCING. THE MOST SIGNIFICANT TRANSACTIONS IN 2003

Date	Amount	Type	Client	Role
June 2003	¤2,500,000,000	Syndicated Loan	Carrefour	Mandated Lead Arranger
July 2003	¤2,400,000,000	Syndicated Loan	Altadis	Mandated Lead Arranger
March 2003	¤1,000,000,000	Syndicated Loan	Enagas	Mandated Lead Arranger
September 2003	¤800,000,000	Syndicated Loan	FCC	Mandated Lead Arranger
May 2003	USD 2,330,000,000	Syndicated Loan	Enersis / Endesa Chile	Mandated Lead Arranger
May 2003	USD 150,000,000	Syndicated Loan	Compañías Cerveceras Unidas	Mandated Lead Arranger
December 2003	¤1,410,000,000	Structured Finance	Tariff Deficit Rights	Mandated Lead Arranger
August 2003	¤1,350,000,000	Structured Finance	Sogecable	Mandated Lead Arranger
November 2003	USD 243,000,000	Structured Finance	Cencosud	Mandated Lead Arranger
April 2003	USD 100,000,000	Structured Finance	Electroandes	Mandated Lead Arranger
February 2003	¤843,515,200	Acquisition Finance	Inalta	Joint Lead Arranger
October 2003	¤1,600,000,000	Project Finance	Empresa Nacional de Autopistas	Mandated Lead Arranger
January 2003	¤557,000,000	Project Finance	Radial 4	Mandated Lead Arranger
May 2003	¤232,000,000	Project Finance	Irish Motorway	Mandated Lead Arranger
December 2003	USD 400,000,000	Project Finance	Highway in California	Mandated Lead Arranger

million, with year-on-year growth of 4.1%. Its ROE was 18.4% and its efficiency ratio stood at 25.2%. The unit managed total lending in excess of €19 billion and customer funds totaling nearly €9 billion.

The Capital Markets unit encompasses the syndicated loan and structured financing transaction activities. The most significant transactions performed in 2003 were in the infrastructure, real estate and electricity industries.

In 2003 BBVA further strengthened its leading position in the Spanish syndicated loan market, maintaining a considerable advantage over its main rivals. The Group also significantly increased its activity in international markets (Latin America, France, Italy, etc.), as a result of which it achieved greater recognition in these markets and earned second place in the Latin-American syndicated loan ranking (source: Loan Pricing Corporation).

The Capital Markets unit has also been highly active in designing and structuring leveraged finance and in project financing, as evidenced by the third place attained in the 2003 world ranking prepared by Dealogic (Dealogic ProjectWare) and published in 2004. Furthermore, BBVA secured first place in this ranking in the first half of 2003, and is the first Spanish bank to ever have done so.

The most noteworthy transactions performed in 2003 were the tollroad financings, which received the following distinctions from Euromoney: "Infrastructure Deal of the Year 2003 for Europe" (ENA), "Transport Deal of the Year 2003 for North America" (the SR 125 South tollroad in California) and "Transport Deal of the Year 2003 for Europe" (the Eurolink tollroad in Ireland). This last transaction was also awarded the "PFI EMEA Infrastructure Deal of the Year 2003" prize by Thomson.

FIXED-INCOME ISSUES AND CORPORATE FINANCE. THE MOST SIGNICANT TRANSACTIONS IN 2003

January 2003 ¤5,000,000,000 Bonds Kingdom of Spain Joint Bookrunner	April 2003 ¤1,500,000,000 Public Covered Bonds Banco de Crédito Local Joint Bookrunner	September 2003 ¤1,000,000,000 Bonds Altadis Joint Bookrunner	July 2003 ¤1,000,000,000 Bonds Repsol YPF Joint Bookrunner	Chile November 2003 USD 313,678,000 Privatization process of Water and Sanitary Concessions of Goverment Chile Financial advisor
November 2003 Merger of subsidiaries of management and collection of local taxes Tribugest and Afina Financial advisor	October 2003 ¤62,285,800 Acquisition of 77% of Ricardo Gallo Financial advisor	September 2003 ¤174,000,000 Merger with Uralita Financial advisor	July 2003 ¤382,700,000 Acquisition of 50% of EHN Financial advisor	Puerto Rico June 2003 Sale of 50% to Nestlé Financial advisor
May 2003 ¤2,689,000,000 Privatization of ENA Financial advisor	Chile March 2003 ¤189,700,000 Sale of Río Maipo Financial advisor	March 2003 ¤120,000,000 Sale of a 10% stake in CLH to Oman Oil Financial advisor	January 2003 Valuation of Cosecheros Abastecedores Financial advisor	January 2003 Acquisition of 49% of AHORA Financial advisor and independent expert

As regards Fixed-Income Security Origination, in conjunction with Global Markets and Distribution, the Capital Markets unit acted as joint book runner for over ten public-sector transactions in 2003, including most notably the €5 billion issue by the Kingdom of Spain and the €1 billion issue by Repsol. Meriting particular attention in the international markets were both public-sector transactions (John Deere, Altadis, Caminhos de Ferro and Enersis' yankee bond issue in Latin America, inter alia) and private placements (Ford Motor Credit, HSH Nordbank and Dexia), as well as over 20 Euro Note programs in which BBVA acted as a dealer (Volvo, Cadbury Schweppes, Portugal Telecom, Valeo and L'Oréal).

Corporate Finance, which is responsible for business advisory services and mergers and acquisitions, caters for large and medium-sized enterprises, institutions, mutual funds and privatization agencies. Although the market for this unit's activity was sluggish in 2003, it is beginning to show signs of recovery. Against this backdrop, BBVA has acted as financial adviser in some of the most important transactions in Spain in 2003 and in certain significant international transactions.

INSTITUTIONAL BANKING

Institutional Banking, the BBVA Group unit that caters for public and private institutions, has a network of 42 branches located in Spain, Portugal and Belgium. It manages the Group's relations with Central Government, autonomous community governments, local corporations and their dependent agencies and enterprises. The private institutions served by the unit include associations, foundations, NGOs and insurance companies.

Institutional Banking operates in these markets under the BBVA brand name and through Banco de Crédito Local (BCL), an entity that specializes in long-term financing.

In 2003 total lending managed by this unit increased by 9.3%, enabling BBVA to regain its leadership in loans to public authorities in Spain, with a market share of over 38% of the banks and savings banks market.

In 2003 the unit improved on all its income-statement aggregates for 2002. Net interest income grew by 4.4% and net fee income by 12.6%, giving rise to a 7.2% increase in core revenues. As a result of these improved revenues and the 6.3% fall in expenses, operating profit grew by 12.7% and the unit's efficiency ratio improved by 3.5 percentage points to 24.1%. Net attributable profit amounted to €83 million, up 17.8% on 2002, and ROE was 23.5%.

In 2003 Institutional Banking submitted bids in over 38 tenders launched by Central Government and renewed nine contracts currently held by it awarded in prior years. The new contracts awarded included most notably that for the management of the Ministry of Defense's treasury and payments departments (a contract which reformulated five previous tenders) and those relating to the payrolls of the Ministries of Justice, Finance and Public Authorities, of the National Statistics Institute (INE) and of the National Employment Institute (INEM). In 2003 BBVA Portugal was chosen as the European Commission's euro treasurer bank; consequently, since BBVA is also a euro and U.S. dollar treasurer bank for Spain, the Group now ranks as the European Commission's first-choice bank in the Iberian Peninsula.

Due to the nature of its long-term financing activities, BCL collects funds through the capital markets, and for this reason it has various financing programs, both at short term (a European Commercial Paper Program for €1.5 billion) and long term (a European Medium-Term Note Program and a fixed-income security program for €4 billion each). The most notable development in wholesale financing, however, was the first-ever issue of public covered bonds in the euro market. These bonds are fixed-income securities that are guaranteed by the loans and credits granted by the issuer to the public sector. In April 2003 BCL, in its position as leading bank in terms of public-sector financing, carried out the first issue of this kind in Spain for €1.5 billion, automatically becoming a benchmark for this new market.

Continuing with its policy of providing assistance to its customers, Institutional Banking organized 30 events covering a variety of subjects, most notably the 12th Technical Seminar on Financial Policy of Autonomous Communities. For this same purpose, BCL also has ownership interests in several companies, such as Gobernalia Global Net, AFINA, Servitecsa and the recently formed (alongside the General Council for Associations of Secretaries, Controllers and Treasurers of Local Authorities) Foro Local S.L., a company which is a benchmark services provider of executive training programs for local agencies.

Gobernalia Global Net S.A. continues to carry out projects on new technologies and the information society for public authorities and private institutions. In 2003 it was awarded one of the PISTA (Promotion and Identification of Advanced Telecommunications Services) projects organized by the Ministry of Science and Technology. The aim of the project is to create the infrastructure required to control and manage IT classrooms at educational centers using a free software-based system.

AFINA, Asistencia en Gestión Tributaria, S.A., which provides advisory services and assistance in the area of municipal management, has entered into a merger agreement with Tribugest, an Aguas de Barcelona subsidiary. The BBVA Group will have a 40% holding in the post-merger company, which will provide tax management and collection services to over 10 million people throughout Spain.

Through Servicios Tecnológicos Singulares S.A. (Servitecsa), the Bank finances, develops and manages an official distance-learning English course called "That's English!" in conjunction with the Ministry of Education, Culture and Sport and the Education Departments of most autonomous community governments.

GLOBAL MARKETS AND DISTRIBUTION

Global Markets and Distribution is a customer-oriented business unit with a worldwide focus that aims to become a benchmark for customers with interests in Southern Europe and Latin America. In this connection, a strategic management approach has been established in which the customer is the center of business activity, in contrast to more traditional treasury models based on the transactions performed by the unit for its own account. Currently, around 60% of this unit's earnings are obtained directly from customer-related activities, thus maximizing the value of transactions and minimizing the impact of market fluctuations, which contributes stability and recurring revenues to the income statement.

In 2003 BBVA integrated its stock-exchange-member broker-dealer company (BBVA Bolsa) into the Bank's structure. The two-fold objective pursued through this approach was to generate new sources of revenues through the inclusion of the equity spot and derivatives businesses and to optimize costs.

The situation that prevailed in the markets in 2003 was one marked by instability and uncertainty concerning the economic recovery. At the beginning of the year investors sought refuge in government debt and fixed-income securities, which gave rise to sharp falls in the stock markets, a trend that would be gradually reversed in the course of the year. The activities that achieved greatest prominence in 2003 were the lending business (due to the across-the-board reduction in spreads affecting all sectors) and the foreign exchange (both spot and volatility) and long-term interest rate businesses.

Owing to its adequate sensitivity management, brisk activity with institutional customers and enterprises, and its market positions, the unit increased its operating profit by 16.3% to €115 million and reported a net attributable profit of €62 million.

With a view to further developing the full-relationship model, Global Markets and Distribution participates actively in cross-selling projects with other Group units, the aim being to offer customers higher value-added products, such as a fixed-income and equity security issues, structured transactions for wholesale customers and medium-sized enterprises, or to design products to be marketed through its retail network. Thus, Markets has covered tranches I and II of the BBVA Ranking Garantizado mutual fund and the BBVA 5x5 Extragarantizado and BBVA Extra 5 II Garantizado mutual funds. Coverage structures of this kind are not only designed for the Group's proprietary products, but are also marketed to other financial entities.

BBVA has been appointed market-marker by the Spanish Treasury for short-term transactions. Also it has joined ABN AMRO, Barclays Capital, Citigroup, Deutsche Bank, Dresdner Kleinwort Wasserstein and Société Générale on the iBoxx loan derivatives index platform (a broad platform of financed and non-financed products that currently encompasses three separate indexes: iBoxx Diversificado, iBoxx 100 and iBoxx Corporativo), which will enable the Group to play a greater role in this market.

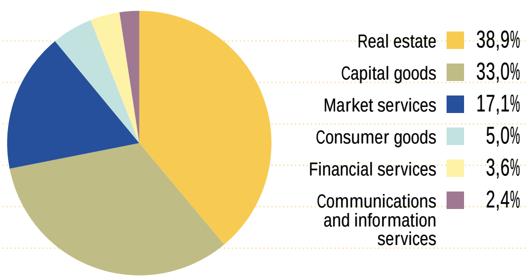
BBVA is the undisputed leader in the following markets: the AIAF fixed-income market, in which it enjoys a 29.5% share in terms of trading volume for maturity transactions; the Spanish stock market, with a 13.2% share of trading volume (source: Bolsas de Comercio, latest available data as of September 2003); the Spanish foreign exchange market for euro/U.S. dollar transactions, with a share of around 60%; the Spanish government debt securities market; the Eonia (Euro OverNight Index Average) market, with an average share in 2003 of 57%; treasury bills, with a 23.6% share; and MTS Amsterdam in the short-term Dutch Treasury Certificates (DTC) segment, with a 12.9% share.

Also, the Global Finance magazine has chosen BBVA as the leading foreign exchange trading bank in Spain and as the best securities depositary bank in the Spanish market in 2003, and Global Investor magazine has singled the BBVA Group out as the best custodian bank in Spain.

BUSINESS AND REAL ESTATE PROJECTS

The aim of the Business and Real Estate Projects unit is to create value at medium and long term by actively managing its portfolio of enterprises and real estate business with an

INDUSTRY DISTRIBUTION OF THE PORTFOLIO BY MARKET VALUE
(31-12-03)



approach based on four key elements: profitability, rotation, liquidity and optimization of the use of economic capital.

The unit manages a portfolio of 127 investments with a book value as of December 31, 2003 of €992 million and unrealized gains totaling €749 million, an increase of €200 million with respect to 2002 year-end. The portfolio is highly diversified, the real estate sector accounting for 38.9%, the investment goods sector for 33.0% and the market services sector for 17.1% of its market value.

The unit obtained operating profit of €45 million in 2003, €36 million more than in 2002, and its net attributable profit amounted to €170 million, with year-on-year growth of 69.0%, all of which was due to the increase in the income contributed by the investees and gains obtained on the disposal of highly mature assets. ROE was 34.7% and the efficiency ratio stood at 18.4%.

Disinvestments totaling more than €230 million were made in 2003, giving rise to gains of €100 million. The most significant of these transactions was the sale by Corporación IBV, which is 50%-owned by BBVA, in a bought deal market transaction, of a 6% holding in the capital stock of Gamesa Corporación Tecnológica, giving rise to a gain of €30 million for BBVA. Following this transaction, Corporación IBV has a 31.8% holding in Gamesa.

In 2003 the real estate business continued to generate added value in its property development portfolio by carrying out various land and building construction projects, all of which had to fulfill certain minimum requirements concerning delimited risk, efficiency, profitability and synergies. Thus, the unit divested itself of projects that were at the mature stage, with a total buildability of 550,000 m2, giving rise to gains in excess of €70 million. Also, investments totaling €140 million were made through 10 projects, which enabled the group to acquire over 700,000 m2 of buildable land in various areas of Spain. Consequently, at 2003 year-end the total property development portfolio included 2.5 million m2 of buildable land and 4,000 dwellings under management, distributed among a total of 44 projects, approximately half of which are being carried out with partners. Association with other developers was boosted by Fórmula Partner, a union of brands to develop specific real estate projects in which each partner contributes its experience in the activities in which it specializes, making it possible to bring together the financial and technical resources with the capacity to carry on the development activity of the leading companies operating in the Spanish property development market.

With regard to its commitment to total quality and the environment, BBVA successfully renewed, for the fifth successive year, the ISO 9001.2000 and IQNET quality certifications for the BBVA Housing Plan. Furthermore, in the environmental awards organized by Garrigues and IESE, BBVA Real Estate was the second most voted candidate for its projects in Urdanibia (Irún), Barakaldo (Vizcaya) and Barberá del Vallés (Barcelona).

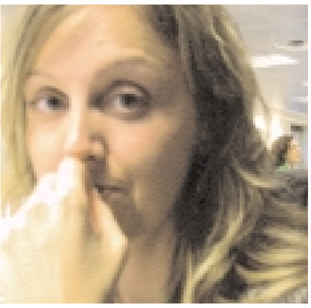
GLOBAL TRANSACTION SERVICES

In 2003 the Global Transaction Services unit was created to support the specialized management of the corporate and institutional transaction business, both in the wholesale area and in the Group's other areas. BBVA's transaction capacity, the mainstay of its full-relationship model, is based on its extensive commercial network, its geographical coverage (enabling local solutions to be provided in each country in which the Group is present, as well as global and regional solutions in the Iberian Peninsula, Europe and Latin America), and an integrated range of products and services (domestic and international collections and payments, loans, trade bill discounting, factoring, confirming, credit cards, foreign trade and electronic banking, not to mention its correspondent and cash pooling systems services).

In Spain over 66,000 enterprises and institutions used BBVA's electronic banking services in 2003, and 163 million transactions were performed using this channel, signifying year-on-year increases of 17% in the number of transactions and 35% in terms of the volume managed.

BBVA's factoring and confirming activities in Spain have become firmly established as one of the most efficient channels for the financing of the working capital of Spanish companies and institutions, with year-on-year growth of 12.6%. In 2003 BBVA Factoring further strengthened its position as market leader for these activities by achieving a 35.0% share.

As regards the financing of exports of capital goods to emerging countries covered by export credit insurance agencies, BBVA has maintained its leading role in the domestic market and has reinforced its presence in the financing of Italian, Japanese, Scandinavian and Central European exports. Another activity to gain a firm foothold in 2003 was the forfaiting business, which achieved growth of 19.7% with respect to 2002. With regard to trade finance, the Group stepped up the collaboration and integration of the international trade financing teams at its banks and, for the third consecutive year, Global Finance magazine awarded BBVA its prize for "The Best Trade Finance Bank in Spain".



America

PERFORMANCE BY COUNTRY
Mexico
Chile
Colombia
Panama
Paraguay
Peru
Puerto Rico
Uruguay
Venezuela
Other countries

International Private Banking

The BBVA America business area includes the banks, pension fund managers and insurance companies managed by the Group in fourteen Latin American countries as well as the international private banking business, some of whose customers also come from this geographical zone. On account of its special circumstances, the figures for Argentina are not included in the financial statements presented here but in the Corporate Activities business area.

As of December 31, 2003, the customer funds managed by this business area exceeded €94,000 million and its total assets represented more than 25% of total Group assets; €715 million of net attributable profit were obtained by BBVA America in 2003, 32% of the total for the Group. There is a network of 3,353 branches in the region and 53,100 employees; of these figures 403 branches and 5,223 employees are in Argentina.

BBVA is the largest financial group in the countries where it is present, both in terms of

BBVA'S PRESENCE IN LATIN AMERICA
(31-12-03)

	Banks	Pension fund management companies	Insurance companies
Argentina	●	●	●
Bolivia		●	
Chile	●	●	●
Colombia	●	●	●
Ecuador		●	
El Salvador		●	●
Mexico	●	●	●
Panama	●	●	
Paraguay	●		
Peru	●	●	
Puerto Rico	●		●
Dominican Repulic		●	
Uruguay	●		
Venezuela	●		●

MARKET SHARE IN LOANS AND DEPOSITS
(PERCENTAGE)

	Loans			Deposits		
	Dec. 2003 (1)	Dec. 2002	Ranking Dec. 2003	Dec. 2003 (1)	Dec. 2002	Ranking Dec. 2003
Mexico (2)	31.7	32.2	1º	32.7	31.8	1º
Argentina	6.1	6.3	2º	9.7	9.4	2º
Chile	7.2	6.6	4º	7.7	6.9	4º
Colombia	7.0	6.6	3º	7.7	7.2	3º
Panama	6.3	6.6	5º	4.9	4.7	5º
Paraguay	16.8	10.7	1º	12.6	9.8	5º
Peru	17.6	15.8	2º	23.8	23.2	2º
Puerto Rico	6.9	7.8	5º	6.4	7.7	5º
Uruguay	6.6	5.7	6º	5.6	4.5	6º
Venezuela	13.6	16.4	3º	15.4	14.2	2º
TOTAL	13.4	13.2	1º	16.9	16.3	1º
TOTAL without Argentina	13.8	13.7	1º	17.6	16.9	1º

(1) Latest avaible data.
(2) Of Mexico's six major banks.

banking activities and in pensions and insurance. Its market share in managed funds (the sum of deposits, mutual and pension funds) was 20.2% at year-end (19.0% at 2002 year-end).

Mexico is at the core of the Group's business in Latin America since it contributes approximately two thirds of total assets, of operating profit and of pre-tax profit. At the same time it is worth noting that the three investment-grade countries (Mexico, Chile and Puerto Rico) represent 80% of assets and nearly 70% of the net attributable profit contributed by America to the Group.

The economic scenario in 2003 improved over the year and can be described as quite positive and, indeed, clearly better than in the previous year. Weighted average growth in GDP, excluding Argentina, was 1.0% in comparison with 0.2% in 2002 and inflation was 6.3% in comparison with 8.0% in the previous year. Nevertheless, the business and banking results were affected by the sharp widespread fall in interest rates, particularly in Mexico. Against this backdrop, the basic objectives of the BBVA Group's management were to adapt to the new interest rate levels, to use models to attract customers by segment and contribution of value, to improve efficiency, to improve technology and to make progress in risk management.

MARKET SHARES IN PENSIONS
(PERCENTAGE)

	Dec. 2003 (1)	Dec. 2002	Ranking Dec. 2003
Mexico	21.1	21.7	2º
Argentina	20.5	20.4	2º
Bolivia	51.2	51.4	1º
Chile	31.7	31.5	1º
Colombia	18.9	18.6	3º
Ecuador	78.0	71.4	1º
El Salvador	47.5	48.2	2º
Panama	53.4	50.1	1º
Peru	25.4	25.5	3º
TOTAL	28.6	26.9	1º
TOTAL without Argentina	29.7	27.9	1º

(1) Latest avaible data.

In commercial matters, action plans were implemented to improve management tools; projects to manage VIP Banking customers were designed and used for the first time, residual customers were eliminated, synergies were sought between the banks, the pension fund managers and the private banking business, and shock treatment was applied to certain products and/or countries, particularly as regards credit cards, quality and network restructuring.

BBVA America continued to implement specific fee and costs plans, focusing on some countries in particular and, in the case of costs, with particular emphasis on the staff of Central Services. The objective is to provide greater stability to results by acting on variables that bear little relation to interest rate fluctuations. As a result the recurrency ratio (fee income as a percentage of expenses) was already 80.1% in 2003, 6.3 points higher in the year.

As for technology, the centralization of data processing in Monterrey has enabled each bank to be on the cutting-edge of technology, reducing future costs. This process already includes Mexico, Puerto Rico, Chile and Peru and will be completed in 2004 with the other banks. The unified technological platform of the pension fund managers is also being implemented, which covers the operating needs of all the pensions companies and will be extended to the insurance business.

Finally, progress has been made in risk management towards a selective policy in granting credit with flexible criteria tailored to socio-economic scenarios and socio-political situations. BBVA America has continued to develop and implement the corporate management model which is adapted to the regulations of each country as well as the specific characteristics of each entity and its size.

Bringing the pension and insurance businesses together under one division represented a major step forward in the integrated management of these businesses in Latin America which has enabled the BBVA Group to consolidate its position as market leader in this field.

BBVA is continuing to focus on the administration of pension schemes within the pensions business of the Group's insurance companies except in those countries where it does not have its own insurance companies. Also, it took advantage of its regional franchise and the possibility of experience sharing between the various countries, which was reflected in the efficient management of reinsurance, the positive performance of claims and sound technical management capacity in determining prices and risk selection policies in the area both of pensions and of insurance.

Improvements were made to the International Private Banking management model in order to increase the security and quality of service offered to customers by maintaining a high level of internal control and the highest international standards of compliance with regulations.

A noteworthy one-off transaction completed in the year was the sale of BBV Brasil. In this country the Group has a holding of 5.0% in Bradesco, Brazil's largest private bank and a direct involvement in the wholesale banking business. The pension fund manager Crecer was set up in the Dominican Republic and the pension fund manager Porvenir was acquired, whereas the 20% stake in the pension fund manager Porvenir de Colombia was sold, where the Group manages another company.

During the year BBVA increased its holding in Bancomer by 4.7% to 59.4%. In February 2004, the BBVA Group decided to make a tender offer for the 40.6% of the stock of BBVA Bancomer which it does not yet control.

In order to analyze the region's results in 2003, the impact of the depreciation of Latin

INCOME STATEMENT
(MILLIONS OF EUROS)

	2003	Δ%	Δ% at constant exchange rate	2002	2001
NET INTEREST INCOME	2,790	(17.7)	10.3	3,391	3,988
Net fee income	1,630	(13.7)	10.9	1,889	1,872
CORE REVENUES	4,420	(16.3)	10.5	5,280	5,860
Net trading income	196	(29.2)	(4.1)	277	285
ORDINARY REVENUES	4,616	(16.9)	9.8	5,557	6,145
Personnel costs	(1,128)	(21.8)	3.6	(1,444)	(1,637)
General expenses	(906)	(18.8)	7.9	(1,115)	(1,370)
GENERAL ADMINISTRATIVE EXPENSES	(2,034)	(20.5)	5.5	(2,559)	(3,007)
Depreciation and amortization	(213)	(24.7)	(1.0)	(282)	(339)
Other operating income and expenses	(139)	(22.5)	4.0	(179)	(198)
OPERATING PROFIT	2,230	(12.1)	15.8	2,537	2,601
Net income from companies accounted for by the equity method	72	n.m.	n.m.	20	8
Amortization of goodwill	-	-	-	-	-
Net income (loss) from Group transactions	14	n.m.	n.m.	(3)	50
Net loan loss provisions	(495)	(28.4)	(4.0)	(691)	(795)
Net extraordinary income (loss) and other	(292)	50.8	117.0	(193)	(21)
PRE-TAX PROFIT	1,529	(8.4)	18.7	1,670	1,843
Corporate income tax	(369)	(10.0)	18.7	(410)	(448)
NET PROFIT	1,160	(7.9)	18.7	1,260	1,395
Minority interests	(445)	(15.1)	11.0	(524)	(588)
NET ATTRIBUTABLE PROFIT	715	(2.8)	24.0	736	807

BALANCE SHEETS
(MILLIONS OF EUROS)

	31-12-03	Δ%	31-12-02	31-12-01
Total net lending	23,199	(14.2)	27,049	35,175
Securities portfolio	25,313	(10.5)	28,283	31,972
Liquid assets	17,100	(4.3)	17,870	22,958
Inter-area positions	433	(33.4)	651	119
Property and equipment and intangible assets	1,965	(19.6)	2,443	3,542
Other assets	5,768	(19.2)	7,141	9,018
TOTAL ASSETS / LIABILITIES AND EQUITY	73,778	(11.6)	83,437	102,784
Deposits	45,373	(16.3)	54,220	71,350
Debt securities	1,253	(14.4)	1,465	1,971
Net profit for the year	1,160	(7.9)	1,260	1,395
Equity	4,323	(5.3)	4,565	6,457
• Shareholders´ funds	2,828	(6.4)	3,022	3,906
• Other eligible funds	1,495	(3.1)	1,543	2,551
Liquid liabilities	13,056	4.9	12,444	14,375
Inter-area positions	727	7.4	676	527
Other liabilities	7,886	(10.5)	8,807	6,709
OTHER CUSTOMER FUNDS MANAGED				
• Mutual funds	7,932	(16.6)	9,508	10,800
• Pension funds	25,041	8.4	23,097	25,688
• Customer portfolios (1)	16,140	6.8	15,112	22,039

SIGNIFICANT RATIOS
(PERCENTAGE)

	31-12-03	31-12-02	31-12-01
ROE	24.0	22.7	17.5
Efficiency ratio	44.1	46.0	48.9
Nonperforming loan ratio	4.01	3.82	3.51
Coverage ratio	169.4	241.6	242.6

(1) In the second quarter of 2003, €2.6 billion were transferred from the Retail Banking Spain and Portugal area (Asset Management and Private Banking).

American currencies against the euro must be taken into account. Consequently, the financial statements above include the year-on-year variation rates at both current and constant exchange rates. The comments below, unless indicated otherwise, refer to constant exchange rates which are the most relevant for analyzing management.

Net attributable profit obtained by the America area in 2003 amounted to €715 million, a 24.0% rise at constant exchange rates (-2.8% at current exchange rates), whereas operating profit was €2,230 million, growth of 15.8% at constant exchange rates.

As for business growth, the Group continued to apply policies tailored to the various markets. Thus, while lending grew at 4.4% at constant exchange rates (8.3% excluding Mexico's old mortgage portfolio), deposits collected through the branch network and the mutual funds of all the Group's banks in this region grew by 12.5% (-10.3% at current exchange rates). These increases in business volume and the proper pricing policies offset the negative effect of lower interest rates on income and led to an increase in net interest income for this area of 10.3% at constant exchange rates.

Fee income grew 10.9%, whereas the 4.1% drop in trading income was mainly due to Uruguay and Venezuela, on account of the lower appreciation of the dollar against their currencies. Therefore, ordinary revenues advanced 9.8%. Operating expenses increased only by 5.5%, in comparison with average inflation in the region of 6.3%, influenced by the decrease of 1,097 individuals in headcount and the 1.7% decline in the number of branches. The efficiency ratio improved again by nearly 2 points to 44.1% as a result of the progress made in revenues and expenses.

Noteworthy at the lower end of the income statement was the decrease in net loan loss provisions (4.0%) as a result of the across-the-board improvement in the region's credit quality and the high coverage levels, which involve lower provisioning requirements. In the first half of 2003, the NPL ratio climbed to 4.40% due to the use of corporate consolidation classification methods in certain countries and subsequently fell to 4.01% as of December 31, 2003, when the coverage ratio was 169.4%.

For all these reasons, pre-tax profit rose to €1,529 million, net profit increased to €1,160 million (up 18.7% in both cases) and net attributable profit advanced to the above-mentioned €715 million. Of this figure €406 million related to Mexico, €181 million to Banking in America, €58 million to Pensions and Insurance in America and €70 million to International Private Banking.

INCOME STATEMENT
(MILLIONS OF EUROS)

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

BALANCE SHEETS
(MILLIONS OF EUROS)

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

SIGNIFICANT RATIOS
(PERCENTAGE)

	31-12-03	31-12-03
ROE	27.7	18.7
Efficiency ratio	42.2	48.7
Nonperforming loan ratio	3.95	4.68
Coverage ratio	221.8	105.5

BANKING IN AMERICA
(MILLIONS OF EUROS)

	Operating profit		Net attributable profit	
Bank	2003	Δ% at constant exchange rates	2003	Δ% at constant exchange rates
BBVA Chile	76	16.0	23	74.7
BBVA Banco Ganadero (Colombia)	35	131.6	9	n.m.
BBVA Panamá	23	(0.5)	18	14.9
BBVA Paraguay	10	11.7	8	41.9
BBVA Banco Continental (Peru)	101	13.8	19	181.3
BBVA Puerto Rico	72	(1.0)	35	(1.3)
BBVA Uruguay	4	(89.0)	(20)	40.4
BBVA Banco Provincial (Venezuela)	215	12.5	90	82.8
TOTAL	536	7.7	181	75.7

PERFORMANCE BY COUNTRY

The highlights of the performance of the Group's banks, pension fund managers and insurance companies and their operating environments are discussed below.

Mexico

The slow recovery of the US economy had a negative impact on Mexico's GDP which grew by only 1.1% in 2003. Conversely, the year-on-year variation in inflation which stood at a record low of 4.0% was the bright spot of the year. Interest rates were also very low, on average 134 basis points lower than in 2002, which had a negative effect on the net interest income of banking institutions, although this gave a boost to credit growth which also benefited from the legal improvements in the year.

The restructuring process of Bancomer continued within the framework of the 2003-05 strategic plan. Consequently, five business areas were established: Retail Network, Asset Management Banking, (the newly created) Mortgage Banking, Finanzia and Bancomer Transfer Services (included in the commercial network in 2003). There is also a Business Analysis division, and a Research and Development division was set up. Lastly, Casa de Bolsa was included in Asset Management Banking and the Private Banking unit was created for the segment of high-networth individuals.

The banking business performed well in 2003 with improvements in productivity and in the product range. Processes were decentralized at the same time to permit greater flexibility in granting loans with efficient management in terms of quality. Total lending increased by 4.8% in 2003; however, excluding the old mortgage portfolio, the current loan portfolio grew by 14.6%. For these reasons, BBVA Bancomer held onto its position as market leader in Mexico with a global share of 31.7% ahead of the 6 major banking groups in Mexico and a 31.1% share (31.2% as of December 31, 2002) excluding the mortgage loan portfolio. The most dynamic types of loans were those which contributed a greater spread: consumer loans and credit cards which increased by 24.9% in comparison with December 2002.

As for credit cards, noteworthy were the launch of the Mini Bancomer card, of a card with set fortnightly fixed payments through Finanzia, and of the Cash Back card. At the end of 2003, the inventory of credit cards exceeded 3.5 million accounts, attracting nearly 900,000 new customers through various sales channels. "Creditón Nómina" was a prominent feature of other consumer loans, the balance of which grew by more than 40% in the year, and automobile loans were up by more than 20%. The infrastructure for growth in the mortgage business was also rolled out during the year and for this purpose the specialized unit of Mortgage Banking was created.

The Businesses Card was created in the corporate lending area, which is targeted at small companies and makes it possible to use a credit line through the Internet, cash dispensers, point of sale terminals in commercial establishments or at the branches. The product range was extended in the SMEs segment to meet the sector's needs in means of payment, the Internet, direct debits, payrolls and insurance.

These lending growth strategies were supplemented by better risk management through advanced monitoring techniques such as credit scoring, behavior scoring and fraud control tools, which led to an improvement in loan quality. Consequently, the NPL ratio dropped from 4.22% in December 2002 to 3.95% and the coverage ratio stood at 221.8%.

As for customer funds, total deposits (deposits collected through the bank's network) and mutual funds increased 13.7%. The Bank gave priority to lower-cost deposits (current accounts and savings accounts) which rose 19.5% despite the scant economic activity. Two "Saving Fortnights" were organized which boosted the balances of the "Libretón" and enabled BBVA Bancomer to consolidate its position as the undisputed leader in the savings market. As regards time deposits, in the first half of the year the commercial branch network took advantage of the boost in investments in bank promissory notes in view of lower yields on treasury securities. For this reason, prices were managed appropriately, making it possible to keep the financial margin stable in a scenario of lower interest rates. BBVA Bancomer continues to be the undisputed leader in Mexico both in terms of customer deposits, where it achieved a market share of 32.7% ahead of Mexico's 6 major banking groups (31.8% as of December 31, 2002), and in mutual funds, with a 19.1% share of the total for the system.

BBVA Bancomer has nearly 900,000 on-line banking customers who perform an average of more than 22 million transactions per month, and more than 750,000 telephone banking customers who generate more than 3.5 million calls per month. Once again Bancomer Transfer Services (BTS) achieved high year-on-year growth: it performed just under 15 million money transfer transactions in 2003 (+18.8%), which amounted to approximately US$ 6 billion (+16.8%) and performed the highest number of transfers from the USA to Mexico.

The net attributable profit obtained by the Group in Mexico was €406 million, 24.0% up on 2002 at constant exchange rates, thanks to the positive performance of all types of revenues and to cost control, with the result that operating profit grew 25.4%, demonstrating for yet another year the bank's soundness and high capacity to generate recurrent income.

Despite lower interest rates, net interest income increased 11.4%, as a result both of growth in the above-mentioned business variables and of appropriate management of prices. Fee income also performed very well and was 17.0% higher in year-on-year terms; the on-going cost control led to a mere 4.5%

increase in expenses, triggering a 9.1-point recovery in the recurrency ratio to 86.2%. The efficiency ratio was 42.2%, down 3.8 points on the previous year, evidencing the success of the rationalization and structural adaptation measures taken in recent years.

Net loan loss provisions grew 26.5% as a result of several regulatory changes, focusing in particular on the mortgage portfolio. Pre-tax profit rose 13.4% over the previous year which, due to the Group's increased stake in BBVA Bancomer resulted in the above-mentioned 24.0% increase in net attributable profit.

The Group is one of the leaders in pensions in Mexico through Afore BBVA Bancomer, in premiums through BBVA Pensiones Bancomer, in insurance as a whole through BBVA Seguros Bancomer, in health through Preventis together with Meximed, and finally in trusts through Fianzas Probursa.

With 4.3 million participants, Afore Bancomer is the second-largest pension fund manager in Latin America. The volume of assets under management increased 22.1% to €6,007 million, which represents a market share of 21.1%. 2003 was not a good year in terms of job creation in Mexico, and this affected the revenues received by the Afores. Nevertheless, as a result of active fund management net attributable profit reached €50 million, which was 10.4% more than in the previous year.

BBVA Seguros Bancomer manages the Bancomer Group's insurance policies. The total volume of premiums issued through the bank network amounted to €182 million in 2003, representing year-on-year growth of 10.9%. BBVA Seguros Bancomer remains market leader in bancassurance with a market share of 38.8% in terms of premiums accrued in September 2003. The net attributable profit of the insurance business in Mexico amounted to €51 million, 40.5% higher than in 2002.

Chile

2003, which was marked by the signing of free trade agreements with Europe, the USA and South Korea, was a good year for Chile's economy. GDP growth of 3.2% was driven by a better international scenario which favored exports and by the high price of copper, Chile's main export. Against this backdrop the Chilean peso appreciated against the dollar, dragging down inflation which led the Central Bank to reduce interest rates again by 50 basis points to 2.25%, following the substantial cuts made in 2002.

For BBVA Chile, 2003 was the second year of development and implementation of the "New Stage" strategic plan which covers the 2002-2005 period. The aim of this plan is to position BBVA Chile as an innovative bank capable of achieving strong growth rates in all market segments with a product range tailored to customers' needs. In this same vein, innovative products were launched such as BBVA Plus, a new type of time deposit earning monthly interest, the "Hipotecón", the first peso-denominated mortgage loan not linked to inflation, and the "Hipotecón Cien", the first mortgage loan to finance the full value of properties. BBVA Chile was the first bank in Chile to offer euro-denominated current accounts and time deposits for the corporate segment.

Other highlights were the launch of the new corporate banking service and the consolidation of global wholesale banking, where Chile was acknowledged as the bank which overall performed most activity in the various wholesale businesses in 2003. It was also the successful bidder for the exclusive management of the financial services of the "Instituto Nacional de Previsión" (National Pension Institute), whereby BBVA will intermediate the payment of 80% of pensions in Chile.

As a result, in the year it was possible for BBVA Chile, despite lower inflation, to achieve growth of 15.3% in lending (a 57-basis-points gain in market share to 7.2%) and an 86-basis-points gain in deposits (from 3.9% to 7.7%).

This growth offset lower spreads, with the result that net interest income grew 10.1% at constant exchange rates which, together with the 35.3% increase in fee income and effective cost management, made it possible to bring the efficiency ratio down from 47.6% in the previous year to 45.8% and push operating profit 16.0% higher. Net loan loss provisions remained stable with the result that net attributable profit grew 74.7% to €23 million.

In addition to the bank, the Group is well ahead of the field in private pension management through the pension fund manager Provida, the largest fund manager in Latin America on the basis of funds managed, which together with the bank is one of the major financial players in Chile in terms of number of customers, assets managed, branches, results and stock market capitalization. The Group also has a foothold in the insurance business through BBVA Seguros and the insurance broker CTS.

At the close of 2003 the pension fund manager Provida managed approximately €12,347 million of funds, 16.5% more than in 2002, with a market share of 31.7% and nearly 3 million participants. 2003 was a difficult year for Provida due to the increase in the number of claims in the system as a whole, leading to a sizeable increase in the cost of insurance. Nevertheless, the positive performance of fees collected and higher float results (evidencing the positive progress in the fund's yields) made it possible for Provida to partially offset the higher number of claims, closing the year with net attributable profit of €28 million, 3.3% up on the previous year.

Colombia

Colombia's economy exceeded initial forecasts in 2003, with growth of around 3.2%, lower inflation and record low interest rates. After several years of crisis, in this improved economic scenario Colombia's financial system made major progress both in income and in business activity and risk quality.

The positive progress of the "Plan Líder" enabled BBVA Banco Ganadero to reposition itself in customer segments with higher economic capacity, improve the structure of loans and deposits, reduce marginal low-profit businesses, and increase the recovery of past-due loans. In 2003 deposits grew 21.6% which made it possible to increase market share by 48 basis points to 7.7%, while lending increased 10.1%, with a 30-basis-point gain in market share to 7.0%.

2003 saw the launch of products such as "CDT virtual", fixed-rate peso-denominated mortgage loans tied to the Real Value Unit - UVR ("Hipoteca Fácil"), an interest-bearing current account ("Cuenta Corriente Rentable Plus") and a fund specializing in large companies ("Fondo Efectivo"). Campaigns were also undertaken with "El Libretón", "CDT Regalo", "Plan Ayuda II", "Regalo Seguro" and "Creditón" and new features were introduced via the Internet on G@na.net, Banco Ganadero's web site for transactions.

As a result, BBVA Banco Ganadero's income statement improved substantially and €9 million of net attributable profit were reported in 2003 in comparison with losses of €8 million in 2002. This change of trend was determined by the progress made in BBVA Banco Ganadero's main revenue lines in conjunction with lower expenses (the labor force fell by more than 200) resulting in an 8-point improvement in the efficiency ratio. Operating profit was €35 million, more than double the figure for the previous year, which triggered the above-mentioned recovery in net attributable profit.

The Group is also present in Colombia through the pension fund manager BBVA Horizonte Pensiones y Cesantías, which occupies third place in compulsory pensions in the ranking by assets managed with a share of 18.9% and holds second place by number of participants. In January 2003 the Pension Reform came into force in Colombia which, among other many changes, entailed a drop from 1.5% to 1% in the fees applied by pension fund managers for management of compulsory pensions, thus having a negative effect on the profit of BBVA Horizonte, which fell 25.9% with respect to 2002.

Two companies operate in the area of insurance: BBVA Ganadero Vida (which was awarded the disability and survival policy of the pension fund manager BBVA Horizonte) and BBVA Ganadero Seguros Generales. Net attributable profit of €3 million was reported, 40.4% more than in 2002.

Panama

The recovery of Panama's economy became stronger in the second half of 2003 and its GDP will grow by approximately 2.7%. Banks remained cautious following the slight contraction in lending in the first half of the year; improved economic activity and low interest rates triggered modest growth in the second half of the year.

In this scenario, BBVA maintained lending at 2002 levels, but improved its positioning in the retail banking sector, where 42% growth was achieved. New consumer banking products were designed for this purpose and the team of promoters assigned to this segment was consolidated. Conversely, in customer funds priority was given to lower-cost types of deposits with the result that their average cost fell. This growth of activity in more profitable sectors and the smaller need for provisions following the extraordinary provisions recorded in 2002 enabled BBVA to achieve net attributable profit of €18 million with a year-on-year increase of 14.9%.

BBVA has a foothold in Panama's pensions business through its 90% holding in BBVA Horizonte and its 25% stake in Progreso, the fund managers of the SIACAP funds (Government Employee Pension Capitalization and Saving System), with a 53.4% share.

Paraguay

The most noteworthy feature of Paraguay's economy was the cut in base rates from 31% to 13%, which led BBVA Paraguay to introduce a stringent price policy for deposits, sacrificing volume in some cases in favor of suitable management of net interest revenue. Lending was focused on the agrifood sector, the driving force of Paraguay's economy, by diversifying customers with a two-fold objective: spreading risk and optimizing the returns on the loan portfolio.

BBVA Paraguay became firmly established in 2003 as a qualitative benchmark within Paraguay's financial system with excellent solvency, liquidity, efficiency and profitability ratios. It received the top grading from the Central Bank for yet another year and ended the year as system leader in lending with a 16.8% market share and was fifth in deposits with a 12.6% market share. The foregoing resulted in strong growth in business revenues with net attributable profit amounting to €8 million.

Peru

In 2003 the economy continued to expand, as in recent years, albeit at a slightly slower pace. Consequently, GDP growth stood at 4.0%, inflation was 2.5% and the exchange rate against the dollar remained stable.

In this scenario, 2003 was a year of business expansion for BBVA Banco Continental, which led the growth in Peru's financial system in current accounts, savings accounts, time deposits and lending. Consequently, BBVA Banco Continental achieved a market share of 23.8% as a result of a 3.4% increase in deposits and a 172-basis-points increase in market share to 17.6% as a result of 2.6% growth in the loan portfolio. For these reasons, it consolidated its position as the second-largest bank in Peru in terms of deposits and loans.

Therefore, BBVA Banco Continental reported net attributable profit of €19 million in comparison with €7 million obtained in 2002. This increase arose from effective management of net interest income, in a scenario of record low interest rates, growth in fee income and cost control as well as lower provisioning requirements for nonperforming loans.

Banco Continental was honored as the "Best Bank in Peru" for the second year running by "The Banker" magazine and as "Bank of the year for 2003 in Peru" by the "Latin Finance" magazine and was ranked 16th among the best banks in Latin America by the "América Economía" magazine.

The BBVA Group is present in the pensions business in Peru through the pension fund manager Horizonte, the country's leading fund manager by number of participants, with assets under management of €1,267 million, which represent a 25.4% market share. Net attributable profit was €12 million, 13.3% higher than in 2002, thanks to growth in fees and the positive financial results obtained by management of the fund's float.

Puerto Rico

The delay in the revival of the US economy had a negative effect on Puerto Rico's economy which showed low growth (+1.6%).

In this scenario of scant activity and low interest rates, BBVA Puerto Rico, which has a commercial network of 47 branches and 1,062 employees, was one of the most active market players, especially in the consumer financing, personal loan and mortgage segments. In 2003 the volume of automobile financing, the most noteworthy segment of consumer financing, increased 7.1% over the previous year, consolidating BBVA Puerto Rico's position as the leading bank in this business. Driven by low interest rates, the mortgage business was the most dynamic throughout 2003. The BBVA Mortgage brand, which was created in 2002, achieved a 19.2% increase in the volume of mortgages. The inclusion of a new credit card, BBVA Puntos, enabled the Bank to participate actively in this segment. Also, the programming of the network of cash dispensers improved and their services were increased.

On the liability side, in 2003 BBVA Puerto Rico considerably reduced the cost of its funds by boosting the growth of less onerous products, due to a large extent to the success of "El Libretazo", which continued to be its star product. Thanks to the positive grading awarded by the rating agencies, in 2003 the Bank successfully implemented its program to issue US$1 billion of commercial paper, as scheduled.

In 2003, BBVA Puerto Rico reported net attributable profit of €35 million, a similar figure to the previous year at constant exchange rates, due to lower revenues from trading income and a higher tax charge, since operating profit excluding net trading income amounted to €70 million and rose by nearly 10% over 2002.

Uruguay

Following the crisis in 2002, the early part of the year was characterized by uncertainty surrounding the foreign debt renegotiation process. The Government's success in this process marked the beginning of a period of lower country-risk and interest rates as well as a recovery in international reserves and bank deposits following the surge in capital flight in 2002.

In this difficult scenario, BBVA Uruguay carried out a far-reaching change of strategy, focusing management on Wholesale and VIP Banking, exiting from low-profit sectors and promoting business growth. Consequently, the network was cut from 17 to 8 branches and the number of employees was reduced by a third to 151; structures were downsized to match the requirements of the new scenario and efficiency was improved.

Also, following the crisis of 2002, liquidity became a priority. At any given time BBVA Uruguay had a comfortable liquidity position, underpinned by strong growth in deposits (+63.8%), which was compatible with a strict pricing policy to reduce the cost of new funds. As a result BBVA Uruguay had no difficulty in meeting the new ratios for deposits of nonresidents which were established by the Central Bank and in financing the slight upturn in lending recorded in the latter part of the year. Management was also focused on improving credit quality and enlarging the range of products and services to boost growth in fee revenues, which included most notably the VIP package, automobile leasing or the commencement of Internet banking. Therefore, BBVA Uruguay consolidated its position in 2003: its market share in lending grew by 86 basis points to 6.6% and in customer deposits by 114 basis points to 5.6%.

However, BBVA Uruguay's positive performance in terms of activity was not reflected in the income statement, due to a large extent to two factors: positively by the depreciation of the Uruguayan peso against the dollar, since all its liquid assets were invested in dollars, and negatively by wholesale inflation due to the effect of the monetary adjustment to peso-denominated net assets. In short, BBVA Uruguay had a loss of €20 million.

Venezuela

During 2003 Venezuela's economy experienced a 9.6% drop in GDP and the recession which began in 2002 continued. To a large extent, this was because production activities had been halted (for political reasons in December 2002 and January 2003) and the control of foreign exchange had been decreed by the Government, which during the first quarter of the year meant the de facto closure of the currency market. The foreign exchange control also had an impact on the money market and monetary policy. Consequently, the restrictions on the acquisition of foreign currency by members of the public triggered a strong expansion of liquidity in the financial system throughout the year and a fall of nearly 13 points in interest rates. The increase in liquidity resulted in a sizeable increase in funds attracted by the banking system which, in view of the absence of demand for credit, were invested by the banks in public debt securities and Central Bank certificates of deposit.

In this context, Banco Provincial focused its efforts on five main lines of action: the rigorous monitoring and control of risk; the maintenance of adequate liquidity levels, given the volatility of this variable due to the changes in the economic scenario; priority to investment in certificates of the Central Bank as opposed to public debt securities; reduction of overheads through Plan Transform@, which made possible an 18% cut in headcount in the year and the automation of processes; and customer segmentation, tailoring products and services to their needs.

Also, in 2003 VIP Banking (as part of the corporate project for the Group's banks) and the Platinum Visa Card were launched, the TECOM–CRM tool was used for the first time in the branch network, and the web site was improved.

In terms of activity, in 2003 Banco Provincial increased customer funds by 49.4% which pushed its market share up by 120 basis points to 15.4% and earned it second place in the banking system ranking. Lending dropped in the year evidencing the absence of demand for new credit and the maturity of outstanding loans, although it showed a slight recovery in the last quarter. As regards the quality of the loan portfolio, the risk control measures undertaken by Banco Provincial made it possible to reduce the NPL ratio to 5.02% (7.44% as of December 31, 2002) and to increase coverage to 191.7%.

As a result, Banco Provincial managed to report net attributable profit of €90 million, 82.8% up on the figure for 2002, on the basis of higher revenues (net interest income and fees) and the control of costs (which in local currency rose 12.8%, less than half the inflation rate) together with a significant decrease in provision charges following the sizeable provisions recorded in the highly uncertain scenario in 2002.

Other countries

In El Salvador, the Group is present in the pensions market through two companies: the pension fund manager BBVA Crecer, which manages assets of €584 million (with a 47.5% market share) and the life insurance company BBVA Seguros de Personas, which administers the pensions policy of the aforementioned pension fund manager.

As of December 31, 2003, the pension fund manager BBVA Previsión de Bolivia administered assets of €1,227 million, which represents a market share of 51.2%.

In 2003 the private pension system began to operate in the Dominican Republic and contributions were collected for the first time in June. The pension fund manager BBVA Crecer played an important role in this connection and was ranked third in terms of the number of participants. In the last quarter BBVA Provida acquired the pension fund manager Porvenir, which strengthened BBVA's position in the market.

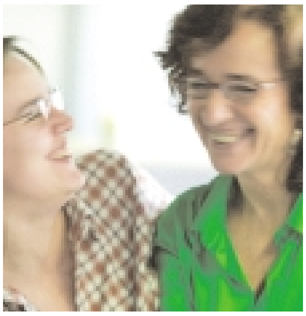
INTERNATIONAL PRIVATE BANKING

The International Private Banking Unit engages in providing investment advice and asset management of high-income international customers through several centers in Europe and America.

The total funds managed by the unit, amounting to approximately €13.5 billion, recorded an increase of 1.3% in the year, after adjustment for the market and exchange rate effects. This slight increase marked a change in trend for the unit, since the downward trend in deposits collected recorded in previous years was inverted.

In 2003, the process to improve the business management model continued with the aim of increasing the security and quality of the service offered. On the one hand, customers were segmented in order to identify those customers who require more personal attention and, on the other hand, a web site was created to enable customers to ascertain their positions in real time, while maintaining a high level of internal control and the highest international standards of compliance with regulations.

However, the sales and management drives did not make it possible to avoid the loss of customer funds in previous years, together with the depreciation of the dollar against the euro, having a negative impact on the volume of average balances under management and, consequently, on the revenues figures in the income statement. Thus, the net attributable profit of International Private Banking was €70 million in 2003.



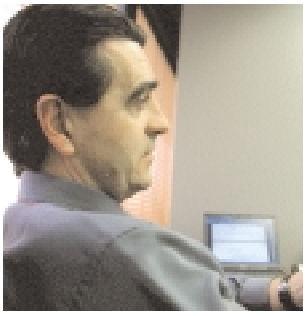
Corporate Activities

ALCO

LARGE INDUSTRIAL CORPORATIONS

FINANCIAL HOLDINGS

ARGENTINA



This area includes the Group’s holdings in large industrial corporations, its strategic financial holdings, the activities and earnings of the support units, such as the Assets and Liabilities Committee (ALCO), and any other items that cannot be assigned to any of the Group's business areas on account of their nature, such as country risk provisions and goodwill amortization (except for those relating to Business and Real Estate Projects included in Wholesale Banking). This area also includes the earnings of Group companies based in Argentina and Brazil which are accounted for by the equity method.

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

Revenues included the dividends received on holdings in large industrial and financial companies and the results of ALCO. The latter are generated by the Group’s financial management and specifically by asset and liability management and hedging.

This area also included €572 million of operating expenses, distributed among different income statement items, which were generated by central corporate areas and other expenses that were not assigned to the various units or business areas due to their institutional nature.

The earnings of holdings in large industrial corporations and financial institutions not included as dividends and those of Group companies in Argentina and Brazil are recorded as net income from companies accounted for by the equity

INCOME STATEMENT
(MILLIONS OF EUROS)

	2003	Δ%	2002	2001
NET INTEREST INCOME	2	n.m.	(119)	130
Net fee income	(112)	11.9	(99)	(107)
CORE REVENUES	(110)	(49.8)	(218)	23
Net trading income	236	(27.5)	325	(37)
ORDINARY REVENUES	126	18.2	107	(14)
Personnel costs	(453)	1.0	(448)	(417)
General expenses	38	(38.8)	61	103
GENERAL ADMINISTRATIVE EXPENSES	(415)	7.3	(387)	(314)
Depreciation and amortization	(154)	(5.2)	(162)	(160)
Other operating income and expenses	(23)	18.2	(20)	(10)
OPERATING PROFIT	(466)	0.8	(462)	(498)
Net income (loss) from companies accounted for by the equity method	240	n.m.	(195)	101
Of which: arising in Argentina and Brazil	44	n.m.	(200)	(214)
Amortization of goodwill	(637)	(5.6)	(675)	(616)
Net income from Group transactions	508	18.3	430	795
Net loan loss provisions	42	n.m.	(179)	(28)
Net extraordinary income (loss) and other	(77)	n.m.	(6)	51
PRE-TAX PROFIT	(390)	(64.1)	(1,087)	(195)
Corporate income tax	297	(40.8)	503	185
NET PROFIT	(93)	(84.2)	(584)	(10)
Minority interests	(102)	27.7	(81)	(138)
NET ATTRIBUTABLE PROFIT	(195)	(70.6)	(665)	(148)

BALANCE SHEETS
(MILLIONS OF EUROS)

	31-12-03	Δ%	31-12-02	31-12-01
Total net lending	(2,398)	(6.0)	(2,552)	(1,981)
Securities portfolio	29,367	37.2	21,409	22,390
Liquid assets	(16,021)	4.1	(15,396)	(6,939)
Inter-area positions	8,205	(2.4)	8,402	3,949
Property and equipment and intangible assets	1,569	(7.8)	1,701	1,697
Other assets	6,945	27.7	5,443	7,239
TOTAL ASSETS / LIABILITIES AND EQUITY	27,667	45.6	19,007	26,355
Deposits	(4,453)	85.4	(2,401)	(2,353)
Debt securities	27,152	44.8	18,757	25,314
Net profit for the year	(92)	(74.8)	(584)	(18)
Equity	8,260	7.6	7,673	7,712
• Shareholders´ funds	2,452	(14.8)	2,877	2,058
• Other eligible funds	5,808	21.1	4,796	5,654
Liquid liabilities	-	-	-	-
Inter-area positions	-	-	-	-
Other liabilities	(3,200)	(31.3)	(4,438)	(4,300)

method. The earnings of Group companies in Argentina and Brazil came to €44 million in 2003. €10 million of this amount related to Argentina and €34 million to Brazil; the latter was the pre-tax profit obtained by BBV Brasil until it was sold to Bradesco. In 2002, Argentina and Brazil made negative contributions of €9 million and €191 million, respectively. The figure for Brazil included €245 million of exchange losses in the sale of BBV Brasil which were recorded in the last quarter of that year.

Capital gains obtained through the management of the industrial portfolio were recorded under market operations and income on Group transactions. The main item in 2003 was the capital gain of €343 million on the sale of the Group's holding in Crédit Lyonnais.

The amortization of goodwill associated with the industrial and financial holdings and the Group's investments in its Latin American subsidiaries amounted to €637 million, 5.6% less than the previous year, basically due to an extraordinary writeoff of goodwill of €129 million related to investments in countries below investment grade. In 2003 €49 million of the goodwill on the acquisition of the holding in Bradesco was written off and €70 million of the goodwill relating to the holding in Gas Natural was written off ahead of schedule. Also, compared with the improved performance of loan loss provisions in the year, loan loss provisions of €103 million were recorded as a result of Argentina's reclassification from Group 4 to Group 5 for country-risk purposes in 2002.

Consequently, the area reported losses of €195 million in comparison with losses of €665 in 2002.

As regards balance sheet amounts, it should be emphasized that the balances of the activity of each business (Retail Banking, Wholesale Banking and America) do not include the elimination of intergroup transactions that affect more than one area because these are considered an integral part of each business unit's activities. When intercompany transactions are eliminated in consolidation they are posted to the Corporate Activities area and thus certain items on its balance sheet have a negative balance.

ALCO

The Assets and Liabilities Committee (ALCO) manages interest and exchange rate risks, wholesale financing and the Group's capital base. In 2003 this unit obtained €220 million of net attributable profit.

ALCO managed the Group's exchange rate risk very actively in the year, mainly due to its franchise in Latin America, and the overall hedging of BBVA's assets in Latin America was 60%, with perfect hedging of 68% in Mexico and 70% in Chile. These hedging levels do not take into account the long dollar positions held locally by some subsidiary banks. This hedging policy enabled the Group to decrease the negative effect of exchange rate depreciation on reserves by €243 million, at a limited financial cost (€21 million net of taxes, given the drop in the interest rate spread between Mexico and the euro zone). In addition to its positive effect on Group reserves, in 2003 the hedging policy contributed €42 million net of taxes to income from market operations in 2003.

ALCO also actively manages interest rate risk. As of December 31, 2003, the portfolio of fixed-income assets, which is held to offset or reduce the negative effect on the Group's net interest income of a fall in interest rates, amounted to €25,116 million. This portfolio generated €327 million of net interest income and €37 million of net trading income.

LARGE INDUSTRIAL CORPORATIONS

The Large Industrial Corporations Unit manages BBVA's principal industrial holdings in listed companies in the telecommunications and energy sectors.

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

Following the above-mentioned principles, in 2003 €257 million of investments and €1,433 million of divestments were made, which generated capital gains of €221 million. The divestments in the year included the sale of the holding in Endesa and of the stake in Terra by acceptance of Telefónica's tender offer in May.

However, the objective of most of the of divestments in 2003 and of those amounting to €304 million in January 2004 was to finance the acquisition of Bancomer's minority interests; at the same time, they made it possible to release €615 million of regulatory capital.

Net income from companies accounted for by the equity method stood at €73 million, in comparison with the loss of €36 million in the previous year, which shows how this item has returned to usual levels following the substantial writedowns in 2002 by Telefónica and other investees with interests in Argentina.

Consequently, the unit obtained €265 million of net attributable profit in 2003, in comparison with the loss of €93 million reported the previous year.

INVESTMENT IN LARGE INDUSTRIAL CORPORATIONS*

(PERCENTAGE)

Company	31-12-03	31-12-02
Endesa	–	2.36 (1)
Gas Natural	3.24	3.06
Iberdrola	5.37	6.39
Repsol	5.61	8.08
Sogecable (2)	3.87	5.02
Telefónica (3)	5.17	5.28
Terra	–	1.38

(*) Permanently-held investments.
(1) Dividend rights on an investment of 0.97%.
(2) The reduction in the investment is due to the merger with Vía Digital.
(3) Dividend rights on an investment of 3.92% as of 31-12-02 and of 3.35% as of 31-12-03.

As of December 31, 2003, the market value of the large industrial corporations portfolio amounted to €4,146 million, with unrealized capital gains of €964 million.

FINANCIAL HOLDINGS

As for the Financial Holdings Unit, during the first half of 2003 a gain of €343 million was recorded arising from Crédit Agricole's tender offer for Crédit Lyonnais.

In June 2003 the 4.44% holding in Bradesco was included within the framework of the agreement to sell BBV Brasil, which was subsequently increased to 5.0% and generated €19 million of income from companies accounted for by the equity method. In December 2003 the Group sold its 9.9% holding in the Moroccan bank Wafabank, which gave rise to a gain of €4 million. At the same time an agreement was reached to sell the Group's 24.4% holding in Banco Atlántico to Banco Sabadell. This transaction will take place in 2004.

ARGENTINA

Following four years of recession Argentina's economy grew by approximately 8% in 2003, whereas inflation fell from 41.0% in 2002 to 3.7% because of the major underutilization of capacity in the economy. In the financial sector, banking liquidity improved significantly in 2003, which made it possible for interest rates to drop from 22% in April to less than 4% at year-end on 30-day deposits. Deposits grew 19.6%, whereas loans to the private sector fell 11.4% in view of the institutional and legal uncertainties which are still preventing the recovery of demand for loans.

The BBVA Group is present in Argentina through Banco Francés, Argentina's leading private bank in terms of deposits, and Grupo Consolidar, the frontrunner in the pensions and insurance business.

Following the profound crisis of the banking system in 2002 and the consequent significant loss of loan and deposit business, one of the management pillars of Banco Francés in 2003 was the transactional business: services, means of payment (particularly electronic means), insurance, new accounts, transactions with credit and debit cards, etc. As a result of the upturn in the macroeconomic scenario and greater stability in the financial system, in the second half of the year it was possible to timidly recommence lending activities, focusing on very short-term finance such as account advances, card financing, transfer of checks, foreign trade transactions, while rigorously selecting risk.

Following the measures decreed by the Government in 2002, Banco Francés, like all the other banks, was exposed to a structural mismatch of terms and rates which greatly influenced its ability to generate earnings. Its long position in inflation-adjustable assets meant a substantial loss in net interest income in the first half of the year in a scenario of low inflation and still high-cost deposits, which was partially reversed in the third quarter following the fall in interest rates on deposits. Conversely, the structure of fees improved since in 2003 the fees related to the banking crisis of 2002 were replaced by fees related to transactional services (cards, account administration and insurance).

