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BBVA BANCO FRANCES SA
Form 6-K
November 19, 2002

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20459

FORM 6-K
Report of Foreign Issuer
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

November 19, 2002

BBVA Banco Frances S.A.
(Exact name of registrant as specified in its charter)

BBVA Banco Frances S.A.
(Translation of registrant's name into English)

Reconquista 199, 1006
Buenos Aires, Argentina
(Address of principal executive office)

Indicate by check mark whether the registrant files or
will file annual reports under cover of Form
20-F or Form 40-F:

Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information
contained in this Form is also thereby furnishing the information to the
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant
in connection with Rule 12g3-2(b): N/A

BBVA Banco Frances S.A.

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1. BBVA Banco Frances reports consolidated second quarter earnings for fiscal year 2002

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BBVA Banco Frances S.A.

Date: November 19, 2002

By: /s/ Maria Elena Siburu de Lopez Oliva

Name: Maria Elena Siburu de Lopez Oliva
Title: Investor Relations Manager

[GRAPHIC OMITTED] BBVA BANCO FRANCES

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November 18, 2002

BBVA BANCO FRANCES (NYSE; BFR.N; BCBA:FRA.BA; LATIBEX: BFR.LA) REPORTS
CONSOLIDATED SECOND QUARTER EARNINGS FOR FISCAL YEAR 2002

Executive summary

- o Net income for the second quarter of fiscal year 2002 accounted for a \$290 million loss as compared to a \$37.6 million loss registered in the previous quarter. The decrease in Net income is mainly explained by \$222.2 million provision for loan losses accounted for during the present quarter and by a \$138.4 million provisioning related to lawsuits registered in Other income/expenses. This last loss stems from the difference between the \$1.4 at which foreign currency deposits were converted into pesos plus the CER adjustment and the free exchange rate at which successful legal injunctions have to be paid back by the Bank.
 - o It is important to highlight that BBVA Banco Frances shows recurrent positive Operating income before Provision for loan losses in the post-crisis financial system.
 - o Management expects to make all necessary provisions during the present fiscal year in order to comply with two main targets. The first one is related to non-performing loans from the private sector. In that sense, on top of the excess provisioning registered during the previous fiscal, Banco Frances will continue with its provisioning policy during the present fiscal year. The second target is related to the provisioning of a significant part of the losses stemming from the refunding of deposits due to legal injunctions.
 - o Significant losses in the present fiscal year will be covered by the equity injections that will strengthen the Bank's capital base. During December 2002, Banco Frances will conduct a capital increase mainly through the capitalization of debt. BBVA, the Bank's main shareholder, has publicly announced its intention to capitalize US\$ 130 million of subordinated debt issued by Banco Frances and a US\$79.3 million loan granted by BBVA on April 4, 2002.
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- o On May 13, 2002, BBVA Banco Frances sold its equity interest in BBVA Banco (Uruguay) to BBVA for a total amount of US\$ 55 million.
 - o The Board of Directors expects to find in year 2003 the necessary stable environment for business development.

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Second quarter of Fiscal Year 2002

As anticipated in our first quarter earnings release, the dire economic scenario persisted through the June quarter, with economic activity bottoming out in the second quarter. Gross domestic product (GDP) contracted 13.6% in the second quarter over the same quarter in 2001, but increased 0.9% over the first quarter. Unemployment reached a record high of 21.5 % in May 2002. Similarly, currency data show that the peso continued its depreciation trend in June, losing 6.3% of its value to the US\$, following a 16.9% deterioration in May. Such weakening currency together with the lack of definitions on the economic policy front and an unsolved negotiation with the International Monetary Fund (IMF) brought about a drop in international reserves to US\$9.8 billion at the end of June and a significant outflow of deposits.

The crisis in the financial system deepened with an approx. \$9 billion drop in total deposits, peaking interest rates, the marked depreciation of the peso, increasing inflation and operating results still negatively affected by two unsolved imbalances: a) exchange rate differences in the refunding of deposits via lawsuits and, b) substitution of the CER (Stabilization Index) for the CVS (Salaries' variation Index) adjustment in mortgage loans and certain personal and pledge loans. Furthermore, lack of liquidity in the financial system, the disruption of the chain of payments in the private sector and the persistent recession fueled the rise in non-performing loans.

Liquidity remained under pressure, although stabilizing by the beginning of the third quarter. Short-term liquidity was menaced by currency devaluation, which fostered depositors to seek to place their savings in a safer haven. As mentioned in the March press release, during the June quarter Banco Frances received financial support from its main shareholder, BBVA, to face such short-term liquidity needs. During April 2002 BBVA granted the Bank an approx. US\$160 million loan, and later, in May 2002, BBVA acquired the Bank's equity interest in BBVA Banco (Uruguay) for a total amount of US\$55 million. The Bank also received loans from the Central Bank due to its past participation in the restructuring process of the Argentine financial system, and the loans received from BBVA, the US\$ 55 million sale of Banco Frances' share in BBVA Banco (Uruguay) and the capitalization process approved by the last Ordinary and Extraordinary Shareholders' Meeting held on August 7, 2002 - whereby BBVA will capitalize debt for a total amount of approx. US\$ 209 million.

As for medium-term liquidity, the Argentine Government has launched two exchange plans offering depositors in the Argentine banking system the opportunity to exchange their rescheduled deposits for newly issued government bonds. These two voluntary exchange regimes represented a starting point for the rebuilding of a new financial system, reducing liquidity risk in the system stemming from the rescheduling of deposits. In the first plan ended on June 30, 22% of total rescheduled deposits in the financial system were exchanged for Government Bonds; Banco Frances attained a higher performance of approx. 30%. The second plan, scheduled to end in October, was extended by the Ministry of Economy for another 30 banking days (Regulation 558 of October 31, 2002)

Results of financial operations during the second quarter have been negatively impacted by an increase in the average cost of funds, which reduced the net interest margin. Results of financial operations during the second quarter have been negatively impacted by a sharp increase in interest rates. Part of the reason behind the turnaround in deposits has been the high interest rates offered by banks, at around 60% annually

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on a 30-day certificate of deposit as compared to 10% during the previous quarter. Similarly, interest rates on Central Bank's assistance peaked from an average of 15% in the March quarter to an average of 60% in the June quarter.

