

# Business areas

This section reports the activity and results of the BBVA Group broken down into business areas. The contribution of each area is then discussed separately.

The presentation of information by area is a basic tool for controlling and monitoring the different businesses. Preparation starts with the low-level business units where all the initial accounting data are kept. These units are then classified and combined in accordance with the defined structure of the areas to arrive at the composition of each one. Likewise, the Group's companies are also assigned to a business area depending on their activity. If this activity is too diverse, then the area is broken down into the corresponding units as necessary.

Once the composition of each area has been defined, the necessary management adjustments inherent in the model are applied. These adjustments include a charge for the use of equity via the allocation of economic capital commensurate with the risks incurred by each business. Capital requirements are assessed according to the lending, market and operational risks incurred. The first step is to quantify the amount of core equity (capital and reserves) attributable to the relative risk in each area. This amount is used as a basis to determine the return generated on the equity of each business (ROE). Following this, other equity eligible funds issued by the Group (subordinate debt and preferred stock) are assigned together with their associated costs. There is one exception to this system of allocating equity. The Americas Area (except for Argentina and international private banking that follow the above mentioned method) continues to book equity based on a hypothetical consolidated subgroup in each country. Thus the core equity figures used correspond to the BBVA Group's interest in each case. Amounts associated with minority interests are recorded under *Other eligible funds*.

The internal transfer charges are adjusted for maturity and interest rate revision period for the different assets and liabilities that make up each unit's balance sheet. This is part of the permanent improvement process for management information by business area.

Direct and indirect expenses are assigned to areas except for those items where there is no close and defined link to the businesses in question, ie, when they are clearly of

a corporate or institutional nature in the context of the overall Group.

Lastly, it should be noted that the procedure followed to balance the activities of each business (Retail, Wholesale and the Americas) does not include the elimination of intergroup transactions that affect different areas. It is considered that these are an integral part of the activity and operation of each business. Thus, intergroup eliminations arising from the consolidation process are assigned to the Corporate Activities Area. This means that certain items on its balance sheet may contain negative amounts.

In regard to the composition of the business areas it should be noted that given the continuing normalisation of the financial situation in Argentina and therefore of the financial statements of Group companies in that country, these statements are now incorporated in the Americas Area. In previous years, Argentina was reported under Corporate Activities by the equity method. The figures for previous periods in these two areas, which are presented for comparative purposes, incorporate these modifications and have been prepared using uniform criteria.

Consequently the composition of the Group's business areas is as follows:

- **Retail Banking in Spain and Portugal:** this includes retail business, asset management and private banking conducted by the Group in Spain and Portugal. Consequently it includes individual customers and SMEs in the domestic market, the Finanzia/Uno-E group (e-banking business, consumer finance, distribution of cards and renting), BBVA Portugal, the private banking business, the mutual fund and pension managers and the results of the insurance business.
- **Wholesale and Investment Banking:** this covers the business that the Group conducts with large companies and institutions through corporate banking (whether domestic or international) and institutional banking. It also incorporates the trading rooms in Spain, Europe and New York, the origination and distribution of equities and the depository and custodial services. Business and real estate projects not associated with Group interests in large companies is also included.

- **The Americas:** this area covers the activity and results of the Group's subsidiaries in Latin America and their subsidiary undertakings, including pension managers, insurance companies and international private banking. As mentioned above, the Group's companies in Argentina are also included in this area.
- **Corporate Activities:** this contains the Group's holdings in large industrial companies and in

financial entities, as well as the activities and results of support units such as the Assets and Liabilities Committee (ALCO). The area also includes those items which, due to their nature, cannot be assigned to other business areas. Examples of these items are country risk provisions and the write-off of goodwill (except in the case of interests held by the business and real estate projects unit which comes under the Wholesale and Investment Banking Area).

