BBVA

150 años adelante.

QUARTERLY REPORT

January-March 2007

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BBVA Group Highlights

(Consolidated figures)

	31-03-07	31-03-07 excluding one-offs (1)	Δ% (2)	31-03-06	31-12-06	31-12-06 excluding one-offs (1)
BALANCE SHEET (million euros)						
Total assets	446,848		13.8	392,656	411,916	
Total lending (gross)	271,488		19.3	227,560	262,969	
On-balance sheet customer funds	319,564		22.0	261,912	283,645	
Other customer funds	143,235		0.1	143,155	142,064	
Total customer funds	462,800		14.3	405,067	425,709	
Equity	22,345		28.3	17,417	22,318	
Shareholders' funds	18,876		39.2	13,562	18,210	
INCOME STATEMENT (million euros)						
Net interest income	2,233	2,233	14.5	1,950	8,374	8,374
Core revenues	3,564	3,564	9.7	3,248	13,667	13,667
Ordinary revenues	4,957	4,110	12.3	3,659	15,701	15,178
Operating profit	3,196	2,349	21.4	1,936	8,883	8,360
Pre-tax profit	2,714	1,867	22.4	1,526	7,030	6,533
Net attributable profit	1,950	1,254	23.0	1,020	4,736	4,580
DATA PER SHARE AND MARKET CAPITALISATION						
Share price	18.38		6.7	17.22	18.24	
Market capitalisation (million euros)	65,285		11.8	58,390	64,788	
Net attributable profit per share (euros)	0.55	0.35	17.4	0.30	1.39	1.34
Book value	5.31		32.9	4.00	5.13	
PER (Price/earnings ratio; times)	11.7			12.3	13.7	
P/BV (Price/book value; times)	3.5			4.3	3.6	
SIGNIFICANT RATIOS (%)						
Operating profit/ATA	3.03	2.23		2.00	2.24	2.11
ROE (Net attributable profit/Average equity)	34.7	30.5		34.1	37.6	36.4
ROA (Net profit/ATA)	1.42	1.26		1.13	1.26	1.22
RORWA (Net profit/Risk weighted average assets)	2.35	2.08		1.85	2.12	2.05
Efficiency ratio	32.8	39.5		42.4	39.6	40.9
Efficiency ratio including depreciation and amortization	35.2	42.4		45.9	42.6	44.0
NPL ratio	0.84			0.90	0.83	
NPL coverage ratio	263.4			261.7	272.8	
CAPITAL ADEQUACY RATIOS (BIS Regulation) (%)						
Total	11.6			11.5	12.0	
Core capital	6.2			5.6	6.2	
TIER I	7.7			7.3	7.8	
OTHER INFORMATION						
Number of shares (million)	3,552			3,391	3,552	
Number of shareholders	878,899			940,542	864,226	
Number of employees	100,427			94,951	98,553	
• Spain	30,785			31,323	30,582	
• America (3)	67,858			61,677	66,146	
• Rest of the world	1,784			1,951	1,825	
Number of branches	7,508			7,382	7,499	
• Spain	3,632			3,622	3,635	
• America (3)	3,734			3,627	3,742	
• Rest of the world	142			133	122	

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 Iberdrola in the first quarter 2007. Capital gains on BNL, Repsol and Andorra and non-recurrent charges for early retirements and corporate income tax booked in the second and fourth quarters of 2006.

(2) Percentage changes in the profit and loss and earnings per share excluding the one-off operations.

(3) Includes those related to the BBVA Group's banking, pension fund managers and insurance companies in all the American countries in which it is present.

Relevant events

In the first quarter of 2007, the BBVA Group maintained the upward trend of recent years in all business areas. Greater business volume favoured net interest income, which is the main source of revenue. In fact, total revenues grew faster than expenses and this brought new improvements in efficiency and sharp increases in operating profit and net attributable profit.

Unlike recent periods, this quarter saw local currencies in the Americas fall against the euro and with a significant negative effect on earnings and the balance sheet. In the case of expenses and provisions the effect was positive and therefore the year-on-year comparisons at constant rates are particularly relevant. We provide these comparisons for all main items. As the year goes by, the difference between year-on-year comparisons at current and constant rates will probably decline due to changes in average exchange rates and to active management of structural exchange rate risk by the Group.

The most relevant aspects of the BBVA Group's financial status and strategy in the first quarter are summarised below:

- In February BBVA announced an agreement to acquire 100% of Compass Bancshares Inc., to be financed by an exchange of shares and internal funds. The latter include proceeds from the sale of the Group's holding in Iberdrola, which produced capital gains of €696m after tax. In view of its importance, we provide more information on this operation at the end of this section.

- In the first quarter of 2007 the Group generated net attributable profit of €1,950m. After discounting the above capital gains related to Iberdrola (in view of their non-recurrent nature), net attributable profit comes to €1,254m. This is a 23.0% increase over the €1,020m obtained in the first quarter of 2006 and the increase would be 31.1% at constant exchange rates. The latter figure compares very favourably with the 21.0% obtained on the same basis for the whole of 2006.

- Earnings per share come to €0.55 and ROE stands at 34.7%. Without non-recurrent items, earnings per share are €0.35 (17.4% more than the €0.30 achieved in the first quarter last year) and ROE stands at 30.5% (34.1% at March 2006).

- The results are supported by solid operating profit of €3,196m. Without the Iberdrola capital gains the figure is €2,349m, rising 21.4% over the €1,936m obtained in the first quarter of 2006 (up 29.0% at constant exchange rates and beating the 23.2% obtained for the whole of 2006).

- The major source of revenue is net interest income. It increased 14.5% year-on-year (22.1% at constant rates), supported by higher volumes and an improvement in spreads. Net fee income and insurance revenues rose 3.7% (9.5% at constant exchange rates) and net trading income climbed 32.7% (without non-recurrent items).

- The growth in ordinary revenues before non-recurrent items (12.3% in euros and 18.9% at constant exchange rates) easily offset the increase in operating expense including depreciation (4.6% and 9.9%, respectively). This led to a new improvement in the cost/income ratio which stands at 42.4% compared to 45.9% at this point a year ago.

- Lending has risen sharply in recent years and there is a greater proportion of the more profitable forms (consumer finance, credit cards and SME lending), which also have higher default rates. Despite this, the Group's indices of asset quality continue at excellent levels. At 31-Mar-07 the non-performing loan (NPL) ratio improved to 0.84% (0.90% a year earlier) and the coverage ratio is 263.4% (261.7% at 31-Mar-06). Coverage funds amount to €7,093m at the end of March, and €5,061m are of a generic nature compared to €4,119m a year ago.

- At 31-Mar-07, the Group's capital base remained sound with core capital at 6.2% (6.2% at 31-Dec-06 and 5.6% at 31-Mar-06). Tier I stands at 7.7% and the BIS ratio is 11.6%.

- After payment of a third interim dividend of €0.132 per share on 10th January and the final dividend of €0.241 on 10th April, the total dividend paid against 2006 earnings comes to €0.637 per share. This was 20% more than the amount paid against 2005 results.

- As in 2006, all business areas recorded improvements in efficiency and significant growth in revenues, operating profit and net profit.

- In the Spain & Portugal area, net interest income grew 13.2% year-on-year thanks to higher lending (up 15.7% with positive contributions from all the main units and types) and to the increase in customer funds (up 5.7%), and by an improvement in spreads. Other revenues increased 11.1% and ordinary revenues grew 12.4% whereas expenses only rose 1.4%. Therefore the cost/income ratio improved once more, lifting operating profit 21.1% and net attributable profit rose 26.9% to €601m.

- The Global Businesses area also had an excellent quarter with sharp increases in lending and customer funds. Ordinary revenues were up 19.7%, operating profit rose 30.2% and net attributable profit increased 29.5% to €189m. The investments in CITIC Group materialised in March. The Group recorded the 4.83% interest in China CITIC Bank as assets available for sale and the 14.58% interest in CITIC International Financial Holdings in Hong Kong as a holding that generates revenues via equity method.

- In the Mexico & USA area, lending and customer funds continue to grow strongly (up 39.5% and 22.6%, respectively, in local currency). Helped by a further increase in customer spreads, net interest income increased 33.9% at constant exchange rates. Net fee income and insurance revenue increased 19.5% and this boosted ordinary revenues 28.9%, outpacing the rise in expenses. This meant the cost/income ratio continued to improve and operating profit jumped 35.0%. This increase offset provisions, which doubled on higher lending, and lifted net attributable profit to €484m (up 26.1% at constant exchange rates). State National Bank in Texas became part of the BBVA Group in January.

- In the South America area, business is on the rise (lending is up 29.8% and customer funds are up 20.4% in local currencies). Net interest income rose 26.2% at constant exchange rates and net fee income plus insurance income increased 9.4%. Operating profit climbed 22.0% and net attributable profit rose 20.1% to €166m.

Economic environment

In the initial months of 2007 the world's economy remained positive. The United States is experiencing a gradual economic slowdown although there are still doubts about the real estate sector and high-risk mortgages. The European Union maintained the strength noted in recent quarters. The Spanish economy continues to grow at about 4% per year. The

Interest rates
(Quarterly averages)

	2007	2006			
	1Q	4Q	3Q	2Q	1Q
Official ECB rate	3.57	3.30	2.91	2.57	2.33
Euribor 3 months	3.82	3.59	3.22	2.90	2.61
Euribor 1 year	4.09	3.86	3.62	3.32	2.95
Spain 10 year bond	4.06	3.80	3.89	3.98	3.51
USA 10 year bond	4.68	4.62	4.89	5.06	4.56
USA Federal rates	5.25	5.25	5.25	4.90	4.44
TIIE (Mexico)	7.44	7.32	7.31	7.38	8.02

Exchange rates (1)

	Year-end exchange rates			Average exchange rates	
	31-03-07	Δ% on 31-03-06	Δ% on 31-12-06	1Q 07	Δ% on 1Q 06
Mexican peso	14.7174	(10.2)	(2.7)	14.4434	(11.8)
Argentine peso	4.1602	(10.1)	(2.2)	4.0797	(9.3)
Chilean peso	718.39	(11.1)	(2.0)	708.22	(10.6)
Colombian peso	2,873.56	(3.6)	2.4	2,915.45	(6.5)
Peruvian new sol	4.2398	(4.3)	(0.7)	4.1802	(3.8)
Venezuelan bolivar	2,857.14	(9.1)	(1.1)	2,816.90	(8.3)
U.S. dollar	1.3318	(9.1)	(1.1)	1.3106	(8.3)

(1) Expressed in currency/euro.

major emerging economies, including Latin America, continue to grow strongly, led by China. Stock markets suffered sharp declines between the end of February and early March due to the sudden correction in China and to doubts regarding the US economy. However, they recovered their previous levels in the following weeks.

US interest rates remained stable. The Federal Reserve has not modified the official reference rate of 5.25% since June 2006 and long-term rates continue to be lower. For its part, the European Central Bank lifted its rates a quarter point in March to 3.75%. The rise quickly extended to the markets displacing the yield curve, which remains fairly flat, and reducing the gap with US bonds. After various quarters of stability, the Mexican TIIE rose slightly to around 7.5% at the end of March.

In the first quarter the US dollar and most Latin-American currencies fell against the euro. In the last 12 months, all currencies with a significant impact on the BBVA Group's financial statements, depreciated against the euro. The Mexican peso fell 10.2%, the Chilean peso 11.1%, the Argentine peso 10.1%, the US dollar and the Venezuelan bolivar 9.1%, etc. As a result, all the year-on-year comparisons on the Group's balance sheet at 31-Mar-07 suffer from the negative impact of exchange rates. The income statement is also negatively affected because the average exchange rates in the first quarter of 2007, compared to those in the same quarter last year, have deteriorated. The Mexican peso has fallen 11.8% against the euro, the Chilean peso 10.6%, the Argentine peso 9.3%, the dollar and the bolivar 8.3%, the Colombian peso 6.5% and the Peruvian sol 3.8%.

As the year goes by, the cumulative average depreciation in 2007 will decline compared to 2006. As an example, in the case of the Mexican peso, it is being compared with the average rate of the first quarter of 2006 which was 12.74 pesos to the euro, whereas the average rate for the year 2006 was 13.69, closer to the 14.44 average of the first quarter and 14.71 at 31-3-07. Helped by active management of structural exchange rate risk by BBVA, we expect the negative impact of exchange rates on the Group's income statement will be relatively smaller.

The acquisition of Compass

On 16th February BBVA announced it had reached an agreement to acquire 100% of the share capital of Compass Bancshares, Inc. -an American banking group trading on NASDAQ- for about $9.6 billion.

BBVA will offer Compass's shareholders a choice of 2.8 BBVA American Depositary Shares (ADS) for each Compass share or $71.82 per share in cash. This is a 16% premium over the average share price in the ten-day period prior to the announcement. A pro-rate allocation is planned if shareholders preferences do not coincide with the number of BBVA shares and the expected amount of cash (approximately 52% in shares and 48% in cash).

The transaction is backed by Compass's board and is conditional on approval at its AGM and on approval from the authorities. BBVA's board of directors will propose a capital increase at its Shareholders' Meeting to cover the share swap, with a maximum of 196 million shares. The cash part of the operation will come from internal funds, including the sale of the Bank's 5.01% stake in Iberdrola (generating capital gains of €847m before tax). The acquisition will hopefully be concluded in the fourth quarter of 2007.

Compass was incorporated in 1970 as a general-purpose bank, with retail, credit cards, corporate and private banking. Growth, supported by volume, has been notable with a good mix of profitability, asset quality and retail efficiency. In 2006 it had net profits of $460m, some $34.2 billion in assets and a network of 417 branches in Texas, Alabama, Arizona, Florida, Colorado and New Mexico. These are concentrated in metropolitan areas of high growth. It is extremely well positioned in the so-called *Sun Belt*, which runs across the southern US from California to Florida. This is the most attractive region in that country with above-average growth and a sizeable Hispanic population.

This acquisition meets BBVA's criteria for growth through non-organic operations: it matches the Group's strategy and creates shareholder value. The immediate impact of the operation is positive. It will lift earnings per share and maximise value for BBVA shareholders. The Group foresees synergies in revenues and costs after it integrates Compass with its present US network and it can benefit from the capabilities of the entire group and the leading franchise in Mexico.

In terms of strategy, Compass is an excellent fit with BBVA's previous acquisitions in Texas and California. The Group's new American franchise will have $47 billion in assets, $32 billion in loans, $33 billion in deposits and 622 branches in 7 states. This will make it one of the top 20 banks in that country, with a leading position in the Sun Belt. At that point it will represent about 10% of the total BBVA Group. This is the biggest acquisition ever announced by BBVA. This is a definitive step in its growth strategy in America.

Changes in information presentation and content

The constant desire of the BBVA Group to extend and improve the information it offers the market and its shareholders has led to the introduction of changes in this quarterly report, which now consists of the following sections:

- **Group financial information:** apart from the present section, which contains the relevant aspects of the quarter, this carries full information on the Group's results. It includes an income statement without non-recurrent items to present a clearer view of management's performance. There are also the balance sheet and details of business activity, the capital base and the share price.

- **Management of risk and economic capital:** apart from the usual information on lending and market risk, for the first time this section incorporates ample details of economic capital, economic profit and risk-adjusted return at group level and for the business areas.

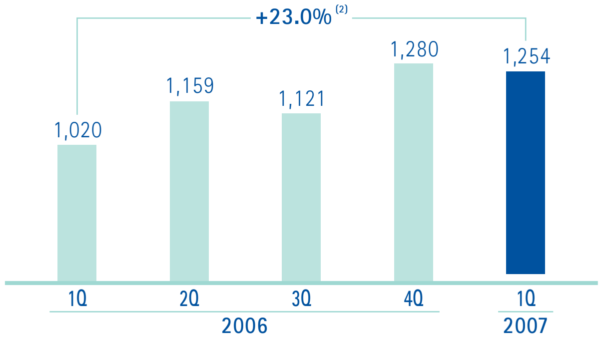
- **Business Areas:** this now reflects the new organisation approved in December 2006. There are new areas (Spain & Portugal and Global Businesses) and it also provides equivalent figures for these areas in 2006. Mexico & USA includes an income statement for Mexico alone and South America contains information by country. The remaining area is Corporate Activities. Furthermore, we have added a new section with a breakdown of the main results and total assets by secondary segments such as geographic region.

- **Corporate Responsibility:** this section remains the same, reporting the major activities of the Group during the quarter.

Earnings

In the first quarter of 2007, the BBVA Group obtained net attributable profit of €1,950m. This sum included €696m in one-off capital gains from the divestment of its holding in Iberdrola. Excluding these the profit comes to €1,254m, 23.0% up on the €1,02 bn from the equivalent quarter of 2006. At constant exchange rates the growth rate for attributable profit is 31.1%, but the exchange-rates impact was negative for this quarter, contrary to the pattern in 1Q06. Just as the positive effect became less pronounced over 2006, it is likely that this negative gap between current and

Net attributable profit [1]
(Million euros)



(1) Excluding results of one-off transactions.
(2) At constant exchange rates: +31.1%.

Consolidated income statement
(Million euros)

				Excluding one-offs (1)			
	1st Quarter 07	Δ%	1st Quarter 06	1st Quarter 07	Δ%	Δ% at constant exchange rates	1st Quarter 06
Core net interest income	2,199	13.7	1,933	2,199	13.7	21.3	1,933
Dividends	35	107.2	17	35	107.2	109.2	17
NET INTEREST INCOME	**2,233**	**14.5**	**1,950**	**2,233**	**14.5**	**22.1**	**1,950**
Income by the equity method	26	(35.6)	41	26	(35.6)	(35.6)	41
Net fee income	1,133	2.3	1,108	1,133	2.3	7.9	1,108
Income from insurance activities	171	14.7	149	171	14.7	21.6	149
CORE REVENUES	**3,564**	**9.7**	**3,248**	**3,564**	**9.7**	**16.4**	**3,248**
Net trading income	1,394	238.4	412	547	32.7	37.6	412
ORDINARY REVENUES	**4,957**	**35.5**	**3,659**	**4,110**	**12.3**	**18.9**	**3,659**
Net revenues from non-financial activities	52	174.3	19	52	174.3	177.4	19
Personnel costs	(1,035)	4.6	(989)	(1,035)	4.6	9.3	(989)
General expenses	(628)	6.8	(588)	(628)	6.8	13.7	(588)
Depreciation and amortization	(120)	(6.2)	(128)	(120)	(6.2)	(1.5)	(128)
Other operating income and expenses	(30)	(20.4)	(38)	(30)	(20.4)	(12.4)	(38)
OPERATING PROFIT	**3,196**	**65.1**	**1,936**	**2,349**	**21.4**	**29.0**	**1,936**
Impairment losses on financial assets	(372)	25.2	(297)	(372)	25.2	32.7	(297)
• Loan loss provisions	(367)	25.2	(293)	(367)	25.2	32.7	(293)
• Other	(5)	23.6	(4)	(5)	23.6	37.9	(4)
Provisions	(123)	(8.9)	(135)	(123)	(8.9)	(5.8)	(135)
Other income/losses	13	(40.1)	22	13	(40.1)	(40.7)	22
• From disposal of equity holdings	(4)	n.m.	20	(4)	n.m.	n.m.	20
• Other	18	n.m.	2	18	n.m.	n.m.	2
PRE-TAX PROFIT	**2,714**	**77.9**	**1,526**	**1,867**	**22.4**	**30.4**	**1,526**
Corporate income tax	(692)	61.3	(429)	(541)	26.1	34.2	(429)
NET PROFIT	**2,023**	**84.4**	**1,097**	**1,327**	**21.0**	**28.9**	**1,097**
Minority interests	(72)	(6.1)	(77)	(72)	(6.1)	0.4	(77)
NET ATTRIBUTABLE PROFIT	**1,950**	**91.2**	**1,020**	**1,254**	**23.0**	**31.1**	**1,020**
EARNINGS PER SHARE CALCULATION							
Average ordinary shares in circulation (million)	3,552	4.8	3,391	3,552	4.8		3,391
Basic earnings per share (euros)	0.55	82.6	0.30	0.35	17.4		0.30
Diluted earnings per share (euros)	0.55	82.6	0.30	0.35	17.4		0.30

(1) Capital gains on Iberdrola in the first quarter 2007. Capital gains on BNL, Repsol and Andorra and non-recurrent charges for early retirements and corporate income tax booked in the second and fourth quarters of 2006.

Consolidated income statement: quarterly evolution

(Million euros)

	2007	2006			
	1Q [1]	4Q [1]	3Q	2Q [1]	1Q
Core net interest income	2,199	2,134	1,999	1,928	1,933
Dividends	35	156	35	172	17
NET INTEREST INCOME	**2,233**	**2,290**	**2,033**	**2,100**	**1,950**
Income by the equity method	26	86	152	29	41
Net fee income	1,133	1,137	1,048	1,042	1,108
Income from insurance activities	171	167	186	148	149
CORE REVENUES	**3,564**	**3,681**	**3,420**	**3,320**	**3,248**
Net trading income	547	358	319	422	412
ORDINARY REVENUES	**4,110**	**4,038**	**3,739**	**3,741**	**3,659**
Net revenues from non-financial activities	52	44	12	56	19
Personnel costs	(1,035)	(1,043)	(993)	(963)	(989)
General expenses	(628)	(610)	(570)	(574)	(588)
Depreciation and amortization	(120)	(125)	(115)	(104)	(128)
Other operating income and expenses	(30)	(30)	(38)	(41)	(38)
OPERATING PROFIT	**2,349**	**2,274**	**2,035**	**2,116**	**1,936**
Impairment losses on financial assets	(372)	(441)	(408)	(358)	(297)
• Loan loss provisions	(367)	(432)	(395)	(357)	(293)
• Other	(5)	(9)	(13)	(1)	(4)
Provisions	(123)	(80)	(139)	(207)	(135)
Other income/losses	13	22	69	124	22
• From disposal of equity holdings	(4)	(4)	50	118	20
• Other	18	27	19	6	2
PRE-TAX PROFIT	**1,867**	**1,776**	**1,557**	**1,676**	**1,526**
Corporate income tax	(541)	(452)	(377)	(461)	(429)
NET PROFIT	**1,327**	**1,323**	**1,180**	**1,215**	**1,097**
Minority interests	(72)	(43)	(59)	(55)	(77)
NET ATTRIBUTABLE PROFIT	**1,254**	**1,280**	**1,121**	**1,159**	**1,020**

(1) Excluding the one-off operations.

constant rates will also narrow as the year progresses if average exchange rates behave as expected and the Group continues its active management of structural exchange-rate risk.