Mandatory inflation adjustment in financial statements had an adverse effect on financial institutions' results, which worsened in the second quarter due to the higher wholesale price index (WPI) - 46.2% in the June quarter vs 34.3% in the previous quarter.

The other stage in the present crisis is asset quality, which strongly accelerated its negative trend during the second quarter. The decrease in the operating results of financial institutions stemmed largely from high provisioning.

The Business:

Banco Frances' business activities have contracted following the Argentine financial crisis. The Bank has redefined its business strategy as well as the products and services that it offers to its clients. Banco Frances believes that it will take time to restore depositors' confidence and to rebuild a new financial system with no restrictions on the use of cash. Until the intermediation business recovers, the Bank's banking activities will most likely be limited to providing certain traditional commercial banking services which include the management of means of payment (with emphasis on electronic means), the provision of bank accounts for transactional purposes and operation of credit cards, transactional deposit taking, the provision of credit facilities limited to overdrafts on demand accounts and credit-card financing. The Bank will also develop alternative financial products to replace the traditional intermediation business.

Since the first quarter of 2002 the Bank began to redefine its operating structure to adjust to the new business profile including branch closures and headcount reduction. During the second and third quarter this process was accelerated; the Bank closed branches and further reduced the number of more employees, implementing strict rationalization measures. Staff was reduced by approximately 430 people during the first semester. As of the date of the present press release the Bank has merged 40 branches.

Presentation of Financial Information

It is important to note that:

- o following the devaluation of the peso and an increase in inflation, the Argentine Exchange Commission (CNV) and the Central Bank of Argentina mandated inflation adjustment in all financial statements. According to generally accepted accounting principles in Argentina, financial statements are to be restated to reflect the overall effect of inflation on the purchasing power of the peso using coefficients based on the general wholesale price index (WPI) published by the National Institute of Statistics and Surveys. Inflation adjustment is mandatory whenever the index exceeds the 8% per year level established by the Argentine Federation of Professional Councils in Economic Sciences. During the June 2002 quarter WPI grew by 46.2%. It is worth mentioning that the current crisis has distorted relative prices in the economy. Banco Frances estimates for FY 2002 an increase of 40% in the CPI as compared to an increase of 124% in the WPI, a 290% devaluation and no increase in salaries. There are no records of such a gap between the WPI and the CPI

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in the Argentine inflation adjustment system. This, together with the devaluation effect, is distorting the Financial Statements of Banco Frances and the present fiscal year Net income, with a WPI adjustment, which does not reflect relative prices in the economy. However, it is important to bear in mind that the inflation adjustment regulations provide for an increase in Net Worth in the same amount that is reflected as a cost in the Profit and Loss Statement.

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- o Accordingly and for the sake of comparison, information for previous quarters has been restated in constant Argentine pesos as of June 30, 2002.
- o all foreign currency transactions accounted for at a free exchange rate as of June 30 have been translated into Argentine pesos at the exchange rate of Ps. 3.80 = US\$ 1.00 quoted by Banco Nacion Argentina on that date.
- o information in this press release consolidates only banking activities on a line by line basis. The Bank's interest in the Consolidar Group is accounted for by the equity method; the holdings and results are included in Investments in other companies and Income from equity investments, respectively. Similarly and for the sake of comparison, following the sale of BBVA Banco (Uruguay), figures as of March 2002 and June 2001 are presented in this press release including the Bank's interest in BBVA Banco (Uruguay) by the equity method.

SECOND QUARTER EARNINGS

| Condensed Income Statement (1) in \$ thousands except income per share, income per ADS and percentages | Quarter ended | | | % Change Qtr ended 06/30/02 vs. Qtr ended | |
|---|---------------|-----------|-----------|---|----------|
| | 06/30/02 | 03/31/02 | 06/30/01 | 03/31/02 | 06/30/01 |
| Net Financial Income | 183,900 | 401,174 | 320,486 | -54.16% | -42.62% |
| Provision for loan losses | (222,160) | (224,427) | (81,676) | -1.01% | 172.00% |
| Net income from services | 71,233 | 97,847 | 138,491 | -27.20% | -48.56% |
| Administrative expenses | (131,566) | (189,930) | (235,381) | -30.73% | -44.11% |
| Operating income | (98,593) | 84,664 | 141,920 | 216.45% | -169.47% |
| Income (loss) from equity investments | 12,529 | 92,430 | 20,534 | -86.44% | -38.98% |
| Income (Loss) from Minority interest | 9,457 | 14,296 | (991) | -33.85% | -- |
| Other income/expenses | (253,217) | (94,046) | (1,873) | 169.25% | -- |
| Inflation adjustment | 41,116 | (130,619) | -- | -131.48% | -- |
| Income tax | (1,188) | (4,278) | (49,645) | -72.24% | -97.61% |
| Net income for the period | (289,894) | (37,555) | 109,945 | -671.92% | -363.67% |
| Net income per share (2) | -1.38 | -0.18 | 0.52 | -671.92% | -363.67% |
| Net income per ADS (3) | -4.15 | -0.54 | 1.57 | -671.92% | -363.67% |

(1) Exchange rate: 3.8 Ps. = 1 US\$

(2) Assumes 209,631,892 ordinary shares outstanding.

(3) Each ADS represents three ordinary shares.

Figures of previous quarters were restated in constant pesos as of June 30, 2002, using a WPI of 1.461733 and 1.962882 for March, 2002 and June, 2001 figures, respectively.