NET ATTRIBUTABLE PROFIT BY BUSINESS AREA (MILLION EUROS)			
	2004	Δ%	2003
Retail Banking in Spain and Portugal	1,410	13.8	1,239
Wholesale and Investment Banking	515	10.1	468
America	1,239	70.8	725
Corporate Activities	(363)	76.3	(206)
<b>BBVA GROUP NET ATTRIBUTABLE PROFIT</b>	<b>2,802</b>	<b>25.8</b>	<b>2,227</b>

ROE AND EFFICIENCY RATIO (PERCENTAGE)				
	ROE		Efficiency ratio	
	2004	2003	2004	2003
Retail Banking in Spain and Portugal	32.0	30.9	41.8	44.7
Wholesale and Investment Banking	23.1	23.0	29.9	31.7
America	27.8	22.2	42.1	45.5
<b>BBVA GROUP</b>	<b>20.0</b>	<b>18.4</b>	<b>44.9</b>	<b>47.2</b>

## Business areas evolution

This section reports on the aspects most relevant to the performance of the BBVA group's business areas during 2004.

### Retail Banking in Spain and Portugal

2004 was characterised by a sustained increase in business volumes and the generation of ever-higher earnings. The combination of strong growth in lending and customer funds, adequate pricing, the upbeat performance of fee income and lower expenses has enabled operating profit to increase 13.3% over the previous year. This favourable performance was reflected in attributable profit, which grew 13.8%.

Lending rose 20% over the year (13.9% in 2003), behaving especially positively in residential mortgages (+25.3%), SMEs and small businesses (+19.7%), and consumer lending (+16.2%). The figure for non-performing loans dropped 14.3% and the NPL ratio went down to 0.61%, well below the ratio for the banking industry as a whole.

Total assets under management (deposits, mutual funds and pension funds) grew 10.1% during the year (7.3% in 2003), a rise equivalent to 10,591 million euros (7,122 million in 2003). Stable customer funds (time deposits and mutual and pension funds) showed a year-on-year growth of 11.0%, while transactional deposits were up 7.9%. The 12.0% increase in assets under management in mutual funds compared favourably against the 11.0% recorded by the industry as a whole. Consequently, market share on 31-12-04 reached 18.7%, gaining 16 basis points over the year.

Core revenues in Retail Banking showed an increase of 6.5% during the year, with net interest income rising 3.9% and fee income 11.6% (+10.7% in fund-management fees and +12.1% in other fees). Since general administrative expenses were down 0.5% against 2003, the cost-income ratio improved to 41.8% and, as stated above, operating profit was up 13.3%.

Although the NPL ratio for the area dropped further in 2004, loan loss provisions swelled by 17.8% against the previous year, as generic provisioning grew apace with the rapidly growth of lending activities and because of the increase in the statistical provision.

All this produced an attributable profit for the area of 1.41 billion euros, showing an increase of 13.8% and ROE went up to 32.0% (30.9% in 2003).

### Wholesale and Investment Banking

During 2004 this area has confirmed its growing capacity to generate earnings, obtaining an attributable profit of 515 million euros, 10.1% up on 2003, a year during which, it had already risen 22.5%.

Lending recorded a year-on-year growth of 5.9% or 9.3% excluding the Markets division activity. The sharp fall in non-performing loans has pushed the NPL ratio down to 0.19% as of 31-12-04, compared to the 0.50% at which it stood one year earlier. At the same time, the coverage ratio has gone up to 723.4% from its previous 233.8%. Meanwhile, customer funds (deposits and off-balance-sheet funds) have recorded year-on-year growth of 14.1%.

Net interest income grew 10.0% against the previous year, and fee income 24.0%, such that core revenues rose 12.9%. Lower earnings from net trading income, especially those of the Markets division, brought the increase in ordinary revenues to 3.9%.

This increase in earnings, along with lower general administrative expenses, which went down 1.9%, improved the cost-income ratio by 1.8 points, helping it to reach 29.9%. Operating profit rose 7.2% over the year, up to 701 million euros.

The gross contribution from business and real estate projects booked under the equity method was up 23.9% over 2003, although net earnings were down due to lower dividend revenues. Portfolio turnover pushed the contribution of income from Group transactions and extraordinary net income up to 153 million euros, more than double the previous year.