In its quest for greater efficiency, Banco Francés continued its structural rationalization plan which began in 2002, through strict cost control and a nearly 10% reduction in the workforce by shedding more than 400 employees in the year. Lastly, the conservative provisioning policy followed in 2002, together with an increase in the level of debt recovery, resulted in lower loan loss provisions.

However, despite the effective action taken on manageable items (fees, expenses and revenues from loan recoveries), the fall in net interest income led to an operating loss in local books in 2003 which in consolidated terms was offset by using the provision recorded for this purpose in December 2001.

In the pensions business, Consolidar, the Group's fund manager, has more than one and a half million participants and manages €2,551 million of assets with a market share of 20.5%.

2003 was a year of uncertainty due to the possible reform of the pension system. In this scenario, Grupo Consolidar, which covers all the branches of this business, both as a pension fund manager and an insurance company, applied an active policy to manage its portfolios so as to fully guarantee its commitments to the insured parties. In spite of the economic situation in Argentina with high unemployment levels, Grupo Consolidar's sound business performance enabled it to close the year with net attributable profit of €13 million, €4 million of which related to the fund manager and €9 million to the insurance business.

BBVA

Other areas and activities

HUMAN RESOURCES AND SERVICES // INTELECTUAL CAPITAL // SYSTEMS AND OPERATIONS

HUMAN RESOURCES AND SERVICES

Human Resources

In 2003 the activities of the Human Resources area were permeated with the challenges and objectives that "La Experiencia BBVA" (the BBVA Experience) presents in its vision "Trabajamos por un futuro mejor para las personas" (We are working to make a better future for people), which is manifested with special relevance among the Bank's employees.

The Human Resources area is a key element of La Experiencia BBVA since it is the model's driving force, strengthening among employees behaviors that are in line with the principles of BBVA's corporate culture. It also works to ensure that the Group's various activities and plans are consistent with the commitments to reference groups (shareholders, customers, employees and society in general).

The commitments to employees defined in the BBVA Group's culture project are:

- To recognize merit, measured by the achievement of results, customer service and the overall vision of the Group.
- To strengthen professional and personal development, reconciling Group and individual interests.
- To encourage teamwork in a framework of personal responsibility promoting individual initiative and decision-making.
- To stimulate the generation of ideas and the ability to implement them.
- To manage diversity as a competitive advantage, ensuring equal opportunities and respect for all the Group's people.
- To create a climate of trust based on an open relationship, support for the team and clear communication.

These commitments have predominated the models, projects and initiatives promoted by Human Resources to tap, nurture and develop professionals' talent. All of this, framed in a management style that favors empowerment as a reciprocal commitment between company and employee.

Aware that its employees are the brand's voice and the authentic creators of La Experiencia BBVA in their daily interaction with its customers, BBVA has given the highest priority to communication, motivation and training relating to La Experiencia BBVA, thereby making them participants in the project, with direct responsibility for its success.

Dissemination of La Experiencia BBVA

Since its presentation in March 2003, La Experiencia BBVA has been transmitted to all the Organization through over 2,500 training sessions in the 35 countries in which the Group has a presence. The dissemination process, which involved over 10,000 employees, culminated in October with a high degree of acceptance by all employees.

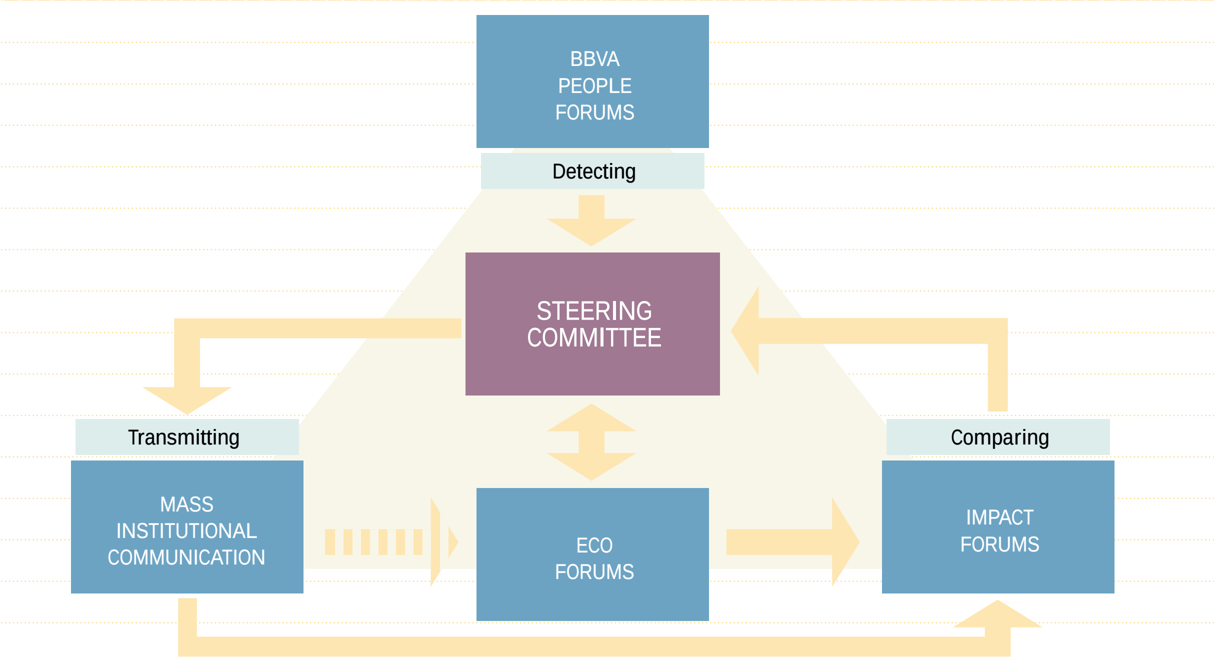
The continuation of La Experiencia BBVA is reflected in actions such as the organization of meeting points for executives, where representatives from all areas reflect from their standpoint upon the behaviors included in the corporate culture and exchange best practices. The conclusions drawn from these sessions serve as a reference to orient the management style in keeping with La Experiencia BBVA.

In 2004 these ongoing actions will be extended to training in and the dissemination of the BBVA Group Code of Conduct, which was approved at the end of 2003, and defines the Group's ethical tenets and guidelines for its actions.

New management team model

The importance that BBVA attaches to management style, which is expressed in one of its cultural principles ("A management style that generates enthusiasm"), has prompted reflection about the management function, giving rise to an innovative redesign thereof,

EXPERIENCIA BBVA COMMUNICATION CHANNELS

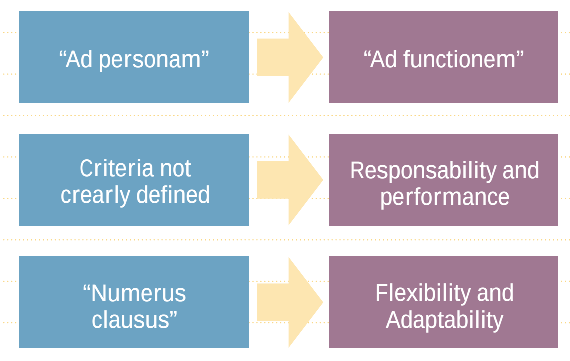


which is structured by recognition of merit and professional and personal development.

Thus, some 1,700 functions were defined as management functions, on the basis of the role that each one plays in the Group's strategy, the resources that it manages and the autonomy and risk assumed in its activity. In this way, a team of 1,700 executives was formed, focusing on the business and the customer (two-thirds of the management functions relate to the business areas), in a model that has changed from one with an administrative structure of titles (ad personam) to an ad funtionem assessment. Thereby transparency has increased and proximity between management personnel and the other employees has been fostered.

The flexible approach with which the new management structure is managed enables constant adaptation to the Group's strategy and needs, facilitating the professional development of its members, assessment of whom is based on the recognition of merit and the achievement of results.

NEW POLICY FOR MANAGEMENT OF EXECUTIVES



Management by competencies

Management by competencies is the axis that structures professional and personal development and around which the identification of potential and the training activities are articulated. The process that commenced in 2002 continued in 2003, and at the date of this report all employees in Spain and all the BBVA Group's executives have a tool that enables them to identify the gap between their abilities and those that they need for excellent performance of their function, by comparing their personal profile with the profile required for the function. In 2003 work commenced to extend the model to the other countries in which the Group has a presence, and 654 functional profiles have now been defined.

Training

The importance that the Group attaches to training is evident in the more than 3.7 million hours of training given in 2003. It is also worth noting the contrast between the year-on-year increase of 10.8% in training expenses in the Group as a whole and the 11.8% decrease in personnel expenses in the year.

Training activities respond to the individual needs (technical knowledge and skills) identified in the competencies assessment process, and to the coverage of the business areas' specific needs. By way of example, suffice it to indicate that in 2003 over half a million hours of training were assigned to the Personal Financial Services Project and the Customer Project in Spain, Mexico and Peru.

Corporate training needs are catered for through the BBVA Business School, which comprises four centers: the School of Management, the Financial Studies School, the Technology School and the Languages School. A total of over 2,300 employees worldwide attended its courses in 2003. The Management School, which has been attended by over 800 executives, is especially noteworthy because of its links with the leading business schools worldwide and the involvement of the Group's Management Committee in the transmission of strategy and know how, which endows this center with a strategic value in management training.

BBVA's commitment to the customer is reflected in its growing emphasis on certified training. Increasingly employees have more opportunities, not only to receive training, but also to have their skills validated by recognized bodies. In 2003 over 1,300 people participated in the CFA (Chartered Financial Analyst), GARP (Global Association of Risk Professionals) and EFPA (European Financial Planning Association) certification processes.

The speed of response to the demand for training in the Group is promoted through the possibility of using the most appropriate channel at all times. Distance training continues to have a considerable uptake, representing over 31% of overall training activity.

Selection

The Group's policy on new hires is guided by one of BBVA's commitments to its employees, "Management of diversity, ensuring equal opportunities and respect for all the Group's people".

BBVA performs its external selection process in permanent contact with society. Consistent presence at the various employment conferences, the presentation of the Group in business schools and universities, and publication of vacancies in the leading employment portals ensure that the BBVA project reaches those who aspire to work for the Group.

In the year, almost 2,500 people joined BBVA, 1,400 of these in Spain. To facilitate their integration, a welcoming plan is in place that includes induction material and a series of training activities that combine classroom training and training in the performance of the function.

Participation and communication channels

The commitments to "create a climate of trust based on an open relationship, support for the team and clear communication " and to "stimulate the generation of ideas and the ability to implement them" were the references for the design of the different channels that the Group makes available to employees to encourage communication, innovation and teamwork.

Located on the corporate intranet espacio, the Employee's Portal enables professionals to access information on the various policies relating to both assessment and professional development and to matters relating to compensation or general information. All manner of consultations can be made through the Employee Care Service (SAE).

The combination of the Employee's Portal and the Employee Care Service has not only improved efficiency, but also the transparency of the Group's communication, as demonstrated by the excellent appraisal it received from BBVA's professionals.

This range of internal channels is supplemented by a household portal, nuestrobbva.com, which received over 200,000 visits in the year. In addition to its range of on line training it provides an opportunity to participate in forums on various subjects, a broad range of products at special prices and a selection of information of interest to all the family.

Innovation is another of the pillars of La Experiencia BBVA. The INNOVA platform was designed to trigger and channel ideas. On this platform professionals propose, and work as a group on, ideas that become projects.

This style, which encourages participation and innovation, is also expressed in the knowledge management initiatives promoted in the Group. The practice communities ("Comunidades BBVA") continued their activity as a virtual teamwork channel for the fulfillment of areas' specific objectives. In 2003 six new communities were opened, so that there are now 16 teams that work by sharing the experience of different people, disciplines and countries. Also, almost 3,400 professionals communicate through over 150 forums created to work on the Customer Project.

Also in connection with tapping the skills generated in the course of daily activity, an innovative project was launched for dissemination of best practices, through the narration thereof by the players themselves on CD.

Quality

One of the principles of BBVA's corporate culture is "The customer as the core of our business". 2003 was an intensive year in relation to the implementation of plans with special emphasis on this principle, including most notably the Customer Project, the scope of which was corporate. Implemented in Mexico, Spain and Peru, the project has entered the design phase in other countries, with the objective of aligning the whole Organization with the customer's interests.

With this perspective, the lines of action with regard to Corporate Quality were as follows:

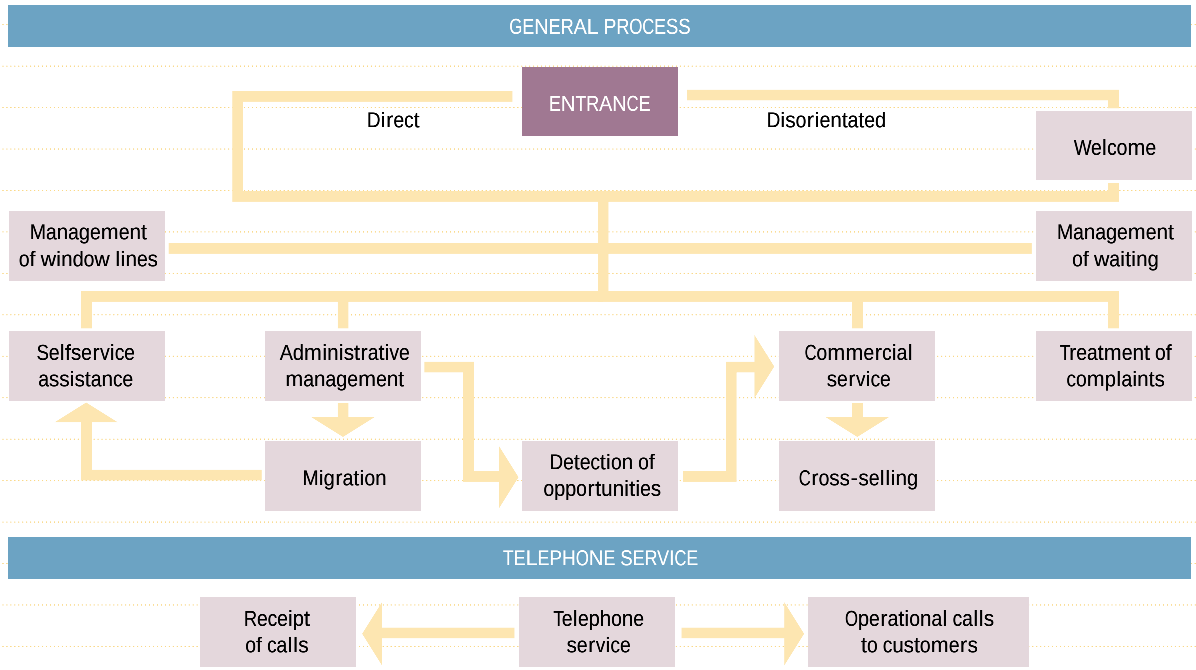
- Overall measurement and validation of the fundamental parameters.
- Implementation of methodologies and tools.
- External promotion of quality.

With regard to the first of these, in 2003 progress was made in the identification of the key indicators that sustain the integral management reporting structure. The internal customer and multibrand studies provide the relative position in which the customer places us and quantify the quality of the internal service at all points of the value chain.

Also, every two years employee-satisfaction surveys are carried out. The success as regards participation of the survey carried out on line in 2003 indicates the growing interest of BBVA's professionals in participating in the Group's management structures.

The new methodologies and tools implemented in 2003 included most notably the GERE application for management of claims

CUSTOMER CARE MODEL



through workflows. Speed and statistical features are combined in this tool to provide adaptations of the corrective and preventive actions.

The Customer Care Model was designed within the framework of the Customer Project and aspires to create, through the personal relationship, a positive experience for our customers, as a differentiating feature of the BBVA brand.

Purchases

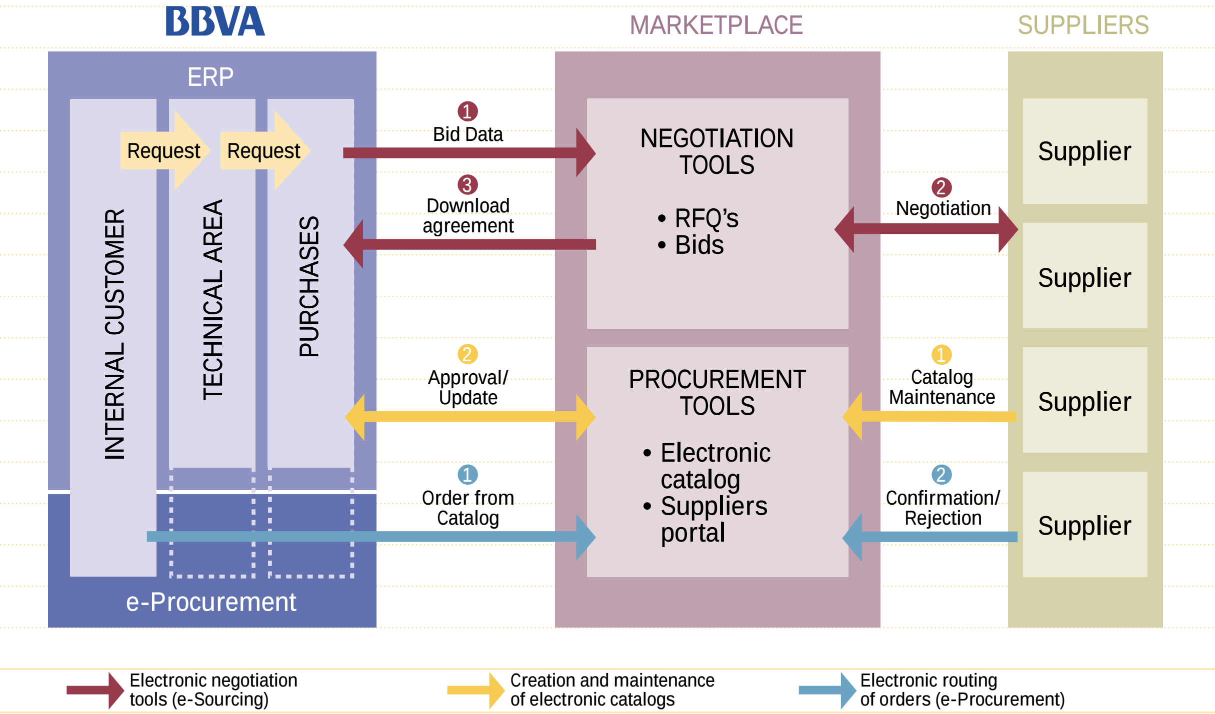
Improved efficiency and the creation of value for the shareholder guide the Purchase unit's initiatives, which comprise the standardization of processes and the establishment of an overall purchases and negotiation methodology to permit cost reductions and better service to the internal customer. The importance of these functions can be appreciated if it is taken into account that in 2003 BBVA managed a total volume of purchases (expenses and investments) of over €2,000 million.

The implementation in Spain of the new Group electronic procurement systems enabled a significant reduction to be made in times and improved management information, increasing efficiency and the degree of transparency, both for suppliers and for internal customers. Thanks to these systems, 70% of the recurring requests for goods and services are made by the users themselves using electronic catalogs and are automatically converted into orders that are sent to suppliers electronically.

Also, in order to speed up processes, BBVA's new systems were interconnected with the Adquira marketplace, through which procurements are made from the suppliers in this electronic market.

In 2003, both in Mexico and in Spain the use of electronic tools to request offers, negotiations and bids on line was intensified.

DIAGRAM OF BBVA'S PROCUREMENT AND ELECTRONIC NEGOTIATION YSTEMS



Property and Services

"The creation of value for our shareholders as a result of our activity" and "The customer as the core of our business" were the principles that governed the activity of this unit in 2003. Accordingly, the new expense and investment management tools relating to property for own use and the related general services led to the achievement of greater management efficiency, while the rationalization of networks and central areas, together with the separation of other premises, freed up almost 120,000 m².

In 2003, much investment focused on the branch network. Especially noteworthy in Spain was the implementation in 150 branches of the new image envisaged in the Personal Financial Services project (SFP). The external image, differentiation between areas depending on the levels of service required, and furniture design, constitute a new approach for the spaces worked in and shared with the customer, to whom they provide the Bank's range of services with the required privacy in an aesthetically pleasing ambiance.

The Refurbishment of Singular Buildings Plan also accounted for a significant portion of the investments made in 2003. The work carried out on the various buildings in which our central offices are located led to the generation of operating synergies and optimization and reorganization of space thinking of people, making it brighter, more transparent and ergonomic. The work carried out included most notably the refurbishment of the building at Castellana 81 in Madrid, of the headquarters of Banco Provincial in Venezuela and of BBVA Puerto Rico, and the integration of the central units of BBVA Chile and of AFP Provida and those of BBVA Banco Continental and of AFP Horizonte in Peru.

Intelectual capital

In recent years the Group has presented a set of indicators which enable the market to evaluate intangible aspects that are not reflected in the purely financial report.
These intangible aspects refer to the capital represented by the individuals who work in the Group (human capital), by the corporate culture and internal processes (structural capital) and by the ability to relate with other stakeholders: customers, shareholders and society in general (relational capital).

The "BBVA Experience", introduced in 2003, was the focal point for BBVA's strategies and plans. The principles defined resulted in commitments to the four stakeholder groups (customers, shareholders, employees and society), which is why the Group reorganized its intellectual capital measurement model. The indexes selected make it possible to evaluate the extent to which the Group fulfilled its commitments to the three above-mentioned types of capital.

HUMAN CAPITAL INDICATORS

EMPLOYEES	2003
To manage diversity as a competitive advantage, ensuring equal opportunities and respect for all individuals	
Number of employees	86,197
• Spain	31,095
• America	53,100
• Rest of the world	2,002
Average age of staff	37.8
• Spain	41.7
• America	35.5
Men/women ratio (%)	58/42
• Spain	64/36
• America	53/47
% of university graduates	46
• Spain	47
• America	45
Average years of experience of staff	15.4
• Spain	19.6
• America	9.3
Number of countries where the team works	35
Number of global executives/expatriates	224

HUMAN CAPITAL INDICATORS

EMPLOYEES	2003
To promote professional and personal development, by reconciling the Group's and individuals' interests	
New recruits	2,447
• Young graduates	1,942
- Spain	1,241
- America	701
• Specialists	505
- Spain	188
- America	317
Number of CVs included in external selection processes	80,153
% of people for whose post a functional profile has been defined	90
% of managers who have undergone 180º assessment	100
% of managers who have undergone assessment through the assessment center	44
Number of employees who have carried out self-assessment of their knowledge	19,772
Total investment in training (€ thousand)	33,390
Hours of training given (thousand)	3,700
• Spain	1,710
• America	1,990
Hours of training per employee	43
• Spain	55
• America	37
Number of managers and specialists trained at the BBVA Business School	2,325
Management Committee members committed to training of the Management School	100
E-learning based training (%)	19
• Spain	30
• America	10
Employees who have participated in training (%)	70
Evaluation of employee satisfaction with training (mark out of 5)	4.2
To recognize merit measured by the achievement of results, customer service and overall vision of the Group	
Individuals promoted (% of total headcount)	26
% of individuals with variable remuneration	53
% variable/total remuneration	11

STRUCTURAL CAPITAL INDICATORS

EMPLOYEES	2003
To create a climate of trust based on an open relationship, team support and transparent communications	
Number of guideline communications conveying the "BBVA Experience"	140
Number of forums held on the "BBVA Experience"	25
Number of participants in forums on the "BBVA Experience"	800
Number of action plans linked to the "BBVA Experience"	238
Impacts of corporate information linked to the "BBVA Experience"	923
Number of periodical corporate internal communication channels	6
To stimulate the generation of ideas and the ability to implement them	
Number of daily intranet users	13,000
Number of Intranet pages viewed per day (thousand)	1,900
Number of documents stored on the Intranet (thousand)	333
Number of people contributing to development and maintenance of Intranet content	265
Cumulative Number of of intranetized processes	131
Number of Intranet projects	179
Number of ISO certificates in force	76
Number of efficiency plans implemented	1,277
To encourage team work within a framework of personal responsibility which favors initiative and decision taking by individuals	
Number of video conference rooms	236
Banks and fund managers which implemented internal customer survey (%)	100
Number of virtual work forums in operation	169
Number of professionals participating in forums	4,587

RELATIONAL CAPITAL INDICATORS

CUSTOMERS	2003
To earn customer trust through fulfillment of our commitments and our ethical and transparent action	
Customers (millions)	35
Commercial network customer satisfaction index, in % *	74
Spontaneous awareness (1st mention, BBVA brand, in %) *	14.2

(*) Source: FRS Ibérica, referred to Spain.

RELATIONAL CAPITAL INDICATORS

CUSTOMERS	2003
To provide a proactive and personalized service knowing how to attend to each customer on the basis of his needs and potential	
Number of branches	6,924
• Spain	3,371
• America	3,353
• Rest of the world	200
% of staff in management and front-office positions	67
Number of countries where Group operates	35
New channels	
• Calls handled by telephone banking (millions)	106
• Customers using on-line services (thousands)	2,635
• Year-on-year growth in on-line transactions (%)	63
• Number of ATMs and other self-service devices	10,797
Number of publicly accessible web sites with Group content	19
Number of banks in correspondent network abroad	4,000
SOCIETY	
To promote participation in social programs	
Expenditure on sponsorship of environmental programs (€ thousand)	3,060
Number of of BBVA Group foundations	5
Amount earmarked for different types of community action (€ thousand)	31,406
Cumulative Number of participants in the Quetzal Route	8.000
To contribute to shaping stable financial systems in all the markets in which the Group operates	
Number of countries with economic study departments of the Group	9
Number of periodical publications issued by the economic study departments of the Group	45
Expenditure on publications, sponsorship and collaborations of the Group's economic study departments (€ thousand)	1,289
SHAREHOLDERS	
Shareholders (thousands)	1,159
To provide appropriate, full and accurate information	
Number of channels available to shareholders	10
Number of periodical annual communications issued to shareholders	7
Financial press releases (thousands)	106

SYSTEMS AND OPERATIONS

New structure of the area

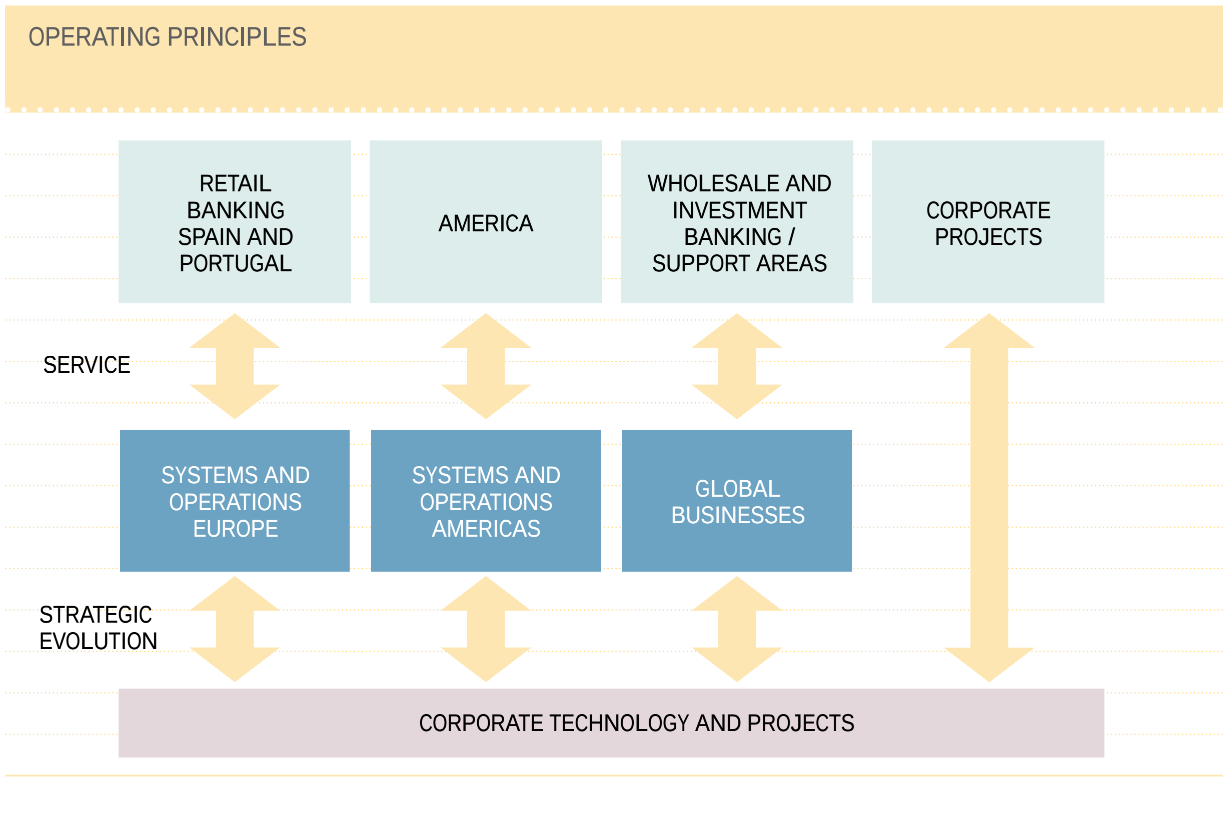
Systems and Operations is responsible for the Group's technological and operating areas, grouping together in one department the former Systems, Organization, Operations and Transform@ structures. The current structure of this area strengthens the business focus, through units that cater for the requirements of the business areas and integrate demand management, support service and quality, and technological and operating responsibilities in Europe and the Americas.

The Systems and Operations Europe unit performs network organization and support functions, ensuring centralized back-office operations, and is responsible for the design, development and operation of the systems that serve the business units in Spain and Portugal.

Systems and Operations America performs similar duties in the Americas business area, while the Global Businesses unit engages in the design, development and operation of the systems that serve the Wholesale and Investment Banking area and the support areas. The Technology and Corporate Projects unit manages the projects with a global scope and establishes the Group's architecture, security and technological model, acting as a technology supplier for the other units in the area, whose structure is completed by the Global Economic Control and Project Planning and Control staff units.

Business support lines

The principal mission of Systems and Operations is to provide the business and support areas with the IT and operating support systems required to meet customer



expectations. The developments in 2003 included most notably the following:

Internet banking
The BBVA Group has maintained its firm commitment to the use of new information technologies with the development of new solutions through the Internet and the Intranet, which bring it closer to both its external and internal customers. For the second consecutive year, BBVA was chosen by the Global Finance magazine as the best Internet banking service for residential customers in Spain and Europe. Also, its Internet banking system for private individuals, BBVA net, ended the year ranked first in the ranking by Aqmetrix (an independent company that analyzes quarterly Internet services in the Spanish financial services industry), and thereby obtained the quality seal number one awarded by this company.

In 2003 BBVA net included in the options offered by it the possibility of arranging new products, such as Libreta Flexible (flexible passbook account), the Integral BBVA debit card, clic-e life insurance policies and securities accounts and new services, such as Colabor@, foreign exchange services and virtual correspondence. Through the latter the customer can consult, print, save in his PC or request duplicate copies of the information that he habitually receives on paper, as well as obtain information on personal income tax and wealth tax.

BBVA net c@sh, the Internet banking service for companies and institutions, also has new services, such as the municipal tax payment gateway (which offers municipal and provincial councils an on-line payment interface for collecting taxes through the Internet integrated in their own websites), the purchase/sale of securities or direct debited payment remittances, and a service for making mass tax payments by tax agencies through the exchange of files; BBVA is the first bank to offer this service to its customers.

Emigra Plan
As a result of this plan, which is aimed at reducing the volume of transactions carried out at branches, in 2003 more than 20 million transactions that would otherwise have been carried out over the counter were switched to alternative channels: ATMs, Línea BBVA and BBVA net. Also, 2,000 barcode readers were installed at the cash points in order to expedite bill and tax payment transactions. These measures made it possible to reduce customer waiting times at branches.

SINFO project
This provides the management systems with a new infrastructure through the construction of a centralized database that permits the business areas to conduct market research and marketing campaigns using specialized tools. It is also used for the Personal Financial Services project.

Prevention of money laundering
In order to minimize the reputational risk to which the BBVA Group is exposed in its commercial relationships with individuals and/or legal entities, a global-level money laundering prevention project has been launched, encompassing both the implementation of risk prevention tools and the development of policies and procedures that enable the Group to continue to lead the way in this area. Although the legislation in the countries in which it operates differs, BBVA will be able to apply best practices in all these countries.

European Union payments
Only ten months after the related European Regulation was passed, BBVA, an active member of several European organizations, is applying the principle of equality of charges between cross-border transfers in euros and domestic transfers.

Technology infrastructure and process and efficiency improvements

The Systems and Operations area manages the centers and back-up policies, the systems and communications architectures, the operating and informational structure and the operating capacity. The infrastructure, process and efficiency improvement projects carried out in 2003 included most notably the following:

Implementation of new multichannel architectures
The new remote access channel architecture (NACAR) constitutes a major leap forward towards multichannel and multiplatform systems, since this architecture can be executed on different operating systems supporting all manner of applications (branches, Internet, etc.) and permitting co-existence with the current systems. This architecture has been implemented at more than 300 commercial network branches in Spain and will be extended to the Americas, where a new product developed at BBVA Bancomer is being implemented. This new product will permit the migration of the current platform of all the Group's banks in the Americas to a single multichannel architecture that will facilitate the future deployment of NACAR.

Project for the concentration of the equipment of the European network
This project, which was initiated in the last quarter of 2002 with the installation in Madrid of equipment in which the treasury areas of Madrid, Portugal and Milan were integrated, was completed in 2003 with the concentration of the Paris, London, Brussels and Ireland areas. In addition to the cost saving achieved, this project has improved process management, reduced new application implementation times and facilitated information back-up management.

Integration of Uno-e
In June the systems of Uno-e were integrated in the corporate architecture and platform, with the concomitant adaptation of procedures and circuits.

Integration of Privanza
As a result of the integration of BBVA Privanza into BBVA, SA, web environments were created for different types of customer and the portfolio management system was adapted to support the new BBVA Asset Management and Personal Banking units.

Central Treasury
This new unit manages the treasury of the whole branch network, with evident benefits in terms of costs and the service provided to branches and customers.

Concentration projects in the Americas (CCR and CDR)
Progress was made towards the consolidation of the Regional Corporate Center (CCR) as a unit providing technology services and solutions for Latin America. In 2003 the BBVA Banco Continental Perú Data Processing Center was integrated into this Center, which is based in Monterrey (Mexico), joining those of Puerto Rico and Chile, which had already been integrated. This project brings together BBVA's best ideas, skills, resources and initiatives in order to concentrate the information technology platforms and simultaneously create a model for serving customers that is differentiated by bank/country.

Also, as part of the Systems and Operations strategic plan for the Americas, the Regional Development Center (CDR) was set up. This is a new unit that will develop regional applications that can be implemented with a minimum degree of adaptation at the various banks.

Expense and Investment Administration, Control and Management System (ACOGE)
With this system, which makes it possible to computerize the full purchasing cycle, the management of the annual expense and investment budget was optimized and the day-to-day work systems and procedures of more than 16,000 branch network users and of most of the Group's central services were modernized.

BBVA Intranet
A new clearer and simpler structure was adopted, which gave rise to better response times in browsing, with one division and two spaces of interest: a personal space, focused on each area or unit; and a corporate space, with content and applications of general interest that are most frequently used, and a standard design, making it possible to use it as a common home page for all countries.

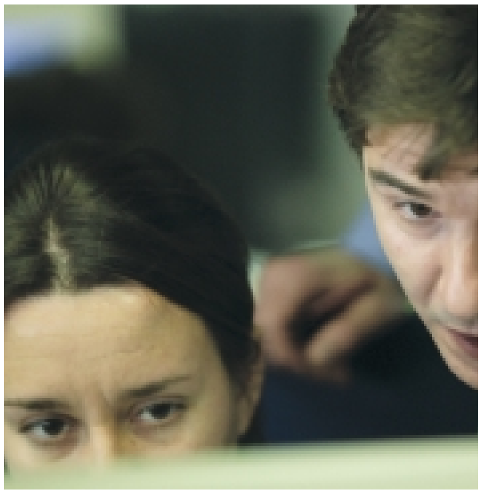
Quality

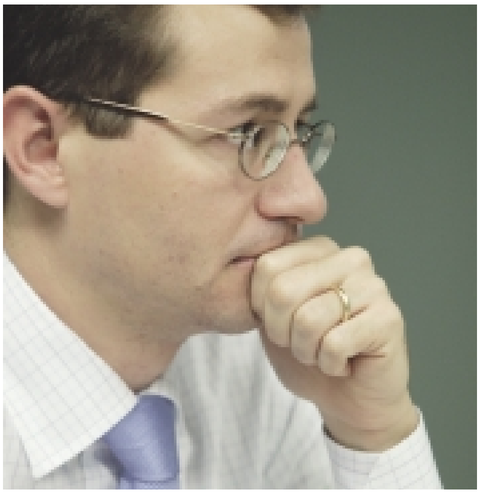
In 2003 the quality management system certification under the ISO 9001:2000 Standard, and the certification of the Operating Center and of the Data Processing Center (CPD) of Systems and Operations Europe were renewed, and no problems involving the system in place were detected. The strengths identified were the change towards a customer-oriented process approach and the integration of the quality management system in the Organization's day-to-day operations.

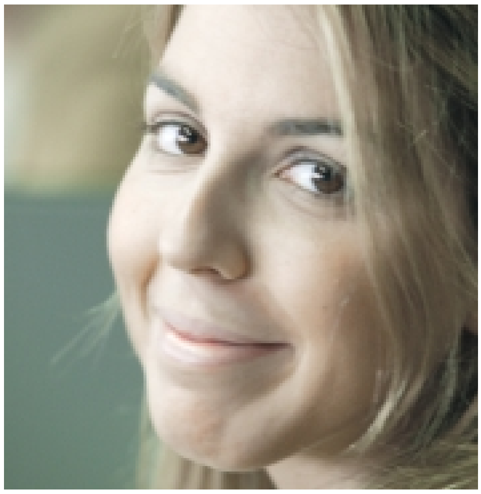
The renewal of these certifications confirms the current validity of the commitment to the continuous improvement of the organization, the processes and the service offered, in order to respond to the needs and expectations of internal and end customers and to increase customer satisfaction.

Business Continuity Plan

The BBVA Business Continuity Plan is a corporate plan that introduces in the management area the idea of planning a rapid response in the event of interruptions in business activities caused by improbable high-impact events (catastrophes of all kinds). It continues to be implemented in Spain and its deployment in the Americas has commenced, with the setting up of national committees responsible for preparing the various business continuity plans and for managing the possible crises that might arise.







System of Corporate Governance


BBVA

BANCO BILBAO VIZCAYA ARGENTARIA , S.A.
SYSTEM OF CORPORATE GOVERNANCE

BBVA's Board of Directors recognises the importance of a system of corporate governance for large institutions. This system should guide the structure and operation of its corporate bodies for the benefit of the Company and its shareholders.

The BBVA Board of Directors conceives corporate governance as a dynamic process that must be periodically analysed in the light of how the Company has evolved, the results obtained in developing the company's own standards of corporate governance, and the recommendations made in Spain and worldwide regarding best practices in the market, whose benchmarks must be suitable to the corporate reality.

Thus, to adapt its corporate governance to the new requirements passed recently in Spain, the BBVA Board of Directors has approved some regulations for the Board that reflect and develop the principles and elements that have shaped BBVA's system of corporate governance. These comprise standards for the internal regime and operation of the Board and its Committees, and the Directors' Charter, which establishes the rights and duties of Directors in carrying out their brief. Shareholders and investors may find these regulations on the company web site.

The Board of Directors has resolved to put a set of proposals to the General Shareholders Meeting on issues such as how the Board operates and what rights Shareholders enjoy regarding GSMs.

The Board of Directors has approved a Report on Corporate Governance, the text of which can be find on the company web site. Shareholders and investors can also find it within the documents attached to this Annual Public Report. Following the guidelines established by recent regulations on transparency of public companies, it describes the BBVA system of corporate governance. Its most salient points are summarised below:

Independent Directors

One of the characteristic elements of the Bank's Corporate Governance System is the significant majority of independent directors on its governing bodies, especially on the Board of Directors. The maximum number of seats on the Board will be sixteen, should this year's GSM ratify the Board's proposal.

It establishes stringent requirements regarding the qualifications of Independent Directors, benchmarked against several reports and recommendations. This commitment is reflected in the Directors' Charter and is now part of the new Regulations for the Board. Persons who may have a significant relationship with the group that could compromise their independence shall not be eligible.

The Board of Directors shall be composed such that at least two thirds of its members are independent Directors. Independent Directors shall always be a majority on the Executive Committee, such that all resolutions by the Bank's governing bodies shall have the support of a significant number of independent Directors.

Both the Audit and Compliance Committee and the Appointments and Remuneration Committee are composed exclusively of independent Directors, complying with the requirements of the Board Regulations.

Audit and Compliance Committee

Another essential element in the BBVA Corporate Governance System is the Board's Audit and Compliance Committee. This has powers and means to pursue the tasks delegated to it by the Board regarding supervision of the financial statements and the function of oversight for the BBVA Group.

The members of this Committee (independent Directors, as explained above) have the skills and experience required to carry out their job. Their Chairman shall also have qualifications in financial management and accounting procedures required by industry regulators.

The Committee has other duties as well. It shall enforce legal compliance, especially with respect to Group ethics. It shall ensure that internal codes of ethics and general behaviour and conduct on the securities market comply with prevailing standards and are suitable to the Bank. It shall especially oversee the Directors' compliance with the rules of corporate governance.

Following general principles of corporate governance, the Committee shall select the external Auditor for the Bank and its consolidated Group, and be involved in the process of hiring the Auditor and determining its fees. It shall be involved in this process for its subsidiaries in Spain and in any other countries where they operate. It has the duty of ensuring the independence of the external audit.

To ensure it carries out its functions in compliance of the Bylaws, the Committee has its own specific set of Regulations. These establish details of the powers conferred under the Board Regulations, specifying the rules for its constitution and operation. Shareholders and investors can find the text of these Regulations on the Bank's web site.

The Executive Chairman

The codes and recommendations on corporate governance posit different administrative models. BBVA follows the model of an Executive Chairmanship. The Chairman of the Board of Directors is thus the Bank's Chief Executive Officer (CEO). There is also a President and Chief Operating Officer (COO).

Accordingly, the Standards of Corporate Governance specify that the Chairman of the Board shall be the Chairman of the Company, with the attributes established in the Bylaws and the Board Regulations, plus such powers as the Board may authorise to him/her in order to steer the Company as efficiently as possible.

The Directors' Charter sets an age limit of 65 for executive Chairmanship. This limit is different from the age limit for Directorships.

Appointment of Directors

The Board's Appointments and Remuneration Committee, comprising only independent Directors, assesses the qualifications of persons who may be appointed to a Bank directorship.

This Committee reports to the Board of Directors on its assessment, focussing on the personal and professional qualities of the candidate and the needs of the Company's governing bodies at any time.

To conserve the power of the Committee, the Bank's Board of Directors has resolved to propose that this year's GSM approve amendments to the Bylaws to lift limitations that the Bylaws currently impose on the appointment of directors. These limitations are, for example, a minimum time period during which Directors must have held shares in the Bank, and requirements on seniority in order to occupy certain posts on the Board, such as Deputy Chairman or member of the Executive Committee.

Age limit for Directors

The BBVA's Corporate Governance System imposes an age limit of 70 years for persons acting as Bank Directors.

It establishes that Directors must present their resignation on reaching this age, at the first meeting of the Bank's Board of Directors after the GSM in which the current year's Accounts are approved.

Duties of Directors

Board members must be loyal and must comply with their duties as defined by legislation and by the Bylaws in a manner that is faithful to the interests of the Company.

They shall participate in deliberations, discussions and debates on business put to their consideration, and dispose of sufficient information to be able to form criteria regarding the questions that the Bank's governing bodies are empowered to deal with. They must receive this information with sufficient time in each case, and may request additional information or further clarification after the Board has sat, when they deem this advisable. Participation of Directors in the Board meetings and deliberations is encouraged.

Directors may suggest the Board bring in experts from outside the Bank regarding business submitted to their consideration, whose special complexity or importance they deem require outside help. They may also suggest any further training required to be able to properly pursue their duties.

In particular, independent Directors shall meet without the executive Directors as often as they deem fit, usually before meetings of the Bank's governing bodies.

Remuneration of Board members

BBVA takes special care with this aspect, through its procedures to determine the remuneration of each Bank Director. The remuneration paid in any year to each individual member of the Board shall be published in an itemised list together with the annual information provided to the Company's shareholders.

The Board Appointments and Remuneration Committee also plays an essential role in this, since according to the Bylaws, its members must determine the scope and amount of the remuneration, rights and economic compensation for executive Directors in order to include these aspects in a written contract. The Committee proposes, within the framework established under the Bylaws, the system of remuneration for the Board of Directors as a whole, and its different items, focus and settlement.

The remuneration of the executive Directors has been contractually established in this way, and the Committee has proposed the pay system for the other members of the Board of Directors. The Board has ratified its proposal, which is based on establishing the pay for non-executive members according to principles of responsibility, time availability and incompatibilities, as established under the Directors' Charter that forms part of the Board Regulations.

Conflict of Interest

The rules comprising the BBVA Directors' Charter detail different situations in which conflicts of interest could arise between Directors, their family members and the organisations with which they are linked, and the BBVA Group. They establish procedures for such cases, in order to avoid conduct contrary to the Company's best interests.

These rules are guidelines to ensure Directors' conduct reflect stringent ethical codes, in keeping with applicable standards and according to core values of the BBVA Group.

Incompatibility

Directors are also subject to a strict regime of incompatibilities in sitting on governing bodies of Group companies or associated undertakings. Thus, except for executive Directors, through express authorisation, Board members may not take up directorships in subsidiaries or associated undertakings, when the directorship arises from the Group's shareholding in such company.

When someone has ceased to be director of the Bank, he/she may not provide services to another financial institution in competition with the Bank or its subsidiaries for two years, except with express authorisation from the Board, which it may refuse to give on the grounds of the company's best interests.

Directors' Resignation

Under certain circumstances, Board members must place their directorship at the disposal of the Board of Directors and accept the Board's decision on whether or not they are to continue in their post. Should the Board decide against their continuity, they are obliged to present their formal resignation. Such circumstances would arise in the following cases:

- When barred (on grounds of incompatibility or other) under prevailing legal regulations, under the Bylaws or under the Directors' Charter.
- When there is a significant change in their professional status or in the condition that led to their appointment.
- In the event of a serious breach of their obligations related to the performance of their duties as directors.
- When, through action in their capacity as directors, serious harm has been caused to corporate assets or when their commercial and professional reputation, as required for the office of director of the Bank, has been damaged.

Analysis, quantification and approval of risks

The Board of Directors holds final responsibility for supervising risk management in the Group, periodically reviewing and ratifying the strategy behind the Bank's risk policy.

In order to do this, the Board has an Executive Committee, to which it delegates approval of the Group's risk strategy and policies, and the Board's Risks Committee, which periodically analyses and monitors risk management within the scope of the Bank's governing bodies' powers.

Relations with shareholders and markets

The Regulations establish suitable measures to ensure that the Company discloses all information that may be relevant for investors, according to the principle of transparency that is to govern the Company's activities on financial markets. This information must be correct and true.

Directors shall try to ensure that all shareholders have access to information that is substantially the same and within the same amount of time.

Revising the BBVA Corporate Governance System

Finally, the Bank's Corporate Governance System is conceived as a dynamic process, which must be analysed in view of the Company's development; the results achieved; any standards that may be established and recommendations benchmarked against best practices in markets that are applicable to the Bank's circumstances at any time. This is entrusted to the Board's Executive Committee, comprising a majority of independent Directors.

THE BOARD OF DIRECTORS

The Board shall comprise the number of directors established in the Company's Bylaws and in any resolution adopted by the General Shareholders Meeting (GSM). However, this number shall not be greater than 16.

At present, the Bylaws establishes a maximum of 18 and a minimum of 9 Directors, but the Board of Directors has resolved to propose to the GSM that the maximum be brought down to 16.

Directors can be executive or non-executive Directors. Executive Directors have been delegated general powers to represent the Company in a permanent manner. All other Board members shall be considered external.

At any time at least two-thirds of the Board shall consist of independent directors. These are external directors who are not any of the following:

- A shareholder of the Company or a director appointed by virtue of a special connection with a shareholder, when the holding in either case is greater than 3% of shares in capital stock with voting rights.
- Organisations that are directors of the Bank or individuals who such organisations have designated as their representatives.
- A person who has been an executive director, or member of the Group's senior management, or a member of the auditor firm that is or has been the Company's auditors, within the last three years.
- Any party with a significant relationship to the Company, either directly or as a partner, shareholder, manager or employee of a party that has such a relationship with the Group, where this could influence that person's independence.
- When there is a family relationship with any of the individuals mentioned above or any other circumstance which, in the judgement of the Board of Directors might compromise that person's independence.

Independent directors must comprise a majority of the Bank's Executive Committee and are the only directors entitled to sit on the Audit and Compliance Committee and the Appointments and Remuneration Committee.

An institutional director is an external director designated by virtue of her or his relationship with a party with a significant holding in the Company. A party with a significant holding shall mean a party with direct or indirect control of at least 5% of the share capital or of the voting rights of the Bank or, even when less than 5%, one whose shareholding can exert notable influence on the Company. To such effects, BBVA does not have institutional Directors.

The above criteria – used to determine whether a person is a institutional director – shall also apply in the event of agreements or pacts between shareholders that oblige those concerned, by means of concerted action entailing voting rights, to adopt a common policy in regard to management of the Company or whose goal is to influence it in a relevant manner.

On 31 December 2003, the BBVA Board of Directors comprised 15 Directors actively pursuing their duties, of whom 3 are executive Directors. The table below shows the identity of the members of the Board of Directors, the date on which they were appointed, and the type of directorship they hold, in accordance with the Regulations on the Board of Directors.

FULL NAME [1]	Post on Board of Directors	Type of Directorship	Date of appointment
González Rodríguez, Francisco	Chairman and CEO	Executive	28.01.2000
Goirigolzarri Tellaeche, José Ignacio	President and COO	Executive	18.12.2001
Álvarez Mezquíriz, Juan Carlos	Director	Independent	28.01.2000
Breeden, Richard C.	Director	Independent	29.10.2002
Bustamante y de la Mora, Ramón	Director	Independent	28.01.2000
Ferrero Jordi, Ignacio	Director	Independent	28.01.2000
Knörr Borrás, Román	Director	Independent	28.05.2002
Lacasa Suárez, Ricardo	Director	Independent	28.05.2002
Maldonado Ramos, José	Director & Secretary	Executive	28.01.2000
Marañón y Bertrán de Lis, Gregorio [2]	Director	Independent	28.01.2000
Medina Fernández, Enrique	Director	Independent	28.01.2000
Rodríguez Vidarte, Susana	Director	Independent	28.05.2002
San Martín Espinós, José María	Director	Independent	28.01.2000
Tomás Sabaté, Jaume	Director	Independent	28.01.2000
Vilá Boix, Ángel (representative of Telefónica de España, S.A.)	Director	External	17.04.2000

(1) In 2003 Mr. Jesús María Caínzos Fernández presented his resignation from the directorship and deputy-chairmanship of the Board of Directors.
(2) Mr. Gregorio Marañón y Bertrán de Lis presented his resignation from the Board of Directors on 30th January 2004.

Article 48 of the Bylaws establishes that the Board of Directors may set up the committees it deems necessary to help it on questions appropriate to its scope of competence.

The Board of Directors has constituted the committees listed below, appointing the following members to each of them:

	BOARD COMMITTEES			
FULL NAME	Executive Committee	Audit and Compliance	Appointments and Remuneration	Risks
González Rodríguez, Francisco	X			
Goirigolzarri Tellaeche, José Ignacio	X			
Álvarez Mezquíriz, Juan Carlos		X	X	
Breeden, Richard C.				
Bustamante y de la Mora, Ramón		X		X
Ferrero Jordi, Ignacio		X	X	
Knörr Borrás, Román	X			
Lacasa Suárez, Ricardo		X		X
Maldonado Ramos, José				
Marañón y Bertrán de Lis, Gregorio [1]			X	X
Medina Fernández, Enrique	X			X
Rodríguez Vidarte, Susana		X		
San Martín Espinós, José María	X		X	
Tomás Sabaté, Jaume	X		X	
Vilá Boix, Ángel (representative of Telefónica de España, S.A.)				

(1) Mr. Gregorio Marañón y Bertrán de Lis presented his resignation from the Board of Directors and the Risks Committee and the Appointments and Remuneration Committee on 30th January 2004.

EXECUTIVE COMMITTEE

In accordance with the Company's Bylaws, the Board of Directors, following a favourable vote of two-thirds of its members and the corresponding entry in the Mercantile Registry, can appoint an Executive Committee consisting of directors of the company of which half plus one must be independent directors.

The Board of Directors has constituted an Executive Committee, to which it has delegated all its powers of administration, except those that the Law and/or the Bylaws state that the Board cannot delegate due to their essential nature.

On 31 December 2003, this Committee was made up of six members, of whom two are executive directors and four independent directors. Its composition is as follows:

CHAIRMAN:
Mr. Francisco González Rodríguez
PRESIDENT AND COO:
Mr. José Ignacio Goirigolzarri Tellaeche
DIRECTORS:
Mr. Román Knörr Borrás
Mr. Enrique Medina Fernández
Mr. José María San Martín Espinós
Mr. Jaume Tomás Sabaté

The Executive Committee shall deal with those matters which the Board of Directors, in accordance with current legislation or with the Company's Bylaws, has delegated.

In accordance with the Company Bylaws, it is authorised to: formulate and propose policy guidelines, the criteria to be followed in the preparation of programmes and to fix goals, to examine the proposals put to it in this regard, comparing and evaluating the actions and results of any direct or indirect activity carried out by the entity; to determine the volume of investment in each individual activity; to approve or reject operations, determining methods and conditions; to arrange inspections and internal or external audits of all areas of operation of the entity; and in general to exercise the faculties delegated to it by the Board of Directors.

Specifically, the Executive Committee is entrusted with evaluation of the Bank's system of corporate governance. This shall be analysed in the context of the Company's development and of the results obtained during such development and taking into account any rules that have been established or recommendations made regarding best market practice, adapted to its corporate circumstances.

The Executive Committee shall be chaired by the Chairman of the Board of Directors, or in her or his absence, by the deputy chairman or deputy chairmen of the Board who form a part of this committee, in the order established by the committee or otherwise, by a member chosen by those participating in the meeting.

With regard to quorums, the system of adopting resolutions and other details, the provisions made for the Board of Directors shall apply.

The Executive Committee shall hold ordinary meetings twice a month and shall establish an annual schedule of these meetings.

However, it shall meet as often as considered necessary by its Chairman or by the person who exercises her or his functions, or at the request of a majority of its members.

During 2003, the Executive Committee has met 28 times.

AUDIT AND COMPLIANCE COMMITTEE

The BBVA Audit and Compliance Committee shall be formed exclusively by independent Directors who are not members of the Bank's executive Committee. Their task shall be assisting the Board of Directors in overseeing accounts and exercising control of the BBVA Group.

It shall have a minimum of four Directors appointed by the Board, all of them independent Directors. One of these shall act as chairman, also appointed by the Board.

On 31st December 2003, the BBVA Audit and Compliance Committee comprised the following members:

CHAIRMAN:
Mr. Ricardo Lacasa Suárez
MEMBERS:
Mr. Juan Carlos Álvarez Mezquíriz
Mr. Ramón Bustamante y de la Mora
Mr. Ignacio Ferrero Jordi
Ms. Susana Rodríguez Vidarte

The scope of its functions is as follows:

- To supervise the extent, adequacy and effectiveness of the internal control systems and to ensure the accuracy, reliability, scope and clarity of the financial statements of the Company and its consolidated Group in the annual and quarterly reports. This also applies to the accounting and financial information required by the Bank of Spain or other regulatory bodies including those of countries where the group carries out its activities.
- To monitor compliance with applicable domestic or international standards regarding money laundering, conduct in the securities markets, data protection and the scope of the Group's activities related to competition. It shall also ensure timely and suitable compliance with requests for information or action by official organisations with authority in these matters.
- To ensure that the internal codes of ethics and conduct and securities market operations, as they apply to Group personnel, comply with legislation and are adequate for the Bank's purposes.
- To carefully monitor compliance with the provisions of the BBVA Directors' Charter and ensure Directors comply with the applicable standards of conduct in the securities markets.

To ensure the accuracy, reliability, scope and clarity of the financial statements, the Committee shall constantly monitor the process by which they are drawn up, holding frequent meetings with the Bank executive responsible for them and the external auditor.

The Committee shall also monitor the independence of external auditors. This entails the following two duties:

- Avoiding any situation whereby the auditors' recommendations, opinions or warnings could be compromised;
- Establishing the incompatibility between providing audit and consultancy services. The only exception would be if there were no other alternatives on the market of the same value in content, quality or efficiency other than those that the audit firm or its associated undertakings could offer. In such event, the Committee's approval would be required. This can be delegated in advance to its Chairman.

The Committee shall also select the external Auditor for the Bank and its Group, and for all Group companies. With suitable periodicity, it shall verify that the audit schedule is being carried out in accordance with the service level agreement and satisfies the requirements of competent authorities and the Bank's governing bodies.

During 2003, the external auditor has appeared at Audit and Compliance Committee meeting on 8 occasions. It has also held habitual meetings with the Chairman of the Committee over the year.

The Audit and Compliance Committee shall meet as often as necessary to comply with its functions although an annual meeting schedule shall be drawn up in accordance with its duties. During 2003 the Audit and Compliance Committee met thirteen times.

The officers responsible for Comptrol, Internal Audit and Standards Compliance can be invited to attend Committee meetings, who may request other staff from their areas who have particular knowledge or responsibility in the matters contained in the agenda, be invited when their presence at the meeting is deemed advisable. However, only the Committee members and the Secretary shall be present when the results and conclusions of the meeting are evaluated.

The Committee may hire external consultants for relevant matters when it considers that, for reasons of specialisation or independence, these services cannot be provided by Group experts or technical staff.

The Committee may also request personal help and reports from any member of the management team when these are deemed necessary to comply with its functions in relevant matters.

The Committee has its own specific Regulations, approved by the Board of Directors. These are available on the Bank's web site and, amongst other things, regulate its procedures and conduct.

APPOINTMENTS AND REMUNERATION COMMITTEE

The Appointments and Remuneration Committee of the BBVA Board of Directors is entrusted with helping the Board on issues that the Board may put to it regarding the appointment of Bank directors under the terms of the BBVA Principles of Corporate Governance. It shall also deal with aspects of pay that these Principles may commend to it, in particular, that of the members of the Board of Directors.

The Appointments and Remuneration Committee shall have a majority of independent directors, with a minimum of three members, appointed by the Board of Directors, which shall also appoint its chairman.

On 31st December 2003, the composition of the Appointments and Remuneration Committee was as follows:

CHAIRMAN:
Mr. Ignacio Ferrero Jordi
MEMBERS:
Mr. Juan Carlos Álvarez Mezquíriz
Mr. Gregorio Marañón y Bertrán de Lis
Mr. José María San Martín Espinós
Mr. Jaume Tomás Sabaté.

The Chairman of the Appointments and Remuneration Committee shall convene it as often as necessary to comply with its functions although an annual meeting schedule shall be drawn up in accordance with its duties. During 2003 the Appointments and Remuneration Committee met 13 times.

In accordance with the BBVA Board of Directors Regulations, the Committee may ask people from within the Group organisation who have duties related to its functions to attend its meetings. It may also receive such advisory services as may be required to form criteria on issues falling within its scope. This shall be arranged through the Secretary of the Board.

The system of convening meetings, quorums, the approval of resolutions and other details of its system of operation shall be governed by the regulations for the Board of Directors insofar as they are applicable.

RISKS COMMITTEE

The Risks Committee has been set up to periodically analyse and monitor risk management within the scope of the Bank governing bodies. It comprises a majority of non-executive Directors, designated by the Board of Directors, which will also appoint its Chairman.

On 31st December 2003, the composition of the Risks Committee was as follows:

Acting CHAIRMAN:
Mr. Ricardo Lacasa Suárez
MEMBERS:
Mr. Ramón Bustamante y de la Mora
Mr. Gregorio Marañón y Bertrán de Lis
Mr. Enrique Medina Fernández

The Committee is governed by specific Regulations approved by the Board of Directors. These establish that the Risks Committee shall meet as often as necessary to comply with its mission. It shall be convened by its Chairman or substitute according to the Regulations. It shall establish a meeting schedule in accordance with its duties. During 2003, the Risks Committee has met 106 times.

The system of convening meetings, quorums, the approval of resolutions and other details of its system of operation shall be governed by the Regulations for the Board of Directors insofar as they are applicable.

COMPLIANCE SYSTEM

General aspects

Together with the Corporate Governance System, the various components of the Group's Compliance System form the basis on which BBVA guarantees its institutional commitment to engage in all of its activities and businesses according to strict standards of ethical conduct. A description of these components and the characteristics of the most relevant rules and procedures on which the Compliance System is based are set forth in detail in the Report on Corporate Social Responsibility, which is published with this Annual Report.

Rules of conduct

In December 2003, the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A. approved the BBVA Group's Code of Conduct. The Code defines and develops the fundamental aspects of ethical conduct that are to apply to the Group's businesses and activities, as well as the most relevant guidelines for conduct which, in practice, give substance to those fundamental aspects.

Also, in February 2003, the BBVA Group's Code of Conduct in the Securities Markets was adapted to the provisions of the Financial System Reform Law.

Furthermore, consistent with the Group's policy to adapt to international best practices, BBVA included several provisions from Regulation AC of the U.S. Securities and Exchange Commission (SEC) in its financial research on listed securities, in addition to the provisions already included in 2002 with respect to Rule 2711 of the U.S. National Association of Securities Dealers. The aim of adopting these provisions, included in internal research-related procedures, is to ensure objectivity in the contents of the reports on the listed securities on which an opinion is expressed.

Prevention of money laundering and of the financing of terrorist activities

As a financial group serving millions of people and operating in numerous social settings, to whose social well-being it has a firm commitment, BBVA cooperates actively with governmental agencies, international organizations and other institutions in combating drug trafficking, terrorist activities and other forms of organized crime.

