QUARTERLY REPORT

January-March 2006

BBVA

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BBVA GROUP HIGHLIGHTS

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(Consolidated figures)

	31-03-06	Δ%	31-03-05	31-12-05
BALANCE SHEET (million euros)				
Total assets	392,656	13.6	345,582	392,389
Total lending (gross)	227,560	22.7	185,406	222,413
On-balance sheet customer funds	261,912	21.7	215,218	259,200
Other customer funds	143,155	15.3	124,195	142,707
Total customer funds	405,067	19.3	339,413	401,907
Equity	17,417	24.2	14,023	17,302
Shareholders' funds	13,562	22.0	11,116	13,036
INCOME STATEMENT (million euros)				
Net interest income	1,950	24.9	1,561	7,208
Core revenues	3,248	25.9	2,579	11,756
Ordinary revenues	3,659	27.1	2,878	13,024
Operating profit	1,936	32.9	1,457	6,823
Pre-tax profit	1,526	26.9	1,203	5,592
Net attributable profit	1,020	25.1	815	3,806
DATA PER SHARE AND MARKET CAPITALIZATION				
Share price	17.22	37.1	12.56	15.08
Market capitalization (million euros)	58,390	37.1	42,589	51,134
Net attributable profit	0.30	25.1	0.24	1.12
Book value	4.00	22.0	3.28	3.84
PER (Price/earnings ratio; times) (1)	13.2	17.9	11.2	13.4
P/BV (Price/book value; times)	4.3	12.4	3.8	3.9
SIGNIFICANT RATIOS (%)				
Operating profit/ATA	2.00		1.74	1.87
ROE (Net attributable profit/Average equity)	34.1		32.8	37.0
ROA (Net profit/ATA)	1.13		1.03	1.12
RORWA (Net profit/Risk weighted average assets)	1.85		1.81	1.91
Efficiency ratio	42.4		44.6	43.2
Efficiency ratio including depreciation and amortization	45.9		48.1	46.7
NPL ratio	0.90		1.06	0.94
NPL coverage ratio	261.7		228.2	252.5
CAPITAL ADEQUACY RATIOS (BIS Regulation) (%)				
Total	11.5		12.1	12.0
Core capital	5.6		5.8	5.6
TIER I	7.3		7.8	7.5
OTHER INFORMATION				
Number of shares (million)	3,391		3,391	3,391
Number of shareholders	940,542		1,058,876	984,891
Number of employees	94,951		88,588	94,681
• Spain	31,323		31,033	31,154
• America (2)	61,677		55,579	61,604
• Rest of the world	1,951		1,976	1,923
Number of branches	7,456		7,006	7,410
• Spain	3,622		3,410	3,578
• America (2)	3,663		3,420	3,658
• Rest of the world	171		176	174

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

(1) The 2006 P/E is calculated taking into consideration the median of the analysts' estimates (April 2006).
(2) Includes those related to the BBVA Group's banking, pension fund managers and insurance companies in all the American countries in which it is present.

Relevant events

In the first quarter of 2006 the BBVA Group accentuated the favourable trends recorded in 2005. The high growth of business activity in all business areas continued to be compatible with the excellent quality of the loan portfolio. It boosted revenues and these were the main source of the increase in earnings and the further improvement in the cost/income ratio and ROE. The most relevant financial aspects of the BBVA group in this period are summarised below:

- In the first quarter of 2006, net attributable profit came to €1,020m. This was 25.1% higher than the €815m recorded in the same quarter of 2005 (19.0% higher at constant exchange rates). Earnings per share grew 25.1% to €0.30 and ROE increased to 34.1% (32.8% in the first quarter of 2005).

- The quarter established new Group records for net interest income ex-dividends, core revenues, ordinary revenues, operating profit and profit before tax.

- The Group's results continue to be characterised by their high quality and rate of growth. Operating profit rose to €1,936m with a year-on-year increase of 32.9% in euros. At constant exchange rates the increase was 26.2%. This rate of growth was higher than the fourth quarter of 2005 and higher than that year taken as a whole.

- All revenue streams recorded important growth. Net interest income rose 24.9% thanks to greater business volume and better performance by interest spreads. Net fee income and insurance grew 26.3% and net trading income 37.7%.

- As a result, ordinary revenues increased 27.1%, outpacing the 20.2% rise in operating costs including depreciation (11.4% on a like-for-like basis and at constant exchange rates).

- Consequently, the cost/income ratio, including depreciation, improved 2.2 points to 45.9% (48.1% in the first quarter of 2005). All business areas reported improvements in the cost/income ratio.

- Despite the sharp increase in lending to customers, NPLs have hardly increased and thus, BBVA continued to improve its NPL ratio. At the end of March this stood at 0.90 (1.06 at 31-Mar-05). Higher loan provisioning of a generic nature (as a result of increased activity), reinforced coverage which rose to 261.7% (228.2% a year earlier).

- At 31-Mar-06 core capital stood at 5.6% (similar to 31-Dec-05), Tier I capital was 7.3% and the BIS ratio was 11.5%.

- After payment of the third interim dividend of €0.115 per share on 10th January and of the final dividend of €0.186 on 10th April, total dividend paid against 2005 earnings came to €0.531 per share. This was 20.1% more than the amount paid against 2004 results.

- The current composition of the business areas reflects the new organisation structure adopted in December 2005: Retail banking in Spain and Portugal, Wholesale businesses, Mexico and USA, South America and Corporate Activities. Figures for the previous periods have been recalculated on uniform terms to ensure they are comparable.

- Commercial banking activity by Retail Banking in Spain and Portugal resulted in a year-on-year increase of 19.9% in lending, 10.9% in customer funds and an acceleration of the rates of growth in net interest income, fee income and insurance. As a result, ordinary revenues were up 10.9%, operating profit increased 14.3% and net attributable profit grew 12.5% to €363m.

- The Wholesale Businesses area reconfirmed its ability to generate recurrent earnings. Ordinary revenues were up 24.7% and operating profit grew 27.9%. Net attributable profit climbed 33.7% over the first quarter of 2005 to €258m.

- Revenues in the business area that comprises Mexico and the United States climbed sharply. Ordinary revenues grew 37.5% at constant rates. This positive performance derives from the net interest income which jumped 30.8% (including increases of 37.5% in lending and 19.8% in customer funds), net fee income plus insurance which rose 18.5% and trading income which compares to the low figure booked in the first quarter of 2005. Expenses grew more slowly and therefore operating profit surged 57.5% and net attributable profit came to €434m. This was 63.5% higher than the first quarter of 2005 (87.7% higher at constant exchange rates).

- The trend was similar in the South America area. There was a sharp increase in business activity (lending was up 29.5% and customer funds 25.1% at constant exchange rates). Core revenues increased 29.6% and market operations had a very satisfactory performance in the quarter. Consequently, operating profit was up 72.0% and net attributable profit grew 69.8% (84.7% at constant rates) to €151m.

- During the quarter the Group agreed to sell its 51% stake in Banc Internacional d'Andorra for €395m. This operation will occur in the second quarter, generating net capital gains of €112m.

ECONOMIC ENVIRONMENT

The economic growth recorded in different parts of the globe in 2005 continued, largely unchanged, at the beginning of 2006. In the financial world, interest rates continued to rise in the United States and Europe.

During the first quarter the US Federal Reserve lifted its benchmark rate twice, bringing it to 4.75%. Unlike 2004, this increase affected long-term rates, especially in March, resulting in a yield curve that anticipates additional rises in the short term and remains extremely flat in the longer terms.

In the euro zone the European Central Bank raised its base rate a further quarter-point to 2.5% on 2nd March, expecting a rebound in inflation in view of the improved prospects for growth in the area. This increase was echoed by market rates in all periods (1-year Euribor moved above the 3% level in March) and led to a parallel shift in the yield curve, which has a positivel slope. The 10-year rate maintained its previous difference of around 1.1 percentage points compared to US Treasury bonds. The Spanish economy continued to grow faster than the euro zone average. There was a slight slowdown in private sector consumption and in construction but this may be balanced by a less-negative contribution from foreign trade as the EU's economy picks up. However, Spain still risks becoming less competitive owing to its higher inflation.

In Latin America the buoyant global economy, the high prices of raw materials and the high level of liquidity continue to create a favourable context. As a whole this area could continue to grow at more than 4% in 2006 because forecasts expect the external and internal risks (election year) to have a limited impact. In Mexico, the year started with the economy growing at a higher rate, moderate inflation and further declines in interest rates (the TIIE fell to 7.6% at 31-Mar-06, against 8.6% on 31-Dec-05).

INTEREST RATES
(Quarterly averages)

	2006	2005			
	1Q	4Q	3Q	2Q	1Q
Official ECB rate	2.33	2.08	2.00	2.00	2.00
Euribor 3 months	2.61	2.34	2.13	2.12	2.14
Euribor 1 year	2.95	2.63	2.20	2.19	2.33
Spain 10 year bond	3.51	3.38	3.23	3.36	3.64
USA 10 year bond	4.56	4.48	4.20	4.15	4.29
USA Federal rates	4.44	3.97	3.43	2.92	2.45
TIIE (Mexico)	8.02	9.10	9.88	10.05	9.40

EXCHANGE RATES (1)

	Year-end Exchange Rates			Average Exchange Rates	
	31-03-06	Δ% on 31-03-05	Δ% on 31-12-05	1Q 06	Δ% on 1Q 05
Mexican peso	13.2210	9.6	(4.4)	12.7382	15.1
Argentine peso	3.7416	1.3	(4.0)	3.7018	3.9
Chilean peso	638.57	19.1	(5.0)	632.91	19.8
Colombian peso	2,770.08	10.7	(2.7)	2,724.80	13.3
Peruvian new sol	4.0554	4.2	(0.3)	4.0210	6.4
Venezuelan bolivar	2,597.40	7.2	(2.5)	2,583.98	0.8
U.S. dollar	1.2104	7.1	(2.5)	1.2023	9.1

(1) Expressed in currency/euro

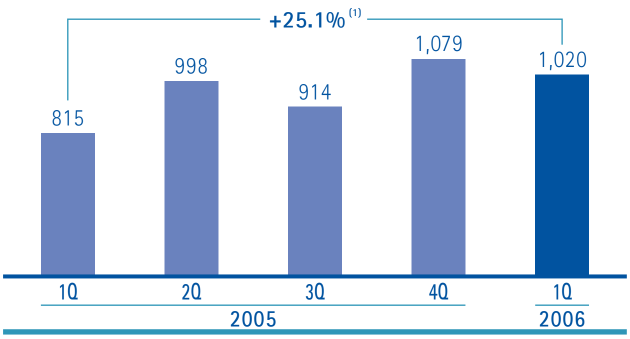
During the first quarter the US dollar fell 2.5% against the euro and all Latin-American currencies followed suit. This had a greater impact on the BBVA Group's financial statements (4.4% greater in the case of the Mexican peso). On the other hand, over the last 12 months all these currencies have risen against the euro. Therefore the effect of exchange rates on year-on-year changes in the Group's balance sheet at 31-Mar-06, is positive. The impact on the income statement is also positive because the average exchange rates for the first quarter show appreciation against the euro. This was 15.1% in the case of the Mexican peso, 19.8% for the Chilean peso, 13.3% for the Colombian peso, 9.1% for the US dollar and more moderate percentages for the other main currencies in the region (see table).

Earnings

In the first quarter of 2006 the BBVA Group obtained net attributable profit of €1,020m. This was an increase of 25.1% over the €815m obtained in the same period of 2005 (19.0% at constant exchange rates).

As in previous years, this performance was supported by operating profit, which came to €1,936m, the highest figure ever recorded by the Group for a single quarter. It exceeded the €1,457m generated in the first quarter of 2005 by 32.9% and it was the result of increases of

Net attributable profit
(Million euros)



(1) At constant exchange rate: +19.0%.

CONSOLIDATED INCOME STATEMENT
(Million euros)

	1st Quarter 06	Δ%	1st Quarter 05	Memorandum item: Δ% at constant exchange rates
Core net interest income	1,933	25.6	1,539	17.9
Dividends	17	(23.0)	22	(23.0)
NET INTEREST INCOME	**1,950**	**24.9**	**1,561**	**17.4**
Income by the equity method	41	74.9	23	75.6
Net fee income	1,108	23.2	899	16.1
Income from insurance activities	149	55.5	96	47.4
CORE REVENUES	**3,248**	**25.9**	**2,579**	**18.6**
Net trading income	412	37.7	299	39.6
ORDINARY REVENUES	**3,659**	**27.1**	**2,878**	**20.6**
Net revenues from non-financial activities	19	(32.4)	28	(32.5)
Personnel costs	(989)	18.0	(838)	12.8
General expenses	(588)	22.6	(479)	15.3
Depreciation and amortization	(128)	26.2	(102)	20.2
Other operating income and expenses	(38)	23.2	(31)	8.3
OPERATING PROFIT	**1,936**	**32.9**	**1,457**	**26.2**
Impairment losses on financial assets	(297)	142.5	(123)	128.7
• Loan loss provisions	(293)	148.7	(118)	135.3
• Other	(4)	(9.1)	(5)	(21.1)
Provisions	(135)	3.0	(131)	(0.8)
Other income/losses	22	n.m.	(1)	n.m.
• From disposal of equity holdings	20	n.m.	4	n.m.
• Other	2	n.m.	(4)	n.m.
PRE-TAX PROFIT	**1,526**	**26.9**	**1,203**	**20.5**
Corporate income tax	(429)	27.3	(337)	20.3
NET PROFIT	**1,097**	**26.7**	**866**	**20.5**
Minority interests	(77)	52.9	(50)	44.1
NET ATTRIBUTABLE PROFIT	**1,020**	**25.1**	**815**	**19.0**

CONSOLIDATED INCOME STATEMENT: QUARTERLY EVOLUTION

(Million euros)

	2006	2005			
	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Core net interest income	1,933	1,890	1,785	1,701	1,539
Dividends	17	109	41	121	22
NET INTEREST INCOME	**1,950**	**1,999**	**1,826**	**1,822**	**1,561**
Income by the equity method	41	43	28	28	23
Net fee income	1,108	1,065	1,022	954	899
Income from insurance activities	149	138	130	123	96
CORE REVENUES	**3,248**	**3,245**	**3,006**	**2,926**	**2,579**
Net trading income	412	372	255	341	299
ORDINARY REVENUES	**3,659**	**3,617**	**3,261**	**3,267**	**2,878**
Net revenues from non-financial activities	19	15	43	40	28
Personnel costs	(989)	(982)	(910)	(872)	(838)
General expenses	(588)	(599)	(551)	(532)	(479)
Depreciation and amortization	(128)	(125)	(117)	(105)	(102)
Other operating income and expenses	(38)	(49)	(27)	(9)	(31)
OPERATING PROFIT	**1,936**	**1,878**	**1,699**	**1,789**	**1,457**
Impairment losses on financial assets	(297)	(296)	(234)	(202)	(123)
• Loan loss provisions	(293)	(282)	(227)	(187)	(118)
• Other	(4)	(14)	(7)	(15)	(5)
Provisions	(135)	(125)	(75)	(123)	(131)
Other income/losses	22	5	15	57	(1)
• From disposal of equity holdings	20	10	3	13	4
• Other	2	(5)	13	45	(4)
PRE-TAX PROFIT	**1,526**	**1,461**	**1,406**	**1,522**	**1,203**
Corporate income tax	(429)	(315)	(418)	(451)	(337)
NET PROFIT	**1,097**	**1,147**	**988**	**1,070**	**866**
Minority interests	(77)	(68)	(73)	(72)	(50)
NET ATTRIBUTABLE PROFIT	**1,020**	**1,079**	**914**	**998**	**815**

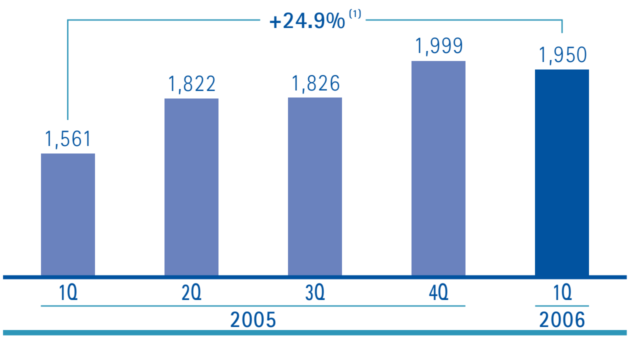
more than 20% in all main revenue streams. Costs rose more slowly and, consequently, the cost/income ratio improved further.

Items on the lower part of the income statement include higher loan-loss provisioning of €293m (€118m in the first quarter of 2005, the lowest of the year). This was due to higher generic provisions related to the sharp increase in lending to customers in Spain and the Americas.

● NET INTEREST INCOME

Net interest income rose to €1,950m in the first quarter, increasing 24.9% over the €1,561m obtained the previous year (up 17.4% at constant exchange rates). Excluding dividends, the figure was €1,933m. The increase of 25.6% was due to the higher lending and customer funds in all business areas, to the recovery of the customer spread in the domestic market and to its further increase in Mexico.

Net interest income
(Million euros)



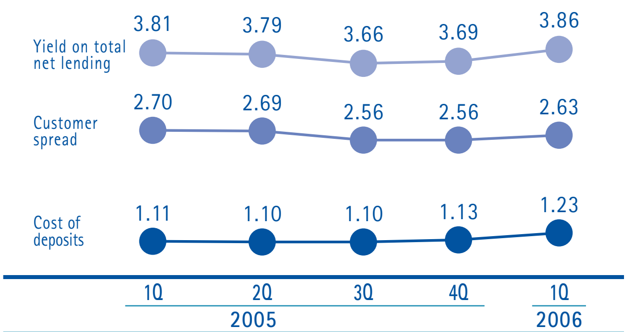
(1) At constant exchange rates: +17.4%.

Dividends contributed €17m, compared to €22m a year earlier.

In a context of rising rates, customer spreads on the domestic business rose to 2.63% from 2.56% in the last quarter of 2005. This was the result of an increase in the yield on loans, which rose 17 basis points to 3.86%. It more than offset the higher cost of deposits, which increased 10 basis point to 1.23%.

In Mexico where interest rates have been declining since the middle of 2005, the cost of deposits has fallen faster than the yield on loans. Thus customer spread has increased 37 basis points reaching 12.24% coming from 11.87% in the last quarter of 2005, and 0.7 percentage points greater than the first quarter of 2005. The improvement in spreads, together with the sharp increase in business activity, helped to lift net interest income 28.0% at constant exchange rates. In South America the increase was 33.2% (at constant rates), helped by the high level of business.

Customer spread (Domestic)
(Percentage)



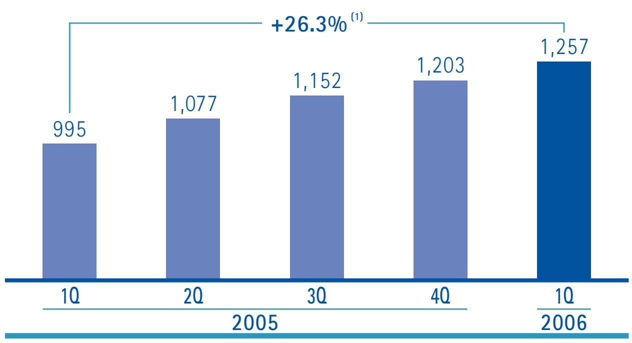
● ORDINARY REVENUES

Net fee income rose to €1,108m in the quarter (a year-on-year increase of 23.2%) and revenues from insurance increased 55.5% over the first quarter of 2005, to €149m. Together these items came to €1,257m, an increase of 26.3% over the €995m obtained the same period last year (up 19.1% at constant exchange rates). By business area, net fee income and insurance increased 15.1% in Retail Banking in Spain and Portugal, 13.6% in Wholesale Businesses, 35.9% in Mexico and the United States, and 36.0% in South America.

