QUARTERLY REPORT

January-June 2006

BBVA

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BBVA GROUP HIGHLIGHTS

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(Consolidated figures)

	30-06-06	30-06-06 excluding one-offs (1)	Δ% (2)	30-06-05	31-12-05
BALANCE SHEET (million euros)					
Total assets	390,235		4.1	374,856	392,389
Total lending (gross)	236,156		17.9	200,244	222,413
On-balance sheet customer funds	261,868		8.9	240,574	259,200
Other customer funds	130,332		(2.7)	134,004	142,707
Total customer funds	392,200		4.7	374,578	401,907
Equity	17,528		13.2	15,483	17,302
Shareholders' funds	15,222		30.7	11,650	13,036
INCOME STATEMENT (million euros)					
Net interest income	4,050	4,050	19.7	3,383	7,208
Core revenues	6,567	6,567	19.3	5,505	11,756
Ordinary revenues	7,924	7,401	20.4	6,145	13,024
Operating profit	4,575	4,052	24.8	3,246	6,823
Pre-tax profit	4,475	3,201	17.5	2,724	5,592
Net attributable profit	3,336	2,179	20.2	1,813	3,806
DATA PER SHARE AND MARKET CAPITALIZATION					
Share price	16.08		26.0	12.76	15.08
Market capitalization (million euros)	54,525		26.0	43,267	51,134
Net attributable profit	0.98	0.64	20.2	0.53	1.12
Book value	4.49		30.7	3.44	3.84
PER (Price/earnings ratio; times) (3)	12.1		6.3	11.4	13.4
P/BV (Price/book value; times)	3.6		(3.6)	3.7	3.9
SIGNIFICANT RATIOS (%)					
Operating profit/ATA	2.37	2.10		1.87	1.87
ROE (Net attributable profit/Average equity)	45.2	35.8		36.0	37.0
ROA (Net profit/ATA)	1.50	1.20		1.11	1.12
RORWA (Net profit/Risk weighted average assets)	2.57	2.06		1.94	1.91
Efficiency ratio	38.5	41.2		43.0	43.2
Efficiency ratio including depreciation and amortization	41.4	44.3		46.4	46.7
NPL ratio	0.82	0.82		1.01	0.94
NPL coverage ratio	275.1	275.1		240.6	252.5
CAPITAL ADEQUACY RATIOS (BIS Regulation) (%)					
Total	11.3			12.2	12.0
Core capital	6.0			5.8	5.6
TIER I	7.6			7.6	7.5
OTHER INFORMATION					
Number of shares (million)	3,391			3,391	3,391
Number of shareholders	926,768			1,042,616	984,891
Number of employees	95,464			91,237	94,681
• Spain	31,507			31,212	31,154
• America (4)	62,241			58,067	61,604
• Rest of the world	1,716			1,958	1,923
Number of branches	7,491			7,113	7,410
• Spain	3,635			3,448	3,578
• America (4)	3,702			3,492	3,658
• Rest of the world	154			173	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) Capital gains on BNL, Repsol and Andorra, and the related taxes in the second quarter of 2006.
(2) Percentage changes in the profit and loss and earnings per share excluding the one-off operations in the second quarter of 2006.
(3) The 2006 P/E is calculated taking into consideration the median of the analysts' estimates (July 2006).
(4) 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 second quarter of 2006 the BBVA Group generated record profits (and this is so even if extraordinary operations are excluded). Business activity continued at high levels in all areas, leading to elevated recurrent earnings and new improvements in efficiency, profitability and risk quality. The most relevant financial aspects of the Group's performance and strategy in the second quarter and first half of 2006 are summarised below:

- BBVA announced the acquisition of Texas Regional Bancshares and State National Bancshares, two banking franchises in Texas, for $2,644m. These operations will conclude at the end of 2006 or beginning of 2007.

- The Bank financed these operations from funds obtained on the sale of its holdings in BNL and Repsol YPF. These yielded capital gains in the second quarter of €568m and €523m, respectively.

- During the quarter the Group finalised the sale of its interest in Banc Internacional D'Andorra, generating €183m in gross capital gains.

- In the second quarter of 2006, net attributable profit came to €2,316m. If the one-off capital gains of €1,157m associated with BNL, Repsol and Andorra, together with the extraordinary tax charge are excluded, profit comes to €1,159m. This is 16.1% higher than the €998m obtained in the second quarter of 2005 and this established new quarterly records for profit and all other margins on the income statement.

- The cumulative net attributable profit for the first half comes to €3,336m and, excluding the extraordinary items in the second quarter, to €2,179m. The latter figure represents an increase of 20.2% over the €1,813m generated in the first half of 2005. Earnings per share come to €0.98 (€0.64 excluding extraordinary items), compared to €0.53 in the same period of 2005. ROE rose to 45.2% (35.8% without extraordinary items), against 36.0% in the first half of 2005.

- Operating profit continued to rise in the first half to €4,575m. The year-on-year increase was 40.9% and if the capital gains from the sale of Repsol are excluded, the increase is 24.8% (21.9% at constant exchange rates).

- Increased profit was due to increased revenues. Ordinary revenues grew 28.9% (20.4% without the Repsol capital gains) with rises in all revenues items. Net interest income was up 19.7%, supported by higher volume and spreads. Net fee income and insurance increased 18.1%.

- Operating costs grew at a slower pace (14.3% including depreciation and 11.6% at constant exchange rates).

- As a result, the cost/income ratio including depreciation improved to 41.4% (44.3% without the Repsol capital gains), compared to 46.4% in the first half of 2005. The improvement was observed in all business areas.

- The drop in non-performing loans (NPLs), combined with higher lending, meant a further improvement in the NPL ratio to 0.82% at 30-Jun-06 (1.01% a year earlier). This, together with the increase in generic provisioning due to growing lending volumes, brought the coverage ratio to 275.1% (240.6% at 30-Jun-05). Generic coverage provisions now stand at €4,305m, compared to €3,445m at 30-Jun-05.

- The conclusion of the BNL and Repsol divestments lifted the Group's capital ratios at the end of June. Core capital now stands at 6.0% (5.6% at 31-Mar-06). Tier 1 capital is 7.6% and the BIS ratio is 11.3%.

- On 10th July a first interim dividend of €0.132 per share was paid against 2006 results. This is an increase of 15% over the first interim dividend paid in 2005.

- Lending in Retail Banking in Spain and Portugal continued to grow (18.9% year-on-year) and customer funds were up 8.6%. Spreads continue to improve and net fee income and insurance revenues rose 12.8%. This led to a 9.6% rise in ordinary revenues and, following the moderate increase in costs, operating profit increased 13.2%. Net attributable profit grew 11.0% in the first half to €717m.

- The strength of the Wholesale Businesses Area was demonstrated by record ordinary revenues, operating profit and net attributable profit in the second quarter. In the first half, ordinary revenues increased 25.5%, operating profit climbed 29.6% and net attributable profit rose 47.9% to €623m.

- In the Mexico and United States Area business activity continued to grow strongly year-on-year (lending is up 25.4% and customer funds are up 15.5% in local currency terms). This carried over to revenues. Net interest income rose 29.6% at constant rates, net fee income and insurance grew 23.0% and ordinary revenues increased 30.2%. This was much faster than cost growth, so operating profit surged 45.8% and net attributable profit climbed 35.0% to €825m (43.4% at current exchange rates).

- Higher business volumes in South America, where lending grew 29.5% and customer funds were up 19.0% at constant exchange rates, resulted in higher revenues. Net interest income increased 25.9% and net fee income and insurance grew 15.2%. With higher net trading income, this boosted operating profit 45.1% and net attributable profit rose 33.4% to €281m (an increase of 37.5% in euros).

- In the month of July the Group announced an in-depth transformation of its commercial networks in Spain in order to get closer to its customers, simplify its present structures and strengthen commercial effectiveness. From that moment, BBVA's two major networks in Spain (Retail Banking and Corporate & Business Banking) are organized in seven major territories: Northwest, North, Catalonia, East, South, Center and Canary Islands.

ECONOMIC ENVIRONMENT

In the second quarter of 2006, economic indicators remained at levels similar to the preceding quarters in the main geographic areas. However stock exchanges, which had accumulated important gains up to May, were affected by fears that possible inflationary pressures would lead central banks to increase interest rates by more than the expected amounts. As a result, prices fell sharply until mid-June, wiping out most of

INTEREST RATES
(Quarterly averages)

	2006		2005			
	2Q	1Q	4Q	3Q	2Q	1Q
Official ECB rate	2.57	2.33	2.08	2.00	2.00	2.00
Euribor 3 months	2.90	2.61	2.34	2.13	2.12	2.14
Euribor 1 year	3.32	2.95	2.63	2.20	2.19	2.33
Spain 10 year bond	3.98	3.51	3.38	3.23	3.36	3.64
USA 10 year bond	5.06	4.56	4.48	4.20	4.15	4.29
USA Federal rates	4.90	4.44	3.97	3.43	2.92	2.45
TIIE (Mexico)	7.38	8.02	9.10	9.88	10.05	9.40

EXCHANGE RATES (1)

	Year-end Exchange Rates				Average Exchange Rates	
	30-06-06	Δ% on 30-06-05	Δ% on 31-03-06	Δ% on 31-12-05	1H 06	Δ% on 1H 05
Mexican peso	14.4940	(10.1)	(8.8)	(12.8)	13.3881	6.3
Argentine peso	3.9394	(11.6)	(5.0)	(8.9)	3.7877	(1.1)
Chilean peso	695.89	0.6	(8.2)	(12.8)	648.09	15.0
Colombian peso	3,021.15	(7.0)	(8.3)	(10.8)	2,881.84	4.5
Peruvian new sol	4.1502	(5.2)	(2.3)	(2.6)	4.0797	2.6
Venezuelan bolivar	2,732.24	(4.9)	(4.9)	(7.3)	2,638.52	0.8
U.S. dollar	1.2713	(4.9)	(4.8)	(7.2)	1.2296	4.5

(1) Expressed in currency/euro.

the year's gains. The markets started to recover at the end of June when the latest decisions of the US Federal Reserve and the European Central Bank indicated the risk of additional rate hikes in the short term was less likely.

Against a backdrop of solid economic grow, the US Federal Reserve lifted its benchmark rate twice, to 5.25%. This was echoed in all terms and led to a parallel shift of the yield curve, which remains fairly flat.

At the beginning of June the European Central Bank again raised its official rate a quarter point to 2.75%, ensuring price stability in a context of sustained growth in the euro zone. Market rates followed suit and the one-year euribor exceeded 3.5% in June. The ten-year bond rose to 4%, thus maintaining its previous difference of around 1.1 percentage points compared to US Treasury bonds. The Spanish economy continued to grow solidly although private consumption cooled off slightly. The rate of growth was higher than the rest of the euro zone but inflation still hovers around 4%.

Most countries in Latin America also grew at a fast pace. Interest rates continued to rise slightly in many countries while in Mexico the decline has slowed. The TIIE has been stable at around 7.3% from the end of April to end of June. It was 7.6% at 31-Mar-06 and 10% at 30-Jun-05.

The euro appreciated against the US dollar in the second quarter (by 4.8%) and against all Latin-American currencies. This had a bigger impact on the Group's accounts (8.8% in the case of the Mexican peso). As a result, nearly all these currencies have depreciated against the euro in the last 12 months. Therefore the effect of exchange rates on year-on-year changes in the balance sheet at 30-Jun-06, is negative. On the other hand, the impact on the income statement is positive although less than the first quarter. Average exchange rates in the first half of 2006 appreciated against the euro. The Mexican peso rose 6.3%, the Chilean peso 15.0% and the Colombian peso and US dollar rose 4.5%. The peso in Argentina fell 1.1% in the same period.

● ACQUISITION OF TEXAS REGIONAL BANCSHARES AND STATE NATIONAL BANCSHARES

In June BBVA announced the purchase of Texas Regional Bancshares Inc and State National Bancshares Inc, two important banks in Texas, for $2,644m (about €2,100m). BBVA will pay $38.9 cash per share for Texas Regional, putting the price at $2,164m. It will pay $38.5 cash per share for State National, which results in $480m.

The boards of the two banks approved the acquisitions because they believe this to be a great opportunity to continue growing and serving their respective markets. The operation is now subject to approval by banking authorities and shareholders. It is forecasted that both purchases will be concluded between the fourth quarter of 2006 and the first quarter of 2007.

These two profitable banks are growing fast and have a strong presence in their respective local markets. Their acquisition will strengthen the Group's expansion in the USA and specifically in a high-growth market such as Texas. The new purchases, together with Laredo National Bank (acquired in 2005), mean that BBVA has become one of the top banking groups in Texas in just two years.

In fact, these operations mean BBVA will triple its presence in Texas with assets of $12,583m, loans of $7,252m (compared to $2,052m until now), deposits of $10,134m ($3,144m) and 166 branches. The combination of Laredo National, Texas Regional and State National gives BBVA USA a commanding presence in the main Texan markets and its principal cities, with sufficient size to develop an ambitious organic growth strategy.

Furthermore, the acquisition of Texas Regional and State National will strengthen the Group’s competitive edge in the area. It combines a powerful franchise in Texas (one of the fastest-growing states and a large number of Hispanic inhabitants) with its leadership position in Mexico (BBVA Bancomer) and other parts of Latin America. BBVA thus becomes the top cross-border banking group between the USA and Mexico, moving ahead with determination to create its BBVA USA banking franchise. This consists of five businesses:

- Banking business in Texas (Laredo National, Texas Regional and State National) with a leadership position and substantial capacity to develop business with private individuals, SMEs and companies.

- BBVA Bancomer USA, a banking franchise in California for first generation immigrants, based on money transfers (remittances) and basic financial and non-financial services and products.

- BBVA Puerto Rico, a banking franchise in that country, offering mortgages and finance to consumers, private individuals and companies.

- Bancomer Transfer Services (BTS), the leading provider of US-Mexico money transfers with a 40% market share, that is extending its market to the rest of Latin America, China, India and the Philippines.

- BBVA Finanzia USA, a company specialising in consumer finance and issuing third-party cards.

These new acquisitions meet the conditions established by BBVA for non-organic operations. On one hand, they fit perfectly with the Group's strategy for expansion in the US. And on the other, the operations create value for shareholders from day one with a positive impact on earnings per share from 2007 onwards (after the two operations are finalised).

The operations will be entirely financed from internal funds as follows:

- Sale of the holding in Banca Nazionale del Lavoro in May during BNP Paribas’ takeover bid, yielding €1,300m with capital gains of €568m, reported under disposal of equity holdings.

- Sale of the Group’s 5.04% stake in Repsol YPF for €1,267m through a pre-arranged equity swap. This generated capital gains of €523m (reported under net trading income).

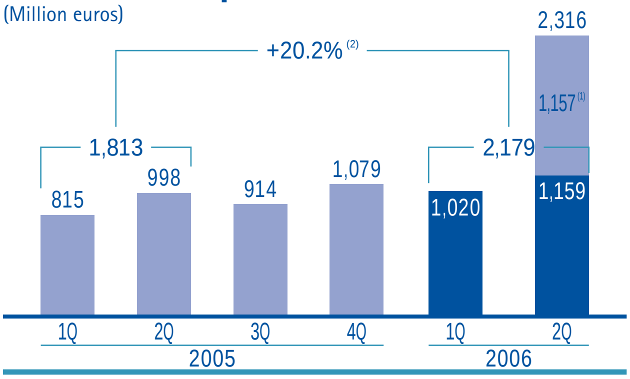
Earnings

In the second quarter of 2006, the BBVA Group obtained net attributable profit of €2,316m. This sum included €1,157m in one-off capital gains from disposal of holdings in BNL, Repsol and Andorra plus the extraordinary tax cost. Excluding these, attributable profit stood at €1,159m, the highest figure obtained by BBVA in any one quarter and 16.1% up on the €998m recorded in the second quarter of 2005.

This performance was mainly driven by higher operating profit, at €2,639m. And if one-off capital gains from the Repsol transaction are excluded from trading income, the operating profit was €2,116m, another BBVA record for any quarter and 18.3% higher than the €1,789m second-quarter operating profit from 2005.

First-semester year-to-date attributable profit reached €3,336m, 84.0% above the €1,813m from the same period in 2005. Excluding one-offs in the second

Net attributable profit
(Million euros)



(1) Results of one-off transactions in the second quarter 2006.
(2) Including one-off operations: +84.0%.

CONSOLIDATED INCOME STATEMENT
(Million euros)

	1st Half 06	1st Half 06 excluding one-offs (1)	Δ% excluding one-offs (1)	1st Half 05	Memorandum item: Δ% at constant exchange rates excluding one-offs (1)
Core net interest income	3,861	3,861	19.2	3,240	15.9
Dividends	189	189	32.6	142	32.6
NET INTEREST INCOME	4,050	4,050	19.7	3,383	16.6
Income by the equity method	70	70	37.6	51	37.9
Net fee income	2,150	2,150	16.0	1,853	12.8
Income from insurance activities	297	297	35.6	219	34.3
CORE REVENUES	6,567	6,567	19.3	5,505	16.2
Net trading income	1,356	834	30.3	640	29.5
ORDINARY REVENUES	7,924	7,401	20.4	6,145	17.5
Net revenues from non-financial activities	75	75	11.1	68	11.2
Personnel costs	(1,952)	(1,952)	14.2	(1,710)	11.9
General expenses	(1,161)	(1,161)	14.8	(1,011)	11.6
Depreciation and amortization	(232)	(232)	12.6	(206)	9.8
Other operating income and expenses	(78)	(78)	99.3	(39)	82.3
OPERATING PROFIT	4,575	4,052	24.8	3,246	21.9
Impairment losses on financial assets	(655)	(655)	101.8	(325)	96.8
• Loan loss provisions	(650)	(650)	113.5	(304)	108.6
• Other	(5)	(5)	(74.4)	(20)	(75.7)
Provisions	(342)	(342)	34.7	(254)	32.6
Other income/losses	898	146	157.9	57	163.3
• From disposal of equity holdings	889	138	n.m.	16	n.m.
• Other	9	9	(78.7)	41	(78.1)
PRE-TAX PROFIT	4,475	3,201	17.5	2,724	14.8
Corporate income tax	(1,007)	(890)	12.9	(788)	10.3
NET PROFIT	3,469	2,312	19.4	1,936	16.6
Minority interests	(132)	(132)	7.8	(123)	4.7
NET ATTRIBUTABLE PROFIT	3,336	2,179	20.2	1,813	17.5

(1) Capital gains on BNL, Repsol and Andorra, and the related taxes in the second quarter of 2006.

CONSOLIDATED INCOME STATEMENT: QUARTERLY EVOLUTION

(Million euros)

	2006		2005			
	2Q (1)	1Q	4Q	3Q	2Q	1Q
Core net interest income	1,928	1,933	1,890	1,785	1,701	1,539
Dividends	172	17	109	41	121	22
NET INTEREST INCOME	2,100	1,950	1,999	1,826	1,822	1,561
Income by the equity method	29	41	43	28	28	23
Net fee income	1,042	1,108	1,065	1,022	954	899
Income from insurance activities	148	149	138	130	123	96
CORE REVENUES	3,320	3,248	3,245	3,006	2,926	2,579
Net trading income	422	412	372	255	341	299
ORDINARY REVENUES	3,741	3,659	3,617	3,261	3,267	2,878
Net revenues from non-financial activities	56	19	15	43	40	28
Personnel costs	(963)	(989)	(982)	(910)	(872)	(838)
General expenses	(574)	(588)	(599)	(551)	(532)	(479)
Depreciation and amortization	(104)	(128)	(125)	(117)	(105)	(102)
Other operating income and expenses	(41)	(38)	(49)	(27)	(9)	(31)
OPERATING PROFIT	2,116	1,936	1,878	1,699	1,789	1,457
Impairment losses on financial assets	(358)	(297)	(296)	(234)	(202)	(123)
• Loan loss provisions	(357)	(293)	(282)	(227)	(187)	(118)
• Other	(1)	(4)	(14)	(7)	(15)	(5)
Provisions	(207)	(135)	(125)	(75)	(123)	(131)
Other income/losses	124	22	5	15	57	(1)
• From disposal of equity holdings	118	20	10	3	13	4
• Other	6	2	(5)	13	45	(4)
PRE-TAX PROFIT	1,676	1,526	1,461	1,406	1,522	1,203
Corporate income tax	(461)	(429)	(315)	(418)	(451)	(337)
NET PROFIT	1,215	1,097	1,147	988	1,070	866
Minority interests	(55)	(77)	(68)	(73)	(72)	(50)
NET ATTRIBUTABLE PROFIT	1,159	1,020	1,079	914	998	815

(1) Excluding the one-off operations in the second quarter of 2006.

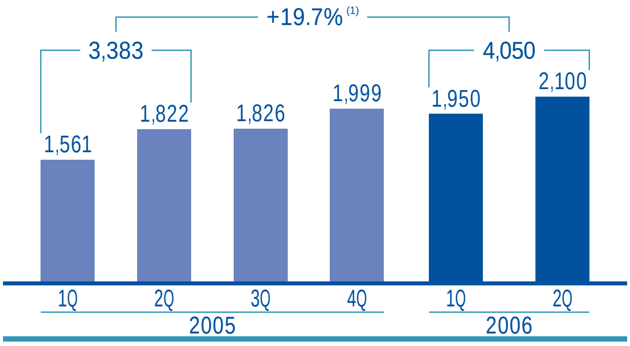
quarter, the 1H06 attributable profit came to €2,179m with 20.2% year-on-year growth. Operating profit rose to €4,575m (+40.9%), and without the capital gains from Repsol €4,052m, 24.8% up on the €3,246m from the first half of 2005 (21.9% at constant rates). This meant that growth in the main revenue streams (net interest income +19.7% and net fee income and insurance +18.1%) outstripped growth in expenses, which further improved the cost-income ratio.