In light of recent recommendations by the Financial Action Task Force on Money Laundering (FATF), BBVA has added to its rules and procedures aimed at preventing money laundering and the financing of terrorist activities a specific policy that regulates international correspondent services. The internal procedures and controls needed to ensure compliance in this area have been developed in conjunction with that policy. All foreign entities requiring correspondent services are subjected to a process of analysis, the characteristics and scope of which depend on the risk ascribed to each bank according to evaluation criteria designed specifically in this respect.

In 2003, the Group continued with its strategy to reinforce the prevention of money laundering and the financing of terrorist activities by installing computerized systems specializing in the processing of lists prepared by the European Union and other international bodies and including individuals associated with terrorist activities, drug trafficking and other forms of organized crime, and by increasing the human resources earmarked for the central Monitoring and Investigation units.

Privacy

In addition to internal procedures and controls aimed at protecting personal data from misuse, self-evaluation processes (albeit not replacing the reviews performed in this connection by the Internal Audit unit) were implemented in 2003 in all the areas that process personal data of any kind (customers, employees, shareholders, etc.) with a view to evaluating constantly the effectiveness of internal personal data protection procedures and controls.

STEERING COMMITTEE

Chairman and CEO	
Mr. Francisco González Rodríguez	
President and COO	
Mr. José Ignacio Goirigolzarri Tellaeche	
Other members of the Steering Committee	
Mr. José María Abril Pérez	Wholesale and Investment Banking
Mr. Eduardo Arbizu Lostao	Legal Department
Mr. Ángel Cano Fernández	Human Resources and Services
Mr. Manuel González Cid	Financial Management
Mr. Julio López Gómez	Retail Banking Spain and Portugal
Mr. José Maldonado Ramos	Secretary General's Office
Mr. Manuel Méndez del Río	Risk
Mr. Vitalino Nafría Aznar	America
Mr. Ignacio Sánchez-Asiaín Sanz	Systems and Opeations
Mr. José Sevilla Álvarez	Chairman's Office

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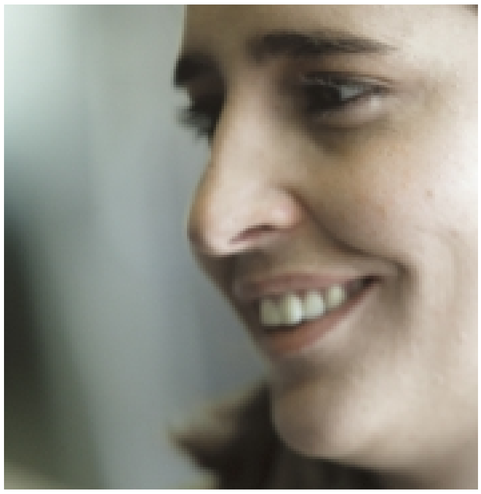
BBVA



Corporate Social Responsibility

RELATIONS WITH THE ENVIROMENT //
ACTIVITIES OF SOCIAL INTEREST


Instituciones

BBVA fully assumes the many responsibilities that fall to a corporate group like itself. These responsibilities are to all its stakeholders, i.e., all parties with an active interest in its operations or directly affected by them: shareholders, customers, suppliers, employees, public authorities, and the general public in societies where the Group operates. We recognize that their quality of life and development potential can be significantly influenced by a financial institution as big as BBVA.

Thus, the concept of corporate social responsibility, as BBVA understands it, reflects its firm commitment to serve these different stakeholders in the best and most equitable way. It encompasses the set of positive voluntary contributions (over and above what is required by law) that an enterprise makes to the groups it comes into contact with, according to the strictest criteria of integrity, ethics, transparency, and quality. For BBVA, the importance of these aspects lies not in any subjective motivations or their cosmetic effects. Rather, it sees them as a way of achieving stable, sound and mutually beneficial relations with all these groups as the central line of its strategy: as a value creation and trust driver and a tool of competitiveness towards profitability, sustainability and a medium- to long-term vision.

The BBVA has mainstreamed its social responsibility into a coherent, systematic and pro-active approach. It has undertaken to provide an equitable, properly thought-out response to the different expectations of its different stakeholders, reconciling sustained value generation for its shareholders with the greatest good possible for society and all the other stakeholders. This commitment does not hone in on the bottom line to the exclusion of anything else. Rather, it embraces ideas regarding how to maintain profitability over time; how its profits are made, and how they are distributed. It takes all the dimensions: economic, corporate, human, social and environmental of business activity into account.

From this perspective, BBVA's corporate social responsibility arises from an integral concept of its business. Flowing from its corporate culture, it is incorporated into its **vision** (*"We are working towards a better future for people"*). It is present in its essential **commitments** to its stakeholders and constitutes one of its seven **Corporate Principles** (*"Social responsibility as a commitment to development"*).

BBVA conceives its social responsibility as a corporation-wide issue, affecting all the countries and all the sectors in which it operates. It takes a comprehensive but decentralized approach to its application. Social responsibility is a keystone to all Group relations, manifested in everything it does and integrated into the daily practice of all its units.

BBVA's commitment has been ratified through its active support of the **United Nations Global Compact** and the **United Nations Environment Program Finance Initiatives**. BBVA strives to report with maximum transparency, endeavoring to match its standards of public communication to the guidelines established by the **Global Reporting Initiative (GRI)**. The earnestness of its intentions has merited it a place on the two most important international social responsibility indices (Dow Jones Sustainability World Index and the FTSE4Good).

Accordingly, all the areas within the Group have undertaken to develop criteria of social responsibility in their operations. The ***BBVA 2003 Corporate Social Responsibility Report*** gives a more exhaustive description of everything done in SCR during 2003, published and distributed together with this *Annual Report*. However, a short description of the basic contributions made in the area of the environment and social non-profit activities is given below.

RELATIONS WITH THE ENVIRONMENT

Deteriorating environmental quality is a problem no socially responsible enterprise can afford to ignore. In this belief, BBVA firmly acknowledges that economic activity must be made compatible with the conservation of nature and the defense of sustainable development.

During 2003, it took various initiatives to make environmental factors an integral part of its strategy, management and activity. The most significant was the approval, in June 2003, of an integral Environmental Policy, which formalizes the Group's commitment to mainstream environmental issues in all its business lines and in all the countries where it operates. It was accompanied by the announcement of a forthcoming Management System to implement this policy, with approaches that BBVA is already applying in practice to all facets of its activity:

- Optimizing the consumption of natural resources, minimizing pollutant emissions and encouraging maximum recycling of resources and responsible waste management.
- Adapting its buildings to meet legal requirements and carrying out quality audits in buildings used by the public. It has been awarded five ISO 14001 environmental quality certifications.
- Developing specific methodologies to factor environmental aspects into its risk analysis.
- Developing environment-friendly products and lines of business, both in terms of what it offers to individual customers (e.g. indexing its star fund Extra 5 II Garantizado FIM, to companies listed on the FTSE4Good index and the marketing of funds with social and environmental criteria) and in funding and advisory services for projects for improving and conserving the environment in all segments.
- Introducing environmentally-conscious criteria in its supply-chain management.
- Establishing an ongoing in-house program of awareness-raising and training on environmental issues.
- Carrying out important sponsorship activities related to the environment. Of these, the best known are carried out by the BBVA and Bancomer foundations.

ACTIVITIES OF SOCIAL INTEREST

Working hand in hand with the societies in which it operates is one of the mainstays of BBVA's vision of its social responsibility. This cooperation is materialized in its core activity and in the importance it gives to its policy of sponsorship and patronage, pursued by the Group companies and its five foundations:

- Fundación BBVA (Spain).
- Fundación BBVA Bancomer (Mexico).
- Fundación BBVA Provincial (Venezuela).
- Fundación BBVA Banco Francés (Argentina).
- Fundación BBVA Banco Continental (Peru).

In this terrain, the most relevant milestone in 2003 was the Board approval (on December 22) of the **Plan of Action in Society**. This plan lays down a corporate line of social action, clearly branded with the BBVA style and in keeping with the Group's general strategy and culture. It aspires to contribute added value both to the Group and to society. It focuses on a very specific target group: the family. That is why it is called the ***"Plan Familias" ("the Families Plan")***. The Plan will work in three different dimensions:

- *Family Finance Program*.
- *Family Sponsorship Program*.
- *Employee Program*.

The main activities carried out in 2003 were in the following areas:

Social Work

The Group has provided direct aid to especially needy persons and groups as well as humanitarian organizations, in all the countries in which it operates.

Health

In this field, the Group has worked together with charities dealing with the treatment and prevention of certain illnesses. However, its work in fostering scientific research and debate in the Fundación BBVA has been given top priority, channeled through the Bio-medicine, Health and the Healthcare System Areas.

Training

The BBVA Groups grants subsidies to many institutions (including universities) and has established various permanent teaching programs that have been widely recognized in Spain and abroad. The most important are:

- *Ruta Quetzal BBVA* (Communication and Image).
- *Francisco Giner de los Ríos Awards for Improvement in Educational Quality* (Fundación BBVA).
- *The Papagayo Project* (Fundación BBVA Provincial).
- *BBVA Bancomer in Education, Integral Skilling Centers and Educational Anti-Addiction Program* (Fundación BBVA Bancomer).
- Educational Programs of the Fundación BBVA Banco Francés.

Culture

The BBVA Group's activities in this sector are mainly channeled through the following programs:

- Cultural Program of the BBVA Cultural Activities Department:
  Fine Arts, Heritage Conservation and Music.
- Cultural Program of the Fundación BBVA Bancomer.
- Cultural Program of the Fundación BBVA Provincial.
- Cultural Program of the Fundación BBVA Banco Continental: focused in 2003 on contributing to the creation of the Pre-Colombus Art Museum in Cuzco.
- Art and Society Program of the Fundación BBVA Banco Francés.

Economics and Social Sciences

The BBVA Group is carrying out intensive work in this area. Its mission is to generate, foster and disseminate knowledge, paying special attention to the field of Economics. It has been working along three main lines:

- Activities of social interest carried out in the Group's Research Departments.
- Activities carried out by the Fundación BBVA, which has a Social Sciences Area specifically dealing with social science and economic issues.
- Cooperation with different Group units, giving financial aid to various institutions. Many units participate voluntarily in training and information activities related to socio-economic issues. Apart from this, the BBVA History Archives have done important analytical work in economic history and publishing the results.

Promotion of social responsibility and the reputation of the Group

The activity of the BBVA Group in this field has centered on the organization and support of public events concerning these issues, and non-profit cooperation in several external institutions, activities and publications, both in Spain and Latin America.

2003 BBVA GROUP INVESTMENT IN ACTIVITIES OF SOCIAL INTEREST*

(THOUSANDS OF EUROS)

	2003	2002
BBVA (Spain)	10,413.1	6,303.4
BBVA Group in Latin America	3,821.5	2,642.2
Fundación BBVA	16,387.0	15,134.0
Fundación BBVA Bancomer	3,348.1	3,132.0
Fundación BBVA Provincial	291.3	269.7
Fundación BBVA Banco Francés	159.3	112.1
Fundación BBVA B. Continental	46.3	60.6
TOTAL	34,466.6	27,654.0

	2003	2002
Economics and Social Sciences	9,681.4	
Training	6,919.9	
Health	2,276.9	14,567.2
Promotion of the enterprise's responsability and repute	247.2	
Social Work	1,484.2	1,810.7
Enviroment	3,060.0	643.1
Culture	7,113.9	5,428.7
Other fields and structural costs of foundations	3,683.1	5,204.3
TOTAL	34,466.6	27,654.0

(*) Does not include the following:
- Cost of staff time (except in the foundations, in the Research Department and the Historical Archives).
- Value of office space allocated to social activities (except in Fundación BBVA Bancomer).
- Benefits for employees and their families.
- Value of grants and intern work experience in the Group.

The euro exchange rates for Latin-American countries are average Jan-Dec 2003 rates.
The difference in figures against 2002 is due not only to higher investment in social activities, but also to the inclusion of aspects not covered in 2002.

Legal documentation

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Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain. In the event of discrepancy, the Spanish-language version prevails.

Auditors' report on consolidated financial statements

To the Shareholders of
Banco Bilbao Vizcaya Argentaria, S.A.:

1. We have audited the consolidated financial statements of BANCO BILBAO VIZCAYA ARGENTARIA, S.A. and COMPANIES composing the BANCO BILBAO VIZCAYA ARGENTARIA Group ("the Group" – Note 4), which consist of the consolidated balance sheet as of December 31, 2003, and the related consolidated statement of income and notes to consolidated financial statements for the year then ended. The preparation of these consolidated financial statements is the responsibility of the directors of the Bank as the Parent Company. Our responsibility is to express an opinion on the consolidated financial statements taken as a whole based on our audit work performed in accordance with generally accepted auditing standards, which require examination, by means of selective tests, of the documentation supporting the consolidated financial statements and evaluation of their presentation, of the accounting principles applied and of the estimates made.

2. As required by Spanish corporate law, for comparison purposes the Bank's directors present, in addition to the 2003 figures for each item in the consolidated balance sheet and consolidated statements of income and of changes in financial position, the figures for 2002 and 2001. Our opinion refers only to the 2003 consolidated financial statements. Our auditor's reports dated February 10, 2003 and February 14, 2002 on the 2002 and 2001 consolidated financial statements, respectively, contained an unqualified opinion.

3. As indicated in Note 2-h, in 2003 the Group charged to reserves the estimated cost of the indemnity payments, deferred compensation and future contributions to external pension funds arising from the early retirement of certain employees who effectively formalized their early retirement in that year, for an amount, net of the related tax effect, of €520 million, for which it had the express authorization of the Bank of Spain pursuant to Bank of Spain Circular 4/91 and of the related Shareholders´ Meetings.

4. In our opinion, the consolidated financial statements referred to above present, in all material respects, a true and fair view of the net worth and financial position of Banco Bilbao Vizcaya Argentaria, S.A. and Companies composing the Banco Bilbao Vizcaya Argentaria Group as of December 31, 2003, and of the results of their operations and of the funds obtained and applied by them in the year then ended, and contain the required information, sufficient for their proper interpretation and comprehension, in conformity with generally accepted accounting principles and standards applied on a basis consistent with that of the preceding year.

5. The accompanying consolidated management report for 2003 contains the explanations which the directors of the Parent Company consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated management report is consistent with that contained in the consolidated financial statements for 2003. Our work as auditors was confined to checking the consolidated management report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of the consolidated companies.

Deloitte & Touche España, S.L.
Registered in ROAC under no. S0692

Francisco Celma

February 3, 2004

AUDIT OF THE FINANCIAL STATEMENTS

The consolidated financial statements included in this report are presented in accordance with the rules established by the Bank of Spain and were prepared by the directors of Banco Bilbao Vizcaya Argentaria, S.A. from the individual accounting records of the Bank and of its consolidable subsidiaries.

These financial statements have been checked by our external auditor, Deloitte & Touche, España, S.L. for the purpose issuing the related auditors' report thereon, which is included below.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (Note 31). In the event of a discrepancy, the Spanish-language version prevails.

BANCO BILBAO VIZCAYA ARGENTARIA, S.A. AND COMPANIES COMPOSING THE BANCO BILBAO VIZCAYA ARGENTARIA GROUP

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2003, 2002 Y 2001
(Notes 1 to 5)

- Thousands of Euros -

ASSETS	2003	2002 (*)	2001 (*)
CASH ON HAND AND DEPOSITS AT CENTRAL BANKS:			
Cash	1,767,580	1,868,358	2,402,894
Bank of Spain	1,821,301	1,081,684	1,828,490
Other central banks	4,520,994	5,100,286	5,008,840
	8,109,875	8,050,328	9,240,224
GOVERNMENT DEBT SECURITIES (Note 6)	18,945,003	19,767,776	20,165,369
DUE FROM CREDIT INSTITUTIONS (Note 7):			
Current accounts	643,987	1,328,749	2,629,808
Other	20,263,142	20,147,530	20,568,948
	20,907,129	21,476,279	23,198,756
TOTAL NET LENDING (Note 8)	148,827,274	141,315,012	150,219,820
DEBENTURES AND OTHER DEBT SECURITIES (Note 9)	52,935,966	49,133,179	61,650,938
COMMON STOCKS AND OTHER EQUITY SECURITIES (Note 10)	3,092,064	3,007,492	3,673,699
INVESTMENTS IN NON-GROUP COMPANIES (Note 11)	5,593,224	6,024,175	6,641,935
INVESTMENTS IN GROUP COMPANIES (Note 12)	1,054,869	1,039,688	1,114,144
INTANGIBLE ASSETS (Note 14):			
Incorporation and start-up expenses	19,537	20,946	18,770
Other deferred charges	342,491	377,691	523,313
	362,028	398,637	542,083
CONSOLIDATION GOODWILL (Note 13):			
Fully and proportionally consolidated companies	2,650,889	2,871,545	3,044,907
Companies accounted for by the equity method	1,055,524	1,385,801	1,572,235
	3,706,413	4,257,346	4,617,142
PROPERTY AND EQUIPMENT (Note 14):			
Land and buildings for own use	2,100,359	1,938,287	2,530,935
Other property	309,607	908,073	1,424,146
Furniture, fixtures and other	1,380,272	1,787,605	2,216,809
	3,790,238	4,633,965	6,171,890
CAPITAL STOCK SUBSCRIBED BUT NOT PAID (Note 23)	–	–	–
TREASURY STOCK (Note 23)	66,059	97,671	75,944
OTHER ASSETS (Note 15)	13,171,480	12,298,880	12,000,115
ACCRUAL ACCOUNTS (Note 16)	2,977,437	4,391,562	7,049,067
ACCUMULATED LOSSES AT CONSOLIDATED COMPANIES (Note 24)	3,610,764	3,650,208	2,884,756
TOTAL ASSETS	287,149,823	279,542,198	309,245,882
MEMORANDUM ACCOUNTS (Note 26)	72,549,918	69,776,213	71,764,775

- *Thousands of Euros* -

LIABILITIES AND EQUITY	2003	2002 (*)	2001 (*)
DUE TO CREDIT INSTITUTIONS (Note 17):			
Current accounts	1,542,432	1,537,357	1,412,818
Other	60,027,356	54,581,691	63,175,177
	61,569,788	56,119,048	64,587,995
DEPOSITS (Note 18):			
Savings accounts-			
Current	65,024,971	63,723,745	71,012,969
Time	55,487,784	57,436,352	67,512,171
Other deposits-			
Current	–	–	–
Time	20,536,152	25,400,268	27,974,294
	141,048,907	146,560,365	166,499,434
MARKETABLE DEBT SECURITIES (Note 19):			
Bonds and debentures outstanding	28,258,973	22,393,876	20,639,098
Promissory notes and other securities	6,123,679	5,129,396	4,736,576
	34,382,652	27,523,272	25,375,674
OTHER LIABILITIES (Note 15)	10,764,514	9,735,905	9,142,645
ACCRUAL ACCOUNTS (Note 16)	3,318,727	4,593,777	6,665,074
PROVISIONS FOR CONTINGENCIES AND EXPENSES (Note 20):			
Pension provision	3,031,913	2,621,907	2,358,552
Provision for taxes	–	–	–
Other provisions	2,187,672	2,221,411	2,425,588
	5,219,585	4,843,318	4,784,140
GENERAL RISK ALLOWANCE	–	–	–
NEGATIVE CONSOLIDATION DIFFERENCE (Note 13)	38,712	47,554	42,744
CONSOLIDATED INCOME FOR THE YEAR:			
Group	2,226,701	1,719,129	2,363,336
Minority interests (Note 22)	670,463	746,919	645,223
	2,897,164	2,466,048	3,008,559
SUBORDINATED DEBT (Note 21)	7,399,613	6,486,942	7,610,791
MINORITY INTERESTS (Note 22)	5,425,918	5,674,163	6,394,029
CAPITAL STOCK (Note 23)	1,565,968	1,565,968	1,565,968
ADDITIONAL PAID-IN CAPITAL (Note 24)	6,273,901	6,512,797	6,834,941
RESERVES (Note 24)	971,477	771,484	1,419,218
REVALUATION RESERVES (Note 24)	176,281	176,281	176,281
RESERVES AT CONSOLIDATED COMPANIES (Note 24)	6,096,616	6,465,276	5,138,389
TOTAL LIABILITIES AND EQUITY	287,149,823	279,542,198	309,245,882

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 33 and Exhibits I to IV are an integral part of the consolidated balance sheet as of December 31, 2003.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (Note 31). In the event of a discrepancy, the Spanish-language version prevails.

BANCO BILBAO VIZCAYA ARGENTARIA, S.A. AND COMPANIES COMPOSING THE BANCO BILBAO VIZCAYA ARGENTARIA GROUP

CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2003, 2002 AND 2001 (Notes 1 to 5)

- Thousands of Euros -

	(DEBIT) CREDIT		
	2003	2002 (*)	2001 (*)
FINANCIAL REVENUES (Note 28)	12,537,465	17,232,909	21,608,104
Of which: Fixed-income portfolio	3,323,501	4,820,640	7,283,233
FINANCIAL EXPENSES (Note 28)	(6,260,058)	(9,783,505)	(13,279,446)
INCOME FROM EQUITIES PORTFOLIO (Note 28):	464,104	358,062	495,444
Common stocks and other equity securities	144,842	113,623	116,037
Investments in non-Group companies	188,572	93,669	177,774
Investments in Group companies	130,690	150,770	201,633
NET INTEREST INCOME	6,741,511	7,807,466	8,824,102
FEES COLLECTED (Note 28)	3,882,568	4,330,993	4,833,617
FEES PAID (Note 28)	(619,761)	(662,612)	(795,994)
MARKET OPERATIONS (Notes 20 and 28)	651,504	765,123	490,095
GROSS OPERATING INCOME	10,655,822	12,240,970	13,351,820
OTHER OPERATING INCOME (Note 28)	17,422	34,341	51,345
GENERAL ADMINISTRATIVE EXPENSES (Note 28):	(5,031,056)	(5,771,725)	(6,724,760)
Personnel costs	(3,262,587)	(3,697,428)	(4,243,374)
Of which:			
Wages and salaries	(2,457,658)	(2,743,819)	(3,211,099)
Employee welfare expenses	(571,325)	(624,360)	(652,454)
Of which: Pensions	(134,921)	(132,624)	(122,474)
Other Administrative Expenses	(1,768,469)	(2,074,297)	(2,481,386)
DEPRECIATION AND AMORTIZATION (Note 14)	(510,656)	(631,021)	(741,817)
OTHER OPERATING EXPENSES	(236,733)	(295,821)	(337,763)
NET OPERATING INCOME	4,894,799	5,576,744	5,598,825

	(DEBIT) CREDIT		
	2003	2002 (*)	2001 (*)
NET OPERATING INCOME	4,894,799	5,576,744	5,598,825
NET INCOME FROM COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD (Note 28):	383,312	33,244	392,671
Share in income of companies accounted for by the equity method	794,905	561,322	876,131
Share in losses of companies accounted for by the equity method	(92,467)	(285,726)	(104,306)
Correction for payment of dividends	(319,126)	(242,352)	(379,154)
AMORTIZATION OF CONSOLIDATION GOODWILL (Note 13)	(639,349)	(679,170)	(623,111)
INCOME ON GROUP TRANSACTIONS:	642,144	570,934	1,004,525
Income on disposal of investments in fully and proportionally consolidated companies	16,763	3,806	33,957
Income on disposal of investments accounted for by the equity method (Note 11)	609,333	551,326	896,186
Income on transactions involving Parent Company shares and Group financial liabilities	16,048	15,802	74,382
Reversal of negative consolidation differences	–	–	–
LOSSES ON GROUP TRANSACTIONS:	(88,885)	(209,938)	(50,538)
Losses on disposal of investments in fully or proportionally consolidated companies	(55,237)	(156,290)	(12,699)
Losses on disposal of investments accounted for by the equity method (Note 11)	(14,890)	(29,750)	(5,980)
Losses on transactions involving Parent Company shares and Group financial liabilities	(18,758)	(23,898)	(31,859)
NET LOAN LOSS PROVISIONS (Note 8)	(1,276,946)	(1,743,338)	(1,919,230)
NET SECURITIES WRITEDOWNS (Note 11)	–	3,366	(42,792)
NET CHARGE TO GENERAL RISK ALLOWANCE	–	–	–
EXTRAORDINARY INCOME (Note 28)	630,870	1,606,654	1,294,983
EXTRAORDINARY LOSSES (Note 28)	(733,805)	(2,039,235)	(2,021,253)
PRE-TAX PROFIT	3,812,140	3,119,261	3,634,080
CORPORATE INCOME TAX (Note 25)	(530,587)	(175,567)	(60,462)
OTHER TAXES (Note 25)	(384,389)	(477,646)	(565,059)
NET INCOME	2,897,164	2,466,048	3,008,559
MINORITY INTERESTS (Note 22)	670,463	746,919	645,223
NET ATTRIBUTABLE PROFIT	2,226,701	1,719,129	2,363,336

(*) Presented for comparison purposes only.
The accompanying Notes 1 to 33 and Exhibits I to IV are an integral part of the consolidated statement of income as of December 31, 2003.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Note 31). In the event of a discrepancy, the Spanish-language version prevails.

BANCO BILBAO VIZCAYA ARGENTARIA, S.A. AND COMPANIES COMPOSING THE BANCO BILBAO VIZCAYA ARGENTARIA GROUP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2003

(1) DESCRIPTION OF THE BANK-

Banco Bilbao Vizcaya Argentaria, S.A. ("the Bank" or "BBVA") is a private-law entity governed by the rules and regulations applicable to banks operating in Spain. The Bank conducts its business through branches and offices located throughout Spain and abroad.

On June 1, 1988, the Special Shareholders' Meetings of Banco de Bilbao, S.A. and Banco de Vizcaya, S.A. resolved, inter alia, to approve the equal-footing merger of the two companies by dissolving them without liquidation and transferring en bloc to the new company, which adopted the name of Banco Bilbao Vizcaya, S.A. (BBV), by universal succession, the assets and liabilities of the two dissolved companies.

On December 18, 1999, the Special Shareholders' Meetings of Banco Bilbao Vizcaya, S.A. and Argentaria, Caja Postal y Banco Hipotecario, S.A. approved the merger of the two entities through the absorption of Argentaria by Banco Bilbao Vizcaya, S.A. The Shareholders' Meetings also approved the audited merger balance sheets of the two entities as of September 30, 1999. After the mandatory time periods had elapsed and the relevant administrative authorizations had been obtained, on January 25, 2000, the related public deed was executed, the registration of which at the Vizcaya Mercantile Registry on January 28, 2000, determined the legal effectiveness of the merger, and simultaneously the corporate name of Banco Bilbao Vizcaya, S.A. was changed to Banco Bilbao Vizcaya Argentaria, S.A.

(2) BASIS OF PRESENTATION AND CONSOLIDATION PRINCIPLES-

a) Basis of presentation-

The consolidated financial statements of the Bank and companies composing the Banco Bilbao Vizcaya Argentaria Group ("the Group"—Note 4) are presented in the formats stipulated by Bank of Spain Circular 4/1991 and its subsequent amendments and, accordingly, they present a true and fair view of the Group's net worth, financial position and results. These consolidated financial statements were prepared from the individual accounting records of Banco Bilbao Vizcaya Argentaria, S.A. and of each of the Group companies and include the adjustments and reclassifications required to conform the accounting principles and presentation criteria followed by the subsidiaries with those followed by the Bank (Note 3).

The individual and consolidated financial statements for 2002 and 2001 were approved by the Shareholders' Meetings on March 1, 2003, and March 9, 2002, respectively.

The 2003 consolidated financial statements of the Group, of the Bank and of each of the companies included in consolidation, have not yet been approved by the respective Shareholders' Meetings. However, the Bank's Board of Directors considers that they will be approved without material changes.

b) Accounting policies-

The consolidated financial statements were prepared in accordance with the generally accepted accounting principles in Spain described in Note 3. All obligatory accounting principles with a material effect on the consolidated financial statements were applied in preparing them.

c) Consolidation principles-

In accordance with Law 13/1985 and Bank of Spain Circular 4/1991, the Banco Bilbao Vizcaya Argentaria Group is defined as including all the companies whose line of business is directly related to that of the Bank and which, together with the latter, constitute a single decision-making unit (Note 4). In accordance with this Circular, these companies were fully consolidated and the adjustments and reclassifications required to unify the accounting principles and presentation criteria followed by the subsidiaries were performed, taking into account the comments in Note 3-ñ. All material intercompany accounts and transactions between the consolidated companies were eliminated in consolidation. In accordance with Bank of Spain Circular 4/1991, the consolidated financial statements maintain the provisions for country risk recorded by the Bank and other Group companies for risk-asset and off-balance-sheet risk exposure to Group entities with registered offices in financially-troubled countries. As of December 31, 2003, 2002 and 2001, these provisions amounted to €162,321 thousand, €93,714 thousand and €98,674 thousand, respectively (Notes 7, 8 and 9).

The companies whose line of business is related to that of the Bank, and which are at least 20% owned by the Bank and managed jointly with another shareholder (or shareholders) were consolidated proportionally, which consists of including the assets, rights and obligations, and revenues and expenses of these companies in proportion to the Group's holding in them. As of December 31, 2003 and 2002, this consolidation method was applied to E-Ventures

Capital Internet, S.A, Corporación IBV Participaciones Empresariales, S.A., Altura Markets, A.V., S.A., PSA Finance Argentina Cía. Financiera, S.A. and Corporación IBV Servicios y Tecnologías, S.A. As of December 31, 2001, it was applied to Corporación IBV, S.A., Azeler Automoción, S.A., Altura Markets, A.V., S.A. and Proyectos Industriales Conjuntos, S.A.

Additionally, the long-term holdings in the capital stock of subsidiaries not consolidable because their line of business is not directly related to that of the Bank and of other unlisted companies in which significant influence is exercised or with which the Bank has a lasting relationship and in which such holdings generally represent 20% or more of the capital stock (3% or more if listed) are valued at the amount of the portion of the investees' net worth corresponding to such holdings, after deducting the dividends collected from them and other eliminations (equity method). Other holdings in companies (Note 11) which are short term or which do not represent significant influence, or for which futures transactions have been arranged to eliminate the price risk, are valued separately by the methods described in Note 3-e.

The remaining equity investments are presented in the accompanying consolidated balance sheets as described in Note 3-e.

In accordance with standard practice, the consolidated financial statements do not include the tax effect of transferring to the Bank the accumulated reserves and undistributed earnings of the fully and proportionally consolidated companies or of the companies accounted for by the equity method, because it is considered that no funds will be transferred since these reserves will be used as a source of self-financing at each of these companies.

d) Determination of net worth-

In evaluating the net worth of the Group, the balances of the following captions in the accompanying consolidated balance sheets should be taken into consideration:

	Thousands of Euros		
	2003	2002	2001
Capital stock (Note 23)	1,565,968	1,565,968	1,565,968
Reserves (Note 24)-			
Additional paid-in capital	6,273,901	6,512,797	6,834,941
Reserves	971,477	771,484	1,419,218
Revaluation reserves	176,281	176,281	176,281
Reserves at consolidated companies	6,096,616	6,465,276	5,138,389
Accumulated losses at consolidated companies	(3,610,764)	(3,650,208)	(2,884,756)
	9,907,511	10,275,630	10,684,073
Add-			
Net income-			
Net attributable profit	2,226,701	1,719,129	2,363,336
Less-			
Interim dividends (Notes 5 and 15)-			
Paid	(572,452)	(572,996)	(542,369)
Unpaid	(287,444)	(287,620)	(271,588)
	(859,896)	(860,616)	(813,957)
Treasury stock (Note 23)	(66,059)	(97,671)	(75,944)
Net worth per books	12,774,225	12,602,440	13,723,476
Less-			
Final dividend (Note 5)	(364,327)	(248,420)	(408,286)
Net worth, after the distribution of income for the year	12,409,898	12,354,020	13,315,190

e) Equity-

Law 13/1992 and Bank of Spain Circular 5/1993 and subsequent amendments enacted the regulations governing minimum equity requirements for credit entities at both individual and consolidated group levels.

As of December 31, 2003, 2002 and 2001, the Group's eligible equity amounted to €18,799,128 thousand, €17,840,156 thousand and €19,730,574 thousand, respectively. These amounts exceed the minimum equity requirements stipulated by the aforementioned regulations.

f) Detail of risk provisions and coverage-

In accordance with Bank of Spain regulations, the risk provisions and coverage are presented as assigned to the related assets and/or in specific accounts. The detail of the aggregate risk provisions, coverage and guarantees, disregarding their accounting classification, is as follows:

	Thousands of Euros		
	2003	2002	2001
Loan loss provision (Note 3-c) (*)			
Due from credit institutions (Note 7)	171,240	122,787	138,533
Total net lending (Note 8)	4,443,539	5,097,695	5,927,703
Debentures and other debt securities (Note 9)	121,106	125,401	253,772
Off-balance-sheet risks (Notes 8 and 20)	209,270	271,545	185,268
	4,945,155	5,617,428	6,505,276
Security revaluation reserve (Notes 3-d and 3-e)			
Government debt securities (Note 6)	–	34	6
Debentures and other debt securities (Note 9)	73,958	2,586	3,396
Common stocks and other equity securities (Note 10)	71,653	240,726	153,655
Investments in non-Group companies (Note 11)	38	82	1,791
	145,649	243,428	158,848
Pension provision (Notes 3-j and 20)			
At Spanish companies	2,433,374	1,981,414	1,736,384
At foreign companies	598,539	640,493	622,168
	3,031,913	2,621,907	2,358,552
Provision for property and equipment (Notes 3-h and 14)	375,016	308,518	391,463
Other provisions for contingencies and expenses (Note 20)	1,978,402	1,949,866	2,240,320
TOTAL	10,476,135	10,741,147	11,654,459
(*) Loan loss provisions			
Provisions for specific risks	2,053,936	3,253,724	4,358,160
General-purpose provision	1,361,029	1,324,441	1,469,168
Country-risk provision	609,764	446,919	317,281
Provision for the statistical coverage of loan losses	920,426	592,344	360,667

g) Comparative information

Argentina

The effects of the crisis in Argentina and the measures adopted by the Government and the Central Bank of the Republic of Argentina as described in Note 3-ñ gave rise to significant changes in the balance sheets of the BBVA Banco Francés Group.

BBVA Brasil Group

The 2002 and 2001 consolidated financial statements included the contribution of the BBVA Brasil Group, although the effects of the sale (Note 4) had been recorded as of December 31, 2002. In the 2003 consolidated financial statements, the BBVA Group recorded the earnings generated by the BBVA Brasil Group through the actual date of sale as earnings generated companies accounted for by the equity method, and, accordingly, comparison with the earnings of complete prior years shows significant decreases in most captions of the 2003 consolidated statement of income.

Depreciation of the Latin American currencies

Additionally, the macroeconomic developments in 2003 in most Latin-American countries affected, among other variables, their currencies, which experienced a sharp devaluation against the euro. This devaluation particularly affected the consolidated balance sheets as of December 31, 2003 and 2002, since the year-end exchange rates were used, and the 2002 and 2003 consolidated statements of income, since average exchange rates were applied (Note 3-b).

For the purpose of facilitating comprehension of the Group's performance in 2003, the accompanying Management Report includes comparative information which takes into account the aforementioned effects.

h) Early retirements-

In 2003, 2002 and 2001 the Group charged to reserves the estimated cost of future indemnities, deferred compensation and future contributions to external pension funds deriving from the early retirement of Group employees in Spain, amounting to €519,620 thousand, €324,465 thousand and €479,241 thousand, respectively, net of the related tax effect, which was estimated at €279,796 thousand, €174,712 thousand and €252,502 thousand, respectively. These transactions were authorized by the respective Shareholders' Meetings of the Group's Spanish banks and by the Bank of Spain (Notes 3-j, 20 and 24).

	Thousands of Euros					
	2003		2002		2001	
	BBVA, S.A.	Total (*)	BBVA, S.A.	Total (*)	BBVA, S.A.	Total (*)
Charged to:						
Unrestricted reserves	515,044	519,620	321,101	324,465	471,780	479,241
Prepaid taxes	277,332	279,796	172,901	174,712	248,488	252,502
Total	792,376	799,416	494,002	499,177	720,268	731,743

(*) BBVA Group in Spain.

(3) ACCOUNTING PRINCIPLES APPLIED

The accounting principles and valuation standards applied in preparing the consolidated financial statements were as follows:

a) Accrual principle-

Revenues and expenses are recorded on an accrual basis for accounting purposes and the interest method is applied for transactions whose settlement periods exceed twelve months. However, in accordance with the principle of prudence and with Bank of Spain regulations, the interest earned on nonperforming loans, including interest subject to country risk in countries classified as very doubtful, doubtful or experiencing temporary difficulties, is not recognized until it is collected.

In accordance with banking practice in Spain, transactions are recorded as of the date they are made, which may differ from the value date as of which interest revenues and expenses are calculated.

The consolidated finance companies record the revenues and expenses arising from their regular financing and lease contracts over the accrual period by the interest method. Under this method, these revenues and expenses are recognized over the collection period on the basis of the principal amount outstanding.

b) Foreign currency transactions-

The breakdowns by currency of several accounts and captions in these notes to consolidated financial statements include under the foreign currencies heading currencies other than the euro.

Assets, liabilities and futures transactions

Assets and liabilities in foreign currencies, including those of branches and subsidiaries abroad, and unmatured foreign currency purchases and sales arranged for hedging purposes have been translated to euros at the average year-end exchange rates in the Spanish spot foreign exchange market (through the exchange rate of the U.S. dollar in local markets, for currencies not traded on the Spanish market), except for:

- The reserves of subsidiaries and the long-term investments in securities denominated in foreign currencies but funded in euros or in a currency other than that of the investment, which have been translated at historical exchange rates.

- The revenue and expense accounts of the subsidiaries abroad, which have been translated at the average exchange rates in each year.

- The unmatured forward foreign currency purchases and sales arranged for purposes other than hedging are valued at the year-end exchange rates in the Spanish forward foreign exchange market, which are published by the Bank of Spain for this purpose.

The equivalent euro value of the assets and liabilities denominated in foreign currencies was €88,470,097 million and €95,497,298 million, respectively, as of December 31, 2003 (€102,210 million and €107,367 million, respectively, as of December 31, 2002 and €131,115 million and €137,720 million, respectively, as of December 31, 2001).

Exchange differences

The exchange differences arising from application of the above-mentioned translation methods are recorded as follows:

- Exchange losses and gains in consolidation are recorded under the “Accumulated Losses at Consolidated Companies” and “Reserves at Consolidated Companies” captions, respectively, in the accompanying consolidated balance sheets, net of the portion of such losses and gains corresponding to minority interests (Notes 22 and 24).

- The net amount of the other exchange differences is recorded in full under the “Market Operations” captions in the accompanying consolidated statements of income (Note 28), and the exchange differences on forward transactions are debited to the “Other Assets - Exchange Differences on Forward Transactions” caption or credited to the “Other Liabilities - Exchange Differences on Forward Transactions” caption in the accompanying consolidated balance sheets (Note 15).

Structural exchange positions

The Group’s general policy is to finance investments in foreign subsidiaries and capital assigned to branches abroad in the same currency as that of the investment, in order to eliminate any future risk of exchange differences arising from these transactions. However, the investments in countries whose currencies do not have a market enabling the Bank to obtain financing that is unlimited, lasting and stable at long term are financed in another currency. Through 2001 this financing was in dollars, but in 2002 and 2003 most of the financing was provided in euros.

Exchange differences arising from financing in currencies other than the euro and the investment currency, net of the amount hedged by specific derivative transactions, are charged or credited to Group income, whereas those relating to investments are recorded under the “Reserves at Consolidated Companies –Translation Differences” caption in the accompanying consolidated balance sheets. Based on this principle, €2,796 thousand and €32,699 thousand, respectively, were credited to the “Market Operations” caption in the accompanying 2003 and 2002 consolidated statements of income, and €77,753 thousand was charged to the “Market Operations” caption in the accompanying 2001 consolidated statement of income (Note 28-b).

However, since the end of 2002, the exchange risk associated with most of the investments made in Mexico and Chile has been hedged by derivative transactions, and the variations are recorded as adjustments to the “Reserves at Consolidated Companies – Translation Differences” caption in the accompanying consolidated balance sheets.

Inflation

Certain subsidiaries (located in Mexico, Uruguay, Chile, Peru, Bolivia and, through March 2003, Argentina –Note 3-ñ) are subject to local regulations on adjustments for inflation, and, accordingly, record charges and credits in their statements of income to protect their net worth from the theoretical decline in value arising from inflation. These accounting entries are recorded under the "Extraordinary Income" and "Extraordinary Losses" captions in the accompanying consolidated statements of income (Note 28-g). The detail of the net amount of these items is as follows:

	Thousands of Euros		
	2003	2002	2001
Extraordinary income			
Mexico	–	20,454	80,247
Argentina (*)	–	38,456	–
Peru	–	–	3,414
	–	58,910	83,661
Extraordinary losses			
Mexico	(36,509)	–	–
Argentina	(820)	–	–
Peru	(3,620)	(3,703)	–
Chile	(3,655)	(9,293)	(10,512)
Uruguay	(12,007)	(41,483)	(3,870)
	(56,611)	(54,479)	(14,382)
	(56,611)	4,431	69,279

(*) Accounting for inflation was abolished on March 1, 2003.

c) Loan loss provisions (Note 2-f)-

The loan loss provisions are intended to cover the losses, if any, which might arise in the full recovery of all credit and off-balance-sheet risks assumed by the Group in the course of its financial business (Notes 7, 8 and 9). For presentation purposes, they are recorded as a reduction of the "Due from Credit Institutions", "Total Net Lending" and "Debentures and Other Debt Securities" captions on the asset side of the accompanying consolidated balance sheets. The provisions to cover any losses on the Group's off-balance-sheet risks are included under the "Provisions for Contingencies and Expenses - Other Provisions" caption on the liability side of the accompanying consolidated balance sheets (Note 20).

The loan loss provisions were determined on the basis of the following criteria:

1. Specific provisions: on an individual basis, as stipulated by Bank of Spain Circular 4/1991. The balance of the specific loan loss provision is increased by provisions from period income and decreased by chargeoffs of debts deemed to be uncollectible or which have been nonperforming for more than three years (six years in the case of mortgage transactions with full coverage) and, if appropriate, by recoveries of the amounts previously provided for.

2. General-purpose provision: in accordance with Bank of Spain regulations, an additional general-purpose provision, representing 1% of loans, fixed-income securities, contingent liabilities and nonperforming assets without mandatory coverage (0.5% in the case of certain mortgage transactions with full coverage), is set up to cover risks not specifically identified as problematic at the present time. The balance of the general-purpose loan loss provision is increased by provisions recorded with a charge to income and is decreased when the risk assets making up the calculation basis diminish with respect to the previous period and provisions are released.

3. Provision for the statistical coverage of loan losses: from July 1, 2000, the Group is required to record a provision for the statistical coverage of the unrealized loan losses on the various homogeneous loan portfolios, by charging each quarter to the "Net Loan Loss Provisions" caption in the accompanying consolidated statements of income, the positive difference resulting from subtracting the specific net charges for loan losses recorded in the quarter from one-fourth of the statistical estimate of the overall unrealized loan losses on the various homogeneous loan portfolios (credit risk of each portfolio multiplied by the weighting coefficients established by Circular 4/1991 which range from 0% to 1.5%). If the resulting difference were negative, the amount would be credited to the consolidated statement of income with a charge to the provision recorded in this connection (to the extent of the available balance). The maximum amount of this provision is three times the sum of the amount of each credit risk category multiplied by its respective weighting coefficient.

4. Country-risk provision: this provision is recorded on the basis of each country's degree of debt-servicing difficulty, per the classification and schedule established in Bank of Spain Circular 4/1991.

d) Government debt securities, debentures and other debt securities-

The securities comprising the Group's fixed-income securities portfolio are classified as follows:

1) *Trading portfolio:* which includes the listed securities held for the purpose of obtaining gains at short term taking advantage of market price fluctuations. The securities in the trading portfolio are stated at market price at year-end. The differences arising from valuation variations (except for those arising from accrued interest) are recorded at their net amount under the "Market Operations" caption in the accompanying consolidated statements of income (Note 28-b).

2) *Held-to-maturity portfolio:* which includes the securities which the Group has decided to hold until final maturity, since it has the financial capacity to do so, or has appropriate hedging of the value of these investments against interest rate fluctuations. Securities allocated to the held-to-maturity portfolio are carried at acquisition cost adjusted by the amount resulting from accrual by the interest method of the positive or negative difference between the redemption value and the acquisition cost over the term to maturity of the security. The gains or losses on disposal of debt securities classified in this portfolio are recorded as extraordinary income/losses in the consolidated statement of income and, if gains are obtained, a specific

provision is recorded for the amount thereof. This provision is released on a straight-line basis over the term to maturity of the securities sold. No fixed-income securities classified in this portfolio were sold in 2003, 2002 or 2001.

3) *Available-for-sale portfolio:* which includes all other securities not classified in either of the two portfolios described above. The debt securities in the available-for-sale portfolio are individually stated at acquisition cost, adjusted by the accrued amount of the difference between acquisition cost and redemption value.

A securities revaluation reserve is recorded for the net difference with respect to the total market value of this portfolio, if lower, based on the year-end closing market prices in the case of listed securities, and on the present value at market interest rates on that date in the case of unlisted securities. The unrealized losses on securities sold to third parties under repurchase agreement are written down for the proportional part of the period from the expected repurchase date to the maturity date. Also, securities acquired to hedge other transactions at the same term and with fixed interest, which therefore are not exposed to interest rate risk, are recorded at acquisition cost.

The writedown of the listed fixed-income portfolio is charged to asset accrual accounts, which are presented together with the securities written down under the appropriate consolidated balance sheet captions, or to income in the case of permanent losses. As of December 31, 2003, the balance of these accounts amounted to €69,687 thousand (Note 9). As of December 31, 2002 and 2001, these accrual accounts had no balance.

Bank of Spain Circular 4/1991 also requires that an additional securities revaluation reserve be recorded for the amount of the gains on the disposal of fixed-income securities in the available-for-sale portfolio, which is applied to the asset accrual account described in the preceding paragraph, up to the balance calculated therefor.

e) Equity securities-

Securities in the trading portfolio, which includes the portions of the associated companies which are not held at long term, are stated at market price. The net differences arising from price fluctuations are recorded under the "Market Operations" caption in the accompanying consolidated statements of income.

Equity securities representing holdings in subsidiaries not fully consolidable or holdings of generally 20% or more in unlisted companies (3% if listed) which do not meet the conditions for proportional consolidation are accounted for by the equity method as indicated in Note 2-c, except for holdings for which hedging transactions were arranged to eliminate the equity price risk, which are valued at acquisition cost. The investments accounted for by the equity method were valued on the basis of the interim, to date unaudited, financial statements furnished by the companies.

Other equity securities are recorded in the consolidated balance sheets at the lower of cost, revalued where appropriate, or market. The market value of these securities was determined as follows:

- *Listed securities:* lower of average market price in the fourth quarter or year-end closing price.

- *Unlisted securities:* underlying book value of the holding per the latest available balance sheet, after taking into account the income projections for coming years and other unrealized gains which were used in determining the acquisition cost and persisted at year-end.

  The difference between acquisition cost and the amount calculated as indicated in the preceding paragraph, which may be offset by the annual increase in the underlying book values of the investee over a maximum period of twenty years, need not be written down.

The securities revaluation reserve is recorded to recognize the unrealized losses arising from application of the aforementioned methods, and is presented as a reduction of the balances of the "Common Stocks and Other Equity Securities" and "Investments in Non-Group Companies" captions on the asset side of the accompanying consolidated balance sheets (Notes 2-f, 10 and 11). This reserve is recorded with a charge to the "Market Operations" caption in the accompanying consolidated statements of income.

Equity securities were revalued pursuant to the applicable enabling legislation on account revaluations or by the methods stipulated in the regulations on corporate mergers which were applied at the related merger dates (Note 24).

f) Intangible assets-

This caption in the accompanying consolidated balance sheets includes, among other items, the payments made to acquire computer applications, which are amortized over a maximum period of three years.

This caption also includes incorporation and preopening expenses, expenses of capital increases carried out at the Bank and subsidiaries and the unamortized expenses of bond and other financial instrument issuances. These expenses are amortized in a maximum period of five years, except for the financial instrument issuance expenses, which are amortized over the life of each issue.

g) Consolidation goodwill and negative consolidation difference-

The positive differences between the acquisition cost of shares of subsidiaries or companies accounted for by the equity method (Note 2-c) and their underlying book value are recorded as goodwill, if they cannot be classified as additions to the value of specific assets of the acquired companies.

As these differences are deemed to persist, they are generally amortized on a straight-line basis over a maximum period of ten years (20 years for certain basically nonfinancial holdings), since it is considered that this is the period over which the underlying investments will contribute to obtaining income for the Group. In 2002 the Group wrote off in full the goodwill resulting from its holdings in companies located in certain Latin-American countries, mainly BBVA Banco Continental, S.A., AFP Horizonte, S.A. (Perú), BBVA Banco Ganadero, S.A., BBVA Horizonte Pensiones y Cesantías, S.A. (Colombia) and BBVA Uruguay, S.A. In 2001 the Group wrote off in full the unamortized goodwill as of December 31, 2001, resulting from its holdings in Argentine companies (Notes 3-ñ, 4 and 13).

The unrealized gains assigned to specific assets are amortized, if appropriate, on the basis of their disposal or effective decline in value over a maximum period of ten years in the case of operating assets.

When the cost of acquisitions is lower than their underlying book value, a negative consolidation difference arises which is treated as a provision and may not be credited to income unless the investment in the capital stock of these companies is fully or partially disposed of or in the event of the unfavorable evolution of the results of these companies (Note 13).

h) Property and equipment-

Assets for own use-

Property and equipment are carried at cost, revalued where appropriate pursuant to the applicable enabling legislation (Note 24), net of the related accumulated depreciation. The buildings owned by certain of the Group companies which were involved in mergers were stated, pursuant to the applicable legislation, on the basis of the market prices on the related merger dates as determined by independent appraisers.

Depreciation is generally provided at the following depreciation rates:

	Annual Depreciation Rate
Buildings	1.33 to 4
Furniture	8 to 15
Fixtures	6 to 12
Office and automation equipment	8 to 33

Revaluation surpluses are depreciated over the remaining years of useful life of the revalued assets.

Gains or losses on disposal of property and equipment are recorded under the “Extraordinary Income” or “Extraordinary Losses” captions, respectively, in the consolidated statements of income.

Assets received in payment of debts-

These assets are recorded at the lower of the book value of the assets used to acquire them or market value, net, initially, of any provisions covering the assets received, up to 25% of that value. In accordance with Bank of Spain regulations, additional provisions are recorded in the years following foreclosure of the assets based on their age, type of asset and appraisal by independent appraisers.

The provisions recorded with a charge to the “Extraordinary Losses” caption in the accompanying consolidated statements of income are presented as a reduction of the balance of the “Property and Equipment - Other Property” caption in the accompanying consolidated balance sheets (Notes 14 and 28-g).

i) Treasury stock-

The balance of the “Treasury Stock” caption in the accompanying consolidated balance sheets as of December 31, 2003, 2002 and 2001, relates to shares of Banco Bilbao Vizcaya Argentaria, S.A. owned by the Bank and by consolidated subsidiaries (Note 23). These shares are reflected at cost, net, where appropriate, of the provision recorded to write them down to the lower of consolidated underlying book value or market price.

The provision mentioned above is recorded with a charge to the “Losses on Group Transactions” caption in the accompanying consolidated statements of income. Gains or losses arising from the disposal of Bank shares are recorded under the “Income on Group Transactions” or “Losses on Group Transactions” captions respectively, in the accompanying consolidated statements of income.

The treasury stock and shares of Group and associated companies that are acquired as a result of futures hedging transactions related to certain stock market indexes are valued at market price. Valuation differences are recorded under the “Market Operations” caption in the consolidated statement of income.

In accordance with the revised Spanish Corporations Law, a restricted reserve has been recorded for the net book value of the aforementioned treasury stock (Note 24).

The total Bank shares owned by the Bank and consolidated companies represented 0.2343%, 0.3347% and 0.189% of the capital stock issued by the Bank as of December 31, 2003, 2002 and 2001 respectively. The subsidiaries not fully consolidable held 0.0026%, 0.0061% and 0.00187% of the Bank’s capital stock, as of those dates, respectively.

j) Pension commitments and other commitments to employees-

Pension commitments

– In-house pension provisions

– Companies in Spain

In 2003, 2002 and 2001 the Group offered certain employees the possibility of taking early retirement before the age stipulated in the current collective labor agreement. 1,944, 1,439 and 1,887 employees availed themselves of this offer in 2003, 2002 and 2001, respectively. The total cost of these agreements was €799,826 thousand in 2003, €575,906 thousand in 2002 and €731,743 thousand in 2001 (Notes 20 and 24), including indemnities, deferred compensation and future contributions to external pension funds. To meet this commitment, the related provisions were recorded, after considering the tax effect, with a charge to the “Additional Paid-In Capital” and “Reserves” captions in the accompanying consolidated balance sheets as of December 31, 2003, 2002 and 2001 (Notes 2-h and 24), and with charges amounting to €410 thousand and €76,729 thousand in 2003 and 2002, respectively, to the "Extraordinary Losses" caption in the accompanying 2003 and 2002 consolidated statements of income based on the authorizations by the related Shareholders' Meetings and the express authorization of the Bank of Spain, in accordance with Rule 13 of Bank of Spain Circular 4/1991. The commitments to this employee group from their normal retirement age are included in the Employee Welfare System, as described below.

The early retirement payments payable, which include the present value of the compensation and indemnities payable to and of the future contributions to the external pension funds of the personnel who took early retirement in 2003 and prior years, through their normal retirement date, amounted to €2,392,907 thousand (€1,942,975 thousand as of December 31, 2002, and €1,715,218 thousand as of December 31, 2001), net of the payments of €429,168 thousand made in 2003 (€407,153 thousand in 2002 and €346,061 thousand in 2001), and are included under the "Provisions for Contingencies and Expenses - Pension Provision" caption in the accompanying consolidated balance sheets.

In addition to the above, there are other internal pension provisions amounting to €3,009 thousand as of December 31, 2003 (€949 thousand, €1,530 thousand as of December 31, 2002 and 2001, respectively), which are not subject to the externalization process.

– Companies abroad

Certain Group entities abroad have pension and other commitments to their employees, the accrued liability of which amounted to €598,539 thousand, €640,493 thousand and €622,168 thousand as of December 31, 2003, 2002 and 2001, respectively, and is included under the "Provisions for Contingencies and Expenses - Pension Provision" caption in the accompanying consolidated balance sheets. €552,556 thousand, €570,060 thousand and €555,618 thousand of these amounts as of December 31, 2003, 2002 and 2001, respectively, related to provisions recorded by BBVA Bancomer, S.A. (Notes 4 and 20) to cover accrued defined benefit pension commitments and long-service bonuses at the retirement date and to cover, from 2002, post-retirement occupational obligations regarding medical services. The shortfall for past services as of December 31, 2003, resulting from the recording of the latter commitment amounted to €171,854 thousand (Note 15) and is amortized over the average remaining working life of the employee group. The actuarial studies to evaluate these commitments were performed on an individual basis and quantified using the projected unit credit method and the discount rates and mortality and disability rates authorized by the Mexican National Banking and Securities Commission. In 2003, net charges of €48,338 thousand were made by BBVA Bancomer, S.A. in this connection and were recorded with a charge to the "General Administrative Expenses - Personnel Costs" caption in the accompanying 2003 consolidated statement of income.

– External pension funds

Under the current collective labor agreement, Spanish banks are required to supplement the social security benefits received by employees or their beneficiary rightholders in the event of retirement (except for those hired after March 8, 1980), permanent disability, death of spouse or death of parent.

Since 2000, by virtue of the collective agreement on the employee welfare system dated November 14, 2000, all the commitments to serving and retired employees of the Group's Spanish banks have been externalized and instrumented in external pension plans and insurance policies. This employee welfare system covers all employees, including those hired subsequent to March 8, 1980. The employee welfare system also includes the pension commitments and obligations to former directors of the Bank with executive functions, amounting to €80,387 thousand as of December 31, 2003 and €80,477 thousand as of December 31, 2002.

On December 29, 2003, a collective agreement was entered into whereby, inter alia, the defined-benefit retirement system applicable to certain Pension Plan groups is transformed into a new defined-contribution system. This agreement will come into force on January 1, 2004, and will not give rise to additional provisioning requirements for the Group.

The employee welfare system includes defined contribution commitments, the amounts of which are determined in each case as a percentage of certain compensation items and/or a preset annual amount, and defined benefit commitments that are covered by insurance policies. These latter commitments as of December 31, 2003, 2002 and 2001, were valued in accordance with the externalization contracts entered into by the Group's Spanish banks and the insurance companies using PEM/F 2000 mortality tables (GRM/F 95 for the insurance policies between the external pension plans and the insurance companies) and discount rates lower than the internal rates of return on the investments assigned to cover them.

The status of the commitments covered by external pension plans as of December 31, 2003, 2002 and 2001, is as follows:

	Thousands of Euros		
	2003	2002	2001
Pension commitments to retired employees (*)			
External pension funds	429,036	400,122	377,663
Insurance contracts (mathematical reserves)			
With insurance companies related to the Group	1,548,077	1,469,260	1,342,240
With unrelated insurance companies	629,533	662,613	548,496
	2,606,646	2,531,995	2,268,399
Possible commitments to serving employees			
External pension funds			
Employees with full coverage of accrued and unaccrued possible commitments (*)	470,266	487,056	506,434
Other employees (**)	1,358,415	1,252,123	1,180,245
	1,828,681	1,739,179	1,686,679
Insurance contracts with insurance companies (mathematical reserves) in the Group (***)	163,679	145,622	258,125
	1,992,360	1,884,801	1,944,804
	4,599,006	4,416,796	4,213,203

(*) Commitments instrumented in defined benefit systems.
(**) Commitments instrumented in defined contribution systems.
(***) Commitments of which as of December 31, 2003, €135,900 thousand are instrumented in defined benefit systems and €27,779 thousand in defined contribution systems.

– Differences in the pension fund-

The externalization process, in which new valuation assumptions were used, disclosed differences which represent the discounted present value of the contributions yet to be made to the external pension funds for possible pension commitments as of December 31, 2000. These amounts were calculated using discount rates of 3.15% for the insurance contracts and 5.64% for the external pension plans. The initial differences that arose were recorded with a charge to accrual accounts and are being amortized over a maximum period of fourteen years in the case of the external pension plans, and over nine years in the case of the insurance contracts, starting from 2000 in accordance with the stipulations of Bank of Spain Circular 5/2000 and as required by the transition regime established in current regulations. In turn, the initial differences were credited to the "Deposits" caption on the liability side of the consolidated balance sheets, reducing the balance for the payments made. For presentation purposes, the balances of these two items as of December 31, 2003, are included at the net amount under the "Other Assets" caption in the consolidated balance sheet as of that date (Note 15). The variations in 2003 in this connection were as follows:

	Thousands of Euros		
	Pensions Commitments to Retired Employees	Possible Commitments to Serving Employees	Total
Other assets - Differences in the pension fund			
Balance at January 1, 2003			
External pension plan	–	536,529	536,529
Insurance contracts	99,493	67,442	166,935
	99,493	603,971	703,464
Amortization			
External pension plan	–	(50,401)	(50,401)
Insurance contracts	(16,582)	(8,678)	(25,260)
	(16,582)	(59,079)	(75,661)
Other variations	–	(15,379)	(15,379)
Balance at December 31, 2003	82,911	529,513	612,424
Deposits – Deferred contributions			
Balance at January 1, 2003	(114,341)	(81,619)	(195,960)
Add-			
Interest cost allocable:	(2,760)	(1,849)	(4,609)
Less-			
Payments made:	14,944	9,106	24,050
Reduction due to assignment of investments:	3,476	1,798	5,274
	18,420	10,904	29,324
Other variations	–	27,964	27,964
Balance at December 31, 2003	(98,681)	(44,600)	(143,281)
Net balance at December 31, 2003 (Note 15)	(15,770)	484,913	469,143

– Statement of income-

The charges recorded in 2003, 2002 and 2001 to cover the aforementioned commitments are summarized as follows:

	Thousands of Euros		
	2003	2002	2001
Detail by item-			
Allocable interest cost of deferred contributions	4,609	9,280	39,464
Expense of contributions made in the year by Spanish banks in the Group to external pension funds and insurance companies-			
Accrued in the year	68,366	79,752	72,073
Extraordinary	97,462	87,342	85,885
	170,437	176,374	197,422
Expense of contributions made by other Group entities	10,135	13,805	18,199
Net charges by Spanish banks in the Group to in-house pension provisions	87,526	156,910	42,378
Net charges by other Group companies to in-house pension provisions	59,653	43,824	32,749
	327,751	390,913	290,748
Detail by account-			
Financial expenses – Customer deposits	4,609	9,280	39,464
Financial expenses - Cost allocable to the recorded pension provision (Note 20)	69,893	60,041	42,480
General administrative expenses – Personnel costs-			
Net charges to in-house pension provisions (Notes 20 and 28-c)	56,420	39,067	32,203
Contributions to external pension funds (Note 28-c)	78,501	93,557	90,272
Extraordinary losses-			
Net extraordinary charges to in-house pension provisions (Note 20)	2,240	3,345	445
Other losses	116,088	189,501	85,884
Extraordinary income-	–	(3,878)	–
	327,751	390,913	290,748

Other commitments to employees

The situation as regards performance bonuses payable in shares as of December 31, 2003, and the variations in 2003 were as follows:

Plans in Force	Nº Shares at 01/01/03	Options Exercised on Maturity of the Plan	Options Exercised due to Early Retirements and Other (2)	Nº Shares at 12/31/03	Year Granted	Group	Expiration Date (1)	Exercise Price (Euros) 01/01/03	Exercise Price (Euros) 12/31/03
1997	3,500,409	(3,341,379)	(159,030)	–	1998	Employees	02/20/03	3.67	–
1998 (3)	4,242,866	(682,591)	(320,014)	3,240,261	1999	Employees	06/01/03 - 07/31/04	6.01	6.01
1999 (3)	5,103,957	(554,846)	(21,308)	4,527,803	2000	Employees	06/01/03 - 07/31/04	10.65	10.65
2000	7,292,410	–	(45,835)	7,246,575	2001	Employees	03/31/03 - 03/31/04	12.02	12.02
Long-service bonuses	6,646,957	(278,460)	(90,136)	6,278,361	(4)	Employees	(4)	–	–
Total	26,786,599	(4,857,276)	(636,323)	21,293,000				6.73	7.27

(1) The dates indicated are the commencement and expiration dates of the period during which the option can be exercised.
(2) Including both payments to early retirees and other variations in the number of options or shares outstanding.
(3) The 1998 and 1999 are settled together.
(4) When employees complete 15, 25, 40, and 50 years' service at Banco Bilbao Vizcaya Argentaria, S.A.