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Net income for the second quarter of fiscal year 2002 accounted for a \$290 million loss as compared to a \$37.6 million loss registered in the previous quarter. Operating income as of the present quarter shows a decrease in Net financial income and net Income from services, partly compensated by lower Administrative expenses and a slight decrease in Provision for loan losses. The gain accounted for in Income/loss from Equity Investments is mainly explained by the results of the Consolidar Group and of BBVA Banco (Uruguay).

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| in \$ thousands except percentages | Quarter ended | | | % Change Qtr ended 06/30/02 vs. Qtr ended | |
|---|---------------|----------|----------|---|----------|
| | 06/30/02 | 03/31/02 | 06/30/01 | 03/31/02 | 06/30/01 |
| Return on Average Assets (1) | -6.71% | -0.79% | 1.88% | 747.56% | -456.89% |
| Return on Average Shareholders' Equity (1) | -55.43% | -7.38% | 20.53% | 651.49% | -370.07% |
| Net fee Income as a % of Operating Income | 38.35% | 19.61% | 30.17% | 95.59% | 27.10% |
| Net fee Income as a % of Administrative Expenses | 54.14% | 51.52% | 58.84% | 5.10% | -7.98% |
| Adm. Expenses as a % of Operating Income (2) | 51.57% | 38.06% | 51.28% | 35.49% | 0.55% |

(1) Annualized
(2) Adm.Expenses / Net financial income + Net income from services

Net financial Income:

The decrease in Net financial income of the June 2002 quarter - \$ 183,900 - as compared to the March 2002 quarter - \$401,174 - is mainly explained by a decrease in the intermediation volume in real terms and by a negative effect related to the difference between the devaluation and the WPI affecting assets and liabilities of Banco Frances Cayman, which is included in the Net financial margin. As of June 2002 the devaluation and WPI reached 26.7% and 46.17%, respectively; as compared to 200% and 34.4%, respectively for the March 2002 quarter. As for interest spread, although the level of interest rate increased as compared to the previous quarter - 34.24% vs. 3.01% -, the CER adjustment also showed a sharp increase from 19.51% to 77.07%. The interest rate gap in Banco Frances positively impacted the average spread of the present quarter.

Total loan portfolio:

The chart below shows the composition of the loan portfolio in monthly balances.

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| in \$ thousands except percentages | Quarter ended | | | % Change Qtr ended 06/30/02 vs. Qtr ended | |
|------------------------------------|---------------|-------------|-----------|--|----------|
| | 06/30/02 | 03/31/02 | 06/30/01 | 03/31/02 | 06/30/01 |
| Net total loans | 8,555,544 | 11,776,405 | 9,675,216 | -27.35% | -11.57% |
| Advances | 625,570 | 1,216,238 | 1,512,726 | -48.57% | -58.65% |
| Notes discounted and purchased | 57,040 | 150,977 | 865,853 | -62.22% | -93.41% |
| Consumer Mortgages | 592,265 | 1,019,942 | 1,537,767 | -41.93% | -61.49% |
| Personal loans | 274,037 | 466,386 | 882,180 | -41.24% | -68.94% |
| Credit cards | 153,053 | 256,284 | 498,711 | -40.28% | -69.31% |
| Secured with chattel mortgages | 23,149 | 54,982 | 58,610 | -57.90% | -60.50% |
| Loans to financial sector | 38,486 | 467,120 | 522,150 | -91.76% | -92.63% |
| Loans to public sector | 5,164,318 | 7,172,209 | 2,030,925 | -28.00% | 154.28% |
| Other | 2,773,342 | 2,389,091 | 2,151,749 | 16.08% | 28.89% |
| Less: Allowance for loan losses | (1,145,716) | (1,416,824) | (385,455) | -19.13% | 197.24% |

Figures of previous quarters were restated in constant pesos as of June 30, 2002, using a WPI of 1.461733 and 1.962882 for March 2002 and June 2001 figures, respectively.

It is important to bear in mind that Public sector loan portfolio will decrease with the payment of the acquisition of the necessary bonds (BODEN 2012 and 2013) to be delivered to those depositors who have

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bonds (BODEN 2012 and 2013) to be delivered to those depositors who have changed their rescheduled deposits for government bonds in the June and October exchange plans. Banco Frances' will reduce its exposure to the Public Sector in \$778 million (\$980.5 million including interest and CER adjustment) due to the first exchange plan.

Government and Private Securities

The following chart shows total exposure of the Bank in government and private securities as of June 30, 2002, including repurchase agreement transactions. Investment accounts include the Bono Patriotico -previously included in the Trading accounts - for a total amount of US\$ 202 million, restated in pesos at the \$3.8/US\$ exchange rate. The remaining holdings were converted into pesos at \$1.4/US\$ and adjusted by CER.

| in \$ thousands except percentages | Quarter ended | | | % Change Qtr ended 06/30/02 vs. Qtr ended | |
|------------------------------------|---------------|----------|----------|--|----------|
| | 06/30/02 | 03/31/02 | 06/30/01 | 03/31/02 | 06/30/01 |