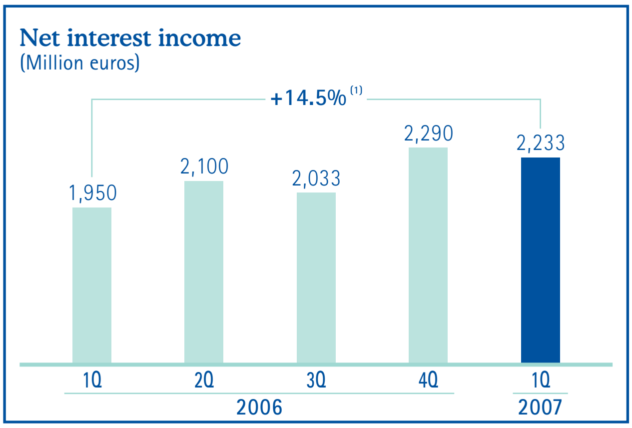
As in previous years, attributable profit was mainly driven by operating profit, which rose €3,196m. Excluding the Iberdrola capital gains from the net trading income (€847 before tax), it stood at €2,349m, increasing 21.4% against the €1,936m of the first quarter of 2006 (or 29.06% at constant exchange rates). Revenue growth outstripped growth in expenses, further improving the cost-income ratio.

Below the line, loan-loss provisioning rose 25.2% year on year to €367m, since fast-growing customer lending in Spain and the Americas required higher generic provisions.

The increased Group earnings mainly reflected organic growth, like for like, since changes in perimeter between the first quarters of 2007 and 2006 only account for one percent of the increase in the operating profit and even less in the attributable profit.

Net interest income

In the first quarter of 2007, the Group's higher revenues were mainly driven by net interest income rising to €2,233m, up 14.5% against the €1,950m from the same period in 2006. At constant exchange



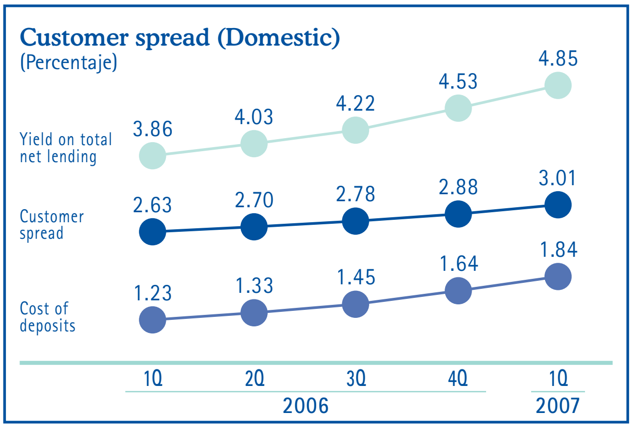
(1) At constant exchange rates: +22.1%.

rates, net interest income grew 22.1%. Dividends accounted for €35m of this sum (€17m in 1Q06) and interest income without dividends was €2,199m. It increased 13.7% year-on-year in current euros and 21.3% with constant exchange rates, spurred on by growing customer-fund and lending volumes in all business areas and the improvement in customer spreads described below.

In Spain, in business with residents, higher interest rates have continued to have a greater impact on the yield on loans (at 4.85% basis points in the first quarter of 2007, 32 basis points up on the 4.53% in 4Q06) than on the cost of deposits (at 1.84%, up 20 basis points on the 1.64% of the previous quarter).

Breakdown of yields and costs

	1st Quarter 07		4th Quarter 06		3rd Quarter 06		2nd Quarter 06	
	% of ATA	% Yield/Cost	% of ATA	% Yield/Cost	% of ATA	% Yield/Cost	% of ATA	% Yield/Cost
Cash and balances at Central Banks	3.5	2.94	3.0	3.50	2.6	4.23	2.9	3.84
Financial assets and derivatives	23.6	3.39	24.0	4.13	25.4	3.75	27.4	4.52
• Fixed-income securities	19.0	4.04	18.7	4.50	20.6	4.47	22.5	4.70
- Euros	11.0	2.46	11.3	2.43	13.7	2.44	15.3	2.51
- Foreign currencies	8.0	6.22	7.4	7.66	6.8	8.57	7.2	9.34
• Equity securities	4.6	0.71	5.3	2.84	4.9	0.72	4.9	3.65
Due from banks	6.5	5.84	6.7	4.24	6.2	4.07	4.8	4.48
• Euros	4.3	4.73	4.3	3.25	3.8	3.17	2.6	3.38
• Foreign currencies	2.2	7.97	2.4	6.05	2.4	5.47	2.2	5.79
Loans to customers	60.8	6.48	60.8	6.21	59.9	5.98	58.4	5.78
• Euros	45.7	4.87	45.9	4.54	45.8	4.18	44.8	4.00
- Domestic	42.7	4.85	42.8	4.53	42.9	4.22	42.0	4.03
- Other	3.0	5.18	3.1	4.68	2.9	3.47	2.8	3.55
• Foreign currencies	15.1	11.32	14.9	11.40	14.1	11.85	13.5	11.68
Other assets	5.6	0.87	5.5	1.07	5.9	1.34	6.5	0.42
TOTAL ASSETS	**100.0**	**5.27**	**100.0**	**5.22**	**100.0**	**4.97**	**100.0**	**4.97**
Deposits by Central Banks and banks	13.9	4.71	14.7	4.24	16.6	3.83	16.9	3.78
• Euros	6.2	3.60	7.0	3.24	9.6	2.88	9.5	2.79
• Foreign currencies	7.7	5.60	7.7	5.16	7.0	5.13	7.4	5.03
Due to customers	46.9	3.13	46.3	3.07	44.5	3.07	43.7	2.98
• Euros	26.4	2.56	26.3	2.12	25.2	1.79	24.2	1.51
• Domestic	18.0	1.84	18.3	1.64	18.5	1.45	17.9	1.33
• Other	8.3	4.14	8.0	3.21	6.7	2.73	6.3	2.02
• Foreign currencies	20.6	3.85	20.0	4.33	19.3	4.75	19.5	4.82
Marketable debt securities and subordinated debt	22.4	4.19	22.3	3.91	22.4	3.56	22.6	3.29
• Euros	19.4	4.00	19.5	3.73	19.6	3.30	19.9	3.08
• Foreign currencies	3.0	5.43	2.8	5.12	2.8	5.38	2.7	4.88
Other liabilities	11.4	0.78	11.5	0.80	11.7	1.06	12.3	0.75
Equity	5.3	-	5.1	-	4.8	-	4.5	-
TOTAL LIABILITIES AND EQUITY	**100.0**	**3.15**	**100.0**	**3.01**	**100.0**	**2.92**	**100.0**	**2.78**

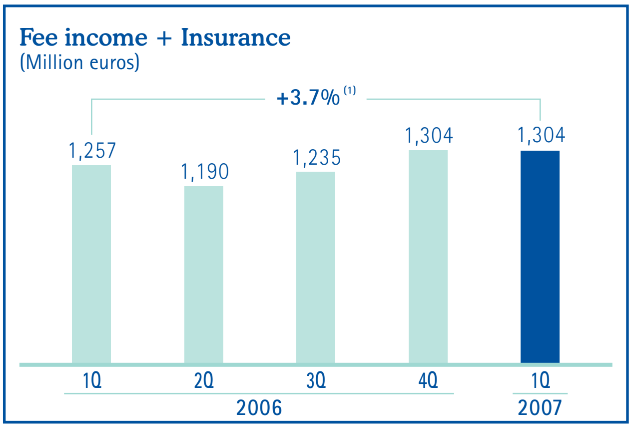


Thus customer spread reached 3.01% in the first quarter of 2007, compared to 2.88% in the fourth quarter of 2006 and 2.63% in the first quarter of 2006. This was a significant factor in Spain and Portugal area's year-on-year increase of 13.2% in net interest income.

In Mexico, interest rates rose slightly in the first quarter (average TIIE stood at 7.44% , as against 7.32% the previous quarter). This brought up loan yields to 15.37% (14.92% in 4Q07). The cost of deposits remained stable at 2.40% (2.43% October-December 2006). Customer spread thus grew to 12.97%, as compared to 12.50% in 4Q06 or 12.24% in 1Q06. Wider customer spread and growing business, especially in lending, generated a year-on-year increase of 27.3% for the first-quarter net interest income in pesos. South America also recorded high growth in its net interest income, up 26.2% at constant exchange rates, driven by growing lending and deposit volumes.

Ordinary revenues

Net fee income in the first quarter brought in €1,133m and revenues from insurance were €171m. At €1,304m, this joint total increased 3.7% over the €1,257 from the same period in 2006, while with constant exchange rates it rose 9.5%. This increase was affected by fees from mutual and pension funds (–5.0%), as customers in Spain shifted increasingly to term deposits, whose revenues are recorded under net interest income. In some Latam countries, fiercer competition impacted the pension business. By business areas, fee income and insurance revenues rose 7.4% in Spain and Portugal; 24.1% in Global Businesses and, at constant rates, 19.5% in Mexico and United States and 9.4% in South America.



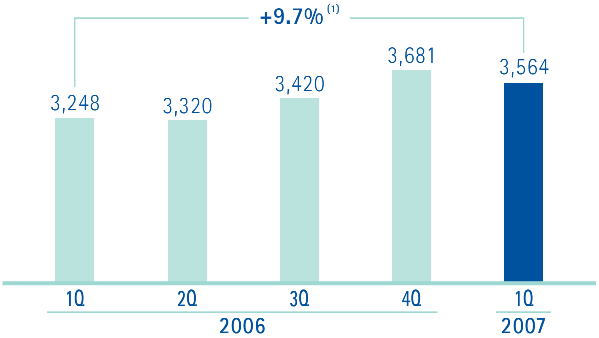
(1) At constant exchange rates: +9.5%.

Net income from companies carried by the equity method came to €26m in the first quarter. The drop against €41m for the same period in 2006 reflected the disappearance of income from Banca Nazionale del Lavoro following its divestment. Since March, ordinary revenues from the holding in CITIC International Financial Holdings in Hong Kong have been booked directly under this item.

Core revenues comprise net interest income plus net revenues from fees, insurance and equity-accounted revenues. At €3,564m to March 2007, they were up 9,7% from €3,248m in the first quarter of 2006, rising 16.4% at constant rates.

Net trading income stood at €1,394m. This included €847m in capital gains from the disposals of BBVA's holding in Iberdrola, which will contribute to funding the purchase of Compass Bancshares Inc. Without this amount, net trading income was €547m, 32.7% more than in the first quarter of 2006.

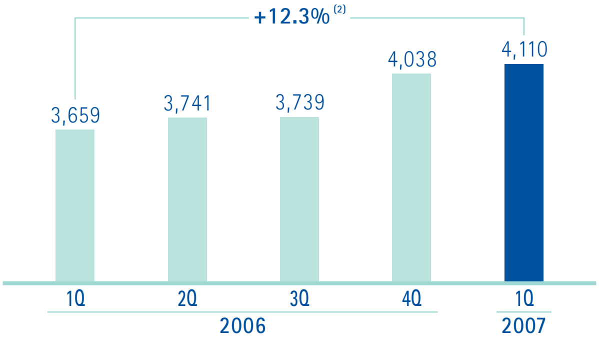
Core revenues
(Million euros)



(1) At constant exchange rates: +16.4%.

Thus, ordinary revenues reached €4,957m in the first quarter of 2007 and excluding the Iberdrola capital gains, €4,110m. They rose 12.3% year on year in current euros and 18.9% with constant exchange rates. Net sales of non-financial activities contributed €52m (as against €19m from the same period in 2006). These were mainly from Anida's real estate business, such that total operating revenues for the Group rose to €4,162m without one-offs, ie 13.2% up on the first quarter of 2006 (19.7% at constant exchange rates).

Ordinary revenues [1]
(Million euros)

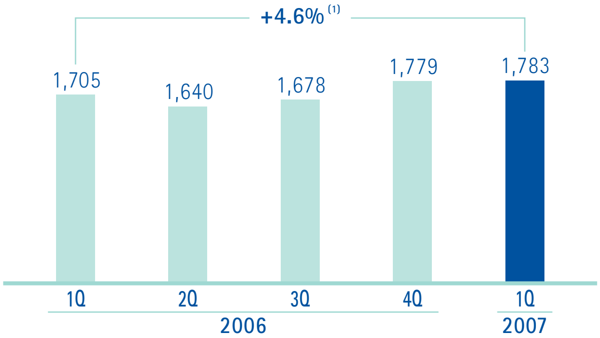


(1) Excluding results of one-off transactions.
(2) At constant exchange rates: +18.9%.

Operating profit

General administrative expenses, including depreciation, were €1,783m during 1Q07. They grew much slower than revenues: 4.6% in current euros and 9.9% at constant exchange rates. Personnel costs went up 9.3%, while other administrative expenses 13.7% and depreciation went down 1.5%. The restructuring of the branch network and streamlining of middle-management structures implemented in 2006 bore fruit and expenses in Spain and Portugal increased by 1.4%, despite the increased marketing activity. In the Americas, they went up 4.5% in euros and 16.2% in local currency (9.3% like for like, excluding Texas State Bank, State National Bank y Forum), against a backdrop of fast-growing business volumes and activity in all the countries and relatively high inflation in some.

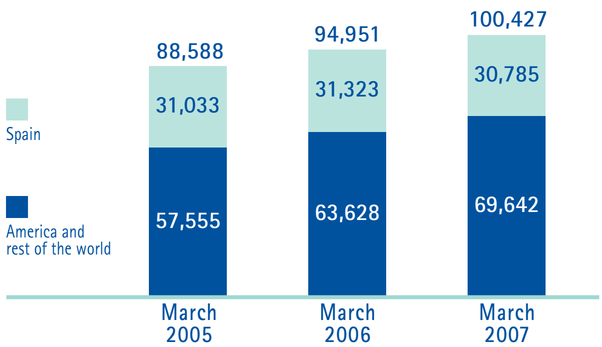
General administrative expenses + depreciation & amortization (Million euros)

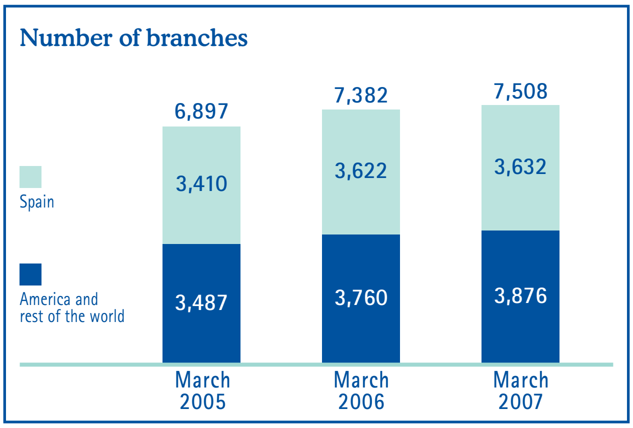


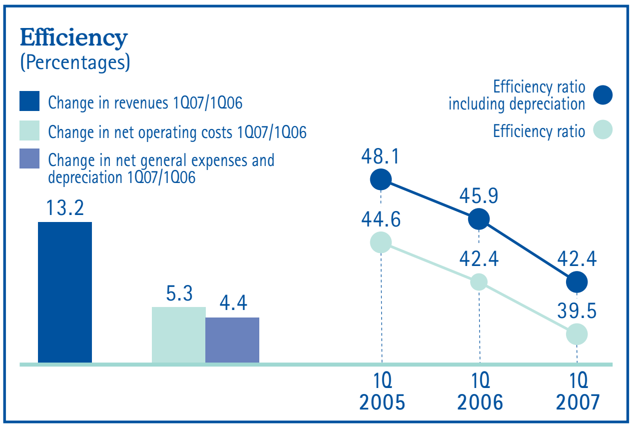
(1) At constant exchange rates: +9.9%.

The Group's headcount at 31st March 2007 was 100,427, including the 595 employees who joined the Group through State National Bank. The 43 branches

Number of employees







that State National brought to the Group lifted its network to a total of 7,508 branch offices.

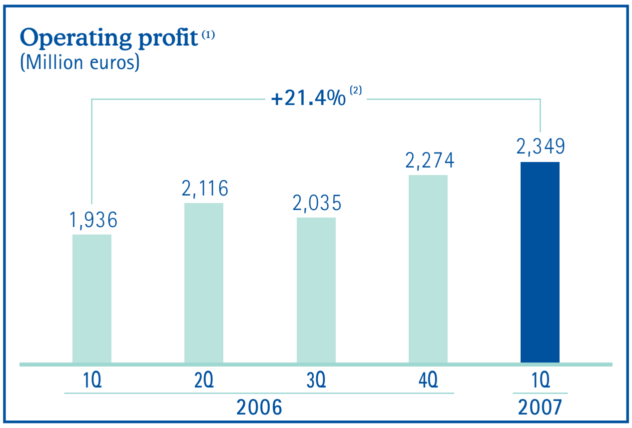
The Group began 2007 with further improvements in its cost-income ratio, placing it amongst the best in its class of European peers. The Group's quarterly operating revenues (ordinary revenues plus net sales of non-financial services) showed a year-on-year growth of 13.2%, excluding the Iberdrola capital gain. Its general administrative expenses net of recovered expenses plus depreciation increased 4.4%. The cost-income ratio with depreciation thus reached 42.4%, 3.5% better than the 45,9% recorded in the first quarter of 2006. This improvement was recorded in all business areas.

Efficiency (1)

(Million euros)

	1st Quarter 07	Δ%	1st Quarter 06	2006
Ordinary revenues	4,110	12.3	3,659	15,178
Net revenues from non-financial activities	52	174.3	19	131
TOTAL REVENUES	**4,162**	**13.2**	**3,679**	**15,309**
Personnel costs	(1,035)	4.6	(989)	(3,989)
General expenses	(628)	6.8	(588)	(2,342)
Recovered expenses	19	19.7	16	65
GENERAL ADMINISTRATIVE EXPENSES (NET)	**(1,644)**	**5.3**	**(1,561)**	**(6,265)**
EFFICIENCY RATIO (Costs/revenues, %)	**39.5**		**42.4**	**40.9**
Depreciation and amortization	(120)	(6.2)	(128)	(472)
GENERAL ADMINISTRATIVE EXPENSES (NET) + DEPRECIATION AND AMORTIZATION	**(1,764)**	**4.4**	**(1,689)**	**(6,737)**
EFFICIENCY INCLUDING DEPRECIATION AND AMORTIZATION	**42.4**		**45.9**	**44.0**

(1) Excluding the one-off operations.



(1) Excluding results of one-off transactions.
(2) At constant exchange rates: +29.0%.

After deducting expenses, depreciation and other operating products and changes, operating profit rose to €3,196m in the first quarter of 2007. Excluding the Iberdrola capital gains, this profit was €2,349m, up 21.4% over the €1,936m booked to the same period in 2006. At constant exchange rates, it rose 29.0%, outpacing the 23.2% growth achieved in all of 2006 without one-offs. At this rate, the Group maintains its high cruising speed in generating recurrent earnings. By business area, operating profit grew 21.1% in Spain and Portugal; 30.2% in Global Businesses and 19.2% in Mexico and United States (35.0% at constant exchange rates) and 12.0% in South America (22.0% at constant rates).

Provisions and others

The Group set aside €367m for loan-loss provisioning in the first quarter of the year. This was 25.2% more than the €293m allocated during the equivalent period in 2006 and is linked to the strong growth in lending to customers, both in Spain and The Americas.

Other allocations to provisions accounted for €123m this quarter, down 8.9% year on year. These include €50m to early retirement provisions (€87m in 1Q06).

There have been no significant divestments so far in 2007, whereas €19m were sold off in Anida during the first quarter of 2006.

Attributable profit

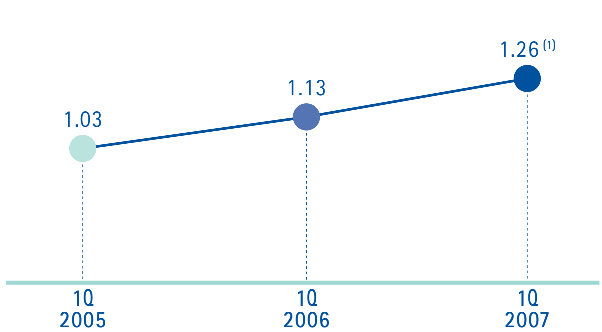
Profit before tax rose to €2,714m in the first quarter (€1,867m without the Iberdrola capital gain), as against €1,526m in the same period of 2006. This year, the corporate income tax rate in Spain has gone down from 35% in 2006 to 32.5%. After earmarking the tax payable at this new rate, net profit comes to €2,023m (€1,327m without one-offs), as compared to €1,097m in 1Q06. Of these, €72m are for minority holdings.

The Group's attributable profit for the first quarter of 2007 was €1,254m, excluding non-recurrent earnings. It grew 23.0% over the €1,020m of the same period in 2006. At constant exchange rates, it rose 31.1%, significantly higher than the 21.0% it achieved in 2006. The €696m net profit from the divestment of the Group's holding in Iberdrola brought the attributable profit up to €1,950m: a year-on-year increase of 91.2%.

By business area, Spain and Portugal generated an attributable profit of €601m (26.9% more than in the first quarter of 2006), Global Businesses €189m (+29.5%), Mexico and the United States €484m (+11.4% at current rates and +26.1% at constant rates) and South America €166m (+10.4% in euros and +20.1% at constant rates). Meanwhile, Corporate Activities, which booked the capital gains from Iberdrola, contributed €510m during the quarter, after its contribution had been negative by €185m over the same period in 2006.

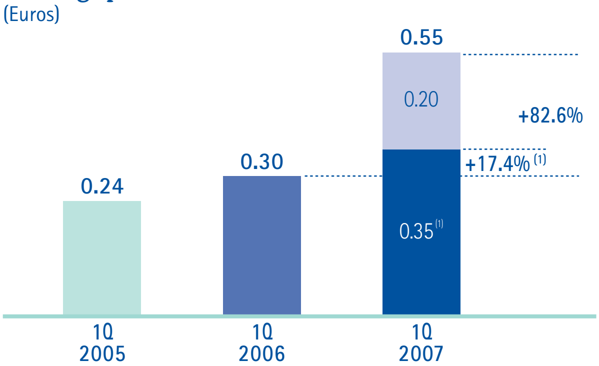
Earnings per share stood at €0.55 including one-offs and €0.35 excluding them. With 4.8% more shares from the rights issue made in November 2006, these earnings rose slightly less than attributable profit. Compared against the €0.30 from 1Q06, the growth was 17.4% without and 82.6% with one-offs. Meanwhile, also excluding the same one-off earnings, return on average total assets (ROA) continues to improve and stood at 1.26% (1.13% in the first quarter of 2006) and return on equity (ROE) stood at 30.5% (34.1% in the first quarter of 2006) following the November 2006 rights issue.