However, 214 million euros were set aside for loan-loss provisions, 50.1% more than in 2003. Since specific provisions went down as the NPL ratio dropped, this higher figure was due to transfers to the statistical provision and to the generic provision, the latter being a consequence of higher limits of committed loans and the growth of contingent liabilities.

All this produced an attributable profit of 515 million euros and a ROE of 23.1%.

### The Americas

The results of the Americas area in 2004 were especially encouraging. Attributable profit grew 70.8% to 1,239 million euros. Even net profit –prior to the effect

of the buyout of the minority interests in Bancomer—managed to increase 24.6%, despite the local currencies' depreciation against the euro. For the first time in recent years, growth both in business volumes and in all income-statement items expressed in local currencies outstripped their depreciation and consequently they all recorded positive increases in current euros.

The more buoyant economic environment in Latin America enabled the lending portfolio of all the group's banks throughout the region to recover (excluding the old Bancomer mortgage portfolio and non-performing loans). It grew at 22.8% year on year (30.1% in local currencies), spurred on mainly by credit-cards, consumer loans and mortgages. Customer funds (current and savings accounts, deposits as well as repos and mutual funds) rose 5.1% (12.3% at constant rates).

This increase in business volumes, along with the pricing effect (due to interest rate changes which varied from one country to the next but was positive in overall terms) led to an 8.0% year-on-year increase in net interest income (22.8% at constant rates). Fee income rose 9.5% at constant exchange rates, while net trading income shrunk due to the negative impact of rising interest rates, especially in Mexico. Thus, ordinary revenues grew 2.5% in euros and 15.4% at constant rates.

Higher earnings and moderate costs (-5.1% in euros and +6.7% in local currency) made it possible to further boost efficiency, as the cost-income ratio improved to 42.1% (3.4 points better than the 2003 figure of 45.5%), and operating profit reached 2.5 billion euros, with growth rates of 11.6% and 26.0% at current and constant rates, respectively.

Better asset quality, with the NPL ratio dropping to 3.18%, as against the 4.46% on 31-12-03, meant lower provisions for loan losses. Net profit increased to the above-mentioned 24.6% (40.3% at constant rates). After the effect of the Bancomer minorities' buyout, attributable profit was 1,239 million euros (+70.8% in euros and +91.4% at constant rates), pushing ROE up to 27.8%, significantly above the 22.2% from 2003.

Mexico accounted for over 60% of all the area's income items. The substantial growth in business (37.6% growth in lending and 11.4% growth in customer funds in pesos) alongside the effect of rising interest rates, drove net interest income up to 10.3% in euros and 26.8% in

pesos. This increase together with moderate cost growth pushed operating profit to 1,654 million euros (+11.2% and +27.9% at current and constant rates, respectively) and the cost-income ratio improved 3.1 points, reaching 39.1%. With lower provisioning, net profit grew 28.9% (48.2% in local currency) and, as the part of net profit corresponding to minority interests went down, attributable profit rose to 841 million euros, more than double that obtained in 2003.

### Corporate Activities

This area contains very different kinds of businesses: the activities and earnings of support units as well as certain items that cannot be allocated to other group business areas.

The increase of net trading income to 333 million euros (41.2% up on the previous year) was the result of active management of the structural interest-rate risk portfolio and the positions to cover exchange-rate risk, both managed by the ALCO unit (Assets and Liabilities Committee) as well as the equities portfolio managed by the Industrial Holdings unit. Dividends rose reaching 197 million euros, coming mainly from holdings in the industrial portfolio. Net income from companies carried by the equity method also rose and reached 268 million euros. However, there was a reduction in earnings from group transactions, whose biggest item this year was 218 million from the sale of the stake in Banco Atlántico, as against the 343 million recorded in 2003 from the sale of Crédit Lyonnais stake. This area also includes general administrative expenses, depreciation and other operating expenses of the headquarters and items which due to their nature cannot be assigned to other business areas; in 2004 these amounted to a similar level to that of the previous year.