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| | | | | | |
|------------------------------------|-----------|-----------|-----------|----------|----------|
| Holdings | 1,716,783 | 2,216,854 | 5,349,533 | -22.56% | -67.91% |
| Trading | 123,731 | 1,265,812 | 96,546 | -90.23% | 28.16% |
| Liquidity Requirements | -- | -- | -- | -- | -- |
| Investment Accounts | 788,877 | 12,806 | 4,063,411 | 6060.10% | -80.59% |
| Investment Accounts (RML) | -- | -- | 277,665 | -- | -100.00% |
| Other fixed income securities | 804,175 | 938,235 | 911,910 | -14.29% | -11.81% |
| Repurchase Agreements | 43,076 | 51,539 | 864,198 | -16.42% | -95.02% |
| B.C.R.A. (Reverse repo) | -- | -- | -- | -- | -- |
| Trading (Reverse repo) | -- | -- | -- | -- | -- |
| Investment Accounts (reverse repo) | 43,076 | 51,539 | 863,974 | -16.42% | -95.01% |
| Trading (Reverse repo) | -- | -- | 224 | -- | -100.00% |
| Net Position | 1,759,859 | 2,268,393 | 6,491,396 | -22.42% | -72.89% |
| Trading | 123,731 | 1,265,812 | 96,770 | -90.23% | 27.86% |
| Investment Accounts | 831,953 | 64,345 | 5,205,051 | 1192.95% | -84.02% |
| Investment Accounts (RML) | -- | -- | 277,665 | -- | -100.00% |
| Other fixed income securities | 804,175 | 938,235 | 911,910 | -14.29% | -11.81% |

Figures of previous quarters were restated in constant pesos as of June 30, 2002, using a WPI of 1.461733 and 1.962882 for March 2002 and June 2001 figures, respectively.

N.B: The present chart does not include the Compensatory bond - BODEN 2012 - for US\$ 619 MM that is accounted for in Other banking receivables until its accrediting

Net Position as of June 2002 includes \$ 408.2 million of Private Bonds

Income from Securities and short term investments

Net income from securities and short-term investment decreased 31.6% and 57.1% in real terms as compared to the quarters ended March 31, 2002 and June 30, 2001, respectively. The decrease in income from trading accounts was compensated by the increase in income from investment accounts related to the reclassification during the present quarter of the Bono Patriotico from Trading account into Investment account. The income on Other fixed income securities decreased following market quotations.

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| in \$ thousands except percentages | Quarter ended | | | % Change Qtr ended 06/30/02 vs. Qtr ended | |
|---|---------------|----------|----------|--|----------|
| | 06/30/02 | 03/31/02 | 06/30/01 | 03/31/02 | 06/30/01 |
| Income from securities and short-term investments | 51,519 | 75,294 | 120,034 | -31.58% | -57.08% |
| Trading account | 6,278 | 20,114 | 11,488 | 68.79% | -45.35% |
| Investment account | 21,102 | 1,993 | 92,487 | 958.81% | -77.18% |

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| | | | | | |
|-------------------------------|--------|--------|--------|----------|--------|
| Other fixed income securities | 24,139 | 53,187 | 16,059 | -54.61% | 50.32% |
| CER adjustment | 19,461 | 15,494 | -- | 25.60% | -- |
| CER adjustment | -- | -- | -- | -- | -- |
| CER adjustment | 6,429 | 2,953 | -- | -117.71% | -- |
| CER adjustment | 13,032 | 12,541 | -- | -3.92% | -- |

Figures of previous quarters were restated in constant pesos as of June 30, 2002, using a WPI of 1.461733 and 1.962882 for March 2002 and June, 2001 figures, respectively.

Funding Sources:

| in \$ thousands except percentages | Quarter ended | | | % Change Qtr ended 06/30/02 vs. Qtr ended | |
|------------------------------------|---------------|------------|------------|--|----------|
| | 06/30/02 | 03/31/02 | 06/30/01 | 03/31/02 | 06/30/01 |
| Total deposits | 7,154,618 | 11,814,540 | 14,713,495 | -39.44% | -51.37% |
| Current accounts | 1,375,141 | 2,665,119 | 1,094,890 | -48.40% | 25.60% |
| Saving accounts | 638,034 | 1,991,443 | 3,348,374 | -67.96% | -80.94% |
| Time deposits | 1,600,759 | 1,300,347 | 10,164,376 | 23.10% | -84.25% |
| Rescheduled deposits | 3,447,565 | 5,644,304 | -- | -38.92% | -- |
| Other | 93,119 | 213,327 | 105,854 | -56.35% | -12.03% |

Figures of previous quarters were restated in constant pesos as of June 30, 2002, using a WPI of 1.461733 and 1.962882 for March, 2002 and June, 2001 figures, respectively.

Total deposits decreased 39.4% and 51.4% as compared to March 2002 and June 2001 quarters. The decrease is mainly related to some \$778 million rescheduled deposits (\$980.5 million including interest and CER adjustment) which were exchanged for government bonds in the June exchange plan.

The following charts shows the evolution of deposits in nominal terms.

| in \$ thousands except percentages | Quarter ended | | | % Change Qtr ended 06/30/02 vs. Qtr ended | |
|------------------------------------|---------------|-----------|-----------|--|----------|
| | 06/30/02 | 03/31/02 | 06/30/01 | 03/31/02 | 06/30/01 |
| Total deposits | 7,154,618 | 8,082,557 | 7,495,863 | -11.48% | -4.55% |
| Current accounts | 1,375,141 | 1,823,260 | 557,797 | -24.58% | 146.53% |
| Saving accounts | 638,034 | 1,362,385 | 1,705,846 | -53.17% | -62.60% |
| Time deposits | 1,600,759 | 889,593 | 5,178,292 | 79.94% | -69.09% |
| Rescheduled deposits | 3,447,565 | 3,861,378 | -- | -10.72% | -- |
| Other | 93,119 | 145,941 | 53,928 | -36.19% | 72.67% |

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Other Funding Sources:

| in \$ thousands | Quarter ended | | | % Change Qtr ended 06/30/02 vs. Qtr ended | |
|-----------------------------|---------------|------------|------------|--|------------|
| | 06/30/2002 | 03/31/2002 | 06/30/2001 | 03/31/2002 | 06/30/2001 |
| Lines from other banks | 2,300,493 | 3,518,552 | 1,470,509 | -34.62% | 56.44% |
| Negotiable Obligations | 570,000 | 1,177,729 | 588,297 | -51.60% | -3.11% |
| Subordinated Debt | 661,596 | 1,064,916 | 467,505 | -37.87% | 41.52% |
| Total other funding sources | 3,532,089 | 5,761,198 | 2,526,312 | -38.69% | 39.81% |

Figures of previous quarters were restated in constant pesos as of June 30, 2002, using a WPI of 1.461733 and 1.962882 for March 2002 and June 2001 figures, respectively.