Below the operating profit line, loan-loss provisioning stood at €650m as compared to €304m in 1H05 and despite the lower NPL ratio, because high growth in customer lending required higher generic provisions. The disposal of equity holdings was also significant, with revenues from the BNL and Andorra divestments.

● NET INTEREST INCOME

Second-quarter net interest income in 2006 rose to €2.1 bn. This was the first time in BBVA that it ever passed the two billion euro barrier, such that the year-to-date net interest income was €4,050m for the first semester, 19.7% up on the €3,383m from the same period in 2005 (+16.6% at constant rates). Dividends accounted for €189m of this sum, such that the net interest income without dividends was €3,861m, a 19.2% year-on-year increase, driven by growing customer-funds and lending volumes in all business areas, improved customer spreads in the domestic market and the continuance of high customer spreads in Mexico.

Net interest income
(Million euros)

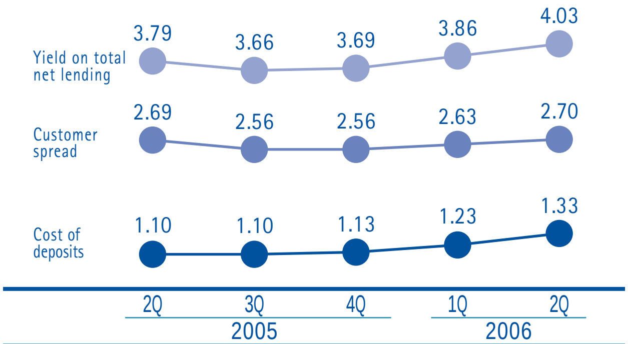


(1) At constant exchange rates: +16.6%.

In business with residents in Spain, higher market interest rates during the second quarter impacted yield on loans (up 17 basis points against the first quarter of 2006, reaching 4.03% in the second) more than the cost of deposits (up 10 basis points to 1.33%). Customer spread thus increased 7 basis points to 2.70% in the second quarter, as compared with 2.63% in the first quarter.

In Mexico, the decline in interest rates, which have been sliding since mid 2005, slowed down in June, although the average official interest rate (TIIE) was 64 basis points lower than the previous quarter. In this context, the yield on loans has fallen more than the cost of deposits, and the resulting customer spread stood at 12.17% for the quarter as compared with 12.24% in 1Q06, but still higher than the 11.55% from the second quarter of 2005. This behaviour in spreads together with volume growth, especially in lending, led to a 29.1% rise in the first-half net interest income margin in pesos. South America also recorded high growth in its net interest income, up 25.9% at constant exchange rates, driven by growing lending and deposit volumes.

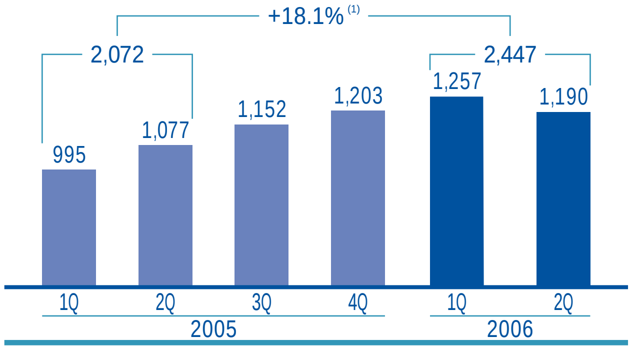
Customer spread (Domestic)
(Percentage)



● ORDINARY REVENUES

Net fee income in the first half brought in €2,150m, up 16.0% on the same period in 2005, and revenues from insurance €297m, with a year-on-year increase of 35.6%. Together, these two items came to €2,447m, an increase of 18.1% over the €2,072m obtained in the first half of 2005 (+15.0% at constant exchange rates), with significant growth in all business areas: 12.8% in Retail Banking in Spain and Portugal; 16.9% in Wholesale Businesses and 23.0% in Mexico and United States and 15.2% in South America both at constant rates.

Fee income + Insurance
(Million euros)

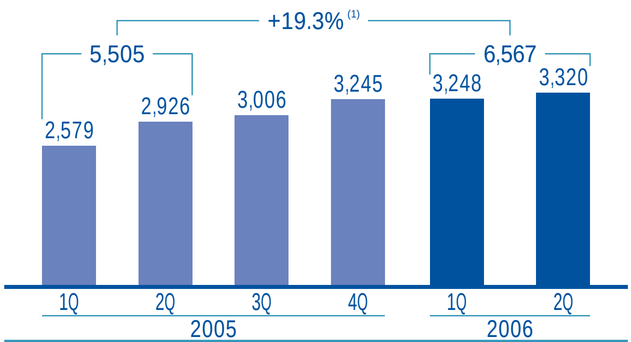


(1) At constant exchange rates: +15.0%.

Net income from companies carried by the equity method came to €70m in the half year, as against €51m for the same period in 2005. As of May, income from Banca Nazionale del Lavoro ceased to be booked to this item, once the sale of the holding was completed.

The aggregate of net interest income and net fee income, insurance and equity-accounted revenues gave core revenues of €3,320m in the second quarter, a new all-time record for BBVA. This aggregate was €6,567m for the first half of 2006, up 19.3% from €5,505m in the first six months of 2005, rising 16.2% at constant rates.

Core revenues
(Million euros)

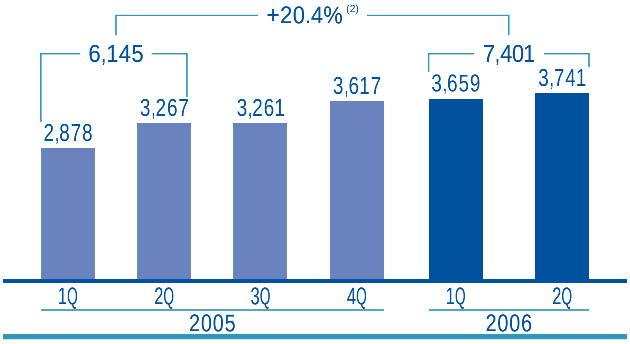


(1) At constant exchange rates: +16.2%.

Net trading income in the second half included €523m capital gains from the disposals of BBVA's 5.04% holding in Repsol YPF, one of the sources for funding the announced purchase of two banks in Texas. With this sum, net trading income rose to €1,356m in the first half, compared with €640m in the same period in 2005, whilst without the Repsol capital gains, it stood at €834m, a 30.3% year-on-year increase. Outstanding performance was recorded in America, especially in Argentina and Mexico, and in the Global Markets and Distribution unit.

Thus, ordinary revenues reached €4,264m in the second quarter of 2006 and €7,924m in the first year half, 28.9% higher than the €6,145m generated from January to June 2005 (excluding the Repsol capital gains, this sum was €7,401m and the year-on-year increase 20.4% in euros and 17.5% at constant exchange rates). Net sales of non-financial services contributed €75m (+11.1%), mainly from the real estate business, such that total operating revenues rose to €7,999m, 28.7% up on the first half of 2005.

Ordinary revenues (1)
(Million euros)

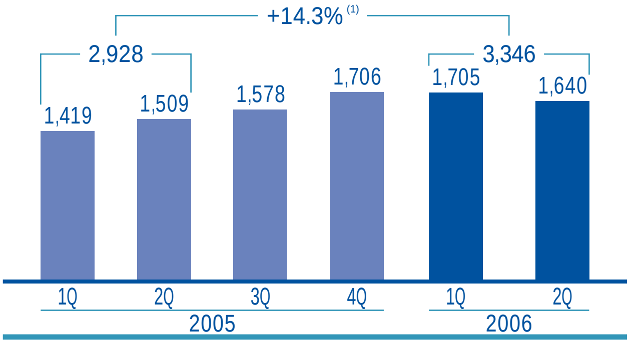


(1) Excluding Repsol capital gains in the second quarter 2006.
(2) At constant exchange rates: +17.5%.

OPERATING PROFIT

General administrative expenses including depreciation subtracted €3,346m in the first year half, and they increased substantially less than revenues, 14.3% in euros and 11.6% at constant exchange rates (personnel costs up 11.9%, other general administration costs up 11.6% and depreciation up 9.8%). Overall, domestic business costs rose 7.4%, a consequence of the expansion of the branch network and intense commercial activity. In America, these costs went up 22.9% in euros and 16.6% in local currency (14.4% like for like, excluding Laredo National Bank and Granahorrar), in a context of buoyant growth in business and activity in all countries.

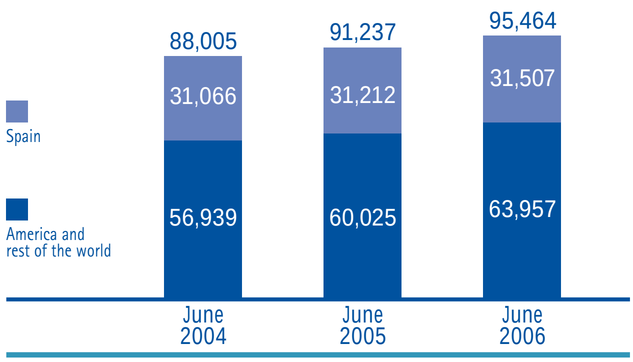
General administrative expenses + depreciation & amortization (Million euros)



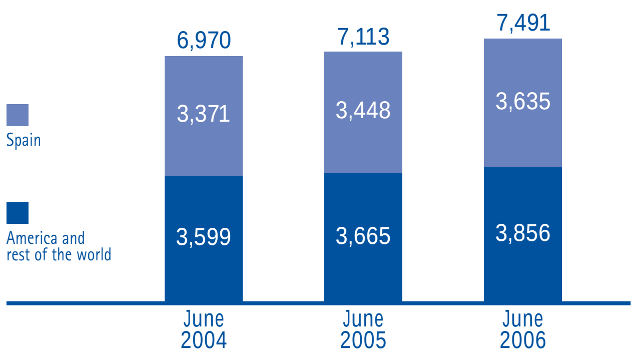
(1) At constant exchange rates: +11.6%.

At 30-Jun-06, the Group had a headcount of 95,464 persons, slightly up on the previous quarter. The year-on-year comparison mainly reflects the addition of Granahorrar in Colombia in December 2005. Meanwhile, the branch network grew to 7,491. branches worldwide. Over the last twelve months, 187 branches have been added in Spain as part of the active management of the network for Commercial Banking and the Dinero Express franchise development, and in the Americas most of the increase has been due to the incorporation of Granahorrar in Colombia.

Number of employees



Number of branches



EFFICIENCY
(Million euros)

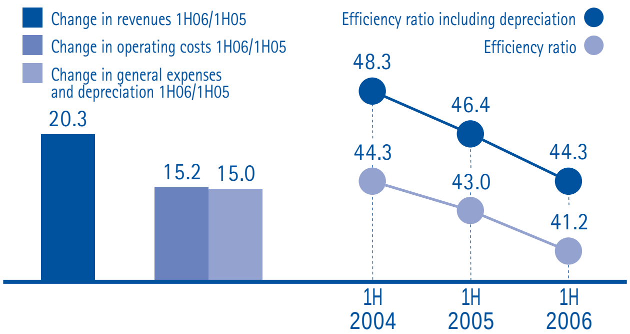
	1st Half 06	1st Half 06 excluding one-offs (1)	Δ% excluding one-offs (1)	1st Half 05	2005
Ordinary revenues	7,924	7,401	20.4	6,145	13,024
Net revenues from non-financial activities	75	75	11.1	68	126
TOTAL REVENUES	7,999	7,476	20.3	6,213	13,149
Personnel costs	(1,952)	(1,952)	14.2	(1,710)	(3,602)
General expenses	(1,161)	(1,161)	14.8	(1,011)	(2,160)
Recovered expenses	33	33	(31.0)	47	76
GENERAL ADMINISTRATIVE EXPENSES (NET)	(3,081)	(3,081)	15.2	(2,674)	(5,687)
EFFICIENCY RATIO (Costs/revenues, %)	38.5	41.2		43.0	43.2
Depreciation and amortization	(232)	(232)	12.6	(206)	(449)
GENERAL ADMINISTRATIVE EXPENSES (NET) + DEPRECIATION AND AMORTIZATION	(3,313)	(3,313)	15.0	(2,880)	(6,135)
EFFICIENCY INCLUDING DEPRECIATION AND AMORTIZATION	41.4	44.3		46.4	46.7

(1) Capital gains on BNL, Repsol and Andorra, and the related taxes in the second quarter of 2006.

As mentioned, the Group's half-year operating revenues (ordinary revenues plus net sales of non-financial services) showed year-on-year growth of 28.7% (20.3% excluding the Repsol capital gain). This revenue-growth once again outpaced the 15.2% increase in general administrative expenses net of recovered costs plus depreciation, leading to further improvement in the cost-income ratio including depreciation. At 41.4%, this ratio was 5 percentage points better than the 46.4% recorded in the first half of 2005. Without the impact of the Repsol capital gain, it was 44.3%, and the improvement 2.1 points. The efficiency in every single business area, reflected by the cost-income ratio, continued to improve.

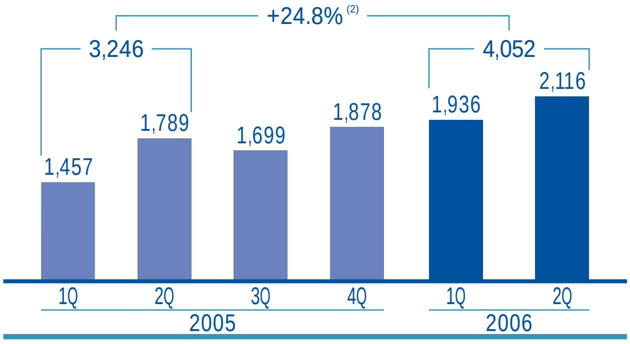
After deducting expenses, depreciation and other operating products and charges, operating profit rose to €2,639m in the second quarter, and to €2,116m excluding the Repsol capital gains (in both cases, for the

Efficiency (1)
(Percentages)



(1) Excluding Repsol capital gains in the second quarter 2006.

Operating profit (1)
(Million euros)



(1) Excluding Repsol capital gains in the second quarter 2006.
(2) At constant exchange rates: +21.9%.

first time ever in BBVA, growing beyond the €2 bn threshold) compared with €1,789m from the same period in 2005. In the year-to-date figures for the first half, the operating profit came to €4,575m, 40.9% more than the €3,246m from the equivalent period in 2005, and without the Repsol capital gain, to €4,052m, with a year-on-year increase of 24.8% (21.9% at constant exchange rates). By business area, operating profit grew 13.2% in Retail Banking in Spain and Portugal; 29.6% in Wholesale Businesses and 54.9% in Mexico and United States (45.8% at constant exchange rates) and 51.1% in South America (45.1% at constant rates).

PROVISIONS AND OTHERS

Allocations to loan-loss provisions accounted for €650m in the first half of the year, as compared with €304m during the equivalent period in 2005 (59.8%

up on the average half-yearly allocations from 2005). This increase is mainly due to the strong growth in customer loans in both Spain and the Americas, which continues to require high generic provisioning allocations (€487m, as against €249m in the first half of 2005), and the country-risk recoveries during the first six months of 2005. Generic provisioning showed a total balance of €4,305m, with a 25.0% increase over the €3,445 reported as of 30-Jun-06.

€342m were allocated to other provisions from January to June, ie, 34.7% more than in the same period of the previous year. The most significant amount was €177m for early retirements (€145m in the first six months of 2005).

Amongst the other items, the disposal of holdings was significantly higher than the €16m recorded in the first half of 2005. It stood at €889m in the first half of 2006, due to capital gains booked from the divestment of the Group's holding in Banca Nazionale del Lavoro (€568m) and in Banc Internacional de Andorra (€183m), plus 13.9% disposal of Técnicas Reunidas sold as part of its initial public offering process (€111m).

ATTRIBUTABLE PROFIT

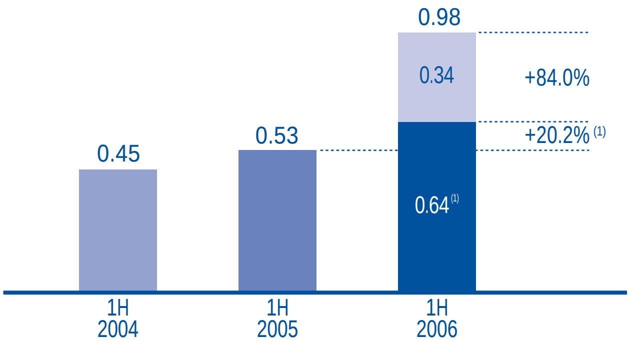
These transactions and the buoyant growth in most recurrent earnings pushed pre-tax profit up to €2,95om in the second quarter and €4,475m in the first half, as against €1,522m and €2,724m, respectively, in the equivalent periods of 2005. After setting aside €1,007m for half-year corporate tax, net profit stood at €3,469m, with a year-on-year increase of 79.1%. Deducting €132m for minority interests from this sum, the Group's net attributable profit was €3,336m in the first half of 2006, up 84.0% on the €1,813m from the same period in 2005.

Excluding earnings from one-off transactions in the second quarter, both pre-tax profit (€1,675m) and attributable profit (€1,159m) showed record levels and, for the first six months as a whole, attributable profit was €2,179m, with a year-on-year growth of 20.2%.

By business area, Retail Banking in Spain and Portugal obtained an attributable profit of €717m (11.0% more than in the first half of 2005), Wholesale Businesses €623m (+47.9%), Mexico and the United States €825m (+43.4% at current rates and +35.0% at constant rates) and South America €281m (+37.5% in euros and +33.4% at constant rates). Meanwhile, Corporate Activities, which booked the capital gains from BNL, Repsol and Andorra, contributed €890m over the half year, after its contribution had been negative by €33m over the same period in 2005.

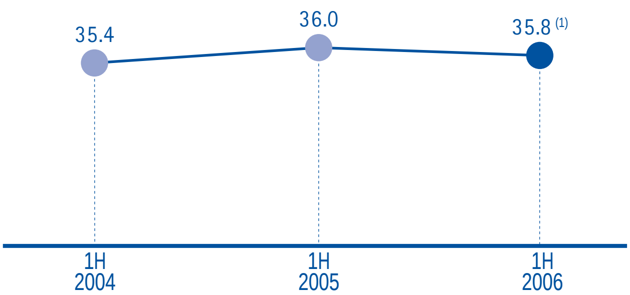
Since there was no change in the number of shares, earnings per share (€0.68 in the second quarter and €0.98 in the first half) showed a similar increase to that in attributable profit, growing 84.0% over the €0.53 from January-June 2005, ie, 20.2% without the one-off earnings from the second quarter. Meanwhile, and also excluding the same one-off earnings, return on equity (ROE) stood at 35.8%, compared against 36.0% in the

Earnings per share
(Euros)



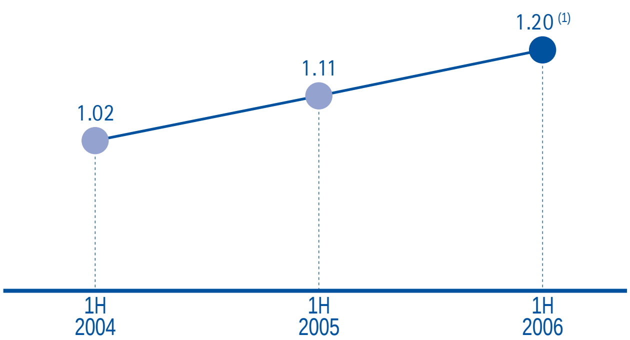
(1) Excluding results of one-off transactions in the second quarter.

ROE
(Percentage)



(1) Excluding results of one-off transactions in the second quarter.

ROA
(Percentage)



(1) Excluding results of one-off transactions in the second quarter.

Business activity

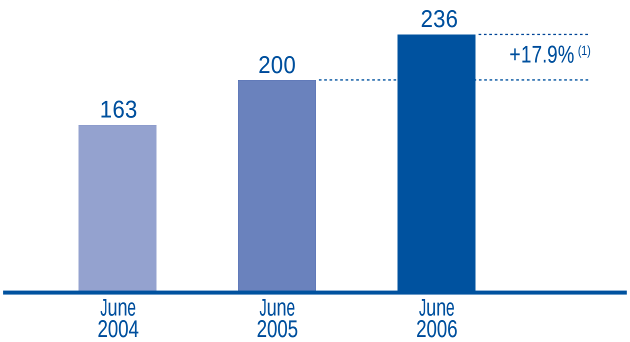
In the second quarter of 2006, BBVA continued to experience strong year-on-year growth in lending to customers. In Spain, SME and small business finance together with consumer finance offset the gradual slowdown in mortgage lending. And in the Americas, business grew at a fast pace in nearly all countries, particularly in lending to private individuals and SMEs. In terms of customer funds, the negative effect of certain market movements and the sale of Banc Internacional de Andorra in the second quarter affected the increase. It is important to note that the effect of exchange rates on the balance sheet was positive at the end of March 2006 but became negative at 30-Jun-06. Latin-American currencies appreciated against the euro in the second quarter of 2005 but generally lost value in the second quarter of 2006.