ROA
(Percentage)



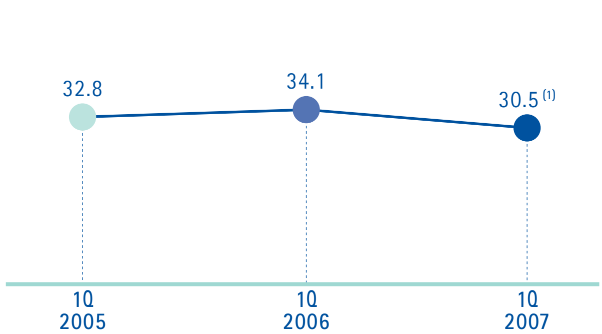
(1) Excluding results of one-off transactions.

Earnings per share
(Euros)



(1) Excluding results of one-off transactions.

ROE
(Percentage)



(1) Excluding results of one-off transactions.

In the first quarter of 2007, the Group's business volume continued to rise significantly. Growth in customer lending was particularly intense. In Spain it was reasonably balanced across the main types of loans (mortgages, consumer credit, SMEs and small businesses). In the Americas it was more focussed on finance for individuals and SMEs. The increase in customer funds in Spain stemmed above all from deposits reported on the balance sheet (especially term deposits), whilst in the Americas all kinds of customer funds increased, although current and savings accounts showed especially significant growth.

Consolidated balance sheet

(Million euros)

	31-03-07	∆%	31-03-06	31-12-06
Cash and balances at Central Banks	15,571	(2.5)	15,965	12,515
Financial assets held for trading	51,906	30.7	39,723	51,835
Other financial assets at fair value	957	6.9	896	977
Financial assets available for sale	40,369	(29.9)	57,603	42,267
Loans and receivables	312,523	25.4	249,156	279,855
• Due from banks	42,575	97.1	21,599	17,050
• Loans to customers	264,898	19.4	221,932	256,565
• Other	5,051	(10.2)	5,626	6,240
Held to maturity investments	5,680	(7.3)	6,125	5,906
Investments in associates	1,343	(10.3)	1,497	889
Property, plant and equipment	4,621	6.7	4,329	4,527
Intangible assets	3,490	76.5	1,977	3,269
Other assets	10,386	(32.5)	15,383	9,876
TOTAL ASSETS	**446,848**	**13.8**	**392,656**	**411,916**
Financial liabilities held for trading	15,478	15.0	13,463	14,924
Other financial liabilities at fair value	539	(24.0)	710	583
Financial liabilities at amortised cost	382,585	15.1	332,283	348,445
• Deposits by Central Banks and banks	56,441	(12.9)	64,810	57,804
• Due to customers	220,284	23.6	178,205	192,374
• Marketable debt securities	85,303	21.1	70,432	77,674
• Subordinated debt	13,977	5.3	13,275	13,597
• Other	6,580	18.3	5,562	6,995
Liabilities under insurance contracts	10,138	3.6	9,782	10,121
Other liabilities	15,763	(17.0)	19,001	15,527
TOTAL LIABILITIES	**424,504**	**13.1**	**375,239**	**389,598**
Minority interests	785	(22.4)	1,012	768
Valuation adjustments	2,684	(5.6)	2,844	3,341
Shareholders' funds	18,876	39.2	13,562	18,210
EQUITY	**22,345**	**28.3**	**17,417**	**22,318**
TOTAL LIABILITIES AND EQUITY	**446,848**	**13.8**	**392,656**	**411,916**
MEMORANDUM ITEM:				
Contingent liabilities	47,424	51.3	31,351	42,281
MEMORANDUM ITEM:				
Average total assets	427,784	9.0	392,322	395,950
Average risk-weighted assets	258,305	15.4	223,914	234,370
Average shareholders' funds	16,663	37.2	12,141	12,594

Non-euro balances suffered from the stronger euro. Over the last twelve months, the Mexican peso fell by 10.2%, the Chilean peso by 11.1%, the Argentine peso by 10.1%, the Venezuelan bolivar and the US dollar by 9.1%, the Peruvian sol by 4.3% and the Colombian peso by 3.6% against the European currency. We thus state year-on-year changes at constant exchange rates to avoid distorted comparison of the underlying business trends.

At the end of March, total assets came to €447bn, increasing 13.8% from €393bn a year earlier. Both lending and deposits grew faster than this, thus increasing their share of the balance-sheet total.

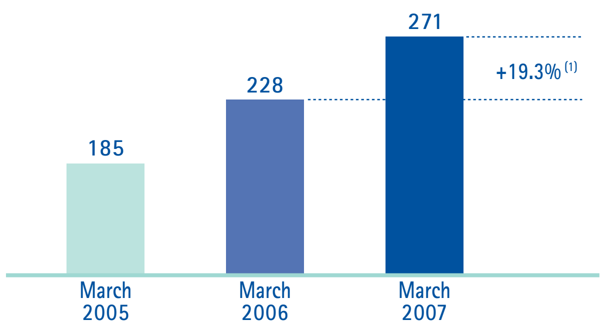
State National Bank (Texas) was booked to the first quarter figures, contributing €854m to lending and €1,011m to deposits. Following the deal with CITIC Group, the 4.83% holding in China CITIC Bank has been included under assets in 'Available for Sale'. The 14.58% holding in CITIC International Financial Holdings of Hong Kong has been posted to 'Financial Holdings'. The divestment of the Group's stake in Iberdrola also impacted the figure for 'Available for Sale'.

Lending to customers

At the end of March, lending to customers came to €271bn, rising 19.3% against the €228bn a year earlier. At constant exchange rates the increase was 21.5%.

Of this amount, lending to the domestic public sector contributed €16bn, a figure similar to 31-Mar-06. Lending to domestic private-sector customers increased 19.1%, from €143bn (31-Mar-06) to €171bn (31-Mar-07). Secured loans accounted for €94bn. Their year-on-year growth rate remained stable at

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

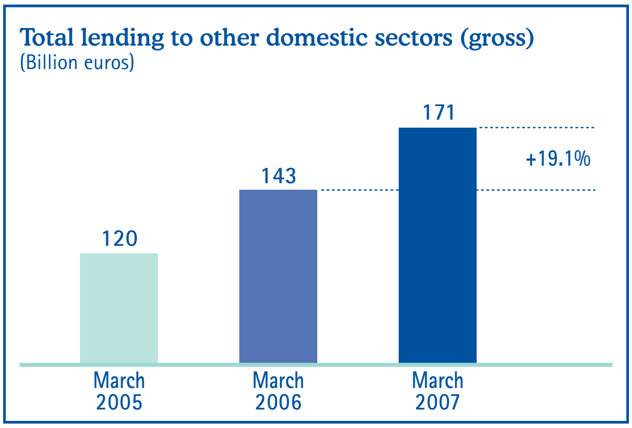


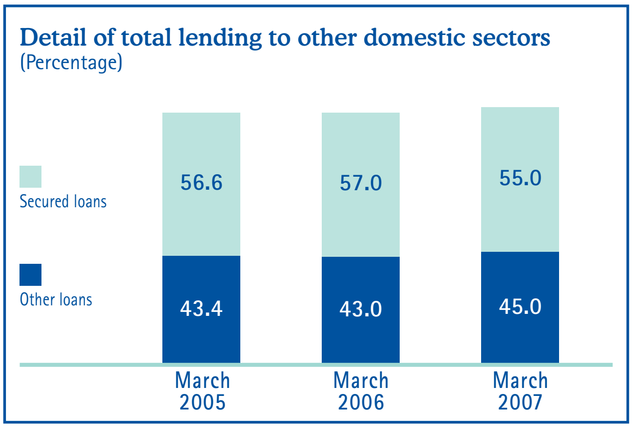
(1) At constant exchange rates: +21.5%.

Total lending

(Million euros)

	31-03-07	Δ%	31-03-06	31-12-06
Public sector	15,763	(0.5)	15,845	15,942
Other domestic sectors	170,708	19.1	143,312	166,375
• Secured loans	93,916	14.9	81,757	90,649
• Commercial loans	11,977	6.2	11,277	13,286
• Financial leases	7,244	11.2	6,517	6,997
• Other term loans	53,981	32.7	40,680	51,241
• Credit card debtors	1,291	12.2	1,150	1,506
• Other	2,299	19.1	1,931	2,695
Non-domestic sector	82,362	24.6	66,106	78,160
• Secured loans	26,764	26.0	21,233	25,492
• Other loans	55,599	23.9	44,873	52,669
Non-performing loans	2,655	15.6	2,297	2,492
• Public sector	131	10.6	118	127
• Other domestic sectors	1,031	27.6	808	953
• Non-domestic sectors	1,493	8.9	1,371	1,411
TOTAL LENDING (GROSS)	**271,488**	**19.3**	**227,560**	**262,969**
Loan loss provisions	(6,590)	17.1	(5,628)	(6,404)
TOTAL NET LENDING	**264,898**	**19.4**	**221,932**	**256,565**





14.9%. Residential mortgages grew 18.2%. Consumer lending and finance for small and medium enterprises and small businesses was as buoyant as ever. This was reflected under 'Other Term Loans' (consumer loans plus a major part of SME finance, which grew 32.7%); credit cards (up 12.2%) and leasing (up 11.2%).

Lending to non-residents rose to €82bn at the end of March 2007, 24.6% higher than the €66bn recorded on the same date in 2006. At constant exchange rates, it grew 32.7%. Lending continued to grow strongly in most countries in Latin America. In local currencies, Mexico grew 25%, while growth in Chile, Colombia, Peru and Venezuela surpassed 20%. In the United States, the addition of the new banks in Texas contributed €4bn to the balance sheet, while Global Businesses also grew strongly, especially in Asia, with over €1.7bn.

Finally, non-performing loans rose 15.6% to €2.7bn. This was below the rise in total lending, such that the Group's NPL ratio remained low. This is examined in greater detail in the section on risk management.

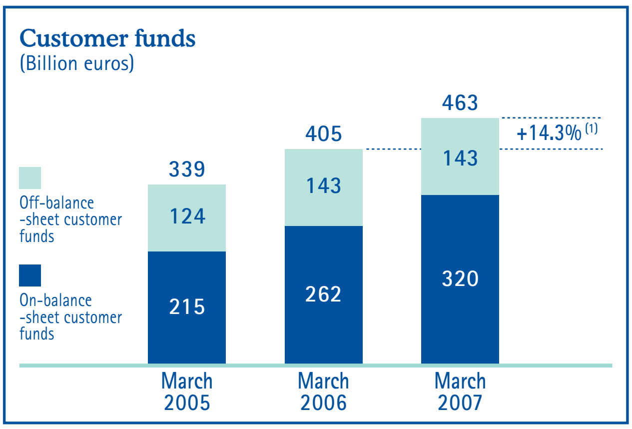
Customer funds

Total customer funds, on and off the balance sheet, came to €463bn as the first quarter of 2007 ended. This was a 14.3% increase over the €405bn of a year earlier, or 17.6% at constant exchange rates.

As in 2006, most of the growth occurred in customer funds on the balance sheet, which rose 22.0% from €262bn to €320bn from 31-Mar-06 to 31-Mar-07 (up 24.9% at constant rates). Of this figure, customer deposits accounted for €220bn, growing 23.6% (27.8% at constant exchange rates); marketable debt securities accounted for €85bn (up 21.1%) and subordinate liabilities and preference securities for €14bn (up 5.3%).

However, customer funds off the balance sheet (mutual funds, pension funds and customers' portfolios) remained stable at €143bn. This figure was similar to March 2006, but grew 4.0% at constant exchange rates. In Spain, the increase was just 2.5% up to €76bn, owing to customers' preference for term deposits rather than mutual funds. The other countries in which the Group operates accounted for a year-on-year decline of 2.6% to €67bn, although at constant exchange rates, the growth was 5.8%. This decrease was due to the sale of Banc Internacional de Andorra, which contributed €7,433m to customer funds off the balance sheet to 31-Mar-06. If this is excluded, like-for-like growth was 9.2% (19.8% at constant exchange rates).

In Spain, the figure that best represents customer funds is the aggregate of current and savings accounts and term deposits of other resident sectors, plus mutual funds and pension funds. By the end of the first



(1) At constant exchange rates: +17.6%.

Customer funds

(Million euros)

	31-03-07	Δ%	31-03-06	31-12-06
ON-BALANCE-SHEET CUSTOMER FUNDS	**319,564**	**22.0**	**261,912**	**283,645**
DEPOSITS	**220,284**	**23.6**	**178,205**	**192,374**
Public sector	20,357	159.7	7,840	7,124
Other domestic sectors	97,868	27.7	76,641	94,393
• Current and savings accounts	44,509	4.6	42,535	47,806
• Time deposits	27,733	33.6	20,762	27,682
• Assets sold under repurchase agreement	8,791	16.8	7,524	9,081
• Other	16,835	189.3	5,820	9,824
Non-domestic sector	102,058	8.9	93,724	90,857
• Current and savings accounts	38,714	15.6	33,484	37,699
• Time deposits	55,185	16.8	47,237	42,910
• Assets sold under repurchase agreement and other accounts	8,159	(37.2)	13,002	10,249
MARKETABLE DEBT SECURITIES	**85,303**	**21.1**	**70,432**	**77,674**
Mortgage bonds	38,661	25.3	30,863	36,029
Other marketable securities	46,642	17.9	39,569	41,645
SUBORDINATED DEBT	**13,977**	**5.3**	**13,275**	**13,597**
OTHER CUSTOMER FUNDS	**143,235**	**0.1**	**143,155**	**142,064**
Mutual funds	58,494	(2.1)	59,733	58,452
Pension funds	58,368	7.0	54,547	57,147
Customer portfolios	26,374	(8.7)	28,875	26,465
TOTAL CUSTOMER FUNDS	**462,800**	**14.3**	**405,067**	**425,709**

quarter of 2007, this figure was close to €134bn, having grown 6.9% over the last twelve months.

Of this amount, current and savings accounts represented €44.5bn (up 4.6% against 31-Mar-06) and more stable funds (term deposits, mutual funds and pension funds) €89bn (up 8.1%). The above-mentioned trend in customer preferences materialised in a shift towards term deposits (which went up 33.6% to €28bn) and away from mutual funds (which fell 3.1% to €45bn). Pension funds grew to €16bn (up 7.5%, driven above all by individual pension schemes, which rose 9.6%).

Domestic public-sector deposits came to €20bn at the end of March 2007, increasing 159.7% year on year. This rise reflected particularly high allocations in the Treasury's liquidity auctions. Excluding these amounts, these deposits came to €6bn and the increase 21.0%.

Non-resident customers' deposits (excluding repurchase agreements and other such accounts) and mutual and pension funds rose to €149.5bn on 31-Mar-07. This year-on-year increase of 12.1% rises to 20.8% when calculated at constant exchange rates. Current and savings accounts continued to record outstanding growth of 15.6%, reaching €39bn (25.0% growth at constant rates).

Other more stable funds rose 10.9% to €111bn (up 19.4% at constant exchange rates). Of these, term deposits accounted for €55bn (up 16.8% at current rates and 22.9% at constant rates); pension funds for €42bn (up 6.8% and 18.3%) and mutual funds for €13.5bn (up 1.6% in current euros and 9.8% at constant exchange rates).

Other customer funds

(Million euros)

	31-03-07	∆%	31-03-06	31-12-06
SPAIN	**76,013**	**2.5**	**74,152**	**76,080**
MUTUAL FUNDS	**45,013**	**(3.1)**	**46,467**	**45,491**
Mutual Funds (ex Real Estate)	42,616	(4.3)	44,550	43,273
• Monetary and short term fixed-income	15,237	(3.4)	15,769	15,496
• Long-term fixed income	2,050	3.4	1,983	1,783
• Balanced	1,653	(16.5)	1,980	1,577
• Equity	4,191	1.3	4,138	4,182
• Guaranteed	16,653	(4.9)	17,505	17,094
• Global	2,831	(10.8)	3,174	3,142
Real Estate investment trusts	2,397	25.0	1,917	2,218
PENSION FUNDS	**16,296**	**7.5**	**15,164**	**16,291**
Individual pension plans	9,257	9.6	8,449	9,249
Corporate pension funds	7,039	4.8	6,716	7,042
CUSTOMER PORTFOLIOS	**14,704**	**17.4**	**12,520**	**14,298**
REST OF THE WORLD	**67,223**	**(2.6)**	**69,004**	**65,984**
Mutual funds and investment companies	13,481	1.6	13,266	12,961
Pension funds	42,072	6.8	39,383	40,856
Customer portfolios	11,669	(28.7)	16,355	12,167
OTHER CUSTOMER FUNDS	**143,235**	**0.1**	**143,155**	**142,064**

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 31-12-05	**1,662**	**8,831**	**3,806**	**(96)**	**3,295**	**971**	**(1,167)**	**17,302**
Valuation adjustments					(451)	(5)		(457)
Profit retained		2,011	(2,011)					-
Dividends			(1,795)			(17)	1,167	(645)
Shares issued								-
Results of treasury shares traded				65				65
Profit for the year			1,020			77		1,097
Other		20		50		(15)		56
BALANCE AT 31-03-06	**1,662**	**10,861**	**1,020**	**19**	**2,844**	**1,012**	**-**	**17,417**
BALANCE AT 31-12-06	**1,740**	**13,208**	**4,736**	**(112)**	**3,341**	**768**	**(1,363)**	**22,318**
Valuation adjustments					(657)	(74)		(730)
Profit retained		2,519	(2,519)					-
Dividends			(2,217)			(32)	1,363	(887)
Shares issued								-
Results of treasury shares traded				(415)				(415)
Profit for the year			1,950			72		2,023
Other		(25)		10		51		35
BALANCE AT 31-03-07	**1,740**	**15,702**	**1,950**	**(517)**	**2,684**	**785**	**-**	**22,345**

Capital base

According to the rules of the Bank for International Settlements (BIS), the capital base of the BBVA Group at 31-Mar-07 was €30,221m, an increase of 0.2% compared to the end of 2006. Risk-weighted assets increased 2.9% in the first quarter to €259,794m. Therefore, the capital base surplus, in excess of the 8% of risk-weighted assets required by the rules, was €9,438m.

This means the BIS ratio stands at 11.6%, compared to 12.0% in December 2006 and 11.5% in March 2006.

The acquisition of State National Bancshares was concluded in the first quarter and this generated €270m in goodwill and an increase of €1,111m in risk-weighted assets. The purchase of shares in China CITIC Bank was also completed this quarter and this led to an increase of €505m in risk-weighted assets.

Furthermore, the purchase of shares in CITIC International Financial Holdings generated €187m in goodwill and a deduction of €302m in Tier II capital because this is a holding of more than 10% in a financial entity.

The increase in risk-weighted assets was less than previous quarters (despite the non-organic growth mentioned above) following securitization of assets of €7,500m.

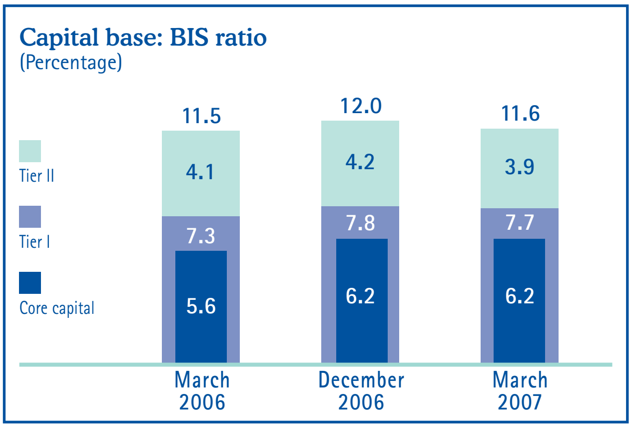
As a result core capital stands at €15,980m at 31-Mar-07, rising 2.8% in the quarter. This is 6.2% of risk-weighted assets, compared to a similar level at 31-Dec-06 or 5.6% at 31-Mar-06.

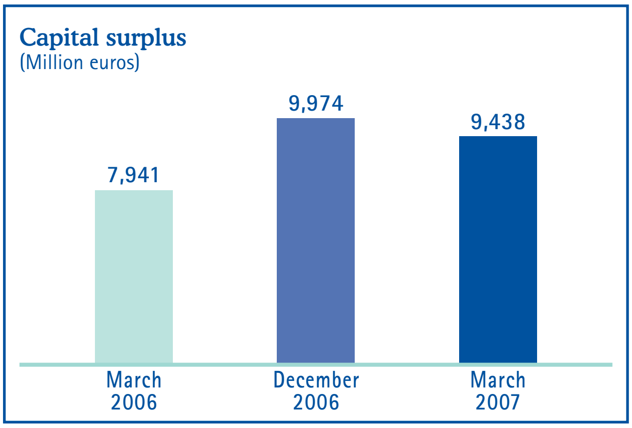
After adding preference shares (which did not change in the first quarter), Tier I capital comes to €19,981m. This amount is 7.7% of risk-weighted assets and thus

Capital base (BIS Regulation)

(Million euros)

	31-03-07	31-12-06	31-03-06
Called-up share capital	1,740	1,740	1,662
Reserves	15,990	13,694	11,303
Minority interests	724	705	1,006
Deductions	(4,425)	(5,327)	(2,271)
Net attributable profit	1,950	4,736	1,020
CORE CAPITAL	**15,980**	**15,549**	**12,719**
Preference shares	4,001	4,025	4,063
CAPITAL (TIER I)	**19,981**	**19,574**	**16,783**
Subordinated debt	9,082	8,783	7,815
Valuation adjustments and other	1,541	1,842	2,477
Deductions	(382)	(34)	(834)
OTHER ELIGIBLE CAPITAL (TIER II)	**10,241**	**10,591**	**9,458**
CAPITAL BASE	**30,221**	**30,164**	**26,240**
Minimum capital requirement (BIS Regulation)	20,784	20,190	18,299
CAPITAL SURPLUS	**9,438**	**9,974**	**7,941**
RISK-WEIGHTED ASSETS	**259,794**	**252,373**	**228,743**
BIS RATIO (%)	**11.6**	**12.0**	**11.5**
CORE CAPITAL (%)	**6.2**	**6.2**	**5.6**
TIER I (%)	**7.7**	**7.8**	**7.3**
TIER II (%)	**3.9**	**4.2**	**4.1**





lower than the end of 2006 (7.8%) and higher than 31-Mar-06 (7.3%). The ratio of preference shares to core equity, in accordance with the BIS rules, fell again, to 20.0%.