Some 579 million euros were put into the amortisation of goodwill from the group's industrial and financial holdings and in its Latin-American affiliates, as compared to 637 million euros in 2003. Of these, 119 million were one-off payments (Bradesco and Gas Natural).

The extraordinaries included 572 million euros for the cost of early retirements taken in 2004 (372 million net of taxes).

All this produced a loss of 363 million euros for the area, as compared with the 206 million euro loss from 2003.

# Retail Banking in Spain and Portugal

## INCOME STATEMENT

(MILLION EUROS)

	Retail Banking Spain and Portugal			Memorandum item:			
	2004	Δ%	2003	Commercial and SME Banking		Asset Management and Private Banking	
	2004	Δ%	2003	2004	Δ%	2004	Δ%
<b>NET INTEREST INCOME</b>	3,348	3.9	3,221	2,952	2.2	44	6.8
Net fee income	1,647	11.6	1,476	1,389	11.1	230	12.4
<b>CORE REVENUES</b>	4,995	6.3	4,697	4,342	4.9	274	11.4
Net trading income	54	21.5	44	50	25.1	1	(0.5)
<b>ORDINARY REVENUES</b>	5,048	6.5	4,741	4,392	5.1	275	11.4
Personnel costs	(1,405)	1.0	(1,391)	(1,272)	0.7	(51)	(0.9)
General expenses	(703)	(3.5)	(728)	(610)	(3.8)	(30)	(2.7)
<b>GENERAL ADMINISTRATIVE EXPENSES</b>	(2,108)	(0.5)	(2,119)	(1,882)	(0.8)	(81)	(1.6)
Depreciation and amortization	(102)	(10.8)	(114)	(90)	(10.8)	(4)	4.8
Other operating income and expenses	(46)	6.4	(44)	(44)	8.5	(1)	21.6
<b>OPERATING PROFIT</b>	2,792	13.3	2,465	2,377	10.9	189	18.1
Net income (loss) from companies accounted for by the equity method	(26)	n.m.	8	2	n.m.	-	-
Amortization of goodwill	-	-	-	-	-	-	-
Net income (loss) from Group transactions	29	n.m.	(1)	-	n.m.	1	n.m.
Net loan loss provisions	(580)	17.8	(492)	(490)	9.0	(4)	(4.8)
Net extraordinary income (loss)	9	n.m.	(10)	18	n.m.	(3)	32.1
<b>PRE-TAX PROFIT</b>	2,225	12.9	1,970	1,906	13.2	182	19.0
Corporate income tax	(743)	14.2	(650)	(647)	15.0	(62)	21.5
<b>NET PROFIT</b>	1,482	12.3	1,320	1,259	12.2	121	17.8
Minority interests	(72)	(11.4)	(81)	(58)	(16.5)	(4)	(38.7)
<b>NET ATTRIBUTABLE PROFIT</b>	1,410	13.8	1,239	1,201	14.1	116	22.0

## BALANCE SHEETS

(MILLION EUROS)

	31-12-04	Δ%	31-12-03	31-12-04	Δ%	31-12-04	Δ%
Total net lending	109,591	20.0	91,295	102,601	20.4	839	9.7
Securities portfolio	579	8.1	535	14	52.9	28	(81.4)
Liquid assets	2,233	9.1	2,048	1,247	4.0	380	198.5
Inter-area positions	18,585	9.5	16,975	17,243	11.4	933	(26.4)
Property and equipment and intangible assets	660	0.1	659	548	0.9	10	(0.8)
Other assets	1,059	9.3	969	535	2.1	130	105.8
<b>TOTAL ASSETS/LIABILITIES AND EQUITY</b>	132,707	18.0	112,481	122,187	18.6	2,319	(2.6)
Deposits	54,197	4.4	51,888	50,288	4.6	1,277	(0.8)
Debt securities	6	-	6	-	-	-	-
Equity	8,126	14.0	7,130	6,931	16.0	407	(25.0)
• Shareholders' funds	4,707	14.1	4,125	3,998	16.0	240	(25.6)
• Other eligible funds	3,419	13.8	3,005	2,933	16.0	167	(24.2)
Liquid liabilities	4,262	22.6	3,477	32	29.4	1	(60.7)
Inter-area positions	60,460	33.6	45,257	59,972	33.9	300	0.5
Other liabilities	5,656	19.8	4,723	4,964	19.2	335	34.1
<b>OTHER CUSTOMER FUNDS MANAGED</b>							
• Mutual funds	41,988	13.8	36,912	36,303	12.7	5,117	20.9
• Pension funds	13,967	12.4	12,422	7,091	17.8	6,637	7.3
• Customer portfolios	8,768	21.8	7,199	1,224	70.7	7,544	16.4