LENDING TO CUSTOMERS

At the end of June 2006 lending to customers came to €236 billion. This was an increase of 17.9% over the €200 billion a year earlier (at constant exchange rates the increase is 19.6%).

Lending to other resident sectors continued to grow fast (as in recent years). It rose 18.9% to €152 billion (€128 billion in June 2005). Secured loans (residential mortgages being the most important) accounted for €85 billion (up 18.1%). The gradual slowdown in the growth rate noted in recent quarters continued. On the other hand, lending to SMEs and small businesses continued to grow at around 23% and consumer finance and credit cards increased growth to 20%.

Total lending (gross)
(Billion euros)

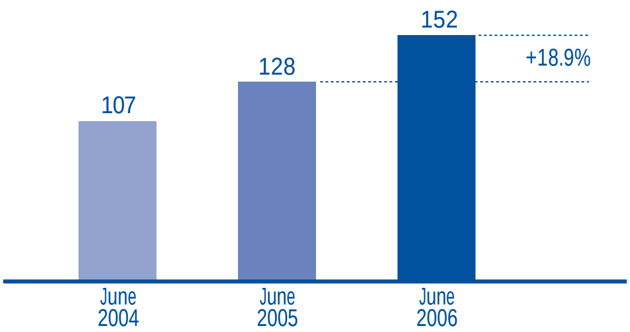


(1) At constant exchange rates: +19.6%.

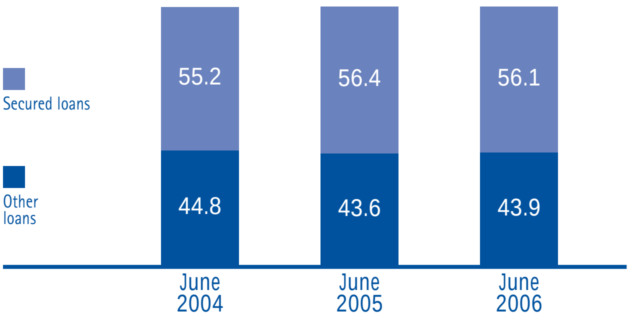
TOTAL LENDING
(Million euros)

	30-06-06	∆%	30-06-05	31-03-06	31-12-05
Public sector	15,448	(0.1)	15,467	15,845	16,088
Other domestic sectors	152,252	18.9	128,100	143,312	139,232
• Secured loans	85,368	18.1	72,280	81,757	79,128
• Commercial loans	11,937	6.6	11,196	11,277	12,671
• Other term loans	43,946	24.8	35,211	40,680	38,273
• Credit card debtors	1,332	21.0	1,102	1,150	1,237
• Other	2,873	21.8	2,359	1,931	1,694
• Financial leases	6,796	14.2	5,952	6,517	6,229
Non-domestic sector	66,242	21.6	54,462	66,106	64,747
• Secured loans	20,898	13.9	18,341	21,233	21,824
• Other loans	45,344	25.5	36,121	44,873	42,923
Non-performing loans	2,214	(0.1)	2,215	2,297	2,346
• Public sector	120	6.1	113	118	121
• Other domestic sectors	830	4.7	793	808	795
• Non-domestic sectors	1,264	(3.5)	1,309	1,371	1,430
TOTAL LENDING (GROSS)	236,156	17.9	200,244	227,560	222,413
Loan loss provisions	(5,689)	11.6	(5,096)	(5,628)	(5,563)
TOTAL NET LENDING	230,467	18.1	195,148	221,932	216,850

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



Detail of total lending to other domestic sectors (Percentage)



This included hire purchase (up 24.8%), leasing (up 14.2%) and credit cards (up 21.0%). Public sector lending in Spain came to €15 billion (similar to June 2005).

Lending to non-residents came to €66 billion. This was an increase of 21.6% over the €54 billion at 30-Jun-05 (at constant exchange rates the increase is 28.2%). As in recent quarters, this was the result of intense lending activity in most countries in the Americas (in local currencies, lending grew 29% in Mexico and by more than 20% in Chile, Colombia, Peru and Venezuela) and in the international wholesale business.

Lastly, non-performing loans (NPLs) came to €2.2 billion, similar to a year earlier. The stable amount of NPLs despite the growing volume of lending means the Group's NPL ratio continues to fall. This trend has persisted for several years and the section on risk management in this report contains further details. Furthermore, all business areas recorded an improvement.

CUSTOMER FUNDS

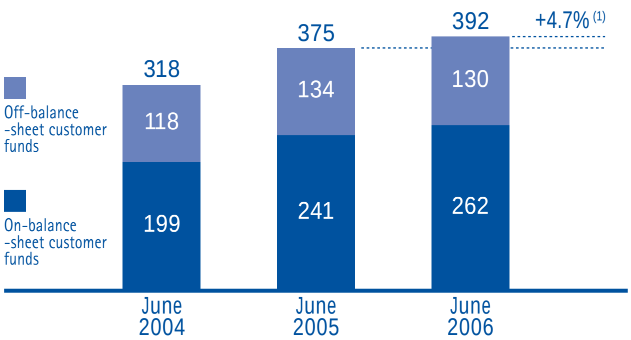
Total customer funds, on and off the balance sheet, stand at €392 billion at 30-Jun-06, an increase of 4.7% over the €375 billion a year earlier (6.9% at constant exchange rates).

Most of the growth occurred in customer funds on the balance sheet, which rose 8.9% to €262 billion, compared to €241 billion in June 2005 (11.0% at constant rates). Of this figure, customer deposits accounted for €173 billion (up 3.0%, or 5.9% at constant rates), marketable debt securities accounted for €76 billion (up 27.5%) and subordinate liabilities (subordinate debt and preference securities) accounted for the remaining €13 billion (a year-on-year decline of 1.0%).

Customer funds off the balance sheet consist of mutual funds, pension funds and customers' portfolios. During the quarter these amounts suffered the negative effect of certain market movements caused by the greater preference of customers for on-balance sheet products in Spain and the divestment of the holding in Banc Internacional de Andorra, which contributed €7,434m to these items at 31-Mar-06. Thus at 30-Jun-06, off-balance sheet funds came to €130 billion, some 2.7% less than the €134 billion of June 2005 (0.6% less at constant exchange rates). Of this amount, €73 billion came from Spain (up 1.6%) and €57 billion from other countries in which the Group operates (down 7.8% in euro terms and down 3.3% at constant exchange rates).

In Spain, the figure that best represents customer funds is the aggregate of other resident sector deposits (excluding repurchase agreements and other such

Customer funds
(Billion euros)



(1) At constant exchange rates: +6.9%.

CUSTOMER FUNDS (1)

(Million euros)

	30-06-06	Δ%	30-06-05	31-03-06	31-12-05
ON-BALANCE-SHEET CUSTOMER FUNDS	261,868	8.9	240,574	261,912	259,200
DEPOSITS	173,402	3.0	168,308	178,205	182,635
Public sector	6,189	0.5	6,160	7,840	9,753
Other domestic sectors	82,409	7.3	76,795	76,641	79,755
• Current and savings accounts	45,094	11.1	40,600	42,535	41,274
• Time deposits	22,160	15.1	19,246	20,762	20,435
• Assets sold under repurchase agreement	8,176	(38.0)	13,177	7,524	12,029
• Other	6,979	85.0	3,772	5,820	6,017
Non-domestic sector	84,804	(0.6)	85,353	93,724	93,127
• Current and savings accounts	32,352	3.7	31,198	33,484	35,118
• Time deposits	39,135	(18.4)	47,943	47,238	47,814
• Assets sold under repurchase agreement and other accounts	13,317	114.4	6,212	13,002	10,195
MARKETABLE DEBT SECURITIES	75,687	27.5	59,354	70,432	62,842
Mortgage bonds	32,880	28.7	25,551	30,863	26,927
Other marketable securities	42,807	26.6	33,803	39,569	35,915
SUBORDINATED DEBT	12,779	(1.0)	12,912	13,275	13,723
OTHER CUSTOMER FUNDS	130,332	(2.7)	134,004	143,155	142,707
Mutual funds	57,020	3.2	55,265	59,733	59,002
Pension funds	50,776	6.3	47,786	54,547	53,959
Customer portfolios	22,536	(27.2)	30,953	28,875	29,746
TOTAL CUSTOMER FUNDS	392,200	4.7	374,578	405,067	401,907

(1) Year-on-year changes are affected by the sale of Andorra.

accounts) plus mutual and pension funds. At 30-Jun-06 it came to €128 billion, a year-on-year increase of 7.9%. Of this figure, deposits accounted for €67 billion (up 12.4%). Moreover, the high growth of current and savings accounts (up 11.1% to €45 billion) is similar to the previous quarter and particularly relevant.

The more stable funds (time deposits, mutual funds and pension funds) came to €83 billion. The year-on-year increase of 6.3% stems mainly from time deposits, which rose 15.1% to €22 billion. Assets under management in mutual funds came to €46 billion (up 2.1%). Quantitative funds, the real estate fund and the managed portfolio funds turned in good performances. Pension funds stand at €15 billion (up 7.4% and individual plans were up 9.5%). In the second quarter funds suffered from falls on the stock and bond markets.

Domestic public authority debits came to €6 billion, similar to the figure a year earlier.

In the non-resident sector, deposits (less repurchase agreements and similar accounts) plus mutual and pension funds came to €119 billion, a year-on-year fall of 3.9% (up 1.1% at constant exchange rates). Transactional deposits (current and savings accounts) continue to be of great interest owing to their lower cost. They grew 3.7% to €32 billion (11.1% at constant exchange rates).

OTHER CUSTOMER FUNDS

(Million euros)

	30-06-06	∆%	30-06-05	31-03-06	31-12-05
SPAIN	73,206	1.6	72,034	74,151	74,619
MUTUAL FUNDS	45,631	2.1	44,706	46,467	46,340
Mutual Funds (ex Real Estate)	43,616	0.9	43,236	44,550	44,507
• Monetary and short term fixed-income	15,531	(10.7)	17,387	15,769	18,353
• Long-term fixed income	1,828	(5.0)	1,923	1,983	1,891
• Balanced	1,812	(17.0)	2,184	1,980	2,064
• Equity	3,705	19.4	3,103	4,139	3,626
• Guaranteed	16,640	(8.6)	18,203	17,505	17,725
• Global	4,100	n.m.	436	3,174	848
Real Estate investment trusts	2,015	37.0	1,470	1,917	1,833
PENSION FUNDS	15,082	7.4	14,046	15,164	15,091
Individual pension plans	8,348	9.5	7,620	8,449	8,395
Corporate pension funds	6,734	4.8	6,426	6,715	6,696
CUSTOMER PORTFOLIOS	12,493	(5.9)	13,282	12,520	13,188
REST OF THE WORLD (1)	57,126	(7.8)	61,970	69,004	68,088
Mutual funds	11,389	7.9	10,559	13,266	12,662
Pension funds	35,694	5.8	33,740	39,383	38,868
Customer portfolios	10,043	(43.2)	17,671	16,355	16,558
OTHER CUSTOMER FUNDS	130,332	(2.7)	134,004	143,155	142,707

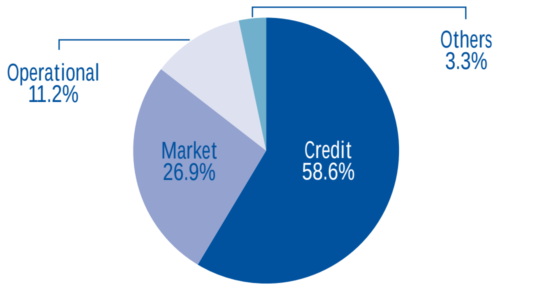
(1) Year-on-year changes are affected by the sale of Andorra.

More stable funds accounted for the remaining €86 billion (down 6.5% in euros and down 2.2% at constant rates). Of these, pension funds came to €36 billion (up 5.8% at current exchange rates and 10.5% at constant rates) and mutual funds rose to €11 billion (up 7.9% and 15.5%). Time deposits fell to €39 billion (down 18.4% at current exchange rates and down 14.9% at constant rates). Mexico's policy to encourage a shift to products such as assets sold under repurchase agreements and to mutual funds, continued to have an impact on time deposits.

● MAP OF ECONOMIC CAPITAL

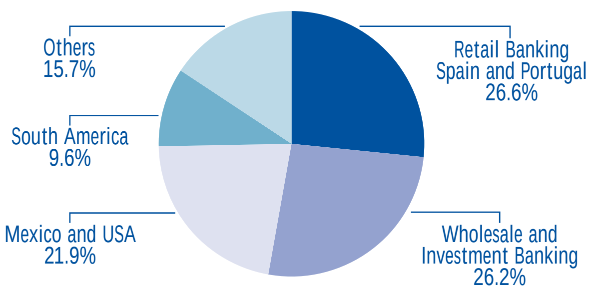
In attributable terms, economic capital at risk (ECR) stands at €16,271m according to the provisional figures for June 2006. By risk type, lending accounts for 58.6%, market risk for 26.9% and operational risk 11.2%.

Map of the BBVA Group's economic capital. Distribution by risk types
(Data in attributable terms, 30-6-06)



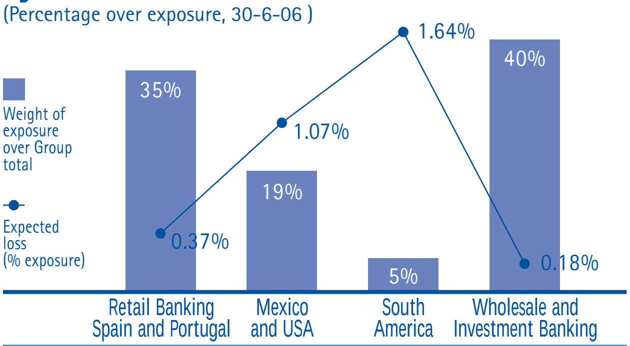
By business area, Retail Banking in Spain and Portugal consumes 26.6% of ECR and Wholesale Businesses 26.2%. Mexico and the United States account for 21.9%, South America 9.6% and the rest of the Group (mainly the industrial holdings and structural risk portfolio) absorbs 15.7%.

Map of the BBVA Group's economic capital. Distribution by areas
(Data in attributable terms, 30-6-06)



Expected losses on the performing loan portfolio, in attributable terms and adjusted for the economic cycle, come to €1,696m based on provisional June figures. The biggest area in terms of exposure to lending risk is Wholesale Businesses (a weighting of 40%) and its ratio of expected losses to exposure is 0.18%. Retail Banking in Spain and Portugal is in second place with 35% and an expected loss ratio of 0.37%. Mexico and the United States account for 19% of exposure and the ratio is 1.07%. Lastly, South America absorbs 5% and the expected loss ratio is 1.64%.

Attributable expected losses by business areas
(Percentage over exposure, 30-6-06)



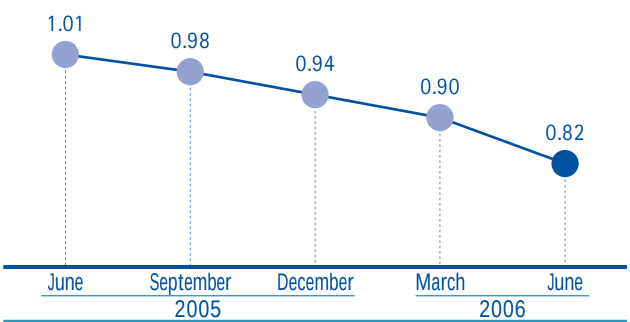
LENDING RISK

During the second quarter of 2006 the indicators of lending risk quality for the Group and all its business areas continued to improve while lending to customers grew sharply.

Total exposure with customers (including contingent liabilities) maintained the upward trend of recent quarters, reaching €272 billion at 30-Jun-06. This was 21.0% higher than the figure of €225 billion at 30-Jun-05. Despite this sharp increase, non-performing loans (NPLs) declined to €2,240m, which was 1.1% less than the €2,264m recorded at the end of June 2005.

The changes in total exposure and NPLs led to an additional improvement in the NPL ratio. It fell to 0.82% at 30-Jun-06, compared to 1.01% in June 2005 and 0.90% in March 2006. In fact, the NPL ratio fell in all business areas over the last 12 months. In Retail Banking in Spain and Portugal the ratio stands at 0.60% compared to 0.69% at 30-Jun-05. In the case of

Non-performing loan ratio
(Percentage)



CREDIT RISK MANAGEMENT

(Million euros)

	30-06-06	Δ%	30-06-05	31-03-06	31-12-05
TOTAL RISK EXPOSURE (1)					
Non-performing assets	2,240	(1.1)	2,264	2,325	2,382
Total risks	272,196	21.0	224,884	258,910	252,275
Provisions	6,161	13.1	5,448	6,083	6,015
NPL ratio (%)	0.82		1.01	0.90	0.94
NPL coverage ratio (%)	275.1		240.6	261.7	252.5
MEMORANDUM ITEM:					
Foreclosed assets	270	(21.1)	343	324	363
Foreclosed asset provisions	126	(25.0)	168	156	170
Coverage (%)	46.7		49.1	48.0	46.8

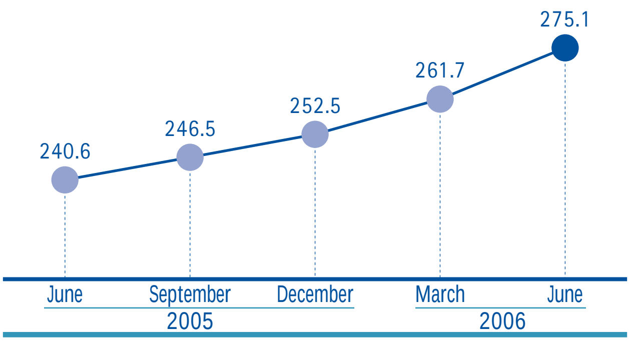
(1) Including contingent liabilities.

Wholesale Businesses the ratio is now 0.23% (0.37% a year earlier), in Mexico and the United States it is 2.21% (2.28%) and in South America it is 3.15% (4.10%).

Provisions at 30-Jun-06 stand at €6,161m, of which €4,305m is generic. The year-on-year increase is 13.1% and this, combined with the above decline in NPLs, brings the coverage ratio to 275.1% (240.6% at 30-Jun-05 and 261.7% at 31-Mar-06). By business area, coverage is 295.0% in Retail Banking in Spain and Portugal (273.2% at 30-Jun-05), 703.9% in Wholesale Businesses (442.4% at 30-Jun-05), 250.3% in Mexico and the United States (255.8%) and 115.4% in South America (101.2%).

Coverage ratio

(Percentage)



VARIATIONS IN NON-PERFORMING ASSETS

(Million euros)

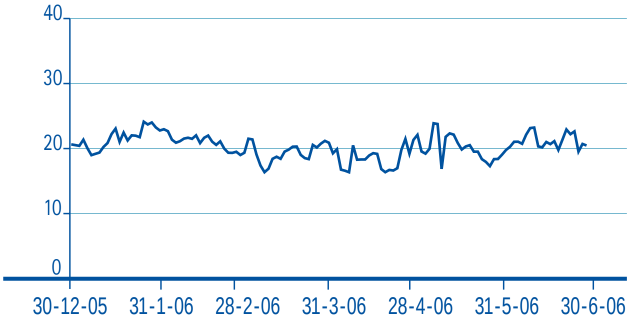
	2006		2005		
	2nd Quarter	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter
BEGINNING BALANCE (1)	2,325	2,382	2,299	2,264	2,219
Net variation	(85)	(57)	83	35	45
Entries	607	598	622	520	406
Outflows	(454)	(436)	(455)	(357)	(340)
Write-offs	(163)	(156)	(228)	(155)	(133)
Exchange rate differences and other	(75)	(63)	144	27	112
PERIOD-END BALANCE (1)	2,240	2,325	2,382	2,299	2,264
MEMORANDUM ITEM:					
• Non-performing loans	2,214	2,297	2,346	2,256	2,215
• Non-performing contingent liabilities	26	28	36	43	49

(1) Including contingent liabilities.

MARKET RISK

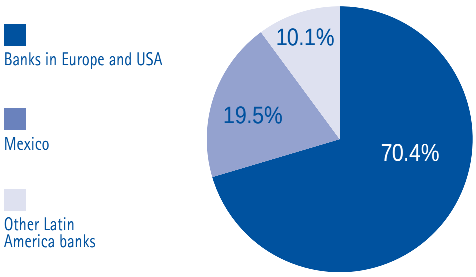
During the second quarter of 2006, market exposure of the markets units within the BBVA Group, measured by value-at-risk (VaR), was similar to the previous quarter with 38% average weighted consumption of limits at 30-Jun-06. The average risk during the quarter was €20.0m and at the end of June it came to €20.5m.

Trends in market risk
(VaR, million euros)



In the second quarter the average risk in mature markets gained in importance over the first quarter of 2006 and accounts for 70% of the total. At the same time Latin-American banks represent 29.6% of risk (of which two-thirds is Mexico).

Market risk by geographical areas
(Average second quarter 2006)



In terms of the type of market risk, at 30-Jun-06 the predominant factor is interest rate risk, accounting for 28% of the total excluding the effect of diversification and 53% if spread-related risk is considered. This type is followed by stock-market exposure (21%) and volatility risk associated with optional positions (vega) with 18%, correlation risk (7%) and exchange-rate risk (3%).