Other eligible capital, which mainly consists of subordinate debt and eligible latent capital gains, amounted to €10,241m. As a result, Tier II stands at 3.9% (4.2% at 31-Dec-06 and 4.1% at 31-Mar-06).

In the first quarter of 2007 there were two issues of subordinate debt: an issue of GBP250m for institutional investors, which matures in 2018 with an early redemption option in 2013 and a fixed coupon of 50 basis points; and an issue of €300m for institutional investors maturing in 2022, an early redemption option in 2017 and a fixed coupon of 50 basis points. An issue of €46m of subordinated debt matured in March.

Ratings

Following the announcement of the proposed acquisition of Compass, the three major agencies confirmed their ratings for BBVA. The agencies valued the strategic sense of the operation and the significant advance in BBVA's growth plans in southern United States.

In the second week of April, Moody's has published their revised long term rating for BBVA in accordance with their new JDA (Joint Default Analysis) methodology. As a result, the long term rating for BBVA has improved to Aa1 from a previous Aa2.

Ratings

	Long term	Short term	Financial strength	Outlook
Moody's	Aa1	P-1	B	Stable outlook
Fitch	AA–	F-1+	A/B	Stable outlook
Standard & Poor's	AA–	A-1+	-	Positive outlook

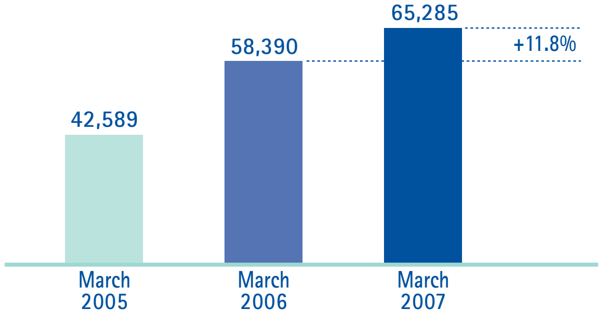
The BBVA share

Predominant international conditions in the first quarter of 2007 continued benign and appeared set to remain so. Published figures for employment, consumer confidence, industrial output, etc, were generally positive and there were no surprises in the monetary policy of the Federal Reserve or the European Central Bank. However, some concerns increased investors' risk aversion, triggering brusque corrections in equity markets. These were initially set off mainly by falls in the Chinese stock market, then later by uncertainty about the real-estate market and sub-prime mortgage risk in the United States. At the same time, geopolitical factors were pushing up oil prices and the dollar was weak. Despite this high volatility throughout the quarter, the securities markets recovered by the end, closing at values not far from the beginning of the year. The Stoxx 50 revalued 0.3% in the quarter and the S&P 500 0.2%. The Ibex 35 continued to outperform both, gaining 3.5%.

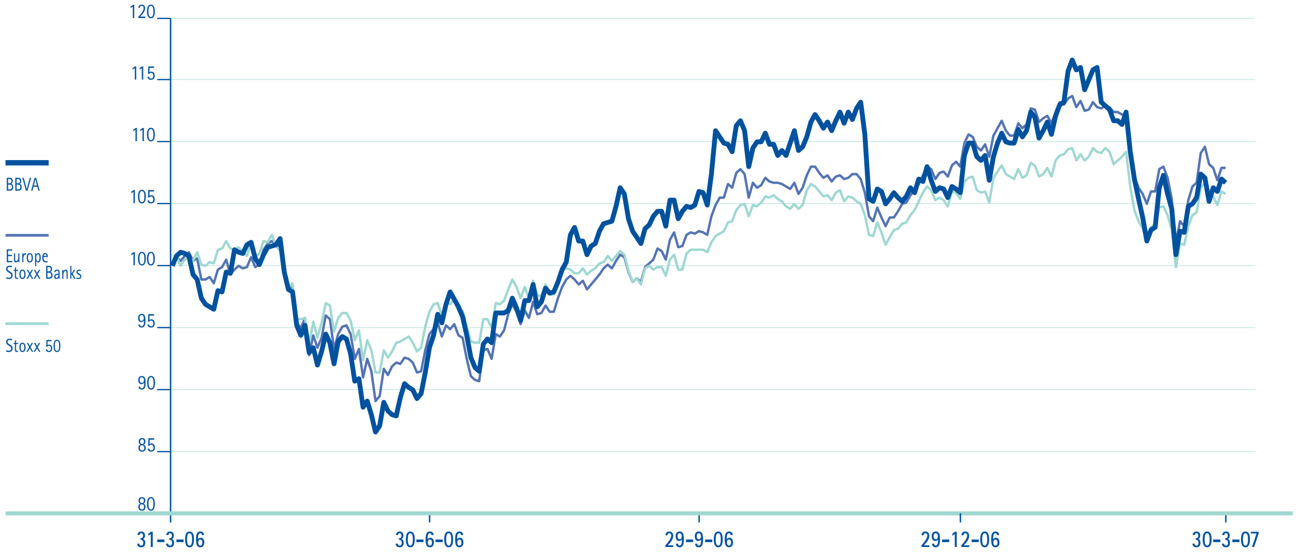
The European banking sector began the year quite buoyant but dropped off sharply at the end of February, reflecting market fears about the aforementioned sub-prime mortgage lending in the United States. This led to some uncertainty as to whether this might augur the beginning of a downturn in lending or not. Although the quarter ended without significant changes (Stoxx Banks -0.1%), performance of the banking sector lagged slightly behind the market. Against this backdrop, BBVA's share price performed positively, gaining 0.8% in the first quarter of 2007.

BBVA's 2006 results were positively perceived by the analysts, year-end earnings being slightly higher than they had estimated. They especially liked the Bank's sound domestic retail figures, the strength of its wholesale banking unit and the revenue streams from Mexico and South America. They generally attributed greater-than-expected loan-loss provisions, especially in Mexico, to the Group's policy of prudence. During the quarter, especially in January, some analysts upped their recommendations, target prices and earnings forecasts for BBVA.

Market capitalisation
(Million euros)



Share price index
(31-3-06=100)



The BBVA share

	31-03-07	31-12-06	31-03-06
Number of shareholders	878,899	864,226	940,542
Number of shares issued	3,551,969,121	3,551,969,121	3,390,852,043
Daily average number of shares traded	47,089,576	34,457,769	27,936,543
Daily average trading (million euros)	882	593	456
Maximum price (euros)	20.28	20.26	17.29
Minimum price (euros)	17.35	14.78	14.97
Closing price (euros)	18.38	18.24	17.22
Book value per share (euros)	5.31	5.13	4.00
Market capitalisation (million euros)	65,285	64,788	58,390

Share performance ratios

	31-03-07	31-12-06	31-03-06
Price/Book value (times)	3.5	3.6	4.3
PER (Price/Earnings; times) (1)	11.7	13.7	12.3
Yield (Dividend/Price; %) (2)	4.05	3.49	3.70

(1) The 31-3-07 P/E is calculated taking into consideration the median of the analysts' estimates (April 2007).
(2) Dividend yield at 31-3-07 is calculated taking into consideration the median of analysts' estimates (April 2007).

The reception of news regarding BBVA's takeover of the US Compass bank was favourable. Analysts appreciated its positive strategic fit and the boost it will give the Group's operation in Texas, helping it build a powerful franchise in the south of the United States.

The BBVA share price varied between €17.35 and €20.28 this quarter, closing at €18.38 per share on 30th March 2007. Its market capitalisation thus reached €65,285m, an 11.8% increase over the previous twelve months. An average of 47m shares were traded daily, for an average daily value of €882m.

Shareholders received the final dividend from 2006 on 10th April 2007 for a gross amount of €0.241 per share. This was 29.6% up on the final 2005 dividend. The total dividend against 2006 earnings was €0.637 per share, 20.0% higher than in 2005.

Risk management

Credit risk

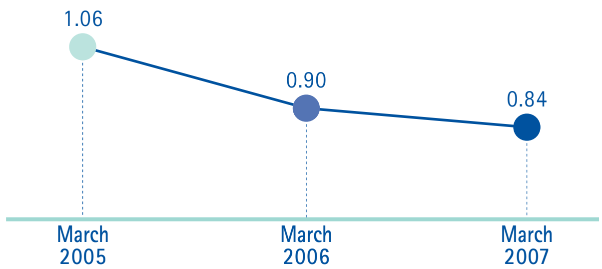
The BBVA Group has shown outstanding performance in the quality of its loan portfolio in recent years, which it has systematically improved. In 2006 it reported all-time lows in its NPL ratio and its highest coverage ratio ever. A benchmark amongst the big European banking groups, these ratios will be hard to better.

Total exposure with customers (including contingent liabilities) came to €319 billion at 31-Mar-07, an increase of 23.2% over the €259 billion booked to 31-Mar-06. Furthermore, lending growth during the year in Spain and the Americas was particularly strong in products such as consumer finance, credit cards and SME lending. These are more profitable overall but entail a potentially higher level of default than products such as mortgages or lending to large companies and institutions.

Despite this, non-performing assets increased 15.9% to €2,693m in March, compared to €2,325m a year earlier. This rise was much less than the rise in total risk, bringing down the NPL ratio (percentage of non-performing assets to total risk) to 0.84% at the end of the first quarter of 2007. This figure compares favourably against 0.90% on the same date a year earlier and 0.83% at year-end 2006. By business areas, this ratio was 0.59% in Spain and Portugal (0.53% on 31-Mar-06), 0.03% in Global Businesses (0.14% on 31-Mar-06), 2.28% in Mexico and the United States (2.15% on 31-Mar-06) and 2.62% in South America (3.46% on 31-Mar-06).

Strong lending growth required additional loan-loss provisioning, bringing up the balance of coverage funds to €7,093m at the end of March 2007. This was 16.6% higher than the €6,083m level at 31-Mar-06.

Non-performing loan ratio
(Percentage)



Credit risk management
(Million euros)

	31-03-07	Δ%	31-03-06	31-12-06
TOTAL RISK EXPOSURE (1)				
Non-performing assets	2,693	15.9	2,325	2,531
Total risks	318,913	23.2	258,910	305,250
Provisions	7,093	16.6	6,083	6,905
• Specific	1,892	0.2	1,889	1,842
• Generic and country-risk	5,201	24.0	4,194	5,063
NPL ratio (%)	0.84		0.90	0.83
NPL coverage ratio (%)	263.4		261.7	272.8
MEMORANDUM ITEM:				
Foreclosed assets (2)	242	(28.6)	339	250
Foreclosed asset provisions	89	(43.0)	156	82
Coverage (%)	36.6		45.8	32.8

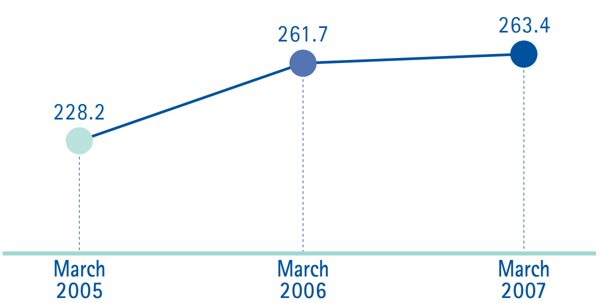
(1) Including contingent liabilities. (2) Including goods recovered from leasing agreements.

Variations in non-performing assets
(Million euros)

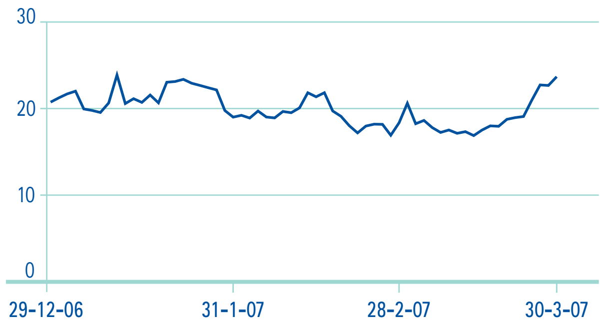
	2007	2006			
	1Q	4Q	3Q	2Q	1Q
BEGINNING BALANCE (1)	**2,531**	**2,361**	**2,240**	**2,325**	**2,382**
Net variation	162	170	121	(85)	(57)
Entries	947	821	715	607	598
Outflows	(583)	(507)	(433)	(454)	(436)
Write-offs	(224)	(198)	(191)	(163)	(156)
Exchange rate differences and other	22	54	30	(75)	(63)
PERIOD-END BALANCE (1)	**2,693**	**2,531**	**2,361**	**2,240**	**2,325**
MEMORANDUM ITEM:					
• Non-performing loans	2,655	2,492	2,331	2,214	2,297
• Non-performing contingent liabilities	38	40	30	26	28

(1) Including contingent liabilities.

Coverage ratio
(Percentage)



Trends in market risk
(VaR, million euros)



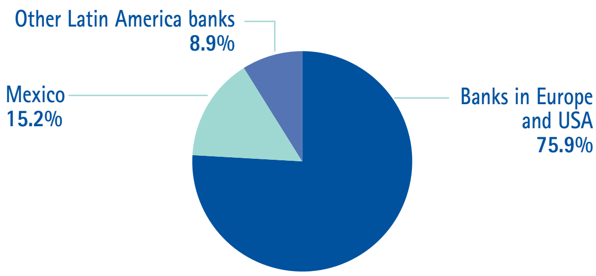
The rise was especially marked in generic provisions which at €5,061m were 22.9% higher than the €4,119m from one year earlier and now account for 71.4% of total provisions. The Group's coverage rate (ratio of coverage funds to NPLs) stands at 263.4% (261.7% a year earlier) and all business areas maintain high levels: 296.3% in Spain and Portugal, over 4,000% in Global Businesses, 238.9% in Mexico and the United States and 133.4% in South America.

Market risk

Market exposure of the business areas of the BBVA Group (which represents only 4% of the Group's risk in terms of economic capital) measured by value-at-risk (VaR) increased slightly, bringing its average to €20m (VaR calculation without exponential flattening), compared to the €18.9m quarterly average for 1Q06. At 31st March, VaR stood at €23.7m, close to the maximum of €23.9m recorded in January. Average weighted consumption of limits at the end of the quarter remained moderate (48%).

By geographic area, Europe and the USA increased their relative share of the total, accounting 75.9% of the Group's average market risk in the first quarter. This brought Mexico's share down to 15.2% and

Market risk by geographical areas
(Average first quarter 2007)



Market risk by risk factors
(First Quarter 2007. Million euros)

Risk	31-03-07	Daily VaR Average	Daily VaR Maximum	Daily VaR Minimum
Interest [1]	14.9	10.4	15.1	7.1
Exchange rate [1]	1.1	1.5	5.2	0.7
Equity [1]	3.7	6.0	8.5	3.7
Vega and correlation	7.3	5.7	7.3	4.7
Diversification effect	(3.4)	(3.6)	-	-
TOTAL	**23.7**	**20.0**	**23.9**	**16.9**

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

South America's down to 8.9%, where it was mainly concentrated in Chile and Peru.

The predominant risk type is interest rate risk (35% of the total excluding the diversification effect and 55% if spread-related risk is considered). This is followed by volatility risk associated with optional positions (vega at 24%), stock-market exposure (12%), correlation risk (9%) and exchange-rate risk (4%).

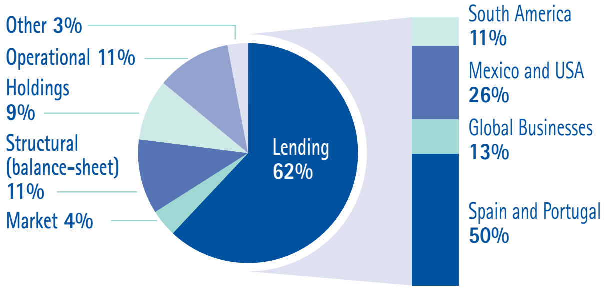
Economic capital

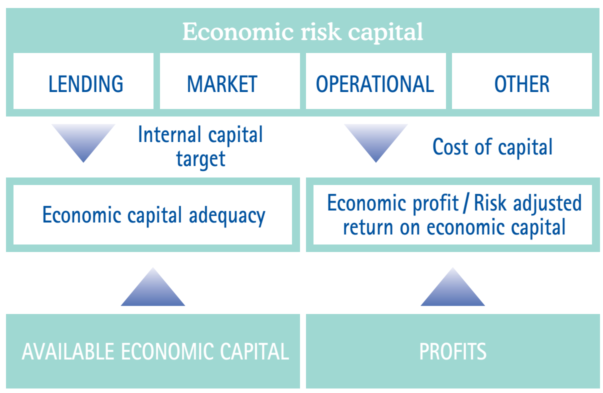
The Group's consumption of economic risk capital (ERC) reached €17,091m [1] at the end of March 2007. A breakdown by risk type shows credit risk as the main component, representing 62% of the total. Operational risk represents 11% and is pending to incorporate the lower consumption required by the internal model (expected for 2008), estimating savings close to 20% at present. Structural balance-sheet risk (interest and exchange rate) represent 11%, holdings risk 9% and market risk 4%.

Like for like, ERC grew 3.5% in the first quarter and 12.0% at an annualised growth rate.

Economic risk capital is a key factor in allocating capital to the different BBVA businesses. It is used in the Group's internal management and in drawing up its published information. As shown in the adjoining graph, ERC fits into both the valuation of economic capital adequacy and into the calculations of economic profit and risk-adjusted return on economic capital (RAROC) as explained in the next section.

BBVA Group Economic Risk Capital Distribution by risk type
(Data in attributable terms, 31-3-07)





(1) This figure includes the yearly effects of the review and fine-tunning of the models implemented in January 2007; like for like, the closing figure for December would be €16,517m (against the €17,308m published before).

Economic profit & risk adjusted return on economic capital

This new section provides figures for economic profit (EP) and risk-adjusted return (RAROC) for the first time. These concepts are part of the indicators used by BBVA to monitor the creation of value. For this reason, we will explain how they fit in with the Group's value-based management model (VBM) and the method of their calculation.

BBVA has adopted a multi-year corporate goal based on total shareholder return (TSR), measured against that of a peer group. TSR is the increase in the share price plus dividends. In order to focus the Group on this principal objective, management procedures are based on economic value. The aim of this is to align managers' incentives with those of our shareholders.

The best internal reference for BBVA's share price is economic value. This is calculated for each business and activity by adding capital required (economic risk capital, or ERC) to the value added (which represents the expectation that the return on capital will exceed its cost) [1].

In this context, value added is the discounted value of the economic profit (projected forward) less the cost of business capital. Therefore EP is the difference between earnings and the cost of the capital used to obtain them. Increases in EP are directly linked to increases in shareholder value.

$$\text{Economic profit (EP)} = \text{profit}^{(2)} - (\text{ERC x cost of capital})$$

In addition, the key driver of economic profit (EP) is risk-adjusted return on economic capital (RAROC) because EP increases when RAROC is greater than the cost of capital. Likewise, a RAROC that would persistently be below the cost of capital would destroy shareholder value.

$$\text{Risk-adjusted return on economic capital (RAROC)} = \frac{\text{Annualised profit}}{\text{ERC}} \times 100$$

BBVA's combination of growth and high profitability implies recurrent growth of EP and therefore sustained generation of the underlying value for shareholders. Empirical evidence and our own data for recent years indicate a high correlation between the sum of the underlying values of BBVA's businesses and its share price, although the latter may be temporarily affected by market volatility.

Economic profit and risk adjusted return on economic capital

(Million euros)

	1st Quarter 07	∆%	1st Quarter 06
NET ATTRIBUTABLE PROFIT	**1,950**	**91.2**	**1,020**
Adjustments	(91)	n.m.	438
ADJUSTED NET ATTRIBUTABLE PROFIT (A)	**1,859**	**27.5**	**1,458**
Economic risk capital (ERC) **(B)**	16,857	12.8	14,947
RISK ADJUSTED RETURN ON ECONOMIC CAPITAL (RAROC) = (A)/(B) * 100 (1)	**44.7**		**39.6**
ERC x cost of capital **(C)**	440	9.5	402
ECONOMIC PROFIT (EP) = (A) – (C)	**1,419**	**34.4**	**1,056**

(1) Percentage annualized.

EP and RAROC by business area

(1st Quarter 2007. Million euros and percentage)

	Economic risk capital (ERC) (1)	Adjusted net attributable profit	RAROC (% annualized)	Economic profit (EP)
Spain and Portugal	6,299	613	39.5	470
Global Businesses	2,311	343	60.2 (2)	284
Mexico and the United States	3,885	467	48.8	359
South America	1,768	168	38.5	111
Corporate Activities	2,595	268	41.9	195
TOTAL GRUPO	**16,857**	**1,859**	**44.7 (2)**	**1,419**

(1) Average amount of the 1st quarter of 2007. (2) The Group's RAROC for the first quarter 2007 would be 33.3% (29.0% in the first quarter 2006) if capital gains in the net attributable profit had not been annualised. In the case of Global Businesses, RAROC would reach 39.2% without the effect of the capital gains.

(1) Market information is used to arrive at the cost of capital. This is obtained from the consensus of analysts, using different rates for each business area.

(2) Taking as reference the net attributable profit, 3 types of adjustments are performed: substitution of the generic provision for a charge based on expected loss; the addition of the latent capital gains in the available for sale portfolio of equity holdings of BBVA, S.A.; and the adjustment to the capital base of the business areas, which impacts the allocation of the inter-area's financing cost and is eliminated in the Group's total.

Information by area is a fundamental tool for monitoring and controlling the Group's various businesses. In this section we discuss the more significant aspects of the 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 collected. Management groups the data from these units in a predefined manner to arrive at the picture for the main units and, finally, for the business areas themselves. Likewise, the Group's subsidiaries are also assigned to particular business areas according to their type of activity. If a company's activities do not match a single area, the Group allocates these and the corresponding earnings to a number of relevant units.

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

- Capital: the Group allocates economic risk capital (ERC) commensurate with the risks incurred by each business. 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 have 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 ERC 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 concept for the overall Group. However, for the purpose of allocating capital to business areas the Bank prefers ERC. It is risk-sensitive and thus linked to the management policies of 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 they will make it easier to compare profitability across units.

- Internal transfer prices: the Bank uses rates adjusted for maturity to calculate the net interest income for each business. It also examines the interest rates for the different assets and liabilities that make up each unit's balance sheet. In cases where there are revenue-generating units as well as distribution units (eg, asset management products), it divides the earnings according to market prices.

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

- Cross-business register: as a result of the correct assignment of earnings, in some cases consolidation adjustments are required to eliminate duplicate accounting entries caused by cross-marketing incentives.