## SIGNIFICANT RATIOS

(PERCENTAGE)

	31-12-04	31-12-03	31-12-04	31-12-04
ROE	32.0	30.9	32.3	48.9
Efficiency ratio	41.8	44.7	42.8	29.5
NPL ratio (Nonperforming assets/Total risks)	0.61	0.85	0.58	0.04
Coverage ratio	379.4	269.5	389.6	n.m.

# Wholesale and Investment Banking

## INCOME STATEMENT

(MILLION EUROS)

	Wholesale and Investment Banking			Memorandum item:			
	2004	Δ%	2003	Wholesale Banking		Markets	
	2004	Δ%	2003	2004	Δ%	2004	Δ%
<b>NET INTEREST INCOME</b>	746	10.0	678	497	(1.7)	163	29.7
Net fee income	220	24.0	177	158	16.3	66	44.1
<b>CORE REVENUES</b>	966	12.9	856	655	2.1	229	33.6
Net trading income	51	(58.7)	123	35	60.7	30	(60.6)
<b>ORDINARY REVENUES</b>	1,017	3.9	979	690	4.0	258	4.8
Personnel costs	(203)	(0.9)	(205)	(114)	(2.8)	(77)	4.1
General expenses	(101)	(3.7)	(105)	(48)	1.0	(48)	(9.0)
<b>GENERAL ADMINISTRATIVE EXPENSES</b>	(304)	(1.9)	(310)	(162)	(1.7)	(125)	(1.3)
Depreciation and amortization	(6)	(31.4)	(9)	(4)	(12.8)	(2)	(53.7)
Other operating income and expenses	(5)	(6.0)	(5)	(4)	(0.8)	(1)	13.9
<b>OPERATING PROFIT</b>	701	7.2	654	519	6.2	130	13.7
Net income (loss) from companies accounted for by the equity method	34	(47.7)	65	(16)	n.m.	-	-
Amortization of goodwill	(2)	(4.3)	(2)	-	94.1	-	-
Net income (loss) from Group transactions	138	n.m.	32	-	n.m.	-	-
Net loan loss provisions	(214)	50.1	(143)	(191)	51.1	(18)	82.0
Net extraordinary income (loss)	16	(58.1)	37	15	35.8	(3)	(87.9)
<b>PRE-TAX PROFIT</b>	672	4.4	644	328	(12.8)	110	33.3
Corporate income tax	(121)	(10.1)	(135)	(102)	(8.6)	(7)	(49.4)
<b>NET PROFIT</b>	551	8.3	509	226	(14.6)	103	50.1
Minority interests	(36)	(12.6)	(41)	(23)	(22.7)	(9)	35.9
<b>NET ATTRIBUTABLE PROFIT</b>	515	10.1	468	204	(13.6)	94	51.6

## BALANCE SHEETS

(MILLION EUROS)