MARKET RISK BY RISK FACTORS
(Second Quarter 2006. Million euros)

	31-03-06	Daily VaR Average	Daily VaR Maximum	Daily VaR Minimum
Interest (1)	12.5	11.5	15.6	8.0
Exchange rate (1)	0.8	1.1	3.6	0.5
Equity (1)	5.5	5.4	9.9	3.7
Vega and correlation	4.8	5.2	6.0	4.3
Diversification effect	(3.0)	(3.2)	-	-
TOTAL	20.5	20.0	23.9	16.4

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

OPERATIONAL RISK

During the first half of 2006, BBVA continued to implement operational risk management tools in all countries, preparing the Group for entry to the Basel II advanced level.

The CFO Executive Board, a US-based international association that provides research on best practices in the finance arena, chose BBVA's TransVaR as the most suitable tool for managing operational risk, owing to its predictive nature. TransVaR was designed in-house. Its indicators are linked to the causes of operational risk (volume handled, system availability, control quality, staff skills and experience, etc).

Capital base

According to the rules of the Bank for International Settlements (BIS), the capital base of the BBVA Group at 30-Jun-06 was €26,377m, an increase of 0.5% over the end of the previous quarter. Risk-weighted assets stood at €232,436m (up 1.6% over 31-Mar-06). As a result, the BIS ratio came to 11.3%, compared to 11.5% at the end of March and the surplus amount above the 8%-level of risk-weighted assets, as required by BIS rules, came to €7,782m.

Core capital came to €13,840m, rising 8.8% during the quarter. Thus the core capital ratio is 6.0% of risk-weighted assets, 0.4 percentage points higher than 5.6% at 31-Mar-06. This increase was due to results generated during the quarter, including those obtained on the sale of holdings in BNL and Repsol (gross capital gains of €568m and €523m, respectively). The reserves have suffered the negative impact of exchange rates during the quarter, which also affected risk weighted assets.

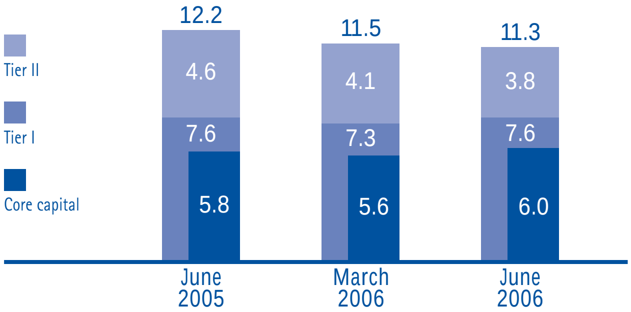
After adding preference securities to core capital, Tier I capital at 30-Jun-06 came to €17,554m. This was 7.6% of risk-weighted assets (7.3% at 31-Mar-06). As part of its strategy of optimising capital structure, the Group redeemed in advance €340m of preference securities on 17-Apr-06. As a result, the ratio of preference securities

CAPITAL BASE (BIS REGULATION)

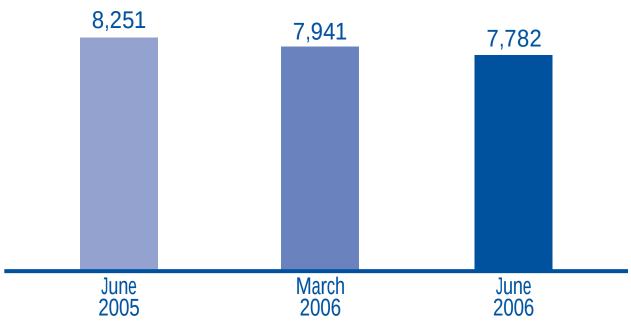
(Million euros)

	30-06-06	31-03-06	31-12-05	30-06-05
Called-up share capital	1,662	1,662	1,662	1,662
Reserves	10,832	11,303	9,517	9,482
Minority interests	761	1,005	889	818
Deductions	(2,751)	(2,271)	(3,723)	(2,396)
Net attributable profit	3,336	1,020	3,806	1,813
CORE CAPITAL	13,840	12,719	12,151	11,379
Preference shares	3,714	4,063	4,128	3,571
CAPITAL (TIER I)	17,554	16,782	16,279	14,950
Subordinated debt	7,787	7,815	7,996	7,507
Valuation adjustments and other	1,112	2,477	2,563	2,248
Deductions	(76)	(834)	(793)	(710)
OTHER ELIGIBLE CAPITAL (TIER II)	8,823	9,458	9,766	9,045
CAPITAL BASE	26,377	26,240	26,045	23,995
Minimum capital requirement (BIS Regulation)	18,595	18,299	17,351	15,745
CAPITAL SURPLUS	7,782	7,941	8,694	8,251
RISK-WEIGHTED ASSETS	232,436	228,743	216,890	196,812
BIS RATIO (%)	11.3	11.5	12.0	12.2
CORE CAPITAL (%)	6.0	5.6	5.6	5.8
TIER I (%)	7.6	7.3	7.5	7.6
TIER II (%)	3.8	4.1	4.5	4.6

Capital base: BIS ratio
(Percentage)



Capital surplus
(Million euros)



to core equity, determined in accordance with BIS rules, fell to 21.2%.

Other eligible capital, which mainly includes subordinate debt and revaluation reserves, came to €8,823m and thus Tier II stands at 3.8%, compared to 4.1% at 31-Mar-05. This decline is mainly due to the sale of the Group's holding in Repsol, which had a positive effect on core capital as noted above. More onerous calculation rules for capital gains had an additional negative impact on Tier II. Equity capital gains must now be decreased by 55% (previously 35%) and fixed income capital gains must be decreased by 65%. This is according to Bank of Spain Circular 2/2006 of June 30th (BOE 8-7-06) which modifies Circular 5/1993 (definition and control of minimum capital). During the second quarter of 2006, a $75m issue of subordinated debt matured.

Risk weighted assets show a moderate increase in the quarter despite the strong lending growth. This is explained by the disposals of Andorra and Repsol, and the depreciation of the American currencies against the euro.

RATINGS

In June Fitch improved its individual rating of BBVA from B to A/B. According to Fitch, the improvement reflects highly consistent financial fundamentals that are better than the average for its European peers. It highlights the strength of BBVA's retail franchise in Spain and Mexico, the healthy asset quality, good liquidity and sound management team.

Moreover, following the acquisition of Texas Regional Bancshares and State National Bancshares, Fitch, Moody's and Standard & Poor's confirmed their long-term ratings for BBVA.

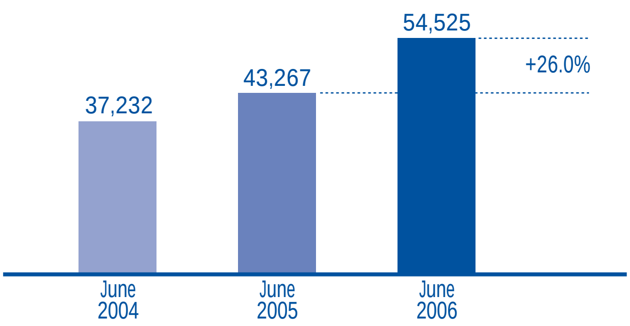
RATINGS

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

The BBVA share

There was a widespread market correction in the second quarter of 2006. It started at the beginning of May and discounted a global scenario of negative inflation (rising interest rates, adjustments in the dollar, increasing commodity prices, the lack of liquidity, etc). A certain degree of stability in these factors led to a moderate recovery in the last half of June. However, it was insufficient to compensate the previous losses. As a result, most market indices closed the quarter lower than the March level: the S&P was down 1.9%, the Stoxx 50 fell 3.7% and the IBEX 35 shed 2.6%.

Market capitalization
(Million euros)

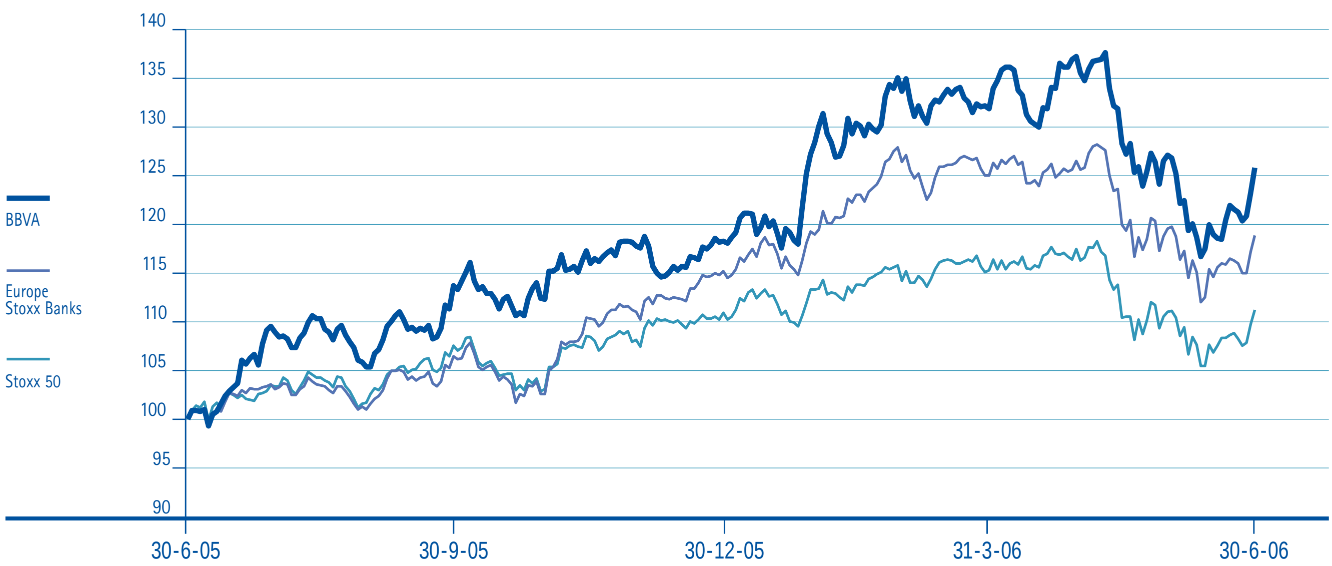


The European banking sector was not immune to the negative sentiment and fell by similar, or even greater, amounts (the Europe Stoxx Banks fell 5.5%). This context also affected BBVA's share price although over the last 12 months it is up 26.0%. On that basis it has outperformed the sector (Europe Stoxx Banks has risen 19.0%) and the general market (Stoxx 50 is up 11.3% and the IBEX 35 is up 18.0%).

BBVA's results in the first quarter were well received by the market, beating most analysts' expectations. They took a positive view of all business areas, especially Mexico and South America. The main brokers now reflect our consistent results and growth potential in their guidance and some have revised their figures upwards. The majority of analysts expect BBVA's profitability to increase sharply over the next two years, outperforming the European banking sector average.

The acquisition of Texas Regional Bancshares and State National Bancshares was also well received by analysts, who pointed to the strategic rationale and attractive financing. These acquisitions are an important step forward for the execution of the expansion strategy in Texas and allow BBVA to create a solid platform for

Share price index
(30-6-05=100)



THE BBVA SHARE

	30-06-06	31-03-06	31-12-05	30-06-05
Number of shareholders	926,768	940,542	984,891	1,042,616
Number of shares issued	3,390,852,043	3,390,852,043	3,390,852,043	3,390,852,043
Daily average number of shares traded	32,338,859	27,936,543	31,672,354	33,433,617
Daily average trading (million euros)	530.59	456.23	423.86	426.44
Maximum price (euros)	17.75	17.29	15.22	13.44
Minimum price (euros)	14.78	14.97	11.87	11.87
Closing price (euros)	16.08	17.22	15.08	12.76
Book value per share (euros)	4.49	4.00	3.84	3.44
Market capitalization (million euros)	54,525	58,390	51,134	43,267

SHARE PERFORMANCE RATIOS

	30-06-06	31-03-06	31-12-05	30-06-05
Price/Book value (times)	3.6	4.3	3.9	3.7
PER (Price/Earnings; times) (1)	12.1	13.2	13.4	11.4
Yield (Dividend/Price; %) (2)	3.98	3.63	3.52	4.16

(1) The 30-6-06 P/E is calculated taking into consideration the median of the analysts' estimates (July 2006).
(2) Dividend yield at 30-6-06 is calculated taking into consideration the median of analysts' estimates (July 2006).

expansion in a market with high growth potential. BBVA will reach a 3% market share in deposits and will be positioned as one of the top banks.

At the end of the second quarter, BBVA's share price stood at €16.08, putting market capitalisation at €54.5 billion (26.0% higher than a year earlier). During the quarter the price varied between a low of €14.78 and a high of €17.75. The latter figure equates to a market cap of more than €60 billion – an all-time high for the Group. Average daily turnover was 37m shares and the average value traded daily was €607m. Both figures are considerably higher than the first quarter (28m shares and €456m, respectively).

In regard to shareholder remuneration, the Bank paid on the 10th April a final dividend of €0.186 per share (gross) for 2005. Therefore total dividends for 2005 came to €0.531 per share, which was 20.1% more than the amount paid against 2004 results. On 10th July a first interim dividend of €0.132 per share was paid against 2006 results. This is 15% higher than the amount paid a year earlier.

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. The Group's companies in Andorra have also been reported under this area until their disposal.

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 Half 06	∆%	1st Half 05
Retail Banking in Spain and Portugal	717	11.0	646
Wholesale and Investment Banking	623	47.9	421
Mexico and USA	825	43.4	575
South America	281	37.5	204
Corporate Activities	890	n.m.	(33)
BBVA GROUP NET ATTRIBUTABLE PROFIT	3,336	84.0	1,813

ROE AND EFFICIENCY

(Percentage)

	ROE		Efficiency including depreciation and amortization	
	1st Half 06	1st Half 05	1st Half06	
Retail Banking in Spain and Portugal	35.0	35.2	46.0	47.6
Wholesale and Investment Banking	31.3	24.5	24.7	29.1
Mexico and USA	45.3	40.7	39.1	44.8
South America	36.8	35.1	48.6	52.7
BBVA GROUP	35.8 (1)	36.0	44.3 (1)	46.4

(1) Excluding the one-off operations in the second quarter of 2006.

Retail Banking in Spain and Portugal

INCOME STATEMENT
(Million euros)

	Retail Banking in Spain and Portugal			Memorandum item: Financial Services			Memorandum item: Asset Management and Private Banking		
	1H 06	Δ%	1H 05	1H 06	Δ%	1H 05	1H 06	Δ%	1H 05
NET INTEREST INCOME	1,385	7.2	1,292	1,359	7.3	1,266	14	4.7	13
Income by the equity method	-	(53.8)	1	-	n.m.	-	-	(98.4)	1
Net fee income	776	10.9	699	723	12.9	640	127	7.8	118
Income from insurance activities	182	21.4	150	-	-	-	-	-	-
CORE REVENUES	2,343	9.4	2,142	2,082	9.2	1,906	141	6.8	132
Net trading income	32	26.0	26	22	24.4	17	6	119.7	3
ORDINARY REVENUES	2,375	9.6	2,167	2,104	9.4	1,924	147	9.0	134
Net revenues from non-financial activities	15	(4.4)	16	14	(4.7)	14	-	-	-
Personnel and general administrative expenses	(1,075)	4.1	(1,034)	(969)	3.6	(935)	(44)	(1.2)	(45)
Depreciation and amortization	(51)	8.3	(47)	(42)	9.2	(39)	(3)	(10.3)	(3)
Other operating income and expenses	7	(64.8)	21	7	(64.6)	21	-	36.6	-
OPERATING PROFIT	1,271	13.2	1,123	1,113	13.0	985	99	15.0	86
Impairment losses on financial assets	(176)	17.6	(150)	(172)	15.4	(149)	(5)	111.2	(2)
• Loan loss provisions	(177)	16.1	(153)	(172)	15.2	(149)	(5)	111.0	(2)
• Other	1	(61.4)	3	-	n.m.	-	-	(100.0)	-
Provisions	1	171.9	-	(2)	n.m.	2	-	n.m.	(1)
Other income/losses	9	(30.0)	12	11	(28.0)	15	(2)	86.3	(1)
PRE-TAX PROFIT	1,104	12.0	986	950	11.5	853	92	12.8	82
Corporate income tax	(384)	13.8	(337)	(332)	12.7	(294)	(30)	17.0	(26)
NET PROFIT	720	11.1	649	619	10.8	558	62	10.8	56
Minority interests	(3)	19.3	(3)	(2)	8.4	(2)	(1)	77.5	-
NET ATTRIBUTABLE PROFIT	717	11.0	646	616	10.8	556	61	10.3	55

BALANCE SHEET
(Million euros)

	Retail Banking in Spain and Portugal			Memorandum item: Financial Services			Memorandum item: Asset Management and Private Banking		
	30-06-06	Δ%	30-06-05	30-06-06	Δ%	30-06-05	30-06-06	Δ%	30-06-05
Cash and balances at Central Banks	1,378	11.5	1,235	1,316	12.6	1,169	14	3.6	13
Financial assets	12,213	(22.1)	15,687	607	18.1	514	294	(38.1)	475
Loans and receivables	110,833	19.4	92,811	103,365	19.1	86,815	2,416	25.9	1,918
• Due from banks	2,494	24.7	2,000	81	14.6	71	1,154	9.3	1,056
• Loans to customers	107,914	18.9	90,758	102,903	18.6	86,735	1,261	46.3	862
• Other	425	n.m.	53	380	n.m.	9	1	174.5	-
Inter-area positions	-	-	-	-	-	-	-	-	-
Property, plant and equipment	1,184	4.3	1,136	1,049	4.6	1,003	15	(20.9)	19
Other assets	2,055	66.8	1,232	618	(8.8)	678	108	9.0	99
TOTAL ASSETS / LIABILITIES AND EQUITY	127,662	13.9	112,101	106,955	18.6	90,178	2,846	12.8	2,524
Deposits by Central Banks and banks	6,131	21.5	5,047	3,342	15.6	2,892	299	(21.4)	381
Due to customers	55,308	15.0	48,108	52,223	15.7	45,119	1,023	(4.4)	1,070
Marketable debt securities	50	(21.1)	64	46	(27.4)	64	4	n.m.	-
Subordinated debt	2,520	17.5	2,145	2,027	21.4	1,670	115	(30.9)	166
Inter-area positions	41,200	25.0	32,950	40,188	23.5	32,551	892	164.8	337
Other liabilities	18,062	(9.3)	19,914	5,488	12.4	4,881	301	12.1	268
Minority interests	59	6.2	55	49	5.1	47	9	13.6	8
Shareholders' funds	4,332	13.5	3,818	3,590	21.5	2,955	204	(30.9)	295

RELEVANT BUSINESS INDICATORS

(Million euros and percentages)

	Retail Banking in Spain and Portugal			Memorandum item: Financial Services			Memorandum item: Asset Management and Private Banking		
	30-06-06	Δ%	30-06-05	30-06-06	Δ%	30-06-05	30-06-06	Δ%	30-06-05
Customer lending (1)	108,696	18.9	91,387	103,651	18.7	87,326	1,274	47.1	866
Customer deposits (2)	59,179	15.1	51,415	55,889	15.9	48,222	1,094	(5.4)	1,157
• Deposits	59,151	15.1	51,371	55,876	15.9	48,205	1,079	(4.5)	1,130
• Assets sold under repurchase agreement	28	(35.8)	44	13	(23.5)	17	15	(43.6)	27
Off-balance-sheet funds	60,481	3.7	58,315	48,642	1.7	47,839	10,833	12.8	9,601
• Mutual funds	45,158	2.5	44,046	40,469	0.2	40,372	3,986	29.8	3,072
• Pension funds	15,323	7.4	14,269	8,173	9.5	7,467	6,847	4.9	6,529
Other placements	7,132	0.9	7,068	7,102	0.8	7,048	30	51.7	20
Customer portfolios	16,349	12.6	14,516	6,664	47.4	4,522	9,685	(3.1)	9,994
Total assets (3)	114,554	18.6	96,580	106,955	18.6	90,178	2,846	12.8	2,524
ROE (%)	35.0		35.2	36.4		39.1	63.2		40.0
Efficiency ratio (%)	43.9		45.4	44.5		46.1	30.3		33.4
Efficiency incl. depreciation and amortization (%)	46.0		47.6	46.5		48.1	32.5		36.0
NPL ratio (%)	0.60		0.69	0.61		0.70	-		-
Coverage ratio (%)	295.0		273.2	294.6		271.6	n.m.		n.m.

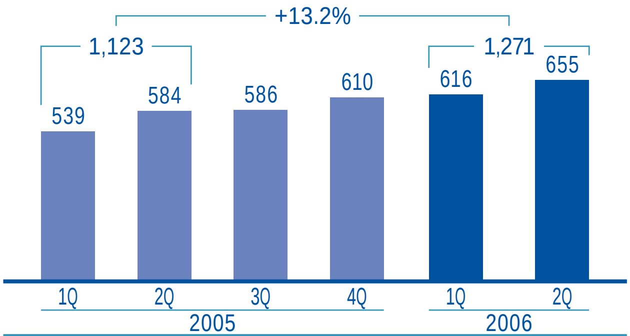
(1) Gross lending excluding NPLs. (2) Includes collection accounts and individual annuities. (3) Excluding insurance.

Retail Banking in Spain and Portugal takes a distinctive approach to providing highly personalised services to individuals (Financial services for Individuals, which includes Personal Banking) and small businesses, professionals, freelancers, small retailers and farmers (Financial services for Small Businesses). It also comprises the units dealing with consumer finance (Finanzia and Uno-e), asset management and private banking (including the international private banking business), insurance in Europe and BBVA Portugal. The Retail Banking area handles the distribution, development and launch of new products and services.