The remaining life of options outstanding as of December 31, 2003, excluding long-service bonuses, was 0.42 years.

From 2001 to 2003 no new stock options were granted, except long-service bonuses in shares accrued by employees (to be settled when the employee completes 15, 25, 40 or 50 years' service at Banco Bilbao Vizcaya Argentaria, S.A.).

The situation as regards performance bonuses payable in shares as of December 31, 2002, and the variations in 2002 were as follows:

Plans in Force	Nº Shares at 01/01/02	Options Exercised on Maturity of the Plan	Options Exercised due to Early Retirements and Other (2)	Nº Shares at 12/31/02	Year Granted	Group	Expiration Date (1)	Exercise Price (Euros) 01/01/02	Exercise Price (Euros) 12/31/02
1996	4,200,729	(4,116,073)	(84,656)	–	1997	Employees	02/20/02	2.00	–
1997	3,509,418	–	(9,009)	3,500,409	1998	Employees	02/20/03	3.67	3.67
1998	4,248,031	–	(5,165)	4,242,866	1999	Employees	06/01/03 - 07/31/04	6.01	6.01
1999	5,785,077	–	(681,120)	5,103,957	2000	Employees	06/01/03 - 07/31/04	10.65	10.65
2000	8,995,381	–	(1,702,971)	7,292,410	2001	Employees	03/31/03 - 03/31/04	12.02	12.02
Long-service bonus	7,070,618	(383,040)	(40,621)	6,646,957	(3)	Employees	(3)	–	–
Extrabonus AD	15,476,500	–	(15,476,500)	–	2000	Managers	12/31/02	16.50	–
Insurance AD	5,469,923	–	(5,469,923)	–	2000	Managers	01/01/01 - 12/31/02	15.18	–
Total	54,755,677	(4,499,113)	(23,469,965)	26,786,599				10.13	6.73

(1) The dates indicated are the commencement and expiration dates of the period during which the option can be exercised.
(2) Including both payments to early retirees and other variations in the number of options or shares outstanding.
(3) When employees complete 15, 25, 40, and 50 years' service at Banco Bilbao Vizcaya Argentaria, S.A.

The weighted-average exercise price of options exercised in 2002 before the expiration date, excluding long-service bonuses, was €11.26. The remaining life of options outstanding as of December 31, 2002, excluding long-service bonuses, was 0.85 years.

The situation as regards performance bonuses payable in shares as of December 31, 2001 and the variations in 2001 were as follows:

Plans in Force	Nº Shares at 01/01/01	Options Exercised on Maturity of the Plan	Options Exercised due to Early Retirements and Other (2)	Nº Shares at 12/31/01	Year Granted	Group	Expiration Date (1)	Exercise Price (Euros) 01/01/01	Exercise Price (Euros) 12/31/01
1995	4,716,666	(4,716,666)	–	–	1996	Employees	02/20/01	1.32	–
1996	3,560,958	–	639,771	4,200,729	1997	Employees	02/20/02	2.00	2.00
1997	3,821,454	–	(312,036)	3,509,418	1998	Employees	02/20/03	3.67	3.67
1998	4,678,873	–	(430,842)	4,248,031	1999	Employees	06/01/03 - 07/31/04	6.01	6.01
1999	5,796,149	–	(11,072)	5,785,077	2000	Employees	06/01/03 - 03/31/04	10.65	10.65
2000	10,000,000	–	(1,004,619)	8,995,381	2001	Employees	03/31/03 - 03/31/04	12.02	12.02
Long-service bonus	7,708,315	(496,980)	(140,717)	7,070,618	(3)	Employees	(3)	–	–
Extrabonus AD	15,476,500	–	–	15,476,500	2000	Managers	12/31/02	16.50	16.50
Insurance AD	5,469,923	–	–	5,469,923	2000	Managers	01/01/01 – 12/31/02	15.18	15.18
Total	61,228,838	(5,213,646)	(1,259,515)	54,755,677				9.40	10.13

(1) The dates indicated are the commencement and expiration dates of the period during which the option can be exercised.
(2) Including both payments to early retirees and other variations in the number of options or shares outstanding.
(3) When employees complete 15, 25, 40, and 50 years' service at Banco Bilbao Vizcaya Argentaria, S.A.

The weighted-average exercise price of options exercised in 2001 before the expiration date, excluding long-service bonuses, was €8.39. The remaining life of options outstanding as of December 31, 2001, excluding long-service bonuses, was 1.25 years.

The grant date fair value of Plan 2000, Extrabonus AD and Insurance AD programs granted in 2000, were approximately €5.17, €2.36 and €1.72 per option, respectively. The fair value of each option is estimated on the grant date using the Black-Scholes option pricing model with the following assumptions: risk-free interest rates of 5.4%, 5.39% and 5.49%, respectively; expected lives of 2.5, 2.6 and 2.6 years, respectively; expected volatilities of 30.5%, 31.31% and 29.27%, respectively and dividend yield of 2%, 2.19% and 2.01%, respectively.

In March 1999, pursuant to a resolution adopted by the Bank's Shareholders' Meeting on February 27, 1999, 32,871,301 new shares were issued at a price of €2.14 per share, similar to the average reference price of the bonus commitments to Group employees at that date, which they were allocated to cover, which included the bonus commitments for the years 1995 through 1998 and a portion of the accrued commitment relating to long-service bonuses. These shares were subscribed and paid in full by a non-Group company and, simultaneously, the Bank acquired a call option on these shares which can be exercised on any date, at one or several times, prior to December 31, 2011, at an exercise price equal to the share issue price, adjusted on the basis of the antidilution clauses. On various occasions since 1999 the call option was partially exercised to meet commitments to Group employees, a total of 24,678,359 shares being purchased. Accordingly, as of December 31, 2003, the Bank still held an option on a total of 8,192,942 shares (12,490,232 and 18,262,345 shares as of December 31, 2002 and 2001, respectively), at a price of €2.09 per share, after adjustment of the issue price as a result of the reductions in the par value in July 1999 and April 2000.

Also, as of December 31, 2003, the bonuses for 1999 and 2000, which consist of a cash payment tied to the market price of 4,527,803 and 7,246,575 Bank shares, respectively (5,103,957 and 7,292,410 shares, respectively, as of December, 2002, and 5,785,077 and 8,995,381 shares, respectively, as of December 31, 2001), and the other accrued long-service bonus commitments (1,325,680 shares, 1,900,000 shares and 1,311,451 shares in 2003, 2002 and 2001, respectively) had been hedged in full with call options and other futures transactions (Note 3-m).

Additionally, the time period stipulated in the variable compensation program tied to the BBVA share price for executive directors and senior managers of the Bank ended on December 31, 2002. This program was completed with the granting of loans or credit facilities for the acquisition of BBVA shares on the market and guaranteed a maximum loss in the share value of 5% of the acquisition cost. Since at the time of maturity of the program the share price was below the value set (€15 plus 10%), the program beneficiaries were not entitled to receive any amount under the program.

In 2003 an insurance policy was arranged for €570 thousand to cover the pension commitments to former nonexecutive directors. This amount was recorded under the "Personnel Costs" caption in the 2003 statement of income.

k) Severance costs-

Under current Spanish labor legislation, companies are required to pay severance to employees terminated without just cause. There is no labor force reduction plan which would make it necessary to record a provision in this connection. However, as required by Bank of Spain Circular 5/2000, the Group recorded in-house provisions, with a charge to the "Extraordinary Losses" caption in the accompanying 2003, 2002, and 2001 consolidated statements of income, to cover, in accordance with the schedule established in that Circular, the contractual severance payments for terminations or dismissals additional to those provided for by current legislation on a general basis. As of December 31, 2003, 2002 and 2001, these provisions amounted to €37,458 thousand, €37,490 thousand and €19,636 thousand, respectively, and were recorded under the "Provisions for Contingencies and Expenses - Pension Provision" caption in the accompanying consolidated balance sheets (Note 20).

l) Corporate income tax and other taxes-

These captions in the consolidated statements of income include all the debits or credits arising from Spanish corporate income tax and those taxes of a similar nature of subsidiaries abroad, including both the amounts relating to the expense accrued in the year and those arising from adjustments to the amounts recorded in prior years (Note 25).

The expense for corporate income tax accrued each year is calculated on the basis of book income before taxes, increased or decreased, as appropriate, by the permanent differences from the income for tax purposes, i.e. differences between the taxable income and book income before taxes that do not reverse in subsequent periods. The tax assets arising from tax losses at subsidiaries (basically Latin-American companies) and prepaid taxes arising from timing differences are only capitalized if they will be recovered within a period of ten years (Note 15).

The tax benefit of tax credits for double taxation, tax relief and tax credits for certain activities or investments is treated as a reduction of the amount of corporate income tax for the year in which the tax credits are used. Entitlement to these tax credits is conditional upon compliance with the legally stipulated requirements.

m) Derivatives and other futures transactions-

These instruments include, inter alia, unmatured foreign currency purchase and sale transactions, unmatured securities purchase and sale transactions, financial futures on securities, on exchange rates and on interest rates, forward rate agreements, options on exchange rates, on securities and on interest rates and the various types of financial swaps. These transactions are basically carried out for hedging and overall management of the financial risks to which the Group is exposed.

In accordance with Bank of Spain regulations, transactions involving these products are recorded in memorandum accounts either for the future rights and commitments that might have a net worth effect, or for the balances that might be necessary to reflect the transactions, even if they did not have any effect on the Group's net worth. Accordingly, the notional and/or contractual value of these products does not express the total credit or market risk assumed by the Group.

Also, the premiums paid and collected for options purchased and sold, respectively, must be recorded under the "Other Assets" and "Other Liabilities" captions in the accompanying consolidated balance sheets as an asset for the purchaser and as a liability for the writer (Note 15), until their exercise or maturity date.

Transactions whose objective and effect is to eliminate or significantly reduce currency, interest rate or price risks on asset and liability positions or on other transactions were treated as hedging transactions, provided that the hedged asset and the hedging transactions were identified explicitly from initiation of the latter. Similarly, transactions which, although not specifically assigned to a specific hedged item, form part of global or macrohedges used to reduce the risk to which the Group is exposed as a consequence of overall management of correlated assets, liabilities and other transactions, were also treated as hedging transactions.

As of December 31, 2003, 2002 and 2001, the Group had arranged share price risk and interest rate risk macrohedges consisting of securities listed on the main international stock markets and long-term deposit transactions, respectively. The security price macrohedges were valued at market price. The settlements relating to the interest rate macrohedge were recorded by the accrual method. These transactions are permanently subject to an integrated, prudent and consistent system of risk and earnings measurement, management and control enabling transactions to be monitored and identified. This system involves, for each macrohedge, the recording of provisions for credit, market and operational risk in accordance with banking practice for transactions of this type. As required by current legislation, each macrohedge transaction has been authorized by the Bank of Spain.

The gains or losses arising from these hedging transactions are recorded symmetrically to the revenues or costs of the hedged item, and the collections or payments made in settlements are recorded with a balancing entry under the "Other Assets" and "Other Liabilities" captions in the accompanying consolidated balance sheets (Note 15). Forward currency transactions classified as hedges are recorded for accounting purposes as described in Note 3-b.

Nonhedging transactions, which are also known as trading transactions, are valued in accordance with Bank of Spain regulations, based on the market on which they are arranged:

– Transactions arranged in organized markets are valued at market price in their respective markets and the gains or losses arising as a result of market price fluctuations are recorded in full in the consolidated statement of income.

– Theoretical closings are performed at least every month of securities and interest rate futures transactions arranged outside organized markets, and provisions are recorded with a charge to income for the potential net losses, if any, in each risk category and currency arising from such valuations (Notes 20 and 26). The potential gains, which amounted to €9,664 thousand, €1,137 thousand and €8,848 thousand as of December 31, 2003, 2002 and 2001, respectively, are only recognized in the accompanying consolidated statements of income when effectively realized (Note 26). This procedure is also applied to currency options traded outside organized markets.

n) Assets and liabilities acquired or issued at a discount-

Assets and liabilities acquired or issued at a discount, except for marketable securities, are recorded at redemption value. The difference between this value and the amounts paid or received is recorded under the liability and asset "Accrual Accounts" captions in the consolidated balance sheets (Note 16).

ñ) Investments in Argentina-

Macroeconomic situation

The economic crisis that beset Argentina in late 2001 and in 2002 had repercussions on the solvency and liquidity of companies located in Argentina. This was due to a variety of factors, including most notably:

- The Law on Convertibility was amended in January 2002, giving rise to the end of parity with the U.S. dollar. The initial exchange rate in the official market was set at ARP 1.40/US$ 1. The exchange rates as of December 31, 2003 and 2002, were ARP 2.933/US$ 1 and ARP 3.363/US$ 1, respectively.

- The measures established by the Argentine Government to control the movement of capital in 2002 were repealed in that same year and unrestricted access to deposits was restored.

- The structural imbalances caused by the national government's measures were largely offset by government bond issues. However, the pesification gave rise to asymmetries and losses that were not fully offset.

- Also, as a result of the devaluation and the inflationary pressures, the Argentine National Securities Commission and Central Bank decreed that financial statements as of December 31, 2002 must be adjusted for inflation. Due to the positive trend in inflation, this measure was repealed on March 1, 2003.

Although 2003 saw a substantial improvement in the economic situation, certain economic matters still remain to be addressed in order to enable Argentina to return to normality.

BBVA Banco Francés Group

In 2002 BBVA Banco Francés implemented a financial strengthening plan to enable it to meet liquidity requirements. This plan included, inter alia, the following measures:

- Financial assistance from BBVA to meet certain commitments assumed in the past and consisting of: a US$ 79 million loan that was subsequently converted into equity (Note 4) and loans totaling US$ 80 million secured by pledge of customer loans amounting to US$ 120 million. Full provision was made for both risks in 2002.

- The sale of 60.879% of BBVA Uruguay to BBVA, S.A. for US$ 55 million.

- The capital increase approved by the Annual-Special Shareholders' Meeting of BBVA Banco Francés, S.A. on August 7, 2002 (Note 4). In this capital increase, BBVA converted into equity the aforementioned US$ 79 million loan plus the accrued interest, together with the subordinated debt issued by BBVA Banco Francés and held by the Bank amounting to US$ 130 million. These two transactions were fully provisioned at individual and consolidated level.

Additionally, Argentine Government debt securities were sold to BBVA, S.A. under repurchase agreement. The balances outstanding on this transaction as of December 31, 2003 and 2002, were €82,675 thousand and €98,867 thousand, respectively.

In 2003 the Bank did not carry out any further investment or financial assistance transactions with respect to its subsidiaries in Argentina.

BBVA Group – Consolidation of the Group companies located in Argentina.

The financial statements of the Group companies located in Argentina were prepared in accordance with the regulations in force in that country and the applicable unification adjustments were made in the accompanying consolidated financial statements on the basis of the information available.

The Group has maintained the accounting policy established in December 2001 of annulling the underlying book value of the Banco Francés Group in the consolidated books. Accordingly, as of December 31, 2001, the Group recorded a provision amounted to €447,435 thousand which has been assigned to covering assets and commitments in accordance with the terms of the preceding paragraph.

As of December 31, 2003, 2002 and 2001, the Group has additionally recorded a specific provision amounting to €120,380 thousand, €135,606 thousand and €170,201 thousand, respectively, to cover the value of the fixed-income securities issued by BBVA Banco Francés that are held by the Bank and the US$ 80 million loan mentioned above.

The aforementioned provisions were recorded under the "Provisions for Contingencies and Expenses" caption (Note 20). These provisions were not assigned to specific assets in view of their nature and their amount is equal to the Group's investment in the BBVA Banco Francés Group, the lines of financing and the fixed-income securities issued by that group and subscribed by BBVA.

The Bank's directors and their legal advisers believe that these provisions reasonably cover the maximum losses which might be incurred by the Group while the situation described above continues and until such time as objective conditions of security and profitability for new potential investments are reestablished.

(4) BANCO BILBAO VIZCAYA ARGENTARIA GROUP

Banco Bilbao Vizcaya Argentaria, S.A. (BBVA) is the Group's parent company. Its individual financial statements are prepared on the basis of the accounting principles and methods described in Note 3, except for the valuation of the Bank's direct holdings of 20% or more in unlisted companies and of 3% or more in listed companies, which, pursuant to Bank of Spain Circular 4/1991, are recorded at the lower of cost, revalued where appropriate, or market. The market value is deemed to be the underlying book value of these holdings, adjusted by the amount of the unrealized gains disclosed at the time of acquisition and still existing at the valuation date.

The Bank represented approximately 63.94% of the Group's assets and 49.5% of pre-tax profits as of December 31, 2003 (58.96% and 49.39%, respectively, as of December 31, 2002, and 52.82% and 54.08%, respectively, as of December 31, 2001), after the related consolidation adjustments and eliminations.

Summarized below are the balance sheets of Banco Bilbao Vizcaya Argentaria, S.A. as of December 31, 2003, 2002 and 2001 and the statements of income for the years ended December 31, 2003, 2002 and 2001.

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.
BALANCE SHEETS AS OF DECEMBER 31, 2003, 2002 AND 2001 (SUMMARIZED)
- Thousands of euros -

ASSETS	2003	2002 (*)	2001 (*)
CASH ON HAND AND DEPOSITS AT CENTRAL BANKS	2,359,883	1,671,111	2,281,075
GOVERNMENT DEBT SECURITIES	18,796,673	19,091,299	19,273,261
DUE FROM CREDIT INSTITUTIONS	19,562,686	19,662,904	18,728,729
TOTAL NET LENDING	110,880,263	100,687,471	99,509,141
DEBENTURES AND OTHER DEBT SECURITIES	24,416,412	17,131,192	22,505,543
COMMON STOCKS AND OTHER EQUITY SECURITIES	2,428,316	2,071,348	2,164,087
INVESTMENTS IN NON-GROUP COMPANIES	3,583,687	4,357,296	4,306,431
INVESTMENTS IN GROUP COMPANIES	7,778,436	8,699,420	8,814,491
INTANGIBLE ASSETS	193,244	191,903	165,209
PROPERTY AND EQUIPMENT	2,108,116	2,190,317	2,357,723
TREASURY STOCK	56,071	97,555	7
OTHER ASSETS	10,724,838	8,994,431	7,263,368
ACCRUAL ACCOUNTS	1,426,032	3,314,007	5,497,436
TOTAL ASSETS	204,314,657	188,160,254	192,866,501
MEMORANDUM ACCOUNTS	81,584,665	78,116,151	77,512,135

LIABILITIES AND EQUITY	2003	2002 (*)	2001 (*)
DUE TO CREDIT INSTITUTIONS	53,929,332	47,029,366	55,251,331
DEPOSITS	101,419,493	98,472,990	96,615,730
MARKETABLE DEBT SECURITIES	13,630,214	8,714,150	6,073,820
OTHER LIABILITIES	9,539,682	7,381,866	6,029,952
ACCRUAL ACCOUNTS	1,654,299	3,768,498	5,545,639
PROVISIONS FOR CONTINGENCIES AND EXPENSES	3,736,487	3,064,754	2,788,484
GENERAL RISK ALLOWANCE	–	–	–
INCOME FOR THE YEAR	1,460,337	1,207,096	1,311,561
SUBORDINATED DEBT	10,442,327	9,735,824	10,232,345
CAPITAL STOCK	1,565,968	1,565,968	1,565,968
ADDITIONAL PAID-IN CAPITAL	6,273,901	6,512,797	6,834,941
RESERVES	486,336	530,664	440,449
REVALUATION RESERVES	176,281	176,281	176,281
TOTAL LIABILITIES AND EQUITY	204,314,657	188,160,254	192,866,501

(*) Presented for comparison purposes only.

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.
STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2003, 2002 AND 2001 (SUMMARIZED)
- Thousands of euros -

	(DEBIT) / CREDIT		
	2003	2002 (*)	2001 (*)
FINANCIAL REVENUES	6,551,366	7,531,595	9,476,865
FINANCIAL EXPENSES	(3,602,152)	(4,627,304)	(6,675,315)
INCOME FROM EQUITIES PORTFOLIO	667,465	1,283,859	1,400,194
NET INTEREST INCOME	3,616,679	4,188,150	4,201,744
FEES COLLECTED	1,509,043	1,532,072	1,386,039
FEES PAID	(275,990)	(275,284)	(290,044)
MARKET OPERATIONS	366,454	362,923	(71,877)
GROSS OPERATING INCOME	5,216,186	5,807,861	5,225,862
OTHER OPERATING INCOME	2,127	14,673	8,306
GENERAL ADMINISTRATIVE EXPENSES	(2,675,825)	(2,625,233)	(2,684,797)
DEPRECIATION AND AMORTIZATION	(247,544)	(257,964)	(270,627)
OTHER OPERATING EXPENSES	(73,379)	(87,795)	(81,321)
NET OPERATING INCOME	2,221,565	2,851,542	2,197,423
NET LOAN LOSS PROVISIONS	(548,266)	(631,928)	(531,856)
NET SECURITIES WRITEDOWNS	(369,942)	(1,181,581)	(976,812)
NET CHARGE TO GENERAL RISK ALLOWANCE	–	–	1,439
EXTRAORDINARY INCOME	825,743	582,816	998,855
EXTRAORDINARY LOSSES	(366,754)	(389,544)	(536,053)
PRE-TAX PROFIT	1,762,346	1,231,305	1,152,996
CORPORATE INCOME TAX AND OTHER TAXES	(302,009)	(24,209)	158,565
NET INCOME (Note 5)	1,460,337	1,207,096	1,311,561

(*) Presented for comparison purposes only.

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.
STATEMENTS OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 2003, 2002 AND 2001 (SUMMARIZED)

- Thousands of euros -

APPLICATION OF FUNDS	2003	2002 (*)	2001 (*)
DIVIDENDS PAID	1,112,156	1,255,970	1,102,572
NET PURCHASE OF TREASURY STOCK	–	97,548	3,178
SUBORDINATED DEBT	–	496,521	204,927
FINANCING, NET OF INVESTMENT, AT BANK OF SPAIN AND CREDIT AND SAVINGS INSTITUTIONS	–	8,608,296	–
TOTAL NET LENDING	10,756,330	1,802,746	8,156,795
DEBT SECURITIES	6,978,027	–	5,872,794
SHORT-TERM EQUITY SECURITIES	324,153	62,550	458,615
MARKETABLE SECURITIES	–	–	785,762
ACQUISITION OF LONG-TERM INVESTMENTS -			
Purchase of investments in Group and associated companies	5,474,267	6,311,401	5,894,598
Additions to property and equipment and intangible assets	355,522	399,968	485,799
	5,829,789	6,711,369	6,380,397
TOTAL FUNDS APPLIED	25,000,455	19,035,000	22,965,040

SOURCE OF FUNDS	2003	2002 (*)	2001 (*)
FROM OPERATIONS:			
Net income	1,460,337	1,207,096	1,311,561
Add-			
Depreciation and amortization	344,338	329,335	270,627
Net provision for asset writedown and other special provisions	1,182,798	2,404,260	1,667,620
Losses on sales of investments and fixed assets	12,758	62,475	82,972
Less-			
Gains on sales of investments and fixed assets	(668,477)	(390,505)	(821,205)
	2,331,754	3,612,661	2,511,575
CAPITAL INCREASES	136,880	–	104,056
NET SALE OF TREASURY STOCK	41,484	–	
SUBORDINATED DEBT	706,503	–	2,626,376
FINANCING, NET OF INVESTMENT, AT BANK OF SPAIN AND CREDIT AND SAVINGS INSTITUTIONS	6,267,516	–	10,306,688
DEPOSITS	2,946,503	1,857,260	1,435,466
DEBT SECURITIES	–	5,656,629	
MARKETABLE SECURITIES	4,916,064	2,640,330	–
SALE OF LONG-TERM INVESTMENTS-			
Sale of investments in Group and associated companies	7,056,294	4,807,104	5,166,983
Sale of property and equipment	114,968	305,184	553,355
	7,171,262	5,112,288	5,720,338
OTHER LIABILITY ITEMS LESS ASSET ITEMS	482,489	155,832	260,541
TOTAL FUNDS OBTAINED	25,000,455	19,035,000	22,965,040

(*) Presented for comparison purposes only.

The total assets and financial income of the most subsidiaries of the Group as of December 31, 2003, 2002 and 2001 are as follows:

		Thousands of Euros					
		2003		2002		2001	
	COUNTRY	Total Assets	Financial Income	Total Assets	Financial Income	Total Assets	Financial Income
BBVA Bancomer Group	Mexico	48,239,259	3,812,987	60,061,343	5,070,718	71,079,719	7,472,793
BBVA Chile Group	Chile	4,566,384	230,695	4,309,550	300,519	4,181,488	363,938
BBVA Puerto Rico Group	Puerto Rico	4,231,283	216,615	4,802,885	289,157	5,415,486	383,764
BBVA Banco Francés Group	Argentina	4,203,309	278,888	5,916,673	1,081,248	11,333,454	1,352,265
Provincial Group	Venezuela	3,407,683	488,796	3,627,193	746,284	6,043,026	810,940
Continental Group	Peru	2,936,889	171,985	3,510,614	204,232	3,740,783	272,926
BBVA Banco Ganadero Group	Colombia	1,923,646	176,967	1,907,398	227,215	2,983,467	292,229
BBVA Brasil Group	Brazil	–	–	4,020,841	1,218,811	6,390,255	761,669

The subsidiaries fully consolidated as of December 31, 2003, 2002 and 2001 which, based on the information available, were more than 5% owned by non-Group shareholders, were as follows:

As of December 31, 2003:

– Grupo Financiero BBVA Bancomer, S.A.

– Banc Internacional D'Andorra, S.A.

– Holding Continental, S.A.

– Banco Provincial, S.A.

– PSA Finance Argentina Compañía Financiera, S.A.

– Inversiones BanPro International Inc., N.V.

– BBVA Horizonte Pensiones y Cesantías, S.A.

– BBVA Chile, S.A.

– Administradora Fondo Pensiones Provida, S.A.

– Uno-e Bank, S.A.

– BI-BM Gestio D'Actius, S.A.

– A.F.P. Crecer, S.A.

– BBVA & Partners Alternative Invest, A.V., S.A.

As of December 31, 2002:

– Grupo Financiero BBVA Bancomer, S.A.

– Banc Internacional D'Andorra, S.A.

– Holding Continental, S.A.

– Banco Provincial, S.A.

– PSA Finance Argentina Compañía Financiera, S.A.

– Inversiones BanPro International Inc., N.V.

– BBVA Horizonte Pensiones y Cesantías, S.A.

– BBVA Chile, S.A.

– Administradora Fondo Pensiones Provida, S.A.

– Uno-e Bank, S.A.

– BI-BM Gestio D'Actius, S.A.

– A.F.P. Crecer, S.A.

– BBVA & Partners Alternative Invest, A.V., S.A.

As of December 31, 2001:

– Grupo Financiero BBVA Bancomer, S.A.

– Banc Internacional D'Andorra, S.A.

– Holding Continental, S.A.

– Banco Provincial, S.A.

– Inversiones BanPro, S.A.

– Inversiones BanPro International Inc., N.V.

– BBVA Horizonte Pensiones y Cesantías, S.A.

– BBVA Chile, S.A.

– Administradora Fondo Pensiones Provida, S.A

As of December 31, 2002 and 2001, there were no Spanish or foreign credit institutions outside the Group with significant holdings in fully consolidated companies.

Based on the information available as of December 31, 2003, foreign credit institutions outside the Group held significant investments in the following fully consolidated companies:

– PSA Finance, a Banque PSA Finance investee

– AFP Provida, a Bank of New York investee

The main changes in the consolidated Group and the situation as of December 31, 2003, were as follows:

BBVA-Bancomer Group (Mexico)-

Grupo Financiero BBV-Probursa, S.A. de C.V. and the companies in its group, including most notably Banco Bilbao Vizcaya Mexico, S.A., joined the Group in July 1995.

In the first half of 2000, it was resolved to merge Grupo Financiero BBV-Probursa, S.A. de C.V. and Grupo Financiero BBVA Bancomer, S.A. de C.V. (the holdings of which include most notably 100% of BBVA Bancomer, S.A. and 51% of Administradora de Fondos para el Retiro Bancomer, S.A. de C.V. (AFORE Bancomer). This merger was carried out in July 2000, after the Group subscribed in June to a capital increase of US$ 1,400 million at Grupo Financiero BBV-Probursa, S.A. de C.V.

The Group's holding in Grupo Financiero BBVA Bancomer, S.A. de C.V. resulting from the merger, following open-market acquisitions of shares amounting to approximately US$ 325 million, stood at 36.6% as of December 31, 2000.

At the end of the year 2000 an agreement was reached with Bank of Montreal to acquire an additional 2.2% of Grupo Financiero BBVA Bancomer, S.A. de C.V. for approximately US$ 125 million, in a transaction which was performed in 2001. Also, on April 4, 2001, the Group reached an agreement with Bank of Montreal to purchase 9% of its holding in Grupo Financiero BBVA Bancomer, S.A. de C.V. (812 million shares) which signified an investment of US$ 558 million. The transaction was performed in two tranches: the first consisting of 500 million shares on April 5, 2001, raised the holding to 45%, and the second, consisting of 312 million shares, raised the holding in Grupo Financiero BBVA Bancomer, S.A. de C.V. to 48%. Also, in 2001 other acquisitions amounting to US$ 140 million were made, leaving the total holding in Grupo Financiero BBVA Bancomer S.A. de C.V. at 48.76% as of December 31, 2001. The increase in the total goodwill recorded in relation to Grupo Financiero BBVA Bancomer S.A. de C.V. in 2001 amounted to €739 million.

As part of the placement of Grupo Financiero BBVA Bancomer S.A. de C.V. shares by the Government of Mexico in 2002, BBVA acquired approximately 276 million shares representing 3% of the entity's capital stock for €240 million. Additionally, in November 2002 the Group acquired a further 2.5% holding in the capital stock of BBVA Bancomer for €175 million, thus raising the Bank's ownership interest to 54.67% as of December 31, 2002. The increase in goodwill recorded in 2002 was €338,350 thousand (Note 13).

Lastly, in 2003 the Group made additional purchases of 4.76% of the capital stock of BBVA Bancomer for a total of €304 million, leaving the Bank's holding at 59.43% as of December 31, 2003. The increase in goodwill recorded in 2003 was €160,615 thousand (Note 13).

BBVA Banco Francés (Argentina) (Note 3-ñ)-

In December 1996, the Group acquired 30% of BBVA Banco Francés, S.A. (formerly Banco Francés Río de la Plata, S.A.) and took on its management. From that date through December 31, 2001, additional acquisitions were made to increase the Group's holding in this entity to the 68.25% as of December 31, 2001. The total cost of this holding was US$ 1,179 million. As of December 31, 2001, the Group amortized the unamortized goodwill as of that date relating to BBVA Banco Francés, which amounted to €13,998 thousand (Notes 3-g and 13).

On May 30, 2002, BBVA Banco Francés reached an agreement with the Argentine authorities to increase capital, for which BBVA would contribute the subordinated marketable debentures of BBVA Banco Francés held by it amounting to US$ 130 million and a financial loan granted to BBVA Banco Francés amounting to US$ 79 million (Note 3-ñ). The preemptive subscription period ended on December 26, 2002. In accordance with the issue terms, a total of 158.4 million new shares were issued, which increased the Bank's capital stock to 368.1 million shares. The Group, as the majority shareholder, increased its ownership interest in the capital of BBVA Banco Francés, S.A. from 68.25% to 79.6% as a result of this capital increase. The resulting goodwill amounted to €34,786 thousand and was written off with a charge to the 2002 consolidated statement of income (Notes 3-ñ and 13).

As of December 31, 2003, the holding was 79.6%.

Consolidar Group (Argentina) (Note 3-ñ)-

The Consolidar Group joined the Group in October 1997, when a 63.33% ownership interest was reached through BBVA Banco Francés.

As of December 31, 2001, 2002 and 2003, the Group held all the capital stock of Consolidar Administradora de Fondos de Jubilación y Pensiones (AFJP), S.A., Consolidar Cía de Seguros de Vida, S.A. and Consolidar Seguros de Retiro, S.A. (through Banco Francés, in percentages of between 53.89% and 66.67%). As of December 31, 2001, the Group amortized extraordinarily the unamortized goodwill as of that date relating to Consolidar AFJP, which amounted to €109,030 thousand.

Banco Bilbao Vizcaya Argentaria Puerto Rico, S.A.-

In July 1998 BBV Puerto Rico absorbed PonceBank, an entity with total assets of US$ 1,095 million, through a capital increase of US$ 166 million. Also in 1998, BBV Puerto Rico acquired the assets and liabilities of Chase Manhattan Bank in Puerto Rico for a disbursement of US$ 50 million (Note 13).

In March 2000, Citibank's automobile loan portfolio in Puerto Rico was acquired for a disbursement of US$ 31 million additional to the adjusted net value of the loans.

As of December 31, 2003, the holding was 100%.

BBVA Group (Chile)-

In September 1998, the Group acquired a 44% holding in BBVA Banco BHIF, S.A., currently BBVA Chile, S.A., and assumed the management of the group headed by this Chilean financial institution. In 1999 additional shares were acquired, bringing the Group's total holding in this entity to 53.3% as of December 31, 1999. In September 2000 the Group completed the contribution of the capital subscribed in September 1998, with an amount of US$ 108 million, which brought the Group's holding to 62.6% as of

December 2000. As of December 2001, 2002 and 2003, the Group's holding in BBVA Chile, S.A. was 62.89%, 66.098% and 66.27%, respectively.

AFP Provida, S.A. (Chile)-

On July 1, 1999, the Group acquired a 41.17% holding in, and assumed the management of, Administradora de Fondos de Pensiones Provida, S.A. This acquisition was undertaken through the issue of 19,780,108 new shares resolved by the Special Shareholders' Meeting on June 30, 1999. These new shares were exchanged for all the shares of the companies that owned the aforementioned holding in AFP Provida, S.A. (Corp Group Pensions Ltd. and Brookline Investment Ltd.). Also, the Group made further investments in AFP Provida, mainly through the majority subscription to a capital increase carried out by this company in October 1999, which, together with the open-market acquisitions of US$ 11 million in 2001 and US$ 51 million in 2000, brought the Group's holding as of December 31, 2003, 2002 and 2001, to 64.32%.

Provincial Group (Venezuela)-

In March 1997, the Group acquired 40% of the capital stock of Banco Provincial, S.A. and higher holdings in the other Provincial Group companies, thereby assuming management of the group. Additional acquisitions were made in subsequent years which raised the Bank's holding in the Provincial Group to 54.98% as of December 31, 2001, 55.53% as of December 31, 2002 and to 55.59% as of December 31, 2003.

Continental Group (Peru)-

In April 1995, the Group acquired a 75% holding in the capital stock of Banco Continental, S.A. through Holding Continental, S.A. Subsequent acquisitions increased the ownership interest in Banco Continental to 81.78% as of December 31, 2001.

On November 26, 2002, BBVA, as the owner of 50% of the capital stock of the Peruvian company Holding Continental, S.A., subscribed to a capital increase at this entity amounting to US$ 10 million. This capital increase will be used to finance the tender offer to acquire the shares of Banco Continental which are not currently held by it (143,713,997 shares) at 1.59 soles per share. On November 27, 2002, Holding Continental, S.A. submitted this transaction to the Lima Stock Exchange and to the related National Companies and Securities Supervisory Commission. The tender offer resulted in the acquisition of 8.84% of the capital stock of Banco Continental. In 2002 Holding Continental and its subsidiaries held 91.51% of the aforementioned Bank. The holding in this company was increased to 92.01% in 2003.

BBVA Banco Ganadero Group (Colombia)-

In August 1996, the Group acquired 40% of the common stock (equal to 35.1% of the total capital) of Banco Ganadero, S.A. (currently BBVA Banco Ganadero, S.A.). In 2000 this entity carried out a major financial restructuring and strengthening process which included a capital increase of approximately US$ 254 million, substantially all of which was subscribed by the Group. This capital increase, together with various additional acquisitions resulting in US$ 14 million of disbursements, raised the Group's holding in BBVA Banco Ganadero, S.A. to 85.56% as of December 31, 2000. On January 23, 2001, the Bank's Board of Directors resolved to launch a tender offer to purchase all the shares of BBVA Banco Ganadero, S.A. The tender offer took place on April 9, 2001, and gave rise to a disbursement of US$ 44.4 million and increased the Group's holding in BBVA Banco Ganadero, S.A. to 95.36%. This percentage of ownership was maintained as of December 31, 2002. As of December 31, 2003, the holding was 95.37%.

BBV Brasil Group-

In August 1998, the Group acquired control of Banco Excel Económico, S.A. (Banco Bilbao Vizcaya Argentaria Brasil, S.A.- BBV Brasil) and acquired substantially all its capital stock by subscribing the full amount of a capital increase carried out by the bank for US$ 853 million.

In addition, as part of the capitalization plan agreed upon with the Brazilian authorities, the Group placed a deposit at BBV Brasil amounting to US$ 700 million, convertible into capital in future years. US$ 31 million of this amount were converted in December 2000 and US$ 46 million were converted in 2001. In 2002 the remaining deposit amount (US$ 623 million) was converted into equity.

In 2002 the Group decided to reconsider the business model implemented in Brazil. As a result of the new approach, a strategic agreement was reached in that year with Banco Bradesco, S.A., which was executed on January 13, 2003. The main aspects of the agreement are as follows:

- Integration of the banking and insurance business of BBVA in Brazil, carried on by BBV Brasil and its subsidiaries, into Banco Bradesco, S.A. through the transfer of all the shares of BBV Brasil owned by BBVA to Banco Bradesco, S.A.

- As a consideration for the transfer of shares, BBVA will receive newly-issued common shares and preferred shares of Banco Bradesco, S.A. representing 4.44% of its capital stock and, additionally, will receive cash amounting to 1,864 million Brazilian reais.

As of December 31, 2002, the Group recorded the accounting effects of the agreement with a charge of €245,717 thousand to the "Losses on Disposal of Investments in Fully and Proportionally Consolidated Companies" caption in the accompanying consolidated statement of income and a credit to the "Losses at Consolidated Companies Arising from Negative Exchange Differences on Consolidation" caption (Note 24) to eliminate, as required by Bank of Spain regulations, the accumulated negative exchange differences which were recorded against consolidation reserves and arose from the translation of the financial statements of BBV Brasil from the time of its acquisition. The aforementioned entry has no effect on the Group's net worth. Also, a capital gain of

€92,000 thousand was recorded with a credit to the aforementioned caption in the accompanying consolidated statement of income, and a charge to the "Other Assets" caption in the accompanying consolidated balance sheet. Finally, a specific provision of €34,719 thousand was recorded with a charge to the "Extraordinary Losses" caption in the consolidated statement of income (Note 28-g) equal to the theoretical goodwill of the shares of Banco Bradesco, S.A. mentioned above.

Once the related due diligence reviews were completed and the necessary regulators' approval had been obtained, the agreement was executed on June 9, 2003.

Banco de Crédito Local, S.A.-

At the end of 2000 an agreement was entered into with the Dexia Group to terminate the strategic alliance for the institutional business which Argentaria had with that group. The agreement included the purchase by BBVA of the 40% of Banco de Crédito Local, S.A., owned by the Dexia Group since 1998, which was performed in January 2001 and gave rise to the disbursement of €429,435 thousand, generating goodwill of €298,037 thousand (Note 13).

As of December 31, 2003, the holding was 100%.

Variations in the Group in 2003-

The most significant transactions in 2003 were as follows:

– On January 13, 2003, the Group reached an agreement with Banco Bradesco, S.A. whereby the Group sold its banking subsidiary in Brazil and its Brazilian subsidiaries in exchange for 4.44% of its capital stock and cash amounting to 1,864 million Brazilian reais. Banco Bradesco, S.A. is accounted for by the equity method.

– In 2003 the Group companies BBVA Privanza Banco, S.A. and BBVA Bolsa, S.A. were dissolved without liquidation and their assets and liabilities were transferred to Banco Bilbao Vizcaya Argentaria, S.A.

Variations in the Group in 2002-

The most noteworthy transactions in 2002 were as follows:

– In 2002 Brunara, S.A., in which the Group has a 14.066% holding, was no longer fully consolidated and was accounted for by the equity method.

– On January 25, 2002, the Group and Grupo Progreso announced the launch of BBVA Crecer AFP, a new pension fund manager for the Dominican Republic market. As of December 31, 2002, BBVA had a 70% holding in this company and Grupo Progreso had the remaining 30% holding. The total investment in 2002 was US$ 3.6 million.

– The sale of all the shares held by BBVA Banco Francés, S.A. in BBVA Uruguay (60.88%) to BBVA for US$ 55 million was formally executed on May 14, 2002, after obtaining authorization from the Central Bank of Uruguay (Note 3-ñ). As a result of this transaction, the BBVA Group's ownership interest in BBVA Uruguay rose from 80.658% to 100%.

– On May 15, 2002, Terra Networks and the Group entered into a preliminary agreement for the integration of Uno-e Bank, S.A. and the individuals consumer financing business of Finanzia Banco de Crédito, S.A., a wholly-owned subsidiary of BBVA, whereby Terra Networks' holding in Uno-e Bank, S.A. stood at 33%. This integration transaction and the percentage of ownership by Terra Networks were subject to the formalization of final contracts, which were executed on January 10, 2003, and the obtainment of the required authorizations. Also, a mechanism was formally established for the liquidity of the shares held by Terra Networks in the resulting combined entity.

Variations in the Group in 2001-

In 2001 the Group obtained income of €31,319 thousand from the sale of holdings. The most noteworthy of these transactions were as follows:

– In February 2000, the Group entered into a strategic agreement with Telefónica, S.A., whereby, inter alia, the Telefónica Group acquired a 49% holding in the capital stock of Uno-e Bank, S.A. The agreement was executed on August 2, 2001, when Banco Bilbao Vizcaya Argentaria, S.A. sold 49% of its holding in Uno-e Bank, S.A. to Terra Networks, S.A.

– The Group sold all the shares it held in Banco Bilbao Vizcaya Argentaria Maroc, which generated income of €5,109 thousand.

– Lastly, 80% of Futuro Bolivia, S.A., AFP was sold, generating income of €15,759 thousand.

(5) DISTRIBUTION OF INCOME

In 2003, the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A. resolved to pay the shareholders three interim dividends out of 2003 income, amounting to a total of €0.27 gross per share. The aggregate amount of the interim dividends declared as of December 31, 2003, net of the amount collected and to be collected by the consolidable Group companies, was €859,896 thousand and is recorded under the "Other Assets" caption in the related consolidated balance sheet (Note 15). The last of the aforementioned interim dividends, which amounts to €0.09 gross per share, paid to the shareholders on January 12, 2004, and was recorded under the "Other Liabilities – Payment Obligations" caption in the accompanying consolidated balance sheet as of December 31, 2003 (Note 15).

The projected 2003 accounting statements prepared by Banco Bilbao Vizcaya Argentaria, S.A. in accordance with legal requirements, disclosing the existence of sufficient liquidity for distribution of the interim dividends, were as follows:

	Thousands of Euros		
	05-31-03	08-31-03	11-30-03
Interim dividend-	First	Second	Third
Income at each of the stated dates, after the provision for corporate income tax	463,187	1,090,843	1,427,397
Less-			
Interim dividends distributed	–	(287,627)	(575,254)
Maximum amount of possible distribution	463,187	803,216	852,143
Proposed amount of interim dividend	287,627	287,627	287,626

The Bank's Board of Directors will propose to the Shareholders' Meeting that a final dividend of €0.114 per share be paid out of 2003 income. Based on the number of shares representing the capital stock as of December 31, 2003 (Note 23), the final dividend would amount to €364,327 thousand and income would be distributed as follows:

	Thousands of Euros
2003 net income (Note 4)	1,460,337
Allocation to:	
Dividends (Note 2-d)	
– Interim dividend	826,880
– Final dividend	364,327
Voluntary reserves	233,130

Notwithstanding the above, at its meeting on February 3, 2004, at which these consolidated financial statements were prepared, the Board of Directors of BBVA resolved, inter alia, to increase capital by a nominal amount of €95,550,000 through the issuance of 195,000,000 ordinary shares of €0.49 par value each, of the same class and series, traded by the book-entry trading system. Article 161.1 of the Spanish Corporations Law provides for the possibility of the capital increase not being fully subscribed (Note 32).

The new shares will entitle their owners to share in any distribution of dividends paid after the capital increase is registered in Iberclear's accounting records, and in assets in the event of liquidation. As regards the dividend to be paid out of 2003 income, holders of the new shares will only be entitled to receive the amount of any final dividend, if any, that the Shareholders' Meeting resolves to declare, if the shares are issued prior to the date of this Shareholders' Meeting. If the capital increase has been subscribed and paid as of the date of the Shareholders' Meeting, the proposed distribution of income shown above will be adjusted on the basis of the new shares issued so that the amount earmarked for dividends is increased by the amount necessary for the final 2003 dividend on all the shares issued and subscribed to be €0.114 per share, and that amount, up to a limit of €22,230 thousand, will be subtracted from the amount initially assigned to «Voluntary Reserves», as shown in the foregoing table, based on the maximum number of shares shown above.

(6) GOVERNMENT DEBT SECURITIES

The balances of this caption in the accompanying consolidated balance sheets are made up as follows:

	Thousands of Euros					
	2003		2002		2001	
	Book Value	Market Value	Book Value	Market Value	Book Value	Market Value
Fixed-income portfolio:						
Held-to-maturity portfolio-						
Listed government debt securities	613,946	652,625	1,880,783	1,983,010	2,271,905	2,381,703
Available-for-sale portfolio-						
Treasury bills	601,300	601,101	1,145,563	1,146,566	6,502,073	6,526,390
Other listed book-entry debt securities	12,092,631	12,275,181	9,243,858	9,538,272	8,914,018	9,088,884
Other listed securities	21,562	21,651	24,784	27,219	75,433	79,514
	12,715,493	12,897,933	10,414,205	10,712,057	15,491,524	15,694,788
Less-						
Securities revaluation reserve (Note 2-f)	–	–	(34)	–	(6)	–
	12,715,493	12,897,933	10,414,171	10,712,057	15,491,518	15,694,788
Trading portfolio-						
Treasury bills	4,804,191	4,804,191	4,697,945	4,697,945	3,113	3,113
Other book-entry debt securities	811,373	811,373	2,774,877	2,774,877	2,398,833	2,398,833
	5,615,564	5,615,564	7,472,822	7,472,822	2,401,946	2,401,946
	18,945,003	19,166,122	19,767,776	20,167,889	20,165,369	20,478,437

In 2003, 2002 and 2001, securities amounting to €717,080 thousand, €1,811,502 thousand and €3,106,078 thousand, respectively, were transferred from the trading portfolio to the available-for-sale portfolio at market prices.

The acquisition cost of securities assigned to the trading portfolio amounted to €5,610,704 thousand, €7,378,856 thousand and €2,403,315 thousand as of December 31, 2003, 2002 and 2001, respectively.

The variations in 2003, 2002 and 2001 in the balance of this caption in the accompanying consolidated balance sheet were as follows:

	Thousands of Euros
Balance at January 1, 2001	14,735,194
Purchases	77,638,046
Sales	(69,403,453)
Redemptions	(2,796,263)
Other	(8,155)
Balance at year-end 2001	20,165,369
Purchases	67,115,695
Sales	(63,935,970)
Redemptions	(3,634,226)
Other	56,908
Balance at year-end 2002	19,767,776
Purchases	58,753,072
Sales	(52,778,298)
Redemptions	(6,753,702)
Other	(43,845)
Balance at year-end 2003	18,945,003

The average annual interest rate on Treasury bills in 2003 was 2.11% (2.82% in 2002 y 4.58% in 2001). As of December 31, 2003, 2002 and 2001, €5,282,381, €5,991,369 thousand and €5,316,944 thousand, respectively (effective amount), of these assets and of those acquired under resale agreement from credit institutions (Note 7) and from customers (Note 8) had been sold under repurchase agreement by the Group to other financial intermediaries (Note 17) and to customers (Note 18).

The nominal interest rates on listed government debt securities ranged from 10.15% to 3.20% at 2003 year end (from 10.9% to 3.25% at 2002 year end and from 11.37% to 3% at 2001 year end). As of December 31, 2003, 2002 and 2001, €17,980,643, €15,185,661 and €15,864,021 thousand (effective amount) respectively of these securities and of those acquired under resale agreement from credit institutions (Note 7) and from customers (Note 8) had been sold under repurchase agreement by the Group to the Bank of Spain and other financial intermediaries (Note 17) and to customers (Note 18).

The breakdown of this caption, by maturity, as of December 31, 2003, 2002 and 2001, disregarding the securities revaluation reserve, is as follows:

	Thousands of Euros			
	Up to 3 Months	3 Months to 1 Year	1 to 5 Years	Over 5 Years
Balances at December 31, 2003-				
Fixed-income portfolio:				
Held-to-maturity portfolio	–	–	–	613,946
Available-for-sale portfolio	15,775	1,652,458	9,367,609	1,679,651
Trading portfolio	773,089	2,860,267	1,571,849	410,359
	788,864	4,512,725	10,939,458	2,703,956
Balances at December 31, 2002-				
Fixed-income portfolio:				
Held-to-maturity portfolio	–	1,264,802	–	615,981
Available-for-sale portfolio	1,492,066	2,478,865	4,926,042	1,517,232
Trading portfolio	520,045	3,018,011	2,423,940	1,510,826
	2,012,111	6,761,678	7,349,982	3,644,039
Balances at December 31, 2001-				
Fixed-income portfolio:				
Held-to-maturity portfolio	376,515	–	1,277,361	618,029
Available-for-sale portfolio	1,329,025	3,069,565	6,426,546	4,666,388
Trading portfolio	581,161	184,457	634,885	1,001,443
	2,286,701	3,254,022	8,338,792	6,285,860

(7) DUE FROM CREDIT INSTITUTIONS

The breakdown of the balances of this caption in the accompanying consolidated balance sheets, by currency and type, is as follows:

	Thousands of Euros		
	2003	2002	2001
By currency:			
In euros	9,002,257	6,752,842	8,752,036
In foreign currencies	11,904,872	14,723,437	14,446,720
	20,907,129	21,476,279	23,198,756
By type:			
Current accounts-			
Current accounts	237,564	348,420	284,784
Other accounts	406,423	1,029,288	2,358,426
	643,987	1,377,708	2,643,210
Other-			
Deposits at credit and financial institutions	8,462,098	11,169,447	9,647,849
Assets acquired under resale agreement (Notes 6, 8, 17 and 18)	10,659,685	8,301,701	10,694,548
Other accounts	1,312,599	750,210	351,682
	20,434,382	20,221,358	20,694,079
Less-			
Loan loss provisions (Notes 2-f, 3-c and 8)	(5,582)	(5,439)	(34,714)
Country-risk provisions (Notes 2-f, 3-c and 8)	(165,658)	(117,348)	(103,819)
	20,907,129	21,476,279	23,198,756

As of December 31, 2003, 2002 and 2001, the foregoing "Country-Risk Provisions" account included €162,321 thousand, €93,322 thousand and €98,548 thousand, respectively, relating to provisions recorded to cover intercompany country-risk positions at credit institutions (Notes 2-c and 3-c).

The detail, by maturity, of the balances of the "Due from Credit Institutions - Other" caption (except for "Other Accounts") in the accompanying consolidated balance sheets, disregarding the loan loss and country risk provisions, and the average interest rates for each year are as follows:

	Thousands of Euros				Average Interest Rate in the Year
	Up to 3 Months	3 Months to 1 Year	1 to 5 Years	Over 5 Years	
Balances at December 31, 2003-					
Deposits at credit and financial institutions	7,118,241	863,375	356,845	123,637	4.9%
Assets acquired under resale agreement	10,576,517	83,168	–	–	4.6%
	17,694,758	946,543	356,845	123,637	
Balances at December 31, 2002-					
Deposits at credit and financial institutions	10,205,195	842,615	75,910	45,727	4.2%
Assets acquired under resale agreement	4,664,761	1,623,713	2,013,134	93	6.6%
	14,869,956	2,466,328	2,089,044	45,820	
Balances at December 31, 2001-					
Deposits at credit and financial institutions	7,464,116	1,908,679	217,918	57,136	5.3%
Assets acquired under resale agreement	10,574,970	119,578	–	–	5.4%
	18,039,086	2,028,257	217,918	57,136	

(8) TOTAL NET LENDING

The detail, by currency and borrower sector, of the balances of this caption in the accompanying consolidated balance sheets is as follows:

	Thousands of Euros		
	2003	2002	2001
By currency:			
In euros	120,152,594	106,589,553	98,982,084
In foreign currencies	28,674,680	34,725,459	51,237,736
	148,827,274	141,315,012	150,219,820
By sector:			
Public sector	13,403,575	12,561,840	12,195,701
Agriculture	1,056,589	698,161	533,339
Industrial	11,991,104	11,970,286	11,377,851
Real estate and construction	14,823,377	13,651,669	12,767,362
Trade and finance	12,742,051	9,336,199	8,676,667
Loans to individuals	44,159,656	38,514,900	36,105,108
Lease	4,159,904	3,216,394	2,684,525
Other	13,332,683	12,923,030	10,899,947
Total resident borrowers	115,668,939	102,872,479	95,240,500
Non-resident sector	37,601,874	43,540,228	60,907,023
Europe	8,266,581	7,453,873	8,636,490
USA	3,126,236	772,262	1,052,007
Latin America	25,070,254	31,335,166	46,382,514
Other countries	1,138,803	3,978,927	4,836,012
Less-			
Loan loss provisions (Notes 2-f and 3-c)	(4,001,896)	(4,771,009)	(5,715,979)
Country-risk provisions (Notes 2-f and 3-c)	(441,643)	(326,686)	(211,724)
	148,827,274	141,315,012	150,219,820

The detail, by maturity, loan type and status, of this caption in the accompanying consolidated balance sheets, disregarding the balance of the "Loan Loss Provisions" and "Country-Risk Provisions" accounts in the foregoing detail, is as follows:

	Thousands of Euros		
	2003	2002	2001
By maturity:			
Up to 3 months	35,213,097	39,559,494	45,470,250
3 months to 1 year	27,869,528	22,308,438	25,519,364
1 to 5 years	37,875,262	37,365,648	34,911,609
Over 5 years	52,312,926	47,179,127	50,246,300
	153,270,813	146,412,707	156,147,523
By loan type and status:			
Commercial bills	9,649,948	9,326,491	11,051,537
Financial bills	34,261	29,154	55,931
Secured loans	64,008,734	57,590,451	56,485,533
Assets acquired under resale agreement (Notes 6, 7, 17 and 18)	1,826,238	318,107	406,782
Other term loans	64,335,445	66,332,030	74,465,447
Demand and other loans	5,969,772	5,303,066	7,350,174
Financial leases	4,773,894	4,040,129	3,657,087
Nonperforming loans	2,672,521	3,473,279	2,675,032
	153,270,813	146,412,707	156,147,523

The variations in 2003, 2002 and 2001 in the balance of the "Nonperforming Loans" caption included under this heading in the accompanying consolidated balance sheets were as follows:

	Thousands of Euros		
	2003	2002	2001
Beginning balance	3,473,279	2,675,032	2,798,861
Additions	2,394,975	4,275,505	3,830,127
Recoveries	(1,632,605)	(1,773,530)	(2,108,562)
Transfers to bad debts	(1,252,221)	(889,913)	(1,845,394)
Exchange differences and other	(310,907)	(813,815)	–
Ending balance	2,672,521	3,473,279	2,675,032

As of December 31, 2003, 2002 and 2001, the face amount of the assets, basically loans, credits and securities pledged as security for own and third-party obligations, amounted to €17,367,909 thousand, €18,190,848 thousand and €11,200,566 thousand, respectively, and related basically to the pledge of certain assets as security for financing facilities with the Bank of Spain (Note 17) and to a portion of the assets assigned to mortgage bond issues which, pursuant to the Mortgage Market Law are admitted as security for obligations to third parties.

As of December 31, 2003, 2002 and 2001, there were no loans to customers without fixed maturity dates.

As of December 31, 2003, 2002 and 2001, €2,586,891 thousand, €2,910,899 thousand and €3,328,692 thousand, respectively, of loans were transferred to securitization funds.

Assets under financial lease contracts are reflected in the "Financial Leases" account in the foregoing detail at the principal amount of the unmatured lease payments, plus the residual value applicable for purchase option purposes, excluding financial charges and VAT.

As of December 31, 2003, 2002 and 2001, the outstanding amounts of the loans granted to employees and customers for the acquisition of shares of Banco Bilbao Vizcaya Argentaria, S.A. were €13,269 thousand, €17,286 thousand and €107,605 thousand, respectively.

The advances and loans granted to Bank directors as of December 31, 2003, 2002 and 2001, totaled € 261 thousand, €1,099 thousand and €6,091 thousand, respectively, and earned annual interest between 4% and 5%. As of December 31, 2002, no guarantees had been provided for them. As of December 31, 2001, the guarantees provided for directors amounted to €142 thousand.

The variations in 2003, 2002 and 2001 in the overall balance of the "Loan Loss Provisions" and "Country-Risk Provisions" accounts in the above detail and of the provisions allocated to credit institutions (Note 7) and to fixed-income securities (Note 9) were as follows:

	Thousands of Euros		
	2003	2002	2001
Beginning balance	5,345,883	6,320,008	8,155,054
Net charge for the year:			
Nonperforming loan provision	1,401,414	1,889,927	2,216,479
Country-risk provision (Note 2-c)	258,762	286,195	77,146
Reversals	(317,130)	(433,964)	(293,588)
	1,343,046	1,742,158	2,000,037
Variations in the consolidable Group (Note 4)	(75,389)	(1,861)	11,942
Transfer to loan writeoffs	(1,062,758)	(1,333,611)	(1,872,345)
Transfer to foreclosed asset provisions (Note 14)	(11,410)	(8,156)	(8,105)
Other variations:			
Exchange differences	(710,514)	(1,441,192)	715,277
Use of the specific FOBAPROA promissory note Fund	–	–	(3,259,265)
Transfer to provision for off-balance-sheet risks (Note 20)	62,275	(86,278)	(38,664)
Provision recorded for the exchange of fixed-income securities for secured loans in Argentina (Note 3-ñ) (*)	–	–	434,874
Other	(155,248)	154,815	181,203
Ending balance	4,735,885	5,345,883	6,320,008

(*) As of December 31, 2002, this amount was recorded in the "Exchange Differences" (€301,224 thousand) and "Transfer to Loan Writeoffs" (€133,650 thousand) accounts.

The €227,179 thousand, €207,677 thousand and €287,735 thousand of written-off loans recovered in 2003, 2002 and 2001, respectively are presented net of the balances of the "Net Loan Loss Provisions" caption in the accompanying consolidated statements of income. This caption also includes the write offs of loans classified as bad debts, which amounted to €161,079 thousand in 2003, €208,857 thousand in 2002 and €206,928 thousand in 2001.

The detail of the total risk exposure as of December 31, 2003, 2002 and 2001, to third parties outside the Group in countries experiencing differing degrees of debt-servicing difficulty (country-risk) and of the provisions recorded for coverage thereof, which are included in the loan loss provisions (Note 3-c), is as follows:

	Thousands of Euros		
	2003	2002	2001
Country-risk	926,700	1,046,687	1,404,722
Provision recorded (*)	613,140	482,719	493,942
% of coverage	66.2%	46.1%	35.2%

(*) €447,443 thousand, €353,264 thousand and €218,605 thousand of these amounts as of December 31, 2003, 2002 and 2001, respectively, were recorded in the "Country-Risk Provision" account. The remaining amounts were recorded in the "Specific Risk Provision" account.

The country-risk amount as of December 31, 2003, 2002 and 2001, does not include assets for which insurance policies have been taken out with third parties that include coverage of the risk of confiscation, expropriation, nationalization, nontransfer, nonconvertibility and, if appropriate, war and political violence. The sum insured as of December 31, 2003, 2002 and 2001, amounted to US$ 466 million, US$ 584 million and US$ 555 million, respectively (approximately €369 million, €557 million and €629 million).

Also, pursuant to current Bank of Spain regulations, the provision for off-balance-sheet risk losses, recorded under the "Provisions for Contingencies and Expenses - Other Provisions" caption (Notes 2-f and 20) on the liability side of the accompanying consolidated balance sheets amounted to €209,270, €271,545 thousand and €185,268 thousand, respectively, as of December 31, 2003, 2002 and 2001.

(9) DEBENTURES AND OTHER DEBT SECURITIES

The breakdown, by currency, issuer sector, listing status and type, of the balances of this caption in the accompanying consolidated balance sheets, is as follows:

	Thousands of Euros		
	2003	2002	2001
By currency:			
In euros	24,201,930	18,785,929	22,570,025
In foreign currencies	28,734,036	30,347,250	39,080,913
	52,935,966	49,133,179	61,650,938
By type:			
Held-to-maturity portfolio	510,709	522,077	596,769
Available-for-sale portfolio	32,410,725	28,914,106	41,805,296
Trading portfolio	20,014,532	19,696,996	19,248,873
	52,935,966	49,133,179	61,650,938
By sector:			
Resident public sector	1,174,997	1,436,106	1,351,886
Resident credit institutions	457,427	258,027	459,373
Other resident sectors	2,481,168	2,441,327	2,468,122
Other non-resident sectors	49,017,438	45,125,706	57,628,725
Europe	20,670,609	14,629,779	18,622,973
USA	5,161,076	2,905,029	2,533,603
Latin America	22,324,498	26,765,261	35,257,299
Other countries	861,255	825,637	1,214,850
Less-			
Securities revaluation reserve (Note 2-f)	(73,958)	(2,586)	(3,396)
Loan loss and country-risk provisions (Notes 2-f, 3-c and 8)	(121,106)	(125,401)	(253,772)
	52,935,966	49,133,179	61,650,938
By listing status:			
Listed	46,264,545	37,955,161	45,144,591
Unlisted	6,671,421	11,178,018	16,506,347
	52,935,966	49,133,179	61,650,938

The breakdown, by maturity, of the balance of the fixed-income portfolio classified as available-for-sale and held-to-maturity in the accompanying consolidated balance sheets, disregarding the "Securities Revaluation Reserve" and the "Loan Loss and Country-Risk Provisions" accounts in the foregoing detail in 2003, is as follows:

	Thousands of Euros		
	Up to 1 Year	1 to 5 Years	Over 5 Years
Balances at December 31, 2003-			
Fixed-income portfolio:			
Held-to-maturity portfolio	10,361	442,771	57,577
Available-for-sale portfolio	3,352,499	15,337,545	13,915,745
	3,362,860	15,780,316	13,973,322
Balances at December 31, 2002-			
Fixed-income portfolio:			
Held-to-maturity portfolio	10,355	432,307	79,415
Available-for-sale portfolio	4,224,678	10,960,229	13,729,199
	4,235,033	11,392,536	13,808,614
Balances at December 31, 2001-			
Fixed-income portfolio:			
Held-to-maturity portfolio	74,755	355,701	166,313
Available-for-sale portfolio	9,624,030	22,233,218	9,948,048
	9,698,785	22,588,919	10,114,361

In 2003 securities in the trading portfolio amounting to €893,242 thousand (€1,054,336 thousand in 2002) were transferred to the available-for-sale portfolio at market prices.