Changes shown in the chart above are affected by the difference in the exchange rate of dollar denominated liabilities. Foreign currency funding sources, expressed in dollars, are shown in the chart bellow. The decrease in Negotiable Obligations is related to the payment of a US\$50 million senior debt which came due during May.

| Other dollar funding sources in \$ thousands | Quarter ended | | | % Change Qtr ended 06/30/02 vs. Qtr ended | |
|---|---------------|----------|-----------|--|----------|
| | 06/30/02 | 03/31/02 | 06/30/01 | 03/31/02 | 06/30/01 |
| Lines from other banks | 601,927 | 591,148 | 683,053 | 1.82% | -11.88% |
| Negotiable Obligations | 150,000 | 200,000 | 234,574 | -25.00% | -36.05% |
| Subordinated Debt | 152,153 | 154,424 | 178,173 | -1.47% | -14.60% |
| Total other funding sources | 904,080 | 945,572 | 1,095,800 | -4.39% | -17.50% |

Asset Quality:

| in \$ thousands except percentages | Quarter ended | | | % Change Qtr ended 06/30/02 vs. Qtr ended | |
|------------------------------------|---------------|----------|----------|--|----------|
| | 06/30/02 | 03/31/02 | 06/30/01 | 03/31/02 | 06/30/01 |

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| | | | | | |
|--|-----------|-----------|---------|---------|---------|
| Nonaccrual loans (1) | 505,791 | 613,871 | 498,635 | -17.61% | 1.44% |
| Allowance for loan losses | 1,145,716 | 1,416,824 | 385,455 | -19.13% | 197.24% |
| Nonaccrual loans/net total loans | 5.21% | 4.65% | 4.96% | 12.05% | 5.19% |
| Allowance for loan losses/ nonaccrual loans | 226.52% | 230.80% | 77.30% | -1.86% | 193.03% |
| Allowance for loan losses/ net total loans | 11.81% | 10.74% | 3.83% | 9.97% | 208.25% |

(1) Nonaccrual loans include all loans to borrowers classified as "Problem", "deficient Servicing", "High Insolvency Risk", "difficult Recovery", "Irrecoverable" and "Irrecoverable for Technical decision" according to the new Central Bank debtor classification system.

Figures of previous quarters were restated in constant pesos as of June 30, 2002, using a WPI of 1.461733 and 1.962882 for March 2002 and June 2001 figures, respectively.

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During the present quarter asset quality further deteriorated. The non-performing risk peaked, reaching mainly triple A companies, with dollars denominated debt in the international markets and with peso denominated tariffs. Banco Frances anticipated the crisis during FY 2001, accounting for \$659.6 million of excess provisioning, in constant pesos as of June 2002. During the present quarter part of that provisioning was applied and the Bank completed the necessary provisioning with some \$222.2 million additional provisions made during the present quarter. The Non-performing ratio provided in this press release is information included in the Bank's MIS for internal purposes; there are still pending regulations from the Central Bank in order to calculate the definite Non Performing ratio. The ratio increased from 4.96% and 4.65% as of June, 2001 and March, 2002 to 5.21% as of the present quarter. The coverage ratio - Allowance for loan losses / Total non-performing loans - moved from to 226.5% as of June, 2002 from 77.30% as of June 2001.

The following chart shows the evolution of Allowance for loan losses:

| in \$ thousands except percentages | Quarter ended | | | % Cha |
|---|---------------|-----------|----------|----------|
| | 06/30/02 | 03/31/02 | 06/30/01 | 06/30/01 |
| Balance at the beginning of the quarter | 1,416,824 | 1,120,782 | 354,793 | 26. |
| Increase in constant currency | 214,247 | 784,888 | 81,676 | -72. |
| Decrease in constant currency | (36,518) | (70,684) | (51,013) | -48. |
| Exchange rate difference | (448,835) | (418,162) | 0 | 7. |
| Balance at the end of the quarter | 1,145,718 | 1,416,824 | 385,455 | -19. |

Figures of previous quarters were restated in constant pesos as of June 30, 2002, using a WPI of 1.461733 and 1.962882 for March 2002 and June, 2001 figures, respectively.

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Income from services net of other operating expenses

| in \$ thousands except percentages | Quarter ended | | | % Cha |
|---|---------------|------------|------------|----------|
| | 06/30/2002 | 03/31/2002 | 06/30/2001 | 06/30/02 |
| Net income from services | 71,233 | 97,847 | 138,491 | -27. |
| Service charge income | 80,267 | 111,912 | 161,551 | -28. |
| Service charges on deposits accounts | 31,536 | 48,613 | 55,111 | -35. |
| Credit and operations | 15,774 | 24,217 | 28,083 | -34. |
| Insurance | 2,104 | 3,281 | 3,749 | -35. |
| Capital markets and securities activities | 3,542 | 6,236 | 37,940 | -43. |
| Fees related to Foreign trade | 3,242 | 2,198 | 3,933 | 47. |
| Other fees | 24,070 | 27,366 | 32,735 | -12. |
| Services Charge expense | (9,034) | (14,065) | (23,060) | -35. |

Figures of previous quarters were restated in constant pesos as of June 30, 2002, using a WPI of 1.461733 and 1.962882 for March 2002 and June, 2001 figures, respectively.