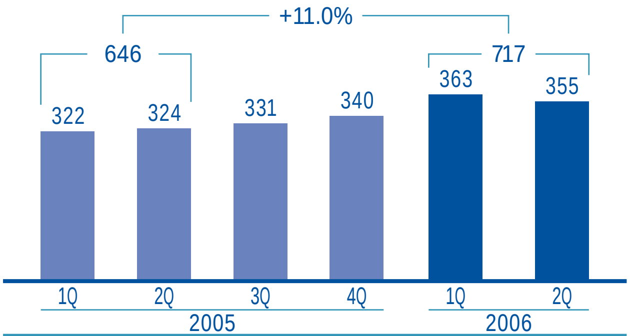
Increased commercial productivity has led to higher business volumes and higher revenues from fee income, insurance and trading activity. This higher productivity and the area’s successful defence of spreads and disciplined cost control policy have helped it achieve a first-half operating profit of €1,271m, 13.2% up on the equivalent period of 2005, with rising quarter-on-quarter growth (recording €616m in the first quarter and €651m in the second). These recurring results have driven attributable profit up to €717m (+11.0%), despite the 16.1% increase in loan-loss provisions required to keep generic reserves in line with growing activity. Return on equity stood at 35.0%.

Its activity with individuals and businesses has shown sustained dynamism and customer spread rose 7 basis points against the first quarter of 2006. This has pushed half-year net interest income up 7.2% above its 1H05 level. At 30-Jun-06, the loan portfolio rose to €108,696m, a year-on-year increase of 18.9% distributed uniformly over the main lending segments. However, business increased without impacting the NPL ratio, which recorded yet another reduction as it reached 0.60% (0.69% at 30-Jun-05) while the increased provisions brought the coverage ratio up to 295.0% (273.2% at 30-6-05).

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



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



Balance-sheet customer funds (€59,151m) increased 15.1%: transactional deposits grew 12.2% and term deposits 25.8%. In a context in which the behaviour of the financial and equity markets was much more negative than in the first quarter, mutual funds showed more moderate growth (2.5%). Average fee levels, however, reached 1.277%, the highest amongst the big fund managers. At 30-6-06, total customer funds under management rose to €126,764m, 8.6% up on the same date of the previous year.

The area's commercial dynamism also helped boost fees, which grew 10.9% (9.1% on funds and 12.6% on banking services), and other revenue streams, such as the insurance business (+21.4%) and net trading income (+26.0%). Ordinary revenues consequently rose by 9.6% to €2,375m.

Since operating costs and depreciation grew significantly below this level (+4.2%, despite the addition of 138 new branches to the Commercial Banking network since June 2005), the cost-income ratio improved to 46.0%, as compared with 47.6% in the first half of 2005.

● FINANCIAL SERVICES

Financial Services covers individuals, small businesses and the specialist consumer-finance unit. During the first half of the year it recorded an operating profit of €1,113m (+13.0%). This drove the attributable profit up 10.8% to €616m. Lending increased 18.7% and customer funds 8.3%, with an excellent 15.9% growth in balance-sheet modalities.

Financial services for individuals

Activity in this segment continued to grow briskly. A year-on-year increase of 20.4% in commercial productivity (average number of products sold per account manager) drove up revenues. New business lines were developed and the BBVA Salud medical insurance scheme launched under the umbrella of a strategic agreement with Sanitas provided customers with a new approach to covering their health risks.

Customer fund gathering initiatives raised liquid balances by more than €1.5 bn, supported on a new savings campaign (Campaña del Ahorro) and the renewal of the catalogue of stable products, with the launch of a new guaranteed mutual fund (BBVA Garantizado Doble 10) and a new deposit scheme (Depósito Triple 6) which brought in €213m in their first month on the market. A further €295m were raised by improving the conditions offered on existing schemes (Depósitos Crecientes and Planes Renta).

Consumer finance hit new records, turning over €1,687m in the second quarter and €2,775m in the first half, 49.5% up on the first half of 2005. It recorded a total stock of €9,447m, showing 20.3% growth as a consequence of various sales and marketing initiatives. These included the new easier credit line (Crédito Fácil), which brought in €179m; Crediquincena, with 60,000 transactions and €199m financed; and Credinómina, which has earnt €717m since it was launched in February, of which €421 came from the second quarter.

Mortgages for home-buyers on the open market grew 19.7% year on year, with a balance of over €66,500m and customers signing up for €13,529m in new transactions (+4.3%), following the success of the easy mortgage campaign (Hipoteca Fácil) which offered more flexible conditions, better suited to young and immigrant first-time buyers, making it easier for BBVA customers to own their own home.

Financial services for small businesses

Lending for small enterprises, micro-firms, freelancers, small retailers and farming businesses has continued to record strong growth (22.9% year-on-year), reaching over €17 bn. The 2006 ICO-Pymes campaign attracted over 9,300 lending and leasing transactions, 47.5% up on the 30-6-05 figure. The first campaign for providing pre-approved loans and credit lines was a significant success, as was the new range of lending products combining fixed and variable interest rates, with customers signing up for over 2,800 such operations. Various campaigns have been rolled out for rental-leasing products, whose financing increased 20%.

A campaign to encourage employers to pay their employees directly through the BBVA (Payroll Campaign) increased the number of firms and businesses domiciling their payrolls through the Bank by 30%. Moreover, in a year with many regulatory changes, 51,300 farms received their annual subsidies through the Bank. The €250m channelled through such payments was 18% higher than in the previous year's single farm payment campaign. BBVA offers farmers an integrated package of products and services. It provided €15m in advances against subsidies (Agrocrédito Anticipo Ayudas) and wrote 3,100 farm insurance policies. Meanwhile, the number of policies signed under the Keyman payment-protection scheme grew by 59% and its premium payments went up 51%. The total stock of BBVA Solred Mastercard cards rose by 50%.

Consumer Finance

This unit handles e-banking activities (including the financial supermarket), consumer and car finance, card distribution and special rental agreements through Uno-e, Finanzia, Finanzia Autorenting and Finanziamento Portugal. With increasing activity in marketing and sales, the unit recorded a first-half operating profit of €57m (+14.8%) and an attributable profit of €25m (down 14.4%, due to €8m one-off profits from the disposal of a subsidiary during the first half of 2005).

The loan portfolio reached €3,634m (+19.2%), turning over €1,606m (€1,422m in the first half of 2005). Vehicle finance increased by 16.2% to €1,859m (turnover of €479m for the first six months). The number of vehicles under long-term and fleet rental-leasing agreements rose to 33,214 (+22.2%). Finance of capital goods (including long-term equipment rental-leasing) increased to €970m (+26.6%), lifting the total financed under this segment to 30.2% more than in the first half of 2005. In the consumer finance business managed by Uno-e, turnover went up €554m (+8.8%), raising total consumer lending to €780m (+28.6%). The unit's sales and marketing drive for a leading Spanish grocery chain's affinity card was especially successful. Finally, in Portugal, BBVA Finanziamento turned over €94m during the six months thus bringing the total stock to €333m in car finance through big distributors (+9.9%).

Customer funds under management or intermediated increased to €1,484m, a year-on-year growth of 27%. Especially strong growth was reported in mutual funds and pensions funds, which rose 80.4% and 24.4%, respectively.

● ASSET MANAGEMENT AND PRIVATE BANKING

At 30-Jun-06, total assets under management by this unit came to €76,705m, with a year-on-year increase of 4.4%. The first-half operating profit reached €99m (+15.0%) and attributable profit €61m (+10.3%).

Against a background of poor stock-market performance in the second quarter and growing demand for deposits, managed portfolios (Carteras Gestionadas de Fondos) have continued to be popular, their number rising by over 32,000 since the beginning of the year, gathering funds close to €1.8bn. Two BBVA guaranteed funds, BBVA Consolida Garantizado and BBVA Garantizado Doble 10, have performed especially well, bringing in €369m during the quarter. Assets in mutual funds under Group management rose to €43,616m to 30-Jun-06. Average fees have increased by 5.4 basis points since December, reaching 1.277% (+8.4 basis points higher than the industry-wide average). Assets in real-estate funds climbed to €2,015m, ie, 37.0% up on 30-6-05, such that total mutual funds under BBVA management rose to €45,631m, increasing 2.1%.

Assets under management in pension funds in Spain went up by 7.4% to €15,082m. Of these, €8,348m are held in individual plans (+9.5%) and €6,734m in company and associated pension plans. The State-owned company for farm and fisheries development in Andalusia (Empresa Pública para el Desarrollo Agrario y Pesquero de Andalucía), Inturjoven, the city council of Las Palmas and the Almaraz nuclear power plan have all joined these plans recently, bringing in a total of 5,000 new unit-holders.

In the private banking business, BBVA Patrimonios is managing customer funds of €10,180m in Spain, a 20.8% year-on-year increase, and Private International Banking manages assets of €5,811m.

● EUROPEAN INSURANCE

This unit comprises several separate insurance companies. It consolidated its leadership in individual life insurance with a market share of 15.6% at 31-3-06, when it recorded 28.9% year-on-year growth in premiums written (the industry-wide average being 26.2%). In the first half of 2006, it contributed €182m to revenues from insurance activities in the area (+21.4%).

The most exciting commercial initiative in the second quarter was the launch of the new BBVA Salud health insurance scheme, which offers attractive terms for new members and excellent medical facilities. Risk product premiums written in bancassurance rose to €294m in the half year (up 18.3% over the first half of 2005). Performance was particularly strong in payment protection (up 25.6% to €136m, driven by Crédito 0%) and home insurance (up 10.9% to €71m).

● BBVA PORTUGAL

Customer loans grew 19.7% year on year, as mortgage finance rose 37.9% and lending to small businesses 18.4%. Meanwhile, customer funds increased 10.1% (mutual fund and pension funds growing 19.9% and 12.3%, respectively). With a 14.3% rise in net interest income and general expenses kept under strict control, operating profit rose 25.4% and attributable profit reached €9m, as compared with €5m in the first half of 2005.

Wholesale and Investment Banking

INCOME STATEMENT

(Million euros)

	Wholesale and Investment Banking			Memorandum item:					
				SMEs and Wholesale Banking			Global Wholesale Banking and Markets		
	1H 06	Δ%	1H 05	1H 06	Δ%	1H 05	1H 06	Δ%	1H 05
NET INTEREST INCOME	526	6.2	496	438	6.0	414	86	(6.0)	91
Income by the equity method	46	101.1	23	(1)	n.m.	-	-	-	-
Net fee income	241	16.9	206	143	11.1	129	104	28.4	81
Income from insurance activities	-	-	-	-	-	-	-	-	-
CORE REVENUES	813	12.2	724	580	7.0	542	190	10.2	173
Net trading income	339	75.6	193	66	39.9	47	285	73.3	164
ORDINARY REVENUES	1,152	25.5	917	647	9.7	590	475	41.0	337
Net revenues from non-financial activities	59	23.0	48	-	(100.0)	-	1	254.0	-
Personnel and general administrative expenses	(299)	6.4	(281)	(152)	3.5	(147)	(136)	10.5	(123)
Depreciation and amortization	(6)	5.2	(6)	(4)	1.3	(4)	(2)	14.2	(2)
Other operating income and expenses	2	(92.7)	22	3	(18.6)	3	-	22.9	-
OPERATING PROFIT	907	29.6	700	494	11.5	443	337	59.0	212
Impairment losses on financial assets	(198)	80.7	(109)	(112)	40.2	(80)	(86)	216.2	(27)
• Loan loss provisions	(198)	81.0	(109)	(112)	40.2	(80)	(86)	216.2	(27)
• Other	-	(100.0)	-	-	(100.0)	-	-	-	-
Provisions	5	22.0	4	1	n.m.	-	2	(30.6)	3
Other income/losses	145	n.m.	14	2	10.2	2	(1)	n.m.	1
PRE-TAX PROFIT	860	41.2	609	385	5.5	365	253	34.0	189
Corporate income tax	(234)	25.5	(186)	(134)	5.6	(127)	(75)	33.1	(56)
NET PROFIT	626	48.1	423	250	5.4	238	178	34.3	132
Minority interests	(3)	92.4	(2)	-	(100.0)	-	(2)	10.0	(2)
NET ATTRIBUTABLE PROFIT	623	47.9	421	250	5.4	238	176	34.7	131

BALANCE SHEET

(Million euros)

	Wholesale and Investment Banking			Memorandum item:					
				SMEs and Wholesale Banking			Global Wholesale Banking and Markets		
	30-06-06	Δ%	30-06-05	30-06-06	Δ%	30-06-05	30-06-06	Δ%	30-06-05
Cash and balances at Central Banks	1,029	(37.0)	1,633	387	(44.5)	697	643	(31.2)	934
Financial assets	37,915	(12.5)	43,353	3,309	2.8	3,218	33,625	(14.1)	39,164
Loans and receivables	131,584	1.6	129,478	63,153	11.0	56,918	68,093	(5.8)	72,258
• Due from banks	47,092	(18.5)	57,795	3,274	(5.1)	3,450	43,547	(19.6)	54,134
• Loans to customers	81,942	18.1	69,387	59,624	11.5	53,462	22,319	40.2	15,923
• Other	2,550	11.1	2,296	254	n.m.	6	2,226	1.2	2,200
Inter-area positions	-	-	-	-	-	-	13,751	(44.4)	24,723
Property, plant and equipment	93	0.8	93	77	(3.2)	79	10	(0.9)	10
Other assets	1,718	(68.5)	5,461	(9)	n.m.	548	1,308	(71.3)	4,550
TOTAL ASSETS / LIABILITIES AND EQUITY	172,340	(4.3)	180,017	66,916	8.9	61,461	117,429	(17.1)	141,640
Deposits by Central Banks and banks	71,403	(15.2)	84,239	4,136	6.8	3,873	67,144	(16.4)	80,299
Due to customers	52,934	(7.6)	57,258	18,730	8.4	17,279	34,195	(14.5)	39,973
Marketable debt securities	7,810	(7.4)	8,433	7,812	(7.8)	8,475	(2)	(96.2)	(42)
Subordinated debt	2,403	16.4	2,065	1,325	11.0	1,193	790	19.7	660
Inter-area positions	16,774	n.m.	1,722	30,107	17.1	25,719	-	-	-
Other liabilities	16,731	(26.0)	22,604	2,453	(12.5)	2,802	13,897	(29.0)	19,566
Minority interests	27	(8.2)	29	-	(50.0)	-	11	5.9	10
Shareholders' funds	4,258	16.1	3,668	2,353	11.0	2,120	1,394	18.8	1,174

RELEVANT BUSINESS INDICATORS

(Million euros and percentages)

	Wholesale and Investment Banking			Memorandum item: SMEs and Wholesale Banking			Memorandum item: Global Wholesale Banking and Markets		
	30-06-06	Δ%	30-06-05	30-06-06	Δ%	30-06-05	30-06-06	Δ%	30-06-05
Customer lending [1]	81,949	18.7	69,062	59,074	11.7	52,892	22,875	41.5	16,167
Customer deposits [2]	54,936	(7.3)	59,235	21,271	9.0	19,519	33,624	(15.3)	39,684
• Deposits	41,186	(6.4)	44,022	21,219	8.9	19,479	19,927	(18.7)	24,511
• Assets sold under repurchase agreement	13,750	(9.6)	15,213	52	31.8	40	13,698	(9.7)	15,174
Off-balance-sheet funds	2,117	11.8	1,894	2,087	11.0	1,880	29	111.3	14
• Mutual funds	2,054	11.4	1,844	2,024	10.6	1,830	29	111.3	14
• Pension funds	63	25.3	50	63	25.3	50	-	-	-
Customer portfolios	1,085	(74.1)	4,189	-	-	-	1,085	(74.1)	4,189
Total assets	172,340	(4.3)	180,017	66,916	8.9	61,461	117,429	(17.1)	141,640
ROE (%)	31.3		24.5	22.3		24.5	27.5		22.9
Efficiency ratio (%)	24.2		28.5	22.6		23.9	28.5		36.4
Efficiency incl. depreciation and amortization (%)	24.7		29.1	23.2		24.5	29.0		36.9
NPL ratio (%)	0.23		0.37	0.36		0.40	0.03		0.33
Coverage ratio (%)	703.9		442.4	475.2		427.6	n.m.		477.9

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

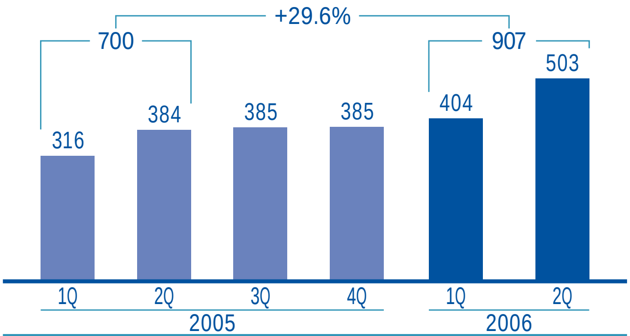
The Wholesale Businesses Area comprises the SME and corporate unit (SME banking, Iberian corporate banking, institutions banking, transactional services and product management), the global businesses unit (global customers and investment banking), global markets and distribution, and Asia. It also handles the private equity business (which the Group conducts under the Valanza brand) and the real estate business (through its subsidiary, Anida).

In the second quarter the net attributable profit of Wholesale Businesses climbed 60% year-on-year to €365m. As a result, net attributable profit for the first half came to €623m (up 47.9%) and ROE was 31.3% (a rise of 6.8 percentage points compared to the same period last year).

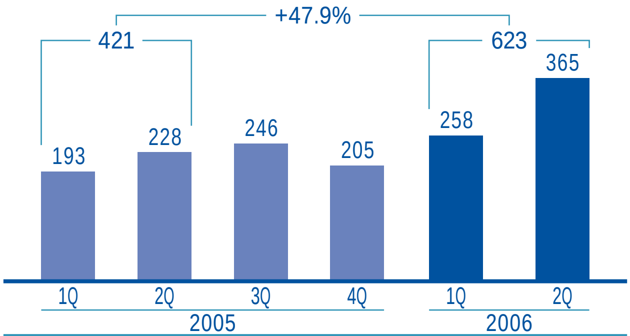
In terms of business activity, lending to customers increased 18.7% year-on-year to €81,949m. Deposits grew 9.6% in the banking businesses although they fell 6.4% overall owing to the activities of the markets unit.

The growth in volumes, defence of spreads and the 16.9% increase in net fee income produced core revenues of €813m in the half-year (up 12.2%). Net trading income surged 75.6% due to the activities of the markets unit and the sale of derivatives to customers. This lifted ordinary revenues to €1,152m (up 25.5%). Operating costs rose at a much slower pace and thus the cost/income ratio including depreciation improved to 24.7% from 29.1% in the same period last year and operating profit rose 29.6% to €907m. Items below the operating profit line on the income statement included capital gains of €111m on the sale of part of the Bank's holding in Técnicas Reunidas and an 81.0% increase in loan loss provisions. The latter consists mainly of generic provisions required by higher volumes. Non-performing loans (NPLs) declined to €267m (€345m at 30-Jun-05) and the NPL ratio improved to 0.23% (0.37% at 30-Jun-05). Coverage increased to 703.9% (442.4% a year earlier).

Wholesale and Investment Banking
Operating profit (Million euros)



Wholesale and Investment Banking
Net attributable profit (Million euros)



CORPORATE AND BUSINESS BANKING

This unit services small and medium enterprises, large companies and institutions in the domestic market. It includes transactional banking and management of products destined for the above segments. In the first half, the growth in lending and customer funds, defence of spreads and the 11.1% increase in net fee income led to ordinary revenues of €647m (up 9.7%). With costs under control, this improved the cost/income ratio 1.3 percentage points to 23.2% and boosted operating profit 11.5% to €494m. After higher provisions, net attributable profit came to €250m (up 5.4%) and ROE now stands at 22.3%.

Lending rose 11.7% year-on-year to €59,074m supported by SME banking and –to a lesser degree– by the other units. Customers' deposits grew 10.1% to €21,444m.

SME Banking

This unit handles the SME segment in Spain with €31,721m in loans and €9,656m in customer funds (up 18.5% and 17.3%, respectively). The higher level of activity, price management and higher net trading income from the sale of market products to existing customers boosted ordinary revenues and brought operating profit for the first half to €347m (up 16.2%).

In the second quarter the area conducted several sales campaigns, contributing greater value to the customer relationship. The campaigns covered equipment and vehicle leasing plans, POS invoicing in multiple currencies, etc. Furthermore, it launched a new mutual fund *(Monetario Dinámico Empresas)* that offers different rates of return.

Iberian Corporate Banking

This unit services large companies and subsidiaries of multinationals on the Iberian peninsula (Spain plus Portugal). It focuses on value management, on comprehensive management plans for customers in conjunction with product specialists, and on the implementation of marketing plans. These activities help to generate recurrent revenues. Lending to customers grew 12.1% to €8,559m and deposits rose 17.3% to €3,149m. Together with moderate cost increases, a rise in net fee income and wider distribution of hedging derivatives to customers, this lifted operating profit 16.7% year-on-year to €80m. Net attributable profit came to €38m (up 3.6%) after generic provisions that were higher than the first half of 2005.

