

Following introduction of IFRS, the group has restated the information on business areas in 2004 in accordance with the financial statements, so that the year-on-year comparisons in the present report have a uniform basis.

Information by area is a fundamental tool for monitoring and controlling the group's various businesses. Preparation 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 the defined structure to arrive at the picture for the entire area. The individual companies in the group also belong to a particular business area. When the diversity of a company requires, the group assigns its activity and results to different 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. It assesses capital requirements 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 risks in each area. The bank uses this amount as a basis to determine the return generated on the equity in each business (ROE). Following this, it assigns other eligible funds issued by the group (subordinated debt and preference shares) together with their associated costs. In the Americas business area (except Argentina and international private banking, which follow the above criteria), the bank assigns as capital the book value of the group's interest. It records the amounts related to minority interests under "Other eligible funds".
- **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:** in line with the new accounting standards, BBVA has perfected the process of assigning expenses. It assigns direct and indirect costs to business areas except for those

where there is no close and defined relationship with the areas, ie, they are of a clearly corporate or institutional nature for the entire group.

In regard to information by area, the main division consists of the areas: Retail Banking in Spain and Portugal, Wholesale and Investment Banking, and the Americas. The structure of the group's senior management echoes this division. The details of the more important units in each area are as follows:

- Retail Banking in Spain and Portugal:
 - Financial services (which includes the commercial banking unit, SME banking and Finanzia/Uno-e).
 - The asset management and private banking unit.
- Wholesale and Investment Banking:
 - Wholesale banking (comprising corporate banking and institutions banking).
 - Global markets and distribution
- The Americas:
 - Banks in the Americas
 - Pensions and insurance

The Corporate Activities area handles the group's general management functions. These consist of structural positions on interest and exchange rates, liquidity and shareholders' funds. It also includes the industrial portfolio management unit and financial shareholdings.

The second level is geographic. In the case of the Americas, management prepares information by country, where each country contains banking, and 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 vision, business in Europe would be the aggregate of Retail banking in Spain and Portugal and Wholesale and Investment banking.

Thus the present composition of the group's main 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 covers individual customers and SMEs in the Spanish market, the Finanzia/Uno-e

group (e-banking business, consumer finance, distribution of cards and renting), the private banking business, the mutual and pension fund managers, the insurance business and BBVA Portugal. It also includes the depositary services for the area's customers, which were included under Wholesale Banking in 2004.

> 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 floors in Spain, Europe and New York, the origination and distribution of equities and the depositary (for the area's customers) and custodial services. It includes

business and real estate projects if they are not associated with a group interest in large companies.

> The Americas

This area covers the activity and results of the group's banks in Latin America and their subsidiary undertakings, including pension managers, insurance companies and international private banking.

The information on each area and on the units it contains consists of the income statement and a series of key indicators. In the case of units in the Americas area, 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)

	January-Sep. 05	Δ%	January-Sep. 04
Retail Banking in Spain and Portugal	1,204	13.3	1,063
Wholesale and Investment Banking	447	59.8	280
The Americas	1,335	60.2	833
Corporate Activities	(258)	n.m.	8
BBVA GROUP NET ATTRIBUTABLE PROFIT	2,728	24.9	2,184

> ROE and Efficiency (Percentage)

	ROE		Efficiency including depreciation and amortization	
	January-Sep. 05	January-Sep. 04	January-Sep. 05	January-Sep. 04
Retail Banking in Spain and Portugal	32.6	32.8	44.3	46.9
Wholesale and Investment Banking	26.1	16.4	29.8	34.8
The Americas	34.0	24.8	45.7	49.3
BBVA GROUP	35.2	33.3	47.0	48.9