The acquisition cost of the securities assigned to the trading portfolio was €19,870,277 thousand as of December 31, 2003 (€19,598,881 thousand as of December 31, 2002 and €19,278,581 thousand as of December 31, 2001).

As of December 31, 2003, 2002 and 2001, the market value of the debentures and other debt securities included in the available-for-sale portfolio amounted to €32,590,300 thousand, €28,971,860 thousand and €41,774,037 thousand, respectively.

The market value of the securities assigned to the held-to-maturity portfolio amounted €542,590 thousand, €561,760 thousand and €648,306 thousand as of December 31, 2003, 2002 and 2001, respectively.

As of December 31, 2003, the face value of the securities which were securing financing lines assigned by the Bank of Spain and other central banks amounted to €12,231,516 thousand (€7,091,312 thousand as of December 31, 2002).

As of December 31, 2003, 2002 and 2001, a portion of the debt securities on hand had been sold under repurchase agreement basically to private-sector depositors and is recorded under the "Deposits - Other Deposits" caption in the accompanying consolidated balance sheets (Note 18).

The balance of the "Available-for-Sale Portfolio - Other Nonresident Sectors" caption includes promissory notes issued by the Banking Fund for the Protection of Savings (FOBAPROA) in Mexico, now the Banking Institute for the Protection of Savings (IPAB). These promissory notes arose as part of the measures adopted by the Mexican government as a result of the banking crisis suffered due to the economic situation in Mexico at the end of 1994 and in 1995. Under certain regulations, the banks transferred to the Mexican government a portion of the loan portfolio with payment difficulties. These transactions were structured as a transfer of future rights to the flows generated by the loans. In exchange for these rights, the credit institutions received nontransferable FOBAPROA promissory notes of an amount equal to the net book value (net of the provisions) of the assets subject to the scheme. As of December 31, 2003, 2002 and 2001, these promissory notes amounted to €9,030,338 thousand, €11,173,894 thousand and €15,661,263 thousand, respectively. The promissory notes earn capitalizable interest and are payable through maturity in 2005. The interest on these promissory notes is recorded under the "Financial Revenues" caption in the accompanying consolidated statements of income. In accordance with the terms established in the agreements with FOBAPROA, Grupo Financiero BBVA Bancomer is responsible for 25% of the losses arising from the difference between the amount of the FOBAPROA promissory notes at the commencement of the transaction plus the accumulated accrued interest and the recoveries of the loans subject to the program. This contingency was written off.

The variations in 2003, 2002 and 2001 in the balances of this caption in the accompanying consolidated balance sheets, disregarding the "Securities Revaluation Reserve" and the "Loan Loss Provisions", were as follows:

	Thousands of Euros		
	2003	2002	2001
Beginning balance	49,261,166	61,908,106	60,642,296
Purchases	5,705,603,539	6,215,765,285	4,995,049,443
Sales and redemptions	(5,685,935,563)	(6,220,035,030)	(4,987,490,780)
Transfers and other	(15,798,112)	(8,377,195)	(6,292,843)
Ending balance	53,131,030	49,261,166	61,908,106

The variations in the balance of the "Securities Revaluation Reserve" account in 2003, 2002 and 2001 were as follows:

	Thousands of Euros		
CONCEPTOS	2003	2002	2001
Beginning balance	2,586	3,396	48,706
Provisions with a charge to asset accrual accounts (Note 3-d)	69,687	–	–
Transfers and other	1,685	(810)	(45,310)
Ending balance	73,958	2,586	3,396

(10) COMMON STOCKS AND OTHER EQUITY SECURITIES

This caption in the accompanying consolidated balance sheets includes the shares of companies generally less than 20% owned (less than 3% if listed), and units in mutual funds. The detail of the balances of this caption, by currency and listing status, is as follows:

	Thousands of Euros		
	2003	2002	2001
By currency:			
In euros	2,390,882	1,986,299	2,357,074
In foreign currencies	701,182	1,021,193	1,316,625
	3,092,064	3,007,492	3,673,699
By type:			
Available-for-sale portfolio	1,062,650	2,075,564	2,641,419
Trading portfolio	2,029,414	931,928	1,032,280
	3,092,064	3,007,492	3,673,699
By listing status:			
Listed	2,541,383	2,447,460	2,435,746
Unlisted	622,334	800,758	1,391,608
Less-			
Securities revaluation reserve			
(Notes 2-f and 3-e)	(71,653)	(240,726)	(153,655)
	3,092,064	3,007,492	3,673,699

The variations in 2003, 2002 and 2001 in the balances of this caption in the accompanying consolidated balance sheets, disregarding the securities revaluation reserve, were as follows:

	Thousands of Euros		
	2003	2002	2001
Beginning balance	3,248,218	3,827,354	3,154,171
Purchases	12,093,943	16,582,585	15,656,407
Sales	(12,082,488)	(16,336,109)	(15,853,984)
Other	(95,956)	(825,612)	870,760
Ending balance	3,163,717	3,248,218	3,827,354

Exhibit IV lists the Group's direct or indirect acquisitions of holdings in companies, the percentages of ownership acquired net of subsequent sales, and the notification dates thereof, in compliance with the provisions of Article 86 of the Corporations Law and Article 53 of Securities Market Law 24/1988.

As of December 31, 2003, 2002 and 2001, the market value of the shares and other equity securities included under this caption exceeded their book value by €104,680 thousand, €125,789 thousand and €77,645 thousand, respectively.

The acquisition cost of the securities assigned to the trading portfolio amounted to €1,943,149 thousand as of December 31, 2003, and €942,194 thousand as of December 31, 2002. As of December 31, 2001, the book value of the securities in the trading portfolio did not significantly differ from their acquisition cost.

The variations in the balances of the "Securities Revaluation Reserve" account in 2003, 2002 and 2001 were as follows:

	Thousands of Euros		
	2003	2002	2001
Beginning balance	240,726	153,655	115,472
Net charge for the year	(33,252)	161,794	(12,665)
Amount used	(136,187)	(62,143)	(5,998)
Transfer and other	366	(12,580)	56,846
Ending balance	71,653	240,726	153,655

(11) INVESTMENTS IN NON-GROUP COMPANIES

This caption in the accompanying consolidated balance sheets reflects the ownership interests in the capital of other companies which, although not constituting a single decision-making unit, have a lasting relationship with the Group pursuant to Article 185.2 of the Corporations Law and Bank of Spain Circular 4/1991, which generally range from 20% (3% if listed) to 50%.

The "Other Investments in Associated Companies" account in the following table includes the holdings in companies acquired by the Group but not intended to be held at long-term and the holdings for which hedging futures transactions have been arranged (Note 2-c).

The detail of the balances of this caption in the accompanying consolidated balance sheets is as follows:

	Thousands of Euros		
	2003	2002	2001
By currency:			
In euros	5,333,309	5,891,886	6,333,502
In foreign currencies	259,915	132,289	308,433
	5,593,224	6,024,175	6,641,935
By listing status:			
Listed	5,172,770	5,614,439	6,048,381
Unlisted	420,492	409,818	595,345
Less-			
Securities revaluation reserve			
(Notes 2-f and 3-e)	(38)	(82)	(1,791)
	5,593,224	6,024,175	6,641,935
By type of investment:			
Long-term investments	4,619,803	4,921,149	5,605,568
Other investments in associated companies	973,421	1,103,026	1,036,367
	5,593,224	6,024,175	6,641,935

€889,243 thousand, €1,024,136 thousand and €1,144,862 thousand of the foregoing balances as of December 31, 2003, 2002 and 2001, respectively, related to investments in credit institutions, basically Banca Nazionale del Lavoro, S.p.A., Banco Bradesco, S.A. and Banco Atlántico, S.A. in 2003 and Banca Nazionale del Lavoro, S.p.A., Credit Lyonnais, S.A., Banco Atlántico, S.A. and Wafabank, S.A. in 2002 and 2001. Exhibit II lists the main associated companies, showing the percentages of direct and indirect ownership, the book values of these investments and other relevant information.

The variations in the balances of this caption in the accompanying 2003, 2002 and 2001 consolidated balance sheets, disregarding the securities revaluation reserve, were as follows:

	Thousands of Euros		
	2003	2002	2001
Beginning balance	6,024,257	6,643,726	7,468,376
Capital increase and purchases	2,128,197	1,707,627	1,461,962
Sales	(2,440,890)	(1,824,169)	(2,098,674)
First-time consolidation differences (Note 13), transfers (Note 12) and other	(118,302)	(502,927)	(187,938)
Year-end balance	5,593,262	6,024,257	6,643,726

The most notable transactions in 2003, 2002 and 2001 were as follows:

Investments-

2003

– In March 2003 Desarrollo Inmobiliario de Lanzarote, S.A. was incorporated, in which BBVA acquired a holding of 40.8% for €4.4 million.

– In May a 35% holding in the capital stock of Telefónica Data de Colombia, S.A. was acquired for €4.1 million.

– In June 2003, 4.44% of Banco Bradesco, S.A. was acquired as part of the sale of BBVA Brasil and Subsidiaries to this entity (Note 4). During November and December, an additional 0.56% of Banco Bradesco was acquired by BBVA Brasil, raising the BBVA Group's ownership interest to 5% as of December 31, 2003.

– In June 2003 Inensur Brunete, S.L. was formed, in which BBVA acquired a holding of 50% for €9.6 million.

– In 2003 further holdings representing 0.176% of the capital stock of Gas Natural, S.A. were acquired for €12.7 million, raising the BBVA Group's ownership interest to 3.241%.

2002

– In 2002 further shares representing 0.202% of the capital stock of Gas Natural, S.A. were acquired for €16 million, raising the BBVA Group's ownership interest to 3.065%.

– During 2002 several purchases and sales took place giving rise to a 0.164% increase in the Group's holding in Telefónica de España, S.A. The sales gave rise to a gain of €8 million.

2001

– In 2001 a holding of 4.87% in Banca Nazionale del Lavoro, S.p.A. was acquired for €398,074 thousand.

– In the last quarter of 2001 a holding of 1.875% in Wafabank, S.A. was acquired for a total of €9,232 thousand.

Divestments-

2003

– In March 2003 25% of Metrovacesa Residencial, S.A. was sold, giving rise to a gain of €2.1 million on the transaction.

– In June 2003 the tender offer on the shares of Credit Lyonnais launched by Credit Agricole, S.A. and SACAM Development in December 2002 was performed, giving rise to a gain of approximately €342 million for the Bank's 3.37% holding in this company.

– In July 2003 the Group sold 3% of Gamesa, giving rise to a gain of €29.9 million.

– In July 2003 the entire holding in the capital stock of Terra Networks (1.40%) was sold, giving rise to a gain of €1.88 million.

– In September 2003 20% of Soc. Adm. P.C. Porvenir was sold, giving rise to a gain of €12.78 million.

– In the last quarter of 2003, 2.465% of the capital stock of Repsol-YPF was sold, giving rise to loss of €73.3 million.

– In December 2003 the Group sold its 50% holding in Lend Lease México, giving rise to a gain of €1.35 million.

– In 2003 several purchases and sales took place the result of which was a reduction of 0.569% of the holding in Telefónica de España, S.A. The sales generated a gain of €220 million.

– In 2003 several purchases and sales took place, the result of which was a reduction of 1.018% of the holding in Iberdrola. The sales generated a gain of €45.32 million.

– The Group sold all of its 9.9% holding (641,825 shares) in the Moroccan bank Wafabank, S.A. to Omnium Nord Africain, S.A. The total sale price was 529,505,625 dirhams (approximately €48 million) and gave rise to a gain for the Bank of €3.5 million.

Lastly:

– In December 2003, Banco Sabadell, S.A. launched a tender offer on the shares of Banco Atlántico, S.A. of €71.79 per share. The transaction is expected to be performed in 2004 and will give rise to a gain of approximately €218 million for the Group's total holding in this company.

– In January 2004, the Group sold 2.2 % of the capital stock of Gas Natural, S.D.G. Using as reference the price of the transaction performed on that date, €70 million of the related consolidation goodwill were amortized early in the 2003 financial statements (Note 13).

2002

– In 2002 and as a result of certain corporate agreements, shares of Banca Nazionale del Lavoro (BNL) were purchased and sold with no variation in the percentage of ownership. Also, in the framework of these corporate agreements there was a dilutive effect which brought the percentage of ownership to 14.614%. These purchases and sales gave rise to a capital loss at the Group amounting to €15 million.

– A 1.756% holding in Iberdrola, S.A. was sold in 2002, giving rise to a gain of €75 million.

– In the first quarter of 2002 the Group sold 3.823% of its holding in Metrovacesa, giving rise to gains of €14 million. In June 2002, BBVA and BAMI, S.A. Inmobiliaria de Construcciones y Terrenos agreed on the sale of 23.9% of the capital stock of Metrovacesa, S.A. for €545.4 million (€36.55 per share), which was formally executed once the authorization from the antitrust authorities was obtained. As a result of this sale, as of December 31, 2002, the BBVA Group had a 0.581% holding in Metrovacesa, S.A. and obtained a gain of approximately €361 million. This holding is recorded under the "Common Stocks and Other Equity Securities" caption in the accompanying consolidated balance sheet (Note 10).

– Shares representing 4.612% of the capital stock of Acesa Infraestructuras, S.A. were sold in 2002 for €171 million at a gain of €20 million.

– In 2002 the Group sold a 7.641% holding in the capital stock of Acerinox, S.A. at a gain of €66 million.

2001

– Sale, in the first quarter of 2001, of Axa-Aurora, S.A., giving rise to gains for the Group of €95,825 thousand.

– In the first few months of 2001, the holding in Finaxa was reduced by 2.924%, giving rise to gains of €121,134 thousand.

– Also, in the first few months of 2001, the Group's holding in Profuturo GNP, S.A. de C.V. was sold as part of the reorganization of business activities at Group Bancomer. This transaction gave rise to gains of €77,813 thousand.

– In 2001, the Group permanently reduced its holding in Telefónica de España, S.A. to 5.138% as of December 31, 2001, giving rise to gains of €352,926 thousand, arising mainly from the holding hedged by futures transactions.

– In 2001, the Group reduced its holding in the capital stock of Iberdrola, S.A. by 0.827%, giving rise to gains of €36,343 thousand.

– In 2001 sales and purchases were performed that led to a reduction in the Group's total holding in Repsol YPF, S.A equivalent to 1.339% of the capital stock and which gave rise to gains of €84,797 thousand.

– In December 2001, the Group fully disposed of its 39.073% holding in Bodegas y Bebidas, S.A., giving rise to gains of €50,647 thousand.

– In December 2001, the Group sold its entire holding in Seguros BBV Probursa, giving rise to gains of €11,017 thousand.

The gains and losses obtained on the aforementioned transactions are recorded under the "Income on Group Transactions" and "Losses on Group Transactions" captions, respectively, in the accompanying 2003, 2002 and 2001 consolidated statements of income.

Exhibit IV lists the notifications by the Group in compliance with Article 86 of the Corporations Law and Article 53 of Securities Market Law 24/1988.

As of December 31, 2003, the market price of the shares and other equity securities included in this caption of the accompanying consolidated balance sheets exceeded their net book value by approximately €1,319,748 thousand, after taking into account the related goodwill, negative consolidation differences and hedges of certain holdings. As of December 31, 2002, the market price of the shares and other equity securities included in this caption of the accompanying consolidated balance sheets was lower than their net book value by approximately €159,496 thousand and as of December 31, 2001, the market price of the shares and other equity securities included in this caption of the accompanying consolidated balance sheets was higher than their net book value by approximately €2,009,917 thousand (Note 13).

The variations in the balances of the "Securities Revaluation Reserve" account in 2003, 2002 and 2001 were as follows:

	Thousands of Euros		
	2003	2002	2001
Beginning balance	82	1,791	15,080
Charge for the year	–	–	21,300
Reversals	–	(3,366)	(1,695)
Transfer to common stocks and other equity securities	–	–	(32,396)
Other variations	(44)	1,657	(498)
Year-end balance	38	82	1,791

(12) INVESTMENTS IN GROUP COMPANIES

This caption in the accompanying consolidated balance sheets reflects the investments in subsidiaries, which are generally majority-owned and were not fully consolidated because their business activities are not directly related with those of the Group.

The breakdown, by currency and listing status, of the balances of this caption in the accompanying consolidated balance sheets is as follows:

	Thousands of Euros		
	2003	2002	2001
By currency:			
In euros	795,806	779,876	732,249
In foreign currencies	259,063	259,812	381,895
	1,054,869	1,039,688	1,114,144
By listing status:			
Listed	–	–	3,011
Unlisted	1,054,869	1,039,688	1,111,133
	1,054,869	1,039,688	1,114,144

Exhibit III presents relevant information about the companies comprising the balance of this caption in the accompanying consolidated balance sheets.

The variations in 2003, 2002 and 2001 in the balance of this caption in the accompanying consolidated balance sheets were as follows:

	Thousands of Euros		
CONCEPTOS	2003	2002	2001
Beginning balance	1,039,688	1,114,144	1,169,684
Capital increases and purchases	131,324	75,332	242,899
Sales	(58,997)	(73,490)	(250,075)
Exchange differences	(37,972)	(95,400)	(9,544)
Transfers (Note 11) and other	(19,174)	19,102	(38,820)
Ending balance	1,054,869	1,039,688	1,114,144

On December 27, 2002, the Special Shareholders' Meeting of BBVA Seguros, S.A. de Seguros y Reaseguros resolved to increase its capital stock by €30 million, with additional paid-in capital of €19 million, through the issuance of approximately 5 million shares for €9.82 per share (€6.01 par value each and the remainder as additional paid-in capital). The Group subscribed a total of 4.9 million shares for a total amount of €49,085 thousand.

In 2003 BBVA Desarrollos Inmobiliarios increased capital by €63 million.

As of December 31, 2003, there were no capital increases in progress at nonconsolidable subsidiaries other than the one described above.

In 1990, 1994 and 1995, tax assessments for 1986 to 1990 were issued to the nonconsolidable subsidiaries BBVA Seguros, S.A. (formerly Euroseguros, S.A.) and Senorte Vida y Pensiones, S.A. totaling €88,066 thousand of principal and €39,072 thousand of late-payment interest, plus €66,057 thousand of penalties, after adjustment pursuant to the revised General Tax Law. The companies filed pleadings and appeals against the assessments and several administrative decisions and court rulings were handed down in 1997 through 2000. As a result of application of the criteria set forth in these court rulings, some of which have been appealed against by the Group and by the Spanish tax authorities, the tax debts would be reduced to €50,677 thousand of principal and €19,851 thousand of interest. In order to file these appeals, the Bank provided guarantees totaling €85,193 thousand to the tax authorities. In 2003 further court rulings were handed down, which have been appealed against and are being analyzed by the Group's directors and legal advisers; in any case, however, the possible effects of these rulings would not materially affect the accompanying consolidated financial statements since, in accordance with the accounting principle of prudence, adequate provisions have been recorded therefor.

(13) CONSOLIDATION GOODWILL AND NEGATIVE CONSOLIDATION DIFFERENCE

The detail, by company, of the balances of the "Consolidation Goodwill" caption in the accompanying consolidated balance sheets as of December 31, 2003, 2002 and 2001, and of the variations therein in 2003, and 2002, is as follows:

	Thousands of Euros					
	Balance at 12/31/02	Additions (Notes 4 and 11)	Retirements (Notes 4 and 11)	Exchange Amortization (Note 3-g)	Differences and Other	Balance at 12/31/03
Fully or proportionally consolidated companies (Note 4)-						
Grupo Financiero BBVA Bancomer, S.A. de C.V.	1,955,340	160,615	–	(250,428)	–	1,865,527
AFORE Bancomer	310,727	–	–	(39,398)	(232)	271,097
Provida Group	204,049	–	–	(40,848)	–	163,201
BBVA Chile, S.A.	66,840	1,043	(337)	(10,601)	–	56,945
BBVA Puerto Rico, S.A.	51,648	–	–	(8,655)	(6,536)	36,457
Finanzia, Banco de Crédito, S.A.	6,890	–	–	(1,728)	–	5,162
BBVA (Portugal), S.A.	19,035	–	–	(3,120)	–	15,915
Banco de Crédito Local, S.A.	240,907	–	–	(29,808)	–	211,099
AFP Porvenir, S.A. (Dominican Republic)	–	11,789	–	(410)	7	11,386
Other companies	16,109	9,749	(9,557)	(1,971)	(230)	14,100
	2,871,545	183,196	(9,894)	(386,967)	(6,991)	2,650,889
Companies accounted for by the equity method (Note 11)-						
Telefónica, S.A.	438,046	129,431	(140,089)	(30,747)	–	396,641
Repsol YPF, S.A.	116,609	–	(33,479)	(7,631)	–	75,499
Gas Natural, S.D.G.	189,436	5,434	–	(81,489)	–	113,381
Seguros Bancomer, S.A. de C.V.	162,622	–	–	(18,946)	(6,997)	136,679
Banca Nazionale del Lavoro, S.p.A.	298,796	–	–	(48,336)	–	250,460
Crédit Lyonnais, S.A.	71,658	–	(67,288)	(4,370)	–	–
Iberia, S.A.	35,331	–	–	(2,100)	–	33,231
Iberdrola, S.A.	34,785	9,220	(8,150)	(2,380)	–	33,475
Acerinox, S.A.	2,219	–	–	(168)	–	2,051
Wafabank, S.A.	17,464	–	(15,001)	(2,463)	–	–
Pensiones Bancomer, S.A. de C.V.	10,506	–	–	(1,080)	(1,649)	7,777
Bradesco, S.A.	–	48,589	–	(48,589)	–	–
Other companies (Note 3-g)	8,329	2,965	(1,280)	(4,083)	399	6,330
	1,385,801	195,639	(265,287)	(252,382)	(8,247)	1,055,524
	4,257,346	378,835	(275,181)	(639,349)	(15,238)	3,706,413

	Thousands of Euros					
	Balance at 12/31/01	Additions (Notes 4 and 11)	Retirements (Notes 4 and 11)	Exchange Amortization (Note 3-g)	Differences and Other	Balance at 12/31/02
Fully or proportionally consolidated companies (Note 4)-						
Grupo Financiero BBVA Bancomer, S.A. de C.V.	1,861,034	338,350	(8,379)	(235,659)	(6)	1,955,340
AFORE Bancomer	364,387	–	–	(40,139)	(13,521)	310,727
Provida Group	244,894	–	–	(40,848)	3	204,049
BBVA Chile, S.A.	74,988	2,574	(368)	(10,354)	–	66,840
BBVA Puerto Rico, S.A.	73,473	–	–	(9,085)	(12,740)	51,648
BBVA Horizonte Pensiones y Cesantías, S.A. – Colombia	69,183	–	–	(64,960)	(4,223)	–
AFP Horizonte, S.A. – Peru	28,590	–	–	(28,490)	(100)	–
Midas Group (Portugal)	18,001	–	(15,459)	(2,542)	–	–
BBVA Banco Francés, S.A. (Note 3-ñ)	–	34,789	–	(34,789)	–	–
Finanzia, Banco de Crédito, S.A.	8,618	–	–	(1,728)	–	6,890
BBVA (Portugal), S.A.	4,700	15,459	(546)	(578)	–	19,035
Banco de Crédito Local, S.A.	270,715	–	–	(29,808)	–	240,907
BBVA Banco Ganadero, S.A.	4,429	19	–	(4,448)	–	–
Other companies	21,895	10,956	–	(16,466)	(276)	16,109
	3,044,907	402,147	(24,752)	(519,894)	(30,863)	2,871,545
Companies accounted for by the equity method (Note 11)-						
Telefónica, S.A.	424,687	41,101	(4,149)	(23,593)	–	438,046
Repsol YPF, S.A.	124,289	–	–	(7,680)	–	116,609
Gas Natural, S.D.G.	191,753	8,681	–	(10,998)	–	189,436
Seguros Bancomer, S.A. de C.V.	195,659	–	–	(20,526)	(12,511)	162,622
Banca Nazionale del Lavoro, S.p.A.	338,026	29,853	(11,588)	(57,495)	–	298,796
Crédit Lyonnais, S.A.	77,391	4,531	–	(10,264)	–	71,658
Autopistas Concesionaria Española, S.A.	59,121	–	(56,856)	(2,265)	–	–
Iberia, S.A.	37,431	–	–	(2,100)	–	35,331
Iberdrola, S.A.	46,717	–	(9,954)	(1,978)	–	34,785
Acerinox, S.A.	22,808	–	(19,881)	(708)	–	2,219
Wafabank, S.A.	20,152	–	–	(2,688)	–	17,464
Pensiones Bancomer, S.A. de C.V.	14,748	–	–	(1,440)	(2,802)	10,506
Other companies	19,453	10,837	(3,566)	(17,541)	(854)	8,329
	1,572,235	95,003	(105,994)	(159,276)	(16,167)	1,385,801
	4,617,142	497,150	(130,746)	(679,170)	(47,030)	4,257,346

€48,589 thousand of the amortization recorded in the 2003 consolidated statement of income (of which €34,719 thousand had been provisioned as of December 2002) relate to the early amortization of the consolidation goodwill of Banco Bradesco, S.A. (Note 4).

Also, €70,045 thousand of consolidation goodwill relating to Gas Natural, S.D.G. were amortized early (Note 11).

Per the information available, the estimated future revenues attributable to the Group from each of the investments generating goodwill in the remaining amortization period of this goodwill exceed the related unamortized balances as of December 31, 2003, 2002 and 2001.

The variations in 2003, 2002 and 2001 in the balances of the "Negative Consolidation Difference" caption in the accompanying consolidated balance sheets were as follows:

	Thousands of Euros		
	2003	2002	2001
Beginning balance	47,554	42,744	47,828
Additions	1,507	12,269	14,131
Retirements	(10,349)	(7,459)	(19,215)
Ending balance	38,172	47,554	42,744

(14) PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

Property and equipment-

The variations in 2003 and 2002 in property and equipment accounts in the accompanying consolidated balance sheets were as follows:

	Thousands of Euros			
	Land and Buildings for Own Use	Other Property	Furniture, Fixtures and Other	TOTAL
Revalued cost-				
Balances at 2001 year-end	3,456,216	1,793,192	5,781,159	11,030,567
Additions	25,500	244,981	480,546	751,027
Retirements	(111,503)	(544,393)	(290,761)	(946,657)
Transfers	(136,913)	158,576	(21,663)	–
Exchange difference and other	(491,711)	(467,296)	(845,944)	(1,804,951)
Balances at 2002 year-and	2,741,589	1,185,060	5,103,337	9,029,986
Additions	23,593	151,328	305,999	480,920
Retirements	(71,658)	(236,418)	(477,636)	(785,712)
Transfers	299,473	(223,136)	(76,337)	–
Exchange difference and other	(110,693)	(330,184)	(363,736)	(804,613)
Balances at 2003 year-end	2,882,304	546,650	4,491,627	7,920,581
Accumulated depreciation-				
Balances at 2001 year-end	885,591	27,941	3,553,682	4,467,214
Additions	61,592	851	444,889	507,332
Retirements	(29,241)	(29,633)	(140,017)	(198,891)
Transfers	(18,575)	19,382	(807)	–
Exchange difference and other	(131,674)	(1,671)	(554,807)	(688,152)
Balances at 2002 year-end	767,693	16,870	3,302,940	4,087,503
Additions	51,127	1,373	336,467	388,967
Retirements	(18,052)	(8,774)	(317,251)	(344,077)
Transfers	(41,036)	11,230	29,806	–
Exchange difference and other	(118,710)	2,805	(261,161)	(377,066)
Balances at 2003 year-end	641,022	23,504	3,090,801	3,755,327
Provisions for property and equipment (Note 2-f)-				
Balances at 2001 year-end	39,690	341,105	10,668	391,463
Additions	2,236	122,958	13,720	138,914
Retirements	(3,172)	(104,076)	(13,471)	(120,719)
Transfers	2,718	(5,566)	2,848	–
Transfers from loan loss provisions (Note 8)	–	8,156	–	8,156
Exchange difference and other	(5,863)	(102,460)	(973)	(109,296)
Balances at 2002 year-end	35,609	260,117	12,792	308,518
Additions	–	92,671	11,798	104,469
Retirements	(9,802)	(80,357)	(3,884)	(94,043)
Transfers	(21)	(754)	775	–
Transfers from loan loss provisions (Note 8)	–	11,410	–	11,410
Exchange difference and other	115,137	(69,548)	(927)	44,662
Balances at 2003 year-end	140,923	213,539	20,554	375,016
Property and equipment, net-				
Balance at December 31, 2002	1,938,287	908,073	1,787,605	4,633,965
Balance at December 31, 2003	2,100,359	309,607	1,380,272	3,790,238

In 2001, the variation in the property and equipment provision was due mainly to the cancellation of a Mexican Government support program (FOBA-70), which gave rise to the reversal of €470,960 thousand of provisions for the property assigned to this program.

The net property and equipment provisions of €86,340 thousand, €122,508 thousand and €111,127 thousand charged to 2003, 2002 and 2001 income, respectively, to supplement the loan loss provisions transferred when loans were foreclosed (Note 8), are recorded under the “Extraordinary Losses - Net Special Provisions” caption in the accompanying consolidated statements of income (Notes 3-h and 28-g).

The gains and losses on property and equipment disposals amounted to €95,884 thousand and €51,636 thousand, respectively, in 2003 (€195,493 thousand and €99,712 thousand, respectively, in 2002 and €325,827 thousand and €70,829 thousand, respectively, in 2001) and are included under the “Extraordinary Income” and “Extraordinary Losses” captions in the accompanying consolidated statements of income (Note 28-g).

The net book value as of December 31, 2003, 2002 and 2001, of the property and equipment of foreign subsidiaries was €1,659,530 thousand, €2,383,965 thousand and €3,754,114 thousand, respectively. Also, the amount of leased assets on which the purchase option is expected to be exercised was not material as of December 31, 2003, 2002 and 2001.

Intangible assets-

The detail of the balance of intangible asset accounts as of December 31, 2003, 2002 and 2001, is as follows:

	Thousands of Euros			Average Amortization
	2003	2002	2001	Period
Incorporation and preopening expenses	19,537	20,946	18,770	5
Computer software acquisition expenses	265,874	201,187	272,851	3
Other deferred charges	70,137	167,426	242,841	5
Other intangible assets	6,480	9,078	7,621	5
Total	362,028	398,637	542,083	

The variations in 2003 and 2002 in intangible asset accounts were as follows:

INTANGIBLE ASSETS	Thousands of Euros
Balance at January 1, 2002	542,083
– Additions	248,120
– Period amortization	(253,164)
– Exchange differences and other	(138,402)
Balance at December 31, 2002	398,637
– Additions	247,575
– Period amortization	(187,315)
– Exchange differences and other	(96,869)
Balance at December 31, 2003	362,028

€66,583 thousand of computer software acquisition costs were amortized in 2003 (€129,475 thousand in 2002) with a charge to the “General Administrative Expenses - Other Administrative Expenses” caption in the consolidated statements of income.

€120,732 thousand, €123,689 thousand and €151,472 thousand of other expenses were amortized in 2003, 2002 and 2001, respectively, and were recorded under the "Depreciation and Amortization" caption in the accompanying consolidated statements of income.

(15) OTHER ASSETS AND OTHER LIABILITIES

The detail of the balances of these captions in the accompanying consolidated balance sheets is as follows:

	Thousands of Euros		
	2003	2002	2001
Other assets-			
Taxes receivable (Notes 3-l and 25):			
Prepaid income tax	2,688,983	2,911,123	3,574,478
Tax assets	1,209,833	1,717,407	1,821,770
Interim dividends (Notes 2-d and 5)	859,896	860,616	813,957
Checks drawn on credit institutions	671,356	761,381	689,253
Clearing house	422,755	369,066	761,248
Transactions in transit	13,376	20,182	43,808
Options acquired (Note 3-m)	740,696	665,438	879,142
Exchange differences on forward transactions (Note 3-b)	362,571	663,091	471,488
Items to be adjusted for hedging futures transactions (Note 3-m)	3,070,899	2,274,328	1,333,375
Financial transactions pending settlement	49,412	30,590	25,026
Differences in pension provision less deferred contributions of Group companies in Spain (Note 3-j)	469,143	507,504	468,300
Differences in pension provision of Group companies abroad (Note 3-j)	171,854	187,234	–
Other	2,440,706	1,330,920	1,118,270
	13,171,480	12,298,880	12,000,115
Other liabilities-			
Tax collection accounts	1,937,736	2,089,075	1,867,879
Special accounts	794,407	862,618	708,095
Payment obligations (Note 5)	801,216	795,677	960,820
Options written (Note 3-m)	958,040	993,126	1,251,854
Transactions in transit	17,175	16,669	110,641
Items to be adjusted for hedging futures transactions (Note 3-m)	3,013,819	1,696,545	290,890
Deferred income tax (Notes 3-l and 25)	214,796	246,918	383,836
Financial transactions pending settlement	233,517	80,797	160,422
Net effect on balance sheet of devaluation of Argentine peso	–	–	440,235
Other	2,793,808	2,954,480	2,967,973
	10,764,514	9,735,905	9,142,645

(16) ACCRUAL ACCOUNTS

The detail of the balances of these asset and liability captions in the accompanying consolidated balance sheets is as follows:

	Thousands of Euros		
	2003	2002	2001
Assets:			
Prepaid interest on funds taken at a discount (Note 3-n)	290,992	308,603	418,521
Accrued interest earned on investments not taken at a Discount	1,904,578	3,313,166	4,724,809
Prepaid expenses	332,532	400,391	248,969
Deferred interest expenses	121,751	50,311	57,090
Other accruals	327,584	319,091	1,599,678
	2,977,437	4,391,562	7,049,067
Liabilities:			
Unearned interest revenues on transactions taken at a discount (Note 3-n)	131,172	110,972	169,654
Accrued costs incurred on funds not taken at a discount	1,888,083	2,926,966	4,278,768
Accrued expenses	742,317	763,308	917,126
Other accruals	557,155	792,531	1,299,526
	3,318,727	4,593,777	6,665,074

(17) DUE TO CREDIT INSTITUTIONS

The breakdown, by currency, type and customer residence sector, of the balances of this caption on the liability side of the accompanying consolidated balance sheets is as follows:

	Thousands of Euros		
CONCEPTOS	2003	2002	2001
By currency:			
In euros	38,278,736	32,482,221	36,508,793
In foreign currencies	23,291,052	23,636,827	28,079,202
	61,569,788	56,119,048	64,587,995
By type:			
Current accounts-			
Current accounts	32,275	133,796	52,240
Other accounts	1,510,157	1,403,561	1,360,578
	1,542,432	1,537,357	1,412,818
Other-			
Bank of Spain and other central banks:			
Credit account drawdowns	13,792,525	7,827,204	3,021,624
Assets sold under repurchase agreement (Notes 6, 7 and 8)	7,131,686	2,020,801	1,686,789
Due to credit institutions:			
Time deposits	26,462,007	26,983,251	34,759,980
Assets sold under repurchase agreement (Notes 6 and 7)	10,863,009	14,598,398	20,659,474
Security payables	1,463,227	2,600,588	2,352,866
Other accounts	314,902	551,449	694,444
	60,027,356	54,581,691	63,175,177
	61,569,788	56,119,048	64,587,995
By sector			
Resident sector	33,237,280	22,692,790	20,677,483
Non-resident sector	28,332,508	33,426,258	43,910,512
Europe	11,078,197	13,104,189	20,318,646
United States	1,686,751	3,264,860	3,221,272
Latin America	11,725,080	11,183,869	13,190,079
Other countries	3,842,480	5,873,340	7,180,515
	61,569,788	56,119,048	64,587,995

As of December 31, 2003, 2002 and 2001, the Group had assets, mainly loans, credits and securities (see Note 8) securing financing lines assigned by the Bank of Spain and other central banks. As of December, 2003, 2002 and 2001, the financing limit assigned to the Group was €16,622,829 thousand, €11,653,181 thousand and €7,667,197 thousand, respectively, of which it had drawn down €13,981,458 thousand, €7,998,063 thousand and €3,021,624 thousand, respectively.

The detail, by due date, of the balances of the "Due to Credit Institutions - Other" caption in the accompanying consolidated balance sheets, and of the average interest rates for each year, is as follows:

	Thousands of Euros				
CONCEPTOS	Up to 3 Months	3 Months to 1 Year	1 Year to 5 Years	Over 5 Years	Average Interest Rate in the Year
Balances at December 31, 2003-					
Bank of Spain and other central banks	20,373,300	26,943	296,475	227,493	2.3%
Due to credit institutions:					
Time deposits	16,418,886	3,803,228	4,654,245	1,585,650	3.0%
Assets sold under repurchase agreement	10,063,358	108,443	691,206	–	5.4%
Security payables and other accounts	81,101	237,582	938,257	521,189	3.7%
	46,936,645	4,176,196	6,580,183	2,334,332	
Balances at December 31, 2002-					
Bank of Spain and other central banks	9,848,005	–	–	–	4.0%
Due to credit institutions:					
Time deposits	15,097,271	5,522,083	4,387,679	1,976,218	4.0%
Assets sold under repurchase agreement	13,879,667	670,678	48,053	–	5.0%
Security payables and other accounts	969,629	76,311	1,306,900	799,197	1.2%
	39,794,572	6,269,072	5,742,632	2,775,415	
Balances at December 31, 2001-					
Bank of Spain and other central banks	4,708,413	–	–	–	5.7%
Due to credit institutions:					
Time deposits	22,405,770	4,919,780	4,634,552	2,799,878	5.3%
Assets sold under repurchase agreement	19,016,591	1,485,601	157,282	–	6.2%
Security payables and other accounts	791,920	120,398	1,353,075	781,917	2.7%
	46,922,694	6,525,779	6,144,909	3,581,795	

The detail, by type and customer country of residence, of this caption as of December 31, 2003, 2002 and 2001, is as follows:

	Demand	Time	Assets Sold with Repurchase Commitment	Total
2003:				
Resident sector	10,689,304	12,468,543	10,079,433	33,237,280
Non-resident sector:				
Europe	1,149,918	8,233,250	1,695,029	11,078,197
United States	212,708	5,117,437	6,394,935	11,725,080
Latin-America	136,255	1,550,496	–	1,686,751
Other	158,032	3,684,448	–	3,842,480
	1,656,913	18,585,611	8,089,964	28,332,508
Total	12,346,217	31,054,154	18,169,397	61,569,788
2002:				
Resident sector	6,174,267	9,656,445	6,862,078	22,692,790
Non-resident sector:				
Europe	1,011,457	9,372,830	2,719,902	13,104,189
United States	585,166	2,178,033	501,661	6,264,860
Latin-America	2,165,945	2,482,366	6,535,558	11,183,869
Other	96,952	5,776,388	–	5,873,340
	3,859,520	19,809,617	9,757,121	33,426,258
Total	10,033,787	29,466,062	16,619,199	56,119,048
2001:				
Resident sector	4,001,572	9,311,589	7,364,322	20,677,483
Non-resident sector:				
Europe	2,015,085	10,770,088	7,533,473	20,318,646
United States	235,406	1,957,011	1,028,855	3,221,272
Latin-America	245,446	6,525,020	6,419,613	13,190,079
Other	216,264	6,964,251	–	7,180,515
	2,712,201	26,216,370	14,981,941	43,910,512
Total	6,713,773	35,527,959	22,346,263	64,587,995

(18) DEPOSITS

The breakdown, by currency and sector, of the balances of this caption in the accompanying consolidated balance sheets is as follows:

	Thousands of Euros		
	2003	2002	2001
By currency:			
In euros	84,686,645	83,469,150	80,968,079
In foreign currencies	56,362,262	63,091,215	85,531,355
	141,048,907	146,560,365	166,499,434
By sector:			
Public sector	8,114,961	9,264,244	6,637,674
Other resident sectors-			
Current accounts	37,018,177	35,508,915	34,653,467
Time deposits (Note 3-j)	17,465,890	16,943,643	17,007,765
Assets sold under repurchase agreement (Notes 6, 7, 8 and 9)	11,433,331	11,768,772	13,841,201
	74,032,359	73,485,574	72,140,107
Non-resident sector			
Europe	10,914,154	10,375,037	11,277,271
United States	3,380,749	5,220,043	3,994,320
Latin America	44,673,444	51,662,008	73,275,468
Other countries	8,048,201	5,817,703	5,812,268
	67,016,548	73,074,791	94,359,327
	141,048,907	146,560,365	166,499,434

The detail, by due date, of the balances of the "Savings Accounts - Time" and "Other Deposits - Time" captions in the accompanying consolidated balance sheets is as follows:

	Thousands of Euros		
	2003	2002	2001
Savings accounts - Time-			
Up to 3 months	26,843,370	43,060,188	40,081,216
3 months to 1 year	10,288,636	7,841,440	12,770,250
1 to 5 years	17,367,542	5,338,418	10,829,710
Over 5 years	988,236	1,196,306	3,830,995
	55,487,784	57,436,352	67,512,171
Other deposits - Time-			
Up to 3 months	20,180,434	24,762,519	27,593,148
3 months to 1 year	316,695	622,128	380,455
1 to 5 years	21,915	15,621	691
Over 5 years	17,108	–	–
	20,536,152	25,400,268	27,974,294

(19) MARKETABLE DEBT SECURITIES

The breakdown, by type of security and currency, of the balances of the "Marketable Debt Securities - Bonds and Debentures Outstanding" account in the accompanying consolidated balance sheets as of December 31, 2003, 2002 and 2001, is as follows:

	Thousands of Euros		
	2003	2002	2001
In euros-			
Nonconvertible floating rate bonds and debentures	11,081,919	6,877,013	7,883,268
Nonconvertible bonds and debentures at weighted fixed rate of 4.71% (*)	3,944,170	2,993,778	2,238,299
Convertible debentures	–	5,387	7,879
Mortgage bonds	11,359,758	8,416,727	5,656,161
	26,385,847	18,292,905	15,785,607
In foreign currencies-			
Nonconvertible floating rate bonds and debentures	672,068	2,202,332	2,611,650
Nonconvertible bonds and debentures at weighted fixed rate of 2.83% (**)	819,367	1,538,140	1,815,471
Floating rate mortgage bonds	381,691	360,499	426,370
	1,873,126	4,100,971	4,853,491
	28,258,973	22,393,876	20,639,098

(*) The interest rate refers to 2003, the equivalents in 2002 and 2001 were 5.27% and 5.79%.

(**) The interest rate refers to 2003, the equivalents in 2002 and 2001 were 4% and 4.51%.

The "Mortgage Bonds" account includes various issues with an average weighted interest rate of 4.65%, 4.82% and 5.83% in 2003, 2002 and 2001, respectively, and the final maturity of the last of them is in 2011. The nominal amount outstanding and the interest on the mortgage bonds are guaranteed, without a registration requirement, by such mortgages as may, at any time, be registered in favor of the Bank (the issuer), without prejudice to its financial liability.

In 2003, 2002 and 2001, BBVA Global Finance Ltd. launched various issues amounting to €4,678,266 thousand, €5,080,695 thousand and €5,594,750 thousand, respectively, within a medium-term foreign currency euro-bond program with a limit of €20,000 million (Note 21). These issues are denominated in euros, U.S. dollars, Japanese yens and various other currencies, have a fixed or variable yield based, in the latter case, on a floating annual return plus a variable issue or redemption premium dependent on certain factors.

The debt securities composing the balance of this caption as of December 31, 2003, are scheduled to mature (disregarding the possibility of the early redemption of certain issues) as follows:

Maturity	Thousands of Euros
2004	7,906,732
2005	5,803,164
2006	846,538
2007	3,614,484
2008	700,119
Subsequent years	9,387,936
	28,258,973

Following is a breakdown, by due date and currency, of the balance of "Promissory Notes and Other Securities" in the accompanying consolidated balance sheets:

	Thousands of Euros		
	2003	2002	2001
By due date:			
Up to 3 months	4,085,117	4,103,111	3,253,591
3 months to 1 year	2,038,437	1,018,879	1,189,990
1 to 5 years	125	7,406	292,995
	6,123,679	5,129,396	4,736,576
By currency:			
In euros	5,473,789	3,379,742	3,243,740
In other currencies	649,890	1,749,654	1,492,836
	6,123,679	5,129,396	4,736,576

(20) PROVISIONS FOR CONTINGENCIES AND EXPENSES

The variations in 2003, 2002 and 2001 in the "Provisions for Contingencies and Expenses - Pension Provision" and "Provisions for Contingencies and Expenses - Other Provisions" captions in the accompanying consolidated balance sheets were as follows:

	Thousands of Euros					
	2003		2002		2001	
	Pension Provision	Other Provisions	Pension Provision	Other Provisions	Pension Provision	Other Provisions
Beginning balances	2,621,907	2,221,411	2,358,552	2,425,588	1,823,098	1,209,736
Add-						
Provisions charged to income for the year	147,179	575,873	200,734	948,556	79,389	1,054,878
Provision charged to reserves (Notes 2-h, 3-j and 24)	799,416	–	499,177	–	731,743	–
Inclusion of companies in the Group	–	1,576	–	149	220	8,685
Transfers of off-balance-sheet risks	–	–	–	86,278	–	–
Transfers and other variations	103,621	324,052	159,927	–	81,067	429,951
Less-						
Releases	–	(697,080)	–	(546,724)	(84)	(155,398)
Payments to personnel taking early retirement (Note 3-j)	(429,168)	–	(407,153)	–	(348,473)	–
Amounts used and other variations	(211,042)	(91,250)	(189,330)	(692,193)	(8,408)	(122,264)
Transfers to off-balance-sheet risks	–	(62,275)	–	–	–	–
Exclusion of companies from the Group	–	(84,635)	–	(243)	–	–
Ending balances (Note 2-f)	3,031,913	2,187,672	2,621,907	2,221,411	2,358,552	2,425,588

The provisions out of 2003 income to the "Pension Provision" were charged to the "Financial Expenses" (€69,893 thousand), "General Administrative Expenses" (€56,420 thousand) and "Extraordinary Losses" (€20,866 thousand) captions in the accompanying consolidated statement of income. The amounts charged to these captions in 2002 were €60,041 thousand, €39,067 thousand and €101,626 thousand, respectively. The amounts charged to these captions in 2001 were €42,480 thousand, €32,203 thousand and €4,706 thousand, respectively (Note 28).

The provisions out of 2003 income to "Other Provisions" were mainly charged to the "Market Operations" (€783 thousand) and "Extraordinary Losses" (€575,090 thousand) captions in the accompanying consolidated statement of income. The amounts charged to these captions in 2002 were €141,218 thousand and €785,267 thousand, respectively. The amounts charged to these captions in 2001 were €77,633 thousand and €880,218 thousand, respectively (Note 28). The reversals are recorded mainly in "Extraordinary Income" in the related accompanying consolidated statements of income.

The breakdown of the balances of the "Other Provisions" caption in the accompanying consolidated balance sheets as of December 31, 2003, 2002 and 2001, is as follows:

	Thousands of Euros		
	2003	2002	2001
Provisions for other commitments to employees (Notes 3-j and 3-k):			
– Covered by shares (Note 3-i)	10,351	9,921	12,339
– Other commitments	52,401	46,183	112,395
Provisions for contingencies	909,510	877,691	624,121
Provisions for off-balance-sheet risks (Notes 3-c and 8)	209,270	271,545	185,268
Provision for futures transactions (Notes 3-m and 26)	277,614	280,721	168,229
Other provisions (*)	728,526	735,350	1,323,236
	2,187,672	2,221,411	2,425,588

(*) Includes the specific provision for Argentina (Note 3-ñ).

Most of the provisions for contingencies are to cover tax contingencies.

(21) SUBORDINATED DEBT

The detail of the balances of the "Subordinated Debt" caption in the accompanying consolidated balance sheets as of December 31, 2003, 2002 and 2001, is as follows:

ISSUER	Thousands of Euros 2003	2002	2001	Interest Rate at 12/31/03	Final Maturity Date
Issues in euros-					
BANCO BILBAO VIZCAYA ARGENTARIA, S.A.:					
July 1996	84,142	84,142	84,142	9.33%	December 2006
July 1996	27,947	27,947	27,947	9.37%	December 2016
February 1997	60,101	60,101	60,101	6.97%	December 2007
September 1997	36,061	36,061	36,061	6.65%	December 2007
December 2001	1,500,000	1,500,000	1,500,000	3.52%	January 2017
July 2003	600,000	–	–	2.53%	July 2013
November 2003	750,000	–	–	4.50%	November 2015
BBVA CAPITAL FUNDING, LTD.:					
September 1995	13,613	13,613	13,613	1.57%	September 2005
March 1997	45,735	45,735	45,735	2.36%	March 2007
October 1997	76,694	76,694	76,694	2.33%	October 2007
October1997	228,674	228,674	228,674	6.00%	December 2009
July 1999	73,000	73,000	73,000	6.35%	October 2015
February 2000	500,000	500,000	500,000	6.38%	February 2010
December 2000	750,000	750,000	750,000	2.77%	December 2010
July 2001	500,000	500,000	500,000	5.50%	July 2011
October 2001	60,000	60,000	60,000	5.73%	October 2011
October 2001	40,000	40,000	40,000	6.08%	October 2016
October 2001	50,000	50,000	50,000	2.73%	October 2016
November 2001	55,000	55,000	55,000	2.86%	November 2016
December 2001	56,000	56,000	56,000	4.16%	December 2016
Issues in foreign currencies-					
BBVA GLOBAL FINANCE, LTD.:					
July 1995	118,765	143,034	170,203	6.88%	July 2005
July 1995	39,588	47,678	56,734	1.61%	January 2005
December 1995	59,382	71,517	85,102	1.36%	May 2005
December 1995	59,382	71,517	85,102	1.36%	May 2006
December 1995	158,353	190,712	226,937	7.00%	December 2025
BILBAO VIZCAYA INVESTMENTS BV:					
July 1996	–	–	601	–	July 2006
BBVA CHILE, S.A.	30,359	41,714	53,083	Several	Several
BBVA BANCO FRANCES, S.A.	5,294	29,473	88,601	Several	Several
BBVA CAPITAL FUNDING, LTD.:					
July 1995	79,177	95,356	113,469	1.57%	September 2004
August 1995	22,214	24,117	26,013	3.45%	August 2010
September 1995	–	–	113,469	–	September 2007
October 1995	74,047	80,392	86,707	5.40%	October 2015
October 1995	118,765	143,034	170,203	6.88%	October 2005
February 1996	197,942	238,391	283,672	6.38%	February 2006
November 1996	158,353	190,712	226,937	1.54%	November 2006
February 1997	–	–	170,203	–	February 2007
BBVA PUERTO RICO	–	15,418	–	6.25%	Several
BBVA BANCOMER:					
Convertible debentures - Dec. 1996	–	–	34,083	–	December 2006
Nonconvertible debentures – November 1998	176,202	232,243	309,753	Several	Several
Bancomer Gran Cayman (various)	198,814	237,883	398,370	Several	2004
BBVA Bancomer	–	–	32,524	–	Several
Bancomer UDIS - December 1996	–	–	154,714	–	March 2002
GRUPO FINANCIERO BBVA BANCOMER:					
BBVA BANCOMER CAPITAL TRUST:					
February 2001	395,883	476,784	567,344	10.05%	February 2011
	7,399,487	6,486,942	7,610,791		

These issues are classified as subordinated debt and, accordingly, are deemed to have a lower seniority than all the accounts payable to common creditors.

The detail, by due date, of the balance of the "Subordinated Debt" caption in the consolidated balance sheet as of December 31, 2003, is as follows:

Maturity	Thousands of Euros
2004	266,615
2005	356,396
2006	677,009
2007	219,713
2008	2,702
Subsequent years	5,877,052
	7,399,487

The issues of BBVA Capital Funding, Ltd. and BBVA Global Finance, Ltd. are guaranteed (secondary liability) by the Bank.

The issue by Bilbao Vizcaya Investment BV, of US$ 250 million, was redeemed early in January 2002 through conversion of the bonds into shares of the Bank. This exchange was performed at the fixed conversion rate of €3.99 euros per share, which gave rise to the delivery of 377,330 previously-issued shares. In 2001 bonds with a face value of US$ 5.42 million were exchanged for the equivalent of 1,048,787 Bank shares already issued. These transactions did not give rise to material gains. As of December 31, 2001, the bonds outstanding amounted to US$ 2.4 million (face value).

The interest on the subordinated debt amounted to €327,554 thousand in 2003, €405,775 thousand in 2002 and €429,694 thousand in 2001 (Note 28-b).

(22) MINORITY INTERESTS

The variations in 2003, 2002 and 2001 in the balances of this caption in the accompanying consolidated balance sheets were as follows:

	Thousands of Euros		
	2003	2002	2001
Beginning balance	5,674,163	6,394,029	6,304,286
Prior year's net income	746,919	645,223	681,800
	6,421,082	7,039,252	6,986,086
Capital increases and reductions	(88)	714,451	226,731
Dividends paid to minority shareholders	(353,283)	(343,029)	(501,779)
Changes in the composition of the Group and changes in the percentages of ownership (Note 4)	(88,372)	(438,191)	(440,247)
Exchange differences (Note 3-b)	(210,754)	(1,364,210)	172,521
Other variations (*)	(342,667)	65,890	(49,283)
Share in income for the year	670,463	746,919	645,223
Ending balance	6,096,381	6,421,082	7,039,252

(*) This caption includes, inter alia, redemptions/issuances of preferred shares that took place in 2003, 2002 and 2001.

The breakdown, by company, of the "Minority Interests" caption in the accompanying consolidated balance sheets as of December 31, 2003, 2002 and 2001, is as follows:

	Thousands of Euros		
	2003	2002	2001
Preferred shares-			
BBVA International, Ltd. (1)	3,040,000	3,216,505	2,295,794
BBVA Preferred Capital, Ltd. (2)	190,024	198,993	523,722
BBVA Privanza International (Gibraltar), Ltd. (2)	55,424	266,152	663,175
BBVA Capital Funding, Ltd. (3)	255,646	418,496	550,930
BBVA Capital Finance, S.A.	350,000	–	–
	3,891,094	4,100,146	4,033,621
By company-			
BBVA Bancomer Group	884,710	957,149	1,079,124
BBVA Banco Francés Group	(3,542)	18,836	212,115
BBVA Banco Ganadero Group	8,969	11,748	18,709
BBVA Chile Group	102,103	103,295	145,511
BBVA Banco Continental Group	104,043	104,339	159,773
BBVA Banco Provincial Group	109,862	117,890	271,958
Provida Group	58,631	50,636	47,558
Banc Internacional d'Andorra, S.A.	133,803	91,008	69,080
Brunara, SIMCAV, S.A. (Note 4)	–	–	284,212
Other companies	136,245	119,116	72,368
	1,534,824	1,574,017	2,360,408
	5,425,918	5,674,163	6,394,029

(1) Listed on the Spanish AIAF fixed-income market, and the Luxembourg, Frankfurt and Amsterdam stock markets.
(2) Listed on the New York stock market.
(3) Listed on the London and Frankfurt stock markets.

The breakdown, by company, of the share in income for the years ended December 31, 2003, 2002 and 2001, is as follows:

	Thousands of Euros		
	2003	2002	2001
Preferred shares-			
BBVA International, Ltd.	165,237	167,743	146,286
BBVA Preferred Capital, Ltd.	16,295	29,862	32,280
BBVA Privanza International (Gibraltar), Ltd.	12,516	43,925	95,074
BBVA Capital Funding, Ltd.	20,113	34,099	41,542
BBVA Capital Finance, S.A.	288	–	–
	214,449	275,629	315,182
By company-			
BBVA Bancomer group	289,779	317,813	427,812
BBVA Banco Francés group	932	14,380	(212,115)
BBVA Banco Ganadero group	2,412	1,109	535
BBVA Chile group	7,413	5,373	8,330
BBVA Banco Continental group	27,956	30,900	(15,710)
BBVA Banco Provincial group	71,595	65,649	62,619
Provida group	11,276	13,232	25,807
Banc Internacional d'Andorra, S.A.	34,992	46,498	60,973
Brunara, SIMCAV, S.A. (Note 4)	–	–	(20,921)
Other companies	9,659	(23,664)	(7,289)
	456,014	471,290	330,041
	670,463	746,919	645,223

The foregoing balances include various issues of noncumulative, nonvoting, preferred stock guaranteed by Banco Bilbao Vizcaya Argentaria, S.A., the detail of which is as follows:

		Issued Amount (Millions)			Fixed Annual Dividend		
		2003	2002	2001	2003	2002	2001
BBVA Privanza International (Gibraltar), Ltd.-							
December 1992	US$	–	–	100	–	–	9.00%
June 1993	US$	–	248	248	–	8.00%	8.00%
June 1997	US$	70	70	70	7.76%	7.76%	7.76%
June 1997	US$	–	–	250	–	–	8.00%
BBVA International, Ltd.-							
March 1998	US$	–	350	350	–	7.20%	7.20%
November 1998	€	700	700	700	6.24%	6.24%	6.24%
February 1999	€	1,000	1,000	1,000	5.76%	5.76%	5.76%
April 2001	€	340	340	340	7.01%	7.01%	7.01%
March 2002	€	500	500	–	3.50%	3.94%	–
December 2002	€	500	500	–	3.25%	3.94%	–
BBVA Capital Funding, Ltd.-							
April 1995	€	–	–	500	–	–	9.00%
April 1998	€	256	256	256	6.35%	6.35%	6.35%
April 1998	US$	–	200	200	–	7.20%	7.20%
BBVA Preferred Capital, Ltd.-							
June 1997	US$	–	–	250	–	–	7.80%
June 2001	US$	240	240	240	7.75%	7.75%	7.75%
BBVA Capital Finance, S.A.							
December 2003	€	350	–	–	3.00%	–	–

These issues were subscribed by third parties outside the Group and are wholly or partially redeemable at the Company's option after five or ten years from the issue date, depending on the terms of each issue.

(23) CAPITAL STOCK

As of December 31, 2003, 2002 and 2001 the capital stock of Banco Bilbao Vizcaya Argentaria, S.A. amounted to €1,565,967,501.07, and consisted of 3,195,852,043 fully subscribed and paid registered shares of €0.49 par value each.

There were no variations in the Bank's capital stock in 2003, 2002 and 2001.

The shares of Banco Bilbao Vizcaya Argentaria, S.A. are listed on the computerized trading system of the Spanish stock exchanges and on the New York, Frankfurt, London, Zurich, Milan and Buenos Aires stock markets. Also, as of December 31, 2003, the shares of Grupo Financiero BBVA-Bancomer, S.A., BBVA Banco Continental, S.A., Banco Provincial C.A., BBVA Banco Ganadero, S.A., BBVA Chile, S.A., BBVA Banco Francés, S.A. and AFP Provida were listed on their respective local stock markets and, in the case of the last three entities, on the New York Stock Exchange. In addition, Grupo Financiero BBVA Bancomer, S.A. and BBVA Banco Francés, S.A. are listed on the Latin-American market of the Madrid Stock Exchange.

The variations in 2003, 2002 and 2001 in the "Treasury Stock" caption on the asset side of the accompanying consolidated balance sheets were as follows:

	Thousands of Euros			
	Par Value	Remaining Portion up to Cost	Securities Revaluation Reserve (Note 3-i)	TOTAL
Balance at December 31, 2000	5,169	154,334	(46,795)	112,708
Purchases (Note 4)	110,743	3,218,603	–	3,329,346
Sales	(112,925)	(3,291,398)	–	(3,404,323)
Net release of the securities revaluation reserve (Note 3-i)	–	–	38,213	38,213
Balance at December 31, 2001	2,987	81,539	(8,582)	75,944
Purchases (Note 4)	195,077	4,251,285	–	4,446,362
Sales	(192,675)	(4,237,173)	–	(4,429,848)
Net release of the securities revaluation reserve (Note 3-i)	–	–	7,833	7,833
Other variations	(105)	(2,515)	–	(2,620)
Balance at December 31, 2002	5,284	93,136	(749)	97,671
Purchases (Note 4)	200,711	3,566,322	–	3,767,033
Sales	(202,332)	(3,795,463)	–	(3,997,795)
Net charge to the securities revaluation reserve (Note 3-i)	–	–	(15,115)	(15,115)
Other variations	5	214,260	–	214,265
Balance at December 31, 2003	3,668	78,255	(15,864)	66,059

Securities revaluation reserves to cover treasury stock were recorded amounting to €15,864 thousand, €749 thousand and €8,582 thousand, as of December 31, 2003, 2002 and 2001, respectively. The net provisions to/releases of securities revaluation reserves in 2003, 2002 and 2001 due to disposals of treasury stock amounted to €2,643 thousand, €1,053 thousand and €40,538 thousand, respectively, and were recorded in 2003 under the "Income on Group Transactions" captions, in 2002 under the "Losses on Group Transactions" caption and in 2001 under the "Income on Group Transactions" caption, in the accompanying consolidated statements of income.

As of December 31, 2003 and 2002, the Bank held treasury stock with a nominal value of €2,509 thousand and €5,242 thousand, respectively, to cover futures transactions related to the performance of certain stock market indexes. As of December 31, 2001, the Bank held treasury stock with a nominal value of less than €1,000 (Note 26).

From January 2001 through December 31, 2001, the percentage of outstanding shares held by BBVA and its consolidated companies varied from 0.4506% to 0.0470% calculated on a monthly basis. From January 2002 through December 31, 2002, the percentage of outstanding shares held by BBVA and its consolidated companies varied from 0.13% to 0.74% calculated on a monthly basis. From January 2003 through December 31, 2003, the percentage of outstanding shares held by BBVA and its consolidated companies varied from 0.153% to 0.683% calculated on a monthly basis.

The gains and losses on treasury stock transactions, amounting to €16,048 thousand and €18,758 thousand, respectively, in 2003, €15,802 thousand and €23,898 thousand, respectively, in 2002 and €33,843 thousand and €31,859 thousand, respectively, in 2001, are recorded under the "Income on Group Transactions" and "Losses on Group Transactions" captions, respectively, in the accompanying consolidated statements of income.

As of December 31, 2002 and 2001, there were no individual equity investments of over 5% in the Bank's capital stock. However, as of December 31, 2003, Chase Nominees Ltd., in its capacity as an international custodian bank, owned 5.25% of the Bank's capital stock. As of December 31, 2003, 2002 and 2001, Fundación Banco Bilbao Vizcaya, a private not-for-profit charitable, educational and cultural institution set up in 1988 with a contribution of €84,142 thousand from the Bank which was charged to the merger surpluses, owned a total of 34,365,852 shares of the Bank.