Net income from companies carried by the equity method, which mainly refers to BNL and Corporación IBV, came to €41m compared to €23m a year earlier.

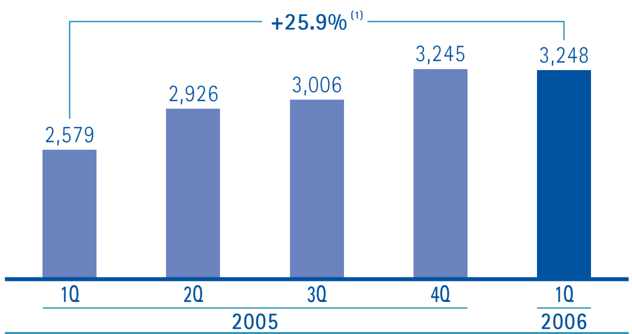
The aggregate of net interest income, net fee income, insurance and equity-accounted income make up the core revenues of €3,248m in the first quarter of 2006. The increase was 25.9% compared to the €2,579m generated in the same period in 2005.

Fee income + Insurance
(Million euros)



(1) At constant exchange rates: +19.1%.

Core revenues
(Million euros)

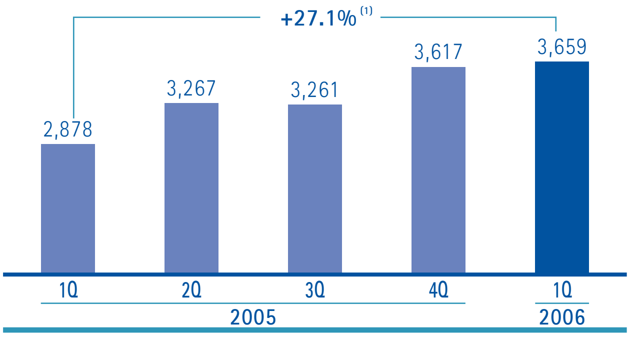


(1) At constant exchange rates: +18.6%.

Net trading income increased 37.7% year-on-year to €412m helped by all business units. The increase in business volume in the Americas, especially in Mexico and Argentina, was particularly high. This is the result of comparing a quarter with high revenues against the first quarter of 2005, which was especially low (in fact, negative in Mexico). On the other hand, activity in the units that make up Global Markets remains buoyant as does the revenue from distribution of treasury management products to domestic businesses.

Ordinary revenues in the first quarter came to €3,659m after growing 27.1% over the €2,878m generated in the same period last year (up 20.6% at constant exchange rates). After adding the €19m obtained from net sales of non-financial activities, the Group's total operating revenues rose to €3,678m, an increase of 26.6% year-on-year.

Ordinary revenues
(Million euros)



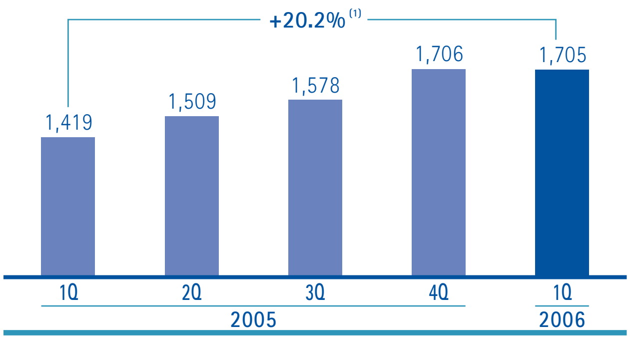
(1) At constant exchange rates: +20.6%.

OPERATING PROFIT

Operating costs increased less than revenues. Personnel costs were up 18.0%, administration expenses 22.6% and depreciation 26.2%. Total costs came to €1,705m, an increase of 20.2% (14.2% at constant exchange rates). Overall, the domestic operating costs increased 6.3% despite the high level of activity and the expansion of the branch network. In the Americas the equivalent figure was 36.0% although this falls to 21.2% at constant exchange rates or 15.1% on a like-for-like basis (ie, excluding the costs of Laredo National Bank and Granahorrar). This was due to intense commercial activity in all countries.

At 31-Mar-06 the Group's employees numbered

General administrative expenses + depreciation & amortization (Million euros)

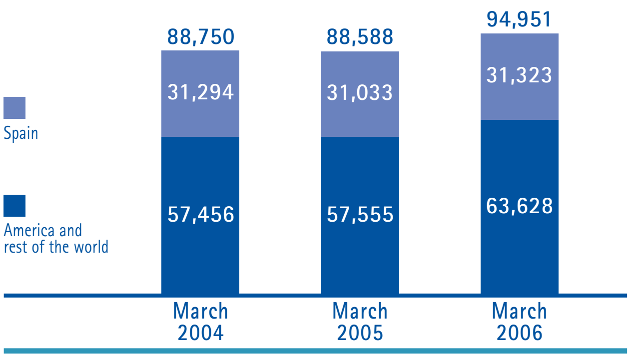


(1) At constant exchange rates: +14.2%.

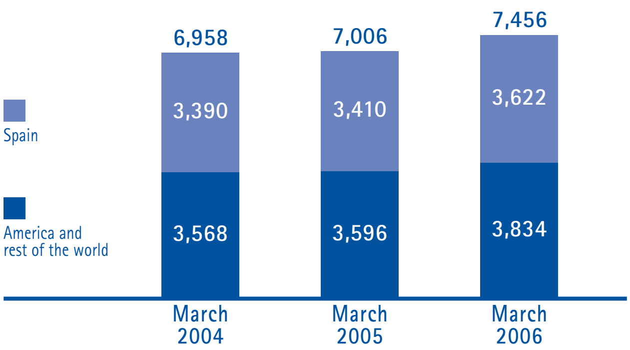
94,951, which is slightly more than at the end of 2005. In the year-on-year comparison, the increase mainly reflects the addition of Laredo in the USA and Granahorrar in Colombia in May and December 2005, respectively. There are now 7,456 branches worldwide following a net increase in this quarter of 44 branches in Spain (expansion of retail banking and Dinero Express).

BBVA further improved efficiency in the first quarter

Number of employees



Number of branches



EFFICIENCY
(Million euros)

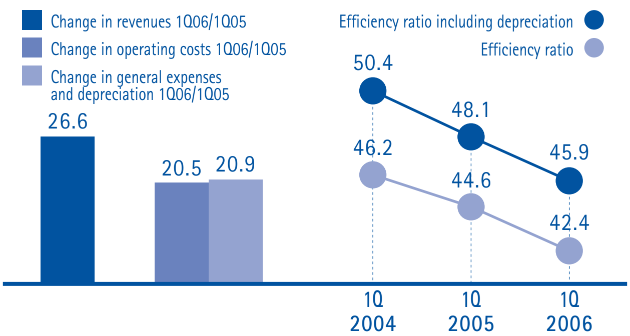
	1st Quarter 06	Δ%	1st Quarter 05	2005
Ordinary revenues	3,659	27.1	2,878	13,024
Net revenues from non-financial activities	19	(32.4)	28	126
TOTAL REVENUES	**3,678**	**26.6**	**2,906**	**13,149**
Personnel costs	(989)	18.0	(838)	(3,602)
General expenses	(588)	22.6	(479)	(2,160)
Recovered expenses	16	(26.4)	21	76
GENERAL ADMINISTRATIVE EXPENSES (NET)	**(1,561)**	**20.5**	**(1,296)**	**(5,687)**
EFFICIENCY RATIO (Costs/revenues, %)	**42.4**		**44.6**	**43.2**
Depreciation and amortization	(128)	26.2	(102)	(449)
GENERAL ADMINISTRATIVE EXPENSES (NET) + DEPRECIATION AND AMORTIZATION	**(1,689)**	**20.9**	**(1,397)**	**(6,135)**
EFFICIENCY INCLUDING DEPRECIATION AND AMORTIZATION	**45.9**		**48.1**	**46.7**

and this has been characteristic of the Bank in recent years. In fact, whereas operating revenues (ordinary revenues plus net sales of non-financial services) grew 26.6%, operating costs net of recovered costs plus depreciation increased only 20.9%. Therefore the cost/income ratio including depreciation stands at 45.9%, signifying an improvement of 2.2 percentage points on the first quarter of 2005 (48.1%). If depreciation is excluded the ratio would be 42.4% but the year-on-year difference remains the same at 2.2 percentage points. All the Group's business areas recorded improvements in the cost/income ratio.

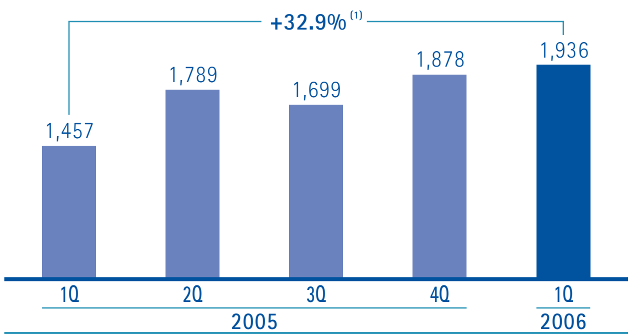
As a result of the above increases in revenues and costs, operating profit rose 32.9% year-on-year to €1,936m (the highest amount ever generated by BBVA in a single quarter). All business areas reported significant improvements. Operating profit rose 14.3% in Retail Banking in Spain and Portugal, 27.9% in Wholesale Businesses, 80.8% in Mexico and the United States, and 87.0% in South America.

At constant exchange rates, Group operating profit grew 26.2% (Mexico and the United States 57.5% and South America 72.0%). On a like-for-like basis (excluding Laredo and Granahorrar) growth was 24.9%, 55.2% and 67.8%, respectively, demonstrating BBVA's ability to generate solid recurrent earnings.

Efficiency
(Percentages)



Operating profit
(Million euros)



(1) At constant exchange rates: +26.2%.

PROVISIONS AND OTHERS

In the first quarter of 2006 BBVA allocated €293m for loan-loss provisioning, compared to €118m in the first quarter of 2005 (the lowest quarter that year). The average amount allocated last year was €203m. The increase is mainly concerned with generic provisions, which came to €194m against €101m for the first quarter of 2005, and was the result of the considerable increase in business activity in all markets where the Group operates.

Other provisions in the quarter rose 3.0% year-on-year to €135m. The most significant amount was €87m for early retirements (€75m in the same period of 2005).

Finally, the net result of other income and losses contributed €22m of which €19m came from the real estate projects unit.

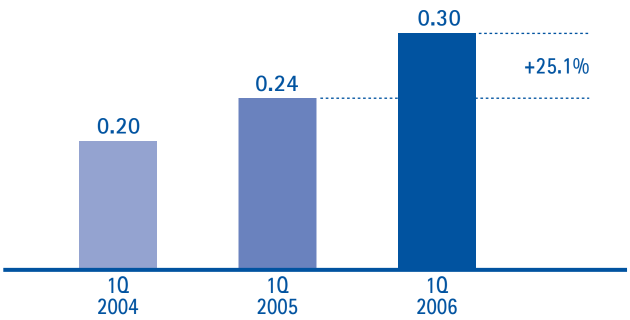
ATTRIBUTABLE PROFIT

Pre-tax profit came to €1,526m. This was also the highest amount ever obtained by BBVA in a single quarter and represents an increase of 26.9% over the €1,203m generated in the first quarter of last year. The Group is setting aside €429m for corporate tax and thus net profit comes to €1,097m, an increase of 26.7%. Profit attributable to minority interests accounts for €77m and thus the net profit attributable to the Group in the first quarter of 2006 comes to €1,020m. This figure is 25.1% higher than the €815m obtained in the first quarter of 2005 (19.0% higher at constant exchange rates).

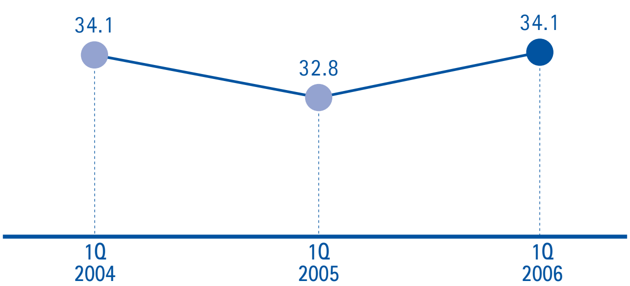
By business area, Retail Banking in Spain and Portugal contributed net attributable profit of €363m (up 12.5% year-on-year), Wholesale Businesses €258m (33.7%), Mexico and the United States €434m (up 87.7% in euro terms and 63.5% at constant exchange rates), and South America €151m (up 84.7%, 69.8% at constant exchange rates) whereas Corporate Activities' contribution was negative –€185m in a quarter without dividends and moderate trading income.

Earnings per share increased to €0.30 in the quarter, an increase of 25.1% and similar to the increase in net attributable profit. Return on equity (ROE) stands at 34.1% and the return on average total assets (ROA) is 1.13% (32.8% and 1.03%, respectively, a year ago).

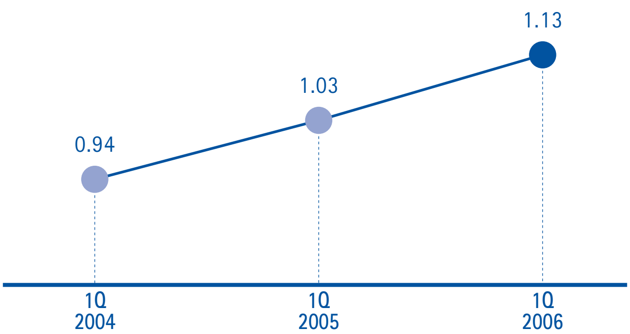
Earnings per share
(Euros)



ROE
(Percentage)



ROA
(Percentage)



Business activity

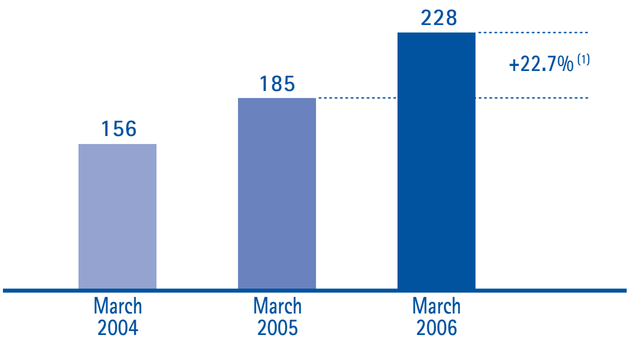
In the first quarter of 2006, the BBVA Group continued to register high growth year-on-year in the volume of business it conducts with customers and this was the principal feature of the period. Growth of lending activities is especially strong. This applies to both Spain (where mortgages and loans to SMEs and small businesses grew sharply) and to the Americas (where there is strong growth in most countries and in most types of lending). Customer fund also showed significant advances in most of the markets where the Group is present.

LENDING TO CUSTOMERS

At the end of the quarter, lending to customers came to €228 billion, which was 22.7% greater than the €185 billion at 31-Mar-05. After correction for depreciation of the euro against currencies in the Americas over the last 12 months, the increase is 20.8% (at constant exchange rates) and it drops to 19.5% if the figures for Laredo National Bank and Granahorrar (which joined the Group in May and December 2005, respectively) are excluded.

Of this amount, lending to other resident sectors accounts for €143 billion and continues buoyant, rising 19.2% over the €120 billion at 31-Mar-05. By type of loan, the main contribution of €82 billion came from secured loans, an increase of 20.1% year-on-year. Such lending remains centred on residential mortgages. Lending to SMEs and other small businesses also performed well. This was reflected in other term loans (up 23.6%) and leasing agreements (up 18.7%). Moreover, credit card lending increased 11.3%.

Total lending (gross) (1)
(Billion euros)

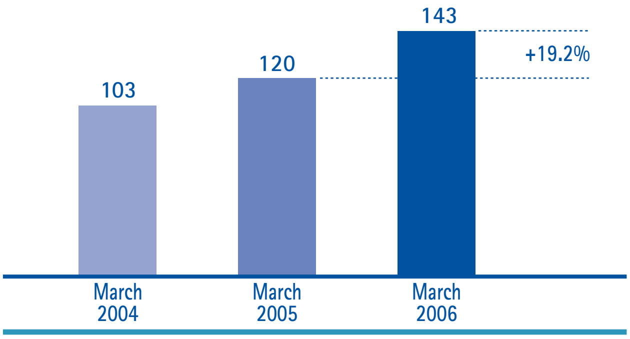


(1) At constant exchange rates: +20.8%.

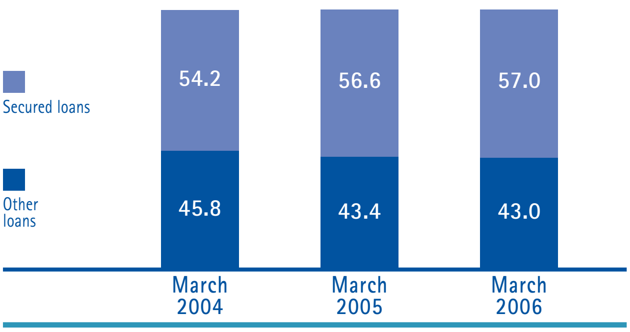
TOTAL LENDING
(Million euros)

	31-03-06	∆%	31-03-05	31-12-05
Public sector	15,845	(3.3)	16,384	16,088
Other domestic sectors	143,312	19.2	120,221	139,232
• Secured loans	81,757	20.1	68,076	79,128
• Commercial loans	11,277	4.9	10,748	12,671
• Other term loans	40,680	23.6	32,914	38,273
• Credit card debtors	1,150	11.3	1,033	1,237
• Other	1,931	(1.5)	1,960	1,694
• Financial leases	6,517	18.7	5,490	6,229
Non-domestic sector	66,106	41.8	46,622	64,747
• Secured loans	21,233	44.9	14,653	21,824
• Other loans	44,873	40.4	31,969	42,923
Non-performing loans	2,297	5.4	2,179	2,346
• Public sector	118	10.9	107	121
• Other domestic sectors	808	0.9	800	795
• Non-domestic sectors	1,371	7.8	1,272	1,430
TOTAL LENDING (GROSS)	**227,560**	**22.7**	**185,406**	**222,413**
Loan loss provisions	(5,628)	19.7	(4,703)	(5,563)
TOTAL NET LENDING	**221,932**	**22.8**	**180,703**	**216,850**

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



Detail of total lending to other domestic sectors (Percentage)



Lending to non-residents came to €66 billion, rising 41.8% over the €47 billion at the end of March 2005. At constant exchange rates the increase is 33.5%. On a like-for-like basis, ie, excluding the €2.3 billion contributed by Laredo and Granahorrar, the increase was 28.7% at constant rates. International wholesale business and the majority of subsidiary banks in the Americas contributed to this, with growth of 30.7% in Mexico and more than 20% in Venezuela, Peru, Colombia and Chile.

Public sector lending in Spain came to €16 billion, a decline of 3.3% from the amount in March 2005.

Lastly, non-performing loans (NPL) came to €2.3 billion, a year-on-year increase of 5.4% (0.2% at constant exchange rates), despite the addition of Laredo and Granahorrar. The moderate variation in non-performing loans, together with the sharp growth in lending, led to further improvement in the Group's NPL ratio during the quarter. This is explained in the section on risk management.