Institutions Banking

Operating profit for the half-year came to €73m, declining 6.4% year-on-year due to net trading income (the financial holdings portfolio reduced its contribution following the sale of assets in 2005). Business with customers remained unchanged. Lending stands at €18,677m (up 1.1% year-on-year) and customer deposits at €9,828m (up 0.6%).

During the quarter the unit concluded significant finance operations with various public authorities. In addition, BBVA led the operation to finance the bypass road south of Bilbao and signed a new €200m credit line with the EIB.

Transactional Services and Product Management

Some 80,000 customers now use electronic banking on the Iberian mainland (up 12%). They process 210 million collections and payments annually (up 31%). In Latin America we have nearly 5,000 users in less than a year of activity and in the first half they processed operations worth nearly €2,700m. Furthermore, BBVA recently extended the international reach of this product to its branches in London and Paris.

In the first half, BBVA Factoring handled €8,849m in factoring and confirming (up 6% year-on-year) and €293m in forfaiting (up 15%). Furthermore, it signed new leasing operations worth €1,553m, bringing the outstanding balance to €6,054m (up 16%), and new leasing plans worth €174m (up 12.4%).

● 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 Mexico and South America is co-ordinated by this unit although the earnings are recorded under the corresponding areas.

The second quarter set a new record for this unit with operating profit of €187m. This brought the half-year total to €337m with a year-on-year rise of 59.0% thanks to a good performance in banking activity and an increase in net trading income from cross-merchandising of market products and from the unit's own activities. Moreover, the cost/income ratio improved to 29.0% in the first half compared to 36.9% in the same period last year. This resulted in net attributable profit of €176m (up 34.7% and a new record) and ROE of 27.5%, despite higher provisions due to the rise in lending.

Global Customers and Investment Banking

This unit handles the large global companies, both domestic and international 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 in the first half came to €133m with a year-on-year increase of 36.4%, based on higher business activity. Lending rose 37.6% to €20,272m and deposits increased 11.9% to €7,999m. Net fee income and net trading income were also higher. Lastly, higher provisions due to increased lending brought net attributable profit to €57m (up 3.4%).

During the quarter, BBVA arranged structured finance in Ireland where it acted as co-leader in underwriting an operation to build a ring road for the city of Waterford. Corporate finance operations included the sale of 100% of Gamesa Aeronáutica to a consortium, in which BBVA acted as financial adviser for the entire process. It also participated in Técnicas Reunidas' IPO as global co-ordinator and main bookrunner for all tranches. Furthermore, *Trade Finance Magazine* and *Trade & Forfaiting Review* selected BBVA for the second year running as "best trade finance bank for Latin America".

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 €211m compared to €114 in the first half of 2005, following a €123m increase in net trading income (up 77.9%). This came from management of its positions and the greater volume of business conducted with customers in a quarter characterised by considerable volatility on stock markets in a context of rising interest rates. Despite higher provisions, the unit achieved net attributable profit of €130m (up 66.4% year-on-year).

For the second year running, Spanish customers selected BBVA as 'best Spanish bank in the derivatives market' in a survey conducted by *Risk España*, a specialist magazine.

The market unit's experience in managing derivatives and its product marketing ability proved decisive in a joint project with BBVA's fund management unit *(BBVA Gestión)*. Together they obtained one of the licences granted by Bolsas y Mercados Españoles to create an ETF linked to the Ibex 35. In bond origination services, BBVA obtained important mandates, including those for Caixa Galicia and the Madrid autonomous community. The unit was also joint bookrunner in the unit's first issue of securitized consumer loans.

Asia

During the quarter, Singapore joined the branches in Hong Kong and Tokyo. The new branch is a further step in BBVA's strategy for growth in Asia. Given its geographic situation, economic strength and trade agreements with other countries in the region, this is a magnificent springboard for building relationships with potential customers in India, Australia and New Zealand. BBVA has an ambitious expansion plan for the area. Apart from the above locations it also has representative offices in Beijing and Shanghai, and it has co-operation agreements with banks in China, India and the Philippines.

● VALANZA

The Bank set up this unit by converting the business projects unit into a private equity manager that handles the Group's activities at international level. It started with assets of €1,500m, a portfolio of 54 holdings and latent capital gains of more than €650m.

In the second quarter Valanza's operations included new positions in Spain (Svenson) and Mexico (PYPSA y Milano) and the sale of 13.9% of Técnicas Reunidas during its IPO. The latter operation contributed to the €146m net attributable profit in the half-year, compared to €20m in the same period last year.

● ANIDA

The Group executes its strategy in the real estate sector through its subsidiary, Anida. This company has a portfolio of land with planning permission for more than 2.4 million square metres, valued at €1,000m and with latent capital gains of €370m. In the first half it generated net attributable profit of €61m, compared to €31m in the same period last year. The improvement was due to higher contributions from the sale of real estate assets and €6m in capital gains from the sale of its holding in Dilsa.

Mexico and USA

INCOME STATEMENT

(Million euros)

	1H 06	Δ%	Δ% at constant exchange rate	1H 05
NET INTEREST INCOME	1,664	37.6	29.6	1,209
Income by the equity method	(2)	n.m.	n.m.	-
Net fee income	697	27.2	19.9	548
Income from insurance activities	145	49.3	40.5	97
CORE REVENUES	2,504	35.0	27.2	1,854
Net trading income	105	218.5	199.8	33
ORDINARY REVENUES	2,609	38.2	30.2	1,887
Net revenues from non-financial activities	(1)	184.2	167.4	-
Personnel and general administrative expenses	(959)	22.5	15.5	(783)
Depreciation and amortization	(60)	(3.9)	(9.5)	(63)
Other operating income and expenses	(56)	8.3	1.9	(52)
OPERATING PROFIT	1,531	54.9	45.8	989
Impairment losses on financial assets	(295)	206.9	189.5	(96)
• Loan loss provisions	(287)	224.5	206.2	(88)
• Other	(8)	7.8	1.5	(8)
Provisions	(53)	(12.3)	(17.5)	(60)
Other income/losses	-	n.m.	215.0	-
PRE-TAX PROFIT	1,183	42.2	33.8	833
Corporate income tax	(357)	39.9	31.8	(255)
NET PROFIT	826	43.1	34.8	577
Minority interests	(1)	(39.0)	(42.6)	(2)
NET ATTRIBUTABLE PROFIT	825	43.4	35.0	575

BALANCE SHEET

(Million euros)

	30-06-06	Δ%	Δ% at constant exchange rate	30-06-05
Cash and balances at Central Banks	5,254	4.3	15.8	5,038
Financial assets	17,653	2.0	12.4	17,310
Loans and receivables	32,948	(4.2)	5.6	34,397
• Due from banks	2,873	(34.1)	(27.3)	4,360
• Loans to customers	26,622	11.8	23.0	23,808
• Other	3,453	(44.6)	(38.4)	6,229
Inter-area positions	-	-	-	-
Property, plant and equipment	951	(9.6)	(0.4)	1,052
Other assets	4,116	(20.8)	(12.2)	5,195
TOTAL ASSETS / LIABILITIES AND EQUITY	60,922	(3.3)	6.7	62,991
Deposits by Central Banks and banks	8,528	(12.1)	(2.9)	9,702
Due to customers	38,893	(1.9)	8.4	39,627
Marketable debt securities	900	(9.4)	(4.8)	993
Subordinated debt	1,973	20.8	34.0	1,633
Inter-area positions	7	(49.7)	(44.3)	13
Other liabilities	7,054	(10.8)	(1.3)	7,909
Minority interests	7	(32.3)	(25.0)	10
Shareholders' funds	3,560	14.7	26.7	3,104

RELEVANT BUSINESS INDICATORS

(Million euros and percentages)

	30-06-06	Δ%	Δ% at constant exchange rate	30-06-05
Customer lending [1]	24,904	14.1	25.4	21,830
Customer deposits [2]	37,492	(0.1)	10.1	37,523
• Deposits	30,634	(12.1)	(3.2)	34,842
• Assets sold under repurchase agreement	6,858	155.9	183.8	2,680
Off-balance-sheet funds	16,063	11.5	24.0	14,400
• Mutual funds	8,484	32.6	47.5	6,396
• Pension funds	7,579	(5.3)	5.3	8,004
Customer portfolios	5,103	(26.5)	(18.2)	6,940
Total assets [3]	58,871	(3.7)	6.2	61,150
ROE (%)	45.3			40.7
Efficiency ratio (%)	36.8			41.5
Efficiency incl. depreciation and amortization (%)	39.1			44.8
NPL ratio (%)	2.21			2.28
Coverage ratio (%)	250.3			255.8

(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).

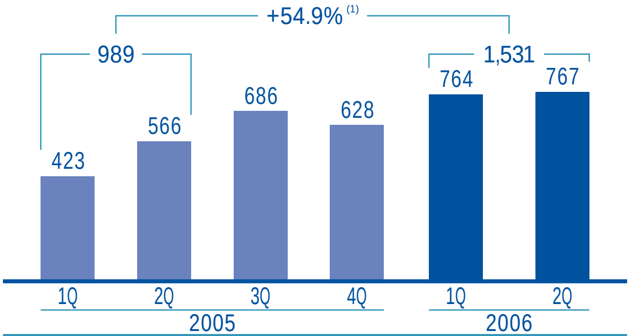
Over the last 12 months the Mexican peso and the US dollar fell against the euro with a negative effect on year-on-year comparisons of items on the euro balance sheet. Despite this, average exchange rates in the first half had a positive effect on the income statement, although this is less than in the first quarter. The attached tables contain columns with 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.

Net interest income rose 29.6% in the first half supported by sharp increases in lending (up 25.4%) and customer funds (up 15.5%). Together with fee income and insurance (up 23.0%) and net trading income, this boosted ordinary revenues 30.2% to €2,609m. As costs rose at a slower pace (up 13.6%), the cost/income ratio including depreciation improved to 39.1% compared to 44.8% at the end of the first half of 2005. Operating profit jumped 45.8% to €1,531m. The substantial increase in loan-loss provisions was due to higher volumes and the fact that the level of provisions in the first half of 2005 was lower than the average for the year (from July 2005, the Group is calculating provisions for consumer loans and mortgages according to expected loss). The non-performing loan ratio remains low. At 30-Jun-06 it was 2.21% (2.28% a year earlier), and coverage stood at 250.3%. As a result, net attributable profit climbed 35.0% to €825m, and ROE came to 45.3% (40.7% last year).

BANKING BUSINESS

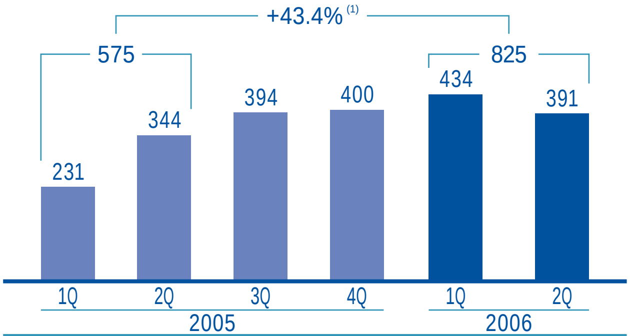
Net attributable profit obtained from banking business in the first half came to €751m, an increase of 37.6% over the same period last year. The more relevant aspects of BBVA Bancomer and BBVA USA are discussed below.

Mexico and USA
Operating profit (Million euros)



(1) At constant exchange rates: +45.8%.

Mexico and USA
Net attributable profit (Million euros)



(1) At constant exchange rates: +35.0%.

BBVA Bancomer

The Mexican economy grew faster in the first half of 2006, at 4.6% (3.0% in the first half of 2005). This was due to higher exports and private consumption. The decline in inflation from 3.9% in January to about 3.0% in June, led to a fall in interbank interest rates. They ended the first half at 7.3%, compared to 8.6% in December 2005. After reaching 12.4 pesos per euro in February, the exchange rate deteriorated, ending the first half at 14.5 pesos per euro. This was 10.1% below the level in June 2005, however, in average terms the peso has appreciated in the first half by 6.3% over the same period last year.

The accelerating growth of lending in high-yield segments led to a change in the composition of net interest income. Lending now contributes more than customer funds, offsetting the fall in interest rates. Net interest income grew 29.1% year-on-year to €1,538m in the first half.

Lending to customers came to €20,202m at 30-Jun-06, a year-on-year increase of 29.0%. It was supported by a 69.6% jump in the consumer portfolio (credit cards were up 79.4% and payroll, personal and car loans gained 54.2%). The mortgage portfolio (excluding the old portfolio) rose 55.5% and lending to companies increased 4.8%. Lending to medium-sized companies was up 22.3%, whereas lending to large corporates fell 11.0% owing to a shift to the bond market as the principal source of financing.

Funds under management, which include deposits, mutual funds and repos, rose 16.7% to €39,887m. Current and savings accounts grew 14.8%. 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 27.8%) to repos (up 193.2%) and mutual funds (up 47.5%).

Net fee income increased 25.4% in the first half to €593m supported by credit and debit cards, mutual funds and insurance. Net trading income came to €97m, compared to €29m in the first half last year. As a result, ordinary revenues climbed 31.3% to €2,226m. This increase exceeded the 10.3% rise in operating costs (including depreciation) which came to €825m. As a result, the cost/income ratio (including depreciation) improved to 37.1% from 44.2% a year earlier (a difference of 7.1 percentage points).

The above revenues and costs lifted operating profit to €1,363m (up 50.7% compared to the first half last year). Loan-loss provisions of €270m contrasts with the unusually low amount (€74m) in the first half of 2005. The sharp rise in lending was the main cause but, despite the increased volume, asset quality was largely unaffected. The NPL ratio improved to 2.25% at 30-Jun-06 (2.38% at the same date last year) and coverage now stands at 273.9% (277.3% at 30-Jun-05).

Lastly, net attributable profit for the first half climbed 38.6% year-on-year to €720m and ROE improved to 46.6% (40.9% at 30-Jun-05).

In the second quarter, retail banking launched the Bancomer Platinum card for preferential customers, which offers lower interest rates, a loyalty programme *(Vida Bancomer)*, insurance cover, a guarantee against fraud and immediate alerts on purchases and cash withdrawals sent to a cell phone. In May the bank conducted a 14-day savings promotion entailing more than 500,000 gifts for customers who opened an account or increased their balance by €330. This reinforced its leadership in the savings segment.

The mortgage unit approved 26,857 new loans (up 42.7% compared to the first half of 2005) and it financed construction of 39,077 dwellings via loans to developers.

SME banking launched a new mutual fund *(BMEREYG)* with a low minimum subscription, a short-term horizon and daily liquidity. It offers SMEs a diverse range of options for their surplus cash via government, banking and private securities.

The wholesale banking unit acted as placement agent for more than 5.5 billion pesos in bonds to refinance the Mexico-Toluca tollway. This is probably the biggest highway project in Mexico's history and the operation will provide thousands of users of this important link with a toll discount.

USA

In the first half, BBVA USA generated operating profit of €56m and net attributable profit of €27m (up 12.6% and 12.8%, respectively) supported by greater business volume. Customers' deposits at the end of June came to €6,022m, a year-on-year increase of 9.0%, helped by the first savings campaign in the US *(Quincena del ahorro)* and by extra efforts in local campaigns. Lending rose to €4,703m (up 11.8%) despite rising rates, supported by synergies with other Group units and the roll-out of new

INCOME STATEMENT

(Million euros)

	Memorandum item: Banking businesses 1H 06	Δ%	Δ% (1)	1H 05	Of which: BBVA Bancomer 1H 06	Δ%	Δ% (1)	1H 05	Pensions and Insurance 1H 06	Δ%	Δ% (1)	1H 05
NET INTEREST INCOME	1,667	37.9	29.9	1,209	1,538	37.2	29.1	1,121	1	(67.8)	(69.7)	3
Income by the equity method	(2)	n.m.	n.m.	-	(2)	n.m.	n.m.	-	-	-	-	-
Net fee income	649	31.7	24.2	493	593	33.3	25.4	445	87	(1.6)	(7.4)	89
Income from insurance activities	-	-	-	-	-	-	-	-	114	55.9	46.7	73
CORE REVENUES	2,314	36.0	28.1	1,702	2,129	35.9	27.9	1,566	203	22.8	15.6	165
Net trading income	102	245.2	225.0	30	97	236.3	216.5	29	3	(18.9)	(23.7)	3
ORDINARY REVENUES	2,416	39.6	31.5	1,731	2,226	39.6	31.3	1,595	205	22.0	14.8	168
Net revenues from non-financial activities	-	(100.0)	(100.0)	-	-	(100.0)	(100.0)	-	(1)	n.m.	n.m.	2
Personnel and general administrative expenses	(894)	23.0	16.0	(727)	(778)	20.1	13.0	(648)	(92)	27.9	20.3	(72)
Depreciation and amortization	(59)	(5.3)	(10.7)	(62)	(47)	(16.4)	(21.4)	(56)	(1)	93.8	82.4	(1)
Other operating income and expenses	(38)	(4.8)	(10.4)	(40)	(38)	(5.8)	(11.4)	(40)	13	110.6	98.1	6
OPERATING PROFIT	1,425	57.9	48.7	903	1,363	60.2	50.7	851	124	19.6	12.6	104
Impairment losses on financial assets	(295)	206.5	189.2	(96)	(279)	240.2	220.1	(82)	-	(100.0)	(100.0)	-
• Loan loss provisions	(287)	224.5	206.2	(88)	(270)	265.2	243.6	(74)	-	-	-	-
• Other	(8)	6.4	0.1	(8)	(8)	6.5	0.2	(8)	-	(100.0)	(100.0)	-
Provisions	(53)	(12.3)	(17.5)	(60)	(52)	(12.6)	(17.8)	(60)	-	-	-	-
Other income/losses	(1)	n.m.	n.m.	-	(2)	n.m.	n.m.	-	1	n.m.	n.m.	-
PRE-TAX PROFIT	1,077	44.2	35.8	747	1,030	45.3	36.7	709	125	20.5	13.4	104
Corporate income tax	(325)	40.4	32.2	(231)	(309)	41.1	32.8	(219)	(38)	27.2	19.7	(30)
NET PROFIT	752	45.9	37.4	515	720	47.1	38.4	490	87	17.7	10.8	74
Minority interests	-	(49.3)	(52.3)	(1)	-	(59.5)	(61.9)	(1)	(1)	(32.0)	(36.1)	(1)
NET ATTRIBUTABLE PROFIT	751	46.1	37.6	514	720	47.3	38.6	489	86	18.6	11.6	72

BALANCE SHEET

(Million euros)

	Memorandum item: Banking businesses 30-06-06	Δ%	Δ% (1)	30-06-05	Of which: BBVA Bancomer 30-06-06	Δ%	Δ% (1)	30-06-05	Pensions and Insurance 30-06-06	Δ%	Δ% (1)	30-06-05
Cash and balances at Central Banks	5,253	4.3	15.8	5,038	5,205	4.8	16.5	4,966	1	n.m.	n.m.	-
Financial assets	16,037	0.8	11.1	15,909	13,427	0.4	11.7	13,370	1,976	12.7	25.3	1,753
Loans and receivables	32,938	(4.2)	5.6	34,385	27,518	(6.1)	4.4	29,317	65	22.6	36.1	53
• Due from banks	2,870	(34.1)	(27.3)	4,356	2,272	(40.0)	(33.3)	3,786	58	27.2	41.2	46
• Loans to customers	26,622	11.8	23.0	23,807	21,907	13.0	25.7	19,384	-	(100.0)	(100.0)	1
• Other	3,446	(44.6)	(38.5)	6,223	3,339	(45.7)	(39.6)	6,147	7	3.3	14.8	7
Inter-area positions	5	n.m.	n.m.	-	5	n.m.	n.m.	-	-	-	-	-
Property, plant and equipment	945	(9.7)	(0.6)	1,047	792	(10.0)	0.1	880	5	11.2	23.5	5
Other assets	2,677	(34.6)	(27.6)	4,093	2,048	(46.6)	(40.6)	3,833	135	(27.8)	(19.8)	187
TOTAL ASSETS / LIABILITIES AND EQUITY	57,855	(4.3)	5.6	60,472	48,995	(6.4)	4.0	52,366	2,183	9.2	21.4	1,998
Deposits by Central Banks and banks	8,510	(12.3)	(3.1)	9,702	7,125	(16.5)	(7.2)	8,535	-	-	-	-
Due to customers	38,950	(1.8)	8.4	39,670	33,822	(2.9)	8.0	34,822	-	-	-	-
Marketable debt securities	900	(9.4)	(4.8)	993	-	-	-	-	-	-	-	-
Subordinated debt	651	(5.7)	4.1	690	571	(5.8)	4.7	607	-	-	-	-
Inter-area positions	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	5,461	(16.4)	(7.6)	6,534	4,452	(24.2)	(15.7)	5,870	1,999	13.1	25.7	1,768
Minority interests	2	(75.7)	(73.1)	9	2	(73.9)	(70.9)	8	5	206.4	240.6	2
Shareholders' funds	3,381	17.6	29.8	2,875	3,022	19.7	33.1	2,525	179	(21.9)	(13.2)	229

(1) At constant exchange rate.