On March 1, 2003, the Shareholders' Meeting authorized, in accordance with the stipulations of Article 153.1.a) of the Spanish Corporations Law, a capital increase of €782,983,750 and the delegation to the Board of Directors, for the legally stipulated period of one year, of the required powers to fully or partially execute the aforementioned capital increase, and provided for the possibility of not performing the authorized capital increase. As of December 31, 2003, the Board of Directors had not performed the authorized capital increase. In addition, the aforementioned Shareholders' Meeting authorized the issuance of up to €6,000 million of debentures convertible to and/or exchangeable for Bank shares. As of December 31, 2003, no issue had been made under this authorization.

As of December 31, 2003, the additional capital stock authorized by the Shareholders' Meeting on March 9, 2002, amounted to €782,983,750. The legally stipulated period within which the directors can carry out this increase is five years. As of December 31, 2003, the directors had not made use of this authorization. Also, the aforementioned Shareholders' Meeting in March 2002 authorized the Board of Directors, for a five-year period, to issue up to €20,000 million of bonds of any class or type. As of December 31, 2003, an issue of bonds of up to €10,000 million had been recorded.

Also, the aforementioned Shareholders' Meeting in March 2002 authorized the Board of Directors to issue, on one or several occasions, warrants on shares of the Company up to a maximum of €1,500 million, fully or partially convertible to or exchangeable for Company shares over a maximum period of five years. None of these securities had been issued as of December 31, 2003.

As of December 31, 2003, 2002 and 2001, there were no capital increases in progress at any of the companies in the Finance Group.

(24) RESERVES

The variations in 2003, 2002 and 2001 in the "Reserves" captions in the accompanying consolidated balance sheets were as follows:

	Thousands of Euros				
	Additional Paid-in Capital	Reserves	Revaluation Reserves	Net Reserves and Accumulated Losses at Consolidated Companies	TOTAL
Balances at January 1, 2001	6,873,827	1,027,258	176,281	2,625,005	10,702,371
Prior year's net income	–	1,380,574	–	851,513	2,232,087
Dividends out of prior year's net income	–	(1,138,773)	–	8,193	(1,130,580)
Recording of provisions for early retirement, net of taxes (Notes 2-h, 3-j and 20)	(38,886)	(432,894)	–	(7,461)	(479,241)
Exchange differences arising from consolidation (Notes 3-b and 4)	–	–	–	(593,860)	(593,860)
Transfers and other variations	–	583,053	–	(629,757)	(46,704)
Balances at December 31, 2001	6,834,941	1,419,218	176,281	2,253,633	10,684,073
Prior year's net income	–	1,311,561	–	1,051,775	2,363,336
Dividends out of prior year's net income	–	(1,224,010)	–	4,398	(1,219,612)
Recording of provisions for early retirement, net of taxes (Notes 2-h, 3-j and 20)	(224,589)	(96,512)	–	(3,364)	(324,465)
Exchange differences arising from consolidation (Notes 3-b and 4)	–	–	–	(1,246,358)	(1,246,358)
Transfers and other variations	(97,555)	(638,773)	–	754,984	18,656
Balances at December 31, 2002	6,512,797	771,484	176,281	2,815,068	10,275,630
Prior year's net income	–	1,207,096	–	512,033	1,719,129
Dividends out of prior year's net income	–	(1,112,156)	–	3,120	(1,109,036)
Recording of provisions for early retirement, net of taxes (Notes 2-h, 3-j and 20)	(237,382)	(277,662)	–	(4,576)	(519,620)
Exchange differences arising from consolidation (Notes 3-b and 4)	–	–	–	(339,284)	(339,284)
Transfers and other variations	(1,514)	382,715	–	(500,509)	(119,308)
Balance at December 31, 2003	6,273,901	971,477	176,281	2,485,852	9,907,511

Additional paid-in capital-

This caption in the accompanying consolidated balance sheets includes the surpluses arising from the merger of Banco Bilbao, S.A. and Banco Vizcaya, S.A. (Note 1), the detail of which is as follows:

	Thousands of Euros
Revaluation of:	
– Buildings	592,243
– Equity securities portfolio	278,383
Less-	
Appropriations in 1988	(229,484)
	641,142

The revised Corporations Law expressly permits the use of the additional paid-in capital balance to increase capital and establishes no specific restrictions as to its use.

Reserves and revaluation reserves-

The detail of these captions in the accompanying consolidated balance sheets, which include the reserves of the Group attributed to the Bank, is as follows:

	Thousands of Euros		
	2003	2002	2001
Restricted reserves-			
Legal reserve	313,194	313,194	313,194
Restricted reserve for retired capital stock	87,918	87,918	87,918
Restricted reserve for Parent Company shares	76,812	121,140	30,923
Restricted reserve for redenomination of capital stock in euros	1,861	1,861	1,861
Revaluation reserves Royal Decree-Law 7/1996	176,281	176,281	176,281
Unrestricted reserves-			
Voluntary and other reserves	6,551	6,551	6,551
Consolidation reserves attributed to the Bank	485,141	240,820	978,771
	1,147,758	947,765	1,595,499

Legal reserve-

According to the revised Corporations Law, 10% of the income for each year must be transferred to the legal reserve. These amounts must be transferred until the balance of this reserve reaches 20% of capital stock. This limit had already been reached by Banco Bilbao Vizcaya Argentaria, S.A. as of December 31, 2003, 2002 and 2001. The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased capital stock amount.

Except as mentioned above, until the legal reserve exceeds 20% of capital stock, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

Restricted reserves-

According to the revised Corporations Law and to Law 46/1998 on the introduction of the euro, the respective restricted reserves were recorded in relation to treasury stock held by the Group, to customer loans secured by shares of the Bank, to the reduction of the par value of each share in April 2000 and to the redenomination of capital stock in euros.

Asset revaluation reserves (Notes 3-e and 3-f)-

Prior to the merger, Banco de Bilbao, S.A. and Banco de Vizcaya, S.A. availed themselves of the asset revaluation provisions of the applicable enabling legislation. In addition, on December 31, 1996, the Bank revalued its property and equipment pursuant to Royal Decree-Law 7/1996 by applying the maximum coefficients authorized, up to the limit of the market value arising from the existing valuations. The resulting increases in the cost and accumulated depreciation of property and equipment and, where appropriate, in the cost of equity securities, were allocated as follows:

	Thousands of Euros
Legal revaluations of property and equipment:	
Cost	186,692
Less-	
Single revaluation tax (3%)	(5,601)
Balance at December 31, 1999	181,091
Adjustment as a result of review by the tax authorities in 2000	(4,810)
Balance at December 31, 2000, 2001, 2002 and 2003	176,281

Subsequent to the review of the balance of the “Revaluation Reserves Royal Decree-Law 7/1996” account by the tax authorities in 2000, it can only be used, free of tax, to offset recorded losses and to increase capital stock through January 1, 2007. From that date, the remaining balance of this account can be taken to unrestricted reserves, provided that the surplus has been depreciated or the revalued assets have been transferred or written off. If this balance were used in a manner other than that provided for in Royal Decree-Law 7/1996, it would be subject to tax.

Reserves and accumulated losses at consolidated companies-

The breakdown, by company, of these captions in the accompanying consolidated balance sheets is as follows:

	Thousands of Euros		
	2003	2002	2001
Reserves at consolidated companies-			
Fully or proportionally consolidated companies:			
Holding Continental, S.A.	24,714	164,864	89,557
Ancla Investments, S.A.	89,556	83,430	78,642
Banc Internacional d’Andorra, S.A.	81,080	75,145	58,527
BBVA Puerto Rico, S.A.	169,567	158,443	160,596
Banco Industrial de Bilbao, S.A.	82,649	80,459	66,790
Banco Provincial, S.A.	213,803	45,520	114,282
BBVA Privanza Bank (Jersey), Ltd.	59,128	54,781	49,175
Canal International Holding, S.A.	466,741	494,888	400,082
Cía. de Cartera e Inversiones, S.A.	29,406	–	107,094
Corporación General Financiera, S.A.	605,536	586,490	419,464
BBVA Chile, S.A.	56,195	59,092	57,439
Banco de Crédito Local, S.A.	–	32,997	61,904
BBVA Cartera de Inversión SIMCAV	54,783	55,311	56,627
Grupo Financiero BBVA Bancomer, S.A. de C.V.	–	–	4,760
Cía. Chilena de Inversiones, S.L.	66,463	108,309	117,973
BBVA Bancomer Servicios, S.A.	291,440	230,696	196,573
BBVA Bolsa, S.V., S.A. (Note 4)	–	90,073	75,355
Sdad. De Estudios y Análisis Financieros, S.A.	58,316	55,185	58,268
BBV América, S.L.	203,172	354,912	317,749
BBVA Privanza Bank (Switzerland) Ltd.	91,734	72,941	52,348
Banco Francés (Cayman) Ltd.	302,869	36,343	86,371
Bilbao Vizcaya Holding, S.A.	7,854	33,744	46,404
Corporación Industrial y de Servicios, S.L.	–	–	162,472
Bilbao Vizcaya América B.V.	–	–	108,284
Casa de Bolsa BBV Probursa, S.A. de C.V.	57,655	56,030	51,753
Corporación IBV Servicios y Tecnologías, S.A.	56,142	114,304	91,005
BBVA Participaciones Internacionales, S.L.	32,802	28,406	54,518
BBVA Banco Ganadero, S.A.	40,230	48,261	–
BBVA Banco Francés, S.A.	–	134,690	811
Consolidar A.F.J.P.	50,203	71,801	4,063
Inversora Otar, S.A.	95,544	192,444	–
BBVA Renting, S.A.	43,222	36,162	32,665
Banco Bilbao Vizcaya Brasil, S.A. (Note 4)	–	283,815	–
Administradora de Fondos de Retiro Bancomer, S.A.	137,472	83,257	22,021
Other companies	805,558	560,465	515,013
	4,273,834	4,483,258	3,718,585
Companies accounted for by the equity method:			
Iberdrola, S.A.	170,663	180,588	130,768
Senorte Vida y Pensiones, S.A.	33,360	33,377	33,392
Telefónica, S.A.	335,976	358,556	195,185
Repsol YPF, S.A.	274,557	397,727	232,682
Banco Atlántico, S.A.	62,775	59,408	52,985
Banca Nazionale del Lavoro, S.p.A.	17,529	138,780	12,158
Acerinox, S.A.	70,751	58,647	55,996
Other companies	469,663	438,664	337,605
	1,435,274	1,665,747	1,050,771
Exchange gains:			
Fully or proportionally consolidated companies:			
BBVA Banco Continental Group	–	–	20,386
BBVA Banco Ganadero Group	–	–	19,635
BBVA Bancomer Group	196,464	61,898	–
BBVA Puerto Rico, S.A.	–	37,113	81,088
Other companies	130,992	201,030	222,117
	327,456	300,041	343,226
Companies accounted for by the equity method:	60,052	16,230	25,807
	6,096,616	6,465,276	5,138,389

	Thousands of Euros		
	2003	2002	2001
Accumulated losses at consolidated companies-			
Fully or proportionally consolidated companies:			
Inversora Otar, S.A.	–	–	268,364
BBVA Banco Continental, S.A.	28,444	179,108	104,462
BBVA Gestión, S.A. SGIIC	–	–	77,915
BBVA Banco Ganadero, S.A.	–	–	308,728
BBVA Portugal, S.A.	–	54,045	61,441
AFP Horizonte, S.A.	–	51,527	52,865
BBVA Brasil, S.A. (Note 4)	–	–	18,836
AFP Provida, S.A.	27,277	47,817	73,366
BBVA Global Finance, Ltd.	–	25,620	63,593
BBVA International Investment Corporation	–	61,199	69,892
BBVA Puerto Rico Holding Corporation	158,454	158,404	155,951
BBVA Banco Francés, S.A.	13,359	–	130,017
Cía. de Cartera e Inversiones, S.A.	–	87,979	–
Corporación Industrial y de Servicios, S.L.	199,599	46,474	–
Bilbao Vizcaya América B.V.	78,682	119,592	–
Fideicomiso de Vivienda Bancomer	44,636	47,338	52,601
BBVA Bancomer, S.A.	–	39,293	–
BBVA Área Inmobiliaria, S.L.	–	135,748	–
BBVA Pensiones Chile, S.A.	103,999	93,223	11,978
Banco de Crédito Local, S.A.	6,610	–	–
Grupo Financiero BBVA Bancomer, S.A. de C.V.	11,203	–	–
Other companies	137,272	162,951	215,966
	809,535	1,310,318	1,665,975
Companies accounted for by the equity method:	201,872	151,054	223,541
Exchange losses in consolidation:			
Fully or proportionally consolidated companies:			
BBVA Bancomer Group	–	–	35,153
BBVA Banco Ganadero Group	65,394	45,130	–
Bilbao Vizcaya América, B.V.	162,078	94,483	–
Provida Group	5,132	45,354	11,774
BBVA Brazil Group	–	86,001	152,958
BBVA Banco Francés Group	613,460	535,832	408,147
BBVA Banco Provincial Group	289,958	259,480	88,529
BBVA Banco Continental Group	4,901	21	–
BBVA International Investment Corporation	593,009	337,789	–
Other companies	193,074	188,594	517
	1,927,006	1,592,684	697,078
Companies accounted for by the equity method:	672,351	596,152	298,162
	3,610,764	3,650,208	2,884,756

The exchange differences in consolidation include the net cumulative effect of the differences arising in translation and, accordingly, reflect the effect of the devaluation described in Note 3-ñ.

For the purpose of allocating the reserves and accumulated losses at the consolidated companies in the preceding table, the transfers of reserves arising from the dividends paid and the writedowns or transactions between these companies are taken into account in the year in which they took place.

The individual financial statements of the subsidiaries which give rise to the balances recorded under the “Reserves” and “Accumulated Losses at Consolidated Companies - Fully and Proportionally Consolidated Companies” captions in the foregoing table as of December 31, 2003, 2002 and 2001, include €3,617,649 thousand, €4,059,581 thousand and €2,249,005 thousand, respectively, of restricted reserves, of which €102,658 thousand, €121,893 thousand and €84,502 thousand, respectively, are restricted reserves for Parent Company shares.

(25) TAX MATTERS

The balance of the “Other Liabilities - Tax Collection Accounts” caption in the accompanying consolidated balance sheets includes the liability for applicable taxes, including the provision for corporate income tax in each year, net of tax withholdings and prepayments in each year, in the case of companies with a net tax liability. The amount of the tax refunds due to Group companies is included under the “Other Assets - Taxes Receivable” caption in the accompanying consolidated balance sheets.

Banco Bilbao Vizcaya Argentaria, S.A. and its tax-consolidable subsidiaries file consolidated tax returns. The subsidiaries of Argentaria, which had been in Tax Group 7/90, were included in Tax Group 2/82 from 2000, since the merger had been carried out under the tax neutrality system provided for in Title VIII, Chapter VIII of Corporate Income Tax Law 43/1995. On December 30, 2002, the Group made the pertinent notification to the Ministry of Economy and Finance to extend its taxation under the consolidated taxation regime indefinitely, in accordance with current legislation. The other Group companies file individual tax returns in accordance with the applicable tax regulations.

As in prior years, in 2003 certain Group entities performed or participated in corporate restructuring transactions under the special tax neutrality system regulated by Law 29/1991 adapting certain tax items to EU directives and regulations and by Title VIII, Chapter VIII of Corporate Income Tax Law 43/1995. The disclosures required under the aforementioned legislation are included in the notes to financial statements of the relevant Group entities for the year in which the transactions took place.

The reconciliation of corporate income tax payable, calculated on the basis of the income per books before taxes, to the provision recorded is as follows:

	Thousands of Euros		
	2003	2002	2001
Corporate income tax at the standard rate of 35%	1,334,249	1,091,741	1,271,930
Decrease arising from permanent differences:			
Tax credits and tax relief at consolidated companies	(279,618)	(203,445)	(302,143)
Effect of allocation of the Group's share in the net income of associated companies	(124,980)	(7,698)	(190,063)
Other items, net	(42,765)	(270,774)	(75,836)
	(447,363)	(481,917)	(568,042)
Net increase (decrease) arising from timing differences	(48,275)	(249,256)	595,993
Corporate income tax and other taxes payable	838,611	360,568	1,299,881
Recording (use) of prepaid or deferred taxes	48,275	249,256	(595,993)
Provision for corporate income tax and other taxes accrued in the year	886,886	609,824	703,888
Adjustments to the provision for prior years' corporate income tax and other taxes	28,090	43,389	(78,367)
Corporate income tax and other taxes	914,976	653,213	625,521

As required by Bank of Spain Circular 4/1991 and concordant regulations, the deferred tax assets that will foreseeably be recovered during the next ten years are included under the "Other Assets" caption in the accompanying consolidated balance sheets (Note 15). The main items for which the Group companies have recorded deferred tax assets are provisions to cover pensions and similar obligations to employees (€989,642 thousand at the Spanish companies) and the loan loss provisions (€779,892 thousand at BBVA Bancomer, S.A. de C.V. and €316,637 thousand at BBVA, S.A.).

The Bank and certain Group companies have opted to defer corporate income tax on the gains on disposals of property and equipment and shares in investee companies more than 5% owned by them, the breakdown of which by year is as follows:

Year	Thousands of Euros
1996	29,187
1997	378,097
1998	733,896
1999	194,980
2000	707,917
2001	995,202

Pursuant to the regulations in force until December 31, 2001, the amount of the aforementioned gains must be included in equal parts in the taxable income of the seven tax years ending from 2000, 2001, 2002, 2003, 2004 and 2005, respectively. Following inclusion of the portion relating to 2001, the amount of the income not yet included was €2,976,931 thousand, with respect to which the Group companies availed themselves of the provisions of the Third Transitory Provision of Law 24/2001 on Administrative, Tax and Social Security Measures, and practically all of this amount (€2,971,625 thousand) constitutes an addition to the 2001 taxable income for timing differences.

The share acquisitions giving rise to an ownership interest of more than 5%, particularly investments of this kind in Latin America, have been assigned to meet reinvestment commitments assumed in order to apply the above-mentioned tax deferral.

In 2003 the Bank and certain Group companies availed themselves of the corporate income tax credit for reinvestment of extraordinary income obtained on the transfer for consideration of property and of shares in investees more than 5% owned. The income subject to this tax credit amounted to €33,224 thousand. The acquisition in 2002 of shares of Latin American companies, mainly, was included under the group of reinvestment commitments under the aforementioned tax credit.

As of December 31, 2003, 2002 and 2001, certain consolidated companies had tax losses qualifying for carryforward against the taxable income, if any, of the ten years following the year in which they were incurred. As of December 31, 2003, the tax assets recorded for tax loss carryforwards amounted to €759,051 thousand, of which €539,670 thousand relate to BBVA Bancomer, S.A. de C.V. and €151,110 thousand to BBVA Bancomer Servicios, S.A. de C.V. Based on the available financial projections, the income expected to be generated by these two companies will enable these amounts, and the deferred tax assets recorded by them, to be recovered over a period of less than ten years.

As a result of the tax audits by the tax inspection authorities, in 2002 tax assessments were issued to certain Group companies for the years through 1997, some of which were contested. Taking into account the timing nature of certain tax assessment items, and in accordance with the principle of prudence, full provisions had been included in the accompanying consolidated financial statements for the amounts that arose in this connection. The other Group companies generally have 1998 and subsequent years open for review by the tax inspection authorities for the main taxes applicable to them.

The varying interpretations which can be made of the tax regulations applicable to the operations of banks give rise to certain contingent tax liabilities for the open years that cannot be objectively quantified. However, the Bank's Board of Directors and its tax advisers consider that the possibility of these contingent liabilities materializing in future reviews by the tax authorities is remote and that, in any event, the tax charge which might arise therefrom would not materially affect the consolidated financial statements.

(26) MEMORANDUM ACCOUNTS AND OTHER OFF-BALANCE-SHEET TRANSACTIONS

The detail of the balances of the "Memorandum Accounts" caption in the accompanying consolidated balance sheets as of December 31, 2003, 2002 and 2001, which include the main commitments and contingent liabilities that arose in the normal course of banking business, is as follows:

	Thousands of Euros		
	2003	2002	2001
Contingent liabilities-			
Deposits, guarantees and sureties	13,588,729	15,109,713	13,713,924
Rediscounts, endorsements and acceptances	11,828	5,370	62,097
Other	3,050,954	3,041,745	2,699,583
	16,651,511	18,156,828	16,475,604
Commitments-			
Balances drawable by third parties:			
– Credit institutions	2,723,586	2,521,177	2,349,633
– Public sector	2,591,339	4,288,788	2,994,873
– Other resident sectors	27,578,080	25,842,248	26,183,898
– Non-resident sector	19,934,934	16,101,984	21,388,686
	52,827,939	48,754,197	52,917,090
Other commitments	3,070,468	2,865,188	2,372,081
	55,898,407	51,619,385	55,289,171
	72,549,918	69,776,213	71,764,775

In addition to the above-mentioned contingent liabilities and commitments, at the end of 2003, 2002 and 2001 the Group had other transactions which, pursuant to current legislation, are not reflected in the accompanying consolidated balance sheets, The detail of the notional or contractual value of these transactions as of December 31, 2003, 2002 and 2001, and of the type of market on which they were arranged, is as follows:

	Type of Market	Thousands of Euros		
		2003	2002	2001
Foreign currency purchase and sale transactions and swaps				
– Foreign currency purchases against euros		23,376,814	19,611,600	17,456,059
– Foreign currency purchases against foreign currencies		18,651,590	21,640,807	9,896,857
– Foreign currency sales against euros		14,467,407	8,832,980	10,552,226
	Over-the-counter	56,495,811	50,085,387	37,905,142
Financial asset purchase and sale transactions				
– Purchases		725,260	1,085,452	633,455
– Sales		1,159,737	5,553,424	2,118,309
	Organized	1,884,997	6,638,876	2,751,764
Forward rate agreements (FRA)				
– Bought		37,999,751	13,759,612	57,444,797
– Sold		29,325,752	8,653,722	53,915,045
	Over-the-counter	67,325,503	22,413,334	111,359,842
Interest rate swaps	Over-the-counter	533,737,345	454,602,653	463,403,810
Securities swaps	Over-the-counter	3,973,217	6,921,838	3,848,898
Interest rate futures				
– Bought		12,768,238	13,136,816	15,572,963
– Sold		37,407,616	36,106,890	26,505,175
	Organized	50,175,854	49,243,706	42,078,138
Securities futures				
– Bought		208,991	33,051	301,546
– Sold		1,365,939	398,859	755,707
	Organized	1,574,930	431,910	1,057,253
Interest rate options				
– Bought		42,247,845	37,819,076	36,721,077
– Sold		35,276,947	31,547,425	32,562,187
		77,524,792	69,366,501	69,283,264
	Organized	8,507,711	1,638,260	1,517,281
	Over-the-counter	69,017,081	67,728,241	67,765,983
Securities options				
– Bought		4,934,530	4,303,747	4,878,950
– Sold		25,835,985	14,748,739	15,484,073
		30,770,515	19,052,486	20,363,023
	Organized	1,668,877	984,495	419,495
	Over-the-counter	29,101,638	18,067,991	19,943,528
Foreign currency options and futures				
– Bought		3,595,772	3,949,889	10,552,096
– Sold		5,264,581	4,745,871	11,791,166
	Over-the-counter	8,860,353	8,695,760	22,343,262
Other transactions		788,903	1,292,090	818,597
		833,112,220	688,744,541	775,212,993

The notional or contractual amounts of these transactions do not necessarily reflect the volume of actual risk assumed by the Group, since the net position in these financial instruments is the result of the offset and/or combination of them, This net position, even if it is not deemed a hedge for accounting purposes, is used by the Group basically to eliminate or significantly reduce interest rate, market or exchange risk, The resulting gains or losses on these transactions are included under the “Market Operations” caption in the consolidated statements of income. Any gains or losses on hedging transactions are included as an increase in, or offset of, the results on the positions covered by them,

Also, per the recommendation made by the European Commission on the publication of information relating to financial instruments, the 2003 management report includes the relevant qualitative and quantitative information.

For the purposes of calculating the minimum capital requirements established by Bank of Spain Circular 5/1993, credit and counterparty risk arising from OTC interest rate and currency derivative transactions is measured by the original risk method, as of December 31, 2003, 2002 and 2001, the risk-weighted assets amounted to €3,870,801 thousand, €4,387,162 thousand and €4,422,028 thousand, respectively, which entails a minimum capital requirement of €309,664 thousand, €350,973 thousand, and €353,762 thousand, respectively, for transactions of this kind, respectively.

The detail, by maturity, of these transactions as of December 31, 2003, 2002 and 2001, is as follows:

	Thousands of Euros			
	Up to 1 Year	1 to 5 Years	5 to 10 Years	Over 10 Years
Balances at December 31, 2003-				
Interest rate and securities transactions-				
Swaps	369,498,175	88,519,328	50,619,343	29,073,716
Forward rate agreements	67,261,478	64,025	–	–
Financial futures	29,626,989	22,123,664	131	–
Unmatured financial asset purchase and sale transactions	1,884,997	–	–	–
Securities and interest rate options	34,432,983	44,313,427	19,656,483	9,892,414
	502,704,622	155,020,444	70,275,957	38,966,130
Exchange rate transactions-				
Forward foreign currency purchase and sale transactions and swaps	36,891,706	7,149,988	12,454,117	–
Foreign currency options and futures	1,851,514	1,365,049	46,801	5,596,989
Other transactions	788,903	–	–	–
	39,532,123	8,515,037	12,500,918	5,596,989
	542,236,745	163,535,481	82,776,875	44,563,119
Balances at December 31, 2002-				
Interest rate and securities transactions-				
Swaps	329,331,193	70,949,128	34,833,180	26,410,990
Forward rate agreements	20,656,539	1,756,795	–	–
Financial futures	35,503,837	14,166,096	5,683	–
Unmatured financial asset purchase and sale transactions	6,638,876	–	–	–
Securities and interest rate options	20,384,422	36,302,213	24,498,414	7,233,938
	412,514,867	123,174,232	59,337,277	33,644,928
Exchange rate transactions-				
Forward foreign currency purchase and sale transactions and swaps	47,868,117	2,217,270	–	–
Foreign currency options and futures	8,413,004	233,176	30,987	18,593
Other transactions	1,292,090	–	–	–
	57,573,211	2,450,446	30,987	18,593
	470,088,078	125,624,678	59,368,264	33,663,521
Balances at December 31, 2001-				
Interest rate and securities transactions-				
Swaps	364,213,213	50,607,244	30,695,284	21,736,967
Forward rate agreements	103,826,959	7,532,883	–	–
Financial futures	36,774,654	6,353,789	6,948	–
Unmatured financial asset purchase and sale transactions	2,751,764	–	–	–
Securities and interest rate options	31,272,253	28,437,416	18,751,158	11,185,460
	538,838,843	92,931,332	49,453,390	32,922,427
Exchange rate transactions-				
Forward foreign currency purchase and sale transactions and swaps	26,673,787	11,231,355	–	–
Foreign currency options and futures	21,498,639	844,623	–	–
Other transactions	818,597	–	–	–
	48,991,023	12,075,978	–	–
	587,829,866	105,007,310	49,453,390	32,922,427

The detail, by maturity and currency, of the interest rate swaps and forward rate agreements as of December 31, 2003, 2002 and 2001, stating the interest rates collected and paid, is as follows:

Balances at December 31, 2003	Thousands of Euros (except for percentages)			
	Up to 1 Year	1 to 5 Years	5 to 10 Years	Over 10 Years
Swaps-				
In euros:				
Collecting fixed interest-				
Notional value	146,519,659	27,535,800	23,685,417	11,541,990
Average interest rate collected	2.36%	4.71%	5.18%	5.23%
Average interest rate paid	2.14%	2.38%	2.32%	2.25%
Paying fixed interest-				
Notional value	180,944,503	24,265,639	18,652,431	14,238,246
Average interest rate collected	2.15%	2.24%	2.52%	2.30%
Average interest rate paid	3.83%	4.91%	5.43%	5.90%
Floating rate/floating rate-				
Notional value	6,199,317	4,463,763	1,705,715	2,166,886
Average interest rate collected	1.62%	2.39%	2.95%	2.45%
Average interest rate paid	1.57%	2.30%	2.46%	2.46%
	333,663,479	56,265,202	44,043,563	27,947,122
In foreign currencies:				
Collecting fixed interest-				
Notional value	26,771,781	21,089,552	4,323,442	330,518
Average interest rate collected	1.92%	4.31%	4.91%	5.90%
Average interest rate paid	1.88%	2.10%	2.17%	2.10%
Paying fixed interest-				
Notional value	8,989,789	11,106,107	2,149,826	796,076
Average interest rate collected	2.20%	2.16%	2.19%	2.18%
Average interest rate paid	3.83%	4.63%	4.76%	5.59%
Floating rate/floating rate-				
Notional value	73,126	58,467	102,512	–
Average interest rate collected	3.00%	2.18%	2.36%	–
Average interest rate paid	2.93%	1.93%	2.41%	–
	35,834,696	32,254,126	6,575,780	1,126,594
	369,498,175	88,519,328	50,619,343	29,073,716
	Up to 3 Months	3 to 6 Months	6 to 12 Months	Over 1 Year
Forward rate agreements-				
In euros:				
Collecting fixed interest-				
Notional value	19,577,337	6,845,572	2,523,367	–
Average interest rate collected	2.12%	2.41%	2.54%	–
Average interest rate paid	2.18%	2.18%	2.30%	–
Paying fixed interest-				
Notional value	23,274,945	11,316,680	3,023,045	–
Average interest rate collected	2.18%	2.18%	2.30%	–
Average interest rate paid	2.12%	2.38%	2.69%	–
	42,852,282	18,162,252	5,546,412	–
In foreign currencies:				
Collecting fixed interest-				
Notional value	328,371	31,651	24,009	64,025
Average interest rate collected	1.38%	1.81%	–	–
Average interest rate paid	1.15%	–	–	–
Paying fixed interest-				
Notional value	316,501	–	–	–
Average interest rate collected	1.15%	–	–	–
Average interest rate paid	1.36%	–	–	–
	644,872	31,651	24,009	64,025
	43,497,154	18,193,903	5,570,421	64,025

Balances at December 31, 2002	Thousands of Euros (except for percentages)			
	Up to 1 Year	1 to 5 Years	5 to 10 Years	Over 10 Years
Swaps-				
In euros:				
Collecting fixed interest-				
Notional value	133,273,453	23,353,844	15,876,403	11,780,908
Average interest rate collected	3.20%	4.91%	5.38%	5.73%
Average interest rate paid	3.43%	3.34%	3.65%	3.86%
Paying fixed interest-				
Notional value	152,123,286	19,621,239	13,030,682	11,261,379
Average interest rate collected	3.42%	3.24%	3.65%	3.37%
Average interest rate paid	3.21%	5.19%	5.23%	5.96%
Floating rate/floating rate-				
Notional value	2,309,867	5,966,248	1,038,244	1,435,651
Average interest rate collected	3.64%	3.60%	3.25%	3.62%
Average interest rate paid	3.71%	3.59%	3.23%	3.58%
	287,706,606	48,941,331	29,945,329	24,477,938
In foreign currencies:				
Collecting fixed interest-				
Notional value	23,417,615	13,973,168	2,238,984	1,055,070
Average interest rate collected	5.47%	7.59%	6.00%	6.61%
Average interest rate paid	4.05%	5.35%	2.89%	1.68%
Paying fixed interest-				
Notional value	13,034,006	6,915,482	2,126,473	451,839
Average interest rate collected	1.30%	1.65%	1.63%	1.57%
Average interest rate paid	2.35%	4.39%	5.20%	5.77%
Floating rate/floating rate-				
Notional value	233,262	85,550	–	–
Average interest rate collected	1.22%	3.64%	–	–
Average interest rate paid	2.05%	2.61%	–	–
	36,684,883	20,974,200	4,365,457	1,506,909
	324,391,489	69,915,531	34,310,786	25,984,847
	Up to 3 Months	3 to 6 Months	6 to 12 Months	Over 1 Year
Forward rate agreements-				
In euros:				
Collecting fixed interest-				
Notional value	4,209,934	1,946,625	2,229,355	227,039
Average interest rate collected	3.14%	2.95%	2.85%	3.37%
Average interest rate paid	3.46%	2.98%	2.92%	4.66%
Paying fixed interest-				
Notional value	5,892,332	2,870,899	2,881,666	564,233
Average interest rate collected	3.50%	3.40%	2.99%	3.64%
Average interest rate paid	3.09%	2.93%	2.86%	3.15%
	10,102,266	4,817,524	5,111,021	791,272
In foreign currencies:				
Collecting fixed interest-				
Notional value	410,137	12,242	–	482,762
Average interest rate collected	9.33%	6.59%	–	2.46%
Average interest rate paid	6.29%	6.36%	–	4.56%
Paying fixed interest-				
Notional value	123,162	80,187	–	482,761
Average interest rate collected	1.40%	3.27%	–	4.72%
Average interest rate paid	1.89%	2.19%	–	2.46%
	533,299	92,429	–	965,523
	10,635,565	4,909,953	5,111,021	1,756,795

Balances at December 31, 2001	Thousands of Euros (except for percentages)			
	Up to 1 Year	1 to 5 Years	5 to 10 Years	Over 10 Years
Swaps-				
In euros:				
Collecting fixed interest-				
Notional value	113,803,428	12,932,747	12,303,040	7,342,658
Average interest rate collected	3.55%	4.98%	5.47%	5.82%
Average interest rate paid	3.60%	3.78%	3.75%	3.70%
Paying fixed interest-				
Notional value	131,488,682	10,259,905	7,561,875	5,220,691
Average interest rate collected	3.60%	3.72%	3.75%	3.74%
Average interest rate paid	3.57%	5.23%	5.44%	6.29%
Floating rate/floating rate-				
Notional value	126,265	492,581	1,447,795	3,960,440
Average interest rate collected	3.27%	3.89%	3.87%	4.52%
Average interest rate paid	3.47%	3.75%	3.65%	4.34%
	245,418,375	23,685,233	21,312,710	16,523,789
In foreign currencies:				
Collecting fixed interest-				
Notional value	50,058,494	9,697,465	3,990,606	3,369,965
Average interest rate collected	4.44%	5.91%	5.62%	6.27%
Average interest rate paid	2.74%	2.75%	3.09%	2.96%
Paying fixed interest-				
Notional value	64,445,162	17,055,201	5,301,302	1,833,307
Average interest rate collected	3.00%	3.63%	3.24%	5.12%
Average interest rate paid	4.02%	5.40%	4.36%	5.44%
Floating rate/floating rate-				
Notional value	442,284	169,345	90,666	9,906
Average interest rate collected	4.25%	5.45%	4.65%	4.25%
Average interest rate paid	2.46%	2.60%	4.77%	4.25%
	114,945,940	26,922,011	9,382,574	5,213,178
	360,364,315	50,607,244	30,695,284	21,736,967
	Up to 3 Months	3 to 6 Months	6 to 12 Months	Over 1 Year
Forward rate agreements-				
In euros:				
Collecting fixed interest-				
Notional value	30,400,003	15,853,600	99,998	1,019,927
Average interest rate collected	3.27%	3.16%	3.31%	3.38%
Average interest rate paid	3.33%	3.12%	3.38%	3.80%
Paying fixed interest-				
Notional value	31,899,994	8,550,000	6,200,000	2,399,998
Average interest rate collected	3.27%	3.19%	3.17%	3.90%
Average interest rate paid	3.33%	3.31%	3.07%	3.48%
	62,299,997	24,403,600	6,299,998	3,419,925
In foreign currencies:				
Collecting fixed interest-				
Notional value	2,583,215	497,616	615,354	2,592,106
Average interest rate collected	4.10%	6.53%	3.38%	4.48%
Average interest rate paid	3.71%	5.62%	3.44%	3.55%
Paying fixed interest-				
Notional value	4,464,630	2,322,143	340,406	1,520,852
Average interest rate collected	4.10%	3.95%	2.46%	3.85%
Average interest rate paid	3.84%	4.14%	5.80%	5.02%
	7,047,845	2,819,759	955,760	4,112,958
	69,347,842	27,223,359	7,255,758	7,532,883

As of December 31, 2003, 2002 and 2001, the Group had arranged share price risk and interest rate risk macrohedges consisting of securities listed on the main international markets and long-term deposit transactions, respectively (Note 3-m).

The detail of the notional value of hedging and trading futures transactions as of December 31, 2003, 2002 and 2001, is as follows:

	Thousands of Euros NOTIONAL AMOUNT		
	Hedging	Trading	TOTAL
Balances at December 31, 2003-			
Interest rate and securities transactions	73,367,185	693,599,968	766,967,153
Swaps	37,650,938	500,059,624	537,710,562
Forward rate agreements	–	67,325,503	67,325,503
Options and futures	35,471,788	124,574,303	160,046,091
Unmatured financial asset purchase and sale transactions	244,459	1,640,538	1,884,997
Exchange rate transactions	16,857,725	49,287,342	66,145,067
Forward foreign currency purchase and sale transactions, currency futures and swaps	15,647,638	40,979,629	56,627,267
Foreign currency options	810,522	7,918,375	8,728,897
Other transactions	399,565	389,338	788,903
	90,224,910	742,887,310	833,112,220
Balances at December 31, 2002-			
Interest rate and securities transactions	67,319,615	561,351,689	628,671,304
Swaps	28,110,825	433,413,666	461,524,491
Forward rate agreements	40,762	22,372,572	22,413,334
Options and futures	38,811,011	99,283,592	138,094,603
Unmatured financial asset purchase and sale transactions	357,017	6,281,859	6,638,876
Exchange rate transactions	17,713,727	42,359,510	60,073,237
Forward foreign currency purchase and sale transactions, currency futures and swaps	15,347,014	37,763,263	53,110,277
Foreign currency options	1,267,696	4,403,174	5,670,870
Other transactions	1,099,017	193,073	1,292,090
	85,033,342	603,711,199	688,744,541
Balances at December 31, 2001-			
Interest rate and securities transactions	54,176,295	659,969,697	714,145,992
Swaps	39,659,881	427,592,827	467,252,708
Forward rate agreements	–	111,359,842	111,359,842
Options and futures	13,626,874	119,154,804	132,781,678
Unmatured financial asset purchase and sale transactions	889,540	1,862,224	2,751,764
Exchange rate transactions	11,586,284	49,480,717	61,067,001
Forward foreign currency purchase and sale transactions, currency futures and swaps	9,811,197	30,960,364	40,771,561
Foreign currency options	956,490	18,520,353	19,476,843
Other transactions	818,597	–	818,957
	65,762,579	709,450,414	775,212,993

Following is a breakdown, by balance-sheet account hedged, of the notional balances of interest rate, securities and exchange rate hedging derivatives as of December 31, 2003, 2002 and 2001:

B/S ACCOUNT HEDGED	Thousands of Euros Amount	NOTIONAL AMOUNT Swaps	Forward rate agreements	Options and futures	Other
Balances at December 31, 2003-					
Total net lending	5,264,629	1,341,202	–	1,070,084	2,853,343
Due from credit institutions	7,372,239	2,151,829	–	5,220,410	–
Securities portfolio	19,361,815	12,987,084	–	6,374,731	–
Deposits	9,608,900	4,786,229	–	792,723	4,029,878
Other assets and liabilities	48,617,327	16,384,524	–	22,824,362	9,408,441
	90,224,910	37,650,938	–	36,282,310	16,291,662
Balances at December 31, 2002-					
Total net lending	3,665,078	2,081,217	–	650,638	933,223
Due from credit institutions	9,685,367	943,038	–	223,608	8,518,721
Securities portfolio	25,478,487	7,642,755	–	12,955,835	4,879,897
Deposits	10,280,687	7,892,260	–	2,388,417	10
Other assets and liabilities	35,923,723	9,551,555	40,762	24,120,036	2,211,370
	85,033,342	28,110,825	40,762	40,338,534	16,543,221
Balances at December 31, 2001-					
Total net lending	3,786,157	2,680,866	–	886,849	218,442
Due from credit institutions	3,703,965	2,771,588	–	932,377	–
Securities portfolio	29,924,107	20,259,558	–	8,137,161	1,527,388
Deposits	11,061,791	5,326,252	–	958,439	4,777,100
Other assets and liabilities	17,286,559	8,621,617	–	3,797,752	4,867,190
	65,762,579	39,659,881	–	14,712,578	11,390,120

The market value of the trading futures transactions corresponding to the notional amounts of the underlying assets in the table above as of December 31, 2003, 2002 and 2001, is as follows:

	Thousands of Euros 2003	2002	2001
Interest rate and securities transactions			
Swaps	(367,559)	(727,839)	(169,678)
Forward rate agreements	(1,935)	(5,827)	(13,733)
Options and futures	145,992	268,156	148,684
Unmatured financial asset purchase and sale transactions	1,950	(13,219)	9,532
	(221,552)	(478,729)	(25,195)
Exchange rate transactions			
Forward foreign currency purchase and sale transactions, currency futures and swaps	(369,288)	(71,853)	(85,939)
Foreign currency options	(58,634)	(197)	16,552
Other transactions	–	–	–
	(427,922)	(72,050)	(69,387)

As of December 31, 2003, 2002 and 2001, the provisions covering unrealized losses on trading interest rate and securities futures transactions (Notes 3-m and 20) amounted to approximately €277,614 thousand, €280,721 thousand and €168,229 thousand, respectively.

Off-balance-sheet managed funds

The detail of the off-balance-sheet funds managed by the Group as of December 31, 2003, 2002 and 2001, is as follows:

	Thousands of Euros 2003	2002	2001
Mutual funds	45,751,629	43,581,299	49,900,947
Pension funds	40,015,408	36,563,294	41,248,849
Assets managed	27,306,691	28,670,233	33,345,967
	113,073,728	108,814,826	124,495,763

(27) TRANSACTIONS WITH PROPORTIONALLY CONSOLIDATED COMPANIES OR COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD

Following is a detail of the major balances in the accompanying consolidated balance sheets of the Group as of December 31, 2003, 2002 and 2001, with proportionally consolidated companies and companies accounted for by the equity method (Note 2-c) at market prices:

	Thousands of Euros 2003	2002	2001
Assets:			
Due from credit institutions	25,831	4,068	167,658
Total net lending	3,547,407	3,727,728	4,330,815
Debentures and other debt securities	52,178	–	39,006
	3,625,416	3,731,796	4,537,479
Liabilities:			
Due to credit institutions	65,295	175,395	318,657
Deposits	2,071,304	1,964,815	1,651,894
	2,136,599	2,140,210	1,970,551
Memorandum accounts:			
Contingent liabilities	958,066	1,345,629	1,078,841
Commitments and contingent liabilities	962,110	489,931	1,002,488
	1,920,176	1,835,560	2,081,329
Statement of income:			
Financial revenues	137,888	98,143	105,346
Financial expenses	(136,280)	(142,937)	(84,665)

There are no other material effects on the financial statements of the Group arising from transactions with these companies, other than the effects arising from valuing the investments in them by the equity method (Notes 2-c and 28-f) and from the insurance policies to cover pension and similar commitments (Note 3-j).

The notional amount of the futures transactions arranged by the Group with the main related companies amounts to approximately €7,021,414 thousand (€5,388,845 thousand in 2002).

In addition, as part of its normal activity, the Group has entered into agreements and commitments of various types with shareholders of subsidiaries and associated companies, which have no material impacts on the financial statements.

(28) INCOME STATEMENT DISCLOSURES

Following is certain relevant information in connection with the accompanying consolidated statements of income:

A. GEOGRAPHICAL BREAKDOWN-

The table below shows the geographical breakdown of the main revenue balances in the accompanying consolidated statements of income, by country of location of the Bank branches and Group companies giving rise to them:

	Thousands of Euros		
	2003	2002	2001
Financial revenues-			
Spain	6,549,705	7,335,211	7,846,238
Other European countries	363,507	633,049	1,714,574
United States	349,807	63,872	2,777
Latin America	5,186,443	8,289,627	11,387,675
Rest of the world	88,003	911,150	656,840
	12,537,465	17,232,909	21,608,104
Income from equities portfolio-			
Spain	447,601	329,903	459,450
Other European countries	1,662	1,709	2,140
United States	239	5	24
Latin America	14,602	25,848	32,569
Rest of the world	–	597	1,261
	464,104	358,062	495,444
Fees collected-			
Spain	1,784,263	1,853,326	1,920,384
Other European countries	194,923	204,015	230,602
United States	107,429	22,997	71,556
Latin America	1,790,566	2,217,039	2,554,778
Rest of the world	5,387	33,616	56,297
	3,882,568	4,330,993	4,833,617
Market operations-			
Spain	375,226	319,078	179,618
Other European countries	21,996	41,938	13,445
United States	6,721	(36)	8,853
Latin America	179,916	692,027	310,585
Rest of the world	67,645	(287,884)	(22,406)
	651,504	765,123	490,095
Other operating income-			
Spain	4,303	4,179	14,936
Other European countries	2,527	8,039	3,263
United States	180	254	937
Latin America	10,419	21,132	31,001
Rest of the world	(7)	737	1,208
	17,422	34,341	51,345

B. BREAKDOWN BY TYPE OF TRANSACTION-

The detail, by type of transaction, of certain captions in the accompanying consolidated statements of income is as follows:

	Thousands of Euros		
	2003	2002	2001
Financial revenues-			
Bank of Spain and other central banks	270,548	352,169	457,707
Due from credit institutions	885,508	1,077,074	1,807,592
Fixed-income portfolio	3,323,501	4,820,640	7,283,233
Loans to public authorities	827,029	1,509,262	1,053,502
Loans to customers	7,188,105	9,446,574	10,891,783
Other revenues	42,774	27,190	114,287
	12,537,465	17,232,909	21,608,104
Financial expenses-			
Due to Bank of Spain and other central banks	241,323	256,433	258,393
Due to credit institutions	1,567,741	2,463,730	3,516,840
Deposits	3,068,585	5,456,666	7,592,170
Bonds and other marketable debt securities	886,868	997,669	1,189,925
Subordinated debt (Note 21)	327,554	405,775	429,694
Cost allocable to the recorded pension provision (Notes 3-j and 20)	69,893	60,041	42,480
Other interest	98,094	143,191	249,944
	6,260,058	9,783,505	13,279,446
Fees collected-			
Contingent liabilities	138,715	135,595	136,052
Collection and payment services	1,713,291	1,842,831	1,877,845
Securities services	1,627,295	1,899,437	2,272,090
Other transactions	403,267	453,130	547,630
	3,882,568	4,330,993	4,833,617
Fees paid-			
Ceded to other entities and correspondents	433,608	472,780	570,968
Brokerage on asset and liability transactions	9,926	15,394	19,383
Other fees	176,227	174,438	205,643
	619,761	662,612	795,994
Market operations-			
Sales and futures transactions on fixed-income securities and on interest rates (Notes 3-m and 26)	126,982	566,453	115,749
Sales and futures transactions on equity securities and other assets (Notes 10 and 26)	226,284	(30,685)	47,173
Writedowns of securities and other	10,523	(194,355)	(2,759)
Exchange differences (Note 3-b)	287,715	423,710	329,932
	651,504	765,123	490,095

C. GENERAL ADMINISTRATIVE EXPENSES - PERSONNEL COSTS-

The detail of the balances of this caption in the accompanying consolidated statements of income is as follows:

	Thousands of Euros		
	2003	2002	2001
Wages and salaries	2,457,658	2,743,819	3,211,099
Social security costs	436,404	491,736	529,979
Net charge to in-house pension provisions (Notes 3-j and 20)	56,420	39,067	32,203
Contributions to external pension funds (Note 3-j)	78,501	93,557	90,272
Other expenses	233,604	329,249	379,821
	3,262,587	3,697,428	4,243,374

The average total number of employees in the Group in 2003, 2002 and 2001, by category, was as follows:

	Number of Employees		
	2003	2002	2001
Spanish banks-			
– Executives	969	166	172
– Supervisors	20,547	20,746	20,222
– Clerical staff	9,309	10,779	11,767
– Abroad	674	676	678
	31,499	32,367	32,839
Companies abroad			
– Mexico	25,249	26,304	28,936
– Venezuela	6,724	7,953	9,211
– Argentina	3,685	4,375	4,964
– Colombia	3,473	3,819	4,331
– Peru	2,373	2,323	2,219
– Other	4,452	9,374	9,628
	45,956	54,148	59,289
Pension fund managers	6,181	5,863	6,656
Other nonbanking companies	3,553	3,604	3,937
	87,189	95,982	102,721

D. DIRECTORS' COMPENSATION AND OTHER BENEFITS-

In 2003, 2002 and 2001 the members of the Board of Directors of BBVA earned in this capacity €3,360 thousand, €6,699 thousand and €9,352 thousand, respectively.

The detail of the compensation earned in 2003, by item, is as follows:

	Thousands of Euros						
		Board Committees					
SURNAME, FIRST NAME	Board	Standing Committee	Audit	Appointments and Compensation	Risk	Committee Chairmanship	TOTAL
Álvarez Mezquíriz, Juan Carlos	110		60	36			206
Breeden, Richard C.	300						300
Bustamante y de la Mora, Ramón	110		60		60	45	275
Ferrero Jordi, Ignacio	110		60			90	260
Knörr Borrás, Román	110	140					250
Lacasa Suárez, Ricardo	110				60	150	320
Marañón y Bertrán de Lis, Gregorio	110			36	60		206
Medina Fernández, Enrique	110	140			60		310
Rodríguez Vidarte, Susana	110		60				170
San Martín Espinós, José María	110	140		36			286
Telefónica de España, S.A.	110						110
Tomás Sabaté, Jaume	110	140		36			286
TOTAL	1,510	560	240	144	240	285	2,979

Note: In 2003 Mr. José Mª Caínzos Fernández received a total of €381 thousand in his capacity as a member of the Board.

Bank executive directors earned in this capacity €8,032 thousand, €10,847 thousand and €11,125 thousand, respectively in 2003, 2002 and 2001.

The detail of the compensation received by the executive directors in 2003, by item, is as follows:

	Thousands of Euros		
POST	Fixed Compensation	Variable Compensation	Total
Chairman	1,461	2,393	3,854
Chief Executive Officer	1,081	1,999	3,080
Secretary General	491	607	1,098
TOTAL	3,033	4,999	8,032

As of December 31, 2003, the detail of the welfare commitments to the members of the Board of Directors were as follows:

	Thousands of Euros
SURNAME, FIRST NAME	2003
Álvarez Mezquíriz, Juan Carlos	124
Bustamante y de la Mora, Ramón	147
Ferrero Jordi, Ignacio	140
Knörr Borrás, Román	85
Lacasa Suárez, Ricardo	99
Marañón y Bertrán de Lis, Gregorio	125
Medina Fernández, Enrique	219
Rodríguez Vidarte, Susana	56
San Martín Espinós, José María	212
Tomás Sabaté, Jaume	207
TOTAL	1,414

Also, in 2003 medical and accident insurance premiums amounting to €71 thousand were paid on behalf of members of the Board of Directors.

As of December 31, 2003, the detail of the welfare commitments to executive directors was as follows:

	Thousands of Euros
POST	2003
Chairman	28,882
Chief Executive Officer	23,697
Secretary General	3,090
TOTAL	55,669

E. GENERAL EXPENSES-

The breakdown of the balances of this caption in the accompanying consolidated statements of income is as follows:

	Thousands of Euros		
	2003	2002	2001
Technology and systems	370,125	390,541	483,394
Communications	199,132	260,899	336,993
Advertising	134,645	157,891	183,429
Buildings and fixtures	301,354	370,082	458,308
Taxes other than income tax	148,802	165,957	227,549
Other expenses	614,411	728,927	791,713
	1,768,469	2,074,297	2,481,386

The balance of the "Other Expenses" account includes the fees paid by the Group companies to their respective auditors, which amounted to €12,972 thousand in 2003 (€15,789 thousand as of December 31, 2002). Of the 2003 total, €8,282 thousand were incurred in company annual audits performed by firms belonging to the Deloitte & Touche world organization and €1,833 thousand were incurred to other audit firms (€5,784 thousand and €2,453 thousand, respectively, as of December 31, 2002).

In 2003 the Group engaged these firms to perform non-attest services, the detail of which is as follows:

- Services provided by other audit firms: €1,283 thousand (€3,780 thousand in 2002).

- Services provided by Deloitte & Touche: €1,575 thousand (€3,862 thousand in 2002), including fees paid to the aforementioned auditors for various services including the preparation of mandatory audit-related reports required by official bodies.

F. NET INCOME FROM COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD-

The breakdown, by company, of the net balances of this caption in the accompanying consolidated statements of income is as follows:

	Thousands of Euros		
	2003	2002	2001
Share in income and losses of companies accounted for by the equity method, net-			
Share in income before taxes of nonconsolidated Group companies (Note 12):			
BBVA Seguros, S.A.	179,491	145,910	135,769
BBVA Desarrollos Inmobiliarios, S.L.	29,025	(5,916)	12,387
Seguros Bancomer, S.A. de C.V.	49,191	44,323	33,741
Unitaria Inmobiliaria, S.A.	5,755	13,880	18,072
BBVA Seguros Ganadero Cía. de Seguros, S.A.	1,423	1,847	(18,145)
BBVA Seguros Ganadero Cía. de Seguros de Vida, S.A.	2,297	1,246	(15,278)
Fianzas Probursa, S.A. de C.V.	3,741	(2,561)	(9,352)
Pensiones Bancomer, S.A. de C.V.	20,146	19,669	15,488
Other companies, net	54,284	35,203	56,105
	345,353	253,601	228,787
Share in net income of associated companies (Note 11):	357,085	21,995	543,038
Less-			
Correction for payment of dividends-			
Final or prior years' dividends	(194,158)	(111,461)	(171,192)
Interim dividends paid out of income for the year	(124,968)	(130,891)	(207,962)
	(319,126)	(242,352)	(379,154)
	383,312	33,244	392,671

G. EXTRAORDINARY INCOME/LOSSES-

The breakdown of the net balances of these captions in the accompanying consolidated statements of income is as follows:

	Thousands of Euros		
	2003	2002	2001
Net special provisions (Notes 14 and 20) (*)	17,951	(384,200)	(925,775)
Other losses arising from pension and similar commitments (Notes 3-j and 20)	(118,328)	(192,846)	(86,336)
Other income arising from adjustment of deferred contributions (Note 3-j)	–	3,878	–
Merger expenses	–	–	(44,325)
Gains on disposal of property and equipment and long-term investments (Notes 10 and 14)	44,248	99,646	252,551
Recovery of interest earned in prior years	80,043	73,864	271,856
Adjustment of earnings due to currency redenomination (Note 3-b)	(56,611)	4,431	69,279
Net charge to the theoretical goodwill relating to Bradesco (Note 4)	–	(34,719)	–
Other extraordinary income (losses), net	(70,238)	(2,635)	(263,520)
	(102,935)	(432,581)	(726,270)

(*) Includes the net charges to the specific provision for Argentina (note 3-ñ).

The foregoing detail of the "Merger Expenses" account also includes other merger expenses, most notably the accelerated depreciation of nonrecoverable equipment and fixtures in closed branches and the accelerated amortization of computer software which are no longer being used due to the unification of systems.

(29) CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

The 2003, 2002 and 2001 consolidated statements of changes in financial position are as follows:

	Thousands of Euros		
	2003	2002	2001
APPLICATION OF FUNDS			
Dividends paid	1,108,492	1,252,870	1,100,240
External capital contributions-			
Purchase of own shares, net	–	21,990	3,407
Minority interests, net (Note 22)	784,410	715,330	1,025,062
Subordinated debt (Note 21)	–	505,594	474,849
Total net lending	8,151,501	–	15,218,935
Fixed-income securities	2,973,901	–	9,423,564
Equity securities	51,320	–	656,853
Marketable securities	–	–	1,084,011
Deposits	5,511,458	19,939,069	–
Financing, net of investment, at credit institutions	–	5,540,828	–
Acquisition of long-term investments-			
Purchase of investments in Group and associated companies (Notes 11 and 12)	3,973,214	2,316,991	2,718,113
Additions to property and equipment and intangible assets	1,166,615	999,147	2,824,121
Other asset items less liability items	991,993	3,403,194	–
TOTAL FUNDS APPLIED	24,712,904	34,695,013	34,529,155
SOURCE OF FUNDS			
From operations-			
Net income	2,226,701	1,719,129	2,363,336
Add-			
– Depreciation and amortization expense	1,215,631	1,439,666	1,641,663
– Net provision for asset writedown and to other special provisions	1,453,532	2,646,688	2,490,035
– Losses on sales of treasury stock, investments and fixed assets	124,841	309,651	258,434
– Minority interests	670,463	746,919	645,223
– Income of companies accounted for by the equity method, net of taxes	1,336,365	49,151	–
Less-			
– Income of companies accounted for by the equity method, net of taxes	–	–	(305,290)
– Gains on sales of treasury stock, investments and fixed assets	(722,420)	(770,292)	(1,295,853)
	6,305,113	6,140,912	5,797,548
External capital contributions-			
Sale of treasury stock	13,787	–	–
Minority interests, net (Note 22)	–	714,451	260,484
Subordinated debt (Note 21)	1,334,582	–	3,253,057
Financing, net of investment, at credit institutions	5,911,890	–	6,404,308
Deposits	–	–	12,353,241
Total net lending	–	8,554,159	–
Fixed-income securities	–	13,031,268	–
Equity securities	–	504,413	–
Marketable securities	6,859,380	2,147,598	–
Sale of long-term investments-			
Sale of investments in Group and associated companies (Notes 11 and 12)	3,458,192	2,879,384	3,603,288
Sale of property and equipment and intangible assets	829,960	722,828	2,531,180
Other asset items less liability items	–	–	326,049
TOTAL FUNDS OBTAINED	24,712,904	34,695,013	34,529,155

(30) OTHER INFORMATION

On March 22, 2002, BBVA notified the supervisory authorities of the stock markets on which its shares are listed that the Bank of Spain had commenced a proceeding against BBVA and 16 of its former directors and executives. These proceedings arose as a result of the existence of funds belonging to BBV that were not included in the entity's financial statements until they were voluntarily regularized by being recorded in the 2000 consolidated statement of income as extraordinary income, for which the related corporate income tax was recorded and paid. These funds totaled Ptas. 37,343 million (approximately €225 million) and arose basically from the gains on the sale of shares of Banco de Vizcaya, S.A. and Banco Bilbao Vizcaya, S.A. from 1987 to 1992, and on the purchase and sale by BBV of shares of Argentaria, Caja Postal and Banco Hipotecario, S.A. in 1997 and 1998.

After dissolving the legal vehicles where the unrecorded funds were located and including the funds in its accounting records, BBVA notified the Bank of Spain of these matters on January 19, 2001. The Bank of Spain's supervisory services commenced an investigation into the origin of the funds, their use and the persons involved, the findings of which were included in the supervisory services' report dated March 11, 2002. On March 15, 2002, the Bank of Spain notified the Bank of the commencement of a proceeding relating to these events.

On April 9, 2002, the Central Examining Court Number 5 of the National Appellate Court ordered that these events be investigated in preliminary proceedings which are being conducted at the Court. Also, it required the Bank of Spain to stay the conduct of its proceeding until the criminal liability that may arise as a result of these events, if any, is determined.

On May 22, 2002, the Council of the Spanish National Securities Market Commission (CNMV) commenced a proceeding against BBVA, S.A. for possible contravention of the Securities Market Law (under Article 99 ñ) thereof) owing to the same events as those which gave rise to the Bank of Spain's proceeding and the legal proceedings. On January 7, 2003, the CNMV stated that the proceeding was stayed until the final court decision on the criminal proceedings is handed down.

As of the date of preparation of these consolidated financial statements, none of the persons party to the proceedings or accused of the events referred to above is a member of the Board of Directors or the Management Committee or holds executive office at BBVA. Although the stayed proceedings, in which charges have not yet been brought, and the preliminary proceedings are at a very early stage, in view of the events and the surrounding circumstances, the Group's legal advisers do not expect them to have a material effect on the Bank.

(31) DETAIL OF THE DIRECTORS' HOLDINGS IN COMPANIES WITH SIMILAR BUSINESS ACTIVITIES

Pursuant to Article 127 ter of the Spanish Corporations Law as introduced by Law 26/2003 modifying Securities Market Law 24/1988, and the revised Corporations Law, for the purpose of enhancing transparency in listed companies, below is a list of the companies in which the Company's directors have direct or indirect holdings and whose business activities are the same as, or similar or supplementary to, those making up the corporate purpose of BBVA, S.A.

In no case do the directors perform executive or management duties at these companies.

		Holding	
Surname, First Name	Company	Number of Shares	Type of Holding
Álvarez Mezquíriz, Juan Carlos	Santander Central Hispano	72	Direct
Breeden, Richard C.	–	–	–
Bustamante y de la Mora, Ramón	Santander Central Hispano	1,000	Indirect
Ferrero Jordi, Ignacio	Santander Central Hispano	7,860	Indirect
	Banco Popular Español	340	Indirect
	Bankinter	1	Indirect
Goirigolzarri Tellaeche, José Ignacio	–	–	–
González Rodriguez, Francisco	Bancoval	76,040	Indirect
Knörr Borrás, Román	Santander Central Hispano	14,724	Indirect
Lacasa Suárez, Ricardo	Banco Popular Español	17,168	Direct
Maldonado Ramos, José	–	–	–
Marañón y Bertrán de Lis, Gregorio	Banco Español de Crédito	364	Indirect
Medina Fernández, Enrique	Santander Central Hispano	3,193	Indirect
	Banco Popular Español	410	Indirect
	Bank of America Corp	81	Indirect
	HSBC Holdings	801	Indirect
	ING Groep. N.V.	418	Indirect
	Royal Bank of Scotland	221	Indirect
Rodríguez Vidarte, Susana	–	–	–
San Martín Espinós, José María	Santander Central Hispano	947	Direct
Angel Vilá Boix (representante de Telefónica de España, S.A.)	Banco Sabadell	2,500	Direct
	BNP Paribas	500	Direct
Tomás Sabaté, Jaume	–	–	–

(32) EVENTS SUBSEQUENT TO DECEMBER 31, 2003

At its meeting on February 3, 2004, at which these consolidated financial statements were prepared, the Board of Directors of BBVA resolved, inter alia, to increase capital by a nominal amount of €95,550,000, through the issuance of 195,000,000 ordinary shares of €0.49 par value each, of the same class and series, traded by the book-entry trading system. The aforementioned capital increase, which involved the disapplication of preemptive subscription rights, is being performed under the powers granted by the Shareholders' Meeting on March 9, 2002, in accordance with the stipulations of Article 153.1.b) of the Spanish Corporations Law. Article 161.1 of the Spanish Corporations Law expressly provides for the possibility of the capital increase not being fully subscribed.