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 2006 and reflects the new structure adopted at the end of that year.

- **Business in Spain and Portugal:**
  - Financial services
  - Corporate & business banking
- **Global businesses:**
  - Global markets and customers
  - Asset management and private banking
- **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 business areas have another unit that groups other business 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 rates associated with the euro balance sheet and exchange rates, together with liquidity issues and shareholders' funds. The management of structural risks related to interest rates in currencies other than the euro is handled by the corresponding areas. This area also includes the industrial portfolio management unit and financial shareholdings.

The second level is geographic. The Group provides a breakdown by region for total assets and for the major figures on the income statement (ordinary revenues, operating profit and attributable profit). These are calculated by assigning the corresponding amounts generated by Global Businesses and Corporate Activities to each geographic area. Furthermore for the Mexico & USA area, we provide a complete separate income statement for Mexico, covering Bancomer and the pension and insurance businesses in that country. And for the South America area we show operating profit and net attributable profit by country (including banking, pension and insurance activities in each case). These figures are not the same as those given for the geographic breakdown because they do not include global businesses or corporate activities.

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

Spain & Portugal: this includes the financial services unit (individual customers, small companies and businesses in the domestic market, plus consumer finance provided by Finanzia and Uno-e), the corporate & business banking unit (SMEs, large companies and institutions in the domestic market, which were joined by wholesale businesses in 2006), the insurance business and BBVA Portugal.

Global Businesses: consisting of global customers & markets (the global customers unit, investment banking, trading floor business, distribution and the Group's activities in Asia), the mutual and pension fund managers in Spain, and domestic and international private banking (reported under Retail Banking in Spain & Portugal in 2006). And finally, it includes business and real estate projects, which the Group manages through Valanza and Anida.

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 customer lending, customer deposits, off-balance-sheet customer funds, risk-weighted assets, ROE, cost/income ratio, non-performing loan and coverage ratios. We also provide the income statement and balance sheet for Corporate Activities. These show the counterparts for the inter-area positions (liquidity provided to other areas) and the economic capital allocations, as well as the Group's funding and equity accounts.

The figures for 2006 were prepared using the same criteria and area structure as this year and therefore provide a uniform year-on-year comparison. As usual, in the case of units in the Americas, we provide the year-on-year percentage changes calculated at constant exchange rates as well as at current rates.

Net attributable profit by business area

(Million euros)

	1st Quarter 07	Δ%	1st Quarter 06
Spain and Portugal	601	26.9	474
Global Businesses	189	29.5	146
Mexico and the United States	484	11.4	434
South America	166	10.4	151
Corporate Activities	510	n.m.	(185)
BBVA GROUP NET ATTRIBUTABLE PROFIT	**1,950**	**91.2**	**1,020**

ROE and efficiency

(Percentage)

	ROE		Efficiency including depreciation and amortization	
	1st Quarter 07	1st Quarter 06	1st Quarter 07	1st Quarter 06
Spain and Portugal	38.7	31.6	38.1	42.4
Global Businesses	33.3	32.6	31.4	32.2
Mexico and the United States	50.5	47.3	37.6	40.4
South America	38.2	40.3	44.9	47.2
BBVA GROUP [1]	**30.5**	**34.1**	**42.4**	**45.9**

(1) Excluding the one-off operations.

Income statement
(Million euros)

	Spain and Portugal			Memorandum item: Financial Services			Memorandum item: Corporate and Business Banking		
	1Q 07	Δ%	1Q 06	1Q 07	Δ%	1Q 06	1Q 07	Δ%	1Q 06
NET INTEREST INCOME	**1,004**	**13.2**	**887**	**753**	**12.7**	**668**	**247**	**15.7**	**213**
Income by the equity method	-	(54.1)	-	-	(28.8)	-	-	(100.0)	-
Net fee income	418	4.6	400	384	6.5	360	79	11.5	71
Income from insurance activities	107	20.2	89	-	-	-	-	-	-
CORE REVENUES	**1,529**	**11.1**	**1,376**	**1,137**	**10.5**	**1,029**	**325**	**14.6**	**284**
Net trading income	62	57.0	39	12	34.3	9	45	62.6	28
ORDINARY REVENUES	**1,590**	**12.4**	**1,415**	**1,149**	**10.7**	**1,038**	**370**	**18.9**	**311**
Net revenues from non-financial activities	9	19.9	7	7	6.6	7	-	-	-
Personnel and general administrative expenses	(602)	1.4	(593)	(486)	(0.2)	(487)	(76)	1.5	(75)
Depreciation and amortization	(26)	2.1	(26)	(21)	2.2	(21)	(2)	(5.7)	(2)
Other operating income and expenses	7	64.8	4	5	62.9	3	1	37.2	1
OPERATING PROFIT	**978**	**21.1**	**808**	**654**	**21.2**	**540**	**294**	**24.7**	**236**
Impairment losses on financial assets	(96)	7.5	(90)	(58)	(8.0)	(63)	(34)	33.5	(26)
• Loan loss provisions	(96)	6.7	(90)	(58)	(7.8)	(63)	(34)	31.8	(26)
• Other	(1)	n.m.	-	-	n.m.	-	-	n.m.	-
Provisions	1	(43.9)	2	1	n.m.	(1)	1	n.m.	-
Other income/losses	6	1.1	6	5	8.2	4	1	3.5	1
PRE-TAX PROFIT	**889**	**22.5**	**726**	**602**	**25.2**	**481**	**262**	**24.1**	**211**
Corporate income tax	(288)	14.7	(251)	(194)	17.2	(165)	(85)	15.3	(74)
NET PROFIT	**601**	**26.6**	**475**	**408**	**29.4**	**315**	**177**	**28.8**	**137**
Minority interests	-	(85.3)	(1)	-	(98.2)	(1)	-	-	-
NET ATTRIBUTABLE PROFIT	**601**	**26.9**	**474**	**408**	**29.9**	**314**	**177**	**28.8**	**137**

Balance sheet
(Million euros)

	Spain and Portugal			Memorandum item: Financial Services			Memorandum item: Corporate and Business Banking		
	31-03-07	Δ%	31-03-06	31-03-07	Δ%	31-03-06	31-03-07	Δ%	31-03-06
Cash and balances at Central Banks	1,877	(5.3)	1,983	1,426	17.3	1,215	387	(42.5)	674
Financial assets	14,305	(16.6)	17,143	268	(54.4)	588	3,005	(33.9)	4,547
Loans and receivables	187,819	15.0	163,275	114,753	17.2	97,954	68,052	11.9	60,816
• Due from banks	4,900	3.1	4,753	64	(30.7)	92	3,712	(2.2)	3,796
• Loans to customers	182,447	15.1	158,456	114,553	17.1	97,849	64,293	12.8	57,010
• Other	471	n.m.	66	136	n.m.	12	47	n.m.	10
Inter-area positions	-	-	-	-	-	-	-	-	-
Property, plant and equipment	1,266	4.5	1,212	1,086	6.6	1,019	58	(25.4)	78
Other assets	2,669	27.1	2,101	907	22.4	741	329	24.8	264
TOTAL ASSETS / LIABILITIES AND EQUITY	**207,937**	**12.0**	**185,714**	**118,440**	**16.7**	**101,516**	**71,832**	**8.2**	**66,379**
Deposits by Central Banks and banks	10,211	1.5	10,061	3,774	21.5	3,107	3,376	(23.7)	4,424
Due to customers	78,881	12.6	70,061	57,024	16.0	49,178	20,058	5.7	18,981
Marketable debt securities	7,693	(14.8)	9,028	71	63.3	43	7,622	(15.2)	8,985
Subordinated debt	3,694	6.8	3,457	2,043	8.1	1,889	1,224	(4.0)	1,275
Inter-area positions	81,591	21.2	67,298	47,217	20.2	39,275	35,015	25.2	27,958
Other liabilities	19,491	(0.7)	19,630	4,662	0.7	4,630	2,363	(5.1)	2,491
Minority interests	6	(87.9)	49	6	(87.9)	48	-	100.0	-
Economic capital allocated	6,370	3.9	6,130	3,642	8.9	3,345	2,175	(4.0)	2,265

Relevant business indicators

(Million euros and percentages)

	Spain and Portugal			Memorandum item: Financial Services			Memorandum item: Corporate and Business Banking		
	31-03-07	Δ%	31-03-06	31-03-07	Δ%	31-03-06	31-03-07	Δ%	31-03-06
Customer lending (1)	183,920	15.7	158,897	115,775	17.6	98,425	64,541	13.5	56,849
Customer deposits (2)	84,900	11.9	75,882	60,347	15.5	52,244	22,635	4.7	21,623
• Deposits	84,812	11.9	75,818	60,294	15.5	52,224	22,599	4.7	21,580
• Assets sold under repurchase agreement	88	39.5	63	53	164.8	20	35	(18.8)	43
Off-balance-sheet funds	51,657	(2.4)	52,936	48,476	(2.7)	49,844	2,110	1.5	2,078
• Mutual funds	42,137	(4.8)	44,262	39,384	(5.2)	41,548	2,037	1.2	2,013
• Pension funds	9,520	9.8	8,674	9,092	9.6	8,296	73	11.7	65
Other placements	7,103	(0.3)	7,127	7,094	(0.3)	7,117	9	0.3	9
Customer portfolios	9,079	38.4	6,559	9,079	38.4	6,559	-	-	-
Risk-weighted assets (3)	79,629	3.9	76,628	45,528	8.9	41,814	27,182	(4.0)	28,315
ROE (%)	38.7		31.6	45.7		38.2	33.7		25.0
Efficiency ratio (%)	36.4		40.6	40.7		45.4	19.7		23.2
Efficiency incl. depreciation and amortization (%)	38.1		42.4	42.5		47.4	20.2		23.8
NPL ratio (%)	0.59		0.53	0.72		0.63	0.35		0.36
Coverage ratio (%)	296.3		328.8	241.4		281.7	482.8		464.7

(1) Gross lending excluding NPLs. (2) Includes collection accounts and individual annuities. (3) According to ERC methodology.

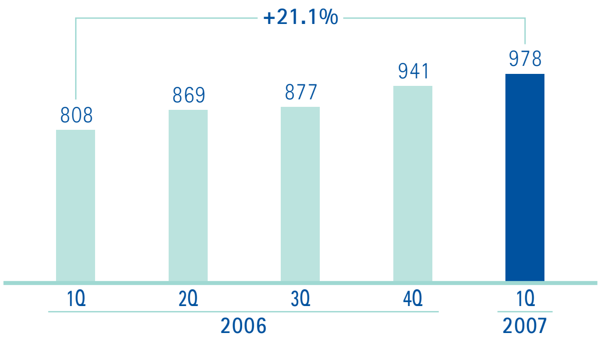
The financial services unit of the Portugal & Spain area handles the management of individual customers in the domestic market (Financial services for individuals). This unit also manages business with small companies, professional practices, the self-employed, retailers and the farming community (Financial services for small businesses) plus consumer finance (provided through Finanzia and Uno-e). The area also contains the corporate & business banking unit which deals with SMEs, large companies, subsidiaries of multinationals and public and private institutions. In 2006 the latter was reported under the Wholesale Businesses area. The insurance unit (Seguros Europa) and BBVA Portugal are other parts of this area.

The upward trend in revenues is the result of greater business productivity and the improvement in spreads. Together they are responsible for the area's positive income statement in the first quarter, with operating profit up more than 20%. This increase in recurrent earnings explains the net attributable profit of €601m (up 26.9% year-on-year) and the ROE of 38.7% (31.6% a year earlier).

At 31-Mar-07 lending to customers came to €183,920m (up 15.7%). Of this amount, the financial services unit accounts for €115,775m (up 17.6%). It continues to enjoy strong demand for lending from the private individual segment (consumer finance was up 15.7% and

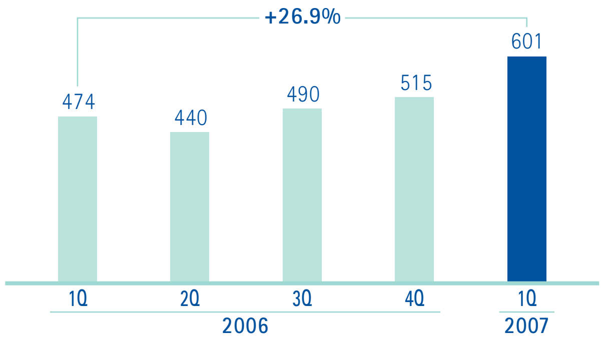
Spain and Portugal. Operating profit

(Million euros)



Spain and Portugal. Net attributable profit

(Million euros)



residential mortgages were up 18.3%). Lending to small businesses and the self-employed was up 21.8%. The loan portfolio of the corporate & business banking unit stands at €64,541m (up 13.5% year-on-year) with notable contributions from the corporates segment and the special branch network for SMEs, which grew 18.9%.

Customer funds come to €143,572m, an increase of 5.7% over March 2006 (transactional deposits are up 6.2% and stable funds 5.6%). Customer funds reported on the balance sheet are up 11.9%, especially financial services (up 15.5%) because customers find these more attractive than mutual funds.

The improvement in customer spreads complemented the positive volume effect generated by business growth. They helped to lift net interest income 13.2% year-on-year to €1,004m. This was a continuation of the upward trend noted last year (€887m in the first quarter of 2006, €922m in the second, €949m in the third and €989m in the fourth quarter).

Other revenues were up 11.1% with the latest business lines playing a growing role. Net fee income was up 4.6% to €418m (held back by mutual funds) but insurance revenues rose 20.2% to €107m and net trading income surged 57.0% to €62m on distribution of derivatives via the branches. All this led to ordinary revenues of €1,590m (up 12.4%), which was also higher than any quarter last year (€1,415m in the first quarter of 2006, €1,471m in the second, €1,493m in the third and €1,586m in the fourth quarter).

Operating expenses were practically unchanged, rising only 1.4% following rationalisation of the branch network and intermediate structures in 2006. Together with the higher recurrent earnings, the cost/income ratio thus improved 4.3 percentage points to 38.1% (42.4% a year earlier), boosting operating profit 21.1% to €978m.

Loan provisions increased 6.7% to €96m and the NPL ratio stands at 0.59%. This is slightly higher than last year's figure of 0.53% (31-Mar-06) owing to a shift in the structure of lending activities. Lending such as consumer finance, cards, small businesses and companies now account for a larger percentage of total loans, but their higher rate of defaults is offset by greater margins. The coverage ratio remains high at 296.3% (328.8% at 31-Mar-06).

Financial Services

Financial services cover business with private individuals and small businesses, and the consumer finance unit. In the last 12 months, this unit increased lending 17.6% and customer funds 6.1% (deposits were up 15.5%). Together with the increase in spreads and an improvement in the cost/income ratio, these increases boosted operating profit 21.2% to €654m and net attributable profit rose 29.9% to €408m.

Financial Services for Individuals

The policy of innovation and diversification of the product range, together with greater financial advice for customers, led to higher productivity in marketing. It rose 16.7% to an average of 45.4 products sold per month, per account manager.

The balance of consumer finance climbed 20.4% year-on-year to €9,306m on sales of €1,153m in the quarter (up 27.4%). The PIDE loan accounted for 22.6% of total sales and contributed to the higher profitability of this business line.

Residential mortgages came to €75,169m at 31-Mar-07, up 18.2% on sales of €8,071m in the quarter (which were up 22.0%). The expansion of the product range for young people (the BlueBBVA mortgage) and immigrants (the Universal mortgage) generated increases in sales of €1,001m and €306m, respectively.

In terms of fund-gathering activities, transactional deposits were boosted by an increase of 72,000 in the number of direct-deposit pay-rolls in the quarter. Stable funds (time deposits and mutual and pension funds) rose 5.7% to €78,425m. They include time deposits, which jumped 32.5% following the launch of new, highly competitive products. These captured €721m because they are more profitable than other options. Greater demand for deposits meant that mutual funds fell 5.2%. Despite this, managed portfolios are performing well (€3,511m at 31-Mar-07, 32.5% more than a year earlier) and they are a product that entails a greater degree of financial advice in the distribution of funds. The launch of ETFs captured €32m in the quarter and marketing of the new guaranteed funds captured €320m. Pension funds rose 9.6%.

In the first quarter Dinero Express, a custom network for immigrants, increased the number of its outlets to 122. Some 30 of these are DUO outlets, sharing premises with

BBVA. During the quarter it carried out 135,000 money transfers and acted on behalf of BBVA in another 119,000 transfers. The total amount was €100m. The network opened 19,000 new accounts and captured 21,000 new remittance customers.

Financial Services for Small Businesses

At 31-Mar-07 the balance of lending in the segment comprising small companies, retailers, professional practices, the self-employed and the farming community came to €19,598m (up 19.8%), driven by the sale of products in the Business campaign. They included credit accounts, leasing and other types of lending such as the novel flexible business-loan. Furthermore, the start of the ICO-Pymes credit line for 2007 and various leasing plan campaigns helped total sales to exceed €5,000m.

The upward trend in interest rates boosted sales of hedging products for direct financing and for the interest-rate risk on customers' balance sheets. Short-term loans to finance tax payments were also well received with sales of €32m in the quarter.

In terms of customer funds, the Bank opened more than 2,400 special accounts for cash management of more than €1,160m. Moreover, the business insurance portfolio is up 44% year-on-year.

The PAC campaign started on 1st February. By 31st March more than 13,000 farmers had arranged direct deposit of grants *(Ayudas de Pago Único)* worth €63m. Of the grants requested in 2006, €245m was retained in stable funds.

Consumer Finance

This unit manages online banking, consumer finance and vehicle loans, credit card distribution and leasing plans (including maintenance), conducted via Uno-e, Finanzia, Finanzia Autorenting and Finanziamento Portugal. The growth in business volume in the first quarter helped operating profit to rise 23.5% year-on-year, to €32m and net attributable profit was €14m (up 24.0%).

At 31-Mar-07, the unit managed a loan portfolio of €4,437m (up 26.9%) with sales of €1,235m in the quarter (up 31%). The balance of vehicle prescription business came to €2,247m (up 25%) on sales of €440m. In vehicle leasing plans the fleet increased to 36,945 vehicles (up 19%). Equipment financing came to €632m (up 43%) with invoicing up 46% and the balance of equipment leasing plans increased 24% to €533m (€67m invoiced in the first quarter). Uno-e's loan portfolio increased 36% year-on-year to €997m and customer funds under direct management or brokered increased to €1,579m (up 2%). In Portugal, BBVA Finanziamento invoiced €45m bringing the balance of vehicle financing to €362m (up 12%).

During the quarter the Group concluded the acquisition of the Italian fleet operator, Intesa Renting Spa, and it reached an exclusive distribution agreement for maintenance leasing plans for Intesa's chain of 3,109 offices. As a result BBVA Finanzia has reinforced its presence in consumer finance in the Italian market (where the growth potential is high).

Corporate & Business Banking

The Corporate & Business Banking unit (CBB) handles SMEs, large companies and institutions in the domestic market through three specialised networks. In the quarter it obtained net attributable profit of €177m (up 28.8%). The unit worked to defend spreads and this, together with the increase in business volumes, net fee income, and revenues from the distribution of hedging instruments brought ordinary revenues to €370m (up 18.9%). Costs were kept under control and thus the cost/income ratio improved 3.6 percentage points to 20.2%, lifting operating profit to €294m (up 24.7%). Lending rose 13.5% to €64,541m with increases in all three segments and customer funds were up 4.4% to €24,719m.

In the SME segment, lending stands at €31,298m and customer funds at €8,546m. These are up 13.8% and 0.3%, respectively. Price management and higher net trading income from the distribution of derivatives (Riskpyme project) brought operating profit to €187m (up 12.9%) and net attributable profit to €115m (up 31.3%).

In previous years BBVA was the leader in placement of ICO funds (government credit lines). This quarter it signed the 2007 ICO-SME agreement for financing the investment projects of small and mid-size companies.

The balance of lending to large companies and subsidiaries of multinationals on the Iberian Peninsula stands at €13,858m (up 32.3%) and customer funds are €4,489m (up 10.3%). The higher volumes, the increase in net fee income, the sale of treasury products to customers and the decline in expenses helped operating profit to surge 64.7% to €65m. Higher generic provisions related to the increase in lending limited net attributable profit to €32m (up 10.9%).

Significant operations in the first quarter included the following: a maintenance-leasing plan for renewal of OHL's fleet of 750 vehicles; a €200m participation in financing of Construcciones Reyal's acquisition of Inmobiliaria Urbis; and hedging of interest rates for 40% of the loan agreement signed between Grupo Ferromóvil, BBVA and other banks in December 2006, by structuring and underwriting the financing to acquire 145 trains worth more than €1,100m.

The Group manages a portfolio of loans to public and private institutions of €19,183m (up 1.6%) with customer funds of €11,673m (up 5.4%). Operating profit on this business came to €45m (up 32.5%) and net attributable profit was €31m (up 36.2%).

During the quarter BBVA strengthened its position as the leading banker for government authorities when it won a tender from the Spanish ministry of foreign affairs to manage staff payments and to handle all the transactions entailing the accounts of its embassies and consulates around the world. Furthermore, the state agency for evaluation of public policies and service quality awarded BBVA the job of opening three accounts to manage cash positions. Other significant operations included a syndicated loan of €120m for the port authority in Tenerife and €202m in finance for a hospital in Toledo.

Apart from its leadership in the three segments, CBB wants to pioneer added-value products for its customers. Those launched during the quarter include: an account to advance funds against the collection of VAT and IGIC rebates; operational leasing plans that allow companies to acquire production equipment for a period of time without the need to include it on their balance sheets or increase indebtedness; and factoring of advances against subsidies granted by the authorities and other organisations.

European Insurance

This unit handles insurance business in Spain and Portugal. In the first quarter of 2007 it contributed earnings of €112m to the area's income statement. Of this amount, €107m came from policies issued by the Group (up 20.2% year-on-year) and €5m was brokerage fees on the policies of other companies. Net attributable profit for the quarter rose 19.4% to €53m.

BBVA Seguros continues to lead the individual life insurance business in Spain with a 16.6% market share at December 2006 (the latest figure available). Premiums grew 20.4% and there are more than 1.6 million policyholders.

Total premiums in the quarter came to €358m of which 45.5% are risk premiums (life and non-life), generating underwriting margins of 66% for the Group, and the rest are premiums on private savings policies and group schemes.

BBVA signed an agreement with MAPFRE for the production and marketing of vehicle policies, which will be distributed via the Bank's different marketing channels. These policies are based on coinsurance with each party responsible for 50%.