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Net income from Services decreased 27.2% and 48.6%, in constant pesos as of June 2002, as compared to March 2002 and June 2001 quarter, respectively. It is important to bear in mind that figures as of the March 2002 and the June 2001 quarters were restated using the WPI of approx. 46.2% and 96.3%. Therefore, Income from services reflects a slight positive trend caused mainly by fees related to foreign trade and by Other fees -including fees related to loan cancellations.

Net income from services increased 10.3% in nominal terms, as compared to the previous quarter

As explained in the March press release, Banco Frances was prepared to take advantage of the explosive demand of banking services such as current and saving accounts and payment cards and of alternative channels such as ATM's and internet and telephone banking. Improvements in information technology, continuous investment in technology and the restructuring of the sales force and distribution network based on business segments and specialization enabled the Bank to focus its efforts on providing such services. As of June 30, 2002 the Bank has a deposit customer base of approximately 235,000 current accounts and 2,450,000 saving accounts, compared to 183,000 and 1,850,000, respectively, as of June 2001.

It is important to note that fees related to foreign currency sales and purchases are not accounted for in Net income from services but in Net financial income. As of June 2002 such fees amounted to approx.\$13 million, compared to \$43.9 million as of March 2002.

Administrative expenses

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| in \$ thousands except percentages | Quarter ended | | | % Chan |
|---------------------------------------|---------------|------------|------------|------------------------|
| | 06/30/2002 | 03/31/2002 | 06/30/2001 | 06/30/02 03/31/2001 |
| Administrative expenses | (131,566) | (189,930) | (235,381) | -30. |
| Personnel expenses | (65,300) | (99,408) | (128,531) | -34. |
| Electricity and Communications | (5,225) | (8,462) | (9,094) | -38. |
| Advertising and Promotion | (3,755) | (4,340) | (9,031) | -13. |
| Honoraries | (3,380) | (4,534) | (6,854) | -25. |
| Taxes | (3,595) | (6,709) | (8,378) | -46. |
| Organization and development expenses | (15,506) | (18,545) | (18,033) | -16. |
| Amortizations | (7,706) | (10,821) | (11,591) | -28. |
| Other | (27,100) | (37,110) | (43,868) | -26. |

Figures of previous quarters were restated in constant pesos as of June 30, 2002, using a WPI of 1.461733 and 1.962882 for March, 2002 and June, 2001 figures, respectively.

Administrative expenses fell 30.7% and 44.1%, in constant pesos as of June 2002, with respect to the March 2002 and the June 2001 quarters. Structure costs became a key issue for the Bank with strict savings plans in force. In light of the new business approach, the Bank implemented a restructuring plan, including personnel reduction of approximately 320 people during the second quarter. Personnel expenses decreased 34.3% - 1.7% in nominal terms - as compared to the previous quarter while Organization and development expenses show the impact of the provisions for severance payments and Other expenses include a higher insurance cost.

As of June 30, 2002, the Bank had 4,625 employees - including consolidated companies in Argentina - and a network of 304 branches plus 40 Credilogros offices.

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Other Income/expenses:

Other Income/expenses for the second quarter of fiscal year 2002 accounted for a \$253.2 million loss. Such loss is mainly due to the refunding of deposits during this quarter of approximately \$467 million and US\$52 million related to legal injunctions. The gap between the \$1.4 at which foreign currency deposits were converted into pesos plus the CER adjustment and the free exchange rate at which injunctions had to be paid caused a loss of approx. \$138.4 million, as compared to \$48.2 million posted during the previous quarter.

This loss, which has not yet been compensated by the National Government, continued during the September quarter, although at a lower pace. There was a decrease in the number of legal injunctions submitted for collection and the amount of legal injunctions paid out by Banco Frances in the third quarter decreased to approximately \$293 million and US\$4 million.

Income from equity investments

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Income from equity investments sets forth net income from related companies not required to be consolidated and, as previously explained, net income from the Bank's interest in BBVA Banco (Uruguay). As previously mentioned the Consolidar Group is included in this account. As of June 30, 2002, the Consolidar Group registered a \$15 million loss as compared to a \$34 million loss and a \$16 million gain accounted for in the March 2002 and June 2001 quarters, respectively.

Capitalization:

Following the changes in regulations as of January 2002, the presentation of the information on minimum capital requirement, set by the Central Bank, was suspended. The Bank believes that such regulation will change due to the aforementioned changes, including inflation and CER adjustment, among others. Therefore, the charts on capital adequacy are not included in the present press release.

The Ordinary and Extraordinary Shareholders' Meeting, held on August 7, 2002, approved, among others issues, a capital increase of up to 1,250 million shares, to be issued in exchange for cash or other eligible assets. The Board of Directors will determine the terms and conditions of the issuance. As of the moment of the present press release this capital increase is in the process of having necessary approvals.

Recent developments

- o On October 31, 2002 a US\$150 million FRN issued by Banco Frances in October 2000 and subscribed by a syndicate of 11 international banks, matured. The Bank paid 5% and refinanced 95% of its capital with the issuance of a new FRN for a total amount of US\$142.5 million. The new FRN will amortize US\$7.5 million capital in 180 days term and the remaining capital in October 2003; it pays quarterly interest at Libor +220 b.p. This transaction extends for one year, the term of the only outstanding senior debt of Banco Frances in the international markets. The Bank attained the approval of the CNV as well as the Central Bank's authorization for the transfer of funds related to this FRN. It is the intention of Banco Frances intends to make a formal proposal of the restructuring of such debt, consistent with current markets' needs, before its final maturity.

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Conference call

A conference call to discuss this first quarter earnings will be held on Tuesday, November 19, at 3:00 p.m. New York time - 5:00 p.m. Buenos Aires time. If you are interested in participating please dial (719) 457 2733 at least 5 minutes prior to our conference. Confirmation code: 651194. If you are interested in receiving the tape on this conference call, please call to (719) 457 2840.