RELEVANT BUSINESS INDICATORS

(Million euros and percentages)

	Memorandum item: Banking businesses				Of which: BBVA Bancomer				Pensions and Insurance			
	30-06-06	∆%	∆% (1)	30-06-05	30-06-06	∆%	∆% (1)	30-06-05	30-06-06	∆%	∆% (1)	30-06-05
Customer lending (2)	24,904	14.1	25.4	21,830	20,202	16.1	29.0	17,407	-	-	-	-
Customer deposits (3)	37,492	(0.1)	10.1	37,523	31,403	(0.6)	10.5	31,607	-	-	-	-
• Deposits	30,634	(12.1)	(3.2)	34,842	24,612	(15.2)	(5.7)	29,033	-	-	-	-
• Assets sold under repurchase agreement	6,858	155.9	183.8	2,680	6,790	163.7	193.2	2,575	-	-	-	-
Off-balance-sheet funds	8,484	32.6	47.5	6,396	8,484	32.6	47.5	6,396	7,579	(5.3)	5.3	8,004
• Mutual funds	8,484	32.6	47.5	6,396	8,484	32.6	47.5	6,396	-	-	-	-
• Pension funds	-	-	-	-	-	-	-	-	7,579	(5.3)	5.3	8,004
Customer portfolios	5,103	(26.5)	(18.2)	6,940	5,103	(26.5)	(18.2)	6,940	-	-	-	-
Total assets	57,855	(4.3)	5.6	60,472	48,995	(6.4)	4.0	52,366	-	-	-	-
ROE (%)	43.5			39.3	46.6			40.9	91.5			70.6
Efficiency ratio (%)	37.0			42.0	35.0			40.6	44.9			42.2
Efficiency incl. depreciation and amortization (%)	39.4			45.6	37.1			44.2	45.6			42.6
NPL ratio (%)	2.21			2.28	2.25			2.38	-			-
Coverage ratio (%)	250.3			255.8	273.9			277.3	-			-

(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.

products. Another highlight in the quarter was the acquisition of Texas Regional Bancshares and State National Bancshares. The details of these operations are contained in the section on relevant events.

Laredo National Bank (LNB) generated net attributable profit of €12m in the first half. Deposits grew 10.6% year-on-year to €2,557m and lending rose 11.5% to €1,634m. The pilot project of Finanzia USA helped to boost lending activity. This unit is responsible for issuing LNB's credit cards and it also handles requests for credit cards and salary advances from Bancomer USA's customers.

BBVA Puerto Rico obtained net attributable profit of €18m (up 18.2%). In recent months, the economic situation in Puerto Rico has led to a slowdown on the island. Uncertainty regarding the solution for the government deficit has slowed spending and the demand for loans. Despite this, at 30-Jun-06 customer deposits for the first half were up 7.9% and lending increased 12.4%, supported by demand for mortgages (up 4.5% on the first half of 2005) and vehicle loans (which grew 2.2% year-on-year).

BBVA Bancomer USA completed its network of 32 branches by the end of June. It offers basic banking products and ancillary services. In the first half, customers opened nearly 16,000 new accounts and generated more than 250,000 transfers. The bank cashed more than 29,000 cheques and sold more than 80,000 phone cards.

Bancomer Transfer Services (BTS) carried out 10.7 million money transfers in the first half (up 15.4% year-on-year) with a total value of €3,474m (up 24%). The most important itinerary is still US-Mexico, accounting for 86% of transfers, followed by transfers from the US to other parts of Latin America (11%).

● PENSIONS AND INSURANCE

These businesses contributed €124m in operating profit and €86m in net attributable profit in the first half (up 12.6% and 11.6%, respectively).

Slackness in the job market continued to affect the pension business in Mexico. It limited the number of persons joining the system and led to stiff competition with a high number of defections from one company to another. In addition, the volatility of long-term interest rates in recent months does not favour financial results and regulatory ratios. The situation had a negative impact on Afore Bancomer, whose net attributable profit came to €35m for the first half (down 17.1%).

On the other hand, insurance business in Mexico continues to be buoyant with business at high levels. Premiums issued in the first half by the Group's main Mexican insurance company, Seguros Bancomer, surged 90.0% with increases in all product lines. This boosted net attributable profit from insurance business in Mexico to €50m (up 47.2% over the first half of 2005).

South America

INCOME STATEMENT

(Million euros)

	South America				Memorandum item: Banking businesses				Memorandum item: Pensions and Insurance			
	1H 06	Δ%	Δ% (1)	1H 05	1H 06	Δ%	Δ% (1)	1H 05	1H 06	Δ%	Δ% (1)	1H 05
NET INTEREST INCOME	627	30.5	25.9	480	622	30.1	25.5	478	6	46.8	47.0	4
Income by the equity method	2	n.m.	n.m.	(1)	3	n.m.	n.m.	-	(1)	30.0	14.0	(1)
Net fee income	405	24.5	17.5	326	219	28.6	24.3	170	126	12.6	4.0	112
Income from insurance activities	(12)	n.m.	248.5	1	-	-	-	-	51	14.9	14.0	44
CORE REVENUES	1,023	27.0	22.0	806	844	30.2	25.7	648	182	14.0	7.6	160
Net trading income	169	208.8	199.2	55	159	284.7	282.8	41	10	(25.4)	(33.2)	13
ORDINARY REVENUES	1,191	38.5	33.2	860	1,002	45.5	40.7	689	192	11.0	4.3	173
Net revenues from non-financial activities	3	(41.2)	(40.6)	5	-	-	-	-	3	(41.2)	(40.6)	5
Personnel and general administrative expenses	(537)	25.4	20.7	(428)	(426)	29.1	24.6	(330)	(99)	14.5	8.3	(86)
Depreciation and amortization	(44)	54.4	47.6	(28)	(38)	69.2	62.1	(22)	(6)	(1.0)	(6.3)	(6)
Other operating income and expenses	(22)	27.3	24.5	(17)	(21)	30.6	27.5	(16)	1	197.2	69.8	-
OPERATING PROFIT	592	51.1	45.1	392	517	61.4	56.4	320	91	5.6	(1.2)	86
Impairment losses on financial assets	(46)	94.3	76.6	(24)	(46)	54.0	41.4	(30)	-	(36.4)	(35.7)	-
• Loan loss provisions	(46)	245.7	204.9	(13)	(46)	135.1	112.7	(20)	-	-	-	-
• Other	-	(99.4)	(99.5)	(10)	-	n.m.	n.m.	(10)	-	(36.4)	(35.7)	-
Provisions	(37)	52.1	49.7	(24)	(27)	14.5	13.0	(23)	(10)	n.m.	n.m.	(1)
Other income/losses	(4)	n.m.	n.m.	34	(4)	n.m.	n.m.	27	(1)	n.m.	n.m.	8
PRE-TAX PROFIT	505	33.4	29.2	378	441	49.7	46.0	294	80	(14.6)	(19.6)	94
Corporate income tax	(107)	28.9	25.2	(83)	(92)	50.3	47.4	(61)	(21)	(23.8)	(27.3)	(27)
NET PROFIT	398	34.7	30.4	295	349	49.5	45.6	233	59	(10.9)	(16.5)	66
Minority interests	(116)	28.3	23.5	(91)	(102)	39.5	36.0	(73)	(15)	(17.8)	(25.0)	(18)
NET ATTRIBUTABLE PROFIT	281	37.5	33.4	204	247	54.1	49.9	160	45	(8.3)	(13.3)	49

BALANCE SHEET

(Million euros)

	South America				Memorandum item: Banking businesses				Memorandum item: Pensions and Insurance			
	30-06-06	Δ%	Δ% (1)	30-06-05	30-06-06	Δ%	Δ% (1)	30-06-05	30-06-06	Δ%	Δ% (1)	30-06-05
Cash and balances at Central Banks	2,304	22.6	30.5	1,880	2,304	22.7	30.6	1,878	-	(94.7)	(94.4)	1
Financial assets	4,205	(12.8)	(7.5)	4,824	3,540	(15.9)	(10.8)	4,209	885	20.5	28.6	734
Loans and receivables	18,519	22.3	27.9	15,143	18,223	22.9	28.4	14,832	394	(3.0)	5.1	406
• Due from banks	3,307	15.4	21.3	2,865	3,155	17.8	23.9	2,678	230	(13.7)	(8.3)	266
• Loans to customers	14,763	26.6	32.5	11,662	14,623	26.7	32.5	11,542	160	18.0	33.4	136
• Other	450	(27.1)	(26.5)	617	445	(27.2)	(26.6)	612	4	(11.5)	(7.2)	5
Inter-area positions	-	-	-	-	1	(11.0)	(8.1)	1	-	-	-	-
Property, plant and equipment	466	7.0	13.6	436	396	8.4	15.5	365	70	(0.6)	4.2	71
Other assets	1,996	14.6	20.3	1,742	1,118	20.1	28.8	930	252	(4.8)	3.2	264
TOTAL ASSETS / LIABILITIES AND EQUITY	27,491	14.4	20.3	24,025	25,581	15.1	21.0	22,216	1,601	8.4	16.4	1,477
Deposits by Central Banks and banks	2,241	8.0	14.8	2,075	2,201	5.5	12.4	2,087	62	14.1	13.7	54
Due to customers	19,375	14.1	19.9	16,978	19,491	14.6	20.5	17,006	-	(100.0)	(100.0)	-
Marketable debt securities	413	12.5	15.9	367	413	10.6	13.8	373	-	-	-	-
Subordinated debt	870	26.3	26.6	689	201	59.8	61.9	126	-	-	-	-
Inter-area positions	15	0.5	(20.2)	15	-	-	-	-	-	-	-	-
Other liabilities	2,379	13.0	19.4	2,105	1,420	22.6	27.1	1,158	1,194	9.5	17.8	1,091
Minority interests	634	10.6	14.5	573	566	14.9	19.6	492	68	(15.9)	(15.5)	81
Shareholders' funds	1,566	29.7	36.9	1,224	1,289	32.5	40.5	973	277	10.4	22.1	251

(1) At constant exchange rate.

RELEVANT BUSINESS INDICATORS

(Million euros and percentages)

	South America				Memorandum item: Banking businesses				Memorandum item: Pensions and Insurance			
	30-06-06	Δ%	Δ% (1)	30-06-05	30-06-06	Δ%	Δ% (1)	30-06-05	30-06-06	Δ%	Δ% (1)	30-06-05
Customer lending (2)	14,888	23.6	29.5	12,049	14,888	23.6	29.5	12,049	-	-	-	-
Customer deposits (3)	19,953	13.2	18.9	17,627	19,953	13.2	18.9	17,627	-	-	-	-
• Deposits	18,966	12.6	18.3	16,843	18,966	12.6	18.3	16,843	-	-	-	-
• Assets sold under repurchase agreement	988	26.1	31.0	784	988	26.1	31.0	784	-	-	-	-
Off-balance-sheet funds	29,136	9.5	12.4	26,602	1,325	15.3	20.8	1,149	27,811	9.3	12.0	25,453
• Mutual funds	1,325	15.3	20.8	1,149	1,325	15.3	20.8	1,149	-	-	-	-
• Pension funds	27,811	9.3	12.0	25,453	-	-	-	-	27,811	9.3	12.0	25,453
Customer portfolios	-	-	-	-	-	-	-	-	-	-	-	-
Total assets (4)	26,480	14.3	20.3	23,171	25,581	15.1	21.0	22,216	-	-	-	-
ROE (%)	36.8			35.1	39.1			33.9	33.8			44.4
Efficiency ratio (%)	44.9			49.5	42.5			47.9	50.6			48.4
Efficiency incl. depreciation and amortization (%)	48.6			52.7	46.3			51.2	53.6			51.6
NPL ratio (%)	3.15			4.10	3.18			4.14	-			-
Coverage ratio (%)	115.4			101.2	115.4			101.2	-			-

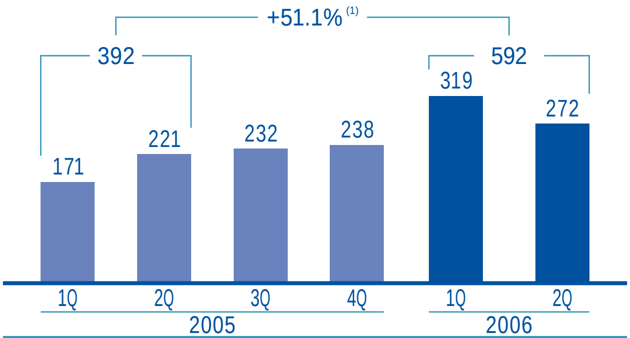
(1) At constant exchange rate. (2) Gross lending excluding NPLs. (3) Including marketable debt securities. (4) Excluding insurance.

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 May, the Group incorporated Forum – a finance company in Chile.

In the second quarter the positive conditions in the region were generally similar to previous quarters. This refers to macro-economic stability, based on reduced fiscal deficits and lower inflation, to the increase in raw material prices and the continued flow of funds from abroad. All this has produced healthy economic growth. In most countries short-term interest rates continued to follow the slightly upward trend of the previous quarter. Turbulence in the market in May and June affected longer-term rates and had a negative impact on stock exchanges, on the results of market operations and, particularly, on financial revenues of pension fund managers.

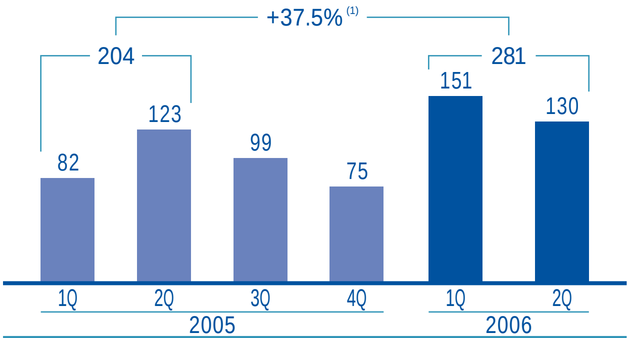
Market volatility also affected currencies in the region. The majority of these have fallen against the euro over the last 12 months although average exchange rates in the first half maintain a slight year-on-year appreciation in most cases. Thus the effect of exchange rates on the Group's income statement continues to be positive, although less than in the first quarter. 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.

South America
Operating profit (Million euros)



(1) At constant exchange rates: +45.1%.

South America
Net attributable profit (Million euros)



(1) At constant exchange rates: +33.4%.

In the favourable economic scenario, the results of the South American area confirmed the trend established in recent quarters, with a positive performance by all main units. In the first half, net attributable profit for the area came to €281m, rising 33.4% over the same period a year earlier (at current exchange rates the increase would be 37.5%). ROE now stands at 36.8%, compared to 35.1% for the first half of 2005.

The origin of the high profits was the positive performance of the more recurrent earnings, specifically net interest income, which came to €627m in the first half. It was up 25.9% compared to the same period last year and the increase was mainly due to the substantial amount of business transacted with customers (this has risen in importance on the balance sheet of all units in the area). Lending came to €14,888m at the end of June, a year-on-year increase of 29.5%. As in the preceding quarters, retail lending led the way – especially mortgages, consumer finance and credit cards. Customer funds (the sum of customer deposits and mutual funds) rose to €21,278m, an increase of 19.0% over 30-Jun-05. Defence of spreads was one of the main contributing factors, thus giving priority to the growth of lower-cost customer funds.

Net fee income also performed positively, rising 17.5% year-on-year to €405m with advances in all categories. Market volatility had a negative impact on the trading income of some banks (especially on revenues associated with the regulated ratios of pension fund managers). Despite this, net trading income for the whole area performed favourably, generating €169m in the first half. This included capital gains in Argentina from the sale of public sector assets. As a result, ordinary revenues in the first half grew 33.2% to €1,191m.

The incorporation of Granahorrar, inflation in two of the main countries (Argentina and Venezuela) and the intense business activity at all banks in the region continued to affect operating costs. Despite this, the increase in costs including depreciation (up 22.4% to €580m) is less than the increase in revenues. Therefore the cost/income ratio continues to improve and fell to 48.6% compared to 52.7% in the first half of 2005. Operating profit climbed 45.1% to €592m.

The Group's sound risk management policy, together with the favourable economic environment, helped the NPL ratio to continue falling. At the end of June it stood at 3.15%, which was 95 basis points less than the 4.10% at 30-Jun-05. Despite this decline, the significant volume of recoveries in the first half of 2005 and the higher generic provisions caused by increased lending in the first half of 2006 meant that loan loss provisions (€46m in the half-year) increased sharply. As a result, coverage of non-performing loans rose to 115.4% at 30-Jun-06, compared to 101.2% at the same date last year.

● BANKING BUSINESS

The growth in business activity and in recurrent revenues was a prominent feature at all banks in the South America area in the first half. Net attributable profit climbed to €247m, an increase of 49.9% over the same period last year. Significant events at the different banks are detailed below.

In Argentina, **BBVA Banco Francés** generated net attributable profit of €85m in the first half of 2006, an increase of 52.9% year-on-year. Operating profit was €192m (double the amount for the same period in 2005). These significant increases were mainly due to the positive performance of all business lines and to recurrent revenues. However, capital gains generated on the sale of public sector assets also had a favourable effect. Private sector lending grew 59.1%, gaining weight on the bank's balance sheet and boosted by business with private individuals. Customer funds increased 16.4%, helped by current and savings accounts, which had been given priority as a method of reducing the average cost of funds.

BBVA Chile ended the first half with cumulative profits of €17m, which was similar to the amount in the same period last year. Higher interest rates had a negative effect on net interest income although this was offset by higher volumes. Lending grew 21.6% year-on-year and customer funds rose 6.5%. Furthermore, the good performance of net fee income and net trading income helped ordinary revenues to increase 15.1% and operating profit rose 14.4% to €52m. Loan loss provisions increased. Generic provisions linked to the increased level of business activity were the main cause.

In the second quarter, BBVA acquired 51% of **Forum**, a vehicle finance company in Chile. However, as this operation was concluded mid-May, its contribution in the first half is of little relevance.

BBVA in Colombia generated net attributable profit of €54m. This was more than double the amount obtained in the first half of 2005, which was affected by the incorporation of Granahorrar at the end of last year. Its merger with BBVA Colombia concluded on 30th April. Despite the highly competitive environment in the Colombian market, the unit maintained a high level of activity. Lending and customer funds jumped 74.2% and 65.5%, respectively, boosting net interest income and net fee income. The good performance of recurrent revenues, complemented by cost restructuring, meant operating profit increased 74.5% year-on-year to €73m and the cost/income ratio improved by one percentage point.

BBVA Banco Continental in Peru also turned in a good performance, generating net attributable profit of €26m in the first half, which was 16.2% more than a year earlier. This was mainly due to the 21.3% rise in net interest income, thanks to the high level of activity which more than offset the higher interest rates during the period. Helped by a 19.9% increase in net fee income and a moderate rise in costs, operating profit grew 24.6% to €91m.

The higher level of business activity was also behind the good results at **BBVA Banco Provincial** in Venezuela in the first half. Lending increased 54.1% year-on-year, propelled by the private individual segment (up 147.9%) and SMEs (up 26.0%). In terms of customer funds, private sector deposits grew 40.3%, supported mainly by current and savings accounts. The favourable volume effect, together with a spread-improvement strategy, caused net interest income to rise 29.1% despite limits on rates imposed by the Venezuelan authorities. The good performance in net fee income and net trading income, and cost increases in line with inflation, meant that operating profit rose to €84m (up 57.3%) and net attributable profit increased 43.4% to €42m.

Other banks contributed net attributable profit in the first half as follows: **Panama** €11m (up 27.8%), **Paraguay** €7m (up 46.8%) and **Uruguay** €5m (€2m in the first half of 2005).

PENSIONS AND INSURANCE

BBVA's pension fund managers and insurance companies in South America contributed net attributable profit of €45m in the first half of 2006. This was a year-on-year decrease of 13.3%. Brief comments on the performance of the main companies are provided below.

AFP Provida in Chile generated net attributable profit of €16m in the first half, supported mainly by the good performance of business activity, with increases of 13.9% in contributions and 10.6% in assets under management.

In Argentina, **Consolidar AFJP** also had a good half year in terms of activity. Contributions were up 28.9% and thus fee income rose 13.9% and net attributable profit came to €2m.

Among the other managers, **Horizonte Colombia** contributed net attributable profit of €6m and **Horizonte Perú** contributed €3m. This was particularly encouraging in view of the fierce competition in the pension fund business in Peru.

The **insurance** companies in the area obtained net attributable profit of €16m in the first half, of which the Consolidar Group in Argentina contributed €11m. Total premiums increased 46.2% year-on-year, particularly led by companies linked to the bancassurance business.

Corporate Activities

INCOME STATEMENT
(Million euros)

	1H 06	Δ%	1H 05
NET INTEREST INCOME	(152)	60.6	(94)
Income by the equity method	24	(16.7)	28
Net fee income	31	(57.8)	74
Income from insurance activities	(19)	(35.3)	(29)
CORE REVENUES	(115)	n.m.	(21)
Net trading income	712	113.2	334
ORDINARY REVENUES	596	90.4	313
Net revenues from non-financial activities	(1)	(3.2)	(1)
Personnel and general administrative expenses	(243)	24.2	(195)
Depreciation and amortization	(71)	14.2	(62)
Other operating income and expenses	(9)	(29.2)	(12)
OPERATING PROFIT	273	n.m.	43
Impairment losses on financial assets	60	10.0	54
• Loan loss provisions	58	(2.3)	59
• Other	2	n.m.	(5)
Provisions	(259)	48.5	(174)
Other income/losses	749	n.m.	(4)
PRE-TAX PROFIT	823	n.m.	(81)
Corporate income tax	76	2.2	74
NET PROFIT	899	n.m.	(8)
Minority interests	(9)	(66.9)	(26)
NET ATTRIBUTABLE PROFIT	890	n.m.	(33)

BALANCE SHEET
(Million euros)

	30-06-06	Δ%	30-06-05
Financial assets	32,349	6.2	30,453
Loans to customers	(775)	65.9	(467)
Liquidity transferred to the business areas	57,994	67.1	34,700
Property, plant and equipment	1,540	0.4	1,533
Other assets	4,497	(26.8)	6,147
Capital transferred to the business areas	13,716	16.1	11,814
TOTAL ASSETS / LIABILITIES AND EQUITY	109,321	29.9	84,180
Due to customers	6,893	8.8	6,338
Marketable debt securities	66,513	34.4	49,497
Subordinated debt	5,013	(21.4)	6,381
Other liabilities	16,990	98.2	8,574
Equity	13,913	3.9	13,390
• Minority interests	40	(75.3)	162
• Valuation adjustments	1,540	(48.7)	3,004
• Shareholders' funds	12,332	20.6	10,225

This area includes the results of two units: ALCO (the assets and liabilities committee) and holdings in industrial and financial companies. It also books the costs from central units that have a strictly corporate function and makes certain allocations to provisions, eg, for early retirements, and others of a corporate nature. Earnings from the Group's companies in Andorra were reported under this area until April, when the Group divested its holding there for €395m.