BBVA Portugal

The loan portfolio increased 18.4% on good results by mortgage finance (up 26%) and consumer finance (up 31.7%). The balance of funds under management is similar to March 2006. The greater volume of lending and suitable pricing policies helped net interest income to grow 24.7%. Together with a 7.0% fall in expenses, operating profit jumped 75.6%. Following higher generic provisions linked to the increase in lending, net attributable profit came to €4m.

Income statement

(Million euros)

	Global Businesses			Memorandum item: Global Customers and Markets			Memorandum item: Asset Management and Private Banking		
	1Q 07	Δ%	1Q 06	1Q 07	Δ%	1Q 06	1Q 07	Δ%	1Q 06
NET INTEREST INCOME	**24**	**(34.6)**	**37**	**26**	**(31.3)**	**37**	**9**	**52.1**	**6**
Income by the equity method	27	19.8	23	2	-	-	-	(100.0)	-
Net fee income	131	24.1	105	64	36.6	47	75	14.7	66
Income from insurance activities	-	-	-	-	-	-	-	-	-
CORE REVENUES	**182**	**10.4**	**165**	**92**	**9.4**	**84**	**85**	**18.0**	**72**
Net trading income	182	30.8	139	201	50.6	133	1	(63.9)	2
ORDINARY REVENUES	**364**	**19.7**	**304**	**293**	**34.6**	**218**	**85**	**15.4**	**74**
Net revenues from non-financial activities	38	278.2	10	-	(100.0)	-	-	-	-
Personnel and general administrative expenses	(124)	26.6	(98)	(91)	35.2	(67)	(27)	17.2	(23)
Depreciation and amortization	(3)	(22.4)	(3)	(1)	9.3	(1)	(1)	(6.0)	(2)
Other operating income and expenses	1	n.m.	-	(1)	n.m.	-	-	(66.7)	-
OPERATING PROFIT	**277**	**30.2**	**212**	**201**	**33.8**	**150**	**57**	**15.9**	**49**
Impairment losses on financial assets	(21)	(52.4)	(44)	(17)	(58.1)	(41)	(4)	3.5	(4)
• Loan loss provisions	(21)	(53.1)	(44)	(17)	(58.1)	(41)	(4)	3.5	(4)
• Other	-	-	-	-	-	-	-	-	-
Provisions	-	n.m.	4	-	18.9	-	-	-	-
Other income/losses	1	(93.9)	23	-	n.m.	1	-	(95.7)	(1)
PRE-TAX PROFIT	**257**	**31.5**	**195**	**183**	**66.1**	**110**	**53**	**19.3**	**44**
Corporate income tax	(67)	41.9	(47)	(52)	54.8	(33)	(16)	11.8	(15)
NET PROFIT	**190**	**28.3**	**148**	**132**	**70.9**	**77**	**36**	**23.0**	**30**
Minority interests	(1)	(58.3)	(2)	-	(87.5)	(1)	(1)	209.0	-
NET ATTRIBUTABLE PROFIT	**189**	**29.5**	**146**	**132**	**72.7**	**76**	**36**	**21.5**	**29**

Balance sheet

(Million euros)

	Global Businesses			Memorandum item: Global Customers and Markets			Memorandum item: Asset Management and Private Banking		
	31-03-07	Δ%	31-03-06	31-03-07	Δ%	31-03-06	31-03-07	Δ%	31-03-06
Cash and balances at Central Banks	992	8.9	911	987	10.1	897	4	(63.7)	12
Financial assets	41,533	37.3	30,250	40,006	38.2	28,951	358	12.0	320
Loans and receivables	68,835	91.9	35,876	65,360	97.0	33,181	3,031	27.6	2,374
• Due from banks	36,333	205.8	11,880	34,645	230.4	10,485	1,331	16.1	1,146
• Loans to customers	29,749	33.4	22,303	28,051	33.1	21,077	1,699	38.4	1,228
• Other	2,753	62.6	1,693	2,665	64.6	1,619	1	115.5	-
Inter-area positions	-	(100.0)	22,247	-	(100.0)	23,837	-	-	-
Property, plant and equipment	34	(2.0)	34	11	6.6	10	13	(17.8)	15
Other assets	1,411	(27.1)	1,935	1,134	(22.8)	1,469	80	(16.2)	95
TOTAL ASSETS / LIABILITIES AND EQUITY	**112,804**	**23.6**	**91,253**	**107,498**	**21.7**	**88,344**	**3,486**	**23.7**	**2,817**
Deposits by Central Banks and banks	25,650	(24.5)	33,976	25,164	(25.1)	33,575	298	1.9	292
Due to customers	60,236	52.1	39,607	58,915	52.8	38,565	1,209	16.9	1,034
Marketable debt securities	27	n.m.	(7)	-	n.m.	(9)	27	n.m.	2
Subordinated debt	1,407	28.6	1,093	1,101	49.3	738	121	23.6	98
Inter-area positions	7,453	n.m.	-	5,158	n.m.	-	1,381	45.6	948
Other liabilities	15,501	6.1	14,608	15,197	7.3	14,167	230	(11.5)	260
Minority interests	31	(31.7)	46	7	(28.6)	9	5	(39.3)	8
Economic capital allocated	2,498	29.5	1,929	1,956	50.7	1,298	216	23.6	174

Relevant business indicators
(Million euros and percentages)

	Global Businesses			Memorandum item: Global Customers and Markets			Memorandum item: Asset Management and Private Banking		
	31-03-07	∆%	31-03-06	31-03-07	∆%	31-03-06	31-03-07	∆%	31-03-06
Customer lending [1]	30,261	33.0	22,757	28,540	32.6	21,516	1,720	38.6	1,241
Customer deposits [2]	59,645	52.7	39,052	58,202	53.4	37,949	1,296	19.7	1,082
• Deposits	36,017	42.5	25,275	34,604	43.1	24,186	1,266	18.4	1,069
• Assets sold under repurchase agreement	23,628	71.5	13,777	23,598	71.5	13,763	30	123.9	13
Off-balance-sheet funds	11,592	11.5	10,392	279	n.m.	33	11,313	9.2	10,359
• Mutual funds	4,460	24.3	3,588	279	n.m.	33	4,181	17.6	3,555
• Pension funds	7,131	4.8	6,804	-	-	-	7,131	4.8	6,804
Customer portfolios	10,897	(1.8)	11,098	123	(89.2)	1,133	10,774	8.1	9,965
Risk-weighted assets [3]	31,228	29.5	24,119	24,454	50.7	16,226	2,695	23.6	2,181
ROE (%)	33.3		32.6	30.0		25.5	67.1		63.8
Efficiency ratio (%)	30.8		31.1	30.9		30.8	31.8		31.3
Efficiency incl. depreciation and amortization (%)	31.4		32.2	31.3		31.2	33.5		33.4
NPL ratio (%)	0.03		0.14	0.03		0.15	-		0.01
Coverage ratio (%)	n.m.		n.m.	n.m.		n.m.	n.m.		n.m.

(1) Gross lending excluding NPLs. (2) Includes collection accounts and individual annuities. (3) According to ERC methodology.

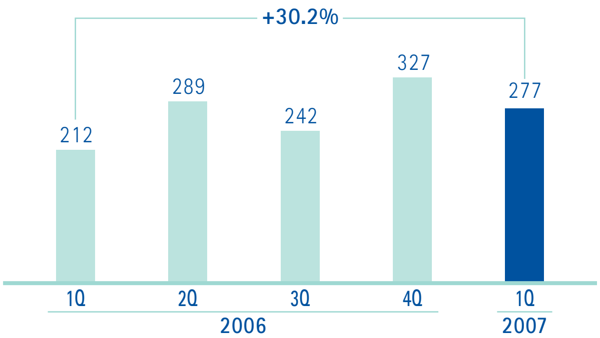
The Global Businesses area includes the global customers and markets unit, which is the equivalent of the global businesses unit reported in 2006, comprising global customers, investment banking, global markets and distribution and Asia. The area also contains the asset management and private banking unit (which was reported under Retail Banking in Spain and Portugal up to 2006) plus business projects and real estate operations (managed under the Valanza and Anida brands).

In the first quarter of 2007, the area generated net attributable profit of €189m, an increase of 29.5% over the €146m obtained in the same period last year. Return on equity (ROE) stands at 33.3% (32.6% in January-March 2006).

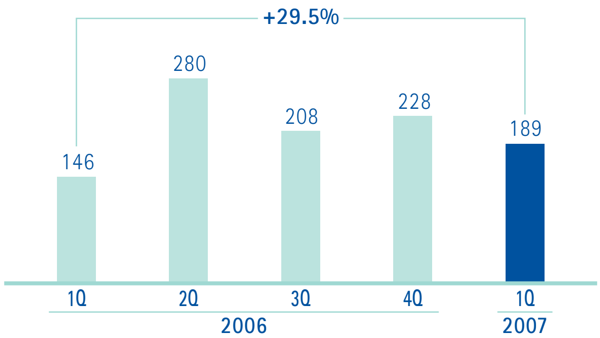
At present, ordinary revenues is the figure that best represents this unit's revenues because net interest income is of little importance and because of timing differences in booking market positions for this item and net trading income. In the quarter, ordinary revenues rose 19.7% year-on-year to €364m, supported mainly by net fee income (up 24.1% with positive contributions from all units) and net trading income (up 30.8% with excellent contributions from global markets and distribution). In addition, net sales from non-financial services benefited from a bigger contribution from Anida. In 2006 its main source of revenue was the sale of holdings (Urbaplan) and this was reported under Other gains and losses.

Operating expenses increased mainly due to the expansion process in Asia and the Global Businesses area growth plan,

Global Businesses. Operating profit
(Million euros)



Global Businesses. Net attributable profit
(Million euros)



but nevertheless at a slower pace than revenues. The cost/income ratio including depreciation, improved to 31.4% (32.2% in the first quarter of 2006) and operating profit climbed 30.2% to €277m.

Lending to customers (mainly global customers) stands at €30,261m, increasing 33.0% over March 2006. Non-performing loans fell to €17m (compared to €59m last year) and thus the NPL ratio improved to 0.03% (0.14% at March 2006) and the coverage ratio increased to a very high level. This low level of non-performing loans together with a lower risk exposure to Europe compared to 31-12-06 allows for a provisioning charge of €21m (€44m in first quarter 2006). Customer funds (deposits, mutual funds and pension funds) came to €47,609m with a year-on-year increase of 33.5%.

Global Customers & Markets

This unit combines the products of investment banking and the markets unit with services for large international companies. It also co-ordinates the corporate banking and markets business in Mexico and South America although its earnings are recorded under the corresponding areas.

In the first quarter the unit obtained ordinary revenues of €293m (up 34.6% year-on-year), operating profit came to €201m (up 33.8%) and net attributable profit was €132m (up 72.7%).

Global Customers & Investment Banking

This unit handles the global, domestic and international business of large companies through special offices in Europe and New York. It also contains the structured-finance product teams, corporate finance, origination of equities and trade finance.

The growth in business activities (lending to customers increased 22.8% to €24,194m) boosted net interest income and net fee income (up 32.6%). This lifted ordinary revenues to €119m (up 43.1%) and operating profit surged 60.5% to €93m. Reduced loan loss provisioning helped net attributable profit to rise to €59m compared to €19m for the same period last year.

The first quarter was also very active in investment banking. BBVA played a relevant role in important acquisition-finance operations and *Trade Finance* magazine awarded it a prize for “Deal of the year”.

Outstanding operations during the quarter included the participation as mandated lead arranger in a syndicated loan of €3,716m for Reyal Construcciones SA, which it will use to finance the acquisition of Urbis and refinance its existing debt. The regional government of Castilla-La Mancha awarded BBVA the financing for the new Toledo Hospital which will be the biggest in Spain. The total investment is put at €400m of which EIB will underwrite €180m and BBVA the rest.

The corporate finance unit acted as financial advisor to Alfonso Gallardo in its acquisition of a metal-forming plant in Germany for €591m. The structured finance unit guaranteed financing for the transaction. Merck launched a capital increase of €2,055m with preferential subscription rights to finance the acquisition of Serono. BBVA met its commitment to place more than 150,000 of the shares concerned.

Global Markets and Distribution

This unit contains the trading rooms in Europe and New York, distribution of fixed-income securities and equities, custodial services, origination of equities, syndicated loans and relations with financial institutions.

It started 2007 with good results. Ordinary revenues, which is the figure that best represents its revenue, increased 29.0% year-on-year to €169m. Operating profit rose 17.7% to €108m and net attributable profit increased 27.5% to €77m.

The sale of derivatives to companies (SMEs, Spanish and international corporates) highlights the positive pattern of business with customers; these sales are growing at about 153% per year. A new line of products (*BBVA Stockpyme Convenio*), linked to ICO loans and earmarked for small companies, did well with more than 400 operations signed during the quarter.

The considerable growth in derivatives based on commodities confirmed the trend to more sophisticated products. They include inflation (whose success is reflected by operations to cover the risk of price rises in Spain) and alternative investments (especially in guidance and structuring of hedge funds, which doubled their results compared to the first quarter of 2006).

Asia

At the end of March, lending came to €1,726m and customer funds to €304m. Both figures are more than double those at the end of March 2006.

During the quarter BBVA formalised its agreements with CITIC Group, whose Chinese banking subsidiary is preparing simultaneous listings on the Hong Kong and Shanghai stock exchanges. BBVA occupies a seat on the bank's board in China and its role as strategic partner will be defined by co-operation agreements in various fields. The scope and size of these agreements will be developed by a joint committee which will start meetings after the Chinese bank commences trading on the above exchanges.

In the case of Citic International Financial Holdings (CITIC's operation in Hong Kong), BBVA occupies two seats on its board. Furthermore, it has started contacts to develop the corresponding agreement, which is based on the joint development of a growth strategy for wholesale banking business in the whole of Asia. In this manner, the experience of BBVA in wholesale business and its considerable presence in Spain and Latin America will combine with CITIC's presence in China, creating high added-value in businesses such as corporate banking, investment banking, trading floor business and project finance, etc.

Moreover, BBVA has signed an agreement with Korea Eximbank (KEXIM) under which the parties will co-operate on a wide range of activities supporting Korean exports and investments around the world. The agreement is a further step in the Bank's Asian expansion plan, improving its position in South Korea - a key country where it opened a representative office in 2006.

Asset Management and Private Banking

This unit designs and manages the products that are marketed through the Group's different branch networks. It also directly manages the highest segment of individual customers through its units (*BBVA Patrimonios* and international private banking)

Operating profit in the first quarter rose 15.9% to €57m and net attributable profit increased 21.5% to €36m. Total assets under management at the end of March came to €80,638m (up 3.6% compared to last year).

The total assets of mutual funds managed by BBVA in Spain stand at €45,013m, a decline of 3.1% compared to 31-Mar-06 due to the greater preference of customers for time deposits. Of this amount, mutual funds account for €42,616m (down 4.3%) and real estate funds account for the remaining €2,397m (up 25%).

BBVA Gestión (BBVA's fund manager) continues to lead in innovation and in fund rankings following the recent prizes from Standard & Poor's-*Expansión*. In fact, BBVA Gestión has received the most prizes in the history of these awards. It also won prizes from Lipper-*5 Días, Bolsas y Mercados Españoles* and Grand Prix Eurofonds.

This unit is consolidating its leadership based on product innovation. It obtained a licence to operate an exchange-traded fund (EFT) that tracks the FTSE Latibex Brazil index and that will trade on the Spanish exchange. The EFTs, which are promoted and co-ordinated jointly by the asset management and global markets units, make BBVA the prominent operator in this type of fund in Spain. BBVA initiated this new segment in Spain with the Acción Ibex 35 ETF and it was the first to offer an ETF linked to a pan-European index (Acción DJ Euro Stoxx 50).

Total assets in the pension funds managed by the Group in Spain rose 7.5% year-on-year to €16,296m. Of this amount, individual plans account for €9,257m (up 9.6%) and the employee and associate schemes account for €7,039m (up 4.8%).

In private banking business in Spain, BBVA Patrimonios managed funds of €12,128m at 31-Mar-07. This amount is 22.5% higher than 12 months earlier and net additions in the quarter came to €291m. In addition, the private international banking unit handles €6,246m in assets (up 3.8%).

Business and Real Estate Projects

This unit contains two different businesses. The first is business projects, which includes the management of direct and private equity investments. In this case the Group acts under the Valanza brand. And the second business is real estate projects with Anida (BBVA's property developer) and an ambitious real estate project in Madrid (the Duch Project). However, both businesses pursue the same end: the creation of mid and long-term value through the active management of the investment portfolio and real estate business. This is done in accordance with four principles: profitability, rotation, liquidity and optimisation of economic capital required.

Valanza

This unit manages a portfolio that is extensively diversified in terms of sectors, with latent capital gains of €979m at 31-Mar-07. During the quarter it generated net attributable profit of €17m, compared to €29m for the same period last year (when the sale of 6.54% of Cementos Lemona in March generated €16m in capital gains).

Anida

Anida implements the strategy in the real estate sector. In the first quarter of 2007 it obtained net attributable profit of €27m (similar to the same period of 2006).

Income statement
(Million euros)

	1Q 07	Δ%	Δ% at constant exchange rate	1Q 06
NET INTEREST INCOME	**1,005**	**18.4**	**33.9**	**849**
Income by the equity method	-	n.m.	n.m.	-
Net fee income	367	6.5	20.3	345
Income from insurance activities	77	2.2	15.9	76
CORE REVENUES	**1,450**	**14.2**	**29.1**	**1,269**
Net trading income	53	8.7	23.0	49
ORDINARY REVENUES	**1,502**	**14.0**	**28.9**	**1,318**
Net revenues from non-financial activities	-	(99.5)	(99.4)	-
Personnel and general administrative expenses	(528)	7.0	20.7	(493)
Depreciation and amortization	(37)	(4.6)	7.5	(39)
Other operating income and expenses	(27)	19.8	35.8	(22)
OPERATING PROFIT	**911**	**19.2**	**35.0**	**764**
Impairment losses on financial assets	(229)	82.6	106.8	(126)
• Loan loss provisions	(226)	84.1	108.5	(123)
• Other	(3)	15.9	31.4	(3)
Provisions	(19)	(20.0)	(9.3)	(24)
Other income/losses	2	n.m.	n.m.	(3)
PRE-TAX PROFIT	**664**	**8.6**	**22.9**	**612**
Corporate income tax	(180)	1.8	15.2	(176)
NET PROFIT	**484**	**11.3**	**26.0**	**435**
Minority interests	(1)	(36.1)	(27.7)	(1)
NET ATTRIBUTABLE PROFIT	**484**	**11.4**	**26.1**	**434**

Balance sheet
(Million euros)

	31-03-07	Δ%	Δ% at constant exchange rate	31-03-06
Cash and balances at Central Banks	5,483	(4.8)	6.0	5,757
Financial assets	22,054	16.6	29.5	18,922
Loans and receivables	38,689	10.8	23.1	34,908
• Due from banks	4,170	(14.9)	(5.4)	4,901
• Loans to customers	33,920	23.5	37.2	27,468
• Other	600	(76.4)	(73.7)	2,539
Inter-area positions	-	-	-	-
Property, plant and equipment	1,124	6.7	18.5	1,054
Other assets	3,420	(33.0)	(25.6)	5,105
TOTAL ASSETS / LIABILITIES AND EQUITY	**70,769**	**7.6**	**19.6**	**65,746**
Deposits by Central Banks and banks	10,991	32.5	47.2	8,293
Due to customers	43,526	2.7	14.2	42,384
Marketable debt securities	1,340	49.3	64.3	898
Subordinated debt	2,112	9.4	21.7	1,930
Inter-area positions	3	(35.1)	(27.9)	5
Other liabilities	8,917	3.8	15.4	8,587
Minority interests	3	(65.8)	(62.0)	8
Economic capital allocated	3,877	6.5	18.4	3,640

Relevant business indicators

(Million euros and percentages)

	31-03-07	Δ%	Δ% at constant exchange rate	31-03-06
Customer lending [1]	32,391	25.6	39.5	25,792
Customer deposits [2]	39,944	9.1	21.3	36,603
• Deposits	34,433	14.6	27.3	30,052
• Assets sold under repurchase agreement	5,511	(15.9)	(6.4)	6,551
Off-balance-sheet funds	19,043	10.8	23.4	17,183
• Mutual funds	10,237	18.1	31.5	8,667
• Pension funds	8,807	3.4	15.1	8,516
Other placements	3,286	1.5	13.0	3,238
Customer portfolios	6,398	14.6	27.6	5,582
Risk-weighted assets [3]	48,460	6.5	18.4	45,505
ROE (%)	50.5			47.3
Efficiency ratio (%)	35.1			37.4
Efficiency incl. depreciation and amortization (%)	37.6			40.4
NPL ratio (%)	2.28			2.15
Coverage ratio (%)	238.9			258.1

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

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

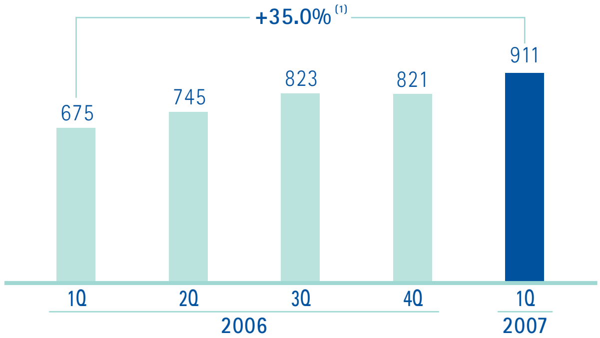
In the last 12 months the Mexican peso and the US dollar weakened against the euro. This had a negative impact on the area's balance sheet at the end of March and on the income statement for the first quarter of 2007. For this reason the following comments refer to year-on-year variations at constant exchange rates (which appear in a separate column in the tables). These are the most appropriate ones for assessing management's performance. Detailed information on the incorporation of the banks acquired in Texas is in the section on the United States.

The area continues to enjoy strong growth in business volume (lending is up 39.5% year-on-year and customer funds increased 22.6%). Customer spreads continue to improve. As a result net interest income rose 33.9%. Together with net fee and insurance income (up 19.5%) and net trading income (up 23.0%), this lifted ordinary revenues to €1,502m (up 28.9%). Expenses including depreciation increased at a slower pace (up 19.7% owing to greater activity and the new additions). Thus the cost/income ratio again improved to 37.6% (40.4% a year earlier) and operating profit jumped 35.0% to €911m.