In accordance with the stipulations of Article 159.2. of the Spanish Corporations Law, the issue price will be the reasonable value of the shares, which in the case of listed companies is taken to be the market price.

The capital increase will be aimed exclusively at Spanish and foreign institutional investors through a placement method known as *Accelerated Bookbuilt Offering* (ABO) led by an investment bank. For general interest reasons, and in order to enable the shares to be placed among institutional investors using the aforementioned procedure, the powers granted by the Shareholders' Meeting on March 9, 2002, are being exercised and the BBVA shareholders' and convertible debenture holders' have no preemptive subscription rights.

The new shares will entitle their owners to share in any distribution of dividends paid after the capital increase is registered in Iberclear's accounting records, and in assets in the event of liquidation. As regards the dividend to be paid out of 2003 income, holders of the new shares will only be entitled to receive the amount of any final dividend, if any, that the Shareholders' Meeting resolves to declare, if the shares are issued prior to the date of this Shareholders' Meeting (Note 5).

This capital increase is part of a global operation to attract funds to strengthen the Group's equity structure and enable it to undertake its expansionary projects, in particular the tender offer for all the shares of Grupo Financiero BBVA BANCOMER, S.A. de C.V., as resolved at the Board meeting that took place on January 30, 2004, ensure the normal growth of its current business and maintain its solvency above the levels stipulated by Bank of Spain regulations (Note 2-e).

The aforementioned tender offer for all the shares of Grupo Financiero BBVA BANCOMER, S.A. de C.V. that the BBVA Group does not already own was launched in order to increase the shareholding in this company.

As of the date of preparation of these consolidated financial statements, the BBVA Group owned 5,512,708,648 shares of BANCOMER representing 59.4% of its capital stock (Note 4). The offer approved by the Board of Directors is for all the shares not currently owned by BBVA, i.e. 3,763,898,174 BANCOMER shares representing 40.6% of its capital stock.

(33) EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These consolidated financial statements are presented on the basis of accounting principles generally accepted in Spain. Certain accounting practices applied by the Group that conform with generally accepted accounting principles in Spain may not conform with generally accepted accounting principles in other countries.

EXHIBIT I
ADDITIONAL INFORMATION ON CONSOLIDATED SUBSIDIARIES COMPOSING THE BANCO BILBAO VIZCAYA ARGENTARIA GROUP

			Percentage of Ownership			Thousands of Euros (*)			
Company	Location	Line of Business	Direct	Indirect	Total	Capital Stock as of 12/31/03	Reservas as of 12/31/03	Net Income (Loss) for 2003	Net Investment G.E.
ADMINISTRAD. DE FONDOS PARA EL RETIRO-BANCOMER,S.A DE C.V.	MEXICO	PENSIONS	17.50	82.50	100.00	11,063	66,283	77,509	354,414
ADMINISTRADORA DE FONDOS DE PENSIONES PROVIDA (AFP PROVIDA)	CHILE	PENSIONS	12.70	51.62	64.32	112,809	93,401	41,063	180,423
AEROCER, S.A. DE C.V.	MEXICO	SERVICES	0.00	100.00	100.00	3,647	4,473	-137	7,520
AFP CRECER, S.A.	EL SALVADOR	PENSIONS	0.00	62.08	62.08	18,641	-204	6,112	17,101
AFP GENESIS ADMINISTRADORA DE FONDOS, S.A.	ECUADOR	PENSIONS	0.00	100.00	100.00	934	460	536	1,869
AFP HORIZONTE, S.A.	PERU	PENSIONS	24.85	75.15	100.00	4,166	4,460	17,916	26,910
AFP PORVENIR S.A. REPUBLICA DOMINICANA	DOMINICAN REPUBLIC	PENSIONS	0.00	100.00	100.00	6,299	-1,513	-730	698
AFP PREVISION BBV-ADM.DE FONDOS DE PENSIONES S.A.	BOLIVIA	PENSIONS	75.00	5.00	80.00	2,182	345	3,154	2,063
ALGORTA, S.A.	SPAIN	PORTFOLIO	100.00	0.00	100.00	3,010	3,186	88	6,197
ALMACENES GENERALES DE DEPOSITO, S.A.E. DE	SPAIN	PORTFOLIO	83.90	16.10	100.00	14,934	13,876	6,676	12,649
ALTURA MARKETS, A.V., S.A.	SPAIN	SECURITIES DEALER	50.00	0.00	50.00	10,000	814	4,624	5,000
ANCLA INVESTMENTS, S.A.	PANAMA	PORTFOLIO	0.00	100.00	100.00	8	88,571	8,754	8,142
APOYO MERCANTIL S.A. DE C.V.	MEXICO	INSTRUM. REAL EST..	0.00	100.00	100.00	513	-484	-4	0
ARAGON CAPITAL, S.L.	SPAIN	FINANCIAL SERVICES	99.90	0.00	99.90	4	26,077	-418	37,355
ARGENTARIA INTERNACIONAL DE PANAMA, S.A.	PANAMA	PENSIONS	0.00	100.00	100.00	998	59	159	1,254
ARGENTARIA SERVICIOS, S.A.	CHILE	SERVICIOS	100.00	0.00	100.00	1,151	170	71	676
ARGENTARIA, S.A.	SPAIN	PORTFOLIO	100.00	0.00	100.00	60	-2	1	59
BANC INTERNACIONAL D'ANDORRA, S.A.	ANDORRA	BANKING	0.00	51.00	51.00	42,407	239,361	71,119	15,528
BANC INTERNACIONAL OF ANDORRA (CAYMAN) LTD.	CAYMAN ISLANDS	BANKING	0.00	100.00	100.00	3,959	1,803	-18	3,989
BANCA MORA, S.A.	ANDORRA	BANKING	0.00	100.00	100.00 (1)	30,060	0	0	0
BANCO BILBAO VIZCAYA (DEUTSCHLAND), A.G.	GERMANY	BANKING	0.00	100.00	100.00	256	6,122	-1,390	279
BANCO BILBAO VIZCAYA ARGENTARIA (PANAMA), S.A.	PANAMA	BANKING	53.96	44.81	98.77	22,724	75,488	18,610	20,099
BANCO BILBAO VIZCAYA ARGENTARIA (PORTUGAL), S.A.	PORTUGAL	BANKING	9.52	90.48	100.00	125,000	53,761	5,481	183,916
BANCO BILBAO VIZCAYA ARGENTARIA CHILE, S.A.	CHILE	BANKING	59.35	6.92	66.27	204,937	113,899	34,780	263,476
BANCO BILBAO VIZCAYA ARGENTARIA PUERTO RICO	PUERTO RICO	BANKING	0.00	100.00	100.00	109,852	223,831	34,700	109,852
BANCO BILBAO VIZCAYA ARGENTARIA URUGUAY, S.A.	URUGUAY	BANKING	100.00	0.00	100.00	35,244	28,710	-19,571	42,693
BANCO CONTINENTAL, S.A.	PERU	BANKING	0.00	92.01	92.01	181,935	46,844	43,925	246,833
BANCO DE CREDITO LOCAL, S.A.	SPAIN	BANKING	100.00	0.00	100.00	151,043	118,345	58,320	509,597
BANCO DE PROMOCION DE NEGOCIOS, S.A.	SPAIN	BANKING	0.00	99.79	99.79	14,039	17,981	455	15,126
BANCO DEPOSITARIO BBVA, S.A.	SPAIN	BANKING	0.00	100.00	100.00	5,412	19,958	36,850	1,595
BANCO FRANCES (CAYMAN), LTD	CAYMAN ISLANDS	BANKING	0.00	100.00	100.00	65,150	226,590	107,536	386,469
BANCO INDUSTRIAL DE BILBAO, S.A.	SPAIN	BANKING	0.00	99.92	99.92	32,775	142,992	13,711	97,211
BANCO OCCIDENTAL, S.A.	SPAIN	BANKING	49.43	50.57	100.00	11,630	3,007	329	14,953
BANCO PROVINCIAL OVERSEAS N.V.	DUTCH ANTILLES	BANKING	0.00	100.00	100.00	23,753	331	5,768	26,895
BANCO PROVINCIAL S.A. - BANCO UNIVERSAL	VENEZUELA	BANKING	1.85	53.74	55.59	45,513	163,171	159,458	168,146
BANCO UNO-E BRASIL, S.A.	BRAZIL	BANKING	100.00	0.00	100.00	12,436	1,625	1,652	15,615
BANCOMER ASSET MANAGEMENT INC.	U.S.	FINANCIAL SERVICES	0.00	100.00	100.00	4	-2	0	2
BANCOMER FINANCIAL SERVICES INC.	U.S.	FINANCIAL SERVICES	0.00	100.00	100.00	3,704	-246	59	3,512
BANCOMER FOREIGN EXCHANGE INC.	U.S.	FINANCIAL SERVICES	0.00	100.00	100.00	1,584	876	-149	2,328
BANCOMER PAYMENT SERVICES INC.	U.S.	FINANCIAL SERVICES	0.00	100.00	100.00	44	-10	-4	30
BANCOMER SECURITIES INTERNATIONAL, INC.	U.S.	FINANCIAL SERVICES	0.00	100.00	100.00	2,699	484	2,534	5,453
BANCOMER TRANSFER SERVICE	U.S.	FINANCIAL SERVICES	0.00	100.00	100.00	2,375	13,305	11,022	25,559
BANINBAO DE INVERSIONES, S.A.	SPAIN	PORTFOLIO	0.00	100.00	100.00	734	783	25	1,541
BBV AMERICA FUND MANAGER LTD	CAYMAN ISLANDS	FINANCIAL SERVICES	0.00	100.00	100.00	380	12,380	2577	402
BBV AMERICA, S.L.	SPAIN	PORTFOLIO	100.00	0.00	100.00	583,127	-134,005	-178,904	305,655
BBV BANCO DE FINANCIACION S.A.	SPAIN	BANKING	0.00	100.00	100.00	58,298	8,941	658	64,200
BBV GESTION DE CAPITALES, S.A. S.G.C.	SPAIN	FINANCIAL SERVICES	100.00	0.00	100.00	903	2,981	791	1,271
BBV PRIVANZA SERVICIOS PATRIMONIALES, S.L.	SPAIN	FINANCIAL SERVICES	80.00	20.00	100.00	3	370	18	1
BBV SECURITIES HOLDINGS, S.A.	SPAIN	PORTFOLIO	99.86	0.14	100.00	15,571	17,922	-1,445	32,049
BBVA & PARTNERS ALTERNATIVE INVESTMENT A.V., S.A.	SPAIN	SECURITIES DEALER	70.00	0.00	70.00	908	-15	301	967
BBVA ADMINISTRADORA GENERAL DE FONDOS S.A.	CHILE	FINANCIAL SERVICES	0.00	100.00	100.00	4,337	5,597	1670	11,664
BBVA AREA INMOBILIARIA, S.L.	SPAIN	INSTRUM. REAL EST..	100.00	0.00	100.00	72,475	52,587	11,164	109,537
BBVA BANCO FRANCES, S.A.	ARGENTINA	BANKING	40.71	38.89	79.60	98,972	445,753	-82,647	56,641
BBVA BANCO GANADERO, S.A.	COLOMBIA	BANKING	76.15	19.22	95.37	21,555	114,338	17,883	119,745
BBVA BANCOMER ASESORA DE FONDOS, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	0.00	100.00	100.00	4	-1	0	3
BBVA BANCOMER CAPITAL TRUST I.	U.S.	FINANCIAL SERVICES	0.00	100.00	100.00	12,244	0	0	12,251
BBVA BANCOMER GESTION, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	0.00	99.99	99.99	70	30	7,834	6,843

Company	Location	Line of Business	Percentage of Ownership Direct	Indirect	Total	Thousands of Euros (*) Capital Stock as of 12/31/03	Reservas as of 12/31/03	Net Income (Loss) for 2003	Net Investment G.E.
BBVA BANCOMER HOLDING CORPORATION	U.S.	PORTFOLIO	0.00	100.00	100.00	2,130	742	2,279	4,915
BBVA BANCOMER SERVICIOS ADMINISTRATIVOS, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	0.00	100.00	100.00	4	94	86	172
BBVA BANCOMER SERVICIOS, S.A.	MEXICO	BANKING	0.00	100.00	100.00	203,987	134,057	82,611	416,600
BBVA BANCOMER, S.A. DE C.V.	MEXICO	BANKING	0.00	100.00	100.00	269,792	2,612,271	502,311	3,317,839
BBVA CAPITAL FINANCE, S.A.	SPAIN	FINANCIAL SERVICES	100.00	0.00	100.00	60	0	159	60
BBVA CAPITAL FUNDING, LTD.	CAYMAN ISLANDS	FINANCIAL SERVICES	100.00	0.00	100.00	0	884	2,2595	0
BBVA CAPITAL MARKETS OF PUERTO RICO, INC	PUERTO RICO	FINANCIAL SERVICES	100.00	0.00	100.00	637	4,828	101	7,132
BBVA CARTERA DE INVERSION, SIMCAV	SPAIN	PORTFOLIO	60.16	0.00	60.16	69,732	99,064	2,916	46,876
BBVA CEME INVERSIONES, S.A. S.I.M.C.A.V	SPAIN	PORTFOLIO	61.00	0.00	61.00	15,982	1,765	142	3,766
BBVA COMMERCIAL PAPER BV	NETHERLANDS	FINANCIAL SERVICES	0.00	100.00	100.00	18	0	-10	18
BBVA COMMERCIAL PAPER, LIMITED	CAYMAN ISLANDS	FINANCIAL SERVICES	100.00	0.00	100.00	8	25	11	8
BBVA CORREDORES DE BOLSA, S.A.	CHILE	SECURITIES DEALER	0.00	100.00	100.00	8,707	2,781	1,928	13,456
BBVA CRECER AFP, S.A.	DOMINICAN REPUBLIC	FINANCIAL SERVICES	70.00	0.00	70.00	7,197	-357	-4,128	2,569
BBVA DINERO EXPRESS, S.A.	SPAIN	FINANCIAL SERVICES	100.00	0.00	100.00	3,306	-336	-784	2,188
BBVA E-COMMERCE, S.A.	SPAIN	SERVICES	100.00	0.00	100.00	60,000	-10,740	-11,040	38,221
BBVA FACTORING E.F.C., S.A.	SPAIN	FINANCIAL SERVICES	0.00	100.00	100.00	26,874	124,551	7,817	126,447
BBVA FIDUCIARIA , S.A.	COLOMBIA	FINANCIAL SERVICES	0.00	99.98	99.98	2,497	982	142	3,601
BBVA FINANCE (DELAWARE) INC.	U.S.	FINANCIAL SERVICES	100.00	0.00	100.00	119	325	-17	119
BBVA FINANCE (UK), LTD.	U.K.	FINANCIAL SERVICES	0.00	100.00	100.00	3,192	8051	382	3,324
BBVA FINANCE SPA.	ITALY	FINANCIAL SERVICES	100.00	0.00	100.00	4,648	417	75	4,648
BBVA FUNDOS	PORTUGAL	FINANCIAL SERVICES	0.00	100.00	100.00	1,000	3,460	917	998
BBVA GEST	PORTUGAL	FINANCIAL SERVICES	0.00	100.00	100.00	1,000	5,493	1,219	998
BBVA GESTION, SOCIEDAD ANONIMA, SGIIC	SPAIN	FINANCIAL SERVICES	17.00	83.00	100.00	2,140	79,024	48,230	11,436
BBVA GLOBAL FINANCE LTD.	CAYMAN ISLANDS	FINANCIAL SERVICES	100.00	0.00	100.00	1	2,453	331	0
BBVA HOLDING BV	NETHERLANDS	PORTFOLIO	100.00	0.00	100.00	18	45	-27	64
BBVA HORIZONTE PENSIONES Y CESANTIAS, S.A.	COLOMBIA	PENSIONS	78.52	1.76	80.28	9,893	10,120	6,720	20,941
BBVA HORIZONTE, S.A.	PANAMA	PENSIONS	90.00	0.00	90.00	3,959	0	299	3,563
BBVA IFC, S.A.(PORTUGAL)	PORTUGAL	FINANCIAL SERVICES	0.00	100.00	100.00	21,903	-976	-4,789	32,737
BBVA INTERNATIONAL FINANCE BV	NETHERLANDS	FINANCIAL SERVICES	0.00	100.00	100.00	18	0	0	18
BBVA INTERNATIONAL INVESTMENT CORPORATION	PUERTO RICO	FINANCIAL SERVICES	100.00	0.00	100.00	2,479,543	-117,474	-713	2,880,416
BBVA INTERNATIONAL LIMITED	CAYMAN ISLANDS	FINANCIAL SERVICES	100.00	0.00	100.00	1	3,041,087	18,5623	1
BBVA IRELAND PUBLIC LIMITED COMPANY	IRELAND	FINANCIAL SERVICES	100.00	0.00	100.00	312	237,200	14,992	180,381
BBVA PARAGUAY, S.A.	PARAGUAY	BANKING	99.99	0.00	99.99	5,327	5,884	7,608	17,862
BBVA PARTICIPACIONES INTERNACIONAL, S.L.	SPAIN	FINANCIAL SERVICES	92.69	7.31	100.00	53,307	252,157	5,115	272,724
BBVA PENSIONES CHILE, S.A.	CHILE	PENSIONS	32.23	67.77	100.00	204,556	56,255	15565	274,219
BBVA PENSIONES, SA, ENTIDAD GESTORA DE FONDOS DE PENSIONES	SPAIN	PENSIONS	100.00	0.00	100.00	12,922	13,016	58709	12,922
BBVA PREFERRED CAPITAL	CAYMAN ISLANDS	FINANCIAL SERVICES	100.00	0.00	100.00	1	208	16575	1
BBVA PRIVANZA BANK (JERSEY), LTD.	CHANNEL ISLANDS	BANKING	0.00	100.00	100.00	9,232	77,941	1,785	20,610
BBVA PRIVANZA GESTORA SGIIC, S.A.	SPAIN	FINANCIAL SERVICES	99.99	0.01	100.00	3,907	10,609	11,010	3,906
BBVA PRIVANZA INTERNATIONAL (GIBRALTAR),LTD	GIBRALTAR	BANKING	0.00	100.00	100.00	2,838	75,267	13,077	8,523
BBVA PROMOCIONES, S.A.	SPAIN	PORTFOLIO	0.00	100.00	100.00	285	98	248	354
BBVA REAL STATE 2003 S.I.I.	SPAIN	FINANCIAL SERVICES	100.00	0.00	100.00	9,018	0	0	9,018
BBVA RENTING, S.A.	SPAIN	FINANCIAL SERVICES	0.00	100.00	100.00	47,118	17,001	10,430	20,897
BBVA SECURITIES HOLDINGS (UK) LIMITED	U.K.	FINANCIAL SERVICES	0.00	100.00	100.00	26,389	-26,467	-158	0
BBVA SECURITIES INC.	U.S.	FINANCIAL SERVICES	0.00	100.00	100.00	0	30,641	-1,785	29,248
BBVA SECURITIES LTD.	U.K.	FINANCIAL SERVICES	0.00	100.00	100.00	30,839	-27,401	36	2,578
BBVA SENIOR FINANCE BV	NETHERLANDS	FINANCIAL SERVICES	0.00	100.00	100.00	100	0	-66	100
BBVA SOCIEDAD LEASING HABITACIONAL BHIF	CHILE	FINANCIAL SERVICES	0.00	97.48	97.48	2,433	2,853	333	5,491
BBVA SUBORDINATED CAPITAL BV	NETHERLANDS	FINANCIAL SERVICES	0.00	100.00	100.00	100	0	-65	100
BBVA SUIZA, S.A. (BBVA SWITZERLAND)	SWITZERLAND	BANKING	39.72	60.28	100.00	46,537	111,813	22,073	54,789
BBVA VALORES GANADERO, S.A. COMISIONISTA DE BOLSA	COLOMBIA	FINANCIAL SERVICES	0.00	100.00	100.00	1,106	1,038	160	2,287
BBVA, S.A.	SPAIN	PORTFOLIO	99.99	0.01	100.00	60	2	0	60
BBVAPR HOLDING CORPORATION	U.S.	PORTFOLIO	100.00	0.00	100.00	109,852	783	-27	275,876
BCL GLOBAL FUNDING BV	NETHERLANDS	FINANCIAL SERVICES	0.00	100.00	100.00	60	0	-10	61
BCL INTNAL. FINC. LTD.	CAYMAN ISLANDS	FINANCIAL SERVICES	0.00	100.00	100.00	0	277	133	0
BCL PARTICIPACIONES, S.L.	SPAIN	PORTFOLIO	0.00	100.00	100.00	1,350	5,744	-5,769	1,326
BEX AMERICA FINANCE INCORPORATED	U.S.	FINANCIAL SERVICES	100.00	0.00	100.00	1	0	0	0
BEXCARTERA, S.I.M.C.A.V., S.A.	SPAIN	PORTFOLIO	0.00	80.02	80.02	4,176	7,889	560	8,533
BHIF ASESORIAS Y SERVICIOS FINANCIEROS, S.A.	CHILE	FINANCIAL SERVICES	0.00	98.60	98.60	222	1,195	1,508	2,945
BI-BM GESTIO D'ACTIUS, S.A.	ANDORRA	FINANCIAL SERVICES	0.00	100.00	100.00	301	1,476	7,681	301
BILBAO VIZCAYA AMERICA B.V.	NETHERLANDS	FINANCIAL SERVICES	0.00	100.00	100.00	17	373,041	-114,628	571,563
BILBAO VIZCAYA HOLDING, S.A.	SPAIN	PORTFOLIO	89.00	11.00	100.00	35,549	-1,022	3,073	34,771
BILBAO VIZCAYA INVESTMENT ADVISORY COMPANY	LUXEMBURG	FINANCIAL SERVICES	100.00	0.00	100.00	75	8,640	1,055	77
BROOKLINE INVESTMENTS,S.L.	SPAIN	PORTFOLIO	100.00	0.00	100.00	3	31,618	-553	33,969

Company	Location	Line of Business	Percentage of Ownership Direct	Indirect	Total	Thousands of Euros (*) Capital Stock as of 12/31/03	Reservas as of 12/31/03	Net Income (Loss) for 2003	Net Investment G.E.
CANAL INTERNATIONAL HOLDING (NETHERLANDS) BV.	NETHERLANDS	PORTFOLIO	0.00	100.00	100.00	150	3,546	26	494
CANAL INTERNATIONAL HOLDING, S.A.	LUXEMBURG	PORTFOLIO	36.00	64.00	100.00	149,893	714,223	-35,668	255,843
CANAL REAL ESTATE, S.A.	PANAMA	FINANCIAL SERVICES	0.00	100.00	100.00	6,575	-1,713	-173	6,575
CANAL TRUST COMPANY, LTD.	CHANNEL ISLANDS	FINANCIAL SERVICES	0.00	100.00	100.00	35	145	538	35
CARTERA E INVERSIONES S.A., CIA DE	SPAIN	PORTFOLIO	100.00	0.00	100.00	132	102,408	76,794	60,541
CASA DE BOLSA BBV - PROBURSA, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	0.00	100.00	100.00	29,579	15,439	8,222	52,093
CASA DE CAMBIO PROBURSA, S.A. DE C.V.	MEXICO	INSTRUM. REAL EST..	0.00	89.56	89.56	6	7	0	12
CATYA INVESTMENTS LIMITED	CAYMAN ISLANDS	FINANCIAL SERVICES	0.00	100.00	100.00	8	125	0	8
CIA. GLOBAL DE MANDATOS Y REPRESENTACIONES, S.A.	URUGUAY	FINANCIAL SERVICES	0.00	100.00	100.00	2,922	-838	-2,016	356
CIDESSA DOS, S.L.	SPAIN	PORTFOLIO	0.00	100.00	100.00	72	9,346	837	10,255
CIDESSA UNO, S.L.	SPAIN	PORTFOLIO	0.00	100.00	100.00	60	32,119	47,655	4,754
CIERVANA, S.L.	SPAIN	PORTFOLIO	100.00	0.00	100.00	6,026	41,793	4,941	52,593
COMPAÑIA CHILENA DE INVERSIONES, S.L.	SPAIN	FINANCIAL SERVICES	100.00	0.00	100.00	3	169,402	-2,913	243,252
CONSOLIDAR A.F.J.P., S.A.	ARGENTINA	PENSIONS	46.11	53.89	100.00	948	59,712	4,676	62,992
CONSULTORES DE PENSIONES BBV, S.A.	SPAIN	PENSIONS	0.00	100.00	100.00	60	989	-50	175
CONTABILIDAD Y ADMIN. DE NEGOCIOS, S.A. DE C.V. (EN LIQ.)	MEXICO	SERVICES	0.00	96.00	96.00	0	5	-5	0
CONTINENTAL BOLSA, SDAD. AGENTE DE BOLSA S.A.	PERU	SECURITIES DEALER	0.00	100.00	100.00	1,265	106	72	1,376
CONTINENTAL S. TITULIZADORA	PERU	SERVICES	0.00	100.00	100.00	640	-4	16	649
CONTINENTAL S.A. SOCIEDAD ADMINISTRADORA DE FONDOS	PERU	FINANCIAL SERVICES	0.00	100.00	100.00	2,258	128	276	2,551
CORPORACION AREA INMOBILIARIA BBVA, S.L.	SPAIN	PORTFOLIO	0.00	100.00	100.00	97,455	63,247	30,140	164,703
CORPORACION DE ALIMENTACION Y BEBIDAS, S.A.	SPAIN	PORTFOLIO	0.00	100.00	100.00	54,090	92,445	-1,220	138,508
CORPORACION DE SERVICIOS LOGISTICOS, S.A.	SPAIN	PORTFOLIO	87.64	12.36	100.00	2,009	-1,002	-21	986
CORPORACION GENERAL FINANCIERA, S.A.	SPAIN	PORTFOLIO	100.00	0.00	100.00	149,152	830,466	95,323	541,251
CORPORACION IBV PARTICIPACIONES EMPRESARIALES, S.A.	SPAIN	PORTFOLIO	0.00	50.00	50.00	228,446	29,126	136,362	137,385
CORPORACION IBV SERVICIOS Y TECNOLOGIAS, S.A.	SPAIN	PORTFOLIO	0.00	50.00	50.00	265,642	213,412	112,410	137,031
CORPORACION INDUSTRIAL Y DE SERVICIOS, S.L.	SPAIN	PORTFOLIO	0.00	100.00	100.00	60	284	-126,338	1,251
CREDILOGROS COMPAÑIA FINANCIERA, S.A.	ARGENTINA	FINANCIAL SERVICES	29.96	70.04	100.00	15,351	-3,836	-3,486	8,962
DESARROLLO OMEGA, S.A.	PANAMA	PORTFOLIO	0.00	100.00	100.00	8	486	111	8
DESITEL TECNOLOGIA Y SISTEMAS, S.A. DE C.V.	MEXICO	SERVICES	0.00	100.00	100.00	210	901	54	1,158
DEUSTO, S.A. DE INVERSION MOBILIARIA	SPAIN	PORTFOLIO	0.00	100.00	100.00	3,624	6,679	960	11,263
E-VENTURES CAPITAL INTERNET, S.A.	SPAIN	FINANCIAL SERVICES	0.00	50.00	50.00	3,012	11,600	-1,628	64,678
ELANCHOVE, S.A.	SPAIN	PORTFOLIO	100.00	0.00	100.00	1,204	1,312	1,035	1,500
ESPANHOLA COMERCIAL E SERVIÇOS, LTDA.	BRAZIL	FINANCIAL SERVICES	100.00	0.00	100.00	912	-865	78	0
EUROPEA DE TITULIZACION, S.A., SDAD.GEST.DE FDOS.DE TITUL.	SPAIN	FINANCIAL SERVICES	82.97	0.00	82.97	1,803	1,292	1,772	1,506
FACTOR MULTIBA, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	0.00	100.00	100.00	1,418	-1,397	0	0
FACTORAJE PROBURSA, S.A. DE C.V.	MEXICO	INSTRUM. REAL EST..	0.00	100.00	100.00	2,333	-1,760	0	572
FAMIARO, S.A.	PANAMA	INSTRUM. REAL EST..	0.00	100.00	100.00	296	-105	-27	166
FINANCIERA ESPAÑOLA, S.A.	SPAIN	PORTFOLIO	85.85	14.15	100.00	4,495	929	1,003	5,590
FINANZIA RENTING, S.A.	SPAIN	FINANCIAL SERVICES	0.00	100.00	100.00	60	3,322	1,875	79
FINANZIA TRUCK, EFC, S.A.	SPAIN	FINANCIAL SERVICES	0.00	100.00	100.00	5,416	3,728	117	8,596
FINANZIA, BANCO DE CREDITO, S.A.	SPAIN	BANKING	0.00	100.00	100.00	14,983	79,361	11,549	56,203
FINIDES SDAD. COMANDITARIA POR ACCIONES	FRANCE	PORTFOLIO	0.00	100.00	100.00	8	1	389	360
FRANCES ADMINISTRADORA DE INVERSIONES, S.A. G.F.C.INVERS.	ARGENTINA	FINANCIAL SERVICES	0.00	100.00	100.00	27	2,481	640	3,094
FRANCES VALORES SOCIEDAD DE BOLSA, S.A.	ARGENTINA	FINANCIAL SERVICES	0.00	100.00	100.00	430	1,209	395	1,993
FRECCIA HOLDING, S.A.	PANAMA	INSTRUM. REAL EST..	0.00	100.00	100.00	8	-110	-99	-184
FRONARINA, S.A.	PANAMA	INSTRUM. REAL EST..	0.00	100.00	100.00	8	-107	-65	-150
GESTION DE PREVISION Y PENSIONES, S.A.	SPAIN	PENSIONS	70.00	0.00	70.00	12,600	4,891	1,627	8,830
GESTION Y ADMINISTRACION DE RECIBOS, S.A.	SPAIN	SERVICES	0.00	100.00	100.00	150	112	166	150
GFB SERVICIOS, S.A. DE C.V.	MEXICO	SERVICES	0.00	100.00	100.00	621	870	3	1,495
GRAN JORGE JUAN, S.A.	SPAIN	REAL ESTATE	100.00	0.00	100.00	13,222	-3,106	0	10,116
GRELAR GALICIA, S.A.	SPAIN	PORTFOLIO	0.00	100.00	100.00	3,089	902	66	4,057
GRUPO FINANCIERO BBVA BANCOMER, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	8.40	51.03	59.43	71,921	3,708,796	626,659	2,865,161
HOLDING CONTINENTAL, S.A.	PERU	PORTFOLIO	50.00	0.00	50.00	242,164	7,791	30,326	111,735
INMOBILIARIA ASUDI, S.A.	SPAIN	INSTRUM. REAL EST..	99.99	0.01	100.00	84	2,869	18	2,971
INMOBILIARIA BERNARDO, S.A.	SPAIN	INSTRUM. REAL EST..	51.22	48.78	100.00	736	3,562	225	2,911
INMUEBLES Y RECUPERACIONES CONTINENTAL	PERU	INSTRUM. REAL EST..	0.00	100.00	100.00	39,186	-8,855	-5,328	25,525
INVERAHORRO, S.L.	SPAIN	PORTFOLIO	100.00	0.00	100.00	61	401	7	467
INVERSIONES BANPRO INTERNATIONAL INC. N.V.	DUTCH ANTILLES	FINANCIAL SERVICES	48.01	0.00	48.01	26,920	486	5,796	10,289
INVERSIONES BAPROBA, C.A.	VENEZUELA	SERVICES	100.00	0.00	100.00	752	321	232	1,222
INVERSIONES MOBILIARIAS, S.L.	SPAIN	PORTFOLIO	100.00	0.00	100.00	489	144	14	648
INVERSIONS I SERVEIS INTERNACIONALS, S.A. COMPANYIA DE	ANDORRA	PORTFOLIO	0.00	100.00	100.00	3,010	0	0	3,010
INVERSORA OTAR, S.A.	ARGENTINA	PORTFOLIO	0.00	99.91	99.91	17	66,885	-11,989	2
KANTARA LIMITED	CHANNEL ISLANDS	INSTRUM. REAL EST..	0.00	100.00	100.00	2	2,003	-94	1,871
LEASIMO - SOCIEDADE DE LOCACAO FINANCEIRA, S.A.	PORTUGAL	FINANCIAL SERVICES	0.00	100.00	100.00	7,500	8,615	726	11,576
LEHKA	PANAMA	INSTRUM. REAL EST..	0.00	100.00	100.00	236	-6	-21	236
MERCURY BANK & TRUST LTD.	CAYMAN ISLANDS	BANKING	0.00	100.00	100.00	3,312	751	-160	3,921

Company	Location	Line of Business	Percentage of Ownership Direct	Indirect	Total	Thousands of Euros (*) Capital Stock as of 12/31/03	Reservas as of 12/31/03	Net Income (Loss) for 2003	Net Investment G.E.
MILANO GESTIONI, SRL.	ITALY	INSTRUM. REAL EST..	0.00	100.00	100.00	46	166	5	46
OCCIVAL, S.A.	SPAIN	PORTFOLIO	100.00	0.00	100.00	3,141	3,867	1,088	8,081
OLIMAR, S.A.	SPAIN	PORTFOLIO	0.00	100.00	100.00	619	1,681	50	2,324
OPCION VOLCAN, S.A.	MEXICO	INSTRUM. REAL EST..	0.00	100.00	100.00	18,272	32,035	8,051	57,237
PARTICIPACIONES ARENAL, S.L.	SPAIN	PORTFOLIO	0.00	100.00	100.00	4,673	1,030	94	5,809
PARTIDES SDAD. COMANDITARIA POR ACCIONES	FRANCE	PORTFOLIO	0.00	100.00	100.00	8	1	296	628
PILOT INVEST.SECS CORP.	CAYMAN ISLANDS	PORTFOLIO	100.00	0.00	100.00	0	0	2,428	0
PROMOCION EMPRESARIAL XX, S.A.	SPAIN	FINANCIAL SERVICES	100.00	0.00	100.00	1,599	329	23	1,522
PROMOCIONES INMOBILIARIAS ARJONA, S.A.	SPAIN	INSTRUM. REAL EST..	100.00	0.00	100.00	1,202	240	17	1,210
PROMOTORA PROMEX, S.A. DE C.V. (EN LIQ.)	MEXICO	FINANCIAL SERVICES	0.00	100.00	100.00	39	-11	-3	25
PROVIDA INTERNACIONAL, S.A.	CHILE	PENSIONS	0.00	100.00	100.00	30,244	6,182	18,689	53,267
PROVINCIAL CORREDOR DE BOLSA DE PRODUCTOS AGRICOLAS, C.A.	VENEZUELA	SECURITIES DEALER	0.00	100.00	100.00	25	-18	-5	2
PROVINCIAL DE VALORES CASA DE BOLSA	VENEZUELA	FINANCIAL SERVICES	0.00	90.00	90.00	1,485	786	1,465	3,237
PROVINCIAL SDAD.ADMIN.DE ENTIDADES DE INV.COLECTIVA, C.A.	VENEZUELA	FINANCIAL SERVICES	0.00	100.00	100.00	817	126	-69	889
PROVIVIENDA, ENTIDAD RECAUDADORA Y ADMIN.DE APORTES, S.A.	BOLIVIA	PENSIONS	0.00	100.00	100.00	109	71	-24	158
PROYECTOS INDUSTRIALES CONJUNTOS, S.A. DE	SPAIN	PORTFOLIO	0.00	100.00	100.00	3,005	352	50	3,148
PSA FINANCE ARGENTINA COMPAÑIA FINANCIERA, S.A.	ARGENTINA	FINANCIAL SERVICES	0.00	50.00	50.00	4,840	2,344	-1,064	3,113
S.GESTORA FONDO PUBL.REGUL.MERCADO HIPOTECARIO, S.A.	SPAIN	FINANCIAL SERVICES	77.20	0.00	77.20	150	29	-22	138
S.I.P.I.E.M.S.A. (EN LIQ.)	MOROCCO	PORTFOLIO	0.00	100.00	100.00	1,264	-1,165	0	0
SCALDIS FINANCE, S.A.	BELGIUM	PORTFOLIO	0.00	100.00	100.00	3,084	393	5	3,416
SERVICIOS CORPORATIVOS BANCOMER, S.A. DE C.V.	MEXICO	PENSIONS	0.00	100.00	100.00	4	202	18	220
SERVICIOS EXTERNOS DE APOYO EMPRESARIAL, S.A DE C.V.	MEXICO	SERVICES	0.00	100.00	100.00	535	611	36	1,177
SOCIEDAD DE ESTUDIOS Y ANALISIS FINANC.,S.A.	SPAIN	PORTFOLIO	100.00	0.00	100.00	1,470	171,157	1,627	114,518
SOCIETAT GENERAL D'INVERSIONS, S.L.	ANDORRA	PORTFOLIO	0.00	100.00	100.00	1	1	59	1
SOCIETE HISPANO-MAROCAINE DE SERVICES, S.A. (EN LIQ.)	MOROCCO	PORTFOLIO	0.00	100.00	100.00	1,173	-185	0	0
SPORT CLUB 18, S.A.	SPAIN	PORTFOLIO	99.98	0.02	100.00	60	-1,361	6,905	12,010
TRANSITORY CO	PANAMA	INSTRUM. REAL EST..	0.00	100.00	100.00	8	-226	-558	-710
UNO-E BANK, S.A.	SPAIN	BANKING	34.35	32.65	67.00	80,317	36,210	-5,065	73,330

Information on foreign companies at exchange rate on 12/31/03.
(1) Consolidated with Banc Internacional D'Andorra, S.A.
(*) Unaudited data.

EXHIBIT II
ADDITIONAL INFORMATION ON OWNERSHIP INTERESTS HELD BY THE BANCO BILBAO VIZCAYA ARGENTARIA GROUP
(Including the most significant companies which, taken as a whole, represent 98% of the total investment in this connection)

			Percentage of Ownership			Thousands of Euros			
Company	Location	Line of Business	Direct	Indirect	Total	Capital Stock	Reservas	Net Income (Loss)	Consolidated Cost
A. COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD									
LISTED COMPANIES									
ACERINOX, S.A.	SPAIN	INDUSTRIAL	0.99	5.01	6.00 (2)	65,800	1,359,974	175,465 (1)	109,478
BANCA NAZIONALE DEL LAVORO, S.P.A.	ITALY	BANKING	14.37	0.00	14.37	1,087,555	2,451,096	90,738 (1)	548,872
BANCO ATLANTICO, S.A.	SPAIN	BANKING	24.37	0.00	24.37	125,568	385,648	52,574 (1)	147,879
BANCO BRADESCO, S.A.	BRAZIL	BANKING	5.00	0.00	5.00	1,400,714	1,288,905	255,087 (1)	190,149
BRUNARA SIMCAV, S.A.	SPAIN	PORTFOLIO	0.54	16.03	16.57	28,026	351,054	-55,011	29,642
CEMENTOS LEMONA, S.A.	SPAIN	INDUSTRIAL	6.54	0.00	6.54	6,160	83,137	15,756 (1)	7,486
GAMESA CORPORATIVA, S.A.	SPAIN	INDUSTRIAL	1.16	15.89	17.05 (3)	40,550	215,751	135,610 (1)	108,177
GAS NATURAL SDG, S.A.	SPAIN	SERVICES	3.36	0.11	3.47 (4)	444,776	2,739,208	805,865 (1)	162,639
IBERDROLA, S.A.	SPAIN	SERVICES	2.91	5.31	8.22 (5)	2,704,648	4,612,277	968,644 (1)	850,116
IBERIA LINEAS AEREAS DE ESPAÑA, S.A.	SPAIN	SERVICES	7.48	0.00	7.48 (6)	712,110	448,507	157,120 (1)	138,287
REPSOL YPF Y EMPRESAS VINCULADAS	SPAIN	SERVICES	6.10	0.00	6.10 (7)	1,220,863	10,596,000	1,952,000 (1)	977,951
SOGECABLE, S.A.	SPAIN	SERVICES	0.16	3.88	4.04 (8)	194,048	158,573	-54,240 (1)	22,250
TELEFONICA, S.A.	SPAIN	SERVICES	1.81	4.28	6.09 (9)	4,860,661	17,711,805	-5,576,800 (1)	1,814,158
TUBOS REUNIDOS, S.A.	SPAIN	INDUSTRIAL	0.00	24.26	24.26	17,078	123,998	13,442 (1)	17,937
VIDRALA, S.A.	SPAIN	INDUSTRIAL	15.66	1.53	17.19	21,318	92,712	15,516 (1)	24,038
UNLISTED COMPANIES									
AZERTIA, TECNOLOGIAS DE LA INFORMACION, S.A.	SPAIN	SERVICES	0.00	50.00	50.00	36,132	1,440	-6,705	16,772
COMPAÑIA ESPAÑOLA DE FINANCIACION DEL DESARROLLO S.A.	SPAIN	SERVICES	21.82	0.00	21.82	39,396	6,278	450	10,062
CONCESION SABANA DE OCCIDENTE, S.A.	COLOMBIA	SERVICES	0.00	47.20	47.20	5,224	8,699	2,463	7,961
CONSERVAS GARAVILLA, S.A.	SPAIN	INDUSTRIAL	0.00	41.17	41.17	8,270	40,771	-1,984 (1)	18,010
G.H. ELECTROTERMIA, S.A.	SPAIN	SERVICES	0.00	39.25	39.25	1,641	12,196	1,514	6,389
GRUBARGES INVERSION HOTELERA, S.L.	SPAIN	SERVICES	33.33	0.00	33.33	259,410	12,466	-8,529 (1)	88,138
HILO DIRECT SEGUROS Y REASEGUROS, S.A.	SPAIN	INSURANCE	0.00	50.00	50.00	38,145	0	4,318	22,179
HOLDING DE PARTICIPACIONES INDUSTRIALES 2000, S.A.	SPAIN	PORTFOLIO	0.00	50.00	50.00	41,469	4,022	-1,896	22,273
INENSUR BRUNETE, S.L.	SPAIN	REAL STATE	0.00	50.00	50.00	7,410	0	-39	9,581
LANDATA PAYMA, S.A.	SPAIN	SERVICES	0.00	50.00	50.00	15,380	44,180	11,096	31,093
ONEXA, S.A. DE C.V.	MEXICO	FINANCIAL SERVICES	0.00	49.80	49.80	246,277	-172,501	-77,650 (1)	37,767
PROMOTORA METROVACESA, S.L.	SPAIN	REAL STATE	0.00	50.00	50.00	18,278	1,718	77	10,025
TECNICAS REUNIDAS, S.A.	SPAIN	SERVICES	0.00	25.00	25.00	5,687	67,878	21,183 (1)	31,268
TELTRONIC, S.A.	SPAIN	INDUSTRIAL	0.00	50.00	50.00	247	15,553	3,389	9,638
URBAPLAN 2.001, S.A.	SPAIN	REAL STATE	0.00	33.33	33.33	18,030	-11	-258	6,076
OTHER COMPANIES									117,293
							TOTAL		5,593,224

Data taken from the latest financial statements approved as of the date of preparation of this annual report, generally relating to 2002.
In the case of foreign companies, the exchange rate as of the reference date is applied.

(1) Consolidated data.
(2) 5,01% of which relates to the long-term holding.
(3) 15,89% of which relates to the long-term holding.
(4) 3,24% of wich relates to the long-term holding.
(5) 5,37% of which relates to the long-term holding.
(6) 7,25% of which relates to the long-term holding.
(7) 5,61% of which relates to the long-term holding.
(8) 3,87% of which relates to the long-term holding.
(9) 5,17% of which relates to the long-term holding, including 1.82% which is not accounted for by the equity method because its market risk is hedged with derivatives.

EXHIBIT III
ADDITIONAL INFORMATION ON COMPANIES IN THE NON-CONSOLIDABLE GROUP OF THE BANCO BILBAO VIZCAYA ARGENTARIA GROUP
(Including the most significant companies which, taken as a whole, represent 91% of total investment in this connection)

			Percentage of Ownership			Thousands of Euros			
Company	Location	Line of Business	Direct	Indirect	Total	Capital Stock	Reservas	Net Income (Loss)	Consolidated Cost
LISTED COMPANIES									
ASSEGURANCES PRINCIPAT, S.A.	ANDORRA	INSURANCE	0.00	100.00	100.00	1,503	1,622	848	4,229
AUTOMERCANTIL-COMERCIO E ALUGER DE VEICULOS AUTOM., LDA.	PORTUGAL	SERVICE	0.00	100.00	100.00	1,247	6,562	-4,401	13,400
BBVA CONSOLIDAR SEGUROS, S.A.	ARGENTINA	INSURANCE	87.78	12.22	100.00	1,166	5,391	251	9,605
BBVA DESARROLLOS INMOBILIARIOS, S.L.	SPAIN	REAL ESTATE	0.00	100.00	100.00	35,976	7,594	855	110,145
BBVA SEGUROS DE VIDA, S.A.	CHILE	INSURANCE	0.00	100.00	100.00	4,008	294	164	13,385
BBVA SEGUROS GANADERO COMPAÑIA DE SEGUROS DE VIDA, S.A.	COLOMBIA	INSURANCE	94.00	6.00	100.00	6,306	256	990	7,534
BBVA SEGUROS, S.A.	SPAIN	INSURANCE	97.15	2.78	99.93	180,378	114,294	98,695	419,924
BBVA TRADE, S.A.	SPAIN	SERVICES	0.00	100.00	100.00	1,803	8,575	1,119	17,111
CONSOLIDAR ASEGURADORA DE RIESGOS DEL TRABAJO, S.A.	ARGENTINA	SERVICES	87.50	12.50	100.00	933	27,127	-1,960	31,643
CONSOLIDAR CIA. DE SEGUROS DE RETIRO, S.A.	ARGENTINA	SERVICES	33.33	66.67	100.00	777	11,553	-1,751	10,278
CONSOLIDAR CIA. DE SEGUROS DE VIDA, S.A.	ARGENTINA	SERVICES	34.04	65.96	100.00	933	10,375	445	13,306
DESARROLLO URBANISTICO DE CHAMARTIN, S.A.	SPAIN	REAL ESTATE	0.00	72.50	72.50	73,625	-767	142	20,084
EDIFICIO LINARES, S.L.	SPAIN	REAL ESTATE	100.00	0.00	100.00	4,988	100	-592	4,592
EL ENCINAR METROPOLITANO, S.A.	SPAIN	REAL ESTATE	0.00	98.76	98.76	64	7,596	67	6,682
FINANZIA AUTORENTING, S.A.	SPAIN	SERVICES	0.00	85.00	85.00	6,880	4,280	2,124	13,072
INMOBILIARIA BILBAO, S.A.	SPAIN	REAL ESTATE	0.00	100.00	100.00	1,746	1,704	51	3,466
INMOBILIARIA Y PROMOTORA RURAL MEXIQUENSE, S.A DE C.V.	MEXICO	REAL ESTATE	0.00	73.66	73.66	11,890	12,784	-837	8,499
LARRABEZUA INMOBILIARIA, S.L.	SPAIN	REAL ESTATE	0.00	100.00	100.00	3	4,073	222	4,635
PENSIONES BANCOMER, S.A. DE C.V.	MEXICO	INSURANCE	0.00	100.00	100.00	10,420	19,191	16,660	53,024
SEGUROS BANCOMER, S.A. DE C.V.	MEXICO	INSURANCE	24.99	75.01	100.00	16,386	45,458	25,989	89,647
SEGUROS PROVINCIAL, C.A.	VENEZUELA	INSURANCE	0.00	100.00	100.00	1,307	1,560	2,750	6,008
SENORTE VIDA Y PENSIONES, S.A. CIA.DE SEGUROS Y REASEG.	SPAIN	INSURANCE	0.00	100.00	100.00	33,356	7,277	2,514	42,624
UNITARIA INMOBILIARIA, S.L.	SPAIN	REAL ESTATE	0.00	100.00	100.00	42,071	5,446	9,616	51,294
URBANIZADORA TINERFEÑA, S.A.	SPAIN	REAL ESTATE	0.00	100.00	100.00	6,987	1,569	188	8,889
OTHER COMPANIES									91,793
								TOTAL	1,054,869

Data taken from the latest financial statements approved as of the date of preparation of this annual report, generally relating to 2002.
In the case of foreign companies, the exchange rate as of the reference date is applied.

EXHIBIT IV
NOTIFICATION OF ACQUISITION OF INVESTEES
(ART. 86 OF THE CORPORATIONS LAW AND ART. 53 OF SECURITIES MARKET LAW 24/1988)

		Percentage of Ownership		
Investee	Line of Business	Net Percentage Adquired/(Sold) in the Year	Percentage at Year-End	Date of Notification to Investee
Acquisitions in 2002				
ACERINOX, S.A.	INDUSTRIAL	-4.12	9.69	12.17.02
ACESA INFRAESTRUCTURAS, S,A.	SERVICES	-5.28	0.12	10.15.02
ARGENTARIA AHORRO, S.A., SIMCAV (1)	PORTFOLIO	-74.31	0.00	02.18.02 and 01.17.03
BBV CEME MONETARIO, S.A., SIMCAV	PORTFOLIO	56.67	56.67	07.16.02 and 01.17.03
BBV SAN IGNACIO, S.A. (2)	REAL ESTATE	-67.50	0.00	03.20.02 and 04.16.02
BBV URDANIBIA, S.A.	REAL ESTATE	5.50	75.00	03.20.02
BBVA & PARTNERS ALTERNATIVE INVESTMENT A.V., S.A.	SECURITIES DEALER	6.16	70.00	08.16.02
BOLSAS Y MERCADOS ESPAÑOLES SDAD.HOLDING MERCAD.Y SIT.FIN.	FINANCIAL SERVICES	10.45	10.45	12.16.02
ECUALITY E-COMMERCE QUALITY, S.A.	SERVICES	28.00	28.00	02.18.02
GLADIUS CONSULTING, S.L.	REAL ESTATE	10.00	36.00	01.10.03
METROVACESA, S.A.	REAL ESTATE	-28.28	0.58	07.17.02
PROYECTOS INDUSTRIALES CONJUNTOS, S.A. DE	PORTFOLIO	50.00	100.00	02.18.02
RESIDENCIAL O'DONNELL, S.A. (2)	REAL ESTATE	-75.00	0.00	04.16.02
Acquisitions in 2003				
ASISTENCIA EN GESTION TRIBUTARIA, S.A.	SERVICES	15.00	100.00	06.11.03 and 10.07.03
BBV URDANIBIA, S.A. (3)	REAL ESTATE	25.00	0.00	04.10.03
BBVA CEME INVERSIONES, S.A. S.I.M.C.A.V	PORTFOLIO	4.33	61.00	07.10.03
BEXCARTERA, S.I.M.C.A.V., S.A.	PORTFOLIO	0.11	80.02	11.12.03
DESARROLLO INMOBILIARIO DE LANZAROTE S.A.	REAL ESTATE	40.80	40.80	03.10.03
EDIFICACIONES NERVION, S.A.	REAL ESTATE	9.43	60.00	12.10.03
ELECTRONICA BASICA, S.A.	SERVICES	12.50	50.00	01.26.04
HISPANO INDONESIA DE PESCA, S.A.	FINANCIAL SERVICES	50.00	50.00	09.12.03
INENSUR BRUNETE, S.L.	REAL ESTATE	50.00	50.00	07.10.03

(1) Company absorbed by BBV CEME Monetario, S.A., SIMCAV in December 2002.
(2) Company absorbed by BBV URDANIBIA, S.A. in December 2002.
(3) Company absorbed by BBVA Desarrollos Inmobiliarios, S.L. in December 2003.

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

BANCO BILBAO VIZCAYA ARGENTARIA, S.A. AND COMPANIES COMPOSING THE BANCO BILBAO VIZCAYA ARGENTARIA GROUP

MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31, 2003

THE BBVA GROUP

Banco Bilbao Vizcaya Argentaria, S.A. ("the Bank" or "BBVA") is a private-law entity governed by the rules and regulations applicable to banks operating in Spain and is the parent company of the finance group which engages in the direct or indirect performance of activities, transactions, agreements and services relating to banking. The Bank conducts its business through branches and offices located throughout Spain and abroad.

The BBVA Group ("the Group") is an internationally diversified finance group with a significant presence in traditional retail banking, asset management, private banking and wholesale banking.

At the beginning of 2003, BBVA implemented a far-reaching reorganization of the management structure, with a view to endowing the Group with a more nimble composition and providing greater autonomy and decision-making capacity to the business areas. Under the new organizational structure, the composition of the business areas is as follows:

- Retail Banking Spain and Portugal: this area includes the Commercial Banking and Corporate Banking networks in Spain, Finanzia-Uno-e and Portugal, as well as the Asset Management, Private Banking and European Insurance activities.

- Wholesale and Investment Banking: includes the Corporate Banking, Institutional Banking and Global Markets and Distribution businesses, as well as BBVA Real Estate and the participations in business projects (except those relating to large listed corporations).

- Banking in America: this area includes all banking, pension and insurance activities in Latin America, as well as International Private Banking.

- Corporate Activities: this area includes the Group's investments in large industrial corporations and in financial institutions, the results of support units, such as the ALCO, and any other items not allocable to the businesses, such as country-risk writedowns and amortization of goodwill. Also, for the reasons explained below, this area also includes the results of the Group companies located in Argentina and Brazil.

SCENARIO IN 2003

The eagerly-awaited recovery of the world economy suffered yet another setback at the beginning of 2003 due to continuing uncertainties, both those of an economic nature and those caused by the geopolitical situation, in particular the conflict in Iraq, prompting the Federal Reserve and the European Central Bank to reduce interest rates to all-time lows of 1.0% and 2.0%, respectively. The outlook improved as the year progressed, with the reduction of geopolitical tension, the signs of the recovery in the U.S. economy, improved confidence and the upward trend on the stock markets. However, growth in the euro zone was weak, reaching around 0.5% of GDP, and was even lower in some of the main economies, such as France and Germany, although the prospects for 2004 are more promising. In 2003, as in previous years, Spain achieved GDP growth which, at over 2%, was higher than the figure for the European Union as a whole, although inflation is still running at levels higher than the EU average.

In Latin America, although only a modest recovery in GDP was achieved in 2003 (around 1%) following the fall in 2002, the outlook for 2004 is good. 2003 was characterized by pronounced falls in interest rates in most countries. In Mexico, where the drop in interest rates was particularly sharp, the economy grew at a rate of just over 1%, due to the delay in the recovery of the U.S. economy, although both inflation and the country-risk spread were down. As regards the other main countries in which the Group operates, 2003 was a good year for Chile, Colombia and Peru, and Argentina returned to growth after four years of recession. In contrast, Venezuelan GDP fell again in 2003 as a result of the recent episodes of sociopolitical instability.

The foreign exchange markets were highly volatile in 2003; the most notable development in this respect was the substantial depreciation of the dollar and of most Latin-American currencies against the euro, as shown in the table below, which details the variations recorded in average exchange rates in the last two years.

Exchange Rate Variations

(Percentage)	Average Exchange Rate Variations (with respect to the previous year)	
	2003	2002
Mexican peso	(25.0%)	(8.7%)
Venezuelan bolivar	(39.2%)	(41.7%)
Colombian peso	(26.5%)	(13.6%)
Chilean peso	(16.1%)	(12.9%)
Peruvian new sol	(15.4%)	(5.7%)
Argentine peso	(9.5%)	(70.4%)
U.S. dollar	(16.4%)	(5.3%)

EARNINGS

In order to facilitate comparison of the Group's earnings and the uniform comparison thereof, a consolidated management statement of income is presented in which, both for 2002 and in 2003, for comparison purposes the results obtained in Argentina (due to the accounting instability in this country in 2002) and in Brazil (due to the sale of BBV Brasil to Bradesco in 2003) are included by the equity method; however, this does not give rise to a change in the attributable profit.

Additionally, in the consolidated management statement of income (with results in Argentina and Brazil accounted for by the equity method), due to the sharp depreciation of the Latin-American currencies in 2003 and 2002 which materially affected the average exchange rates used to translate to euros the results obtained by the Group's subsidiaries in the region in those years, the effect of the fluctuations should be considered at constant exchange rates. Accordingly, in order to facilitate the interpretation of the Group's earnings the comparison of the accounts in the consolidated management statement of income refers to their evolution at constant exchange rates (excluding the exchange rate effect) or at current rates, i.e. by applying to the income statement items the cumulative average exchange rates for each year.

	Consolidated statements of income			Consolidated management statements of income (1)			
(Millions of Euros)	2003	Δ%	2002	2003	Δ%	Δ% (*)	2002
Financial revenues	12,537	(27.2)	17,234	12,256	(17.9)	(6.9)	15,077
Financial expenses	(6,260)	(36.0)	(9,784)	(6,029)	(25.6)	(16.2)	(8,253)
Dividends	464	29.6	358	464	30.4	33.3	356
NET INTEREST INCOME	6,741	(13.7)	7,808	6,691	(6.8)	5.9	7,180
Net fees	3,263	(11.1)	3,668	3,172	(9.6)	2.7	3,509
BASIC MARGIN	10,004	(12.8)	11,476	9,863	(7.7)	4.9	10,689
Market operations	652	(14.8)	765	599	(6.8)	5.0	642
GROSS OPERATING INCOME	10,656	(12.9)	12,241	10,462	(7.7)	4.9	11,331
Personnel expenses	(3,263)	(11.8)	(3,698)	(3,177)	(8.9)	1.4	(3,489)
Other administrative expenses	(1,768)	(14.7)	(2,074)	(1,701)	(10.9)	4.1	(1,909)
GENERAL ADMINISTRATIVE EXPENSES	(5,031)	(12.8)	(5,772)	(4,878)	(9.6)	2.3	(5,398)
Depreciation and amortization	(511)	(19.1)	(631)	(490)	(15.4)	(4.2)	(579)
Other operating income and expenses (net)	(219)	(16.1)	(261)	(211)	(16.1)	2.6	(251)
NET OPERATING INCOME	4,895	(12.2)	5,577	4,883	(4.3)	8.7	5,103
Net income from companies accounted for by the equity method	383	n/a	33	385	n/a	n/a	(161)
Pro memoria: correction for payment of dividends	(319)	31.7	(242)	(319)	31.7	35.5	(242)
Amortization of consolidation goodwill	(639)	(5.9)	(679)	(639)	(5.9)	(5.9)	(679)
Net income on Group transactions	553	53.3	361	553	7.5	7.3	515
Net loan loss provisions	(1,277)	(26.8)	(1,743)	(1,088)	(24.7)	(14.2)	(1,444)
Net securities writedowns	–	–	3	–	n/a	(100.0)	3
Net extraordinary income (losses)	(103)	(76.2)	(433)	(341)	81.7	164.6	(188)
PRE-TAX PROFIT	3,812	22.2	3,119	3,753	19.2	35.6	3,149
Corporate income tax	(915)	40.1	(653)	(857)	22.8	43.2	(697)
NET INCOME	2,897	17.5	2,466	2,896	18.1	33.5	2,452
Minority interests	(670)	(10.2)	(747)	(669)	(8.6)	9.8	(733)
– Preferred shares	(214)	(22.2)	(276)	(214)	(22.2)	(22.2)	(276)
– Minority interests	(456)	(3.2)	(471)	(455)	(0.4)	36.2	(457)
NET ATTRIBUTABLE PROFIT	2,227	29.5	1,719	2,227	29.5	42.7	1,719

(1) Considering the results from Argentina and Brazil accounted for by the equity method.
(*) At constant exchange rates.

Following is the contribution by business area of the aforementioned consolidated management statement of income:

Statements of income by business area	Retail Banking Spain and Portugal 2003	Retail Banking Spain and Portugal % Var.	Wholesale and Investment Banking 2003	Wholesale and Investment Banking % Var.	Banking in America 2003	Banking in America % Var.	Banking in America Var. (*)	Corporate Activities 2003	Corporate Activities % Var.
NET INTEREST INCOME	3,221	1.0	678	(5.6)	2,790	(17.7)	10.3	2	n/a
Net fees	1,476	(2.3)	178	(15.0)	1,630	(13.7)	10.9	(112)	11.9
BASIC MARGIN	4,697	–	856	(7.7)	4,420	(16.3)	10.5	(110)	(49.8)
Market operations	44	(3.2)	123	n/a.	196	(29.2)	(4.1)	236	(27.5)
GROSS OPERATING INCOME	4,741	(0.1)	979	6.1	4,616	(16.9)	9.8	126	18.2
Personnel costs	(1,391)	0.4	(205)	(3.3)	(1,128)	(21.8)	3.6	(453)	1.0
Other administrative expenses	(728)	(1.4)	(105)	(9.9)	(906)	(18.8)	7.9	38	(38.8)
GENERAL ADMINISTRATIVE EXPENSES	(2,119)	(0.2)	(310)	(5.6)	(2,034)	(20.5)	5.5	(415)	7.3
Depreciation and amortization	(114)	(7.0)	(9)	(19.1)	(213)	(24.7)	(1.0)	(154)	(5.2)
Other operating income and expenses	(43)	(14.8)	(6)	285.5	(139)	(22.5)	4.0	(23)	18.2
NET OPERATING INCOME	2,465	0.7	654	12.6	2,230	(12.1)	15.8	(466)	0.8
Net income from companies accounted for by the equity method	8	n/a.	65	216.8	72	n/a.	n/a.	240	n/a.
Amortization of consolidation goodwill	–	n/a.	(2)	(56.2)	–	–	–	(637)	(5.6)
Net income on Group transactions	(1)	n/a.	32	(63.2)	14	n/a.	n/a.	508	18.3
Net loan loss provisions	(492)	13.6	(143)	1.2	(495)	(28.4)	(4.0)	42	n/a.
Net extraordinary income (loss) and other	(10)	n/a.	38	n/a.	(292)	50.8	117.0	(77)	n/a.
PRE-TAX PROFIT	1,970	(2.2)	644	16.6	1,529	(8.4)	18.7	(390)	(64.1)
Corporate income tax	(650)	(2.4)	(135)	8.7	(369)	(10.0)	18.7	297	(40.8)
NET INCOME	1,320	(2.1)	509	18.9	1,160	(7.9)	18.7	(93)	(84.2)
Minority interests	(81)	(2.0)	(41)	(10.7)	(445)	(15.1)	11.0	(102)	27.7
NET ATTRIBUTABLE PROFIT	1,239	(2.1)	468	22.5	715	(2.8)	24.0	(195)	(70.6)

(*) At constant exchange rates.

Net interest income amounted to €6,741 million, with a decline of 13.7% year-on-year. If the consolidated management statement of income is taken into consideration, net interest income was €6,691 million, a year-on-year increase of 5.9% in constant euros and a decline of 6.8% at current rates. In the domestic retail market, net interest income grew by 1.0% since higher business volumes offset the narrowing of spreads. In Mexico increasing business volumes offset the sharp fall in interest rates, as a result of which net interest income from Banking in America rose by 10.3% at constant exchange rates.