CUSTOMER FUNDS

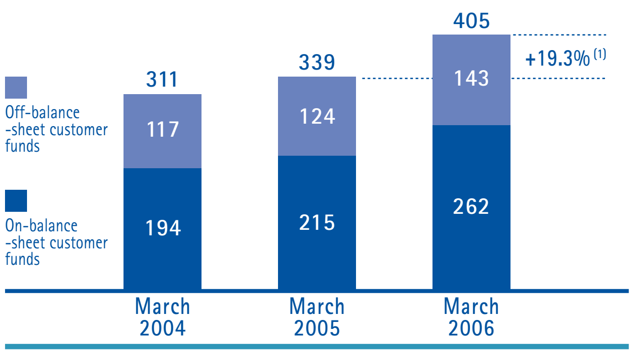
At 31-Mar-06, total customer funds on and off the balance sheet came to €405 billion compared to €339 at 31-Mar-05. The increase was 19.3% (16.0% at constant exchange rates and 15.0% if Laredo and Granahorrar are also excluded).

Of the above amount, customer funds on-balance sheet accounted for €262 billion, increasing 21.7% over the €215 billion of 31-Mar-05 (19.1% at constant exchange rates). This figure can be broken down further into €178 billion in customer deposits (up 16.2% year-on-year), €70 billion in marketable debt securities (up 42.2%) and €13 billion in subordinate liabilities (subordinate debt and preference shares), which were up 7.3%.

Customer funds off-balance sheet consist of mutual funds, pension funds and customers' portfolios. They accounted for the remaining €143 billion after rising 15.3% over the €124 billion of 31-Mar-05 (10.7% at constant exchange rates). The gathering of such funds in Spain increased 7.8% to €74 billion whereas fund gathering in other countries where the Group is present rose 24.5% (13.9% at constant exchange rates) to €69 billion.

The figure that best represents customer funds in Spain is the aggregate of other resident sector deposits (without repurchase agreements and other such accounts) plus mutual and pension funds. It rose to €125 billion at the end of March, a year-on-year increase of 9.1%. After growing 8.8%, deposits accounted for €63 billion of which €43 billion were transactional in nature (current and savings accounts).

Customer funds (1)
(Billion euros)



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

CUSTOMER FUNDS
(Million euros)

	31-03-06	∆%	31-03-05	31-12-05
ON-BALANCE-SHEET CUSTOMER FUNDS	**261,912**	**21.7**	**215,218**	**259,200**
DEPOSITS	**178,205**	**16.2**	**153,323**	**182,635**
Public sector	7,840	84.6	4,247	9,753
Other domestic sectors	76,641	7.6	71,255	79,755
• Current and savings accounts	42,535	11.0	38,321	41,274
• Time deposits	20,762	4.6	19,845	20,435
• Assets sold under repurchase agreement	7,524	(29.6)	10,695	12,029
• Other	5,820	143.2	2,394	6,017
Non-domestic sector	93,724	20.4	77,821	93,127
• Current and savings accounts	33,484	22.6	27,314	35,118
• Time deposits	47,238	7.7	43,858	47,814
• Assets sold under repurchase agreement and other accounts	13,002	95.5	6,649	10,195
MARKETABLE DEBT SECURITIES	**70,432**	**42.2**	**49,519**	**62,842**
Mortgage bonds	30,863	36.8	22,555	26,927
Other marketable securities	39,569	46.7	26,964	35,915
SUBORDINATED DEBT	**13,275**	**7.3**	**12,376**	**13,723**
OTHER CUSTOMER FUNDS	**143,155**	**15.3**	**124,195**	**142,707**
Mutual funds	59,733	15.4	51,745	59,002
Pension funds	54,547	25.6	43,419	53,959
Customer portfolios	28,875	(0.5)	29,031	29,746
TOTAL CUSTOMER FUNDS	**405,067**	**19.3**	**339,413**	**401,907**

These transactional deposits increased 11.0% compared to 31-Mar-05.

The more stable funds (time deposits, mutual funds and pension funds) came to €82 billion with a year-on-year increase of 8.1%. Time deposits, which rose 4.6% to €21 billion were affected by volatility in euro-deposits (if this is excluded they grew 17.8%). The assets managed in mutual funds came to €46.5 billion (up 8.7%). Of this amount, €44.6 billion is mutual funds (up 7.5%) and €1.9 billion is the BBVA real estate fund (up 47.5%). Managed portfolios of mutual funds continued to grow strongly during the quarter and came to €2.6 billion in assets. Pension funds stand at €15 billion in total (up 11.1%), including good performance by the Bank's plans for individuals, which grew 13.9% year-on-year.

In the non-resident sector, deposits (less repurchase agreements and other similar accounts) plus mutual fund and pension funds came to €133 billion, an increase of 21.3% compared to 31-Mar-05 (12.7% at constant exchange rates and 9.7% on a like-for-like basis after deducting €3.6 billion for Laredo and Granahorrar).

Transactional deposits (current and savings accounts) grew 22.6% to €33 billion (14.7% at constant exchange rates). These rates of growth are particularly important because such deposits have a greater impact on the income statement. Of the €100 billion in more stable funds, time deposits account for €47 billion (up 7.7% and 2.9% at current and constant exchange rates, respectively). They were affected by Mexico's policy to encourage a shift to repos, reported in the balance sheet

OTHER CUSTOMER FUNDS
(Million euros)

	31-03-06	∆%	31-03-05	31-12-05
SPAIN	74,151	7.8	68,770	74,619
MUTUAL FUNDS	46,467	8.7	42,744	46,340
Mutual Funds (ex Real Estate)	44,550	7.5	41,444	44,507
• Monetary and short term fixed-income	15,769	(1.4)	15,988	18,353
• Long-term fixed income	1,983	2.8	1,928	1,891
• Balanced	1,980	(14.4)	2,313	2,064
• Equity	4,139	39.0	2,977	3,626
• Guaranteed	17,505	(1.8)	17,819	17,725
• Global	3,174	n.m.	419	848
Real Estate investment trusts	1,917	47.5	1,300	1,833
PENSION FUNDS	15,164	11.1	13,647	15,091
Individual pension plans	8,449	13.9	7,419	8,395
Corporate pension funds	6,715	7.8	6,228	6,696
CUSTOMER PORTFOLIOS	12,520	1.1	12,379	13,188
REST OF THE WORLD	69,004	24.5	55,425	68,088
Mutual funds	13,266	47.4	9,001	12,662
Pension funds	39,383	32.3	29,772	38,868
Customer portfolios	16,355	(1.8)	16,652	16,558
OTHER CUSTOMER FUNDS	143,155	15.3	124,195	142,707

under the caption “repurchase agreements”. Pension funds rose to €39 billion (up 32.3% at current exchange rates and 17.1% at constant rates) and mutual funds increased to €13 billion (up 47.4% and 38.3%, respectively).

Lastly, domestic public authority debits came to nearly €8 billion (up 84.6% over 31-Mar-05). After deducting the amounts allocated in the Treasury’s liquidity auctions, the increase was 15.3%.

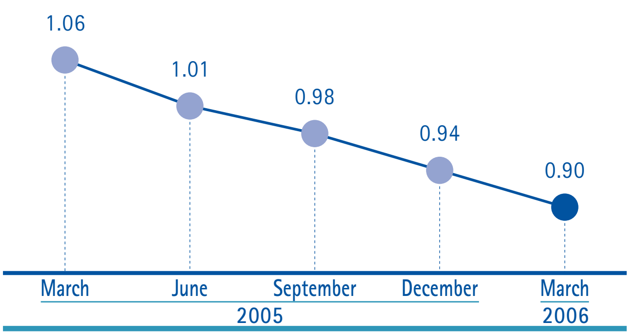
LENDING RISK

During the first quarter of 2006 the Group's indicators of risk quality continued to improve at the same time as lending to customers grew sharply. This applied to all its business areas.

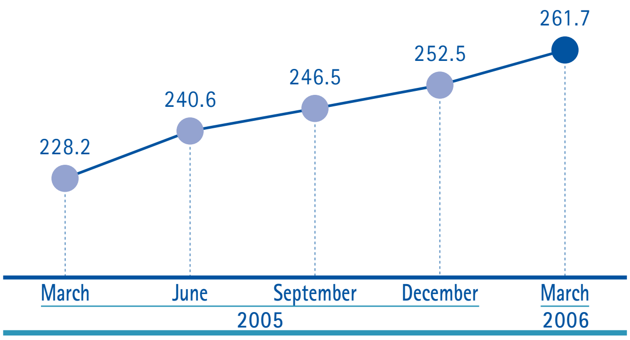
Total exposure with customers (including contingent liabilities) at the end of the first quarter came to €259 billion, rising 24.2% over the €208 billion recorded at 31-Mar-05. Of this total, doubtful risks accounted for €2,325m (up 4.8% from €2,219m a year earlier). However, excluding the appreciation of the currencies in the Americas against the euro and the acquisition of Laredo National Bancshares and Granahorrar, doubtful risks in fact fell 2.7% on a like-for-like basis.

The above figures for total exposure and doubtful risks brought the non-performing loan (NPL) ratio to 0.90% at the end of March. This was an improvement compared to the 1.06% level a year earlier and the level of 0.94% at 31-Dec-05. The improvement in the NPL ratio extended to all business areas. At 31-Mar-06, it was 0.62% in Retail Banking in Spain and Portugal (0.74% at 31-Mar-05), 0.28% in Wholesale Businesses (0.40%), 2.15% in Mexico and the United States (2.51%) and 3.46% in South America (4.68%).

Non-performing loan ratio
(Percentage)



Coverage ratio
(Percentage)



CREDIT RISK MANAGEMENT
(Million euros)

	31-03-06	∆%	31-03-05	31-12-05
TOTAL RISK EXPOSURE [1]				
Non-performing assets	2,325	4.8	2,219	2,382
Total risks	258,910	24.2	208,390	252,274
Provisions	6,083	20.1	5,063	6,015
NPL ratio (%)	0.90		1.06	0.94
NPL coverage ratio (%)	261.7		228.2	252.5
MEMORANDUM ITEM:				
Foreclosed assets	324	0.4	323	363
Foreclosed asset provisions	156	(6.3)	166	170
Coverage (%)	48.0		51.4	46.8

(1) Including contingent liabilities.

VARIATIONS IN NON-PERFORMING ASSETS
(Million euros)

	2006	2005			
	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
BEGINNING BALANCE (1)	**2,382**	**2,299**	**2,264**	**2,219**	**2,248**
Net variation	**(57)**	**83**	**35**	**45**	**(29)**
Entries	598	622	520	406	395
Outflows	(436)	(455)	(357)	(340)	(379)
Write-offs	(156)	(228)	(155)	(133)	(151)
Exchange rate differences and other	(63)	144	27	112	106
PERIOD-END BALANCE (1)	**2,325**	**2,382**	**2,299**	**2,264**	**2,219**
MEMORANDUM ITEM:					
• Non-performing loans	2,297	2,346	2,256	2,215	2,179
• Non-performing contingent liabilities	28	36	43	49	40

(1) Including contingent liabilities.

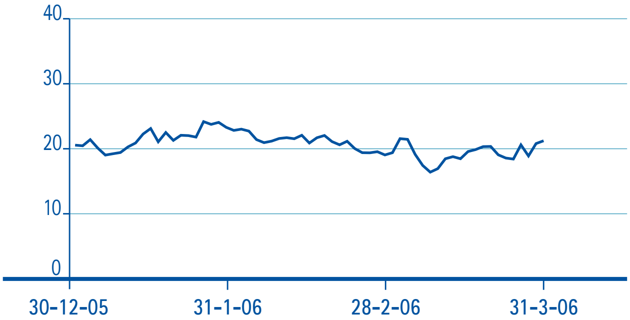
As the amount set aside for coverage at 31-Mar-06 (€6,083m) had increased much faster than doubtful risks (up 20.1%), the rate of coverage rose to 261.7% against 228.2% at 31-Mar-05 or 252.5% at 31-Dec-05. Like the NPL ratio, coverage improved in all business areas. It was 290.5% in Retail Banking in Spain and Portugal (251.0% at 31-Mar-05), 585.2% in Wholesale Businesses (437.8%), 258.1% in Mexico and the United States (242.8%) and 108.1% in South America (91.9%).

● MARKET RISK

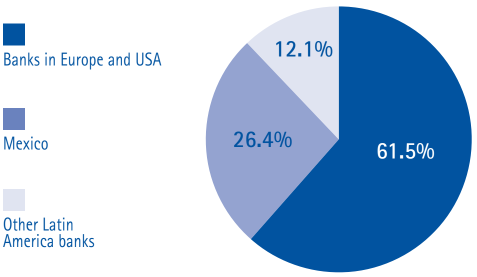
During the first quarter of 2006, the market exposure of the BBVA Group, measured by value-at-risk (VaR), remained at moderate average levels with a 40% average weighted consumption of limits at 31-Mar-06. Average risk in the quarter came to €20.7m and at 31-Mar-06 it was €21.2m.

In terms of geographic distribution in the quarter, average market risk increased as a proportion in Mexico compared to a year earlier and fell in mature markets. It remained stable in other Latin-American banks.

Trends in market risk
(VaR, million euros)



Market risk by geographical areas
(Average first quarter 2006)



MARKET RISK BY RISK FACTORS
(Million euros)

	31-03-06	Daily VaR Average	Maximum	Minimum
Interest [1]	13.5	12.9	16.9	8.3
Exchange rate [1]	1.2	1.5	2.3	0.9
Equity [1]	3.7	3.2	5.8	1.8
Vega and correlation	5.7	5.7	6.4	4.9
Diversification effect	(2.9)	(2.6)	–	–
TOTAL	**21.2**	**20.7**	**24.2**	**16.4**

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

Regarding distribution by risk type at 31-Mar-06, the predominant factor was interest-rate risk, which accounted for 38% excluding the effect of diversification and 53% if spread-related risk is also considered. Volatility risk associated with optional positions (vega) accounted for 21%, stock-market exposure 14%, correlation risk 7% and exchange rate risk 5%.

Capital base

According to the rules of the Bank for International Settlements (BIS), at 31st March 2006 the capital base of the BBVA Group was €26,240m. The surplus amount above the 8%-level of risk-weighted assets, as required by the BIS rules, came to €7,941m.

Core capital came to €12,719m, rising 4.7% during the quarter. As a result, the core capital ratio remains unchanged compared to the end of 2005 at 5.6% of risk-weighted assets (which have increased 5.5% since 31-Dec-05 owing mainly to the sharp rise in lending).

During the quarter, $70m of preference securities were redeemed early and in April the Group has already exercised an option to redeem another issue of €340m. Furthermore, $500m in capital notes issued by BBVA Bancomer, which were part of the Group's Tier II capital, were also redeemed early. During the quarter, $250m of subordinated debt matured and the Group issued GBP300m in notes, maturing in 2016.

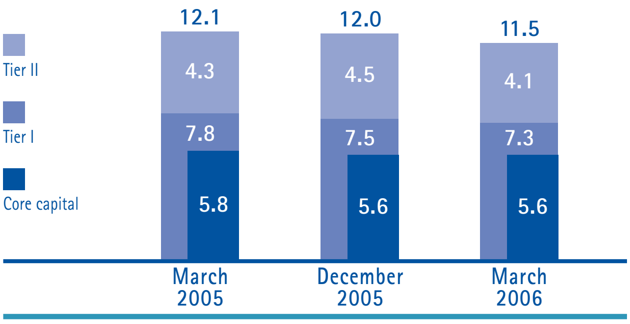
These operations, aimed at optimising the Group's capital structure, led to a slight fall in the number of preference shares and in eligible subordinated debt. In view of the important rise in risk weighted assets, this had an effect on Tier I and Tier II.

CAPITAL BASE (BIS REGULATION)

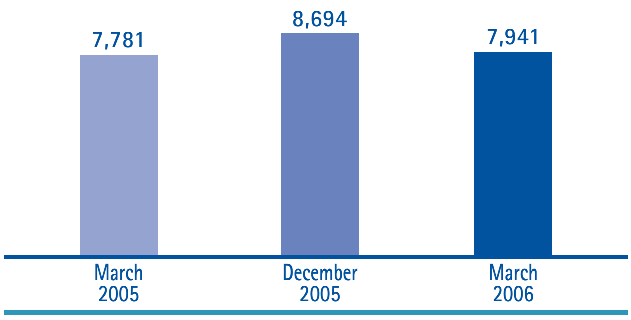
(Million euros)

	31-03-06	31-12-05	31-03-05
Called-up share capital	1,662	1,662	1,662
Reserves	11,303	9,517	9,109
Minority interests	1,005	889	728
Deductions	(2,271)	(3,723)	(1,456)
Net attributable profit	1,020	3,806	815
CORE CAPITAL	**12,719**	**12,151**	**10,858**
Preference shares	4,063	4,128	3,829
CAPITAL (TIER I)	**16,782**	**16,279**	**14,687**
Subordinated debt	7,815	7,996	6,962
Valuation adjustments and other	2,477	2,563	1,884
Deductions	(834)	(793)	(731)
OTHER ELIGIBLE CAPITAL (TIER II)	**9,458**	**9,766**	**8,115**
CAPITAL BASE	**26,240**	**26,045**	**22,802**
Minimum capital requirement (BIS Regulation)	18,299	17,351	15,021
CAPITAL SURPLUS	**7,941**	**8,694**	**7,781**
RISK-WEIGHTED ASSETS	**228,743**	**216,890**	**187,756**
BIS RATIO (%)	**11.5**	**12.0**	**12.1**
CORE CAPITAL (%)	**5.6**	**5.6**	**5.8**
TIER I (%)	**7.3**	**7.5**	**7.8**
TIER II (%)	**4.1**	**4.5**	**4.3**

Capital base: BIS ratio
(Percentage)



Capital surplus
(Million euros)



Tier I came to €16,782m and was 7.3% of risk-weighted assets. The ratio of preference securities to core equity (determined in accordance with BIS rules) is 24.2%. Other eligible capital, which mainly includes subordinated debt and revaluation reserves, came to €9,458m and thus Tier II stands at 4.1%. As a result of the above, the BIS ratio at 31-Mar-06 is 11.5%.

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+	–

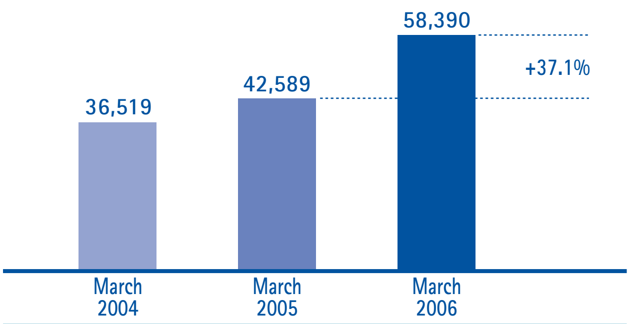
The BBVA share

The positive trend on stock markets in the first quarter of 2006 was reflected by the main indices. The S&P 500 was up 4%, the Stoxx 50 was up 5% and the Ibex 35 increased 10%.

The Europe Stoxx Banks index put on 10%, following positive results reported by most large banks.

BBVA's share price out-performed the principal market indices, rising 14% during the period. Over the last twelve months it is up 37%. This is higher than the Euro Stoxx Bank Index (30%), the Stoxx 50 (22%) and the IBEX 35 (28%).