Internet: This press release is also available in <http://www.bancofrances.com.ar>

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Figures of previous quarters were restated in constant pesos as of June 30, 2002, using a WPI of 1.461733 for March, 2002 and December, 2001 figures and a WPI of 1.962882 for June, 2001 figures.

Banco Frances S.A. and subsidiaries (Grupo Consolidar: by the equity method)

| ASSETS: | 06/30/02 | 03/31/02 | 12/31/01 | 06/ |
|---|-----------|------------|------------|------|
| Cash and due from banks | 254,322 | 474,438 | 1,574,237 | 3,06 |
| Government Securities | 1,352,676 | 1,841,810 | 1,185,282 | 4,92 |
| - Investment account | 788,878 | 12,806 | 8,295 | 3,91 |
| - Trading account | 20,261 | 1,138,826 | 552,481 | 46 |
| - Reverse repurchase agreements w/Central Bank | -- | -- | -- | |
| - Unlisted | 526,360 | 671,478 | 608,270 | 52 |
| - Private Securities | 17,177 | 18,700 | 16,237 | 2 |
| Loans | 8,555,544 | 11,776,405 | 12,832,480 | 9,67 |
| - Advances and Promissory notes | 625,570 | 1,216,238 | 1,322,370 | 1,51 |

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| | | | | |
|--|-------------|-------------|-------------|-------|
| - Notes discounted and purchased | 57,040 | 150,977 | 681,791 | 86 |
| - Secured with mortgages | 592,265 | 1,019,942 | 1,459,681 | 1,53 |
| - Secured with chattel mortgages | 23,149 | 54,982 | 57,989 | 5 |
| - Personal loans | 274,037 | 466,386 | 749,493 | 88 |
| - Credit cards | 153,053 | 256,284 | 478,284 | 49 |
| - Loans to financial sector | 38,486 | 467,120 | 715,757 | 52 |
| - Loans to public sector | 5,164,318 | 7,172,209 | 6,717,750 | 2,03 |
| - Other | 1,460,298 | 1,855,923 | 1,576,514 | 2,06 |
| Less: Unaccrued interest | (4,717) | (9,666) | (40,967) | (23 |
| Plus: Accrued interest and exchange differences receivable | 1,317,761 | 542,835 | 234,602 | 11 |
| Less: Allowance for loan losses | (1,145,716) | (1,416,824) | (1,120,784) | (385 |
| Other banking receivables | 3,263,899 | 4,115,338 | 995,073 | 2,78 |
| - Compensatory Bond | 2,374,700 | 2,726,688 | -- | |
| - Other | 889,199 | 1,388,651 | 995,073 | 2,78 |
| Investments in other companies | 201,464 | 464,588 | 373,024 | 39 |
| Intangible assets | 212,754 | 217,798 | 249,398 | 27 |
| Other assets | 928,086 | 923,673 | 948,033 | 86 |
| | ----- | ----- | ----- | ----- |
| Total assets | 14,768,745 | 19,814,051 | 18,157,528 | 21,98 |
| | ===== | ===== | ===== | ===== |
| LIABILITIES: | 06/30/02 | 03/31/02 | 12/31/01 | 06/ |
| Deposits | 7,154,618 | 11,814,540 | 12,076,991 | 14,71 |
| - Demand deposits | 1,375,141 | 2,665,119 | 2,698,354 | 1,09 |
| - Saving accounts | 638,034 | 1,991,443 | 4,149,625 | 3,34 |
| - Time deposits | 1,600,759 | 1,300,347 | 4,701,997 | 10,16 |
| - Rescheduled deposits | 3,447,565 | 5,644,304 | -- | |
| - Other deposits | 93,119 | 213,327 | 527,014 | 10 |
| Other banking Liabilities | 4,828,878 | 4,708,545 | 3,360,499 | 4,45 |
| Subordinated debt | 601,596 | 705,326 | 334,169 | 34 |
| Other liabilities | 193,077 | 320,600 | 482,259 | 37 |
| Minority interest | 31,269 | 40,730 | 55,041 | 3 |
| | ----- | ----- | ----- | ----- |
| Total liabilities | 12,809,438 | 17,589,741 | 16,308,958 | 19,93 |
| | ----- | ----- | ----- | ----- |
| | ----- | ----- | ----- | ----- |
| Total stockholders' equity | 1,959,307 | 2,224,310 | 1,848,570 | 2,05 |
| | ----- | ----- | ----- | ----- |
| | ===== | ===== | ===== | ===== |
| Total liabilities and stockholders' equity | 14,768,745 | 19,814,051 | 18,157,528 | 21,98 |
| | ===== | ===== | ===== | ===== |

Figures of previous quarters were restated in constant pesos as of June 30, 2002, using a WPI of 1.461733 for March, 2002 and December, 2001 figures and a WPI of 1.962882 for June, 2001 figures.

Banco Frances S.A. and subsidiaries (Grupo Consolidar: by the equity method)

| | | | | |
|------------------|-----------|-----------|----------|-----|
| INCOME STATEMENT | 06/30/02 | 03/31/02 | 12/31/01 | 06/ |
| Financial income | 1,500,156 | 1,877,326 | 580,051 | 60 |