In Mexico, consumer finance and credit card finance have grown sharply in recent years. This form of lending

Mexico and the United States. Operating profit

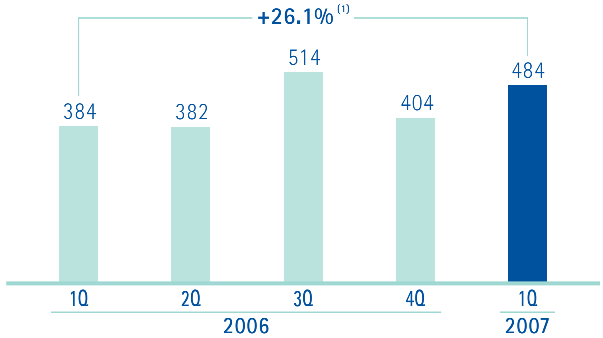
(Million euros at constant exchange rates)



(1) At current exchange rates: +19.2%.

Mexico and the United States. Net attributable profit

(Million euros at constant exchange rates)



(1) At current exchange rates: +11.4%.

carries higher margins that amply offset the corresponding higher default rates. On one hand it is generating a controlled and unsurprising increase in the non-performing loan (NPL) ratio (2.28% at 31-3-07 and 2.15% the previous twelve months) and, on the other, it requires higher provisions based on expected losses (€226m in the first quarter, which is double the amount a year earlier). The coverage ratio remains high, at 238.9%. Net attributable profit for the first quarter rose 26.1% year-on-year to €484m and ROE stands at 50.5% (47.3% a year earlier).

Banking businesses

Net attributable profit from banking business in the area came to €446m in the first quarter, an increase of 27.1% year-on-year. The most relevant aspects of the different units are commented below.

BBVA Bancomer

In the first quarter of 2007 the Mexican economy continued to show signs of a gradual slowdown from the buoyant levels of 2006. Economic factors in certain markets are pushing inflation upwards. This affects the grain markets and the price of corn and sugar. As a result, average inflation in the quarter was 4.1%, compared to an average of 3.6% for the whole of 2006. In view of the rebound in inflation and the moderate economic slowdown, the Bank of Mexico decided to prolong the pause in the monetary cycle and the official bank rate has remained at 7% since May 2006.

In recent years prudent fiscal and monetary policies, high international liquidity and the promise of structural reforms helped to keep the exchange rate at around 11 pesos to the dollar and bond interest rates at 7.8%. The peso fell 10.2% against the euro in the last 12 months and the difference between the average exchange rate in the first quarters of 2006 and 2007 was 11.8%.

At 31-Mar-07 the customer loan portfolio of BBVA Bancomer stood at €23,622m, an increase of 25.3% year-on-year. The main contributor continues to be lending to private individuals, which grew 45.7%. Housing loans excluding the balance of the old portfolio were up 55.8%, credit cards rose 38.3% and consumer finance increased 35.9% (including vehicles, salary loans and personal loans). In the first quarter of 2007 the bank signed more than 150,000 new pay-roll loans (up 3.2% year-on-year) and 24,000 new vehicle loans (up 26.0%). Lending to companies rose 7.6% (loans to SMEs jumped 34.2%).

Customer funds (deposits, mutual funds and other brokered products) rose 10.2% to €43,813m. Current and savings accounts increased 17.6% to €14,042m whereas time deposits fell 3.5% as customers switched to mutual funds (up 31.5%) and other brokered products (up 13.0%).

An increase in customer spreads complemented the positive effect of the growth in business volume. In the first quarter the customer spread stood at 12.97%, compared to 12.24% a year earlier and 12.50% in the fourth quarter of 2006. Net interest income therefore rose 27.3% to €880m. Net fee income increased 20.2% to €314m with important contributions from credit cards and mutual funds. Net trading income came to €44m (up 14.2%) and thus ordinary revenues were €1,237m (up 24.8%).

As operating expenses including depreciation increased at a slower pace (up 11.3% to €424m), the cost/income ratio in the quarter was 34.3%, improving 4.1 percentage points from a year earlier (38.4%). Consequently, operating profit climbed 33.5% to €799m. The high level of lending to private individuals led to a slight increase in the non-performing loan ratio, which stands at 2.33% (2.22% a year earlier). This also explains the increase in loan loss provisions, which jumped 103% to €214m. The coverage ratio is now 276.2% (278.1% at 31-Mar-06).

Therefore, net attributable income for the first quarter of 2007 came to €406m with a year-on-year increase of 21.9% and ROE stands at 54.8% (48.6% a year earlier).

The retail-banking unit launched a new debit card in conjunction with a new business partner, for more than 60,000 customers. It also placed more than 15,000 company debit cards, which was 70% more than the first quarter last year. The bank also launched a new global equity fund for wealthy customers, attracting 200m pesos in ten days. Efforts to introduce products that facilitate bundling are producing good results. The stock of direct-deposit pay-roll accounts increased 11.5% year-on-year to 4.93 million.

As part of its plan to delegate more responsibility to the branches, the corporate and institutional banking unit has extended this process to public-sector companies,

Income statement

(Million euros)

Memorandum item:	Banking businesses				Of which: BBVA Bancomer				Pensions and Insurance			
	1Q 07	Δ%	Δ% (1)	1Q 06	1Q 07	Δ%	Δ% (1)	1Q 06	1Q 07	Δ%	Δ% (1)	1Q 06
NET INTEREST INCOME	**1,006**	**18.3**	**33.7**	**850**	**880**	**12.3**	**27.3**	**784**	**1**	**n.m.**	**n.m.**	**-**
Income by the equity method	(1)	n.m.	n.m.	-	(1)	n.m.	n.m.	-	-	-	-	-
Net fee income	357	10.0	24.3	324	314	6.0	20.2	297	31	(26.8)	(17.0)	42
Income from insurance activities	-	-	-	-	-	-	-	-	60	1.9	15.5	59
CORE REVENUES	**1,362**	**16.0**	**31.1**	**1,175**	**1,194**	**10.5**	**25.3**	**1,080**	**92**	**(9.1)**	**3.1**	**101**
Net trading income	49	6.8	20.8	46	44	0.7	14.2	43	4	38.2	56.7	3
ORDINARY REVENUES	**1,411**	**15.6**	**30.7**	**1,220**	**1,237**	**10.1**	**24.8**	**1,124**	**96**	**(7.7)**	**4.6**	**104**
Net revenues from non-financial activities	-	-	-	-	-	-	-	-	-	n.m.	n.m.	1
Personnel and general administrative expenses	(494)	7.9	21.7	(458)	(400)	-	13.4	(400)	(48)	(3.3)	9.6	(49)
Depreciation and amortization	(37)	(3.5)	8.7	(38)	(24)	(25.7)	(15.7)	(32)	-	(58.1)	(52.5)	(1)
Other operating income and expenses	(14)	6.6	20.8	(13)	(15)	10.1	24.8	(13)	6	(25.0)	(14.9)	7
OPERATING PROFIT	**866**	**21.8**	**37.9**	**711**	**799**	**17.7**	**33.5**	**678**	**54**	**(13.6)**	**(2.0)**	**62**
Impairment losses on financial assets	(229)	82.6	106.8	(126)	(217)	77.7	101.5	(122)	-	-	-	-
• Loan loss provisions	(226)	84.1	108.5	(123)	(214)	79.2	103.2	(120)	-	-	-	-
• Other	(3)	15.9	31.4	(3)	(3)	14.6	29.9	(3)	-	-	-	-
Provisions	(19)	(20.0)	(9.3)	(24)	(20)	(18.2)	(7.2)	(24)	-	-	-	-
Other income/losses	(2)	5.4	19.6	(2)	(6)	166.2	201.9	(2)	4	n.m.	n.m.	-
PRE-TAX PROFIT	**615**	**10.1**	**24.5**	**558**	**555**	**4.9**	**18.9**	**530**	**58**	**(6.4)**	**6.1**	**62**
Corporate income tax	(168)	4.5	18.2	(161)	(149)	(1.6)	11.6	(152)	(14)	(21.5)	(11.0)	(18)
NET PROFIT	**446**	**12.3**	**27.1**	**397**	**406**	**7.5**	**21.9**	**378**	**44**	**(0.2)**	**13.2**	**44**
Minority interests	-	(38.1)	(30.5)	-	-	(7.0)	5.4	-	-	(35.5)	(26.9)	(1)
NET ATTRIBUTABLE PROFIT	**446**	**12.4**	**27.1**	**397**	**406**	**7.5**	**21.9**	**378**	**43**	**0.3**	**13.7**	**43**

(1) At constant exchange rate.

Balance sheet

(Million euros)

Memorandum item:	Banking businesses				Of which: BBVA Bancomer				Pensions and Insurance			
	31-03-07	Δ%	Δ% (1)	31-03-06	31-03-07	Δ%	Δ% (1)	31-03-06	31-03-07	Δ%	Δ% (1)	31-03-06
Cash and balances at Central Banks	5,483	(4.8)	6.0	5,757	5,338	(6.5)	4.1	5,708	-	(1.2)	10.0	-
Financial assets	19,828	15.6	28.4	17,153	15,742	10.7	23.2	14,222	2,670	24.8	38.9	2,140
Loans and receivables	38,579	10.5	22.8	34,898	28,905	(1.5)	9.7	29,342	133	17.6	30.8	113
• Due from banks	4,167	(14.9)	(5.5)	4,899	3,372	(20.0)	(10.9)	4,214	25	(76.3)	(73.6)	105
• Loans to customers	33,920	23.5	37.2	27,467	25,232	11.1	23.7	22,706	-	(100.0)	(100.0)	1
• Other	493	(80.5)	(78.4)	2,532	301	(87.6)	(86.2)	2,423	108	n.m.	n.m.	7
Inter-area positions	2	n.m.	n.m.	-	2	n.m.	n.m.	-	-	-	-	-
Property, plant and equipment	1,119	7.0	18.8	1,046	793	(9.3)	0.9	875	4	(34.6)	(27.2)	7
Other assets	2,089	(45.3)	(39.3)	3,821	1,767	(44.1)	(37.7)	3,160	80	(51.5)	(46.0)	165
TOTAL ASSETS / LIABILITIES AND EQUITY	**67,099**	**7.1**	**19.0**	**62,675**	**52,548**	**(1.4)**	**9.7**	**53,308**	**2,887**	**19.1**	**32.6**	**2,424**
Deposits by Central Banks and banks	10,991	32.8	47.4	8,279	9,909	51.3	68.5	6,548	-	(100.0)	(100.0)	-
Due to customers	43,555	2.5	13.9	42,488	32,777	(12.1)	(2.1)	37,275	-	-	-	-
Marketable debt securities	1,340	49.3	64.3	898	449	-	-	-	-	-	-	-
Subordinated debt	846	22.6	36.3	690	549	(9.4)	0.9	606	-	-	-	-
Inter-area positions	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	6,712	(2.3)	8.6	6,869	5,864	1.2	12.6	5,797	2,657	19.3	32.8	2,227
Minority interests	1	(54.7)	(49.7)	3	1	(75.5)	(72.7)	2	-	(91.4)	(90.4)	5
Economic capital allocated	3,653	6.0	17.8	3,448	2,999	(2.6)	8.4	3,080	229	19.0	32.4	192

(1) At constant exchange rate.

Relevant business indicators

(Million euros and percentages)

Memorandum item:	Banking businesses				Of which: BBVA Bancomer				Pensions and Insurance			
	31-03-07	Δ%	Δ% (1)	31-03-06	31-03-07	Δ%	Δ% (1)	31-03-06	31-03-07	Δ%	Δ% (1)	31-03-06
Customer lending (2)	32,391	25.6	39.5	25,792	23,622	12.5	25.3	20,988	-	-	-	-
Customer deposits (3)	39,944	9.1	21.3	36,603	30,291	(6.3)	4.3	32,344	-	-	-	-
• Deposits	34,433	14.6	27.3	30,052	24,780	(3.9)	6.9	25,793	-	-	-	-
• Assets sold under repurchase agreement	5,511	(15.9)	(6.4)	6,551	5,511	(15.9)	(6.4)	6,551	-	-	-	-
Off-balance-sheet funds	10,237	18.1	31.5	8,667	10,237	18.1	31.5	8,667	8,807	3.4	15.1	8,516
• Mutual funds	10,237	18.1	31.5	8,667	10,237	18.1	31.5	8,667	-	-	-	-
• Pension funds	-	-	-	-	-	-	-	-	8,807	3.4	15.1	8,516
Other placements	3,286	1.5	13.0	3,238	3,286	1.5	13.0	3,238	-	-	-	-
Customer portfolios	6,398	14.6	27.6	5,582	6,398	14.6	27.6	5,582	-	-	-	-
Risk-weighted assets (4)	45,667	6.0	17.8	43,100	37,486	(2.6)	8.4	38,495	2,861	19.0	32.4	2,405
ROE (%)	49.4			45.6	54.8			48.6	76.7			92.0
Efficiency ratio (%)	35.0			37.5	32.3			35.6	49.4			46.9
Efficiency incl. depreciation and amortization (%)	37.6			40.7	34.3			38.4	49.7			47.5
NPL ratio (%)	2.28			2.15	2.33			2.22	-			-
Coverage ratio (%)	238.9			258.1	276.2			278.1	-			-

(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.
(4) According to ERC methodology.

achieving substantial improvements in efficiency. The Bank also formed partnerships with two companies in the farm and fishery sector to further improve its presence in that area.

Banca Hipotecaria (a mortgage unit) increased lending 47% year-on-year with more than 16,000 loans signed in the first quarter. The Group also lends to developers and it financed 11,000 dwellings during the quarter. This is an increase of 64% compared to the same period last year.

The wholesale banking unit placed five debt issues in financial markets. They include one operation entailing derivatives for a Spanish company in the energy sector and syndicated loans for domestic and international groups.

United States

In the first quarter of the year BBVA USA generated operating profit of €64m and net attributable profit of €38m (€29m and €17m, respectively, in the same period last year). It ended the quarter with loans of €8,770m and customer funds of €9,654m. These figures include **State National Bank**, which is part of the BBVA Group since January 2007. It contributed €7m in operating profit and €4m in net attributable profit. Lending came to €854m and customer funds were €1,011m. The three banks in Texas have already started co-operation through an independent working group that supervises business development in eight regions.

In the first quarter **Laredo National Bank** generated net attributable profit of €10m, a year-on-year increase of 67.6%. At 31-Mar-07 its lending totalled €1,713m, rising 10.9% year-on-year (mortgages were up 26.5%) and deposits were €2,556m (up 8.1%). **Texas State Bank** obtained net attributable profit of €19m; it has €3,128m in loans and €4,637m in deposits.

At **BBVA Puerto Rico** lending grew 9.9% to €3,042m (helped by the increase in retail loans). The 4.7% decline in deposits to €1,381m mainly affected savings accounts and is due to the local economic situation (which also led to an increase in provisions). As a result, net attributable profit was €9m (down 25.3%).

BBVA Bancomer USA tripled the number of accounts in the 12-month period to 31-Mar-07, increasing deposits 20.2% to €70m and **Bancomer Transfer Services** carried out 5.7 million transfers in the first quarter, an increase of 17% year-on-year.

Pensions and Insurance

In the first quarter of 2007 the pension and insurance businesses generated operating profit of €54m (down 2.0% year-on-year) and net attributable profit of €43m (up 13.7%).

The outlook for the pension business this year is somewhat more favourable in Mexico although the competitive situation remains complex. **Afore Bancomer** was compelled to revise its commission structure completely at the end of 2006 and it increased the sales force at the same time. These steps resulted in an appreciable recovery of market share in the first quarter although they had a negative impact on net fee income and expenses. Consequently net attributable profit for the quarter fell 43.7% to €8m.

The Mexican insurance sector continues to develop favourably and marketing activity is high. At the Group's three **insurance** companies in Mexico (Seguros Bancomer, Pensiones Bancomer and Preventis), premiums rose 10.5% year-on-year. Net attributable profit increased 49.5% year-on-year to €35m.

Mexico (banking business, pensions and insurance)
Income statement

(Million euros)

	1Q 07	Δ%	Δ% at constant exchange rate	1Q 06
NET INTEREST INCOME	**879**	**12.4**	**27.4**	**782**
Income by the equity method	-	n.m.	n.m.	-
Net fee income	325	2.5	16.2	317
Income from insurance activities	77	2.2	15.9	76
CORE REVENUES	**1,280**	**9.0**	**23.6**	**1,175**
Net trading income	48	3.1	16.9	46
ORDINARY REVENUES	**1,328**	**8.8**	**23.4**	**1,221**
Net revenues from non-financial activities	-	n.m.	n.m.	-
Personnel and general administrative expenses	(430)	(0.2)	13.2	(431)
Depreciation and amortization	(24)	(26.4)	(16.5)	(33)
Other operating income and expenses	(27)	22.0	38.3	(22)
OPERATING PROFIT	**847**	**15.1**	**30.6**	**736**
Impairment losses on financial assets	(217)	77.7	101.5	(122)
• Loan loss provisions	(214)	79.2	103.2	(120)
• Other	(3)	14.6	29.9	(3)
Provisions	(20)	(18.2)	(7.2)	(24)
Other income/losses	(2)	(31.0)	(21.8)	(3)
PRE-TAX PROFIT	**608**	**3.7**	**17.6**	**586**
Corporate income tax	(162)	(3.8)	9.1	(168)
NET PROFIT	**446**	**6.7**	**21.0**	**418**
Minority interests	(1)	(29.0)	(19.5)	(1)
NET ATTRIBUTABLE PROFIT	**446**	**6.7**	**21.0**	**417**

Income statement

(Million euros)

	South America				Memorandum item: Banking businesses				Memorandum item: Pensions and Insurance			
	1Q 07	Δ%	Δ% (1)	1Q 06	1Q 07	Δ%	Δ% (1)	1Q 06	1Q 07	Δ%	Δ% (1)	1Q 06
NET INTEREST INCOME	**367**	**16.7**	**26.2**	**314**	**365**	**17.4**	**26.9**	**311**	**2**	**(41.3)**	**(35.4)**	**4**
Income by the equity method	-	n.m.	n.m.	-	-	n.m.	n.m.	-	-	3.0	15.3	-
Net fee income	218	4.3	13.7	209	118	4.7	13.4	112	69	0.1	9.6	68
Income from insurance activities	(8)	n.m.	n.m.	-	-	-	-	-	26	(12.6)	(4.2)	30
CORE REVENUES	**577**	**10.3**	**19.5**	**524**	**483**	**14.1**	**23.4**	**423**	**97**	**(5.1)**	**4.0**	**102**
Net trading income	91	(9.5)	(0.8)	101	81	(6.2)	2.7	86	10	(29.3)	(21.7)	14
ORDINARY REVENUES	**669**	**7.1**	**16.3**	**624**	**564**	**10.7**	**19.9**	**509**	**107**	**(8.1)**	**0.8**	**116**
Net revenues from non-financial activities	-	n.m.	n.m.	2	-	-	-	-	-	n.m.	n.m.	2
Personnel and general administrative expenses	(280)	2.7	11.3	(273)	(216)	1.4	9.9	(213)	(58)	8.3	18.7	(54)
Depreciation and amortization	(20)	(12.5)	(5.0)	(22)	(20)	(1.4)	7.0	(20)	-	(97.1)	(96.9)	(3)
Other operating income and expenses	(11)	(7.6)	(0.5)	(12)	(11)	2.8	10.6	(11)	1	n.m.	n.m.	-
OPERATING PROFIT	**358**	**12.0**	**22.0**	**319**	**317**	**19.4**	**29.3**	**266**	**49**	**(20.4)**	**(12.5)**	**62**
Impairment losses on financial assets	(24)	(1.8)	7.9	(24)	(24)	(1.8)	7.9	(24)	-	-	-	-
• Loan loss provisions	(22)	(8.9)	(0.3)	(24)	(22)	(8.9)	(0.3)	(24)	-	-	-	-
• Other	(2)	n.m.	n.m.	-	(2)	n.m.	n.m.	-	-	-	-	-
Provisions	(14)	(19.3)	(11.2)	(18)	(15)	1.8	12.0	(15)	1	n.m.	n.m.	(3)
Other income/losses	1	(42.8)	(37.4)	1	-	n.m.	n.m.	1	1	n.m.	n.m.	-
PRE-TAX PROFIT	**320**	**15.0**	**25.0**	**279**	**278**	**22.1**	**32.0**	**228**	**51**	**(13.5)**	**(5.0)**	**59**
Corporate income tax	(81)	23.4	34.3	(65)	(72)	39.4	50.6	(51)	(12)	(29.9)	(23.2)	(17)
NET PROFIT	**240**	**12.4**	**22.2**	**213**	**206**	**17.1**	**26.6**	**176**	**39**	**(7.1)**	**2.2**	**42**
Minority interests	(73)	17.3	27.1	(63)	(64)	23.0	32.8	(52)	(9)	(10.7)	(1.2)	(11)
NET ATTRIBUTABLE PROFIT	**166**	**10.4**	**20.1**	**151**	**142**	**14.6**	**24.0**	**124**	**30**	**(5.9)**	**3.4**	**31**

(1) At constant exchange rate.

Balance sheet

(Million euros)

	South America				Memorandum item: Banking businesses				Memorandum item: Pensions and Insurance			
	31-03-07	Δ%	Δ% (1)	31-03-06	31-03-07	Δ%	Δ% (1)	31-03-06	31-03-07	Δ%	Δ% (1)	31-03-06
Cash and balances at Central Banks	2,941	7.8	15.9	2,727	2,941	7.9	15.9	2,726	-	(62.9)	(58.8)	1
Financial assets	4,278	(12.4)	(5.7)	4,882	3,508	(17.9)	(12.1)	4,272	954	6.1	16.8	899
Loans and receivables	21,505	16.7	27.0	18,431	21,054	16.7	26.9	18,047	563	20.8	34.8	466
• Due from banks	3,298	(2.8)	6.4	3,394	3,056	(3.6)	5.3	3,169	325	14.2	27.8	285
• Loans to customers	17,661	19.6	30.0	14,767	17,512	19.8	30.2	14,613	171	(3.3)	7.5	176
• Other	545	102.3	122.0	270	487	84.1	101.9	265	67	n.m.	n.m.	5
Inter-area positions	-	-	-	-	8	n.m.	n.m.	-	-	-	-	-
Property, plant and equipment	483	(1.1)	7.4	488	410	(0.9)	7.3	413	73	(3.1)	7.5	75
Other assets	1,663	(21.2)	(16.7)	2,112	810	(16.0)	(7.9)	964	162	(29.9)	(22.5)	231
TOTAL ASSETS / LIABILITIES AND EQUITY	**30,871**	**7.8**	**16.7**	**28,641**	**28,731**	**8.7**	**17.9**	**26,423**	**1,752**	**4.8**	**15.9**	**1,672**
Deposits by Central Banks and banks	1,987	(13.2)	(6.7)	2,288	1,954	(13.3)	(7.0)	2,254	52	(13.5)	(2.7)	60
Due to customers	22,245	9.6	18.9	20,289	22,348	9.8	19.2	20,344	-	(100.0)	(100.0)	1
Marketable debt securities	404	1.7	12.4	397	404	1.7	12.4	397	-	-	-	-
Subordinated debt	1,179	34.1	37.9	880	460	110.6	136.9	219	-	-	-	-
Inter-area positions	-	(98.6)	(98.6)	7	-	-	-	-	-	-	-	-
Other liabilities	2,864	12.5	22.7	2,546	1,714	29.4	40.1	1,325	1,345	6.5	17.6	1,263
Minority interests	392	(40.8)	(35.7)	662	341	(42.4)	(37.7)	591	60	(15.8)	(5.5)	71
Economic capital allocated	1,800	14.5	24.2	1,572	1,510	16.7	26.1	1,294	295	6.3	17.3	278

(1) At constant exchange rate.