Market capitalization
(Million euros)

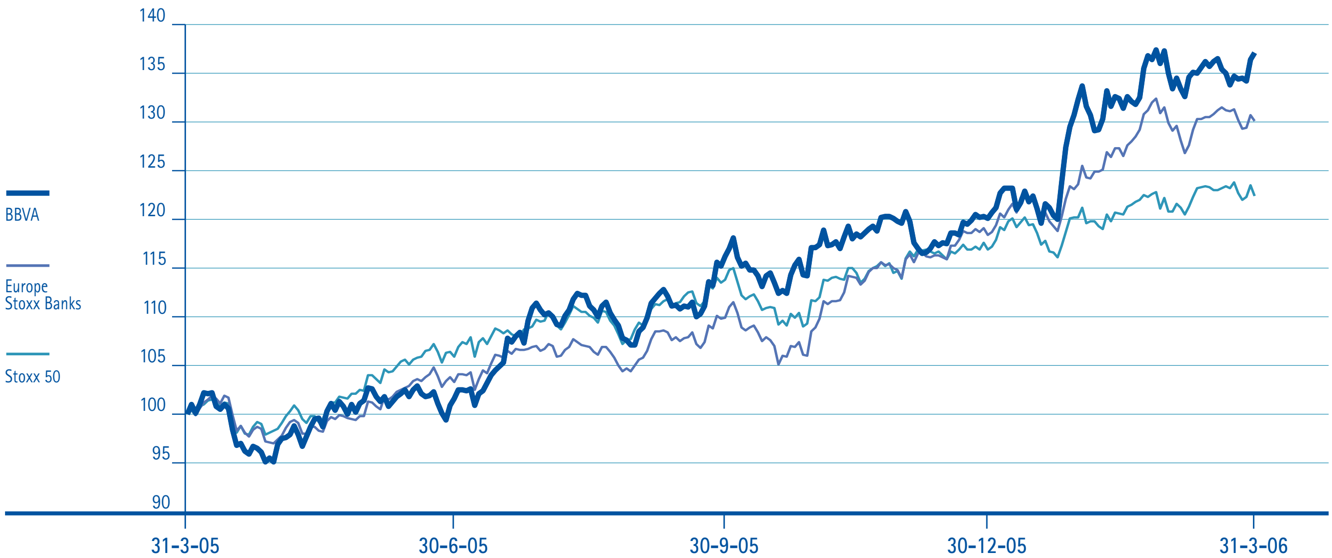


BBVA's shares gained sharply following publication of its 2005 earnings. In general, the opinion of analysts and investors regarding the results was very positive and this included the outlook for 2006. They pointed to faster growth of business volume and revenues in Retail Banking in Spain and Portugal, the sharp increase in earnings in Wholesale Businesses and important advances in the Americas in terms of business activity and results, especially in Mexico.

During the first quarter the share price fluctuated between 14.97 and 17.29, closing on 31-Mar-06 at 17.22. This means market capitalisation has increased to 58.4 billion. Average daily turnover was 28 million shares and the average value traded daily was 456m. This was similar to the first quarter of 2005.

In regard to shareholder remuneration, the Bank paid a third interim dividend of 0.115 per share for 2005 on 10th January. On 10th April, it also paid a final interim dividend of 0.186 per share against 2005 earnings. Therefore total dividends came to 0.531 per share, which was 20.1% more than the amount paid against 2004 results.

Share price index
(31-03-05=100)



THE BBVA SHARE

	31-03-06	31-12-05	31-03-05
Number of shareholders	940,542	984,891	1,058,876
Number of shares issued	3,390,852,043	3,390,852,043	3,390,852,043
Daily average number of shares traded	27,936,543	31,672,354	35,575,363
Daily average trading (million euros)	456.23	423.86	460.10
Maximum price (euros)	17.29	15.22	13.44
Minimum price (euros)	14.97	11.87	12.23
Closing price (euros)	17.22	15.08	12.56
Book value per share (euros)	4.00	3.84	3.28
Market capitalization (million euros)	58,390	51,134	42,589

SHARE PERFORMANCE RATIOS

	31-03-06	31-12-05	31-03-05
Price/Book value (times)	4.3	3.9	3.8
PER (Price/Earnings; times) (1)	13.2	13.4	11.2
Yield (Dividend/Price; %) (2)	3.63	3.52	4.23

(1) The 31-3-06 P/E is calculated taking into consideration the median of the analysts' estimates (April 2006).
(2) Dividend yield at 31-3-06 is calculated taking into consideration the median of analysts' estimates (April 2006).

BUSINESS AREAS

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

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

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

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

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

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

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

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

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

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

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

The Corporate Activities area handles the Group's general management functions. These mainly consist of structural positions for interest and exchange rates, liquidity and shareholders' funds. It also includes the industrial portfolio management unit and financial shareholdings. Following the recent decision to divest the Group's companies in Andorra, these are also reported under this area.

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

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

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

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

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

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

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

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

NET ATTRIBUTABLE PROFIT BY BUSINESS AREA

(Million euros)

	1st Quarter 06	Δ%	1st Quarter 05
Retail Banking in Spain and Portugal	363	12.5	322
Wholesale and Investment Banking	258	33.7	193
Mexico and USA	434	87.7	231
South America	151	84.7	82
Corporate Activities	(185)	n.m.	(12)
BBVA GROUP NET ATTRIBUTABLE PROFIT	**1,020**	**25.1**	**815**

ROE AND EFFICIENCY

(Percentage)

	ROE		Efficiency including depreciation and amortization	
	1st Quarter 06	1st Quarter 05	1st Quarter 06	1st Quarter 05
Retail Banking in Spain and Portugal	36.4	35.7	46.9	48.4
Wholesale and Investment Banking	27.0	22.9	27.0	30.4
Mexico and USA	47.3	34.1	40.4	46.5
South America	40.3	28.3	47.2	55.0
BBVA GROUP	**34.1**	**32.8**	**45.9**	**48.1**

Retail Banking in Spain and Portugal

INCOME STATEMENT
(Million euros)

	Retail Banking in Spain and Portugal			Memorandum item:					
				Financial Services			Asset Management and Private Banking		
	1Q 06	Δ%	1Q 05	1Q 06	Δ%	1Q 05	1Q 06	Δ%	1Q 05
NET INTEREST INCOME	**680**	**7.1**	**635**	**668**	**7.6**	**621**	**6**	**3.7**	**6**
Income by the equity method	–	(70.3)	–	–	n.m.	–	–	n.m.	–
Net fee income	390	14.3	341	360	14.4	315	66	14.4	57
Income from insurance activities	89	18.4	75	–	–	–	–	–	–
CORE REVENUES	**1,159**	**10.2**	**1,051**	**1,029**	**9.9**	**936**	**72**	**12.6**	**64**
Net trading income	14	110.1	7	9	78.4	5	2	169.6	1
ORDINARY REVENUES	**1,173**	**10.9**	**1,058**	**1,038**	**10.3**	**941**	**74**	**14.7**	**65**
Net revenues from non-financial activities	7	8.2	7	7	12.7	6	–	–	–
Personnel and general administrative expenses	(542)	6.1	(510)	(487)	5.4	(462)	(23)	5.5	(22)
Depreciation and amortization	(25)	8.1	(24)	(21)	7.7	(19)	(2)	(4.7)	(2)
Other operating income and expenses	3	(65.3)	8	3	(60.8)	8	–	124.5	–
OPERATING PROFIT	**616**	**14.3**	**539**	**540**	**14.0**	**474**	**49**	**19.9**	**41**
Impairment losses on financial assets	(68)	51.6	(45)	(63)	41.1	(44)	(4)	225.3	(1)
• Loan loss provisions	(68)	44.6	(47)	(63)	40.9	(44)	(4)	224.8	(1)
• Other	–	n.m.	2	–	n.m.	–	–	(100.0)	–
Provisions	2	8.7	2	(1)	n.m.	2	–	–	–
Other income/losses	3	n.m.	(3)	4	n.m.	(2)	(1)	50.0	(1)
PRE-TAX PROFIT	**554**	**12.3**	**493**	**481**	**12.0**	**429**	**44**	**13.6**	**39**
Corporate income tax	(190)	11.9	(170)	(165)	11.1	(149)	(15)	20.6	(12)
NET PROFIT	**364**	**12.4**	**324**	**315**	**12.4**	**280**	**30**	**10.4**	**27**
Minority interests	(1)	(4.1)	(1)	(1)	(5.3)	(1)	–	0.9	–
NET ATTRIBUTABLE PROFIT	**363**	**12.5**	**322**	**314**	**12.5**	**279**	**29**	**10.5**	**27**

BALANCE SHEET
(Million euros)

	Retail Banking in Spain and Portugal			Memorandum item:					
				Financial Services			Asset Management and Private Banking		
	31-03-06	Δ%	31-03-05	31-03-06	Δ%	31-03-05	31-03-06	Δ%	31-03-05
Cash and balances at Central Banks	1,321	8.3	1,220	1,215	8.1	1,124	12	(58.4)	30
Financial assets	12,915	(13.5)	14,938	588	27.1	463	320	(24.1)	421
Loans and receivables	104,834	19.3	87,838	97,954	19.6	81,903	2,374	19.1	1,994
• Due from banks	2,104	(4.9)	2,213	92	(43.1)	162	1,146	(3.4)	1,187
• Loans to customers	102,673	20.0	85,563	97,849	19.7	81,731	1,228	52.2	807
• Other	57	(8.6)	62	12	19.5	10	–	(19.6)	–
Inter-area positions	–	–	–	–	–	–	–	–	–
Property, plant and equipment	1,150	3.3	1,113	1,019	5.3	967	15	(11.4)	17
Other assets	1,932	73.8	1,112	741	17.6	630	95	63.8	58
TOTAL ASSETS / LIABILITIES AND EQUITY	**122,152**	**15.0**	**106,221**	**101,516**	**19.3**	**85,087**	**2,817**	**11.8**	**2,520**
Deposits by Central Banks and banks	5,929	20.2	4,932	3,107	13.4	2,740	292	(30.2)	418
Due to customers	52,114	13.5	45,906	49,178	14.5	42,947	1,034	(8.7)	1,133
Marketable debt securities	45	(45.8)	83	43	(47.6)	83	2	n.m.	–
Subordinated debt	2,280	9.8	2,078	1,889	16.5	1,622	98	(36.4)	154
Inter-area positions	40,289	28.3	31,401	39,275	26.2	31,118	948	200.3	316
Other liabilities	17,399	(3.7)	18,069	4,630	26.4	3,662	260	19.7	217
Minority interests	57	6.6	54	48	5.3	46	8	12.2	8
Shareholders' funds	4,039	9.2	3,699	3,345	16.6	2,870	174	(36.4)	274

RELEVANT BUSINESS INDICATORS

(Million euros and percentages)

	Retail Banking in Spain and Portugal			Memorandum item:					
				Financial Services			Asset Management and Private Banking		
	31-03-06	∆%	31-03-05	31-03-06	∆%	31-03-05	31-03-06	∆%	31-03-05
Customer lending (1)	103,290	19.9	86,120	98,425	19.7	82,254	1,241	53.2	810
Customer deposits (2)	55,341	14.2	48,455	52,244	15.2	45,342	1,083	(9.1)	1,192
• Deposits	55,308	14.2	48,428	52,224	15.2	45,322	1,069	(9.8)	1,185
• Assets sold under repurchase agreement	34	23.0	27	20	(2.4)	21	13	101.3	7
Off-balance-sheet funds	61,217	9.3	56,027	49,844	7.3	46,440	10,359	18.6	8,738
• Mutual funds	45,804	8.6	42,160	41,548	6.1	39,170	3,555	47.5	2,410
• Pension funds	15,413	11.1	13,867	8,296	14.1	7,270	6,804	7.5	6,328
Other placements	7,146	1.1	7,071	7,117	0.9	7,053	29	63.5	18
Customer portfolios	16,524	24.9	13,234	6,559	63.2	4,020	9,965	8.2	9,214
Total assets (3)	108,900	19.1	91,404	101,516	19.3	85,087	2,817	11.8	2,520
ROE (%)	36.4		35.7	38.2		39.9	63.8		39.0
Efficiency ratio (%)	44.8		46.2	45.4		46.9	31.3		34.0
Efficiency incl. depreciation and amortization (%)	46.9		48.4	47.4		48.9	33.4		36.5
NPL ratio (%)	0.62		0.74	0.63		0.75	0.01		0.01
Coverage ratio (%)	290.5		251.0	289.2		250.7	n.m.		n.m.

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

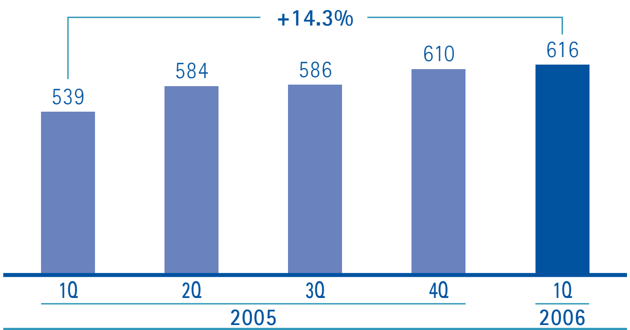
Retail Banking in Spain and Portugal takes a distinctive approach to managing a number of business units with a growing focus on personalisation. These units cover the individuals segment, which includes personal banking (previously part of the asset management and private banking unit) and the small businesses segment (including professional practices, the self-employed, retailers and farming). It is also responsible for consumer finance provided by Finanzia and Uno-e. The area contains the asset management and private banking unit, which includes international private banking (previously reported under the Americas area), the European insurance unit and BBVA Portugal. Retail banking, which handles the development, launch and distribution of new products and services, has a staff of 24,003 and a network of 3,572 branches.

The continuing high level of activity in the main business lines and the accelerating growth of net interest income, net fee income and insurance, were the principal features of the first quarter. The area's operating profit rose 14.3% to €616m and net attributable profit increased 12.5% to €363m. Consequently, ROE now stands at 36.4% (35.7% a year earlier).

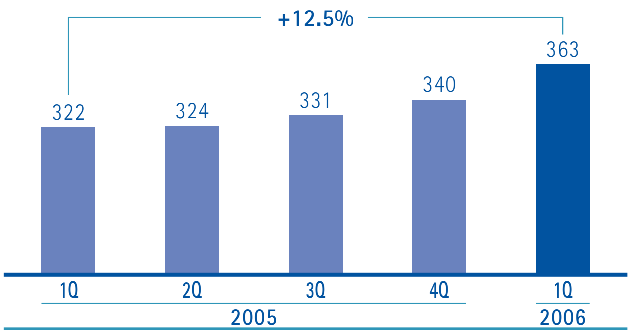
Improved marketing productivity in the individuals and small-businesses segments continued to drive banking in terms of lending and fund-gathering activities.

At the end of the quarter total lending stood at €103,290m after rising 19.9% year-on-year, growing significantly in all lending products. The high growth in

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



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



lending continues to be compatible with further improvement in asset quality. Thus the NPL ratio fell to 0.62% (0.74% at 31-Mar-05). Higher volumes, on the other hand, caused generic provisions to increase, raising coverage to 290.5% (251.0% at 31-Mar-05).

Customer funds managed by the area rose 10.9% year-on-year to €123,670m on 31-Mar-06. Stable funds (term deposits, insurance, mutual and pension funds, and other increased 11.1% and transactional deposits rose 11.4%.

Strong growth of business volumes and an improvement in customer spreads (which increased 3 basis points to 2.80%) were the reasons for the 7.1% rise in net interest income. Net fee income also performed well, rising 14.3%. Fees from mutual funds rose 9.7% and those linked to banking services increased 18.7%. Furthermore, the strength of new revenue streams such as those associated with insurance (up 18.4%) and net trading income (which more than doubled), led to a 10.9% increase in ordinary revenues.

Operating costs including depreciation rose 6.2%, reflecting the addition of 179 new branches in the last 12 months. Despite this the cost/income ratio improved to 46.9% (48.4% in the first quarter of 2005).

FINANCIAL SERVICES

Financial services covers individuals, small businesses and the special consumer finance unit. It accounts for about 90% of operating profit and net attributable profit in the retail banking area. In the first quarter this unit generated net attributable profit of €314m (up 12.5%) and operating profit was rose 14.0% to €540m. Lending increased 19.7% year-on-year and customer funds rose 10.5%.

Financial services for individuals

In the individuals segment, marketing productivity (average products sold per salesperson) improved 20.9% year-on-year and this continued to be the dominant feature, reflecting the success of marketing campaigns.

The salary campaign captured 90,000 customers who arranged for their salaries to be credited to a BBVA account. They are entitled to a free package of banking services (*Cuentas Claras Nómina*) or a 50% discount on other packages (*Cuentas Claras Plus* and *Extra*). Some 17,000 of these customers took advantage of an immediate free loan, at 0% interest and no fees, of an amount equal to 12 net monthly salary payments. As a result, sales of consumer finance in the quarter rose 33.0% year-on-year to €1,088m bringing the total to €8,398m at 31-Mar-06 (up 11.9%).

Mortgages for individuals grew 21.9%, with new production in the quarter coming to €6,631m (up 14.8%). 84% of the portfolio is residential (increasing 20% in the quarter) and the loans to developers, which are managed by a special mortgage market unit, grew 32.8%. The Group has made it easier for young people to enter the housing market by launching special products (*Fórmula Vivienda Joven BBVA* and *Hipoteca Fácil Joven*). It has since extended this to non-residents (*Hipoteca Fácil No Residente*) and immigrants (*Hipoteca Fácil Dinero Express*).

Stable funds (term deposits, insurance, mutual and pension funds and other increased 9.5% to €74,193m. They mainly consist of term deposits, which rose 20.8% (insurance products gained 23.3%) and pension funds (up 14.1%). Mutual funds increased 6.0%. These included managed portfolio funds (a product launched in 2005) which has more than 45,000 customers and €2,650m in assets. This product grew faster in the first quarter of 2006 with an increase of €1,275m and nearly 21,000 customers. Furthermore, quantitative management mutual funds grew €2,248m in the quarter and BBVA's guaranteed *Consolida* fund added €424m.

Lastly, earnings were helped by increases in the high street retailer segment (up 11.6% on increased use of cards). Furthermore, BBVAnet confirmed sustained growth with a year-on-year increase of 40.3% in the number of transactions which rose to nearly 54 million.

Financial services for small businesses

This unit shares 1,734 branches of the retail banking network and has 3,000 specialists. It handles a segment that includes small businesses, professional practices, the self-employed, retailers and farmers. It recorded a sharp rise in business activity. Total lending stands at €16,287m and in the quarter growth accelerated to 24.9% year-on-year, increasing the number of operations by more than 50%. The unit collaborated with the 2006 ICO-Pymes campaign that started in February. As a result, it gathered €194m through 4,617 loan and leasing operations in the quarter. Moreover, a parallel version of the salary campaign in the individuals segment, lifted the number of companies and small businesses that pay salaries through BBVA by 30%.

In terms of payment channels, more than 400 retailers signed up for a new credit card at their premises, without visiting a branch, and obtained point-of-sale finance. Another 700 retailers have started to receive credit card payments directly in currencies other than the euro. Lastly, the number of Keyman payment-protection insurance policies rose 88% and new amounts covered exceeded €405m.

Consumer Finance

This units handles financing of consumer products and vehicles, card distribution, renting and e-banking via Finanzia, Finanzia Autorenting, Finanziamento Portugal and Uno-e. During the quarter, its operating profit increased 8.3% to €26m and net attributable profit rose 4.0% to €12m, supported by the increase in activity.

The loan portfolio increased 22.4% to €3,496m on sales of €858m (up 22.6% compared to the first quarter of 2005). Sales of vehicle finance rose 13.5% to €243m, bringing the total amount to €1,803m, and the number of vehicles under long-term or fleet rental agreements rose 22.8% to 31,129 units. The volume of equipment finance in the quarter (including long-term equipment rental) increased 22.1% to €152m, lifting the total loan portfolio 21.1% to €872m. In consumer finance business handled by Uno-e, the amount lent increased 30.0% to €733m. BBVA Finanziamento in Portugal provides vehicle finance through the principal distributors. It increased the volume of lending 13.5% in the quarter to €323m.

Customer funds under direct management or intermediated increased to €1,544m with gains of 32.2% in deposits, thanks to the success of Uno-e's campaign in the fourth quarter of 2005. Mutual and pension funds rose 73% and 34%, respectively. Trading in securities was up 15%.