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| | | | | |
|--|-------------|-------------|-----------|------|
| - Interest on Cash and Due from Banks | 739 | 2,229 | 7,557 | 1 |
| - Interest on Loans Granted to the Financial Sector | 1,500 | 889 | 3,996 | 3 |
| - Interest on Overdraft | 57,326 | 44,004 | 45,957 | 4 |
| - Interest on Collateralized Loans | 19,855 | 37,401 | 52,487 | 2 |
| - Interest on Credit Card Loans | 13,884 | 19,305 | 19,117 | 31 |
| - Interest on Other Loans | 76,256 | 161,973 | 262,074 | 12 |
| - Income from securities and short term investments | 51,519 | 75,294 | 95,879 | 1 |
| - Interest on Government guaranteed loans Decreet1387/01 | 169,759 | 90,366 | 52,982 | 1 |
| - From Other Banking receivables | 5,558 | 7,010 | 2,110 | 3 |
| - CER | 1,273,411 | 359,364 | -- | 28 |
| - Other | (169,650) | 1,079,490 | 37,891 | 3 |
| Financial expenses | (1,316,256) | (1,476,152) | (334,895) | (1) |
| - Interest on Current Account Deposits | (118,156) | (18,462) | (18,021) | (19) |
| - Interest on Saving Account Deposits | (2,333) | (3,156) | (5,476) | (3) |
| - Interest on Time Deposits | (134,426) | (60,479) | (237,854) | (1) |
| - Interest on Other Banking Liabilities | (32,417) | (52,013) | (39,401) | (1) |
| - Contributions to the deposit guarantee fund | -- | -- | (7,463) | (1) |
| - Mandatory contributions and taxes on interest income | (12,066) | (16,072) | (8,633) | (2) |
| - CER | (671,605) | (287,548) | -- | (8) |
| - Other | (345,253) | (1,038,422) | (18,047) | (13) |
| Net financial income | 183,900 | 401,174 | 245,156 | (23) |
| Provision for loan losses | (222,160) | (224,427) | (763,928) | (14) |
| Income from services, net of other operating expenses | 71,233 | 97,847 | 132,801 | (6) |
| Inflation adjustment | 52,785 | (122,138) | -- | (2) |
| Administrative expenses | (131,566) | (189,930) | (244,591) | (1) |
| - Personnel expenses | (65,300) | (99,408) | (135,928) | (2) |
| - Directors and Syndics' Fees | (169) | (88) | (540) | (6) |
| - Other Fees | (3,210) | (4,447) | (4,177) | (1) |
| - Advertising and Publicity | (3,755) | (4,340) | (10,945) | (1) |
| - Taxes other than income tax | (3,595) | (6,709) | (8,201) | (6) |
| - Other Operating Expenses | (46,729) | (60,734) | (67,121) | (1) |
| - Other | (8,807) | (14,205) | (17,680) | (2) |
| Inflation adjustment | (27,639) | (28,980) | -- | (1) |
| Income (loss) from equity investments | 12,529 | 92,430 | 54,953 | (1) |
| Net Other income | (253,217) | (94,046) | 249,761 | (1) |
| Inflation adjustment | 15,970 | 20,499 | -- | (1) |
| Income (loss) from minority interest | 9,457 | 14,296 | 1,223 | (1) |
| Income before tax | (288,707) | (33,276) | (324,625) | (15) |
| Income tax | (1,188) | (4,278) | 80,614 | (4) |
| Net income | (289,894) | (37,555) | (244,012) | (10) |

Figures of previous quarters were restated in constant pesos as of June 30, 2002, using a WPI of 1.461733 for March, 2002 and December, 2001 figures and a WPI of 1.962882 for June, 2001 figures

Banco Frances S.A. and subsidiaries (Grupo Consolidar consolidated on a line by line basis)

ASSETS 06/30/02 03/31/02 12/31/01 06/

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| | | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| Cash and due from banks | 278,846 | 508,907 | 1,625,021 | 3,077,000 |
| Government Securities | 1,555,022 | 2,090,676 | 1,321,080 | 5,999,000 |
| Loans | 9,084,130 | 12,334,344 | 13,728,501 | 9,849,000 |
| Other banking receivables | 3,278,531 | 4,123,451 | 1,001,568 | 2,819,000 |
| Investments in other companies | 36,360 | 280,119 | 156,395 | 169,000 |
| Other assets | 1,313,732 | 1,375,999 | 1,459,049 | 1,349,000 |
| TOTAL ASSETS | 15,546,621 | 20,713,496 | 19,291,615 | 23,232,000 |
| LIABILITIES | | | | |
| | 06/30/02 | 03/31/02 | 12/31/01 | 06/30/01 |
| Deposits | 7,011,925 | 11,628,548 | 11,908,285 | 14,699,000 |
| Other banking liabilities | 4,842,846 | 4,716,779 | 3,365,917 | 4,477,000 |
| Other liabilities | 1,583,602 | 1,969,738 | 1,962,077 | 1,809,000 |
| Minority interest | 148,941 | 174,122 | 206,766 | 219,000 |
| TOTAL LIABILITIES | 13,587,314 | 18,489,186 | 17,443,045 | 21,184,000 |
| TOTAL STOCKHOLDERS' EQUITY | 1,959,307 | 2,224,310 | 1,848,570 | 2,048,000 |
| STOCKHOLDERS' EQUITY + LIABILITIES | 15,546,621 | 20,713,496 | 19,291,615 | 23,232,000 |
| NET INCOME | | | | |
| | 06/30/02 | 03/31/02 | 12/31/01 | 06/30/01 |
| Net Financial Income | 703,737 | 166,876 | 216,068 | 379,000 |
| Provision for loan losses | (222,160) | (224,427) | (754,673) | (89,000) |
| Net Income from Services | 110,459 | 156,309 | 214,196 | 249,000 |
| Inflation adjustment | (254,713) | (453,333) | -- | -- |
| Administrative expenses | (161,663) | (236,652) | (262,855) | (289,000) |
| Inflation adjustment | (2,531) | (18,845) | -- | -- |
| Net Other Income | (742,584) | 322,001 | 274,309 | (59,000) |
| Inflation adjustment | 229,551 | 278,709 | -- | -- |
| Income (loss) from minority interest | 46,581 | (8,064) | (25,845) | (1,000) |
| Income before tax | (293,322) | (17,427) | (338,801) | 179,000 |
| Income tax | 3,428 | (20,128) | 94,790 | (6,000) |
| Net income | (289,894) | (37,555) | (244,012) | 10,000 |