Relevant business indicators

(Million euros and percentages)

	South America				Memorandum item: Banking businesses				Memorandum item: Pensions and Insurance			
	31-03-07	Δ%	Δ% [1]	31-03-06	31-03-07	Δ%	Δ% [1]	31-03-06	31-03-07	Δ%	Δ% [1]	31-03-06
Customer lending [2]	17,956	19.5	29.8	15,029	17,956	19.5	29.8	15,029	-	-	-	-
Customer deposits [3]	23,217	10.7	20.1	20,979	23,217	10.7	20.1	20,979	-	-	-	-
• Deposits	22,399	12.0	21.5	19,992	22,399	12.0	21.5	19,992	-	-	-	-
• Assets sold under repurchase agreement	819	(17.1)	(8.6)	987	819	(17.1)	(8.6)	987	-	-	-	-
Off-balance-sheet funds	34,522	8.1	19.5	31,934	1,612	15.8	25.3	1,391	32,910	7.8	19.2	30,543
• Mutual funds	1,612	15.8	25.3	1,391	1,612	15.8	25.3	1,391	-	-	-	-
• Pension funds	32,910	7.8	19.2	30,543	-	-	-	-	32,910	7.8	19.2	30,543
Customer portfolios	-	-	-	-	-	-	-	-	-	-	-	-
Risk-weighted assets [4]	22,496	14.5	24.2	19,644	18,878	16.7	26.1	16,173	3,690	6.3	17.3	3,472
ROE (%)	38.2			40.3	39.1			39.9	40.6			49.6
Efficiency ratio (%)	42.0			43.6	38.4			41.9	54.9			45.8
Efficiency incl. depreciation and amortization (%)	44.9			47.2	41.8			45.8	55.0			48.0
NPL ratio (%)	2.62			3.46	2.64			3.50	-			-
Coverage ratio (%)	133.4			108.1	133.4			108.1	-			-

(1) At constant exchange rate. (2) Gross lending excluding NPLs. (3) Including marketable debt securities. (4) According to ERC methodology.

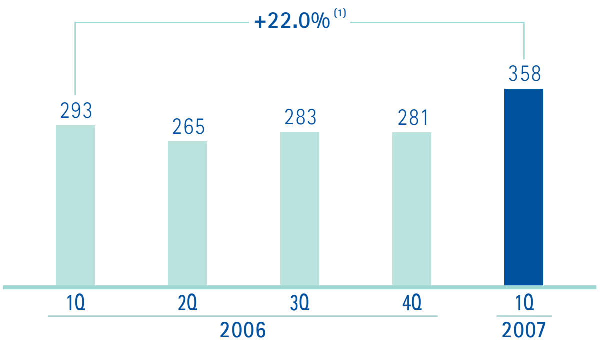
The South America area manages the Group's banking, pension and insurance businesses in Argentina, Bolivia, Chile, Colombia, Ecuador, Panama, Paraguay, Peru, Dominican Republic, Uruguay and Venezuela. The car-finance company, Forum, in Chile has been reported under this area's financial statements since May 2006, with the corresponding (small) impact on the area's year-on-year comparisons.

The first three months of 2007 brought no signs of a slowdown in the region's economy, which continued to sustain the longest growth spurt of recent decades. This bodes well for the year as a whole. Macroeconomic stability has been the main cause behind this boom, with inflation remaining moderate and governments reining in public spending. High commodity prices and a relative abundance of global liquidity on the international markets plus ever stronger remittance inflows from emigrants have helped to keep Latin-American interest rates at record lows. As lower rates encouraged households to borrow more, domestic demand and the financial-services industry have made a significant contribution to the growth of the national economies.

Political and institutional stability have also supported the region's currencies, some of which have slightly strengthened against the dollar. However, this was not sufficient to offset the US dollar's depreciation against the euro, so that the net exchange-rate impact on this area's

South America. Operating profit

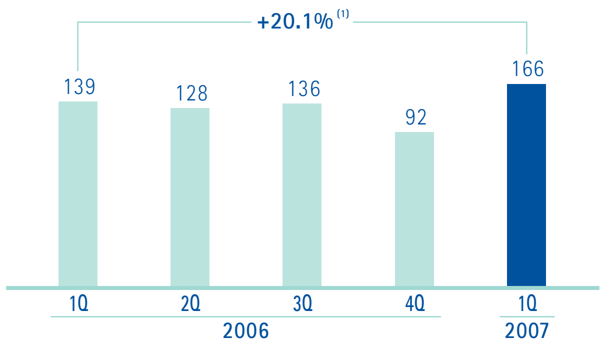
(Million euros at constant exchange rates)



(1) At current exchange rates: +12.0%.

South America. Net attributable profit

(Million euros at constant exchange rates)



(1) At current exchange rates: +10.4%.

financial statements was negative. The tables in this report include a column with year-on-year changes at constant exchange rates. Unless expressly stated otherwise, the following remarks refer to these figures.

Within the positive economic context described, this quarter the South America area has continued-on up the growth curve it has established over the last few years. Attributable profit stood at €166m, with a year-on-year increase of 20.1%. Consequently, return on equity (ROE) is maintained at a high level, 38.2%, as compared with the 40.3% recorded in the first three months of 2006.

As in previous quarters, both customer lending and customer funds were behind the stronger earnings in the area. At the end of March, the balance of lending to customers was €17,956m, 29.8% up on the same date of the previous year. Lending to individuals was particularly buoyant (mortgages, consumer loans, credit cards and small businesses), with a total year-on-year increase of 37%. Meanwhile, customer funds (customer deposits plus mutual funds) rose to €24,829m, 20.4% more than in March 2006. Assets under management in pension funds grew 19.2%.

Increased business with customers continues to have a highly positive impact on volumes, which consistently drive recurrent earnings up. The quarterly net interest income was €367m, increasing 26.2% year on year. It rose in all the area's business units. Booming business also pushed up fee income and earnings from insurance activity, which together generated €210m (up 9.4%). At €91m, net trading income stood at similar figures to the first quarter of 2006. This led to ordinary revenues of €669m with year-on-year growth of 16.3%.

Operating costs including depreciation grew more moderately year on year, at 10.1%, despite pressures such as increased commercial costs, the additional sales representatives engaged by pension managers since mid-2006 and high inflation in Venezuela. Slower growth in expenses meant that the efficiency ratio continued to improve. It reached 44.9% in this first quarter, improving from the 47.2% achieved in 1Q06. Operating profit grew 22.0% to €358m.

Loan-loss provisions stood at €22m, very similar to the first quarter of 2006. Prudent risk management and the favourable economic environment in the region have kept growth in lending from impairing asset quality. At the end of March 2007, the area's non-performing loans (NPL) ratio was down to 2.62% as against 3.46% a year earlier. NPL coverage stood at 133.4% on 31.3.07 (108.1% in March 2006).

Banking businesses

In the first quarter of 2007, banks in this area achieved attributable net income of €142m. This was 24.0% more than the first quarter of 2006. Details of the performance of the different units:

BBVA Banco Francés in Argentina generated a net attributable profit of €57m (up 33.5% on 1Q06). Customer loans remained strong, growing 16.5% year on year, with retail lending making a significant contribution. Divestments during this quarter have further reduced the share of public-sector loans in its overall business mix. Increased activity and this improved mix have pushed up the most recurrent earnings, so that operating profit picked up to €110m in the first quarter of 2007 (up 15.9% from a year earlier).

BBVA Chile has been reconfiguring its business, with a promotional drive and an expansion of its BBVA Express branch network. Lending grew 21.3% and customer funds 18.9%. This greater activity is reflected in the net interest income and also pushed up costs. The net attributable profit was €7m (3.9% higher than the same quarter of 2006).

BBVA Colombia maintained the brisk rate of growth it had achieved in its business the previous year. Lending rose 36.5% and customer funds 28.5%. This boosted volumes enough to offset narrowing spreads (especially on loans) due to local regulatory changes in 2006 and fiercer competition within the Colombian financial-services industry. Expenses remained under control as the positive synergies from the Granahorrar merger were realised and operating profit rose to €39m (up 28.2%). Requirements for loan-loss provisions were low, reflecting further improvements in the NPL ratio. During the quarter, BBVA Colombia generated a pre-tax profit of €31m, growing 18.3% year on year. However, the expiry of the bank's tax shield increased payable tax such that net attributable profit was €21m (–5.6%).

BBVA Banco Continental in Peru obtained net attributable profit of €14m, 13.6% up on 1Q06. The increase was evenly spread across all lines of revenue.

High growth in the bank's business with customers fed into this performance, especially lending, which grew 26.1%. This carried over directly to net interest income, which reached €59m during the quarter (up 21.8%) and to fee income (up 13.1%). Higher revenues meant that operating profit rose 19.9% to €54m.

BBVA Banco Provincial in Venezuela reported very positive quarterly performance, with strong recurrent revenues. Lending increased 68.8%, above all due to growth in loans to individuals. And despite the strategy of making customer funds cheaper, these rose 35.0%. These two factors stood behind the 75.5% surge in the net interest income against the 1Q06 figure. It was also aided by the sustained increase in net fee income and the comparatively moderate rise in expenses. Operating profit was €79m (double the figure for the same period of 2006) and attributable profit €32m (up 66.8%).

Meanwhile, to the end of March 2007, **BBVA Panama** generated net attributable profit of €6m (up 6.3%), **BBVA Paraguay** €4m (up 8.2%) and **BBVA Uruguay** €2m (down 39.2%).

Pensions and Insurance

The pensions and insurance unit for South America reported a net attributable profit of €30m for the first quarter of the year. This was up 3.4% on the same period for 2006. In the pension business the environment was more positive for business activity, as shown by higher fee income (up 8.9%). However, earnings were impacted by adjustments in the sales force effected a year earlier and by the volatility of the financial markets following the crisis on the Chinese stock exchange at the end of February. Insurance subsidiaries showed high levels of business activity, with 32% growth in premiums. Below, we describe the performance of the main companies.

AFP Provida in Chile began the year with excellent sales figures, pushing fee income up 4.1% above the figure for the previous first quarter. However, net trading income and minimum reserve requirements put a damper on earnings growth, both due to the Chinese crisis and to the exceptionally good results recorded in the comparable quarter of 2006. Net attributable profit stood at €10m, with a year-on-year decline of 10.9%.

Grupo Consolidar in Argentina maintained its sales drive both in pensions (with a year-on-year increase of 21.7% in assets under management) and in insurance (where 39.2% more premiums were issued than in the same quarter of 2006). Booming business from pension-fund and insurance companies brought net attributable profit up to €9m, a rise of 23.5% against 1Q06.

Amongst the other companies, **AFP Horizonte Colombia** reported a €3m net attributable profit, not helped by the generally poor performance of the markets during the quarter. However, **AFP Horizonte Peru** performed very positively. Its net attributable profit of €3m reflected year-on-year growth of 58.2%.

South America. Data per country (banking business, pensions and insurance)

(Million euros)

	Operating profit				Net attributable profit			
Country	1Q 07	Δ%	Δ% at constant exchange rate	1Q 06	1Q 07	Δ%	Δ% at constant exchange rate	1Q 06
Argentina	124	1.3	11.7	122	66	19.8	32.0	55
Chile	42	(23.3)	(14.2)	55	18	(15.0)	(4.9)	21
Colombia	43	1.9	9.0	42	24	(17.8)	(12.0)	30
Panama	8	(2.0)	6.9	8	6	(2.5)	6.3	6
Paraguay	5	40.2	30.7	3	4	16.0	8.2	3
Peru	59	15.5	20.1	51	18	15.3	19.9	15
Uruguay	2	(12.9)	(4.6)	2	2	(44.5)	(39.2)	3
Venezuela	82	91.8	109.0	43	33	53.5	67.4	22
Other countries [1]	(6)	(11.0)	(11.7)	(7)	(4)	0.8	(0.4)	(4)
TOTAL	**358**	**12.0**	**22.0**	**319**	**166**	**10.4**	**20.1**	**151**

(1) Bolivia, Ecuador and Dominican Republic. Additionally, it includes eliminations and other charges.

Income statement
(Million euros)

	1Q 07	Δ%	1Q 06
NET INTEREST INCOME	**(166)**	**21.7**	**(137)**
Income by the equity method	(1)	n.m.	18
Net fee income	(1)	n.m.	48
Income from insurance activities	(6)	(63.6)	(16)
CORE REVENUES	**(174)**	**102.3**	**(86)**
Net trading income	1,006	n.m.	84
ORDINARY REVENUES	**832**	**n.m.**	**(2)**
Net revenues from non-financial activities	6	n.m.	-
Personnel and general administrative expenses	(129)	8.1	(120)
Depreciation and amortization	(35)	(8.5)	(38)
Other operating income and expenses	(1)	(84.0)	(8)
OPERATING PROFIT	**673**	**n.m.**	**(168)**
Impairment losses on financial assets	(2)	(87.5)	(14)
• Loan loss provisions	(3)	(79.0)	(12)
• Other	1	n.m.	(1)
Provisions	(90)	(8.7)	(99)
Other income/losses	4	n.m.	(5)
PRE-TAX PROFIT	**585**	**n.m.**	**(286)**
Corporate income tax	(77)	n.m.	111
NET PROFIT	**507**	**n.m.**	**(175)**
Minority interests	3	n.m.	(10)
NET ATTRIBUTABLE PROFIT	**510**	**n.m.**	**(185)**

Balance sheet
(Million euros)

	31-03-07	Δ%	31-03-06
Cash and balances at Central Banks	4,278	(6.7)	4,587
Financial assets	18,019	(48.0)	34,647
Loans and receivables	(4,325)	29.7	(3,333)
• Due from banks	(6,126)	84.0	(3,329)
• Loans to customers	1,121	n.m.	(1,062)
• Other	681	(35.6)	1,058
Inter-area positions	-	(100.0)	(22,247)
Property, plant and equipment	1,714	11.3	1,540
Other assets	4,781	(21.7)	6,108
TOTAL ASSETS / LIABILITIES AND EQUITY	**24,467**	**14.9**	**21,302**
Deposits by Central Banks and banks	7,601	(25.4)	10,191
Due to customers	15,396	162.6	5,863
Marketable debt securities	75,839	26.2	60,117
Subordinated debt	5,585	(5.6)	5,914
Inter-area positions	(89,047)	32.3	(67,310)
Other liabilities	3,675	(11.8)	4,166
Minority interests	353	42.9	247
Valuation adjustments	2,684	(5.6)	2,844
Shareholders' funds	16,925	35.0	12,542
Economic capital allocated	(14,545)	9.6	(13,272)

This area includes the results of two units: Financial Management and Planning, and Holdings in Industrial and Financial Companies. It also books the costs from headquarter units that have a strictly corporate function and makes allocations to corporate and miscellaneous provisions, eg, for early retirement schemes.

In the first quarter of 2006, the Group's companies in Andorra were reported under this area and contributed €27m to the Group's operating profit and the €18m to its net attributable profit prior to their divestment in April 2006. Their disappearance will have a negative impact on the year-on-year comparison of its figures until April 2007. The disposal of the Group's holding in Banca Nazionale del Lavoro had a similar impact on the comparative figures for earnings booked under the equity method.

Non-recurrent capital gains from the disposal of Iberdrola account for €847 of the €1,006m net trading income. These will be used to fund part of the Compass takeover in the United States. Subtracting these capital gains from the €673m generated in operating profit by this area, the resulting operating profit figure is –€174m (–€168 in the same period of 2006).

The biggest item below the line was allocations to provisions. These include €50m in charges for early retirements, as against the €87m charged for this in the first quarter of 2006. The area's net attributable profit including the Iberdrola capital gains stood at €510m and –€186m without them. This figure compares against the –€185m booked to January-March 2006.

Financial Management and Planning

The Financial Management and Planning unit, through its Assets and Liabilities Committee (ALCO), administers the Group's interest and exchange-rate structure as well as its overall liquidity and shareholders funds.

Actively managing exchange-rate exposure on its long-term investments (basically stemming from its franchise in the Americas) helps BBVA to preserve its capital ratios and adds stability to the income statement. It enables the Group to control the impact of foreign-exchange risk on reserves and limit its potential costs. At the end of the first quarter of 2007, BBVA 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. Hedging exchange-rate exposure on expected 2007 earnings has made it possible to partly offset the depreciation of the American currencies against the euro.

The Financial Management and Planning unit also actively manages structural interest-rate exposure on the Group's balance sheet using hedging derivatives and balance-sheet instruments. Its fixed-income portfolio was denominated in euros, US dollars and Mexican pesos at the end of March 2007.

Holdings in Industrial and Financial Companies

This unit manages the Group's portfolio of holdings.

This portfolio is managed following strict criteria for risk control, economic capital consumption and return on investment, with diversification over different industries. The unit also applies its dynamic monetisation and hedge-management strategies to Group holdings.

At the end of March 2007, the market value of the industrial and financial holdings portfolio stood at €5,714m, with unrealised capital gains of €2,552m before tax.

Information by secondary segments

1st Quarter 2007
(Million euros)

Geographical zone	Ordinary revenues	Operating profit	Net attributable profit	Total assets
Spain	2,744	1,944	1,336	272,352
Rest of Europe	93	55	32	38,458
United States	189	65	27	44,303
Mexico	1,276	795	409	56,459
South America	650	337	151	30,904
Asia	6	-	(4)	4,373
TOTAL	**4,957**	**3,196**	**1,950**	**446,848**

1st Quarter 2006
(Million euros)

Geographical zone	Ordinary revenues	Operating profit	Net attributable profit	Total assets
Spain	1,676	888	471	240,774
Rest of Europe	116	66	46	36,205
United States	117	26	9	28,620
Mexico	1,143	658	362	56,458
South America	604	298	135	28,673
Asia	3	1	(3)	1,925
TOTAL	**3,659**	**1,936**	**1,020**	**392,656**

The following is a review of the most significant events related to the BBVA Group's corporate responsibility in the first quarter of 2007.

Recognition. For the second year running, BBVA's annual corporate responsibility report received the prize for the best Spanish publication on sustainability awarded by the Business Administration & Accounting Association and the Institute of Auditors (both Spanish institutions). In addition, the CSR Observatory judged it (also for the second consecutive year) the second best report of its kind issued by companies in the Ibex 35 index. Furthermore, the MERCO 2007 survey declared BBVA the top bank in Spain in terms of corporate reputation (and fifth among all Spanish companies).

Employees. The Bank unveiled various schemes to improve conditions for its staff and their families. These were the personal benefits package, a special web site for the Group's retirees, a sports programme *(Juegos Deportivos)* and a summer school (providing sports training for employees' children in conjunction with the football league). In addition, it signed agreements with the Massachusetts Institute of Technology and Quilmes University in Argentina to improve training standards.

Responsible business. In Spain, the latest zero-interest family loan campaign (part of the Bank's families plan) ended in February. This entailed a special loan for young people, which benefited 5,700, bringing the total of family loans to close to 34,000. In March BBVA opened the first new DUO offices, which function as BBVA branches in the morning and as Dinero Express outlets for immigrants in the afternoon and on holidays. In Latin America, the Group created a network of non-banking agents in Colombia to facilitate access to financial services by people in poor areas. Under an agreement with the World Bank it launched a $30m credit line in Peru for environmental improvements by SMEs and for sustainable forestry. And in Argentina it opened another credit line for the environmental projects of SMEs.

The BBVA Microcredit Foundation. BBVA announced this foundation in February. It is the most ambitious social action plan in the Group's history. It will have initial funds of €200m and its aims are to foster access to credit by poor people in Latin America. Activity will focus on acquiring interests in prominent microcredit organisations with the goal of creating the biggest such network in Latin America.

The United Nations Millennium Development Goals. In January, BBVA and the other companies in the Corporate Reputation Forum launched a media campaign *(A better world for Joanna)* to publicise the goals.

Education. During the quarter the Bank presented the BBVA integration scholarship programme in Paraguay, Panama and Mexico. This plays a central role in the Group's social plans for Latin America. It focuses on specific segments in each case. In Paraguay and Panama this means low-income families and in Mexico (the most important area with 5,000 scholarships in 2006-2007), it targets families affected by emigration *("Those left behind'")*. During the quarter the Spanish Ministry of Education and the BBVA Foundation awarded the Francisco Giner de los Ríos prizes and the Bank signed an agreement with the Ministry of the Interior to boost reinsertion of prison inmates. In January state television in Spain started a new programme on the 2006 Ruta Quetzal BBVA expedition and this quarter the Bank published a list of the participants selected for 2007.

Community support. Apart from new agreements supporting NGOs (Fundación Tomillo and Colombia en Desarrollo), work on the Group's many welfare programmes continued. During the quarter the Euro Solidarity programme reached a combined donation (BBVA and its employees) of almost €28,000.

Art and culture. BBVA opened exhibitions in Seville (20th-century art from the BBVA collection), in Barcelona (still life), in Bogota (the BBVA Gallery of Contemporary Art), in Bilbao (Anselm Kiefer) and in Mexico (four centuries of European painting from the Bank's collection). Moreover, it agreed to hold an exhibition in Beijing *(From Titian to Goya)*, it acquired a sculpture by Cristina Iglesias and it sponsored various musical events.

Science. The BBVA Foundation continued to promote scientific knowledge vigorously. In January, 22 Latin-American holders of scholarships in the specialist-training programme, which it runs in conjunction with the Caroline Foundation, visited the Bank in Spain. Other events include the publication of various reports by the Bank's research department, an international conference on migration and development by the BBVA Bancomer Foundation and the start of a series of lectures to commemorate the Bank's 150th year.

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