● ASSET MANAGEMENT AND PRIVATE BANKING

At 31-Mar-06, total assets managed by this unit came to €77,831m (up 11.2%), operating profit was €49m (up 19.9%) and net attributable profit was €29m (up 10.5%).

At 31-Mar-06, the assets of mutual funds managed by the Group in Spain came to €44,550m after rising 7.5% year-on-year, with support from managed portfolios among other products. Furthermore, assets in the real estate fund climbed 47.5% to €1,917m. As a result, the total assets of all mutual funds managed by BBVA now stands at €46,467m, an increase of 8.7%.

The assets of pension funds in Spain rose 11.1% to €15,164m. Individual pension plans including protection plans, (up 13.9%) account for €8,449m of this amount. Another €6,715m is company and associated pension plans. The latter include the Spanish Civil Service pension plan (a recent addition) and the plans of the securities market commission (CNMV) and the official credit institute (ICO).

In terms of private banking in Spain, BBVA Patrimonios manages €10,185m in customer funds (up 34% year-on-year) with net additions of €528m in the quarter. Furthermore, international private banking (previously part of the Americas area) manages assets of €6,015m.

● EUROPEAN INSURANCE

This unit comprises a number of separate insurance companies. In 2005 it consolidated its leadership in individual life insurance in the bancassurance sector, with a market share of 24.5% (up 3.2 percentage points over 2004). In the first quarter of 2006 its contribution of €89m to the insurance revenues shows an increase of 18.4%.

The commercial initiatives followed in the quarter such as the zero-interest loan and the salary campaign boosted by 40.4% the premiums on payment-protection policies to a total of €63m. Adding the rest of life insurance products, total net premiums written came to €97m (+32.2%). Premiums on household policies came to €34m (up 11.8%).

● BBVA PORTUGAL

Lending in Portugal increased 18.8% over 31-Mar-05 to €3,669m, including mortgages (up 38.3%) and lending to SMEs (up 20.6%). Customer funds increased 8.8% to €2,904m, including increases of 20.9% and 16.2%, respectively, in mutual and pension funds. Net fee income rose 16.3% and costs were kept under control (up 2.8%), resulting in a 41.5% increase in operating profit. Net attributable profit came to €5m, compared to €1m in the first quarter of 2005.

INCOME STATEMENT

(Million euros)

	Wholesale and Investment Banking			Memorandum item: SMEs and Wholesale Banking			Memorandum item: Global Wholesale Banking and Markets		
	1Q 06	Δ%	1Q 05	1Q 06	Δ%	1Q 05	1Q 06	Δ%	1Q 05
NET INTEREST INCOME	**244**	**5.4**	**231**	**213**	**3.1**	**207**	**37**	**20.5**	**31**
Income by the equity method	23	169.5	8	–	217.4	–	–	–	–
Net fee income	115	13.6	101	71	11.7	63	47	13.6	41
Income from insurance activities	–	–	–	–	–	–	–	–	–
CORE REVENUES	**382**	**11.9**	**341**	**284**	**5.1**	**270**	**84**	**16.6**	**72**
Net trading income	164	69.8	97	28	57.1	18	133	62.5	82
ORDINARY REVENUES	**546**	**24.7**	**438**	**311**	**8.3**	**288**	**218**	**41.0**	**154**
Net revenues from non-financial activities	10	(47.7)	19	–	(100.0)	–	–	110.3	–
Personnel and general administrative expenses	(149)	7.5	(139)	(75)	2.8	(73)	(67)	12.4	(60)
Depreciation and amortization	(4)	20.2	(3)	(2)	(0.1)	(2)	(1)	4.6	(1)
Other operating income and expenses	1	25.5	1	1	(23.5)	1	–	n.m.	(1)
OPERATING PROFIT	**404**	**27.9**	**316**	**236**	**10.0**	**214**	**150**	**60.6**	**93**
Impairment losses on financial assets	(66)	79.9	(37)	(26)	1.7	(25)	(41)	251.2	(12)
• Loan loss provisions	(66)	79.4	(37)	(26)	1.5	(25)	(41)	251.2	(12)
• Other	–	(100.0)	–	–	(100.0)	–	–	–	–
Provisions	4	n.m.	–	–	n.m.	–	–	(72.9)	–
Other income/losses	25	n.m.	6	1	n.m.	–	1	74.5	1
PRE-TAX PROFIT	**367**	**28.8**	**285**	**211**	**11.5**	**189**	**110**	**34.2**	**82**
Corporate income tax	(108)	18.0	(91)	(74)	11.5	(66)	(33)	34.3	(25)
NET PROFIT	**259**	**33.9**	**194**	**137**	**11.6**	**123**	**77**	**34.1**	**57**
Minority interests	(2)	73.2	(1)	–	(100.0)	–	(1)	(20.8)	(1)
NET ATTRIBUTABLE PROFIT	**258**	**33.7**	**193**	**137**	**11.6**	**123**	**76**	**35.1**	**56**

BALANCE SHEET

(Million euros)

	Wholesale and Investment Banking			Memorandum item: SMEs and Wholesale Banking			Memorandum item: Global Wholesale Banking and Markets		
	31-03-06	Δ%	31-03-05	31-03-06	Δ%	31-03-05	31-03-06	Δ%	31-03-05
Cash and balances at Central Banks	1,572	(9.1)	1,730	674	(23.5)	881	897	5.9	847
Financial assets	34,478	(10.3)	38,435	4,547	33.7	3,400	28,951	(15.1)	34,096
Loans and receivables	135,457	12.7	120,226	60,816	8.0	56,312	74,320	16.8	63,653
• Due from banks	55,668	7.0	52,012	3,796	(22.1)	4,875	51,624	9.9	46,964
• Loans to customers	78,086	15.3	67,733	57,010	10.9	51,430	21,077	29.3	16,303
• Other	1,702	254.0	481	10	21.8	8	1,619	n.m.	386
Inter-area positions	–	(100.0)	5,494	–	–	–	23,836	(21.6)	30,397
Property, plant and equipment	97	4.1	93	78	(2.9)	80	10	(3.8)	10
Other assets	2,104	(62.5)	5,615	264	(29.8)	376	1,469	(69.7)	4,855
TOTAL ASSETS / LIABILITIES AND EQUITY	**173,707**	**1.2**	**171,593**	**66,379**	**8.7**	**61,049**	**129,483**	**(3.3)**	**133,859**
Deposits by Central Banks and banks	79,248	(4.2)	82,729	4,424	(9.9)	4,908	74,714	(3.9)	77,737
Due to customers	57,554	4.8	54,894	18,981	6.5	17,825	38,565	4.1	37,064
Marketable debt securities	8,976	3.9	8,641	8,985	3.6	8,676	(9)	(74.6)	(35)
Subordinated debt	2,271	16.6	1,948	1,275	17.4	1,086	738	11.2	663
Inter-area positions	4,762	n.m.	–	27,958	15.8	24,140	–	–	–
Other liabilities	16,839	(15.3)	19,889	2,491	0.2	2,485	14,167	(17.8)	17,239
Minority interests	37	22.3	30	–	(66.7)	–	9	0.2	9
Shareholders' funds	4,020	16.2	3,461	2,265	17.4	1,929	1,298	10.1	1,179

RELEVANT BUSINESS INDICATORS

(Million euros and percentages)

	Wholesale and Investment Banking			Memorandum item: SMEs and Wholesale Banking			Memorandum item: Global Wholesale Banking and Markets		
	31-03-06	Δ%	31-03-05	31-03-06	Δ%	31-03-05	31-03-06	Δ%	31-03-05
Customer lending [(1)]	78,365	15.6	67,803	56,849	10.8	51,313	21,516	30.5	16,487
Customer deposits [(2)]	59,593	4.5	57,042	21,623	6.8	20,238	37,949	3.2	36,782
• Deposits	45,786	0.5	45,568	21,580	6.8	20,198	24,186	(4.6)	25,349
• Assets sold under repurchase agreement	13,807	20.3	11,474	43	6.5	41	13,763	20.4	11,433
Off-balance-sheet funds	2,111	27.1	1,662	2,078	26.3	1,645	33	98.8	17
• Mutual funds	2,046	26.9	1,613	2,013	26.1	1,596	33	98.8	17
• Pension funds	65	33.0	49	65	33.0	49	–	–	–
Customer portfolios	1,133	(73.4)	4,263	–	–	–	1,133	(73.4)	4,263
Total assets	173,707	1.2	171,593	66,379	8.7	61,049	129,483	(3.3)	133,859
ROE (%)	27.0		22.9	25.0		26.0	25.5		20.2
Efficiency ratio (%)	26.4		29.8	23.2		24.4	30.8		38.5
Efficiency incl. depreciation and amortization (%)	27.0		30.4	23.8		25.0	31.2		39.1
NPL ratio (%)	0.28		0.40	0.36		0.40	0.15		0.39
Coverage ratio (%)	585.2		437.8	466.7		435.5	n.m.		441.8

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

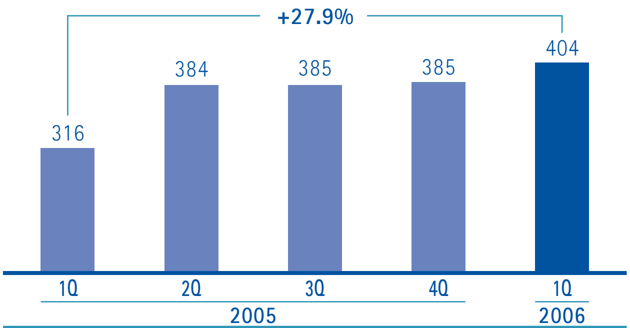
The Wholesale Businesses area consists of the SME companies unit (SME banking was previously part of Retail Banking in Spain and Portugal), Iberian corporate banking, institutions banking, transactional services and product management, the global businesses unit (including global customers and investment banking), global markets, distribution and Asia, the business projects unit and the real estate business that the Group conducts under the Anida brand.

In the first quarter of 2006 the area generated net attributable profit of 258m, a year-on-year increase of 33.7%. This brought ROE to 27.0% (a rise of 4.1 percentage points compared to the same period last year).

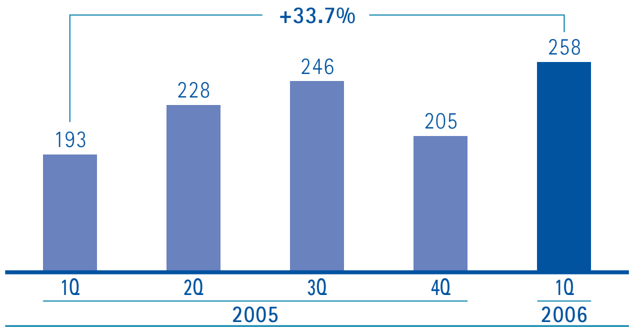
Core revenues came to €382m (up 11.9% year-on-year) owing to an increase in lending activity and customer funds. The active policy of defending spreads in a more competitive context and the increase in net fee income also contributed to the positive performance. Together with the 69.8% increase in net trading income helped by the markets unit and the sale of derivatives, ordinary revenues came to €546m (up 24.7% year-on-year). The increase in operating costs was considerably lower and thus the cost/income ratio including depreciation improved to 27.0% (30.4% in the first quarter of 2005) and operating profit rose 27.9% to €404m.

The growth in lending to customers (up 15.6% year-on-year to €78,365m) is the reason for the higher loan-loss provisions. These mainly consist of generic provisions because non-performing loans fell to €302m (compared to €352m at 31-Mar-05). Consequently, the NPL ratio improved to 0.28% (0.40% in March 2005) and coverage rose to 585.2% (437.8% at 31-Mar-05). Deposits increased 8.0% in the banking business although they show an stable evolution for the whole area owing to their fall in the markets unit.

Wholesale and Investment Banking
Operating profit (Million euros)



Wholesale and Investment Banking
Net attributable profit (Million euros)



SMES AND COMPANIES

This unit services small and medium enterprises, large companies and institutions in the domestic market. It also includes transactional banking and the management of products destined for the above segments. In the quarter it obtained net attributable profit of €137m (up 11.6% year-on-year), bringing ROE to 25.0%. The positive performance in lending and customer funds, active defence of spreads and the increase in net fee income led to ordinary revenues of €311m (up 8.3%). Together with cost containment this resulted in operating profit of €236m (up 10.0%) and an improvement of 1.2 percentage points in the cost/income ratio, which now stands at 23.8%.

Lending rose 10.8% to €56,849m, including a sharp increase in SME lending. Iberian corporate banking and institutions banking also rose, but at a slower pace. Customers' deposits came to €21,580m (up 6.8% year-on-year).

SME Banking

This unit handles the SME segment in the Spanish market. It has 211 branches and a sales force of 950 specialised staff. Lending now stands at €30,102m and total customer funds under management come to €9,064m, with increases of 20.7% and 22.3%, respectively. In the quarter, operating profit rose to €165m (up 14.0% year-on-year) following a good performance by ordinary revenues. This was due to the increase in lending, price management and higher net trading income from the distribution of hedging instruments (via the *Riskpyme* project).

During the quarter the entire sales force received extra training and this resulted in an important increase in the sale of derivatives and insurance. New products were also launched, including finance for atypical operations via leasing and the Group's first insured factoring operation. Once again the Bank signed the annual ICO-SME agreement under which it is making €7,000m in loans available at subsidised rates.

Iberian Corporate Banking

This unit services large companies and the subsidiaries of multinationals on the Iberian peninsula (ie, Spain and Portugal). Operating profit rose 15.0% year-on-year to €40m, thanks to the higher volume of business, cost control, the increase in net fee income and higher sales of market products. Lending rose to €7,866m and deposits were €3,167m. The increases were 1.9% and 7.3%, respectively.

Regarding significant operations, this unit arranged a syndicated loan in conjunction with the structured finance unit and the mortgage department of retail banking, for a regional development authority (Parque de Valdebebas) to finance site development of nearly 11m sq metres in an area north-east of Madrid.

Institutions Banking

This unit services public and private institutions. Operating profit in the quarter declined 5.7% year-on-year to €34m because of lower net trading income. Lending stands at €18,880m (up 1.3% year-on-year) and customer deposits are €10,749m (down 0.4%).

BBVA strengthened its position as a provider of finance to the European Union by obtaining the management of various accounts of the European Commission. Furthermore, the Bank concluded operations to finance investment by various town halls and regional authorities. Co-operation agreements were also signed with a number of institutions. Lastly, Gobernalia Global Net, which specialises in providing solutions based on new technology, was retained by the regional authority in Burgos to set up a provincial portal and the authority's intranet.

Transactional Services and Product Management

Transactional services supports the specialised management of transactions for SMEs, companies and institutions. It offers electronic banking services and launches new products, and it designs systems to handle specific cash management requirements. About 71,000 SMEs and institutions (up 7.6% year-on-year) currently use BBVA's electronic banking system in Spain to handle more than 195m collections and payments each year.

The product management unit distributes factoring, confirming, financial leasing and renting products through BBVA's branch network in Spain and through its own offices. During the quarter BBVA Factoring handled €4,075m in assignments and advanced payments (up 8.6% year-on-year). Furthermore, it signed new leasing operations worth €784m (up 3%), renting operations of €63m and forfaiting of €125m (up 52%).

GLOBAL BUSINESSES

Global businesses cover the products of investment banking and the markets unit, servicing global customers in Europe, America and Asia. It has special teams for global customers and investment banking, and handles global markets and distribution plus the Group's businesses in Asia. The corporate banking and markets business in the Americas is co-ordinated by this unit although the earnings are recorded under the corresponding areas.

Operating profit rose to €150m (up 60.6% year-on-year) aided by the increase in banking business. This was reflected in core revenues, which grew 16.6% year-on-year, and the €51m increase in net trading income. The cost/income ratio improved to 31.2% (39.1% in the first quarter of 2005).

The higher operating profit resulted in net attributable profit of €76m (up 35.1% year-on-year) despite a €29m increase in provisions due to the growth in business (lending increased 30.5%). Asset quality in fact improved and the NPL ratio fell to 0.15% (0.39% at 31-Mar-05). As a result, ROE now stands at 25.5%.

Global Customers and Investment Banking

This unit handles the global, domestic and international business of large companies through special offices in Europe and New York. It also contains the structured-finance product teams, corporate finance, origination of equities and trade finance. Operating profit came to €58m (up 14.0%). Lending rose 41.5% to €19,697m and customer deposits increased 11.8% to €7,965m.

In the area of structured finance, BBVA was lead underwriter of a syndicated credit to acquire APRR (which operates French tollways), together with four other banks. Furthermore it acted as financial advisor, structurer and finance manager in the Southern Cross Group's acquisition of RWE Thames Water's interests in two purification companies in Chile. In the corporate finance area, BBVA also acted as financial adviser to Vinzeo in its purchase of the ARC Group from Corporación IBV.

Global Markets and Distribution

This unit contains the trading rooms in Europe and New York, distribution of fixed-rate securities and equities, custodial services, origination of equities, syndicated loans and relations with financial institutions. Operating profit rose to €92m (compared to €42m in the first quarter of 2005). This was owing to an increase of €51m (64.5% year-on-year) in net trading income, thanks to careful management of its positions and the greater amount of business conducted with customers.

A strategic alliance between BBVA and Vega was also signed during the quarter. Together they will set up Próxima Alfa Investments, a global alternative-investment company. The unit also commenced operations with commodities. This has aroused great interest among SME and corporate banking customers, who want to cover their exposure related to raw materials. In bond origination services, the unit handled issues by Telefónica and Nacional Gris, and received mandates to manage issues by Caja Cantabria, Unicaja and Caja Vital. It also handled BBVA's issue of mortgage-covered bonds. In terms of syndicated loans, BBVA was the joint mandated lead arranger for PEMEX.

Asia

The Group has corporate expansion plans in Asia, where it currently has branches in Hong Kong and Tokyo and representative offices in Beijing and Shanghai. The goal is to develop both wholesale and retail banking business. In the retail area, BBVA is setting up an Asian remittance network that will complement the business developed by the Group in the Americas. At the beginning of 2006, agreements have been signed with local banks in China, India and the Philippines. These are the main recipients of remittances in the area. Emigrants of these countries will now be able to channel money transfers through more than 35,000 distribution points of BTS in the USA and Canada, to some 13,000 branches of Bank of China, ICICI Bank and Bank of the Philippine Islands.

● BUSINESS PROJECTS

This unit handles venture capital and the acquisition, management and sale of stakes in companies. The portfolio is thoroughly diversified and contains latent capital gains of more than €590m. Net attributable profit in the quarter came to €29m (€8m in 2005) helped by greater contributions from companies in the portfolio and the sale of a 6.54% interest in Cementos Lemona during a takeover bid. This generated €16m in capital gains.

● ANIDA

The Group's strategy in the real estate sector is executed through its subsidiary, Anida. Anida has a portfolio of land with planning permission for more than 2.4m sq metres of construction, valued at around €1 billion and with latent capital gains of €370m. In the first quarter it generated net attributable profit of €27m (€11m in the same quarter last year) helped by capital gains of €19m on the sale of its holding in Urbaplan. It has committed €145m to investments in Mexico where it is studying further development projects and setting up partnerships with local promoters. During the quarter it signed an agreement on the Lomas de Angelópolis project in Puebla.