	31-12-04			31-12-03			31-12-04			31-12-04		
	31-12-04	Δ%	31-12-03	31-12-04	Δ%	31-12-03	31-12-04	Δ%	31-12-04	Δ%	31-12-04	Δ%
Total net lending	41,672	5.9	39,366	40,671	9.3	768	(52.4)					
Securities portfolio	28,950	14.1	25,364	3,280	(3.9)	24,757	19.2					
Liquid assets	46,614	6.3	43,835	7,516	(16.3)	38,989	12.4					
Inter-area positions	45,892	4.6	43,857	-	n.m.	45,840	3.1					
Property and equipment and intangible assets	45	(1.2)	45	39	(0.1)	5	(7.8)					
Other assets	7,099	14.9	6,177	391	0.1	6,671	16.3					
<b>TOTAL ASSETS/LIABILITIES AND EQUITY</b>	170,271	7.3	158,644	51,898	5.1	117,029	9.1					
Deposits	51,042	3.7	49,203	20,881	14.6	30,160	(1.4)					
Debt securities	5,839	11.1	5,255	5,839	11.1	-	-					
Equity	3,731	8.1	3,451	2,349	5.7	784	32.7					
• Shareholders' funds	2,155	7.6	2,003	1,252	5.5	463	31.7					
• Other eligible funds	1,576	8.9	1,447	1,097	6.0	322	34.2					
Liquid liabilities	75,887	9.4	69,376	6,716	(20.1)	69,171	13.5					
Inter-area positions	23,817	1.4	23,486	14,521	4.8	8,825	(0.9)					
Other liabilities	9,955	26.4	7,873	1,591	12.5	8,088	29.4					
<b>OTHER CUSTOMER FUNDS MANAGED</b>												
• Mutual funds	753	(2.7)	774	732	(3.2)	21	15.6					
• Pension funds	-	n.m.	2	-	n.m.	-	-					
• Customer portfolios	4,525	14.7	3,944	4,525	14.7	-	-					

## SIGNIFICANT RATIOS

(PERCENTAGE)

	31-12-04		31-12-03		31-12-04		31-12-04	
ROE	23.1		23.0		16.7		20.0	
Efficiency ratio	29.9		31.7		23.5		48.5	
NPL ratio (Nonperforming assets/Total risks)	0.19		0.50		0.20		-	
Coverage ratio	723.4		233.8		674.2		-	

# America

## INCOME STATEMENT

(MILLION EUROS)

	2004	Δ%	Δ% at constant exchange rates	2003
<b>NET INTEREST INCOME</b>	3,065	8.0	22.8	2,838
Net fee income	1,694	(1.5)	9.5	1,720
<b>CORE REVENUES</b>	4,759	4.4	17.7	4,558
Net trading income	168	(32.5)	(25.3)	249
<b>ORDINARY REVENUES</b>	4,927	2.5	15.4	4,807
Personnel costs	(1,139)	(6.2)	5.3	(1,214)
General expenses	(936)	(3.7)	8.4	(972)
<b>GENERAL ADMINISTRATIVE EXPENSES</b>	(2,075)	(5.1)	6.7	(2,186)
Depreciation and amortization	(210)	(10.0)	(0.6)	(234)
Other operating income and expenses	(142)	(3.1)	10.8	(147)
<b>OPERATING PROFIT</b>	2,500	11.6	26.0	2,240
Net income (loss) from companies accounted for by the equity method	83	2.3	15.6	81
Amortization of goodwill	-	-	-	-
Net income (loss) from Group transactions	22	61.7	58.8	14
Net loan loss provisions	(272)	(36.1)	(27.4)	(426)
Net extraordinary income (loss)	(306)	(1.9)	11.1	(311)
<b>PRE-TAX PROFIT</b>	2,027	26.9	42.8	1,598
Corporate income tax	(568)	33.1	49.8	(427)
<b>NET PROFIT</b>	1,459	24.6	40.3	1,171
Minority interests	(220)	(50.6)	(43.9)	(446)
<b>NET ATTRIBUTABLE PROFIT</b>	1,239	70.8	91.4	725

## BALANCE SHEETS

(MILLION EUROS)