Year-on-year change in core revenues continued to reflect the narrower spread on ALCO portfolios caused by higher interest rates. Net trading income, meanwhile, rose to €712m (€334m in 1H05). The €523m capital gains from the disposal of the Repsol YPF holding were especially significant within this item. This disposal pushed up the operating profit for the second quarter to a positive €441m which, combined with the €168m first-quarter operating loss, produced a half-year operating profit of €273m, as compared with €43m from the equivalent period in 2005.

Below the operating profit line, bigger allocations to provisions were affected by increased charges for early retirements. The item Other income/losses includes earnings from the sale of holdings in Banca Nazionale del Lavoro (€568m) and Banc Internacional de Andorra (€183m). All this allowed the unit to obtain a half-year attributable profit of €890m, as compared to the –€33m booked for January-June 2005.

● ALCO

The Assets and Liabilities Committee (ALCO) administers the Group's interest and exchange rate structure as well as its overall liquidity and shareholders' funds.

By actively managing exchange-rate exposure on its long-term investments, basically stemming from its franchise in the Americas, BBVA tries to safeguard its capital ratios and reserves, bringing stability to the income statement whilst controlling the cost of hedging this risk. At 30-Jun-2006, the Group was pursuing an active policy to hedge its investments in Mexico, Chile, Peru and the dollar area. Apart from corporate-level hedging, some subsidiary banks hold long dollar positions at local level. During the first half of 2006, the cost of the unit's capital hedging policy was €26m net of tax, and more than €185m were saved in reserves.

Additionally, BBVA manages exchange-rate exposure on the earnings of its subsidiaries in the Americas, with over 70% of expected 2006 earnings in Mexico and South America hedged. During the first six months, this exchange-rate hedging policy contributed €27.5m to 2006 earnings.

The ALCO unit also manages actively the structural interest-rate exposure on the Group's balance sheet. This is done using both hedging derivatives and balance-sheet instruments. At 30-Jun-06, the fixed-income asset portfolio stood at €27,918m.

As for the management of liquidity, issuances in the first six months have raised €17 billion, which covers more than 70% of the issuances program budgeted for the year.

● HOLDINGS IN INDUSTRIAL AND FINANCIAL COMPANIES

This unit comprises the Group's portfolio of holdings in sectors such as telecommunications, media, electricity, oil and gas, plus other holdings in the financial-services sector.

This portfolio is a repository of capital for future growth of the banking business. BBVA manages it in accordance with strict procedures regarding risk-control, economic capital consumption and diversification. These include applying dynamic monetisation and hedging management strategies to holdings.

In line with said criteria, the unit made investments of €741m and divestments of €2,968m during the first half of 2006. The most significant disposals were: the 14.4% holding in Banca Nazionale del Lavoro, sold in May as part of the BNP Paribas public takeover bid, at €1.3 bn with capital gains of €568m; and the sale of 5.04% in Repsol YPF, at €1,267m with €523m in capital gains. The proceeds from these divestments will help finance the acquisition of Texas Regional Bancshares and State Nacional Bancshares announced on 12th June.

Following these transactions, the market value of the industrial and financial holdings portfolio at 30-6-06 (including equity swaps) was €6,148m, with unrealised capital gains of €2,259m before tax.

CORPORATE RESPONSIBILITY

The following is a review of the most significant events related to corporate responsibility of the BBVA Group in the second quarter of 2006.

Shareholder relations and information transparency. The *Institutional Investor* magazine said BBVA was the second best European bank according to a survey of shareholders. Furthermore, a report by PricewaterhouseCoopers on corporate reporting trends put BBVA among the top five Spanish companies in terms of shareholder and investor information. In May BBVA also received a prize for the best sustainability report in Spain in 2004, awarded by the Business Administration and Accounting Association and the Spanish Institute of Auditors.

Employees. In April the Bank presented the global training plan for 2006 with a budget of €36m and signed an agreement with its unions in Spain to limit internships to a one-year duration. A month later, it launched the first executive master's course in quantitative finance for employees and the medical insurance scheme *(BBVA Salud)*, which is part of the "Passion for people" project. In addition, MERCO's first ranking of the best employers in Spain put BBVA in third place.

Community support. In May the Bank launched a further campaign for its "new-baby loan". Under this scheme it lends up to €3,000 completely free of charge, to help cover the cost of the birth or adoption of a child. Moreover, BBVA contributed to World Internet Day by developing a *microsite* that facilitates access to the Group's website by those who are handicapped or have technical limitations. At the same time, BBVA Puerto Rico contributed to the annual muscular dystrophy campaign and the Bank made important donations in Mexico (Mexican Red Cross) and Colombia (Caldas Hospital).

Education. In 2006 BBVA's Ruta Quetzal programme completed its 20th year. The occasion was marked by an exhibition in Madrid. The 21st expedition started in June, travelling through Guatemala, Belize, Mexico and Spain. During the quarter the Bank also launched various educational initiatives in the Americas, including a campaign to encourage reading in Peru and preferential loans for university studies in Mexico. It also set up the BBVA-Laredo National Bank chair of international finance at the International University of Texas and contributed to the fifth international conference on school integration in Venezuela. In Argentina it sponsored the Jug-Arte programme on education of children in hospital. It co-operated in the Colombian programme on computers in education and participated in a campaign in Chile called "Young painters take over the banks". In Spain the BBVA Foundation sponsored the 25th summer courses of the Basque Country University and 4,815 of its employees collaborated in the Euro Solidarity project. Through this initiative, they and the Bank contribute to an educational project run by the Entreculturas Foundation in Peru.

Culture. BBVA opened two exhibitions during the quarter. One was related to 20th-century art in Spain (Madrid and Valencia) and the other was on coin collections from 1857-1927 (Bilbao). It also sponsored an international seminar on the use of Spanish in the US media in co-operation with the Fundéu and San Millán de la Cogolla Foundations. BBVA Colombia donated a fountain to the city of Bogotá to mark its 50th anniversary.

Social science, health and the environment. During the quarter, the BBVA Foundation issued a report on Spanish demographics, an international study on social capital, a yearbook on the condition of nature reserves and a multimedia guide to birdlife. It also issued notice of the first programme related to university chairs on biomedicine and a notice associated with the second biodiversity preservation prizes. In addition, BBVA joined the board of the Balears Sostenible Foundation and BBVA Provida (Chile) presented a study on 25 years of pension system reform in Chile.

Small business support. BBVA contributed to two projects that promote responsible criteria for SMEs. One was an electronic course on social responsibility by the Entorno Foundation and Iberdrola and the second was a six-monthly collection of best practices in conjunction with the Spanish Red Cross. Furthermore, BBVA joined the board of the Latin-American Asia-Pacific Observatory, promoted by Casa de América and Casa de Asia.

FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET
(Million euros)

	30-06-06	∆%	30-06-05	31-03-06	31-12-05
Cash and balances at Central Banks	10,224	(25.9)	13,799	15,965	12,341
Financial assets held for trading	44,017	(13.1)	50,637	39,723	44,012
Other financial assets at fair value	886	(4.3)	925	896	1,421
Financial assets available for sale	52,643	0.6	52,322	57,603	60,034
Loans and receivables	258,199	11.8	230,853	249,157	249,397
• Due from banks	19,973	(20.3)	25,075	21,599	27,470
• Loans to customers	230,467	18.1	195,148	221,932	216,850
• Other	7,759	(27.0)	10,630	5,626	5,076
Held to maturity investments	6,018	71.0	3,519	6,125	3,959
Investments in associates	771	(45.8)	1,423	1,497	1,473
Property, plant and equipment	4,235	(0.3)	4,250	4,329	4,383
Intangible assets	1,872	10.8	1,689	1,977	2,070
Other assets	11,370	(26.4)	15,439	15,384	13,299
TOTAL ASSETS	390,235	4.1	374,856	392,656	392,389
Financial liabilities held for trading	13,379	(11.3)	15,087	13,463	16,271
Other financial liabilities at fair value	648	(16.4)	775	710	740
Financial liabilities at amortised cost	333,585	6.0	314,608	332,283	329,505
• Deposits by Central Banks and banks	65,339	(5.3)	69,009	64,809	66,315
• Due to customers	173,402	3.0	168,308	178,205	182,635
• Marketable debt securities	75,687	27.5	59,354	70,432	62,842
• Subordinated debt	12,779	(1.0)	12,912	13,275	13,723
• Other	6,378	26.9	5,025	5,562	3,990
Liabilities under insurance contracts	9,701	0.2	9,680	9,782	10,501
Other liabilities	15,394	(19.9)	19,223	19,001	18,071
TOTAL LIABILITIES	372,707	3.7	359,373	375,239	375,087
Minority interests	766	(7.7)	829	1,012	971
Valuation adjustments	1,540	(48.7)	3,004	2,843	3,295
Shareholders' funds	15,222	30.7	11,650	13,562	13,036
EQUITY	17,528	13.2	15,483	17,417	17,302
TOTAL LIABILITIES AND EQUITY	390,235	4.1	374,856	392,656	392,389
MEMORANDUM ITEM:					
Contingent liabilities	36,040	46.3	24,640	31,351	29,862

CONSOLIDATED INCOME STATEMENT
(Million euros)

	1st Half 06	Δ%	1er Half 05
Core net interest income	3,861	19.2	3,240
Dividends	189	32.6	142
NET INTEREST INCOME	4,050	19.7	3,383
Income by the equity method	70	37.6	51
Net fee income	2,150	16.0	1,853
Income from insurance activities	297	35.6	219
CORE REVENUES	6,567	19.3	5,505
Net trading income	1,356	112.0	640
ORDINARY REVENUES	7,924	28.9	6,145
Net revenues from non-financial activities	75	11.1	68
Personnel costs	(1,952)	14.2	(1,710)
General expenses	(1,161)	14.8	(1,011)
Depreciation and amortization	(232)	12.6	(206)
Other operating income and expenses	(78)	99.3	(39)
OPERATING PROFIT	4,575	40.9	3,246
Impairment losses on financial assets	(655)	101.8	(325)
• Loan loss provisions	(650)	113.5	(304)
• Other	(5)	(74.4)	(20)
Provisions	(342)	34.7	(254)
Other income/losses	898	n.m.	57
• From disposal of equity holdings	889	n.m.	16
• Other	9	(78.7)	41
PRE-TAX PROFIT	4,475	64.3	2,724
Corporate income tax	(1,007)	27.7	(788)
NET PROFIT	3,469	79.1	1,936
Minority interests	(132)	7.8	(123)
NET ATTRIBUTABLE PROFIT	3,336	84.0	1,813

BREAKDOWN OF YIELDS AND COSTS

	2nd Quarter 06		1st Quarter 06		2005	
	% of ATA	% Yield/Cost	% of ATA	% Yield/Cost	% of ATA	% Yield/Cost
Cash and balances at Central Banks	2.9	3.84	3.6	3.48	2.9	4.37
Financial assets and derivatives	27.4	4.52	27.7	3.68	32.0	3.72
• Fixed-income securities	22.5	4.70	23.1	4.34	27.4	4.05
- Euros	15.3	2.51	15.1	2.31	17.4	2.14
- Foreign currencies	7.2	9.34	8.1	8.15	9.9	7.39
• Equity securities	4.9	3.65	4.6	0.37	4.6	1.75
Due from banks	4.8	4.48	6.1	4.03	5.7	3.72
• Euros	2.6	3.38	3.5	3.06	2.9	2.59
• Foreign currencies	2.2	5.79	2.7	5.27	2.7	4.94
Loans to customers	58.4	5.78	56.0	5.69	53.0	5.39
• Euros	44.8	4.00	42.5	3.85	41.3	3.79
- Domestic	42.0	4.03	39.7	3.86	38.8	3.74
- Other	2.8	3.55	2.8	3.71	2.5	4.63
• Foreign currencies	13.5	11.68	13.5	11.49	11.7	11.06
Other assets	6.5	0.42	6.5	0.64	6.5	0.78
TOTAL ASSETS	100.0	4.97	100.0	4.62	100.0	4.43
Deposits by Central Banks and banks	16.9	3.78	16.2	3.35	17.8	3.36
• Euros	9.5	2.79	8.9	2.53	10.0	2.19
• Foreign currencies	7.4	5.03	7.3	4.35	7.8	4.86
Due to customers	43.7	2.98	45.0	3.00	43.7	2.79
• Euros	24.2	1.51	24.1	1.54	24.0	1.23
- Domestic	17.9	1.33	16.7	1.23	16.9	1.11
- Other	6.3	2.02	7.4	2.23	7.1	1.53
• Foreign currencies	19.5	4.82	20.9	4.69	19.7	4.68
Marketable debt securities and subordinated debt	22.6	3.29	21.0	3.01	18.9	2.74
• Euros	19.9	3.08	19.3	2.79	17.6	2.45
• Foreign currencies	2.7	4.88	1.8	5.41	1.3	6.61
Other liabilities	12.3	0.75	13.2	0.60	15.3	0.79
Equity	4.5	-	4.6	-	4.3	-
TOTAL LIABILITIES AND EQUITY	100.0	2.78	100.0	2.61	100.0	2.45
NET INTEREST INCOME/ATA		2.19		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					897	2		899
Profit retained		1,424	(1,424)					-
Dividends			(1,499)			(61)	627	(933)
Shares issued								-
Results of treasury shares traded				(220)				(220)
Profit for the year			1,813			123		1,936
Other		(36)		3		28		(4)
BALANCE AT 30-06-05	1,662	8,816	1,813	(253)	3,004	829	(388)	15,483
BALANCE AT 31-12-05	1,662	8,831	3,806	(96)	3,295	971	(1,167)	17,302
Valuation adjustments					(1,754)	(7)		(1,762)
Profit retained		2,006	(2,006)					-
Dividends			(1,801)			(85)	720	(1,165)
Shares issued								-
Results of treasury shares traded				(92)				(92)
Profit for the year			3,336			132		3,469
Other		-		23		(246)		(223)
BALANCE AT 30-06-06	1,662	10,836	3,336	(166)	1,540	766	(447)	17,528

INFORMATION BY SEGMENTS. 1st Half 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	1,385	526	1,664	627	(152)	4,050
Ordinary revenues	2,375	1,152	2,609	1,191	596	7,924
Operating profit	1,271	907	1,531	592	273	4,575
Pre-tax profit	1,104	860	1,183	505	823	4,475
Net attributable profit	717	623	825	281	890	3,336

Retail Banking in Spain and Portugal	Financial Services	Asset Mgt and Private Bkg	Other	TOTAL AREA
Net interest income	1,359	14	11	1,385
Ordinary revenues	2,104	147	125	2,375
Operating profit	1,113	99	59	1,271
Pre-tax profit	950	92	62	1,104
Net attributable profit	616	61	40	717

Wholesale and Investment Banking	SMEs and Wholesale Banking	Global Wholesale Bkg and Markets	Other	TOTAL AREA
Net interest income	438	86	2	526
Ordinary revenues	647	475	30	1,152
Operating profit	494	337	76	907
Pre-tax profit	385	253	223	860
Net attributable profit	250	176	196	623

Mexico and USA	Banking businesses	Pensions and Insurance	Other	TOTAL AREA
Net interest income	1,667	1	(4)	1,664
Ordinary revenues	2,416	205	(13)	2,609
Operating profit	1,425	124	(18)	1,531
Pre-tax profit	1,077	125	(18)	1,183
Net attributable profit	751	86	(12)	825

South America	Banking businesses	Pensions and Insurance	Other	TOTAL AREA
Net interest income	622	6	-	627
Ordinary revenues	1,002	192	(3)	1,191
Operating profit	517	91	(17)	592
Pre-tax profit	441	80	(16)	505
Net attributable profit	247	45	(11)	281

INFORMATION BY SEGMENTS. 1st Half 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	1,292	496	1,209	480	(94)	3,383
Ordinary revenues	2,167	917	1,887	860	313	6,145
Operating profit	1,123	700	989	392	43	3,246
Pre-tax profit	986	609	833	378	(81)	2,724
Net attributable profit	646	421	575	204	(33)	1,813

Retail Banking in Spain and Portugal	Financial Services	Asset Mgt and Private Bkg	Other	TOTAL AREA
Net interest income	1,266	13	12	1,292
Ordinary revenues	1,924	134	109	2,167
Operating profit	985	86	52	1,123
Pre-tax profit	853	82	52	986
Net attributable profit	556	55	34	646

Wholesale and Investment Banking	SMEs and Wholesale Banking	Global Wholesale Bkg and Markets	Other	TOTAL AREA
Net interest income	414	91	(9)	496
Ordinary revenues	590	337	(9)	917
Operating profit	443	212	46	700
Pre-tax profit	365	189	56	609
Net attributable profit	238	131	53	421

Mexico and USA	Banking businesses	Pensions and Insurance	Other	TOTAL AREA
Net interest income	1,209	3	(3)	1,209
Ordinary revenues	1,731	168	(12)	1,887
Operating profit	903	104	(18)	989
Pre-tax profit	747	104	(18)	833
Net attributable profit	514	72	(12)	575

South America	Banking businesses	Pensions and Insurance	Other	TOTAL AREA
Net interest income	478	4	(2)	480
Ordinary revenues	689	173	(2)	860
Operating profit	320	86	(15)	392
Pre-tax profit	294	94	(10)	378
Net attributable profit	160	49	(5)	204

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

(Million euros)

	Operating Income				Net attributable profit			
	1H 06	Δ%	Δ% at constant exchange rate	1H 05	1H 06	Δ%	Δ% at constant exchange rate	1H 05
Argentina	225	90.3	92.3	118	98	33.8	35.3	74
Chile	87	17.6	2.3	74	36	15.9	0.8	31
Colombia	84	56.0	49.3	54	61	92.6	84.3	32
United States (1)	56	17.6	12.6	48	27	17.9	12.8	23
Mexico	1,476	56.8	47.5	941	798	44.5	35.9	553
Panama	15	2.6	(1.8)	15	11	33.6	27.8	8
Paraguay	7	34.5	20.0	5	7	64.6	46.8	4
Peru	98	16.9	13.9	84	29	5.9	3.2	27
Uruguay	4	n.m.	n.m.	-	5	215.9	191.1	1
Venezuela	87	55.7	54.5	56	44	43.1	42.0	30
Other countries (2)	(15)	9.3	10.4	(14)	(9)	164.5	107.2	(3)
TOTAL	2,123	53.8	45.6	1,380	1,106	41.9	34.6	780

(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)

	1H 06	Δ%	Δ% at constant exchange rate	1H 05
NET INTEREST INCOME	1,535	36.9	28.8	1,121
Income by the equity method	(2)	n.m.	n.m.	-
Net fee income	640	28.2	20.7	499
Income from insurance activities	145	49.3	40.5	97
CORE REVENUES	2,317	35.0	27.0	1,717
Net trading income	100	209.8	191.5	32
ORDINARY REVENUES	2,417	38.2	30.0	1,749
Net revenues from non-financial activities	(1)	184.2	167.4	-
Personnel and general administrative expenses				
Depreciation and amortization	(836)	19.7	12.6	(698)
Other operating income and expenses	(48)	(15.0)	(20.1)	(57)
	(56)	7.5	1.1	(52)
OPERATING PROFIT				
Impairment losses on financial assets	1,476	56.8	47.5	941
• Loan loss provisions	(279)	240.7	220.6	(82)
• Other	(270)	265.2	243.6	(74)
Provisions	(8)	8.0	1.6	(8)
Other income/losses	(52)	(12.6)	(17.8)	(60)
	(2)	81.3	70.6	(1)
PRE-TAX PROFIT				
Corporate income tax	1,143	43.1	34.6	799
	(344)	40.6	32.3	(245)
NET PROFIT				
Minority interests	799	44.2	35.6	555
	(1)	(42.9)	(46.3)	(2)
NET ATTRIBUTABLE PROFIT				
	798	44.5	35.9	553

INVESTOR RELATIONS

- MADRID 28046 - Pº Castellana, 81 - 23rd floor
  Tel: 34-91 537 53 12
  Fax: 34-91 537 85 12
  e-mail: inversoresbbva@grupobbva.com

- NEW YORK - 1345 Av. of the Americas, 45th floor, NY 10105
  Tel: 1-212-728 16 60 - Fax: 1-212-333 29 05
  e-mail: julissa.bonfante@bbvany.com

INTERNET INFO (http://www.bbva.com)

QUARTERLY REPORT

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