INCOME STATEMENT
(Million euros)

	1Q 06	Δ%	Δ% at constant exchange rate	1Q 05
NET INTEREST INCOME	**849**	**50.1**	**30.8**	**565**
Income by the equity method	–	(74.5)	(77.9)	–
Net fee income	345	31.8	15.0	262
Income from insurance activities	76	58.2	37.5	48
CORE REVENUES	**1,269**	**45.1**	**26.5**	**875**
Net trading income	49	n.m.	n.m.	(39)
ORDINARY REVENUES	**1,318**	**57.7**	**37.5**	**836**
Net revenues from non-financial activities	–	n.m.	n.m.	–
Personnel and general administrative expenses	(493)	35.9	18.6	(363)
Depreciation and amortization	(39)	52.7	33.3	(26)
Other operating income and expenses	(22)	(8.0)	(20.1)	(24)
OPERATING PROFIT	**764**	**80.8**	**57.5**	**423**
Impairment losses on financial assets	(126)	191.4	155.0	(43)
• Loan loss provisions	(123)	210.2	171.7	(40)
• Other	(3)	(19.3)	(29.9)	(4)
Provisions	(24)	(16.2)	(27.1)	(29)
Other income/losses	(3)	(54.2)	(60.3)	(6)
PRE-TAX PROFIT	**612**	**77.4**	**54.5**	**345**
Corporate income tax	(176)	57.2	36.9	(112)
NET PROFIT	**435**	**87.1**	**62.9**	**233**
Minority interests	(1)	(35.8)	(44.2)	(1)
NET ATTRIBUTABLE PROFIT	**434**	**87.7**	**63.5**	**231**

BALANCE SHEET
(Million euros)

	31-03-06	Δ%	Δ% at constant exchange rate	31-03-05
Cash and balances at Central Banks	5,757	26.9	15.8	4,537
Financial assets	18,922	11.9	2.3	16,904
Loans and receivables	34,908	22.6	12.2	28,471
• Due from banks	4,901	38.6	26.9	3,536
• Loans to customers	27,468	42.6	30.5	19,267
• Other	2,539	(55.2)	(59.1)	5,668
Inter-area positions	–	–	–	–
Property, plant and equipment	1,054	24.0	13.3	850
Other assets	5,105	49.3	36.3	3,419
TOTAL ASSETS / LIABILITIES AND EQUITY	**65,746**	**21.3**	**10.9**	**54,181**
Deposits by Central Banks and banks	8,293	(22.8)	(29.4)	10,746
Due to customers	42,384	28.3	17.2	33,048
Marketable debt securities	898	13.0	5.5	794
Subordinated debt	1,930	26.0	15.1	1,532
Inter-area positions	5	(17.7)	(24.8)	6
Other liabilities	8,587	65.8	51.6	5,178
Minority interests	8	(23.7)	(30.4)	10
Shareholders' funds	3,640	27.0	16.1	2,867

RELEVANT BUSINESS INDICATORS
(Million euros and percentages)

	31-03-06	Δ%	Δ% at constant exchange rate	31-03-05
Customer lending (1)	25,761	50.2	37.5	17,155
Customer deposits (2)	38,520	24.8	14.1	30,872
• Deposits	31,873	15.0	5.1	27,727
• Assets sold under repurchase agreement	6,647	111.4	92.8	3,145
Off-balance-sheet funds	17,183	42.1	29.7	12,090
• Mutual funds	8,667	69.0	54.2	5,127
• Pension funds	8,516	22.3	11.6	6,963
Customer portfolios	5,582	(13.7)	(21.3)	6,468
Total assets (3)	63,543	20.8	10.5	52,600
ROE (%)	47.3			34.1
Efficiency ratio (%)	37.4			43.5
Efficiency incl. depreciation and amortization (%)	40.4			46.5
NPL ratio (%)	2.15			2.51
Coverage ratio (%)	258.1			242.8

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

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

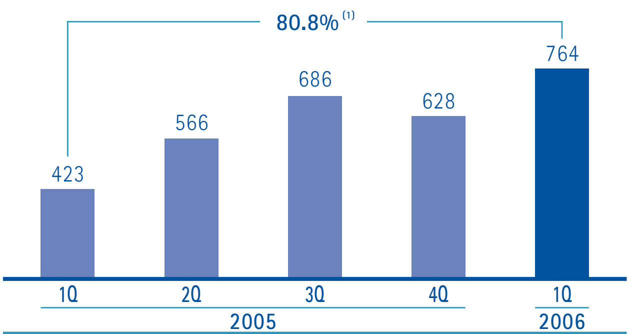
The appreciation of the Mexican peso and the US dollar against the euro in the last 12 months has a positive effect on the income statement and balance sheet. The attached tables contain columns with the year-on-year changes at constant exchange rates. These are the figures referred to in the following remarks because they are the most appropriate ones for assessing management's performance.

The intense level of activity is reflected by important increases in business (lending was up 37.5% compared to March 2005 and customer funds rose 19.8%). Consequently, net interest income increased 30.8% year-on-year. Furthermore, net fee income and revenue from insurance business increased 18.5%. Net trading income contributed €49m against a loss of €39m in the first quarter of 2005. As a result, ordinary revenues grew 37.5% to €1,318m. As the increase in costs was significantly less than the increase in revenues, the cost/income ratio including depreciation improved to 40.4% (46.5% a year earlier). Operating profit surged 57.5% year-on-year to €764m. This was sufficient to offset higher provisions required by the increase in the loan portfolio and the NPL ratio improved to 2.15%, compared to 2.51% at 31-Mar-05. Coverage increased to 258.1% and the area generated net attributable profit of €434m. This was 63.5% higher than the first quarter of 2005. ROE stands at 47.3% (34.1% a year earlier).

BANKING BUSINESS

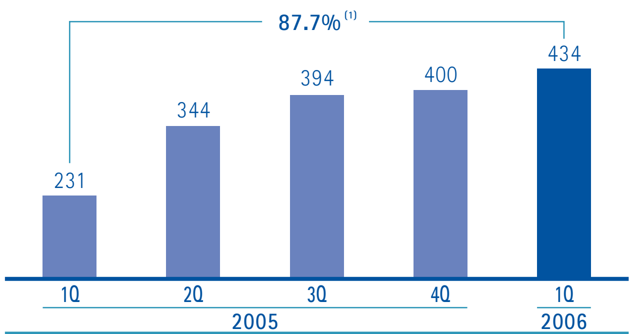
The net attributable profit in the first quarter of 2006 came to €397m, a year-on-year increase of 67.9%. The more relevant aspects of BBVA Bancomer and the Group's units in the United States are discussed below.

Mexico and USA
Operating profit (Million euros)



(1) At constant exchange rates: +57.5%.

Mexico and USA
Net attributable profit (Million euros)



(1) At constant exchange rates: +63.5%.

BBVA Bancomer

After moderate growth in 2005 the Mexican economy took off in the first quarter of 2006. GDP this year is expected to grow about 5%, supported mainly by domestic demand and, to a lesser extent, by an improvement in exports. At March, inflation stands at 3.4% and this has encouraged the central bank to continue reducing rates. This in turn led to falls in the interbank rate (TIIE) which stood at 7.6% on 31-Mar-06, compared to 8.6% at 31-Dec-05 and 9.9% at 31-Mar-05. The exchange rate was 13.2 pesos per euro on 31-Mar-06 and, despite a slight easing from the 12.6-peso level recorded on 31-Dec-05, it remains higher than the 14.5 pesos per euro in March 2005. The same applies to the average exchange rate for the first quarter of 2006 which is 15.1% higher than the same period of 2005.

The substantial increase in business activity, with high growth in the most profitable segments, and the improvement in customer spreads despite lower interest rates, helped net interest income to grow 28.0% year-on-year to €784m in the first quarter.

Lending to customers came to €20,988m at 31-Mar-06, a year-on-year increase of 30.7%. It was supported by a 76.5% increase in the consumer portfolio (credit cards were up 84.1% and salary, personal and car loans gained 64.4%). The mortgage portfolio (excluding the old portfolio) rose 61.8%. Companies finance rose 11.1%, including lending to SMEs (up 18.1%), whereas lending to large companies increased only 2.2% owing to a shift to the bond market as the principal source of financing.

Funds under management, which include deposits, mutual funds and repos, increased 13.5% to €41,011m by the end of the quarter. Mutual funds climbed 54.2% and current and saving accounts rose 16.2%. At the same time the policy adopted at the end of 2005 to improve efficiency of the financial structure resulted in balances being transferred from term deposits (which fell 27.1%) to repos (up 90.1%).

The upturn in business is also reflected in net fee income, up 19.5% (to €297m) in the quarter with stellar performance of fees on credit and debit cards, mutual funds and insurance. The aggregate of net interest income, net fee income and net trading income (which contributed €43m, compared to a similar but negative amount in the first quarter of 2005), brought ordinary revenues to €1,124m, a year-on-year increase of 38.5%. Operating costs including depreciation increased 14.4% to €432m due to the higher level of business and significant investment in infrastructure, including new branches, ATMs and point-of-sale terminals. As revenues grew faster, the cost/income ratio including depreciation improved 8.2 percentage points to 38.4%, compared to the same period last year.

As a result, operating profit rose 64.5% year-on-year to €678m. Despite the buoyant loan market, asset quality remained under control. The NPL ratio improved to 2.22% at 31-Mar-06 (2.53% a year earlier). After setting aside €120m for loan-loss provisioning, coverage increased to 278.1% (263.5% on 31-Mar-05).

Finally, net attributable profit in the quarter surged 68.6% year-on-year to €378m, bringing ROE to 48.6% (33.4% a year earlier).

In terms of retail banking, consumer credit in the quarter including salary, personal and car loans plus credit cards, jumped 90% year-on-year. The bank issued about 750,000 debit cards, 119% more than the first quarter of 2005. Furthermore, the number of *Libretón* accounts increased 13%. Mortgage business handled by Bancomer and Hipotecaria Nacional continued to grow. The bank approved 11,405 new mortgages (55% more than the first quarter last year) and it financed construction of 17,440 dwellings via loans to developers. In conjunction with Laredo National Bank it also launched a *dual nationality mortgage* for non-resident Mexican who wish to buy a dwelling in Mexico's tourist areas.

SME banking improved its response time for customer queries after the Group increased the authority to the unit to approve loans and installed the Rating Express tool. Three new branches were opened as part of the expansion plan, bringing the total to 118. In addition, factoring was launched as a new product and improved terms were offered on corporate credit and debit cards. The wholesale banking unit continues to be the leader in placement of bonds in the domestic market with a 28.7% market share and it placed more than 3 billion pesos with a wide range of investors. In the first quarter, BBVA Bancomer was co-leader of finance operations for Telefónica (6.5 billion pesos) and Cemex (750m pesos).

USA

BBVA USA comprises four organisations in a structure focused on the Hispanic market in America. It has a growth strategy based on promoting banking activity and expansion of the branch network. In the first quarter it obtained operating profit of €29m and net attributable profit of €17m. Both amounts were higher than previous quarters. At the end of March, lending to customers came to €4,773m and customer deposits were €6,176m. Furthermore, management strengthened corporate governance in the companies that make up BBVA USA by incorporating the internal controls required by the Sarbanes-Oxley Act.

INCOME STATEMENT

(Million euros)

	Memorandum item: Banking businesses				Of which: BBVA Bancomer				Pensions and Insurance			
	1Q 06	Δ%	Δ% (1)	1Q 05	1Q 06	Δ%	Δ% (1)	1Q 05	1Q 06	Δ%	Δ% (1)	1Q 05
NET INTEREST INCOME	**850**	**50.2**	**30.9**	**566**	**784**	**47.4**	**28.0**	**532**	**–**	**(81.4)**	**(83.9)**	**1**
Income by the equity method	–	(74.5)	(77.9)	–	–	(74.5)	(77.9)	–	–	–	–	–
Net fee income	324	37.6	20.1	236	297	37.5	19.5	216	42	0.6	(12.5)	42
Income from insurance activities	–	(100.0)	(100.0)	–	–	(100.0)	(100.0)	–	59	64.2	42.7	36
CORE REVENUES	**1,175**	**46.5**	**27.7**	**802**	**1,080**	**44.5**	**25.6**	**747**	**101**	**29.0**	**12.1**	**79**
Net trading income	46	n.m.	n.m.	(41)	43	n.m.	n.m.	(43)	3	101.5	75.1	1
ORDINARY REVENUES	**1,220**	**60.4**	**39.9**	**761**	**1,124**	**59.4**	**38.5**	**705**	**104**	**30.3**	**13.3**	**80**
Net revenues from non-financial activities	–	–	–	–	–	–	–	–	1	(27.3)	(36.8)	1
Personnel and general administrative expenses	(458)	36.3	19.0	(336)	(400)	31.1	13.9	(305)	(49)	45.1	26.2	(34)
Depreciation and amortization	(38)	51.4	32.2	(25)	(32)	38.9	20.7	(23)	(1)	136.1	105.3	–
Other operating income and expenses	(13)	(27.2)	(36.7)	(18)	(13)	(27.8)	(37.3)	(18)	7	213.8	172.7	2
OPERATING PROFIT	**711**	**86.4**	**62.5**	**381**	**678**	**89.4**	**64.5**	**358**	**62**	**27.4**	**10.7**	**49**
Impairment losses on financial assets	(126)	191.4	155.0	(43)	(122)	228.8	185.7	(37)	–	–	–	–
• Loan loss provisions	(123)	210.2	171.7	(40)	(120)	254.7	208.2	(34)	–	–	–	–
• Other	(3)	(19.3)	(29.9)	(4)	(3)	(19.0)	(29.7)	(4)	–	–	–	–
Provisions	(24)	(16.2)	(27.1)	(29)	(24)	(15.6)	(26.7)	(29)	–	–	–	–
Other income/losses	(2)	(63.2)	(68.1)	(6)	(2)	(63.9)	(68.6)	(6)	–	n.m.	n.m.	–
PRE-TAX PROFIT	**558**	**84.2**	**60.5**	**303**	**530**	**85.0**	**60.8**	**286**	**62**	**26.0**	**9.5**	**49**
Corporate income tax	(161)	66.8	45.4	(97)	(152)	66.6	44.7	(91)	(18)	(1.0)	(14.0)	(18)
NET PROFIT	**397**	**92.4**	**67.6**	**206**	**378**	**93.7**	**68.3**	**195**	**44**	**42.0**	**23.4**	**31**
Minority interests	–	(51.3)	(57.7)	–	–	(62.2)	(67.1)	–	(1)	(26.6)	(36.2)	(1)
NET ATTRIBUTABLE PROFIT	**397**	**92.7**	**67.9**	**206**	**378**	**94.0**	**68.6**	**195**	**43**	**43.8**	**25.0**	**30**

BALANCE SHEET

(Million euros)

	Memorandum item: Banking businesses				Of which: BBVA Bancomer				Pensions and Insurance			
	31-03-06	Δ%	Δ% (1)	31-03-05	31-03-06	Δ%	Δ% (1)	31-03-05	31-03-06	Δ%	Δ% (1)	31-03-05
Cash and balances at Central Banks	5,757	26.9	15.8	4,537	5,708	26.3	15.3	4,519	–	30.2	18.8	–
Financial assets	17,153	8.8	(0.5)	15,759	14,222	(1.6)	(10.2)	14,451	2,140	41.8	29.4	1,509
Loans and receivables	34,898	22.6	12.1	28,467	29,342	16.2	6.0	25,254	113	15.3	5.3	98
• Due from banks	4,899	38.7	27.0	3,533	4,214	42.0	29.6	2,967	105	8.2	(1.3)	97
• Loans to customers	27,467	42.6	30.5	19,267	22,706	36.4	24.5	16,642	1	n.m.	n.m.	–
• Other	2,532	(55.3)	(59.2)	5,667	2,423	(57.1)	(60.8)	5,644	7	n.m.	n.m.	1
Inter-area positions	–	n.m.	n.m.	–	–	–	–	–	–	–	–	–
Property, plant and equipment	1,046	23.8	13.1	846	875	10.0	0.4	795	7	46.7	33.9	5
Other assets	3,821	71.5	56.7	2,227	3,160	50.5	37.3	2,099	165	15.9	5.7	142
TOTAL ASSETS / LIABILITIES AND EQUITY	**62,675**	**20.9**	**10.6**	**51,836**	**53,308**	**13.1**	**3.2**	**47,118**	**2,424**	**38.2**	**26.1**	**1,754**
Deposits by Central Banks and banks	8,279	(23.0)	(29.6)	10,746	6,548	(32.7)	(38.6)	9,727	–	–	–	–
Due to customers	42,488	28.2	17.2	33,142	37,275	20.5	9.9	30,934	–	–	–	–
Marketable debt securities	898	13.0	5.5	794	–	–	–	–	–	–	–	–
Subordinated debt	690	13.5	3.7	608	606	6.4	(2.9)	569	–	–	–	–
Inter-area positions	–	–	–	–	–	–	–	–	–	–	–	–
Other liabilities	6,869	76.2	61.2	3,898	5,797	67.9	53.2	3,452	2,227	46.1	33.3	1,524
Minority interests	3	(66.6)	(69.5)	9	2	(74.8)	(77.0)	9	5	278.5	245.3	1
Shareholders' funds	3,448	30.7	19.5	2,638	3,080	26.9	15.8	2,426	192	(15.9)	(23.2)	229

(1) At constant exchange rate.

RELEVANT BUSINESS INDICATORS

(Million euros and percentages)

	Memorandum item: Banking businesses				Of which: BBVA Bancomer				Pensions and Insurance			
	31-03-06	Δ%	Δ% (1)	31-03-05	31-03-06	Δ%	Δ% (1)	31-03-05	31-03-06	Δ%	Δ% (1)	31-03-05
Customer lending (2)	25,761	50.2	37.5	17,155	20,988	43.2	30.7	14,654	–	–	–	–
Customer deposits (3)	38,520	24.8	14.1	30,872	32,344	16.2	6.0	27,838	–	–	–	–
• Deposits	31,873	15.0	5.1	27,727	25,793	4.5	(4.7)	24,693	–	–	–	–
• Assets sold under repurchase agreement	6,647	111.4	92.8	3,145	6,551	108.3	90.1	3,145	–	–	–	–
Off-balance-sheet funds	8,667	69.0	54.2	5,127	8,667	69.0	54.2	5,127	8,516	22.3	11.6	6,963
• Mutual funds	8,667	69.0	54.2	5,127	8,667	69.0	54.2	5,127	–	–	–	–
• Pension funds	–	–	–	–	–	–	–	–	8,516	22.3	11.6	6,963
Customer portfolios	5,582	(13.7)	(21.3)	6,468	5,582	(13.7)	(21.3)	6,468	–	–	–	–
Total assets	62,675	20.9	10.6	51,836	53,308	13.1	3.2	47,118	–	–	–	–
ROE (%)	45.6			32.6	48.6			33.4	92.0			66.0
Efficiency ratio (%)	37.5			44.2	35.6			43.3	46.9			42.0
Efficiency incl. depreciation and amortization (%)	40.7			47.5	38.4			46.6	47.5			42.3
NPL ratio (%)	2.15			2.51	2.22			2.53	–			–
Coverage ratio (%)	258.1			242.8	278.1			263.5	–			–

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

Laredo National Bank, is located in Texas. In the quarter it generated net interest income of €27m, supported in part by the increase in interest rates and greater business volume. Some of the contributing factors were the launch of the *Home Equity Loans* campaign and the pilot scheme for the bank's credit cards through its new Finanzia unit. Costs were kept under control despite expansion. Consequently, operating profit came to €12m and net attributable profit was €6m.

In the first quarter **BBVA Puerto Rico** generated net attributable profit of €12m, a year-on-year increase of 42.8%. Results were supported by net interest income, which was driven by a 16.9% rise in lending (car loans were up 15% and mortgages 20%). Furthermore, Finanzia commenced operations this quarter with the goal of boosting penetration in the consumer finance segment. In addition, customer funds have increased 6.2% in the last 12 months.