	31-12-04	Δ%	Δ% at constant exchange rates	31-12-03
Total net lending	27,849	8.0	14.1	25,793
Securities portfolio	24,268	(6.3)	(0.2)	25,902
Liquid assets	16,328	(7.1)	(0.8)	17,571
Inter-area positions	445	2.2	5.1	435
Property and equipment and intangible assets	1,768	(16.9)	(12.2)	2,128
Other assets	4,335	(31.2)	(26.7)	6,305
<b>TOTAL ASSETS/LIABILITIES AND EQUITY</b>	74,992	(4.0)	2.0	78,134
Deposits	49,110	3.3	9.9	47,540
Debt securities	1,990	45.6	53.3	1,367
Equity	4,965	8.2	14.4	4,590
• Shareholders' funds	4,315	39.4	47.1	3,095
• Other eligible funds	650	(56.5)	(53.8)	1,495
Liquid liabilities	12,351	(12.3)	(7.0)	14,086
Inter-area positions	596	(18.3)	(16.7)	729
Other liabilities	5,980	(39.1)	(34.9)	9,823
<b>OTHER CUSTOMER FUNDS MANAGED</b>				
• Mutual funds	8,299	2.9	7.4	8,066
• Pension funds	27,756	0.6	3.0	27,591
• Customer portfolios	18,675	15.5	18.6	16,164

## SIGNIFICANT RATIOS

(PERCENTAGE)

	31-12-04	31-12-03
ROE	27.8	22.2
Efficiency ratio	42.1	45.5
NPL ratio (Nonperforming assets/Total risks)	3.18	4.46
Coverage ratio	145.2	140.5

## INCOME STATEMENT

(MILLION EUROS)

Memorandum item:	Mexico			Banking in America		
	2004	Δ%	Δ% at constant exchange rates	2004	Δ%	Δ% at constant exchange rates
<b>NET INTEREST INCOME</b>	1,991	10.3	26.8	1,013	4.1	16.8
Net fee income	1,014	(7.6)	6.2	323	12.4	22.9
<b>CORE REVENUES</b>	3,005	3.5	19.0	1,337	6.0	18.2
Net trading income	54	(50.1)	(42.7)	75	(23.8)	(15.9)
<b>ORDINARY REVENUES</b>	3,060	1.6	16.8	1,412	3.8	15.7
Personnel costs	(656)	(7.5)	6.3	(362)	(5.3)	4.9
General expenses	(541)	(4.0)	10.3	(335)	1.6	13.2
<b>GENERAL ADMINISTRATIVE EXPENSES</b>	(1,197)	(6.0)	8.1	(697)	(2.1)	8.7
Depreciation and amortization	(113)	(14.8)	(2.1)	(70)	(13.0)	(7.9)
Other operating income and expenses	(96)	(20.0)	(8.0)	(33)	17.7	30.2
<b>OPERATING PROFIT</b>	1,654	11.2	27.9	612	13.5	28.2
Net income (loss) from companies accounted for by the equity method	49	(14.7)	(1.9)	2	74.7	69.8
Amortization of goodwill	-	-	-	-	-	-
Net income (loss) from Group transactions	1	(43.0)	(34.5)	7	n.m.	n.m.
Net loan loss provisions	(231)	(42.4)	(33.8)	(38)	68.6	61.3
Net extraordinary income (loss)	(186)	7.3	23.3	(89)	(27.2)	(18.0)
<b>PRE-TAX PROFIT</b>	1,286	32.6	52.4	493	24.8	42.6
Corporate income tax	(407)	41.2	62.3	(120)	9.9	19.8
<b>NET PROFIT</b>	879	28.9	48.2	373	30.6	51.9
Minority interests	(38)	(86.4)	(84.3)	(120)	11.4	32.5
<b>NET ATTRIBUTABLE PROFIT</b>	841	107.3	138.2	253	42.2	63.2

## BALANCE SHEETS

(MILLION EUROS)