The net fee revenue of €3,263 million (€3,172 million taking into account the management statement of income) was 11.1% lower than in 2002, although at constant exchange rates it grew by 2.7% (in current euros it fell by -9.6%). Net fees from Banking in America increased by 10.9%, due especially to the progress made by the Mexican business, whereas those from domestic business fell by 4.8% as a result of the high level of underwriting fees in 2002 and the reduction, in year-on-year terms, of mutual funds, despite the recovery experienced during the year.

Consequently, the basic margin was €10,004 million, a 12.8% decrease on the 2002 figure. At constant exchange rates, taking into account the consolidated management statement of income, the basic margin increased by 4.9% to €9,863 million. When the income from market operations, which rose 5% to €599 million (per the management statement of income, at constant exchange rates), is added in, gross operating income amounted to €10,462 million, up 4.9% on 2002 (€10,656 million, down 12.9% on 2002, disregarding the effects of accounting for Argentina and Brazil by the equity method and the constant exchange rate effect).

Operating expenses (€5,031 million) were kept in check in 2003, falling 12.8% (9.6% in current euros with the effect of accounting for Argentina and Brazil by the equity method) and increasing by 2.3% in constant euros. The growth of these expenses in aggregate domestic business was practically zero (with decreases of 0.2% in Retail Banking and 5.6% in Wholesale Banking) and the 5.5% increase in Banking in America (excluding Argentina and Brazil) in local currencies (4.5% in Mexico) was lower than the average rate of inflation for the region.

The sound performance of revenues and the containment of costs led to an improvement in the efficiency ratio, from 47.6% in 2002 to 46.6% in 2003 (with Argentina and Brazil included by the equity method).

Net operating income amounted to €4,895 million in 2003, with a year-on-year decrease of 12.2%. Excluding the exchange rate effect and in accordance with the multiple-step management statement of income, net operating income amounted to €4,883 million, which represents growth of 8.7% in the year (a fall of -4.3% in current euros). The distribution by business area is as follows: Retail Banking Spain and Portugal increased by 0.7%, Wholesale and Investment Banking increased by 12.6% and Banking in America increased by 15.8% at constant exchange rates.

Net income from companies accounted for by the equity method, which in the aforementioned management statement of income includes the income obtained by the Group companies in Argentina and Brazil, amounted to €385 million. The year-on-year increase in this caption was due, in addition to the improved performance of the investees, to the extraordinary adjustments made in 2002 (€104 million relating to the final earnings of Repsol and BNL in 2001 and €209 million relating to the write-off of UMTS licenses by Telefónica), which were higher than those recorded in 2003 (€96 million following the publication of the final 2002 earnings of companies such as Telefónica and Terra). Also, the Group's operating income rose 53.3% to €553 million (7.5% if we include Argentina and Brazil by the equity method), including the €343 million gain obtained on the sale of the investment in Crédit Lyonnais.

In 2003 €1,277 million of loan writeoffs were recorded, 26.8% less than in 2002 due to the exchange rate effect (without which they would have fallen by 14.2%) and to the provisions recorded in 2002 as a result of the classification of Argentina in country-risk Group 5. Amortization of consolidation goodwill amounted to €639 million, 5.9% less than in 2002. Noteworthy in this respect, in 2002, was the extraordinary writeoff made at the end of the year, for €129 million, of goodwill relating to investments in countries below investment grade and, in 2003, the writeoff, for €119 million, of all the goodwill relating to Bradesco and Gas Natural.

Pre-tax profit increased by 22.2% to €3,812 million (19.2% at current exchange rates in the management statement of income and 35.6% at constant rates). The provision for corporate income tax rose by 40.1% (22.8% if Argentina and Brazil are accounted for by the equity method) and the portion of income relating to minority interests decreased due to the reduction in the cost of preferred shares resulting from the redemption of former issues and the lower interest rates of those issued in the year.

Consequently, net attributable profit in 2003 amounted to €2,227 million, with an increase of 29.5% with respect to the €1,719 million obtained in 2002 (42.7% at constant exchange rates). Also, the income obtained by the Group was 3.8% higher (12.1% at constant exchange rates) than the target set by Group management for 2003, which was in line with the net attributable profit of €2,146 million that would have been obtained in 2002 had it not been for the extraordinary writeoffs recorded in the fourth quarter of the year. ROE was 18.4%, an improvement on the 13.7% obtained in 2002 (and on the 17.1% that would have been obtained without the aforementioned extraordinary writeoffs).

BALANCE SHEET AND BUSINESS ACTIVITY

The Group's consolidated balance sheets as of December 31, 2003 and 2002 are as follows:

Consolidated balance sheets
(Millions of euros)

	12/31/03	% Var.	12/31/02
Cash on hand and deposits at central banks	8,110	0.7	8,050
Due from credit institutions	20,907	(2.7)	21,476
Total net lending	148,827	5.3	141,315
Fixed-income portfolio	71,881	4.3	68,901
– Government debt securities	18,945	(4.2)	19,768
– Debentures and other debt securities	52,936	7.7	49,133
Equity securities	9,740	(3.3)	10,071
– Accounted for by the equity method	6,648	(5.9)	7,064
– Other investments	3,092	2.8	3,007
Consolidation goodwill	3,707	(12.9)	4,257
Property and equipment	3,790	(18.2)	4,634
Treasury stock	66	(32.4)	98
Accumulated losses at consolidated companies	3,611	(1.1)	3,650
Other assets	16,511	(3.4)	17,090
TOTAL ASSETS	287,150	2.7	279,542
Due to credit institutions	61,570	9.7	56,119
On-balance-sheet customer funds	182,832	1.3	180,570
– Deposits	141,049	(3.8)	146,560
– Marketable debt securities	34,383	24.9	27,523
– Subordinated debt	7,400	14.1	6,487
Other liabilities	19,341	0.6	19,221
Net income	2,897	17.5	2,466
Minority interests	5,426	(4.4)	5,674
Capital stock	1,566	–	1,566
Reserves	13,518	(2.9)	13,926
TOTAL LIABILITIES AND EQUITY	287,150	2.7	279,542
Other customer funds under management	113,075	3.9	108,815
– Mutual funds	45,752	5.0	43,582
– Pension funds	40,016	9.4	36,563
– Customer portfolios	27,307	(4.8)	28,670
PRO MEMORIA:			
Average total assets	279,245	(3.3)	288,712
Risk-weighted average assets	166,050	(0.1)	166,163
Average equity	12,069	(3.7)	12,531

As with the income-statement comparison, and as was the case in 2002, the inter-year comparison of the Group's balance-sheet aggregates was affected in 2003 by the substantial depreciation of the American currencies against the euro and, accordingly, the explanation of the variations refers either to the fluctuation in constant exchange rate terms (disregarding the exchange rate effect) or to that in current exchange rate terms (using year-end rates).

The Group's total assets amounted to €287 billion at 2003 year-end, 2.7% up on the figure as of December 31, 2002, at current exchange rates, despite the aforementioned currency depreciation (the increase would be 8.5% at constant rates and 10.7% without Argentina and Brazil). Business volume, calculated as the sum of lending and total customer funds under management, stood at €449 billion, a rise of 3.1% with respect to 2002, despite the exchange rate fluctuations and the disinvestment in Brazil. Excluding Brazil and Argentina, business volume increased by 9.5% at constant exchange rates.

Total gross lending amounted to €153 billion (€149 billion, net of the loan loss provision), an increase of 4.7% with respect to 2002 year-end, and 10.1% at constant exchange rates, disregarding Argentina and Brazil. These percentages grew steadily from quarter to quarter in 2003. Lending to other resident sectors, which amounted to over €101.5 billion, proved to be the most dynamic component, its year-on-year growth rising throughout 2003 to end the year at 13.4%. Particularly noteworthy in this connection were the increases in secured loans (+18.4%), which now represent 52.4% of total lending to other resident sectors, and in financial leases (+23.5%).

Lending to nonresidents fell by 12.6% year-on-year in current euros. This was due to the disinvestment in Brazil and the depreciation of the American currencies, since at constant exchange rates and disregarding Brazil and Argentina, this lending increased by 3.5%. Lending to nonresidents accounted for 24.5% of the Group's total lending and it should be noted that the investment in below-investment-grade Latin-American countries represented only 4.0% of the total as of December 31, 2003, compared with 6.2% and 11.6% at 2002 and 2001 year-end, respectively.

The substantial drop in doubtful loans in 2003 (-23.1%) combined with the increase in total lending triggered an improvement of the Group's credit quality indicators. Thus, its nonperforming loans ratio was 1.74% as of December 31, 2003, down from 2.37% at 2002 year-end. Disregarding Argentina and Brazil, the ratio declines to 1.31% (1.70% at 2002 year-end). The nonperforming loans ratio was 0.88% in Retail Banking and 0.66% in Wholesale Banking, whereas in Banking in America, following the application of corporate classification methods in certain countries, it stood at 4.01% at 2003 year-end. The Group's level of doubtful loan coverage was 166.3% (146.8% as of December 31, 2002), rising to 201.1% if Argentina and Brazil are excluded (191.1% as of December 31, 2002).

Total customer funds managed by the Group amounted to €296 billion at 2003 year-end, up 2.3% on the previous year. At constant exchange rates and disregarding Argentina and Brazil, the year-on-year increase was 9.3%, steady growth having been achieved throughout the year (+8.5% in September, +4.9% in June and +1.8% in March).

On-balance-sheet customer funds amounted to €183 billion, with a year-on-year increase of 1.3% (8.6% at constant exchange rates and excluding Argentina and Brazil). Other-resident-sector deposits totaled €66 billion, with an increase of 2.6% that was concentrated on transactions deposits (most notably savings accounts, which rose 13.7% owing to the success of the Libretón campaigns conducted in the year), since the growth of stable customer funds focused on mutual funds. Balances due to the public sector fell by 12.4% due to the retirement of the Law Courts account in the first quarter.

Off-balance-sheet funds (mutual funds, pension funds and customer portfolios) amounted to €113 billion as of December 31, 2002, up 3.9% on 2002 year-end in current euros (+10.3% excluding Argentina and Brazil and at constant exchange rates).

In Spain, off-balance-sheet funds increased by 9.7%, boosted by the growth in mutual funds, which surged throughout the year to reach €37 billion, a year-on-year increase of 11.6%, due in part to the success of the new guaranteed funds launched in 2003, in particular in the second half of the year. Pension funds totaled €12 billion, with year-on-year growth of 10.7%, and managed customer portfolios stood at €11 billion (up 2.8%). Off-balance-sheet funds in other countries were €52 billion, down 2.0% on 2002 due to exchange rate fluctuations, without which they would have risen by 10.2%. Pension funds performed particularly well, growing 8.9% at current exchange rates (20.5% at constant rates) to reach €28 billion.

BUSINESS PERFORMANCE

Following are the most salient features of the performance of the BBVA Group's business areas in 2003:

Retail Banking Spain and Portugal

Throughout 2003 this area steadily stepped up the growth of its business, both in terms of lending and customer funds. As of December 31, 2003, total net lending reflected a year-on-year increase of 13.9%, with rises of 18.5% in market mortgages and 15.0% in companies and businesses. As regards customer funds, on-balance-sheet payables fell by 1.3% year-on-year due to the reduction of the assets sold under repurchase agreements and the retirement of the Law Courts account (disregarding these effects, however, customer deposits grew by 4.2%). Total customer funds managed by the area, calculated as the sum of the deposits and the mutual and pension funds, increased by 9.0% in 2003, with growth of 4.6% in transactions deposits and 12% in stable funds (basically time deposits and funds).

The increase in business activity was in part due to the ongoing launch of innovative products in the various business segments (mortgage loans, SMEs and business, mutual funds, pension funds, etc.). This made it possible to offset the effect of the sharp fall in interest rates on customer spreads and to achieve a 1.0% increase in net interest income with respect to 2002.

2003 saw a significant turnaround in the trend in fees, which experienced growth each quarter from €346 million in the first to €409 million in the last, backed by the good performance of card, administration and insurance fees, which together achieved a year-on-year increase of 10.4%, and by the upturn in fund management fees. Despite this upward trend in the year, cumulative fees for 2003 were down 2.3% on the figure for 2002.

Consequently, gross operating income reached a level similar to that of 2002; however, once again in 2003 administrative expenses were cut (0.2%), which contributed to the increase in net operating income by 0.7% to €2,465 million.

Net attributable profit in the area amounted to €1,239 million, down 2.1% on 2002.

Wholesale and Investment Banking

The policy of prudence in the assumption of risk applied in this area led to moderate growth in lending in the year (+3.6%). Deposits increased by 13.1%.

An appropriate pricing policy enabled net interest income on average Wholesale Banking (Corporate and Institutional Banking) assets to remain practically at the same level as in 2002 despite the fall in interest rates.

Gross operating income, the figure that best reflects the trend in the area's revenues, rose 6.1% with respect to 2002, whereas general administrative expenses fell by 5.6%. Consequently, there was a substantial improvement in the efficiency ratio, which stood at 31.7% (35.6% in 2002), and net operating income grew by 12.6% to €654 million. Loan writedowns remained stable.

Net attributable profit increased by 22.5% to €468 million.

Banking in America

As far as business volume is concerned, the Group applied different policies in different markets, and while total lending increased by 4.4% at constant exchange rates (-14.2% at current rates), traditional deposit-taking and mutual funds at all the Group's banks in the region increased by 12.5% (-10.3% at current rates). These increases in business volume and price management gave rise to an increase of 10.3% in net interest income at constant exchange rates since they offset the adverse effect on margins of the fall in interest rates in some of the main countries in which the Group operates, such as Mexico.

The 10.9% increase in fees and the containment of costs, which rose by 5.5% (below the average inflation rate for the region), led to a 6.3 percentage-point increase in the recurrence rate (the ratio of fees to expenses) to 80.1%.

Net operating income in this area rose by 15.8% (-12.1% in current euros) in year-on-year terms to €2,230 million, and the efficiency ratio advanced by two percentage points to finish the year at 44.1%.

Due to the moderate amount of writedowns and the reduced relative importance of minority interests resulting from the increase of the investment in Bancomer, net attributable profit for this area totaled €715 million, an increase of 24.0% at constant exchange rates (-2.8% at current rates).

The most significant contribution to the area's earnings was that made by Mexico, where business growth was concentrated on the most profitable business lines. Thus, in the lending sector, which grew by 4.8% in year-on-year terms, the most noteworthy increase was that of consumer loans and cards at 24.9%, while the traditional deposit-taking and mutual funds aggregate increased by 13.7%, and current accounts rose by 19.5%. This, together with price management in attracting time deposits, enabled the Bank to counteract the effect of the fall in interest rates on margins leading to a rise in net interest income of 11.4%. The increase in fees and cost containment led to a 9.1 percentage-point improvement in the recurrence rate to 86.2%. As a result, the area achieved a year-on-year increase, at constant exchange rates, of 25.4% in net operating income (to €1,487 million) and the efficiency rate improved by 3.8 percentage points to 42.2%. Lastly, net attributable profit increased by 24.0% in to €406 million.

Corporate Activities

In 2003 this business area recorded a net operating loss of €466 million, similar to that of the preceding year. Its revenues include the dividends received on the investments in large industrial corporations and financial institutions and the earnings obtained from the financial management of the Group and in particular from asset and liability management and hedging transactions, whereas the administrative expenses include, inter alia, those incurred by the central corporate areas and those costs which, due to their institutional nature, are not assigned to the business areas.

The "Net Income from Companies Accounted for by the Equity Method" caption includes the income relating to the Group companies located in Argentina and Brazil, which amounted to €44 million, and the income from the investments in large industrial corporations. The gains obtained on the management of the investment portfolio are recorded under the "Market Operations" and "Income on Group Transactions" captions. The most notable gain in 2003 was that obtained on the sale of the investment in Crédit Lyonnais (€343 million).

The amortization of the goodwill arising from the aforementioned investments and from the Group's investments in its Latin American subsidiaries amounted to €637 million. The Corporate Activities area also includes other items which, due to their nature, are not allocable to the businesses, such as country-risk writedowns. Consequently, this area recorded a net attributable loss of €195 million, compared with a loss of €665 million in 2002.

GROUP EQUITY

As of December 31, 2003, the Group's net worth after the distribution of income for the year that will be proposed to the Shareholders' Meeting amounted to €12,410 million (€12,354 million in 2002). This is unchanged with respect to 2002 (compared to a 7% decrease in 2002 with respect to 2001).

Eligible equity as defined by the Basel-based Bank for International Settlements (BIS) amounted to €21,984 million as of December 31, 2003 (€20,345 million in 2002), representing a ratio of capital to risk-weighted assets of 12.7% and a cushion of €7,057 million (€5,559 million in 2002). Tier I or core capital represented 8.5% of risk assets, up on the values as of December 31, 2002 (12.5% and 8.4%, respectively).

CAPITAL AND TREASURY STOCK

As of December 31, 2003, the Bank's capital stock amounted to €1,565,967,501.07 and consisted of 3,195,852,043 registered shares of €0.49 par value each, held by 1,158,887 shareholders (1,179,074 and 1,203,828 shareholders as of December 31, 2002 and 2001, respectively), none with an ownership interest of more than 5%. Resident shareholders owned 55.3% of the total capital stock (54.38% in 2002). There were no transactions involving capital stock in 2003 and, accordingly, as of December 31, 2003, the Bank's capital stock was unchanged from that as of December 31, 2002 and 2001.

As of December 31, 2003, the Bank and consolidated Group companies held 7,486,321 shares of BBVA, representing 0.2343% of capital stock (10,783,616 and 6,101,296 shares as of December 31, 2002 and 2001, respectively, representing 0.3374% and 0.19% of capital stock in 2002 and 2001, respectively). The variations in 2003 and 2002 in the "Treasury Stock" caption on the asset side of the accompanying consolidated balance sheets were as follows:

	Millions of Euros
Balance at December 31, 2001	76
Purchases	4,446
Sales	(4,430)
Charge to securities revaluation reserve	8
Other variations	(2)
Balance at December 31, 2002	98
Purchases	3,767
Sales	(3,998)
Charge to securities revaluation reserve	–
Other variations	199
Balance at December 31, 2003	66

As of December 31, 2003, the nonconsolidable subsidiaries held 0.0026% of the capital stock issued by the Bank (0.0061% in 2002).

DISTRIBUTION OF INCOME

In 2003, the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A. resolved to pay the shareholders three interim dividends out of 2003 income, amounting to a total of €0.27 gross per share. The aggregate amount of the interim dividends declared as of December 31, 2003, net of the amount collected and to be collected by the consolidable Group companies, was €859,896 thousand and is recorded under the "Other Assets" caption in the related consolidated balance sheet (Note 15). The last of the aforementioned interim dividends, which amounts to €0.09 gross per share, paid to the shareholders on January 12, 2004, and was recorded under the "Other Liabilities – Payment Obligations" caption in the accompanying consolidated balance sheet as of December 31, 2003 (Note 15).

The projected 2003 accounting statements prepared by Banco Bilbao Vizcaya Argentaria, S.A. in accordance with legal requirements, disclosing the existence of sufficient liquidity for distribution of the interim dividends, were as follows:

	Thousands of Euros		
	05/31/03	08/31/03	11/30/03
Interim dividend-	First	Second	Third
Income at each of the stated dates, after the provision for corporate income tax	463,187	1,090,843	1,427,397
Less-			
Interim dividends distributed	–	(287,627)	(575,254)
Maximum amount of possible distribution	463,187	803,216	852,143
Proposed amount of interim dividend	287,627	287,627	287,626

The Bank's Board of Directors will propose to the Shareholders' Meeting that a final dividend of €0.114 per share be paid out of 2003 income. Based on the number of shares representing the capital stock as of December 31, 2003 (Note 23), the final dividend would amount to €364,327 thousand and income would be distributed as follows:

	Thousands of Euros
2003 net income (Note 4)	1,460,337
Allocation to:	
Dividends (Note 2-d)	
– Interim dividend	826,880
– Final dividend	364,327
Voluntary reserves	233,130

Notwithstanding the above, at its meeting on February 3, 2004, at which these consolidated financial statements were prepared, the Board of Directors of BBVA resolved, inter alia, to increase capital by a nominal amount of €95,550,000 through the issuance of 195,000,000 ordinary shares of €0.49 par value each, of the same class and series, traded by the book-entry trading system. Article 161.1 of the Spanish Corporations Law provides for the possibility of the capital increase not being fully subscribed (Note 32).

The new shares will entitle their owners to share in any distribution of dividends paid after the capital increase is registered in Iberclear's accounting records, and in assets in the event of liquidation. As regards the dividend to be paid out of 2003 income, holders of the new shares will only be entitled to receive the amount of any final dividend, if any, that the Shareholders' Meeting resolves to declare, if the shares are issued prior to the date of this Shareholders' Meeting. If the capital increase has been subscribed and paid as of the date of the Shareholders' Meeting, the proposed distribution of income shown above will be adjusted on the basis of the new shares issued so that the amount earmarked for dividends is increased by the amount necessary for the final 2003 dividend on all the shares issued and subscribed to be €0.114 per share, and that amount, up to a limit of €22,230 thousand, will be subtracted from the amount initially assigned to «Voluntary Reserves», as shown in the foregoing table, based on the maximum number of shares shown above.

RISK MANAGEMENT

The Risk function in the Group–

The BBVA Group considers that risk management is a basic component of its competitive advantage, and in order to achieve this objective devotes the required effort and resources to ensure that the variety of risks incurred by the Group in the course of its business activities are duly identified, measured, valued and managed. The management and control of market risk at the BBVA Group involves the participation of several bodies at different levels of the entity, each of which has its own specific functions. Firstly, in accordance with the Basel Committee's recommendations, the Board of Directors is responsible for monitoring and supervising risk management. This is accomplished through the Standing Committee, to which the Board delegates its main functions and powers in this area. The most noteworthy of these functions is that of approving and evaluating the suitability of the limits, policies and procedures used to manage risk. Secondly, the periodical risk management analysis and monitoring that must be performed at the BBVA Group, together with the increasing complexity of handling risk at financial institutions, explain the existence of a committee, the Lending Committee, specifically devoted to that task.

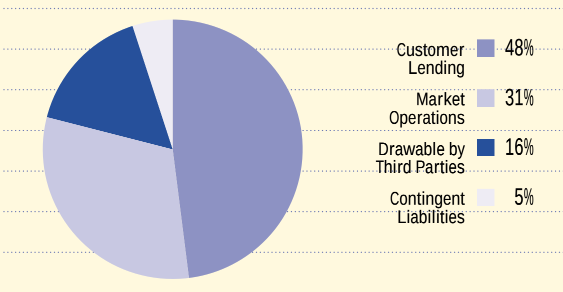
To manage risk appropriately, the Group has an advanced risk management model whose main purpose is to build a risk profile which, on the one hand, enables strategic objectives to be achieved and value to be created for shareholders, and, on the other, assures the Group's solvency. The simultaneous pursuit of these two objectives requires credit, market and operational risk to be precisely managed and integrated in such a way as to advance beyond the view of them as separate, non-interacting compartments. In addition, it implies the use of appropriate structures and the implementation of new developments in the form of decision-making support tools (*ratings, scorings, etc.*) or new corporate risk measurement systems, in which the Group has made significant progress in 2003, also bearing in mind the future regulatory framework that will govern financial institutions (Basel II). Accordingly, the Group's final objective is to ensure that the risk profile is in line with its strategic objectives and commensurate with the returns expected by shareholders.

Credit risk management–

Evolution of credit risk exposure and quality

In 2003 the BBVA Group's overall credit risk exposure increased by 1.9% to €321 billion at year-end.

EXPOSURE. CUSTOMER RISK
(12/31/03)



Exposure: 320,716 millions of euros

Customer lending (48% of the total) and credit lines drawable by third parties (16%) increased by 3.8% and 5.5%, respectively, in the year, whereas potential exposure to credit risk in market operations (31% of the total) and contingent liabilities (5%) decreased by 0.4% and 9.8%, respectively.

The bulk of the exposure to customers is in Retail Banking Spain and Portugal, which accounts for 59% of the total (53% in 2002), followed by Wholesale and Investment Banking (25%, the same percentage as in 2002). The exposure to Latin-American countries declined from 20% to 16%, 12% of which was concentrated in investment-grade-rated countries. The main reason for this decrease was the depreciation of most of the Latin-American currencies, including most notably the Mexican peso (-19.8%) and the Venezuelan bolivar (-24.1%) and, to a lesser degree, the divestment in Brazil.

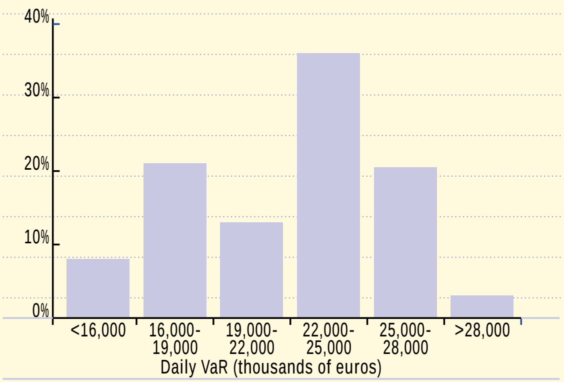
OTC financial instrument credit risk exposure to counterparties is measured in terms of the daily market value of the positions arranged plus an estimate of the maximum possible increase in the value of the security through maturity. The equivalent maximum credit risk exposure to counterparties was €14,669 million as of December 31, 2003, down 24.9% on 2002. This reduction of the risk is due largely to the intense growth of OTC financial instrument collateralization agreements.

Market risk management-

The purpose of the market risk management and measurement model currently in place at the BBVA Group is to measure both general market risk and specific risks, for which the Group employs the Value-at-Risk (VaR) methodology, using the parametric model based on the covariance matrix, calculated with a confidence level of 99% and a time horizon of one day. This approximation assumes that market price performance follows a normal statistical distribution that is a function of the past and furnishes, as the final result, the maximum loss that can occur in the positions in question with a given probability. This is supplemented by specific simulations to measure the market risk arising from exotic products or those with optional features, for which the model's assumptions are usually not valid. Another cornerstone of the BBVA Group's market risk management model is the limit structure, which is composed of an overall VaR limit for each business unit, supplemented by a series of specific limits by desk, line of activity, and type of risk or product.

EVOLUTION OF MARKET RISK
(THOUSANDS OF EUROS)

MARKET RISK FREQUENCY DISTRIBUTION



The average risk in the Group's market areas in 2003, in VaR terms, with a confidence level of 99% and a time horizon of one day, was €21,985 thousand, with a maximum and minimum of €28,587 thousand and €14,138 thousand, respectively, and a median of €22,766 thousand. The maximum levels were recorded in July, coinciding with a period of increased volatility in the Mexican market. Compared to 2002, there was a reduction both in the average level of risk and, in particular, in the dispersion thereof, as a result of active risk management. Considering a time horizon of ten days, as recommended by the Basel Committee, the estimated average loss in the year with a confidence level of 99% was €69,524 thousand.

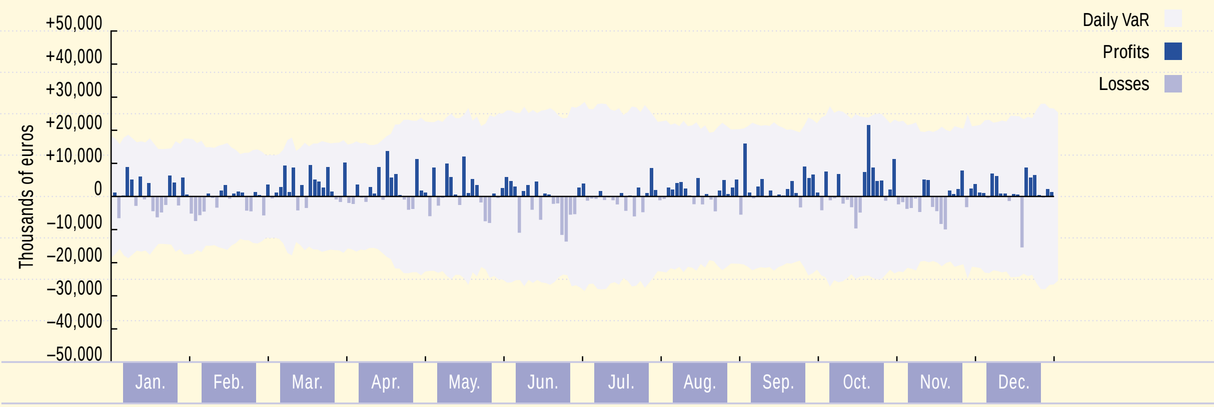
The main risk in the Group is interest rate risk (76% of the total at year-end), which includes both systematic risk and the specific risk tied to the spreads that are applied to the market curve for the various corporate issuers based on their creditworthiness. Ranking far below interest rate risk are vega risk and correlation risk tied to options and structured products, which represent 8% and 7% of the total, respectively, and stock market and currency risk, which account for 4% each. It should be noted that currency risk relates to the operating exchange positions of the Group's market areas.

With regard to the distribution of the Group's risk by geographical area, most of the Group's total market risk relates to banking in Europe and the U.S. (basically BBVA's investment banking), while the Group's Latin-American banks together represent 39.7% of the total in annual average terms. Within Latin America, the risk is concentrated in Mexico, which accounts for 28.7% of the total.

The average level assumed with respect to the limits is presented as the percentage level assumed by the Group's main business units. The average level assumed with respect to the limits authorized by the Standing Committee for 2003 was 41%.

The graph below represents the back-testing carried out for the Group's aggregate risk in 2003, which consisted of comparing for each day the results of the revaluation of the positions with the level of risk estimated by the model, and confirms the correct functioning of the risk management model used by the BBVA Group. The same conclusion is drawn from the comparisons performed for other representative levels lower than Group aggregate risk.

BBVA GROUP BACK-TESTING



Structural interest risk-

Structural interest risk is defined as an entity's exposure to variations in market interest rates, derived from mismatches in the maturity and repricing dates (depending on whether the related instruments are tied to a fixed or floating rate, respectively) of the entity's assets and liabilities, including derivatives.

Structural interest risk depends on the nature of the various balance-sheet aggregates and on the variations in the market. Special attention should be paid to early repayments of mortgage loans and the treatment of accounts without explicit maturities (current and savings accounts). Rollovers and increases in the various balance-sheet aggregates are also relevant, as are the interest rates on these aggregates. At BBVA the assumptions relating to these variables are reviewed annually on the basis of studies of their historical performance.

The gap table below shows the breakdown as of 2003 year-end, by maturity or repricing date (depending on whether the items are tied to a fixed or floating rate, respectively), of the sensitive net worth aggregates in the balance sheet, which are grouped by market type.

Matrix of maturities or repricing dates in the consolidated balance sheet, ex-Treasury

(Thousands of Euros)

ASSETS	Balance	1 to 6 Months	6 to 12 Months	1 to 3 Years	3 to 10 Years	Over 10 Years
Money market	12,563,175	12,116,524	341,359	76,829	28,353	110
Lending	94,887,628	49,513,364	25,910,703	9,937,187	7,250,992	2,275,382
Securities portfolio	26,502,346	3,422,397	3,802,108	10,406,853	6,030,794	2,840,194
Other sensitive assets	–24,652,826	–21,065,090	–2.207.450	–155,556	–553,910	–670,820
Total sensitive assets	109,300,323	43,987,195	27,846,720	20,265,313	12,756,229	4,444,866
LIABILITIES						
Money market	6,527,462	5,876,972	127,420	102,172	270,965	149,933
Deposits	74,455,928	36,504,015	2,003,945	3,691,926	32,255,956	86
Securities	22,449,872	8,463,243	493,203	2,082,926	8,628,678	2,781,822
Total sensitive liabilities	103,433,262	50,844,230	2,624,568	5,877,023	41,155,599	2,931,841
ON-BALANCE-SHEET GAPS	5,867,061	–6,857,035	25,222,152	14,388,290	–28,399,370	1,513,025
OFF-BALANCE-SHEET GAPS	–862,650	–12,937,605	–128,481	3,151,037	9,089,951	–37,552
TOTAL GAPS	5,004,411	–19,794,640	25,093,671	17,539,327	–19,309,419	1,475,473

(*) Ex-Treasury

In general terms, levels of risk were reduced in 2003, both for BBVA and for the other entities comprising the Group.

Liquidity risk-

Liquidity risk arises from the difficulty in resorting to the financial markets in order to meet payment obligations. Each of the main BBVA Group entities establishes contingency liquidity plans detailing the actions and procedures to be followed in an emergency, together with the responsibilities of each of the areas involved in the management and control of liquidity risk. The purpose of these contingency plans is to facilitate good management coordination, and they include precise information that ensures rapid decision-making in the event of a crisis.

In 2003 BBVA launched issues amounting to €15,231 million, obtaining an average financing period of almost four years.

Structural exchange rate risk-

An entity's structural exchange rate risk refers to the potential losses on the value of structural positions arising from variations in exchange rates.

BBVA's exposure to structural exchange rate risk arises mainly from the investments held by it through its investees, since these assets are denominated in currencies other than those in which they are financed.

74% of the total exchange risk is concentrated in the Mexican peso, the Venezuelan bolivar and the Brazilian real. Several hedging transactions were arranged during the year to reduce the exposure to losses, thus considerably mitigating the impact of possible depreciations.

Operational risk-

Internally we define operational risk as that which is neither credit nor market risk. This definition embraces the one proposed by the Basel Committee on Banking Supervision (that which can give rise to losses as a result of human error, inadequate or defective internal processes, systems failures or external causes), in addition to other risks such as strategic or business risk and regulatory risk. The last of these risks would impact the Group in the event of regulatory changes affecting the income statement or our capacity to generate business.

2003 was a year of considerable activity in the operational risk area, in which the Group continued to deploy, throughout the organization, its three basic tools created in-house (*Ev-Ro, TransVaR and SIRO*), as the main vehicles for identifying, measuring, evaluating and controlling risks of this kind. At BBVA we know that proper management of operational risk encourages the creation of value for our shareholders. On the one hand, it improves the income statement by mitigating the risks that might give rise to losses or loss of profits and, on the other, it enables us to reduce our regulatory capital to the minimum level possible under the new Basel regulations.

RESEARCH AND DEVELOPMENT

As in previous years, in 2003 the Group regarded technology as one of the driving forces of the Group's modernization and the transformation of its business model to a more customer-centered approach. In this connection, various projects were undertaken in 2003, including most notably the following:

- The Group, through its Research, Development and Innovation Unit, set up a Technology Innovation Community to adapt new technologies to the challenges of the Spanish financial services industry in the coming years.

- The Personal Finance Services Plan, a new individual banking model launched in 2002, was completed.

- In Latin America, the Group continued to implement an information management infrastructure plan involving the establishment of a single network and a common platform for the whole area.

- Lastly, a new integral price management tool was implemented in Spain. This tool will use new technology to bring together, in single database, all the existing information from various sources relating to market prices, linked to the data of the various business areas and applications.

In the field of internal processes, further headway was made in adapting the information systems to meet the requirements of the New Basel Capital Accord with a view to implementing the new international accounting standards in the European banking industry. Simultaneously, work is progressing on an ambitious project that aims to restructure the Management Information System to harness its full potential and is based on five basic pillars: legal information, risk measurement and control, product management, service quality indicators and measurement of results. This will give rise to a flexible and consistent information structure which will enable the Group to respond actively to market information demands at all times.

ENVIRONMENTAL INFORMATION

The Group considers that environmental matters are also of particular importance to the financial services industry, where environmental care and improvement should be considered a long-term investment. Accordingly, in 2003, the Group formulated an integral Environmental Policy that reflects its commitment to the environment and to the efficient use of natural resources in all areas of its business activity, in line with its social responsibility and its membership of the United Nations' World Agreement on Corporate Social Responsibility. This policy comprises seven lines of action:

- Rigor, quality and efficiency in all matters relating to direct environmental impact and the use of natural resources.

- Use of environmental criteria in analyzing financial transaction risk. In this connection, BBVA is developing an environmental impact assessment methodology for use in its analysis of financial risks, particularly in the financing of large investment projects that have a substantial environmental content, such as public works, energy facilities, urban infrastructure and telecommunications. This methodology can also be used in the analysis of requests for financing from all types of companies (its features include, most notably, environmentally-centered *rating* tools).

- Financing and advisory services relating to customers' conservation and environmental improvement projects.

- A positive influence on suppliers' environmental behavior.

- Support for environmental initiatives in society.

- Encouragement of good environmental practices in employees' behavior at the workplace.

- Boosting innovative environmental initiatives put forward by employees under the Innova Program.

In this context, the Group has set high environmental standards in work space construction and adaptation and in the management of its property, as evidenced by the fact that it has obtained five ISO 14001 environmental quality certificates, a total which it expects to add to in 2004.

As of December 31, 2003, 2002 and 2001, there were no items in the accompanying consolidated financial statements of the Group that should be included in the separate environmental information document envisaged in the Ministry of Economy Order dated October 8, 2001.

OUTLOOK

Following the uncertainties marking the economic scenario in recent years, everything now points to the commencement of a new period of recovery in the world economy which, at present, appears to be spearheaded by the United States. In fact, since the summer, growth expectations for the U.S. have been revised upwards and the U.S. economy is expected to grow by 4% in 2004.

The recovery of the euro zone would seem to have been confirmed. After a second quarter of negative growth, GDP in the euro zone grew by 0.4% in the third quarter. Also, the indicators point to continued growth in the future. In fact, growth estimates for the euro zone signal 1.7% growth in 2004.

Recovery is also becoming apparent in the case of Latin America, which has experienced falls in sovereign debt spreads, particularly significant in the case of Mexico and Chile; the widespread recovery of the stock markets; the return of foreign investment; and the improvement of growth expectations for the region in 2004.

In view of this new scenario, the BBVA Group can face the future with optimism, for several reasons:

Firstly, because in times of considerable uncertainty it has been capable of consolidating, as a result of a risk and productivity-oriented management approach, a sound competitive position in terms of net worth solvency, asset quality, profitability and commercial productivity.

Secondly, because BBVA has a clear growth strategy for each of the three business areas, characterized by innovation and anticipation. The 2003 results evidence the success of this strategy.

Lastly, because BBVA has been able to position itself in markets and businesses with strong potential for growth which, undoubtedly, will be boosted by the economic recovery mentioned above.

The strategy for 2004, therefore, clearly focuses on growth. Profitable growth that will generate shareholder value and will enable the BBVA Group to remain, in terms of profitability, efficiency and EPS growth, one of the leading European banks.

EVENTS SUBSEQUENT TO DECEMBER 31, 2003

At its meeting on February 3, 2004, at which these consolidated financial statements were prepared, the Board of Directors of BBVA resolved, inter alia, to increase capital by a nominal amount of €95,550,000, through the issuance of 195,000,000 ordinary shares of €0.49 par value each, of the same class and series, traded by the book-entry trading system. The aforementioned capital increase, which involved the disapplication of preemptive subscription rights, is being performed under the powers granted by the Shareholders' Meeting on March 9, 2002, in accordance with the stipulations of Article 153.1.b) of the Spanish Corporations Law. Article 161.1 of the Spanish Corporations Law expressly provides for the possibility of the capital increase not being fully subscribed.

In accordance with the stipulations of Article 159.2. of the Spanish Corporations Law, the issue price will be the reasonable value of the shares, which in the case of listed companies is taken to be the market price.

The capital increase will be aimed exclusively at Spanish and foreign institutional investors through a placement method known as *Accelerated Bookbuilt Offering* (ABO) led by an investment bank. For general interest reasons, and in order to enable the shares to be placed among institutional investors using the aforementioned procedure, the powers granted by the Shareholders' Meeting on March 9, 2002, are being exercised and the BBVA shareholders' and convertible debenture holders' have no preemptive subscription rights.

The new shares will entitle their owners to share in any distribution of dividends paid after the capital increase is registered in Iberclear's accounting records, and in assets in the event of liquidation. As regards the dividend to be paid out of 2003 income, holders of the new shares will only be entitled to receive the amount of any final dividend, if any, that the Shareholders' Meeting resolves to declare, if the shares are issued prior to the date of this Shareholders' Meeting (Note 5).

This capital increase is part of a global operation to attract funds to strengthen the Group's equity structure and enable it to undertake its expansionary projects, in particular the tender offer for all the shares of Grupo Financiero BBVA BANCOMER, S.A. de C.V., as resolved at the Board meeting that took place on January 30, 2004, ensure the normal growth of its current business and maintain its solvency above the levels stipulated by Bank of Spain regulations (Note 2-e).

The aforementioned tender offer for all the shares of Grupo Financiero BBVA BANCOMER, S.A. de C.V. that the BBVA Group does not already own was launched in order to increase the shareholding in this company.

As of the date of preparation of these consolidated financial statements, the BBVA Group owned 5,512,708,648 shares of BANCOMER representing 59.4% of its capital stock (Note 4). The offer approved by the Board of Directors is for all the shares not currently owned by BBVA, i.e. 3,763,898,174 BANCOMER shares representing 40.6% of its capital stock.

Supplementary information

FINANCIAL STATEMENTS OF THE MAIN GROUP COMPANIES // CONSOLIDATED TIME SERIES // OFFICE NETWORK

FINANCIAL STATEMENTS OF THE MAIN GROUP COMPANIES (I)
BANKS IN SPAIN AND OTHER EUROPEAN COUNTRIES

BALANCE SHEETS
(MILLIONS OF EUROS)

	BBVA			Banco de Crédito Local		
	31-12-03	31-12-02	Δ%	31-12-03	31-12-02	Δ%
Cash on hand and deposits at central banks	2,360	1,671	41.2	37	20	84.6
Due from credit entities	19,563	19,663	(0.5)	214	80	169.0
Total net lending	110,880	100,687	10.1	7,924	7,789	1.7
Fixed-income portfolio	43,213	36,222	19.3	3,038	3,706	(18.0)
Equities portfolio	13,790	15,127	(8.8)	1	1	(5.9)
Other assets	14,508	14,789	(1.9)	214	197	8.8
TOTAL ASSETS	204,315	188,160	8.6	11,429	11,793	(3.1)
Due to credit entities	53,929	47,029	14.7	4,173	5,396	(22.7)
On-balance-sheet customer funds	125,492	116,923	7.3	6,665	5,841	14.1
• Deposits	101,419	98,473	3.0	4,403	5,812	(24.2)
• Marketable debt securities	13,630	8,714	56.4	2,262	29	n.m.
• Subordinated debt	10,442	9,736	7.3	-	-	
Other liabilities	14,930	14,215	5.0	263	235	12.1
Net profit for the year	1,460	1,207	21.0	58	49	18.3
Capital stock and reserves	8,502	8,786	(3.2)	269	272	(1.0)
TOTAL LIABILITIES AND EQUITY	204,315	188,160	8.6	11,429	11,793	(3.1)

INCOME STATEMENT
(MILLIONS OF EUROS)

	BBVA			Banco de Crédito Local		
	2003	2002	Δ%	2003	2002	Δ%
NET INTEREST INCOME	3,617	4,188	(13.6)	93	88	6.7
Net fee income	1,233	1,257	(1.9)	1	-	n.m.
CORE REVENUES	4,850	5,445	(10.9)	95	88	7.8
Net trading income	366	363	1.0	5	3	62.6
ORDINARY REVENUES	5,216	5,808	(10.2)	100	91	9.7
General administrative expenses	(2,676)	(2,625)	1.9	(6)	(12)	(49.2)
Depreciation and amortization expense	(248)	(258)	(4.0)	(1)	(1)	(33.7)
Other operating income and expenses	(71)	(73)	(2.6)	1	1	5.6
OPERATING PROFIT	2,221	2,852	(22.1)	94	79	18.8
Net loan loss provisions	(548)	(632)	(13.2)	(1)	(3)	(76.0)
Other net income (1)	89	(989)	n.m.	(4)	-	n.m.
PRE-TAX PROFIT	1,762	1,231	43.1	89	76	16.7
Corporate income tax	(302)	(24)	n.m.	(31)	(27)	14.0
NET PROFIT	1,460	1,207	21.0	58	49	18.3

(1) Net income accounted for by the equity method, net securities writedowns and net extraordinary income.

Finanzia			Uno-e Bank			BBVA Portugal			Banc Internacional d' Andorra		
31-12-03	31-12-02	∆%	31-12-03	31-12-02	∆%	31-12-03	31-12-02	∆%	31-12-03	31-12-02	∆%
-	4	(94.5)	19	23	(18.1)	37	48	(21.7)	58	83	(30.5)
50	51	(0.9)	414	1,238	(66.6)	268	315	(14.8)	1,504	1,789	(15.9)
1,865	1,840	1.4	456	1	n.m.	2,563	2,348	9.2	724	632	14.6
-	-		235	-	n.m.	84	87	(3.7)	49	73	(32.4)
87	45	93.8	3	1	334.6	38	43	(9.8)	60	77	(21.7)
23	37	(36.7)	49	56	(12.0)	285	317	(10.2)	128	143	(10.3)
2,027	1,977	2.5	1,175	1,319	(10.9)	3,276	3,157	3.8	2,524	2,797	(9.8)
1,867	1,804	3.5	133	6	n.m.	1,328	1,152	15.3	131	241	(45.9)
5	18	(70.4)	915	1,213	(24.6)	1,653	1,647	0.4	1,986	2,150	(7.7)
-1	12	n.m.	915	1,213	(24.6)	1,584	1,573	0.7	1,986	2,150	(7.7)
-	-		-	-	-	-	5	n.m.	-	-	-
6	6	-	-	-	-	69	69	-	-	-	-
49	59	(17.7)	16	19	(12.6)	92	95	(3.6)	55	47	18.0
12	15	(25.3)	(5)	(24)	(79.2)	(2)	6	n.m.	71	94	(24.4)
94	81	16.9	117	105	10.1	204	257	(20.4)	282	265	6.4
2,027	1,977	2.5	1,175	1,319	(10.9)	3,276	3,157	3.8	2,524	2,797	(9.8)

Finanzia			Uno-e Bank			BBVA Portugal			Banc Internacional d' Andorra		
2003	2002	∆%	2003	2002	∆%	2003	2002	∆%	2003	2002	∆%
94	104	(9.7)	24	(1)	n.m.	53	56	(4.6)	31	35	(9.9)
(12)	(4)	194.9	7	-	n.m.	27	26	3.5	78	91	(14.9)
82	100	(18.0)	31	(1)	n.m.	81	82	(2.0)	110	126	(13.5)
-	(1)	(67.2)	1	(1)	n.m.	2	9	(77.2)	10	10	3.6
82	99	(17.4)	31	(2)	n.m.	83	91	(9.3)	119	136	(12.3)
(45)	(47)	(3.2)	(27)	(30)	(10.4)	(61)	(60)	1.0	(31)	(31)	(0.6)
(1)	(1)	(12.3)	(3)	(5)	(31.6)	(5)	(5)	(5.6)	(6)	(6)	2.2
-	-	-	(1)	-	n.m.	(1)	(1)	13.6	-	-	12.6
35	51	(31.3)	-	(37)	n.m.	15	24	(36.4)	83	99	(16.7)
(21)	(22)	(7.0)	(5)	2	n.m.	(9)	(12)	(21.0)	-	1	n.m.
5	(6)	(188.2)	(3)	(3)	25.1	(7)	(6)	24.5	(12)	(6)	63.6
20	23	(15.2)	(8)	(38)	(80.2)	(1)	7	n.m.	71	94	(24.4)
(8)	(8)	4.6	3	14	(81.9)	(2)	(2)	12.6	-	-	-
12	15	(25.3)	(5)	(24)	(79.2)	(3)	5	n.m.	71	94	(24.4)

FINANCIAL STATEMENTS OF THE MAIN GROUP COMPANIES (II)

BANKS IN AMERICA [1]

BALANCE SHEETS

	MEXICO BBVA Bancomer Banking Group (Millions of pesos)			ARGENTINA BBVA Banco Francés (consolidated) (Millions of pesos)			CHILE BBVA Chile (Billions of pesos)		
	31-12-03	31-12-02	Δ%	31-12-03	31-12-02	Δ%	31-12-03	31-12-02	Δ%
Cash on hand and deposits at central banks	55,237	44,947	22.9	1,658	1,373	20.7	49	49	1.8
Due from credit entities	106,013	95,542	11.0	504	368	36.8	13	4	231.1
Total net lending	170,374	158,098	7.8	8,158	8,943	(8.8)	2,315	1,941	19.2
Securities portfolio	319,466	295,362	8.2	3,869	3,248	19.1	519	600	(13.4)
Other assets	52,800	55,970	(5.7)	1,923	2,285	(15.9)	405	429	(5.5)
TOTAL ASSETS	703,890	649,920	8.3	16,111	16,218	(0.7)	3,302	3,022	9.3
Due from credit entities	155,280	129,590	19.8	3,918	4,439	(11.7)	393	272	44.3
On-balance-sheet customer funds	451,292	441,054	2.3	8,455	7,585	11.5	2,515	2,419	4.0
• Deposits	440,179	430,453	2.3	8,030	6,892	16.5	2,064	1,890	9.2
• Marketable debt securities	-	-	-	1	45	(97.3)	-	-	-
• Subordinated debt	11,113	10,602	4.8	424	648	(34.6)	451	528	(14.6)
Other liabilities	44,554	34,094	30.7	1,989	2,134	(6.8)	129	75	70.7
Net profit for the year	7,220	6,305	14.5	(276)	(1,242)	(77.8)	27	20	33.9
Capital stock and reserves	45,545	38,877	17.2	2,026	3,302	(38.6)	239	236	1.2
TOTAL LIABILITIES AND EQUITY	703,890	649,920	8.3	16,111	16,218	(0.7)	3,302	3,022	9.3

INCOME STATEMENT

	BBVA Bancomer Banking Group (Millions of pesos)			BBVA Banco Francés (consolidated) (Millions of pesos)			BBVA Chile (Billions of pesos)		
	2003	2002	Δ%	2003	2002	Δ%	2003	2002	Δ%
NET INTEREST INCOME	21,665	19,329	12.1	153	893	(82.9)	95	86	10.6
Net fee income	10,167	8,498	19.6	212	211	0.5	23	17	36.1
CORE REVENUES	31,832	27,827	14.4	364	1,104	(67.0)	118	103	14.7
Net trading income	1,128	926	21.9	157	(59)	n.m.	7	9	(22.3)
ORDINARY REVENUES	32,960	28,753	14.6	522	1,045	(50.1)	125	112	11.7
General administrative expenses	(14,130)	(13,517)	4.5	(411)	(480)	(14.2)	(59)	(55)	7.4
Depreciation and amortization expense	(1,412)	(1,392)	1.4	(97)	(129)	(25.2)	(12)	(12)	2.1
Other operating income and expenses (net)	(2,241)	(1,286)	74.3	(27)	(25)	5.1	-	-	-
OPERATING PROFIT	15,177	12,557	20.9	(13)	410	n.m.	53	45	19.1
Net loan loss provisions	(4,904)	(3,969)	23.6	(240)	(739)	(67.5)	(25)	(22)	16.8
Other net income [2]	(481)	166	n.m.	60	(912)	n.m.	2	(2)	n.m.
PRE-TAX PROFIT	9,792	8,755	11.8	(193)	(1,240)	(84.4)	31	22	40.9
Corporate income tax	(2,572)	(2,450)	5.0	(82)	(2)	n.m.	(4)	(1)	136.2
NET PROFIT	7,220	6,305	14.5	(276)	(1,242)	(77.8)	27	20	33.9

(1) Local financial statements presented in a uniform format.
(2) Net income accounted for by the equity method, net securities writedowns and net extraordinary income.

COLOMBIA BBVA Banco Ganadero (Billions of pesos)			PERU BBVA Banco Continental (Millions of new sols)			PUERTO RICO BBVA Puerto Rico (Millions of USD)			VENEZUELA BBVA Banco Provincial (Billions of bolivars)		
31-12-03	31-12-02	∆%	31-12-03	31-12-02	∆%	31-12-03	31-12-02	∆%	31-12-03	31-12-02	∆%
330	339	(2.8)	2,662	3,197	(16.7)	24	19	27.7	841	644	30.5
103	68	52.3	371	682	(45.7)	289	193	49.9	2,103	666	215.7
3,109	2,824	10.1	5,871	5,594	5.0	2,743	2,686	2.1	1,407	1,541	(8.7)
2,444	1,407	73.6	3,258	2,169	50.2	1,870	2,003	(6.6)	1,185	630	88.0
619	674	(8.2)	513	513	-	288	210	36.8	429	276	55.1
6,604	5,312	24.3	12,674	12,154	4.3	5,213	5,110	2.0	5,964	3,757	58.7
1,197	717	66.9	596	501	19.0	1,191	790	50.7	77	79	(3.1)
4,444	3,686	20.6	10,235	9,863	3.8	3,440	3,859	(10.8)	4,753	2,801	69.7
4,444	3,686	20.6	10,177	9,527	6.8	2,503	2,634	(5.0)	4,459	2,564	73.9
-	-	-	-	-	-	176	161	9.2	-	5	n.m.
-	1	(97.7)	58	336	(82.7)	762	1,064	(28.4)	294	232	26.7
428	392	9.2	668	753	(11.3)	122	111	10.2	406	335	21.4
58	(17)	n.m.	173	108	60.7	39	39	1.3	302	176	71.6
477	533	(10.5)	1,002	930	7.8	421	312	35.2	426	366	16.2
6,604	5,312	24.3	12,674	12,154	4.3	5,213	5,110	2.0	5,964	3,757	58.7

BBVA Banco Ganadero (Billions of pesos)			BBVA Banco Continental (Millions of new sols)			BBVA Puerto Rico (Millions of USD)			BBVA Banco Provincial (Billions of bolivars)		
2003	2002	∆%	2003	2002	∆%	2003	2002	∆%	2003	2002	∆%
374	332	12.8	519	485	6.9	164	158	3.7	652	555	17.5
134	126	6.4	231	223	3.3	19	19	3.3	109	96	13.5
508	457	11.1	750	709	5.8	183	177	3.6	761	651	16.9
9	(25)	n.m.	73	55	34.3	1	10	(86.0)	26	45	(42.2)
517	432	19.7	823	763	7.8	185	187	(1.4)	787	696	13.1
(311)	(293)	6.1	(360)	(331)	8.8	(96)	(98)	(2.4)	(369)	(326)	12.9
(66)	(61)	8.8	(43)	(49)	(12.9)	(7)	(7)	(4.9)	(14)	(23)	(38.3)
(25)	(24)	7.0	(14)	(18)	(20.5)	-	-	-	(15)	(12)	24.8
116	55	109.9	406	366	11.1	81	81	-	390	335	16.3
(8)	(14)	(45.0)	(84)	(205)	(59.0)	(24)	(30)	(22.0)	(30)	(74)	(58.7)
(37)	(47)	(21.5)	(67)	(21)	222.4	(1)	(3)	(67.0)	(50)	(80)	(37.6)
71	(6)	n.m.	255	140	82.4	57	48	18.1	310	182	70.2
(13)	(11)	22.3	(82)	(32)	155.3	(17)	(9)	87.7	(8)	(6)	30.6
58	(17)	n.m.	173	108	60.7	39	39	1.3	302	176	71.6

FINANCIAL STATEMENTS OF THE MAIN GROUP COMPANIES (III)
PENSION FUND MANAGEMENT COMPANIES IN AMERICA (1)

	MEXICO Afore Bancomer (Millions of pesos)			CHILE AFP Provida (Billions of pesos)			ARGENTINA Consolidar AFJP (Millions of pesos)		
	2003	2002	Δ%	2003	2002	Δ%	2003	2002	Δ%
ASSETS UNDER MANAGEMENT	85,223	69,810	22.1	9,242	7,934	16.5	9,488	7,873	20.5
CORE REVENUES	2,411	2,300	4.8	54	62	(13.1)	114	147	(22.4)
Of which: Net fee income	2,392	2,274	5.2	55	63	(12.4)	100	110	(8.9)
ORDINARY REVENUES	2,518	2,381	5.7	64	67	(4.4)	134	171	(21.5)
OPERATING PROFIT	1,424	1,415	0.6	30	34	(13.6)	25	72	(65.3)
PRE-TAX PROFIT	1,416	1,399	1.2	36	37	(4.2)	21	(11)	n.m.
NET PROFIT	947	909	4.1	32	34	(5.9)	16	(27)	n.m.

(1) Local financial statements presented in a uniform format.

Consolidated time series

Consolidated time series

INCOME STATEMENTS
(MILLIONS OF EUROS)

	2003	2002	2001	2000	1999	1998	1997	1996
NET INTEREST INCOME	6,741	7,808	8,824	6,995	5,760	5,516	4,701	3,680
Net fee income	3,263	3,668	4,038	3,369	2,707	2,341	1,673	1,087
CORE REVENUES	10,004	11,476	12,862	10,364	8,467	7,857	6,374	4,767
Net trading income	652	765	490	779	641	517	699	406
ORDINARY REVENUES	10,656	12,241	13,352	11,143	9,108	8,374	7,073	5,173
General administrative expenses	(5,031)	(5,772)	(6,725)	(5,937)	(4,976)	(4,638)	(3,888)	(2,884)
Depreciation and amortization	(511)	(631)	(742)	(653)	(502)	(458)	(382)	(314)
Other operating income and expenses	(219)	(261)	(286)	(177)	(173)	(158)	(107)	(101)
OPERATING PROFIT	4,895	5,577	5,599	4,376	3,457	3,120	2,696	1,874
Net income from companies accounted for by the equity method	383	33	393	589	238	220	193	157
Amortization of goodwill	(639)	(679)	(623)	(665)	(697)	(782)	(480)	(112)
Net income from Group transactions	553	361	954	1,307	923	1,032	420	136
Net loan loss provisions	(1,277)	(1,743)	(1,919)	(973)	(750)	(1,015)	(472)	(499)
Net securities writedowns	-	3	(43)	(7)	6	(5)	9	(13)
Net extraordinary income (loss)	(103)	(433)	(727)	(751)	(275)	(196)	(357)	(327)
PRE-TAX PROFIT	3,812	3,119	3,634	3,876	2,902	2,374	2,009	1,216
Corporate income tax	(915)	(653)	(625)	(962)	(734)	(589)	(512)	(253)
NET PROFIT	2,897	2,466	3,009	2,914	2,168	1,785	1,497	963
Minority interests	(670)	(747)	(646)	(682)	(422)	(361)	(332)	(152)
NET ATTRIBUTABLE PROFIT	2,227	1,719	2,363	2,232	1,746	1,424	1,165	811

BALANCE SHEETS
(MILLIONS OF EUROS)

	31-12-03	31-12-02	31-12-01	31-12-00	31-12-99	31-12-98	31-12-97	31-12-96
Cash on hand and deposits at central banks	8,110	8,050	9,240	7,198	8,035	4,434	2,898	2,052
Due from credit entities	20,907	21,476	23,199	35,334	38,018	41,784	53,638	44,781
Total net lending	148,827	141,315	150,220	137,467	113,607	99,907	89,796	76,214
Fixed-income securities portfolio	71,881	68,901	81,816	72,624	46,238	33,170	29,461	29,160
• Government debt securities	18,945	19,768	20,165	14,735	12,027	10,542	13,206	16,101
• Debentures and other debt securities	52,936	49,133	61,651	57,889	34,211	22,628	16,255	13,059
Equity securities portfolio	9,740	10,071	11,430	11,661	10,188	7,742	6,324	4,929
Consolidation goodwill	3,707	4,257	4,617	4,075	1,990	1,182	1,042	908
Property and equipment	3,790	4,634	6,172	5,969	4,857	4,730	5,001	4,706
Other assets	20,188	20,838	22,552	21,817	15,233	9,962	8,285	6,578
TOTAL ASSETS	287,150	279,542	309,246	296,145	238,166	202,911	196,445	169,328
Due to credit entities	61,570	56,119	64,588	68,284	68,607	58,748	60,149	52,309
On-balance-sheet customer funds	182,832	180,570	199,486	185,718	139,934	119,941	116,155	100,491
• Deposits	141,049	146,560	166,499	154,146	105,077	99,351	97,350	84,278
• Marketable debt securities	34,383	27,523	25,376	26,460	31,552	17,562	15,643	13,539
• Subordinated debt	7,400	6,487	7,611	5,112	3,305	3,028	3,162	2,674
Other liabilities	19,341	19,221	20,634	17,951	11,876	9,795	7,674	5,795
Net profit for the year	2,897	2,466	3,009	2,914	2,168	1,785	1,497	963
Minority interests	5,426	5,674	6,394	6,304	5,333	3,951	2,876	1,815
Capital stock and reserves	15,084	15,492	15,135	14,974	10,248	8,691	8,094	7,955
TOTAL LIABILITIES AND EQUITY	287,150	279,542	309,246	296,145	238,166	202,911	196,445	169,328

ADDITIONAL INFORMATION

	2003	2002	2001	2000	1999	1998	1997	1996
Dividends (millions of euros)	1,224	1,109	1,222	1,123	854	699	596	509
Appropriation to reserves (millions of euros)	1,003	610	1,141	1,109	892	725	569	302
Number of shareholders (in thousands)	1,159	1,179	1,204	1,300	1,268	1,338	671	786
Number of shares (in millions) (1)	3,196	3,196	3,196	3,196	2,931	2,861	2,846	2,839
Staff	86,197	93,093	98,588	108,082	88,556	86,349	80,913	60,586
• Spain	31,095	31,737	31,686	33,733	37,052	37,847	39,365	40,441
• Abroad	55,102	61,356	66,902	74,349	51,504	48,502	41,548	20,145
Branches	6,924	7,504	7,988	8,946	7,491	7,226	6,518	5,556
• Spain	3,371	3,414	3,620	3,864	4,336	4,495	4,505	4,584
• Abroad	3,553	4,090	4,368	5,082	3,155	2,731	2,013	972

(1) The data for the period from 1996 to 1999 were re-calculated based on the share exchange ratio (5 BBV shares for 3 Argentaria shares).

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Banco Bilbao Vizcaya Argentaria, S.A. was incorporated as a result of the merger of Banco Bilbao Vizcaya, S.A. and Argentaria, Caja Postal y Banco Hipotecario, S.A., pursuant to the public deed dated January 25, 2000, executed in the presence of the Bilbao notary José María Arriola Arana, under number 149 of his protocol, and registered at the Vizcaya Mercantile Registry on January 28, 2000, in volume 3,858, sheet 1, section 8, page B1-17-A, entry no. 1,035.

Banco Bilbao Vizcaya Argentaria is registered in the Bank of Spain's Special Banks and Bankers Register under number 182 and its taxpayer identification number is A-48265169.

The Bank's registered office is at Plaza de San Nicolás, 4, Bilbao (Vizcaya) where public information about the Company can be consulted. The Company's bylaws can be examined at the Vizcaya Mercantile Registry.

Banco Bilbao Vizcaya Argentaria is a member of the Deposit Guarantee Fund.

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