BBVA Bancomer USA is located in California. At the end of the quarter it had 26 branches made up of the original Valley Bank branches, new branches and offices previously occupied by BTS. The latter have been reformed to offer banking services as well as money transfers. The Group will continue to expand this network in 2006 with the aim of increasing the target customer base (first-generation immigrants) by offering bank accounts, money transfers, cashing cheques and the sale of telephone cards.

Bancomer Transfer Services (BTS) is the leader in the US-Mexico money transfer business. In the first quarter the number of transfers grew 7% and the total amount transferred rose 15%. Moreover, transfers from the US to Latin-American countries other than Mexico also grew substantially although volume is still quite modest. These transfers increased 45% in number and 50% in value. There was also strong growth in transfers from Europe, which were up 286% in number and 327% in value. In addition, operations have started in the Asian market following an agreement with Bank of China. Emigrants can now transfer money through more than 35,000 BTS distribution points in the USA and Canada, to Bank of China's network of 11,600 branches. BBVA has signed similar agreements with banks in India and the Philippines.

● PENSIONS AND INSURANCE

In the first quarter of 2006 the pension and insurance businesses generated operating profit of €62m and net attributable profit of €43m, with increases of 10.7% and 25.0%, respectively.

During this quarter the increase in employment in Mexico was marginal and thus only a small number of people joined the pension system. This led to increased competition in the sector. Net attributable profit at **Afore Bancomer** rose 5.0% year-on-year to €16m in the quarter.

The insurance business in Mexico continued to perform well, in line with the general pattern of the previous year. Net attributable profit rose 41.9% year-on-year to €27m, thanks to the high level of business activity at the Group's three insurers in this country. **Seguros Bancomer** continues to perform well. Premiums issued in the quarter came to €74m, an increase of 79.8% compared to the same period in 2005.

South America

INCOME STATEMENT
(Million euros)

	South America				Memorandum item: Banking businesses				Memorandum item: Pensions and Insurance			
	1Q 06	Δ%	Δ% (1)	1Q 05	1Q 06	Δ%	Δ% (1)	1Q 05	1Q 06	Δ%	Δ% (1)	1Q 05
NET INTEREST INCOME	**314**	**43.3**	**33.2**	**219**	**311**	**41.2**	**31.3**	**220**	**4**	**187.5**	**169.9**	**1**
Income by the equity method	–	(56.4)	(62.3)	–	–	(87.7)	(89.1)	–	–	1.9	(15.5)	–
Net fee income	209	33.7	20.8	157	112	42.2	32.1	79	68	24.6	9.9	55
Income from insurance activities	–	n.m.	n.m.	(3)	–	–	–	–	30	56.9	47.8	19
CORE REVENUES	**524**	**40.4**	**29.6**	**373**	**423**	**41.6**	**31.6**	**299**	**102**	**35.6**	**21.7**	**75**
Net trading income	101	298.6	271.7	25	86	n.m.	n.m.	19	14	131.5	101.0	6
ORDINARY REVENUES	**624**	**56.8**	**44.8**	**398**	**509**	**60.3**	**49.2**	**318**	**116**	**42.9**	**27.9**	**81**
Net revenues from non-financial activities	2	(25.2)	(28.0)	2	–	–	–	–	2	(25.2)	(28.0)	2
Personnel and general administrative expenses	(273)	32.2	22.4	(207)	(213)	32.5	23.2	(161)	(54)	35.4	21.9	(40)
Depreciation and amortization	(22)	63.1	48.8	(14)	(20)	81.4	66.3	(11)	(3)	(7.2)	(16.8)	(3)
Other operating income and expenses	(12)	21.4	14.7	(10)	(11)	36.8	28.7	(8)	–	n.m.	n.m.	(1)
OPERATING PROFIT	**319**	**87.0**	**72.0**	**171**	**266**	**92.3**	**79.5**	**138**	**62**	**54.2**	**37.4**	**40**
Impairment losses on financial assets	(24)	206.4	163.9	(8)	(24)	76.7	56.3	(14)	–	(100.0)	(100.0)	–
• Loan loss provisions	(24)	n.m.	282.8	(5)	(24)	113.1	86.5	(11)	–	(100.0)	(100.0)	–
• Other	–	(93.4)	(93.8)	(3)	–	(92.6)	(93.2)	(2)	–	(100.0)	(100.0)	–
Provisions	(18)	44.6	37.9	(12)	(15)	46.4	39.9	(10)	(3)	35.9	28.2	(2)
Other income/losses	1	n.m.	n.m.	(3)	1	n.m.	n.m.	(2)	–	(49.5)	(57.1)	–
PRE-TAX PROFIT	**279**	**88.0**	**73.1**	**148**	**228**	**102.5**	**89.7**	**112**	**59**	**58.4**	**40.7**	**37**
Corporate income tax	(65)	147.0	123.8	(26)	(51)	180.6	158.9	(18)	(17)	54.3	38.8	(11)
NET PROFIT	**213**	**75.2**	**61.8**	**122**	**176**	**87.3**	**76.0**	**94**	**42**	**60.1**	**41.5**	**26**
Minority interests	(63)	55.8	45.5	(40)	(52)	64.3	56.6	(32)	(11)	24.4	8.0	(9)
NET ATTRIBUTABLE PROFIT	**151**	**84.7**	**69.8**	**82**	**124**	**98.9**	**85.7**	**62**	**31**	**77.4**	**58.1**	**18**

BALANCE SHEET
(Million euros)

	South America				Memorandum item: Banking businesses				Memorandum item: Pensions and Insurance			
	31-03-06	Δ%	Δ% (1)	31-03-05	31-03-06	Δ%	Δ% (1)	31-03-05	31-03-06	Δ%	Δ% (1)	31-03-05
Cash and balances at Central Banks	2,727	43.2	35.3	1,905	2,726	43.2	35.4	1,904	1	(19.0)	(24.4)	1
Financial assets	4,882	15.6	6.9	4,222	4,272	14.3	6.1	3,739	899	54.8	39.9	581
Loans and receivables	18,431	42.6	29.1	12,928	18,047	43.3	29.6	12,592	466	8.1	2.7	431
• Due from banks	3,394	61.4	47.6	2,102	3,169	61.4	47.7	1,964	285	30.0	19.3	219
• Loans to customers	14,767	44.3	30.7	10,237	14,613	45.5	31.6	10,043	176	(15.3)	(16.5)	208
• Other	270	(54.2)	(60.7)	589	265	(54.8)	(61.2)	585	5	33.9	25.1	4
Inter-area positions	–	–	–	–	–	7.5	(7.9)	–	–	–	–	–
Property, plant and equipment	488	29.4	18.9	377	413	32.5	22.3	312	75	15.0	3.1	65
Other assets	2,112	20.5	(12.1)	1,753	964	4.1	(3.9)	926	231	(19.1)	(24.7)	286
TOTAL ASSETS / LIABILITIES AND EQUITY	**28,641**	**35.2**	**21.0**	**21,186**	**26,423**	**35.7**	**24.0**	**19,473**	**1,672**	**22.6**	**13.2**	**1,364**
Deposits by Central Banks and banks	2,288	21.2	11.0	1,888	2,254	20.5	10.5	1,871	60	56.0	31.1	39
Due to customers	20,289	37.4	25.7	14,767	20,344	37.1	25.4	14,838	1	24.6	22.9	1
Marketable debt securities	397	9.8	(3.2)	361	397	9.6	(3.4)	362	–	–	–	–
Subordinated debt	880	35.0	(28.1)	651	219	125.1	89.1	97	–	–	–	–
Inter-area positions	7	1.0	(50.6)	7	–	–	–	–	–	–	–	–
Other liabilities	2,546	36.9	25.1	1,859	1,325	39.8	25.5	948	1,263	22.7	13.5	1,029
Minority interests	662	33.7	21.5	495	591	40.7	29.5	420	71	(5.7)	(20.1)	75
Shareholders' funds	1,572	35.8	26.2	1,158	1,294	38.1	27.4	937	278	25.7	20.7	221

(1) At constant exchange rate.

RELEVANT BUSINESS INDICATORS

(Million euros and percentages)

	South America				Memorandum item: Banking businesses				Memorandum item: Pensions and Insurance			
	31-03-06	Δ%	Δ% (1)	31-03-05	31-03-06	Δ%	Δ% (1)	31-03-05	31-03-06	Δ%	Δ% (1)	31-03-05
Customer lending (2)	15,029	42.7	29.5	10,534	15,029	42.7	29.5	10,534	–	–	–	–
Customer deposits (3)	20,979	37.2	25.4	15,291	20,979	37.2	25.4	15,291	–	–	–	–
• Deposits	19,992	35.3	23.6	14,777	19,992	35.3	23.6	14,777	–	–	–	–
• Assets sold under repurchase agreement	987	92.1	76.2	514	987	92.1	76.2	514	–	–	–	–
Off-balance-sheet funds	31,934	35.4	18.9	23,579	1,391	32.7	21.1	1,049	30,543	35.6	18.8	22,530
• Mutual funds	1,391	32.7	21.1	1,049	1,391	32.7	21.1	1,049	–	–	–	–
• Pension funds	30,543	35.6	18.8	22,530	–	–	–	–	30,543	35.6	18.8	22,530
Customer portfolios	–	–	–	–	–	–	–	–	–	–	–	–
Total assets (4)	27,620	36.2	21.3	20,284	26,423	35.7	24.0	19,473	–	–	–	–
ROE (%)	40.3			28.3	39.9			26.5	49.6			33.9
Efficiency ratio (%)	43.6			51.6	41.9			50.7	45.8			47.6
Efficiency incl. depreciation and amortization (%)	47.2			55.0	45.8			54.1	48.0			51.0
NPL ratio (%)	3.46			4.68	3.50			4.77	–			–
Coverage ratio (%)	108.1			91.9	108.1			91.9	–			–

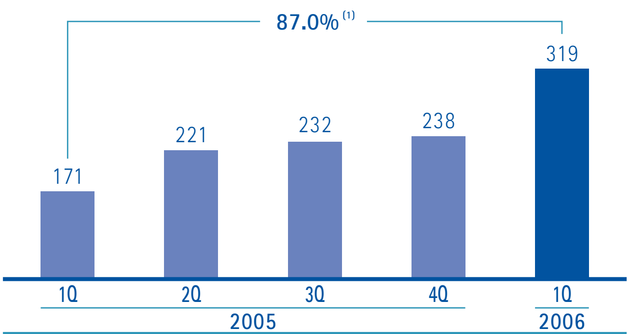
(1) At constant exchange rate. (2) Gross lending excluding NPLs. (3) Including marketable debt securities. (4) Excluding insurance.

The South America area handles the banking, pension and insurance business conducted by the Group in Argentina, Bolivia, Chile, Colombia, Ecuador Panama, Paraguay, Peru, Dominican Republic, Uruguay and Venezuela.

In the first quarter of 2006 the economic situation in the region was basically positive with high growth, similar to 2005, moderate inflation and a slight upturn in interest rates. The relatively high price of raw materials and the important inflow of funds from abroad were favourable factors. It should be noted that most currencies in the Americas have appreciated against the euro in the last 12 months and therefore the effect of exchange rates on the financial statements of this area is positive. The attached tables contain columns with the year-on-year changes for different items at constant exchange rates. Unless otherwise indicated, the following remarks refer to these figures.

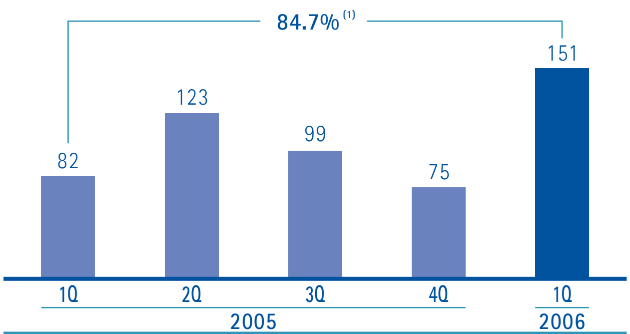
The area's performance in the first quarter was highly positive. Net attributable profit surged to €151m, an increase of 69.8% over the same period last year (84.7% at current exchange rates). On a like-for-like basis (ie, excluding Granahorrar which joined the Group in December) the year-on-year growth is still very high; 60.9% at constant exchange rates (75.1% at current rates).

South America
Operating profit (Million euros)



(1) At constant exchange rates: +72.0%.

South America
Net attributable profit (Million euros)



(1) At constant exchange rates: +69.8%.

Revenues, especially net interest income which rose 33.2% to €314m, played a decisive role in the results. Above all, the high growth was due to very positive volume variance which amply offset the less favourable price variance (particularly in Venezuela and Chile). Lending in the area grew at 29.5% year-on-year with strong gains in the individual segment, especially mortgages, credit cards and consumer finance. Customer funds (customers' deposits and mutual funds) rose 25.1% over the first quarter of 2005.

Net fee income booked in the first quarter rose 20.8% year-on-year to €209m, reflecting good performance of all banking commissions as well as income from the pension and insurance companies. There was also an excellent contribution from trading income, which increased to €101m driven by the gains obtained through the sale of public loans in Argentina and despite fluctuation in the markets at the end of the quarter. Consequently, ordinary revenues came to €624m (up 44.8%).

The high level of commercial activity at all banks in the area, as well as the inflation levels in two of the most important countries (Argentina and Venezuela) had an impact on costs which rose 24.1% year-on-year (including depreciation). Excluding Granahorrar the increase was 16.3%. However, the increase in costs was less than that of revenues and thus the cost/income ratio improved to 47.2% (55.0% in the first quarter of 2005).

The favourable economic conditions, together with appropriate risk management, helped asset quality to improve further. The NPL ratio fell to 3.46% at 31-Mar-06, an improvement of 122 basis points compared to the figure of 4.68% a year earlier. Despite this, the sharp increase in lending basically explains the considerable rise in generic provisions, bringing the total to €24m in the first quarter. NPL coverage rose to 108.1% at the end of the quarter (91.9% a year earlier). After deducting taxes and minority interests, net attributable profit comes to €151m and ROE stands at 40.3% (compared to 28.3% a year earlier).

● BANKING BUSINESS

In the first quarter of the year, the banking business of the South America area recorded a sharp increase in business volume and earnings, with net attributable profit climbing 85.7% over the same period last year, to €124m. The performance of the individual banks is described below.

In Argentina, **BBVA Banco Francés** continued to experience high business volumes in this quarter. Private sector lending grew 60.8% year-on-year, with similar advances in the retail segment and wholesale banking. Customer funds rose 16.1% following increases in current and savings accounts which now account for a higher proportion of deposits. The key items that explain the significant gains in net interest income (up 45.2%) and net fee income (up 22.0%) are the increase in business volumes, higher yields on inflation-adjusted assets and strict control of costs. Net trading income came to €59m, mainly supported by the gains derived from the sale of guaranteed loans which took place in order to reduce the bank's exposure. As a result, operating profit rose to €105m and net attributable profit came to €47m (€34m and €14m, respectively, in the first quarter of 2005).

BBVA Chile continues its strategic focus on strong growth, especially in the more profitable lending products. Lending increased 20.5% and customer funds were up 6.2%, leading to an appreciable rise in revenues. Ordinary revenues advanced 26.7% and, together with cost control, this meant operating profit grew 45.8% to €27m. After higher loan-loss provisions (the result of higher volumes), net attributable profit came to €7m, similar to the first quarter of 2005.

BBVA Colombia generated net attributable profit of €24m. Of this amount, Granahorrar, which joined the Group at the end of 2005, accounted for €8m. The strong growth of business activity continues to be the main characteristic representative of this bank. Lending and customer funds grew 30.1% and 19.0%, respectively (excluding Granahorrar). The higher level of business and the strict cost control policy resulted in an important gain in operating profit which rose 68.9% to €33m for the quarter. The shareholders of BBVA Colombia and Granahorrar have approved the merger of the two banks and this will take place on April 30th.

In Peru, **BBVA Banco Continental** obtained net attributable profit of €13m in the quarter, a year-on-year increase of 47.6%. This substantial increase is based on higher revenues and cost control. Together they helped operating profit to advance 32.3% year-on-year to €47m. In terms of business activity, lending increased 41.0% year-on-year and deposits grew 23.9%.

In a difficult and complex environment, **BBVA Banco Provincial** in Venezuela managed to increase business volume with year-on-year gains of 69.3% in lending and 41.5% in deposits. The positive effect of volume and the strict control of costs offset the negative impact of maximum interest rates established by the government on certain assets and liabilities (not in effect in the first quarter of 2005). Consequently, net interest income rose 21.3%. Net fee income and net trading income performed well and, together with a cost increase that was less than inflation, brought operating profit to €41m (up 31.6%) and net attributable profit came to €21m (up 17.0% over the same period last year).

Other banks contributed net attributable profit in the quarter as follows: **Panama**, €6m (up 18.6%); **Paraguay**, €3m (up 46.8%) and **Uruguay**, €3m (against a loss of €1m in the first quarter of 2005).

PENSIONS AND INSURANCE

BBVA's pension fund managers and insurance companies in South America contributed net attributable profit of €31m in the first quarter of 2006. This was a year-on-year increase of 58.1%. Brief comments on the performance of the main companies are provided below.

In the first quarter **AFP Provida** in Chile obtained net attributable profit of €13m. This was an increase of 74.7% over the same period in 2005. The improvement was supported by net fee income (up 12.9% on higher activity) and higher levels of interest income.

In Argentina, **Consolidar AFJP** worked hard to promote business and achieved a considerable improvement in revenues. Net fee income recovered and grew 11.6% year-on-year. Net attributable profit rose 14.7% over the same period last year, to €1.7m.

Other events related to pension managers include the net attributable profit of €3.7m (up 76.3%) generated by **Horizonte Colombia**, and €2.1m contributed by **Horizonte Perú** (down 36.3%).

The insurance companies in the area generated net attributable profit of €10m, of which €7m were achieved by insurance companies of the **Consolidar group** in Argentina. (€2m in the first quarter of 2005). Written premiums increased by 44.3% year-on-year. Bancassurance companies were the best performers.

Corporate Activities

INCOME STATEMENT
(Million euros)

	1Q 06	Δ%	1Q 05
NET INTEREST INCOME	**(137)**	**51.8**	**(90)**
Income by the equity method	18	20.1	15
Net fee income	48	26.3	38
Income from insurance activities	(16)	(35.5)	(25)
CORE REVENUES	**(86)**	**40.6**	**(61)**
Net trading income	84	(59.9)	210
ORDINARY REVENUES	**(2)**	**n.m.**	**149**
Net revenues from non-financial activities	–	n.m.	–
Personnel and general administrative expenses	(120)	21.7	(98)
Depreciation and amortization	(38)	5.5	(36)
Other operating income and expenses	(8)	31.5	(6)
OPERATING PROFIT	**(168)**	**n.m.**	**9**
Impairment losses on financial assets	(14)	n.m.	10
• Loan loss provisions	(12)	n.m.	11
• Other	(1)	59.6	(1)
Provisions	(99)	7.7	(92)
Other income/losses	(5)	n.m.	4
PRE-TAX PROFIT	**(285)**	**n.m.**	**(69)**
Corporate income tax	111	76.2	63
NET PROFIT	**(175)**	**n.m.**	**(6)**
Minority interests	(10)	61.6	(6)
NET ATTRIBUTABLE PROFIT	**(185)**	**n.m.**	**(12)**

BALANCE SHEET
(Million euros)

	31-03-06	Δ%	31-03-05
Financial assets	34,647	11.3	31,136
Loans to customers	(1,062)	(49.4)	(2,098)
Liquidity transferred to the business areas	45,063	73.8	25,921
Property, plant and equipment	1,540	(0.5)	1,548
Other assets	11,753	19.1	9,867
Capital transferred to the business areas	13,272	18.7	11,184
TOTAL ASSETS / LIABILITIES AND EQUITY	**105,212**	**35.7**	**77,558**
Due to customers	5,863	24.5	4,708
Marketable debt securities	60,117	51.7	39,640
Subordinated debt	5,914	(4.1)	6,168
Other liabilities	17,736	24.0	14,308
Equity	15,582	22.4	12,734
• Minority interests	247	62.5	152
• Valuation adjustments	2,844	31.4	2,165
• Shareholders' funds	12,491	19.9	10,417

This area includes the results of ALCO (the assets and liabilities committee) and the portfolio of holdings in industrial and financial companies as well as the cost of units that have a strictly corporate function and certain provisions, such as early retirements and others of a corporate nature. Following the recent agreement to sell the Group's companies in Andorra, these are also reported under this area. However, this quarter does not contain the capital gains of €112m net of tax that the Bank expects to obtain in this operation.