	31-12-04	Δ%	Δ% at constant exchange rates	31-12-04	Δ%	Δ% at constant exchange rates
Total net lending	13,539	8.2	15.8	12,879	9.2	14.7
Securities portfolio	18,832	(7.2)	(0.7)	4,961	0.4	6.1
Liquid assets	9,467	(11.5)	(5.3)	3,911	13.7	29.3
Inter-area positions	109	(2.3)	4.6	22	n.m.	n.m.
Property and equipment and intangible assets	1,067	(14.2)	(8.2)	545	(28.1)	(25.0)
Other assets	2,942	(37.4)	(33.0)	1,166	(6.3)	(0.3)
<b>TOTAL ASSETS/LIABILITIES AND EQUITY</b>	45,957	(7.3)	(0.8)	23,485	5.9	12.8
Deposits	29,538	2.0	9.2	15,977	8.5	16.0
Debt securities	532	(31.0)	(26.2)	1,460	144.9	152.7
Equity	2,738	21.2	29.7	1,625	11.7	19.0
• Shareholders' funds	2,732	98.7	112.6	1,278	12.9	19.4
• Other eligible funds	6	(99.3)	(99.3)	346	7.4	17.6
Liquid liabilities	9,253	(10.1)	(3.8)	2,572	(15.5)	(11.9)
Inter-area positions	104	(27.9)	(22.9)	21	n.m.	n.m.
Other liabilities	3,793	(49.3)	(44.2)	1,830	(22.1)	(16.0)
<b>OTHER CUSTOMER FUNDS MANAGED</b>						
• Mutual funds	4,973	2.6	9.7	1,006	3.4	5.7
• Pension funds	6,435	7.1	14.6	-	-	-
• Customer portfolios	8,773	50.4	61.0	85	(41.8)	(27.0)

## SIGNIFICANT RATIOS

(PERCENTAGE)

	31-12-04	31-12-04
ROE	30.4	19.4
Efficiency ratio	39.1	49.3
NPL ratio (Nonperforming assets/Total risks)	2.60	4.17
Coverage ratio	242.5	77.1

# Corporate Activities

INCOME STATEMENT			
(MILLION EUROS)			
	2004	Δ%	2003
<b>NET INTEREST INCOME</b>	(91)	n.m.	4
Net fee income	(181)	63.6	(111)
<b>CORE REVENUES</b>	(271)	154.4	(107)
Net trading income	333	41.2	236
<b>ORDINARY REVENUES</b>	61	(52.5)	129
Personnel costs	(437)	(3.6)	(453)
General expenses	(39)	n.m.	37
<b>GENERAL ADMINISTRATIVE EXPENSES</b>	(476)	14.3	(416)
Depreciation and amortization	(135)	(12.0)	(153)
Other operating income and expenses	(4)	(84.0)	(24)
<b>OPERATING PROFIT</b>	(553)	19.1	(464)
Net income (loss) from companies accounted for by the equity method	268	17.6	228
Amortization of goodwill	(579)	(9.1)	(637)
Net income (loss) from Group transactions	404	(20.5)	508
Net loan loss provisions	135	n.m.	(216)
Net extraordinary income (loss)	(449)	n.m.	182
<b>PRE-TAX PROFIT</b>	(774)	94.0	(399)
Corporate income tax	475	60.2	296
<b>NET PROFIT</b>	(299)	191.6	(103)
Minority interests	(63)	(38.7)	(103)
<b>NET ATTRIBUTABLE PROFIT</b>	(363)	76.3	(206)
BALANCE SHEETS			
(MILLION EUROS)			
	31-12-04	Δ%	31-12-03
Total net lending	(4,145)	72.9	(2,398)
Securities portfolio	29,700	1.1	29,386
Liquid assets	(18,328)	14.4	(16,021)
Inter-area positions	19,951	143.2	8,205
Property and equipment and intangible assets	1,512	(3.6)	1,569
Other assets	11,369	63.7	6,947
<b>TOTAL ASSETS/LIABILITIES AND EQUITY</b>	<b>40,059</b>	<b>44.7</b>	<b>27,688</b>
Deposits	(4,904)	10.2	(4,451)
Debt securities	29,900	10.1	27,152
Equity	8,414	5.3	7,991
• Shareholders' funds	3,074	40.7	2,184
• Other eligible funds	5,340	(8.0)	5,806
Liquid liabilities	-	-	-
Inter-area positions	-	-	-
Other liabilities	6,649	n.m.	(3,004)