Compared to the same quarter last year, core revenues for this area reflect a decline of €25m, caused mainly by lower spreads on the ALCO portfolios as a result of changes in interest rates. Net trading income was €84m compared to €210m in the same quarter of 2005 (the highest quarter last year).

● ALCO

The assets and liabilities committee (ALCO) administers the Group's interest rate and exchange rate positions, group liquidity and shareholders' equity.

The purpose of the committee is to safeguard the Group's reserves and capital ratios and to bring stability to the income statement. It does this by managing the Group's exchange-rate exposure, which is mainly related to its franchises in the Americas. It also monitors and controls the cost of such risk management. At the end of the first quarter, BBVA followed an active policy of coverage for its investments in Mexico, Chile, Peru and the dollar area. This coverage does not include the long position in US dollars held by some of the Group's banks at local level. The cost of the coverage policy in the first quarter was €12m net of tax. In addition, BBVA also handles the exchange-rate risk associated with earnings of its subsidiaries in the Americas. More than 70% of the expected 2006 earnings in Mexico and South America are covered.

ALCO also actively manages the structural interest-rate exposure of the Group's balance sheet. It does this with derivatives and other instruments. At the end of the quarter the portfolio of fixed-interest investments came to €30,729m.

● HOLDINGS IN INDUSTRIAL AND FINANCIAL COMPANIES

This unit comprises the Group's portfolio of holdings in sectors such as telecommunications, media, power, oil and gas plus other holdings in the financial sector. This portfolio is managed in accordance with strict risk-control procedures based on consumption of economic capital and returns. The unit has a sector-based strategy for investment and diversification that entails dynamic management of holdings in conjunction with monetisation and coverage strategies.

In accordance with these criteria the unit made investments of €478m and divestments of €275m in the first quarter.

At 31-Mar-06 the market value of the portfolio of holdings (including equity swaps) stood at €8,913m with latent capital gains of €3,616m before tax. This represents a gain of €262m compared to the position at the end of 2005.

The net attributable profit of this unit in the first quarter was €96m (€111m a year earlier).

CORPORATE RESPONSIBILITY

In the first quarter of 2006 the BBVA Group had many opportunities to demonstrate its commitment to corporate responsibility. The most significant examples of this are presented below:

Transparency of information: the corporate responsibility report for 2005 was presented at the Bank's AGM on 18th March. The contents were verified by Deloitte and the Spanish text was audited by Fundéu, a foundation whose goal is to improve the use of this language by the media. As usual, the report followed the criteria of the Global Reporting Initiative and once again this organisation declared it "in accordance" (meaning it fully complied with the established requirements).

During the quarter fresh acclaims were received for the 2004 report. It was runner-up in the CSR Observatory's ranking of corporate responsibility reports by companies in the IBEX 35 index (and best in terms of content quality). It was also rated one of the best European reports for 2004 by the European Sustainability Reporting Awards (ESRA).

Other recognition: this quarter BBVA was included in a new special index (the Dow Jones Euro Stoxx Sustainability 40 Index) and in the Ethibel Excellence Investment Register. Oekom Research also rated it as "prime", placing it among the best banks in the world in terms of corporate responsibility. In addition, BBVA remains top of the Spanish financial sector in this respect according to the Spanish Corporate Responsibility Monitor. Furthermore, two Mexican organisations (the Corporate Responsibility Alliance and the Philanthropic Centre) awarded BBVA Bancomer their social responsibility certificate for the sixth year running.

During this period other acknowledgements were received, including:

- A prize for exemplary international Spanish companies in occupational health and safety from the Professor Alonso Olea Association (experts on international labour and social security law).
- An occupational health and safety award from a Spanish accident insurance association (AMAT).
- The 2005 prize for best environmental action in the Spanish real estate sector awarded by the Códice Group to Anida.

Compliance: our board of directors approved the new code of conduct for the securities markets.

Employees: creation of an equal opportunities committee on which the Bank and the unions have the same number of seats. This is part of the agreement on equality and on reconciling work with private life, which was signed in November 2005.

The environment: during the first quarter the Bank launched a line of finance associated with photovoltaic panels and renewable energy for SMEs, the self-employed and private individuals. In fact, the BBVA Foundation has several environmental initiatives, including a competition for the second biodiversity conservation prize (total allocation of 1,080,000), an exhibition ("Félix – 25 years of ecological awareness") and a multimedia guide to Spanish birdlife (in co-operation with SEO/BirdLife).

Community support: during the quarter the Group was active in a number of different fields as follows:

- **Education:** the second competition for the teaching prizes (in conjunction with the Drug Addiction Foundation and UNESCO), the 22nd Francisco Giner de los Ríos prizes for improvement in educational quality (with the Spanish Ministry of Education and Science), the *Blue Joven* prizes for enterprising people in the Balearic Islands (with the regional department of education), etc.
- **Promotion of scientific knowledge:** this is the focus of the BBVA Foundation's activities. Actions included publication of a work on Spanish statistics for the 19th and 20th centuries and many others.
- **Social consciousness:** a new micro-credit scheme for Latin-American immigrants in conjunction with Economists without Borders.
- **Culture**: the "Russia!" exhibition at the Guggenheim Museum in Bilbao and the short story prizes associated with BBVA's *Ruta Quetzal*. And we should mention here the selection of 310 participants (including 50 children of group employees), from 53 countries, for the 21st Ruta Quetzal BBVA. The title of the latest expedition is *The forests of the Feathered Serpent –the lost cities of the Mayans*. It will travel through Guatemala, Belize, Yucatan (Mexico) and Spain from 15th June to 30th July.

CONSOLIDATED BALANCE SHEET

(Million euros)

	31-03-06	Δ%	31-03-05	31-12-05
Cash and balances at Central Banks	15,965	28.4	12,433	12,341
Financial assets held for trading	39,723	(17.2)	47,989	44,012
Other financial assets at fair value	896	(10.4)	1,000	1,421
Financial assets available for sale	57,603	11.2	51,781	60,034
Loans and receivables	249,157	20.1	207,523	249,397
• Due from banks	21,599	24.8	17,305	27,470
• Loans to customers	221,932	22.8	180,703	216,850
• Other	5,626	(40.9)	9,515	5,076
Held to maturity investments	6,125	79.9	3,404	3,959
Investments in associates	1,497	4.3	1,435	1,473
Property, plant and equipment	4,329	8.7	3,982	4,383
Intangible assets	1,977	89.1	1,046	2,070
Other assets	15,384	2.6	14,989	13,299
TOTAL ASSETS	**392,656**	**13.6**	**345,582**	**392,389**
Financial liabilities held for trading	13,463	(12.7)	15,417	16,271
Other financial liabilities at fair value	710	(10.7)	794	740
Financial liabilities at amortised cost	332,283	15.9	286,705	329,505
• Deposits by Central Banks and banks	64,809	(3.3)	67,033	66,315
• Due to customers	178,205	16.2	153,323	182,635
• Marketable debt securities	70,432	42.2	49,519	62,842
• Subordinated debt	13,275	7.3	12,376	13,723
• Other	5,562	24.9	4,454	3,990
Liabilities under insurance contracts	9,782	0.6	9,723	10,501
Other liabilities	19,001	0.4	18,921	18,071
TOTAL LIABILITIES	**375,239**	**13.2**	**331,560**	**375,087**
Minority interests	1,012	36.3	742	971
Valuation adjustments	2,843	31.4	2,165	3,295
Shareholders' funds	13,562	22.0	11,116	13,036
EQUITY	**17,417**	**24.2**	**14,023**	**17,302**
TOTAL LIABILITIES AND EQUITY	**392,656**	**13.6**	**345,582**	**392,389**
MEMORANDUM ITEM:				
Contingent liabilities	31,351	36.4	22,984	29,862

CONSOLIDATED INCOME STATEMENT
(Million euros)

	1st Quarter 06	Δ%	1st Quarter 05
Core net interest income	1,933	25.6	1,539
Dividends	17	(23.0)	22
NET INTEREST INCOME	**1,950**	**24.9**	**1,561**
Income by the equity method	41	74.9	23
Net fee income	1,108	23.2	899
Income from insurance activities	149	55.5	96
CORE REVENUES	**3,248**	**25.9**	**2,579**
Net trading income	412	37.7	299
ORDINARY REVENUES	**3,659**	**27.1**	**2,878**
Net revenues from non-financial activities	19	(32.4)	28
Personnel costs	(989)	18.0	(838)
General expenses	(588)	22.6	(479)
Depreciation and amortization	(128)	26.2	(102)
Other operating income and expenses	(38)	23.2	(31)
OPERATING PROFIT	**1,936**	**32.9**	**1,457**
Impairment losses on financial assets	(297)	142.5	(123)
• Loan loss provisions	(293)	148.7	(118)
• Other	(4)	(9.1)	(5)
Provisions	(135)	3.0	(131)
Other income/losses	22	n.m.	(1)
• From disposal of equity holdings	20	n.m.	4
• Other	2	n.m.	(4)
PRE-TAX PROFIT	**1,526**	**26.9**	**1,203**
Corporate income tax	(429)	27.3	(337)
NET PROFIT	**1,097**	**26.7**	**866**
Minority interests	(77)	52.9	(50)
NET ATTRIBUTABLE PROFIT	**1,020**	**25.1**	**815**

BREAKDOWN OF YIELDS AND COSTS

	1st Quarter 06		2005	
	% of ATA	% Yield/Cost	% of ATA	% Yield/Cost
Cash and balances at Central Banks	3.6	3.48	2.9	4.37
Financial assets and derivatives	27.7	3.68	32.0	3.72
• Fixed-income securities	23.1	4.34	27.4	4.05
- Euros	15.0	2.31	17.4	2.14
- Foreign currencies	8.1	8.15	10.0	7.39
• Equity securities	4.6	0.37	4.6	1.75
Due from banks	6.2	4.03	5.6	3.72
• Euros	3.5	3.06	2.9	2.59
• Foreign currencies	2.7	5.27	2.7	4.94
Loans to customers	56.0	5.69	53.0	5.39
• Euros	42.5	3.85	41.3	3.79
- Domestic	39.7	3.86	38.8	3.74
- Other	2.8	3.71	2.5	4.63
• Foreign currencies	13.5	11.49	11.7	11.06
Other assets	6.5	0.64	6.5	0.78
TOTAL ASSETS	**100.0**	**4.62**	**100.0**	**4.43**
Deposits by Central Banks and banks	16.2	3.35	17.8	3.36
• Euros	8.9	2.53	10.0	2.19
• Foreign currencies	7.3	4.35	7.8	4.86
Due to customers	45.0	3.00	43.7	2.79
• Euros	24.1	1.54	24.0	1.23
- Domestic	16.7	1.23	16.9	1.11
- Other	7.4	2.23	7.1	1.53
• Foreign currencies	20.9	4.69	19.7	4.68
Marketable debt securities and subordinated debt	21.0	3.01	18.9	2.74
• Euros	19.3	2.79	17.6	2.45
• Foreign currencies	1.7	5.41	1.3	6.61
Other liabilities	13.2	0.60	15.3	0.79
Equity	4.6	–	4.3	–
TOTAL LIABILITIES AND EQUITY	**100.0**	**2.61**	**100.0**	**2.45**
NET INTEREST INCOME/ATA		**2.02**		**1.98**

STATEMENT OF CHANGES IN EQUITY

(Million euros)

	Capital	Reserves	Profit for the year	Treasury shares	Valuation adjustments	Minority interests	Paid dividends	TOTAL EQUITY
BALANCE AT 31-12-04	**1,662**	**7,428**	**2,923**	**(36)**	**2,107**	**738**	**(1,015)**	**13,805**
Valuation adjustments					58	5		63
Profit retained		1,424	(1,424)					–
Dividends			(1,499)			(31)	1,015	(515)
Shares issued								–
Results of treasury shares traded				(147)				(147)
Profit for the year			815			50		866
Other		(30)				(20)		(50)
BALANCE AT 31-03-05	**1,662**	**8,821**	**815**	**(183)**	**2,165**	**742**	**–**	**14,023**
BALANCE AT 31-12-05	**1,662**	**8,831**	**3,806**	**(96)**	**3,295**	**971**	**(1,167)**	**17,302**
Valuation adjustments					(451)	(5)		(457)
Profit retained		2,006	(2,006)					–
Dividends			(1,801)			(17)	1,167	(650)
Shares issued							–	
Results of treasury shares traded				65				65
Profit for the year			1,020			77		1,097
Other		25		50		(15)		61
BALANCE AT 31-03-06	**1,662**	**10,861**	**1,020**	**19**	**2,843**	**1,012**	**–**	**17,417**

INFORMATION BY SEGMENTS. 1st Quarter 2006

(Million euros)

Income Statements	Retail Banking in Spain and Portugal	Wholesale and Investment Banking	Mexico and USA	South America	Corporate Activities	TOTAL BBVA GROUP
Net interest income	680	244	849	314	(137)	1,950
Ordinary revenues	1,173	546	1,318	624	(2)	3,659
Operating profit	616	404	764	319	(168)	1,936
Pre-tax profit	554	367	612	279	(285)	1,526
Net attributable profit	363	258	434	151	(185)	1,020

Retail Banking in Spain and Portugal	Financial Services	Asset Mgt and Private Bkg	Other	TOTAL AREA
Net interest income	668	6	6	680
Ordinary revenues	1,038	74	61	1,173
Operating profit	540	49	27	616
Pre-tax profit	481	44	29	554
Net attributable profit	314	29	19	363

Wholesale and Investment Banking	SMEs and Wholesale Banking	Global Wholesale Bkg and Markets	Other	TOTAL AREA
Net interest income	213	37	(7)	244
Ordinary revenues	311	218	17	546
Operating profit	236	150	18	404
Pre-tax profit	211	110	45	367
Net attributable profit	137	76	44	258

Mexico and USA	Banking businesses	Pensions and Insurance	Other	TOTAL AREA
Net interest income	850	–	(2)	849
Ordinary revenues	1,220	104	(6)	1,318
Operating profit	711	62	(9)	764
Pre-tax profit	558	62	(9)	612
Net attributable profit	397	43	(6)	434

South America	Banking businesses	Pensions and Insurance	Other	TOTAL AREA
Net interest income	311	4	–	314
Ordinary revenues	509	116	(1)	624
Operating profit	266	62	(8)	319
Pre-tax profit	228	59	(8)	279
Net attributable profit	124	31	(5)	151

INFORMATION BY SEGMENTS. 1st Quarter 2005

(Million euros)

Income Statements	Retail Banking in Spain and Portugal	Wholesale and Investment Banking	Mexico and USA	South America	Corporate Activities	TOTAL BBVA GROUP
Net interest income	635	231	565	219	(90)	1,561
Ordinary revenues	1,058	438	836	398	149	2,878
Operating profit	539	316	423	171	9	1,457
Pre-tax profit	493	285	345	148	(69)	1,203
Net attributable profit	322	193	231	82	(12)	815

Retail Banking in Spain and Portugal	Financial Services	Asset Mgt and Private Bkg	Other	TOTAL AREA
Net interest income	621	6	8	635
Ordinary revenues	941	65	53	1,058
Operating profit	474	41	24	539
Pre-tax profit	429	39	25	493
Net attributable profit	279	27	16	322

Wholesale and Investment Banking	SMEs and Wholesale Banking	Global Wholesale Bkg and Markets	Other	TOTAL AREA
Net interest income	207	31	(6)	231
Ordinary revenues	288	154	(4)	438
Operating profit	214	93	8	316
Pre-tax profit	189	82	13	285
Net attributable profit	123	56	13	193

Mexico and USA	Banking businesses	Pensions and Insurance	Other	TOTAL AREA
Net interest income	566	1	(2)	565
Ordinary revenues	761	80	(5)	836
Operating profit	381	49	(7)	423
Pre-tax profit	303	49	(7)	345
Net attributable profit	206	30	(5)	231

South America	Banking businesses	Pensions and Insurance	Other	TOTAL AREA
Net interest income	220	1	(2)	219
Ordinary revenues	318	81	(1)	398
Operating profit	138	40	(7)	171
Pre-tax profit	112	37	(1)	148
Net attributable profit	62	18	1	82

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

(Million euros)

	Operating Income				Net attributable profit			
	1Q 06	Δ%	Δ% at constant exchange rate	1Q 05	1Q 06	Δ%	Δ% at constant exchange rate	1Q 05
Argentina	122	197,5	186.2	41	55	228.1	215.6	17
Chile	55	72.5	44.0	32	21	59.8	33.4	13
Colombia	42	80.2	59.0	24	30	110.3	85.7	14
United States (1)	29	32.8	21.7	21	17	60.1	46.8	10
Mexico	736	83.4	59.3	401	417	89.1	64.3	221
Panama	8	29.3	18.5	6	6	29.3	18.6	5
Paraguay	3	32.8	16.4	2	3	67.4	46.8	2
Peru	51	28.2	20.5	40	15	32.6	24.6	12
Uruguay	2	n.m.	n.m.	–	3	n.m.	n.m.	(1)
Venezuela	43	30.2	29.2	33	22	17.1	16.2	19
Other countries (2)	(7)	3.2	4.5	(7)	(4)	n.m.	n.m.	2
TOTAL	**1,083**	**82.6**	**61.5**	**593**	**585**	**87.0**	**65.1**	**313**

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

MEXICO (BANKING BUSINESS, PENSIONS AND INSURANCE)

(Million euros)

	1Q 06	Δ%	Δ% at constant exchange rate	1Q 05
NET INTEREST INCOME	**782**	**47.3**	**28.0**	**531**
Income by the equity method	–	(74.5)	(77.9)	–
Net fee income	317	31.3	14.1	241
Income from insurance activities	76	58.2	37.5	48
CORE REVENUES	**1,175**	**43.2**	**24.5**	**820**
Net trading income	46	n.m.	n.m.	(41)
ORDINARY REVENUES	**1,221**	**56.8**	**36.2**	**779**
Net revenues from non-financial activities	–	n.m.	n.m.	–
Personnel and general administrative expenses	(431)	30.6	13.5	(330)
Depreciation and amortization	(33)	40.2	21.8	(23)
Other operating income and expenses	(22)	(8.5)	(20.5)	(24)
OPERATING PROFIT	**736**	**83.4**	**59.3**	**401**
Impairment losses on financial assets	(122)	228.8	185.7	(37)
• Loan loss provisions	(120)	254.7	208.2	(34)
• Other	(3)	(19.0)	(29.7)	(4)
Provisions	(24)	(15.6)	(26.7)	(29)
Other income/losses	(3)	(55.2)	(61.1)	(6)
PRE-TAX PROFIT	**586**	**78.0**	**54.7**	**329**
Corporate income tax	(168)	56.7	36.2	(107)
NET PROFIT	**418**	**88.3**	**63.6**	**222**
Minority interests	(1)	(39.5)	(47.5)	(1)
NET ATTRIBUTABLE PROFIT	**417**	**89.1**	**64.3**	**221**

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QUARTERLY REPORT

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